



CITY AUDITOR'S OFFICE

# FY 2020/21 Follow Up on Status of Audit Recommendations

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June 9, 2021

REPORT NO. 2111

**CITY COUNCIL**

Mayor David D. Ortega

Tammy Caputi

Tom Durham

Vice Mayor Betty Janik

Kathy Littlefield

Linda Milhaven

Solange Whitehead





June 9, 2021

Honorable Mayor and Members of the City Council:

Enclosed is the *FY 2020/21 Follow Up on Status of Audit Recommendations* report, which was included on the Council-approved FY 2020/21 Audit Plan. This report presents the auditor-determined status of 208 audit recommendations, primarily from audits issued since July 2017. This annual report encompasses a 3-year history plus about 10 months of the current fiscal year's audit recommendations.

Overall, 95% of these audit recommendations have been substantially addressed, with their status noted as implemented, in progress or partly implemented. Since this Audit Committee-requested program started in September 2009, management action on audit recommendations has increased by almost 18 percentage points, from about 77% in that first follow up report.

Audits conducted during FY 2020/21 have identified quantifiable potential cost savings, revenues or other financial value totaling almost \$1.6 million. The largest portion of this amount relates to one audit, *Fleet Operations*, which identified the impact of fleet rate over- and undercharges and low-use vehicles. In addition, this year's audits have identified process and control improvements, which are not easily measured, for information technology controls, code enforcement operations, and construction contracts. As well, other reports assessed the City's compliance with external requirements, such as the court system accounting standards, development fee statutory mandates, and financial accounting and reporting standards.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

A handwritten signature in black ink that reads "Sharron Walker". The signature is written in a cursive, flowing style.

Sharron E. Walker, CPA, CFE, CLEA  
City Auditor



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# RESULTS

This annual Follow Up on Status of Audit Recommendations was included on the Council-approved FY 2020/21 Audit Plan. This annual report encompasses a 3-year history plus about 10 months of the current fiscal year, with 208 audit recommendations issued between July 1, 2017, and April 30, 2021.

## Implemented, In Progress or Partly Implemented

As shown in the graphic, about 67% of audit recommendations have been implemented, 8% are partly implemented, and another 20% are in progress. Together, these statistics are about 5 percentage points better than the same statistics for last year, which totaled about 90%.

On average, the audit recommendations have been open for 14 months, longer than last year's average of 11 months. Only two open audits, *ActiveNet Application Controls*, and *Infrastructure Condition Assessment*, have had unresolved recommendations for more than two years.

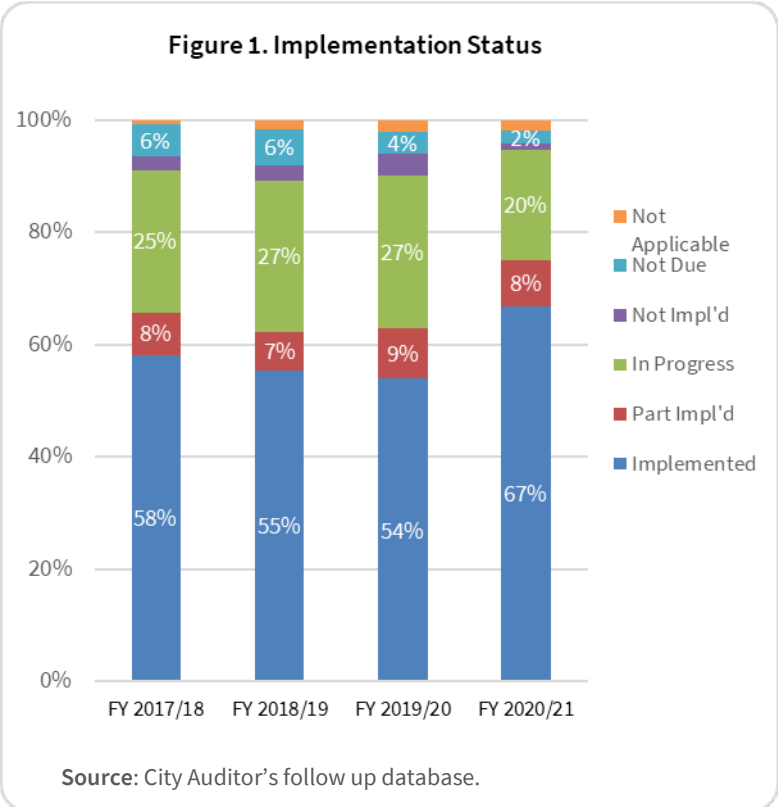
## Comparison with First Follow-Up Report

These first three categories together reflect that management is currently in some stage of implementing about 95% of audit recommendations. This statistic represents almost an 18-percentage point improvement over the first status report, dated September 2009. At that time, management was in some stage of addressing 77% of the 445 recommendations reviewed.<sup>1</sup>

As well, in September 2009 management was not implementing 8.3% of the recommendations compared to 1% currently identified as not being implemented. Attachment D lists the 2 recommendations with no further management action currently planned.

## Additional Information

Page 5 of this report provides a link to the detailed status listing with all FY 2020/21 audit recommendations included in the graphic.



