

**APPROVED MINUTES APPROVED ON 02/22/2021**



**CITY OF SCOTTSDALE  
AUDIT COMMITTEE  
REGULAR MEETING MINUTES**

**Tuesday, December 8, 2020  
Meeting Held Electronically**

**PRESENT:** Kathy Littlefield, Chair  
Virginia Korte, Councilmember  
Solange Whitehead, Vice Mayor

**STAFF:** Sharron Walker, City Auditor  
Paul Christiansen, Senior Auditor  
Cathleen Davis, Senior Auditor  
Brad Hubert, Senior Auditor  
Shelby Trimaloff, Executive Assistant to City Auditor  
Mark Melnychenko, Transportation & Streets Director  
Ratna Korepella, Transit Manager  
Brad Carr, Planning & Development Area Mgr.  
Tim Curtis, Current Planning Director  
Bill Murphy, Assistant City Manager  
Dan Worth, Public Works Director  
Brent Stockwell, Assistant City Manager

**CALL TO ORDER**

The meeting was called to order at 4:00 p.m. A formal roll call confirmed the presence of all Committee Members as noted above.

**PUBLIC COMMENT**

There were no written comments submitted and no members of the public had requested to speak.

## **REGULAR AGENDA**

### **1. Approval of Minutes, Regular Meeting, November 9, 2020**

Chair Littlefield called for comments/changes to the minutes.

VICE MAYOR WHITEHEAD MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 9, 2020 REGULAR MEETING AS PRESENTED. COUNCILMEMBER KORTE SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

### **2. Discussion and Possible Direction to Staff Regarding Development Review Board Sunset Review**

Sharron Walker, City Auditor, stated that the purposes of the Development Review Board are to review all aspects of proposed design of a development, to establish design policies and guidelines that support the character and design goals and policies of the General Plan and to recognize the interdependence of land values, aesthetics and good site planning. Further, the ordinance states that development review is intended to enrich the lives of all citizens of Scottsdale by promoting harmonious, safe, attractive and compatible development. The requested action is to evaluate whether the Board is serving its intended purpose, whether the purpose should be maintained or modified and whether the purpose has been served or is no longer required. The Audit Committee is then to recommend to City Council whether to continue or terminate the Board. She noted that Brad Carr, the Board's Staff Representative, is available. Mr. Carr stated that Scottsdale has a longstanding tradition of outstanding design and a well-ordered built environment. The Development Review Board was established to uphold the community's expectations for quality design and aesthetics and continues to do so.

Vice Mayor Whitehead said she listens in to the Development Review Board meetings and is appreciative of the Board's work and expertise.

VICE MAYOR WHITEHEAD MOVED TO RECOMMEND TO CITY COUNCIL TO CONTINUE THE DEVELOPMENT REVIEW BOARD. COUNCILMEMBER KORTE SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

### **3. Discussion Possible Direction to Staff Regarding Planning Commission Sunset Review**

Ms. Walker stated that the Planning Commission's purpose is to hold public meetings as required by law and make recommendations to the City Council on matters within the scope of the planning and zoning powers of the City. The Commission serves as an advisory board to City Council on land use and zoning matters. She noted Tim Curtis, the Commission's Staff Representative, was present to answer any questions. Mr. Curtis

stated that the Planning Commission exists as a requirement of state law and as outlined in the City Code to support the City Council. It provides a great opportunity for public involvement.

COUNCILMEMBER KORTE MOVED TO RECOMMEND TO CITY COUNCIL TO CONTINUE THE PLANNING COMMISSION. VICE MAYOR WHITEHEAD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

#### **4. Discussion and Possible Direction to Staff Regarding Report No. 2110, National Transit Database Financial Data Review FY 2019/20**

Paul Christiansen, Senior Auditor, stated that last year, the City Auditor's office performed an agreed-upon procedures engagement, looking at the Transit Program's conformance with uniform reporting standards that are required for data submitted to the National Transit Database Program (NTD). Because of the exceptions noted, the NTD required the City's Transit Program to have the review performed again. An agreed upon procedures engagement is different than a regular audit. For this review, which must follow the American Institute of Certified Public Accountant (AICPA) standards, the CPA only performs specifically requested procedures and then reports on those results. For this review, AICPA guidance details the specific procedures agreed to by the Federal Transit Administration (FTA), which is the federal agency operating the NTD program. Due to its program participation, these procedures were also agreed to by the Transportation & Streets department's Transit Program.

The Transit Program's supporting documentation used to prepare the NTD reporting forms did not fully reconcile the accounting system to the reported amounts; federal program rules require such reconciliation. Examples of discrepancies included indirect costs not included, misclassified contributions, and a duplicated \$12,541 amount. Overall, the total reported expenditures were \$15,736 higher than the total recorded in the accounting system. Included in the report is management's response letter, which acknowledges the discrepancies and commits to address them. In that regard, the Transportation & Streets department staff is currently working to update its report to address these differences and submit it to the NTD. He also noted that Mark Melnychenko, Transportation & Streets Director and Ratna Korepella, Transit Manager were available for questions.

Chair Littlefield asked whether there will be follow-up on this report. Mr. Christiansen said the FTA may ask the department to repeat this agreed-upon procedures review again. In any event, Audit staff will likely follow up with the department on an informal basis on whether the items have been corrected.

Mr. Melnychenko introduced himself as coming onto City staff in August in the middle of this process. The department has rectified many of the issues identified. They are putting together procedures to implement the lessons learned during this process. This includes reconciling data each month rather than just at year-end.

VICE MAYOR WHITEHEAD MOVED TO APPROVE REPORT NO. 2110, NATIONAL TRANSIT DATABASE FINANCIAL DATA REVIEW FY 2019/20. COUNCILMEMBER KORTE SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD,

VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

**5. City Auditor Updates, Including Status of FY 2020/21 Audit Plan**

Ms. Walker stated that the audit schedule is even with or slightly ahead of the typical annual progress.

She discussed that Scottsdale Unified School District (SUSD) is interested in exploring options for internal audit services. The SUSD superintendent recently spoke with City Manager Jim Thompson and was subsequently referred to Ms. Walker. She provided him with information on how the City Auditor's Office is structured in charter and City code as well as the role of the Audit Committee and City Council oversight of the Auditor's Office. The superintendent is scheduling a meeting for Ms. Walker to meet with him and a couple board members so that she can provide more information. Committee members voiced support for these efforts.

**6. Discussion and Possible Direction to Staff Regarding Potential Agenda Items for Next Audit Committee Meeting**

Ms. Walker stated that the next meeting is scheduled for February and will include a number of items, such as the review of the City Court's minimum accounting standards, E-Verify, the performance audit of code enforcement operations, possibly the fire stations construction contract audit, along with the typical updates.

Chair Littlefield thanked Councilmember Korte for her service, knowledge, insight and expertise serving on the Committee. Vice Mayor Whitehead concurred and thanked Councilmember Korte for her service as well. Councilmember Korte commended the City Auditor's office for its excellent work and for being representative of the City's goals for transparency. Ms. Walker expressed appreciation from her staff and herself for Councilmember Korte's eight years of participation on the Audit Committee.

**Adjournment**

With no further business to discuss, being duly moved by Councilmember Korte and seconded by Councilwoman Whitehead, the meeting adjourned at 4:24 p.m.

SUBMITTED BY:

eScribers, LLC