<sup>1</sup> The initial 2009 status review encompassed audits from the previous 5 fiscal years. Statistics in the graph cover approximately 4 years each (audits from the 3 preceding fiscal years plus 9-10 months of the current fiscal year).

Page 7 provides links to implementation analysis summarized by division, department or office; by audit report; and by fiscal year. It also links other attachments listing the not implemented recommendations and the potential savings, revenues or other financial impacts identified for audit reports. As listed in Attachment E, the identified potential financial impact of FY 2020/21 audits totaled almost \$1.6 million.



## DIVISION/DEPARTMENT/OFFICE ACRONYMS USED IN ATTACHMENTS

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Acronym	Division/Department/Office *
Air	Airport
Attny	City Attorney
Auditor	City Auditor
Clerk	City Clerk
CM	City Manager
Comm	Communications
Court	City Court
CS	Community Services
CT, Treas	City Treasurer
EcDev	Economic Development
Fire	Fire Department
HR	Human Resources
IT	Information Technology
PlanDev	Planning & Development
Police	Police Department
Purch	Purchasing
PW	Public Works
TourEv	Tourism & Events
Trans	Transportation
WR	Water Resources (Scottsdale Water)
WW	WestWorld

\* While the attachments reference “division/office,” many of these are now department names after reorganizations. For example, the Airport, Economic Development, Planning & Development, and Tourism & Events departments are currently combined into the Community & Economic Development Division. For continuity, the audit follow ups are being tracked using the previous organizational names.



## DETAILED STATUS OF AUDIT RECOMMENDATIONS

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[Link](#) to the 70-page detailed report.



## SUMMARIZED STATUS OF AUDIT RECOMMENDATIONS

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The following attachments are included in this report:

- A. Status summarized by Division or Office.
- B. Status summarized by Audit Report.
- C. Status summarized by Fiscal Year of the audit report.
- D. Not Implemented recommendations.
- E. Audit reports with estimated cost savings, revenues or other financial impacts. This list also includes brief explanatory comments regarding the potential impact, including some not quantified.



## Attachment A - Status by Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
Air	9						9
CM, CT	4		1				5
CS	8	6	2				16
Fire	16	2	2				20
HR	8						8
PlanDev	7	4					11
Police	25	2	1				28
Purch	7	7					14
PW	28	14	7	1	3	5	58
PW, CS			1				1
PW, CT			1				1
TourEv	9	2	1				12
Treas	11	2					13
WW	7	2	1	1	1		12
Grand Total	139	41	17	2	4	5	208





## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
<b>1709</b>	<b>McDowell Mountain Golf Course Lease</b>					<b>Audit Issued</b>	<b>9/1/2017</b>
PW, CS			1				1
			1				1
<b>1710</b>	<b>Capital Projects: Project Management and Allocated Charges</b>					<b>Audit Issued</b>	<b>9/8/2017</b>
PW	2		1				3
PW, CT			1				1
	2		2				4
<b>1803</b>	<b>Intelligent Transportation Systems</b>					<b>Audit Issued</b>	<b>5/9/2018</b>
PW	3	1	2				6
	3	1	2				6
<b>1804</b>	<b>Selected JOC Construction Contracts</b>					<b>Audit Issued</b>	<b>6/15/2018</b>
PW	9						9
	9						9
<b>1805</b>	<b>Miscellaneous Expenses</b>					<b>Audit Issued</b>	<b>3/9/2018</b>
CM, CT	4		1				5
	4		1				5
<b>1806</b>	<b>WestWorld Marketing &amp; Concession Contracts</b>					<b>Audit Issued</b>	<b>1/17/2018</b>
WW	7	2	1	1	1		12
	7	2	1	1	1		12
<b>1807</b>	<b>Scottsdale Arts Contract</b>					<b>Audit Issued</b>	<b>1/11/2018</b>
TourEv	9		1				10
	9		1				10
<b>1808</b>	<b>Police On-Body Cameras</b>					<b>Audit Issued</b>	<b>6/14/2018</b>
Police	10						10
	10						10

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
<b>1809</b>	<b>Development Agreements</b>				<b>Audit Issued</b>	<b>5/4/2018</b>	
PlanDev	5						5
	5						5
<b>1902</b>	<b>E-Verify Compliance During FY 2017/18</b>				<b>Audit Issued</b>	<b>9/12/2018</b>	
Purch	1						1
	1						1
<b>1904</b>	<b>ActiveNet Application Controls</b>				<b>Audit Issued</b>	<b>5/9/2019</b>	
CS	6	2	2				10
	6	2	2				10
<b>1905</b>	<b>Infrastructure Condition Assessment</b>				<b>Audit Issued</b>	<b>6/14/2019</b>	
PW	1	4	1				6
	1	4	1				6
<b>1906</b>	<b>Cash Handling Controls and Accountability</b>				<b>Audit Issued</b>	<b>3/7/2019</b>	
CS	2	4					6
	2	4					6
<b>1907</b>	<b>Police Special Revenues</b>				<b>Audit Issued</b>	<b>1/16/2020</b>	
Police	12		1				13
	12		1				13
<b>1908</b>	<b>Fire &amp; Life Safety Inspections</b>				<b>Audit Issued</b>	<b>11/2/2018</b>	
Fire	11						11
	11						11
<b>1909</b>	<b>Southwest Gas Franchise Agreement</b>				<b>Audit Issued</b>	<b>9/14/2018</b>	
PW	3				1		4
	3				1		4

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
<b>1910</b>	<b>Utility Billing</b>				<b>Audit Issued</b>	<b>1/17/2019</b>	
Treas	4						4
	4						4
<b>1911</b>	<b>Revenue Recovery</b>				<b>Audit Issued</b>	<b>9/3/2019</b>	
Treas	7	2					9
	7	2					9
<b>1912</b>	<b>Fleet Parts Operation</b>				<b>Audit Issued</b>	<b>4/26/2019</b>	
PW	6						6
	6						6
<b>1913</b>	<b>Benefits Administration</b>				<b>Audit Issued</b>	<b>1/16/2019</b>	
HR	8						8
	8						8
<b>1917</b>	<b>Landfill Recycling Cost Review</b>				<b>Audit Issued</b>	<b>9/3/2019</b>	
PW	2				2		4
	2				2		4
<b>2003</b>	<b>Police Technology Services</b>				<b>Audit Issued</b>	<b>8/4/2020</b>	
Police	3	2					5
	3	2					5
<b>2004</b>	<b>Airport Terminal Area Redevelopment Construction Contract</b>				<b>Audit Issued</b>	<b>6/4/2020</b>	
Air	9						9
	9						9
<b>2005</b>	<b>Facilities Management Contract Administration</b>				<b>Audit Issued</b>	<b>1/13/2020</b>	
PW		7					7
		7					7

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
<b>2006</b>	<b>Scottsdale's Museum of the West Contract</b>				<b>Audit Issued</b>	<b>3/3/2020</b>	
TourEv		2					2
		2					2
<b>2008</b>	<b>Fleet Operations</b>				<b>Audit Issued</b>	<b>8/7/2020</b>	
PW	2	2	3	1			8
	2	2	3	1			8
<b>2009</b>	<b>Ambulance Services Contract</b>				<b>Audit Issued</b>	<b>10/8/2020</b>	
Fire	5	2	2				9
	5	2	2				9
<b>2010</b>	<b>Warehouse Operations</b>				<b>Audit Issued</b>	<b>10/31/2019</b>	
Purch	6	7					13
	6	7					13
<b>2107</b>	<b>Fire Station Construction Contracts</b>				<b>Audit Issued</b>	<b>3/24/2021</b>	
PW						5	5
						5	5
<b>2108</b>	<b>Code Enforcement Operations</b>				<b>Audit Issued</b>	<b>1/29/2021</b>	
PlanDev	2	4					6
	2	4					6
<b>Grand Total</b>	<b>139</b>	<b>41</b>	<b>17</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>208</b>

## Attachment C - Status by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2018									
	1709	McDowell Mountain Golf Course Lease			1				1
	1710	Capital Projects: Project Management and Allocated Charges	2		2				4
	1803	Intelligent Transportation Systems	3	1	2				6
	1804	Selected JOC Construction Contracts	9						9
	1805	Miscellaneous Expenses	4		1				5
	1806	WestWorld Marketing & Concession Contracts	7	2	1	1	1		12
	1807	Scottsdale Arts Contract	9		1				10
	1808	Police On-Body Cameras	10						10
	1809	Development Agreements	5						5
	FY Totals		49	3	8	1	1		62
2019									
	1902	E-Verify Compliance During FY 2017/18	1						1
	1904	ActiveNet Application Controls	6	2	2				10
	1905	Infrastructure Condition Assessment	1	4	1				6
	1906	Cash Handling Controls and Accountability	2	4					6
	1908	Fire & Life Safety Inspections	11						11
	1909	Southwest Gas Franchise Agreement	3				1		4
	1910	Utility Billing	4						4
	1912	Fleet Parts Operation	6						6
	1913	Benefits Administration	8						8
	FY Totals		42	10	3		1		56
2020									
	1907	Police Special Revenues	12		1				13
	1911	Revenue Recovery	7	2					9

## Attachment C - Status by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
	1917	Landfill Recycling Cost Review	2				2		4
	2004	Airport Terminal Area Redevelopment Construction Contract	9						9
	2005	Facilities Management Contract Administration		7					7
	2006	Scottsdale's Museum of the West Contract		2					2
	2010	Warehouse Operations	6	7					13
		FY Totals	36	18	1		2		57
2021									
	2003	Police Technology Services	3	2					5
	2008	Fleet Operations	2	2	3	1			8
	2009	Ambulance Services Contract	5	2	2				9
	2107	Fire Station Construction Contracts						5	5
	2108	Code Enforcement Operations	2	4					6
		FY Totals	12	10	5	1		5	33
		Grand Total	139	41	17	2	4	5	208

## Attachment D - Detail of Not Implemented Recommendations

Audit#	Audit Name	Issued	Auditor FollowUp
Find#	Finding	Rec# Recommendation	
1806	WestWorld Marketing & Concession Contracts	1/17/2018	Division WW
3	Several aspects of contract administration need improvement. Terms regarding the ownership and maintenance of the WestWorld website and social media have not been formalized. The contractor registered the new web domain as its own. Login access to one social media page was lost when a past contractor employee left.	3F The Contract Administrator should formalize terms relating to the ownership of work products produced through the Food & Marketing Agreement, including ownership and maintenance of the WestWorld website and social media sites.	June 2018: The WestWorld General Manager indicated contract discussions are in progress. Sept 2018: This is still in progress. June 2019: WestWorld management reported that the contractor intends to retain ownership until the contract ends, so this matter is being further reviewed. Dec 2019: This matter is still pending. May 2020: The new contract approved March 3, 2020, requires the marketing contractor to perform "website maintenance." Concerns regarding ownership of the WestWorld website and social media accounts are not addressed in the new contract.
2008	Fleet Operations	8/7/2020	Division PW
1	Fleet Management can improve its replacement rate methodology and the accuracy and consistency of its application. Fleet Management does not consider salvage value in the calculation of replacement fees, although it receives approximately \$650,000 per year, averaging about 12% of the original vehicle costs, from auctioned vehicles.	1B The Fleet Management Director should use historical vehicle auction proceeds to estimate vehicles' salvage values in the replacement fee calculations.	Jan 2021: The department is discussing with the Assistant City Manager, the Acting City Treasurer, and Budget its vehicle rate calculations. May 2021: The department reported that based on the vehicle rate discussion, salvage revenues will continue to be used in the Fleet Fund as overhead reimbursement rather than applied to reduce vehicle replacement rates.





## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2010				
8/17/2009	0911	In-Lieu Parking Program	\$156,360	this amount does not include estimate for rate error of \$3,592 per parking credit.
8/17/2009	0912	Use of Purchase Orders	\$0	
8/17/2009	0908	Change Orders and Contract Modifications for Capital Projects	\$0	
9/17/2009	0910	Water System Security	\$0	
11/5/2009	1001	Boards and Commissions	\$0	
11/5/2009	1002	Street Overlay & Maintenance Program	\$0	
11/5/2009	1003	Irrigation Water Distribution System	\$375,000	wrong rate used for in lieu property tax charges (to all enterprise funds, not just IWDS).
2/5/2010	1005	Commercial Refuse Collection	\$418,650	most recent year only; \$618,000 excess costs/revenue shortfalls in 4 prior years as well.
2/5/2010	1008	Real Property Leases and Licenses	\$0	
2/5/2010	1006	Custodial Services Contract Administration	\$0	
4/7/2010	1010	Compliance with Medical Privacy Requirements of the Federal Health Insurance Portability and Accountability Act (HIPAA)	\$0	
5/3/2010	1009	Ambulance Contracts: Compliance & Contract Administration	\$211,600	includes \$95,000 in unbilled costs plus \$116,600 in potential revenues.
5/7/2010	1004	Trolley Services	\$0	\$222,000 payment for contractor's insurance planned to be recouped by Feb 2011, but should not have been paid.
6/9/2010	1007	Pool Usage: Agreements & Administration	\$31,000	does not include potential additional cost recovery through rate increases (only 21% cost recovery on average).
6/14/2010	1012	Annual Follow-Up on Audit Recommendations	\$0	
6/14/2010	1014	Retirement Incentive Program & Reorganization	\$215,500	amount does not include ASRS early retiremt penalty (\$2.5 - 5M) or salary issues (exceed max. salary = \$125k, excess sal increases \$43k, retro salary increases \$76k, org. change increases \$244k)
Summary for 'FYPubl' = 2010 (16 records)			\$1,408,110	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2011				
8/6/2010	1011	Special Event/Off-Duty Coordination	\$54,000	Amount of admin fees waived during last 3 years. Admin fee was only recovering 4% of program's admin costs (\$217k).
9/8/2010	1102	Parks & Recreation Intergovernmental Agreements	\$35,000	FY 2008/09 and FY 2009/10 potential cost recoveries.
9/10/2010	1103	Compensation Practices & Controls	\$257,900	FY2008/09 and 2009/10 only: noncharter def'd comp \$114.2k, added med/vac hrs \$49.8k, pay type not in policy \$23k, pay incr w/o perf eval \$59.8k, unauth auto allow \$11.1k
10/4/2010	1117	Residential Solid Waste Program Cost Analysis	\$0	recommended review of number of vehicles, alley maintenance costs, & indirect charges, but potential impact not quantified.
11/1/2010	1106	Water and Sewer Rates	\$0	
11/4/2010	1105	Fleet Management Rates	\$1,200,000	underused, loaners, + commuting costs of take-home vehicles; rate reductions to spend down Fleet cash balance (\$2 - 3M); return money for canceled Fleet CIP project (\$1.2M).
12/27/2010	1104	Selected Application Controls over the City's TotalHR System	\$0	
1/11/2011	1107	Overtime Controls and Practices	\$155,000	2 years OT paid to exempt employees (excl PD commun, sgt & lt). Does not incl \$721k paid for OT hrs exceeding policy limits or other potential OT reductions.
1/12/2011	1108	Tax Audit Assessments and Collections	\$0	potential to improve cost-effectiveness through different mix of staffing or increased productivity; potential savings not estimated.
3/10/2011	1101	Energy Billing Audit (Utilities Analyses, Inc. contract)	\$112,954	Consultant UAI estimated \$379,700 (\$58,700 from overbillings and \$321,000 from rate changes). Amount reflects to-date results; will be updated periodically.
4/4/2011	1110	Remittance Processing	\$264,000	Lower staffing could potentially reduce program costs by about \$264,000.
4/6/2011	1115	E-Verify Compliance of City Contractors - October 2008 through June 2010	\$0	Recommendation will assist with State law compliance.
4/7/2011	1109	Printing and Graphics Services	\$104,000	sample print savings \$9k; utility bill undercharge \$50k, postage overcharge \$70k; copier excess cost \$115k.

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## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
6/1/2011	1113	Medical Benefit Plans: Claims Processing	\$970	Sample error only; projected to population, estimated at \$690k. Contract with third party administrator (Aetna) does not allow projection of sample results for cost recovery.
6/2/2011	1114	Cash Handling, FY 2010/11	\$0	
6/10/2011	1116	Annual Follow-Up on Audit Recommendations	\$0	
6/15/2011	1112	Selected Housing Programs - Section 8 and HOME	\$200,000	Approx. annual savings from using Sect 8 admin fee revenue rather than General Fund. (Sect 8 admin reserves totaled approx. \$509k at 5/1/11.)
Summary for 'FYPubl' = 2011 (17 records)			\$2,383,824	

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## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2012				
7/20/2011	1111	Meter Reading Program	\$20,000	estimated lost revenues due to defective meters; also identified potential customer savings \$156,000.
9/1/2011	1209	Selected Application Controls over the City's GenTax System	\$0	
9/2/2011	1202	Tax and License Services	\$20,000	automatic writeoffs being made; additional \$179,000 in refunds not subject to independent review
9/6/2011	1203	Utility Billing Services	\$13,500	Additional \$712,000 in sewer fee adjustments not guided by formal policy
11/7/2011	1212	SkySong Ground Lease Rent, Calendar Year 2010	\$0	Questioned: Admin fee \$50k, donation \$5k, asset mgt fee \$129k, term/resign fee \$680k = total of \$855k. However, net loss was \$2.9M, so no revenues would be recognized.
12/5/2011	1211	Development/Planning Processes and Fees	\$1,900,000	FY 2010/11 fees recovered 66% of Full costs rather than the 84% stated in Council Report. Amount shown is estimated \$ difference.
12/12/2011	1204	Cultural Council Contract Compliance	\$856,700	Diff btwn F&A reported and later established AIPP balance (amt which c/h been spent 2x). Also, GF may have to reimburse \$300k to Comm Arts Trust.
2/9/2012	1207	Palomino Library IGA Compliance	\$132,000	Amount estimated for FY 2010/11. Total extra expenses over 4 year period: benefits + security \$35k, staffing \$618k.
2/14/2012	1205	Wireless Telecommunications	\$0	
3/6/2012	1214	Independent Review of Minimum Accounting Standards at the Scottsdale City Court	\$0	saved the City the cost of an external audit firm to conduct this required work.
3/8/2012	1213	E-Verify Compliance of City Contractors, 10/2008 through 9/2011	\$0	
6/4/2012	1208	Concerned Citizens for Community Health Contract Compliance	\$0	May be able to lower the COS staff time on CCCH activities (estimated at \$131k) with clarification of agreement terms.
6/8/2012	1201	Indirect Cost Allocation	\$590,400	Amount of variances that could be estimated; would have decreased Enterprise Fund indirect costs in FY 2011/12.
6/8/2012	1217	External Quality Control Review of the City Auditor's Office, CYs 2009 - 2011		
6/11/2012	1215	Annual Follow-Up on Audit Recommendations	\$0	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
Summary for 'FYPubl' = 2012 (15 records)			\$3,532,600	
FY 2013				
8/10/2012	1216	Citywide Audit Risk Assessment Model	\$0	
9/6/2012	1206	Utility Franchise Agreement Compliance	\$0	Identified 145 APS customers outside Scottsdale included in franchise fee payments (est'd \$14k) during FY 2011/12.
9/11/2012	1210	Airport FBO Compliance	\$18,000	Also FBOs' late payments could have resulted in penalties+interest of \$210k and a rent discount of \$8k was not brought to Council for approval.
11/2/2012	1301	E-Verify Compliance of Selected FY 2011/12 City Contractors	\$0	
11/8/2012	1305	Fuel Costs and Controls	\$302,163	fuel admin markup recovery over admin costs+increased CNG use in bifuel vehicles
1/24/2013	1304	WestWorld's Financial Operations	\$317,400	revenues not covering direct costs, billing credit, insufficient deposit, and possible BOR changes; excludes projected revenue shortfall for FY 2013/14.
1/24/2013	1303	Cash Handling Controls and Accountability, FY 2012/13	\$0	
3/1/2013	1307	Detention Costs and Controls	\$160,000	only \$44k may be recouped due to 90-day refund limitation; second DUI+non-COS = \$145k for 18 mos; felonies = \$15k for 90 days; annualized errors = approx. \$156k/yr
3/6/2013	1306	Case Management Controls	\$0	
4/4/2013	1308	Social Media Use and Controls	\$0	
5/20/2013	1310	Citation Controls	\$0	
6/7/2013	1309	Tournament Players Club Lease Agreement	\$312,646	Rent calculation errors \$3.6k, additional income rent \$15.2k + \$54.8k prior yrs, complimentary golf estimated rent \$239.3k for 2.25 yrs
6/7/2013	1311	Selected Application Controls Over the City's CLASS System	\$0	
6/7/2013	1302	Annual Follow-Up on Audit Recommendations		
Summary for 'FYPubl' = 2013 (14 records)			\$1,110,209	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2014				
8/9/2013	1312	Wastewater Customer Rate Classification Review	\$32,500	est'd \$16 - 49k range
10/8/2013	1414	Control & Use of Key Water Treatment Supplies	\$128,000	est'd 1 yr savings of multiagency contract; potentially underpaid \$26k in tpt
10/11/2013	1407	Communications Center Staffing	\$64,000	Savings from filling average 4 FTE vacant positions rather than paying overtime. A shorter recruiting process can also reduce OT costs.
10/30/2013	1401	FY 2012/13 External Financial Audit	\$0	Identified accounting corrections made during audit. CPA firm follows up during next audit.
1/8/2014	1413	Fire Department Staffing Model	\$84,000	Est'd OT savings for 40 hour assignments over 2-year period. (Est'd \$550,000 if 56-hour rate was maintained.)
1/8/2014	1411	Claims Management	\$60,000	Identified third-party liabilities not collected \$40k; if met benchmark subrogation collection rate, +\$20k.
3/3/2014	1402	E-Verify Compliance FY 2012/13	\$0	Improve HR record retention to avoid risk of fines.
3/6/2014	1404	Cash Handling Controls and Accountability FY 2013/14	\$13,000	Ticket, access card, and wristband inventories and pay-per-use printer/copier use not reconciled to receipts.
3/6/2014	1412	Procurement Card Use & Controls	\$0	3 year period: split purchases ~\$46k; improved controls needed for gift cards ~\$116k.
5/9/2014	1406	Property & Evidence Management	\$0	More timely dispositions needed to avoid needing additional storage facilities.
6/6/2014	1409	Job Order Contracting	\$120,850	Incorrect sales tax/markup by contractors, added costs, and one example of client dept-state JOC pricing.
6/17/2014	1408	Selected Application Controls over the City's iNovah System	\$0	Access control improvements recommended for City cashiering system.
6/18/2014	1403	Annual Follow-Up on Audit Recommendations	\$0	
6/19/2014	1410	Accounts Receivable Management	\$548,000	4 years of Library bad debt writeoffs and waivers without collection documentation. Amt does not include City vendor pmts matched against overdue receivables.
Summary for 'FYPubl' = 2014 (14 records)			\$1,050,350	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2015				
9/4/2014	1508	Boys & Girls Clubs Lease Agreements	\$2,744,000	\$2.5M unrecorded assets (w/o land value), \$244k unreimb'd costs [land, bldg, imprvmts later recorded at \$9M]
9/4/2014	1405	Scottsdale Stadium Lease Agreements	\$58,200	add'l costs to \$200k max reimb=\$50k, scoreboard maint \$5k +controller costs \$8k, less \$5k dupl seat reimb.
11/6/2014	1501	FY 2013/14 External Financial Audit	\$0	
12/9/2014	1503	Police Overtime	\$69,000	Premium pay hours est'd value, assuming none w/b OT-eligible. Also identified est'd \$370k of hours worked exceeding City policy (may not represent potential savings).
12/9/2014	1507	Procurement Policies and Practices	\$0	
1/14/2015	1502	Independent Review of Scottsdale City Court's Compliance with Minimum Accounting Standards	\$0	saved the City the cost of an external audit firm to conduct this required work.
3/6/2015	1511	Disaster Recovery/Business Continuity	\$0	
5/7/2015	1506	Library Business Operations	\$0	
5/15/2015	1513.01	Controls Over Surplus Property Dispositions	\$0	
5/22/2015	1512	External Quality Control Review of the City Auditor's Office, CYs 2012 - 2014	\$0	
6/9/2015	1505	Fairmont Scottsdale Princess Lease Agreement	\$134,000	Former City staff agreed to a lower rent calculation than in the Council-approved lease.
6/11/2015	1504	Network Security Assessment	\$0	
6/11/2015	1510	Photo Enforcement Contract	\$3,000	Additional instances of malfunctions and out-of-service photo enforcement equipment.
6/12/2015	1514	FY 2014/15 Follow Up on Status of Audit Recommendations	\$0	
6/15/2015	1513	FY 2014/15 Report on the City Auditor's Integrity Line		did not estimate -personal use of City vehicle
6/19/2015	1515	Review of Super Bowl/Open Overtime	\$96,200	est'd overtime to cover leave hours. Also, cost not recovered ~\$26k for billed events + unbilled time.
Summary for 'FYPubl' = 2015 (16 records)			\$3,104,400	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2016				
10/7/2015	1603	Bed Tax-Funded Special Event Contracts	\$16,370	Insufficient docs
10/9/2015	1607	McCormick-Stillman Railroad Park Operations	\$337,000	Unrecorded donated assets, recovery of staffing costs
10/26/2015	1601	FY 2014/15 External Financial Audit	\$0	
10/30/2015	1509	Scottsdale Road Improvements, Phase 1	\$401,700	Table 3 - overpayments and questioned costs.
1/14/2016	1610	Human Services Information Controls	\$0	
2/11/2016	1614	SkySong Residential Rent	\$377,000	This does not include \$1.1 million costs needing further clarification to determine allowability. (Potential to increase rent by \$550k)
2/12/2016	1605	Preserve Operations	\$335,000	Unrecorded donated parcels estimated value.
4/8/2016	1611	Cash Handling Controls and Accountability, FY 2015/16	\$0	
6/8/2016	1613	FY 2015/16 Report on the City Auditor's Integrity Line	\$0	
6/9/2016	1606	Human Resources Compliance Programs	\$0	
6/10/2016	1609	Transit Service Contracts	\$117,000	amt includes grant reimb lost, unused data services paid. Does not include potential savings from trolley or cab connection changes.
6/14/2016	1612	FY 2015/16 Follow Up on Status of Audit Recommendations	\$0	
6/14/2016	1604	IT Risk Assessment (Contracted)	\$0	
Summary for 'FYPubl' = 2016 (13 records)			\$1,584,070	



## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2017				
9/13/2016	1602	Biennial Certified Audit of the City's Land Use Assumptions, Infrastructure Improvement Plans and Development Fees (contracted)	\$0	
10/24/2016	1608	Preventative Maintenance and Repair	\$0	
10/24/2016	1615	Northsight Blvd Extension Construction Contract	\$793,900	potentially recoverable \$147,200 + questioned cost types \$646,700
11/14/2016	1705	Destination Marketing Contract	\$70,000	Free Police services exceed contract amount. Plus saving half or all of Fiesta Bowl cost = ~\$150k - \$300k.
11/14/2016	1701	FY 2015/16 Financial and Compliance Audit	\$0	
1/9/2017	1702	E-Verify Compliance FY 2015/16	\$0	
3/13/2017	1708	Software Acquisition and Implementation	\$0	
4/24/2017	1707	Benefit Claims Processing	\$60,000	Estimate for perf guarantees only. Does not include claim processing errors est'd at \$344k.
5/1/2017	1704	Pavement Operations	\$0	
5/2/2017	1706	Commercial Solid Waste Operations	\$1,047,500	includes FleetMind, billing errors and payment error.
6/14/2017	1711	FY 2016/17 Follow Up on Status of Audit Recommendations	\$0	
6/15/2017	1712	FY 2016/17 Report on the City Auditor's Integrity Line	\$0	
6/15/2017	1703	Patrol Operations	\$0	
Summary for 'FYPubl' = 2017 (13 records)			\$1,971,400	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2018				
9/1/2017	1709	McDowell Mountain Golf Course Lease	\$251,000	Value of required improvements not documented.
9/8/2017	1710	Capital Projects: Project Management and Allocated Charges	\$0	FTE not reduced for smaller CIP. Impact on individual projects ranges from less than 1% to more than 50%.
11/13/2017	1801	FY 2016/17 Financial and Compliance Audit	\$0	
1/10/2018	1811	Independent Review of Scottsdale City Court's Compliance with Minimum Accounting Standards	\$0	saved the City the cost of an external audit firm to conduct this required work.
1/11/2018	1807	Scottsdale Arts Contract	\$202,000	Purpose-restricted funds not yet spent for designated purposes.
1/17/2018	1806	WestWorld Marketing & Concession Contracts	\$67,880	Includes identified event adjustments, interest paid, liquor license enforcement, and use fees not charged, less underpayment error.
2/16/2018	1802	E-Verify Compliance During FY 2016/17	\$0	
3/9/2018	1805	Miscellaneous Expenses	\$153,000	purchases of printer toner over 2 year period when toner is free through copier-printer contract (max savings).
5/4/2018	1809	Development Agreements	\$261,000	Includes uncollected receivable due by 12/31/17 plus interest. Does not include \$1.3M unrecorded potential receivables for future periods.
5/9/2018	1803	Intelligent Transportation Systems	\$0	
5/30/2018	1810	External Quality Control Review of the City Auditor's Office, CYs 2015 - 2017	\$0	
6/12/2018	1813	FY 2017/18 Report on the City Auditor's Integrity Line	\$0	did not estimate - multiple billings for \$10 alarm fees
6/14/2018	1812	FY 2017/18 Follow Up on Status of Audit Recommendations	\$0	
6/14/2018	1808	Police On-Body Cameras	\$0	
6/15/2018	1804	Selected JOC Construction Contracts	\$41,600	Undocumented project costs. Subcontractor selections not monitored in proposal and project delivery phases. Performance bonds \$4.4M less than project values.
Summary for 'FYPubl' = 2018 (15 records)			\$976,480	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2019				
9/12/2018	1902	E-Verify Compliance During FY 2017/18	\$0	
9/14/2018	1909	Southwest Gas Franchise Agreement	\$146,100	est underpayments + late payment interest charges
11/2/2018	1908	Fire & Life Safety Inspections	\$0	
11/13/2018	1901	FY 2017/18 External Financial and Compliance Audit	\$0	
1/16/2019	1913	Benefits Administration	\$33,500	\$21,750 in Wellness/Health Improvement funds not used; \$11,750 for deferred compensation administrative costs in City's General Fund. Also, benefit contracts procured through third parties
1/17/2019	1910	Utility Billing	\$20,000	PV customers overcharged ~\$14k plus misc billing errors noted in testing.
2/22/2019	1903	Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvements Plan and Development Impact Fees (July 1, 2016 to June 30, 2018)	\$0	
3/7/2019	1906	Cash Handling Controls and Accountability	\$10,740	CY 2018 monies processed through a third-party payment processing site without controls
4/26/2019	1912	Fleet Parts Operation	\$355,000	Est'd fin'l impact includes inventory variances, inactive and obsolete parts, and low value supplies in inventory. Related, approx 90% of parts inventory on hand exceeds a 90-day supply.
5/9/2019	1904	ActiveNet Application Controls	\$0	
5/10/2019	1916	Scottsdale Transit Program's National Transit Database Financial Data Review	\$0	
6/14/2019	1905	Infrastructure Condition Assessment	\$0	
6/14/2019	1914	FY 2018/19 Follow Up on Status of Audit Recommendations	\$0	
6/17/2019	1915	FY 2018/19 Report on the City Auditor's Integrity Line	\$0	
Summary for 'FYPubl' = 2019 (14 records)			\$565,340	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2020				
9/3/2019	1917	Landfill Recycling Cost Review	\$1,676,402	estimated net additional cost if subcontractor's proposed contract changes were adopted. Audit also identified specific questioned costs of almost \$418,000 and undocumented labor costs representing about 60% of total costs.
9/3/2019	1911	Revenue Recovery	\$1,356,775	includes customer paying collection agency fee and value of accounts with little or no documented collection effort or use of state debt set-off program.
10/18/2019	2001	FY 2018/19 Financial and Compliance Audit	\$0	
10/31/2019	2010	Warehouse Operations	\$51,100	Estimates include potential TPT for undocumented tax exemptions, auction refund without item return, added cost for example item (nitrile gloves) and inventory variances identified in limited available records.
1/13/2020	2005	Facilities Management Contract Administration	\$164,000	custodial contractor overpayments over 2-1/2 years.
1/16/2020	1907	Police Special Revenues	\$0	
3/3/2020	2006	Scottsdale's Museum of the West Contract	\$77,000	The City continued paying for utilities for 5-1/2 years.
5/5/2020	2002	E-Verify Compliance During FY 2018/19	\$0	
6/4/2020	2012	FY 2019/20 Report on the City Auditor's Integrity Line	\$0	
6/4/2020	2004	Airport Terminal Area Redevelopment Construction Contract	\$379,000	Amounts the CMAR charged the City that exceeded the CMAR's subcontractor costs, including change orders.
6/4/2020	2011	FY 2019/20 Follow Up on Status of Audit Recommendations	\$0	
Summary for 'FYPubl' = 2020 (11 records)			\$3,704,277	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2021				
8/4/2020	2003	Police Technology Services	\$0	
8/7/2020	2008	Fleet Operations	\$1,571,200	Table 8 over/under charges; Table 9 underused vehicles.
10/8/2020	2009	Ambulance Services Contract	\$2,600	billing errors
10/16/2020	2101	FY 2019/20 Financial and Compliance Audit	\$0	
11/25/2020	2110	Scottsdale Transit Program's National Transit Database Financial Data Review	\$0	
1/22/2021	2102	E-Verify Compliance During FY 2019/20	\$0	
1/28/2021	2104	City Court's Compliance with Minimum Accounting Standards	\$0	
1/29/2021	2108	Code Enforcement Operations	\$0	
3/16/2021	2103	Biennial Certified Audit of the City's Land Use Assumptions, Infrastructure Improvement Plans and Development Fees (contracted)	\$0	
3/24/2021	2107	Fire Station Construction Contracts	\$0	savings potential identified in design consultant's construction phase costs, change order work and cost control, overhead rates, and force acct use.
5/3/2021	2106	Network Security Audit	\$0	
6/9/2021	2111	FY 2020/21 Follow Up on Status of Audit Recommendations	\$0	
6/10/2021	2112	FY 2020/21 Report on the City Auditor's Integrity Line	\$0	
6/11/2021	2109	Housing Rehabilitation and Repair Programs		
Summary for 'FYPubl' = 2021 (14 records)			\$1,573,800	
Summary Report Count = 172		Grand Total	\$22,964,860	

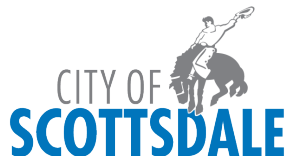
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**City Auditor's Office**

7447 E. Indian School Rd., Suite 205  
Scottsdale, Arizona 85251

OFFICE (480) 312-7756  
INTEGRITY LINE (480) 312-8348

[www.ScottsdaleAZ.gov/auditor](http://www.ScottsdaleAZ.gov/auditor)

**Audit Committee**

Councilwoman Kathy Littlefield, Chair  
Councilmember Tom Durham  
Councilwoman Solange Whitehead

**City Auditor's Office**

Kyla Anderson, Senior Auditor  
Paul Christiansen, Senior Auditor  
Lai Cluff, Senior Auditor  
Brad Hubert, Senior Auditor  
Shelby Trimaloff, Exec Asst to City Auditor  
Sharron Walker, City Auditor

The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity.