



CITY AUDITOR'S OFFICE

# FY 2019/20 Follow Up on Status of Audit Recommendations

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June 4, 2020

REPORT NO. 2011

## **CITY COUNCIL**

Mayor W.J. "Jim" Lane

Suzanne Klapp

Virginia Korte

Kathy Littlefield

Linda Milhaven

Guy Phillips

Vice Mayor Solange Whitehead





June 4, 2020

Honorable Mayor and Members of the City Council:

Enclosed is the *FY 2019/20 Follow Up on Status of Audit Recommendations* report, which was included on the Council-approved FY 2019/20 Audit Plan. This report presents the auditor-determined status of 234 audit recommendations, primarily from audits issued since July 2016. This annual report encompasses a 3-year history plus about 9 months of the current fiscal year's audit recommendations.

Overall, 90% 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 about 13 percentage points, from about 77% in that first follow up report.

Audits conducted during FY 2019/20 have identified quantifiable potential cost savings, revenues or other financial value totaling approximately \$3.7 million. The largest portion of this amount relates to two audits: *Revenue Recovery* (potential for improved collection of delinquent debts) and *Landfill Recycling Cost Review* (potential impact of proposed subcontractor cost increases). In addition, this year's audits have identified process and control improvements, which are not easily measured, in areas such as contract administration, special revenue program controls, and inventory management.

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

Sincerely,

A handwritten signature in blue ink that reads "Sharron Walker". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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



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## RESULTS

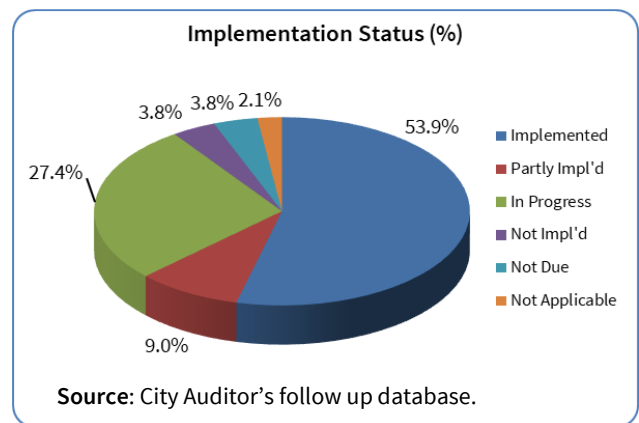
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This annual Follow Up on Status of Audit Recommendations was included on the Council-approved FY 2019/20 Audit Plan. This annual report encompasses a 3-year history plus about 9 months of the current fiscal year, with 234 audit recommendations issued between July 1, 2016, and March 3, 2020.

### Implemented, In Progress or Partly Implemented

As shown in the graphic, 54% of audit recommendations have been implemented, 9% are partly implemented, and another 27% are in progress. Together, these statistics are about 1 percentage point better than the same statistics for last year, which totaled about 89%.

On average, the audit recommendations have been open for 11 months, slightly shorter than last year's average of 12 months. Only two audits, *Intelligent Transportation Systems* and *Scottsdale Arts Contract*, have remained unresolved 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 90% of audit recommendations. This statistic represents a 13-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 reviewed recommendations.<sup>1</sup>

As well, in September 2009, management was not implementing 8.3% of the recommendations compared to 3.8% currently identified as not being implemented. Attachment D lists the 9 recommendations with no further management action currently planned.

### Additional Information

Page 5 of this report provides a link to detailed status information for all recommendations included in the graphic.

Page 7 provides links to implementation analysis summarized by division or office, by audit report, and by fiscal year. It also links 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 in FY 2019/20 audits totaled approximately \$3.7 million.

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<sup>1</sup> The initial 2009 status review encompassed a 5-year period of prior audits, while the current review covers a 3-year period. Both review periods also include a few more recent audits with available status information.





## DIVISION/OFFICE ACRONYMS USED IN FOLLOW-UP ATTACHMENTS

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Acronym	Department*/Office
Air	Airport
Attny	City Attorney
Auditor	City Auditor
Clerk	City Clerk
CM	City Manager
Comm	Communications
Court	City Court
CS	Community Services
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
Treas	City Treasurer
WR	Water Resources

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



## DETAILED STATUS OF AUDIT RECOMMENDATIONS

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[Link](#) to the 71-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
CM, CT	4		1				5
CS	5	10	1				16
Fire	11						11
HR	9		2				11
IT	9		4	4			17
PlanDev	5						5
Police	14	11			1		26
Purch	3	12					15
PW	44	16	6	4	3	7	80
PW, CS			1				1
PW, CT			1				1
TourEv	11	4	4			2	21
Treas	4	9					13
WW	7	2	1	1	1		12
<b>Grand Total</b>	<b>126</b>	<b>64</b>	<b>21</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>234</b>





## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1608	Preventative Maintenance and Repair				Audit Issued: 10/24/2016		
PW	4		1	1			6
	4		1	1			6
1615	Northsight Blvd Extension Construction Contract				Audit Issued: 10/24/2016		
PW	7		2				9
	7		2				9
1702	E-Verify Compliance FY 2015/16				Audit Issued: 1/9/2017		
Purch	1						1
	1						1
1703	Patrol Operations				Audit Issued: 6/15/2017		
Police	2				1		3
	2				1		3
1704	Pavement Operations				Audit Issued: 5/1/2017		
PW	8						8
	8						8
1705	Destination Marketing Contract				Audit Issued: 11/14/2016		
TourEv	6		3				9
	6		3				9
1706	Commercial Solid Waste Operations				Audit Issued: 5/2/2017		
PW	6	2	1	3			12
	6	2	1	3			12
1707	Benefit Claims Processing				Audit Issued: 4/24/2017		
HR	1		2				3
	1		2				3

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1708	Software Acquisition and Implementation				Audit Issued: 3/13/2017		
IT	9		4	4			17
	9		4	4			17
1709	McDowell Mountain Golf Course Lease				Audit Issued: 9/1/2017		
PW, CS			1				1
			1				1
1710	Capital Projects: Project Management and Allocated Charges				Audit Issued: 9/8/2017		
PW	2		1				3
PW, CT			1				1
	2		2				4
1803	Intelligent Transportation Systems				Audit Issued: 5/9/2018		
PW	2	4					6
	2	4					6
1804	Selected JOC Construction Contracts				Audit Issued: 6/15/2018		
PW	8	1					9
	8	1					9
1805	Miscellaneous Expenses				Audit Issued: 3/9/2018		
CM, CT	4		1				5
	4		1				5
1806	WestWorld Marketing & Concession Contracts				Audit Issued: 1/17/2018		
WW	7	2	1	1	1		12
	7	2	1	1	1		12
1807	Scottsdale Arts Contract				Audit Issued: 1/11/2018		
TourEv	5	4	1				10
	5	4	1				10

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
<b>1808</b>	<b>Police On-Body Cameras</b>				<b>Audit Issued: 6/14/2018</b>		
Police	10						10
	10						10
<b>1809</b>	<b>Development Agreements</b>				<b>Audit Issued: 5/4/2018</b>		
PlanDev	5						5
	5						5
<b>1902</b>	<b>E-Verify Compliance During FY 2017/18</b>				<b>Audit Issued: 9/12/2018</b>		
Purch	1						1
	1						1
<b>1904</b>	<b>ActiveNet Application Controls</b>				<b>Audit Issued: 5/9/2019</b>		
CS	4	5	1				10
	4	5	1				10
<b>1905</b>	<b>Infrastructure Condition Assessment</b>				<b>Audit Issued: 6/14/2019</b>		
PW		5	1				6
		5	1				6
<b>1906</b>	<b>Cash Handling Controls and Accountability</b>				<b>Audit Issued: 3/7/2019</b>		
CS	1	5					6
	1	5					6
<b>1907</b>	<b>Police Special Revenues</b>				<b>Audit Issued: 1/16/2020</b>		
Police	2	11					13
	2	11					13
<b>1908</b>	<b>Fire &amp; Life Safety Inspections</b>				<b>Audit Issued: 11/2/2018</b>		
Fire	11						11
	11						11

## Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1909	Southwest Gas Franchise Agreement				Audit Issued: 9/14/2018		
PW	3				1		4
	3				1		4
1910	Utility Billing				Audit Issued: 1/17/2019		
Treas	4						4
	4						4
1911	Revenue Recovery				Audit Issued: 9/3/2019		
Treas		9					9
		9					9
1912	Fleet Parts Operation				Audit Issued: 4/26/2019		
PW	2	4					6
	2	4					6
1913	Benefits Administration				Audit Issued: 1/16/2019		
HR	8						8
	8						8
1917	Landfill Recycling Cost Review				Audit Issued: 9/3/2019		
PW	2				2		4
	2				2		4
2005	Facilities Management Contract Administration				Audit Issued: 1/13/2020		
PW						7	7
						7	7
2006	Scottsdale's Museum of the West Contract				Audit Issued: 3/3/2020		
TourEv						2	2
						2	2

# Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2010 Warehouse Operations						Audit Issued: 10/31/2019	
Purch	1	12					13
	1	12					13
<b>Grand Total</b>	126	64	21	9	5	9	234



## 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
<b>2017</b>									
	1608	Preventative Maintenance and Repair	4		1	1			6
	1615	Northsight Blvd Extension Construction Contract	7		2				9
	1702	E-Verify Compliance FY 2015/16	1						1
	1703	Patrol Operations	2				1		3
	1704	Pavement Operations	8						8
	1705	Destination Marketing Contract	6		3				9
	1706	Commercial Solid Waste Operations	6	2	1	3			12
	1707	Benefit Claims Processing	1		2				3
	1708	Software Acquisition and Implementation	9		4	4			17
		<b>FY Totals</b>	<b>44</b>	<b>2</b>	<b>13</b>	<b>8</b>	<b>1</b>		<b>68</b>
<b>2018</b>									
	1709	McDowell Mountain Golf Course Lease			1				1
	1710	Capital Projects: Project Management and Allocated Charges	2		2				4
	1803	Intelligent Transportation Systems	2	4					6
	1804	Selected JOC Construction Contracts	8	1					9
	1805	Miscellaneous Expenses	4		1				5
	1806	WestWorld Marketing & Concession Contracts	7	2	1	1	1		12
	1807	Scottsdale Arts Contract	5	4	1				10
	1808	Police On-Body Cameras	10						10
	1809	Development Agreements	5						5
		<b>FY Totals</b>	<b>43</b>	<b>11</b>	<b>6</b>	<b>1</b>	<b>1</b>		<b>62</b>
<b>2019</b>									
	1902	E-Verify Compliance During FY 2017/18	1						1

## 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
	1904	ActiveNet Application Controls	4	5	1				10
	1905	Infrastructure Condition Assessment		5	1				6
	1906	Cash Handling Controls and Accountability	1	5					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	2	4					6
	1913	Benefits Administration	8						8
		<b>FY Totals</b>	<b>34</b>	<b>19</b>	<b>2</b>		<b>1</b>		<b>56</b>
<b>2020</b>									
	1907	Police Special Revenues	2	11					13
	1911	Revenue Recovery		9					9
	1917	Landfill Recycling Cost Review	2				2		4
	2005	Facilities Management Contract Administration						7	7
	2006	Scottsdale's Museum of the West Contract						2	2
	2010	Warehouse Operations	1	12					13
		<b>FY Totals</b>	<b>5</b>	<b>32</b>			<b>2</b>	<b>9</b>	<b>48</b>
		<b>Grand Total</b>	<b>126</b>	<b>64</b>	<b>21</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>234</b>



## Attachment D - Detail of Not Implemented Recommendations

Audit#	Audit Name	Issued	Auditor FollowUp	
Find#	Finding	Rec#	Recommendation	
1608	Preventative Maintenance and Repair	10/24/2016	Division	PW
3	A preventative maintenance strategic plan, policies and procedures can aid effective resource management. The Facilities Management department measures its timely completion performance after excluding canceled work orders, which include tasks that were due but were not scheduled for staff to complete.	3D	The Public Works Division Director should ensure the Facilities Management department measures timeliness based on all preventative maintenance tasks due.	<p>March 2017: Facilities Management reported that creating procedures to measure timeliness based on all preventive maintenance (PM) tasks due is in progress. June 2017: Facilities Management stated that all tasks that were canceled because of labor shortage were rescheduled before the end of the fiscal year. However, the canceled and rescheduled tasks are not yet specifically tracked. Sept 2017: The department reported that analysis is in progress, and staff will create procedures to measure timeliness based on all (PM) tasks due. May 2018: The department developed a new report to include all PM tasks that were due. For a future update, auditors will test whether the delayed PM tasks are properly included. Sept 2018: The department's reported FY 2017/18 performance measure, at 89%, continues to include scheduled tasks rather than all tasks that were due. Department technology staff confirmed that rescheduled tasks were excluded from the calculation.</p>

Audit#	Audit Name	Issued	Auditor FollowUp	
Find#	Finding	Rec#	Recommendation	
1706	Commercial Solid Waste Operations	5/2/2017	Division	PW
2	The sudden Commercial Solid Waste rates increases made the program seem noncompetitive. In addition to increasing Commercial rates, the multiple container discounts were reduced to a standard 10%. While published rates for two large private companies that operate in Scottsdale were comparable to the new City rates, their multiple can discounts were much higher, more than 25%. Operationally, it is more efficient, and therefore less expensive to pick up multiple containers at or near the same location. So the Program's reduced multiple container discount may not be effective for operational or market-based purposes.	2B	The Public Works Division Director should re-evaluate the effectiveness of the current multiple container discount.	Sept 2017: Department management reported they will provide Commercial services at the current rates through FY 2017/18 and will do the analysis later this year. Auditors will review the department's analysis when available. Jan 2018: No additional information. May 2018: Department management explained there will not be a change to the multi-container discount in the coming fiscal year (2018/19). There are only about 10 to 15 multi-family accounts left, and their goal is to maintain rather than increase business.
3	The contracted cost of service study could have been more relevant. The study did not include demand elasticity, market rates or fixed/variable cost analysis. The consultant's model just spread costs over historical customer and tonnage information (as did the City model).	3B	The Public Works Division Director should include elasticity, market rate and fixed/variable cost analysis when analyzing future rates.	Sept 2017: Department management reported they will continue to include fixed and variable cost analysis and consider elasticity and market rates to the extent feasible. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: The analysis was performed based on the consultant's model. It did not include elasticity, market rates or fixed/variable cost analysis.
4	Further operational improvements can be made. Public Works management has not established goals for the Commercial Solid Waste program. Current waste program trends across the country include cities emphasizing waste reduction by increasing participation in recycling programs.	4D	The Public Works Division Director should continue efforts to find operational improvements, including establishing specific, measurable, attainable, relevant and time-bound (SMART) goals for the Commercial program.	Sept 2017: Department management reported that, as work continues on Commercial program efficiencies, they will develop baseline data to measure and help create SMART goals. Jan 2018: No further information provided. May 2018: Department staff reported that they will work to formalize current program goals for inclusion in the next budget book. Sept 2018: Auditor review of the FY 2018/19 Budget Book found the department's program goals unchanged.

Audit#	Audit Name	Issued	
Find#	Finding	Rec#	Recommendation
			Auditor FollowUp
1708	Software Acquisition and Implementation	3/13/2017	Division IT
5	Procurement and Contract Management. For all Software-as-a-Service (SaaS) solutions, IT requires vendors to submit a SaaS questionnaire prior to the contract approval. Formal City standards have not been established although best practices indicate that standards, such as backup and recovery, should be driven by criticality. It appears the SaaS questionnaire, including the security component, is reviewed after the RFP process has been completed.	5D	The Information Technology department should require the Project Management Office (or its equivalent) to establish SaaS criteria and standards, and require the SaaS questionnaire to be included in the RFP evaluation process of each vendor's proposal.
			Sept 2017: The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The SaaS questionnaire has been updated and included with Purchasing templates. IT will work with the new Purchasing Director, when hired, to improve the related processes. Sept 2018: The department plans to formalize this requirement with the new Purchasing Director. June 2019: The department reported the next meeting related to this is scheduled in July 2019. Sept 2019: The IT Director reported that the department has received vendor feedback that the RFP process is costly and cumbersome, and he does not want to compound that. The SaaS questionnaire and criteria/standards continue to be evaluated following the existing processes.
6	Solution Delivery. According to the IT department, the City does not govern the Software Development Life Cycle (SDLC) for vendors or require them to provide their own. However, the City's contract has SDLC-like requirements, like project planning, requirements definition, software installation, infrastructure planning, etc. There was no evidence the vendors conducted all of these phases, excluding the project still in the implementation phase.	6A	The Information Technology department should require the Project Management Office (or its equivalent) to, during the proposal phase of the project, verify the vendor has a suitable SDLC.
			Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: IT will work with the new Purchasing Director, when hired, to improve the related guidance and processes. Sept 2018: The IT Department Director indicated there are limited resources and if the Project Manager has time to work on areas such as this, he will. Currently, the department director believes there is not capacity to address this recommendation. Sept 2019: The IT Department Director indicated the department does not have the resources to evaluate implementation plans for all submitted proposals.

Audit#	Audit Name	Issued	
Find#	Finding	Rec# Recommendation	Auditor FollowUp
7	Maintenance and Operations. Problem resolution can be better managed. Each software project requires its own problem and issue management system. The standard City software contract includes problem response times, but there was no evidence the vendor was following the maintenance plan for one system or that the contract administrator for another was aware of the contractual requirements.	7A The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with monitoring maintenance and support service levels.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated that IT has limited resources and if the Project Manager has time to take on additional recommendations he will. But currently he believes there is not sufficient capacity.
7	Maintenance and Operations. Vendors are not required to provide a transition plan for the City to take over the system. This was particularly problematic for the Solid Waste system which the City has struggled to understand how to administer the system.	7B The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with requiring vendors to provide a transition plan and execute it.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT department indicated if City departments do not have technical staff with proper background, they should contract with the vendors to provide additional support.

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.



## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenue	Notes
<b>FY 2017</b>				
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	1701	FY 2015/16 Financial and Compliance Audit	\$0	
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.
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	1703	Patrol Operations	\$0	
6/15/2017	1712	FY 2016/17 Report on the City Auditor's Integrity Line	\$0	
Summary for 'FYPubl' = 2017 (13 records)			\$1,971,400	

## Attachment E - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenue	Notes
<b>FY 2018</b>				
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	
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	1808	Police On-Body Cameras	\$0	
6/14/2018	1812	FY 2017/18 Follow Up on Status of Audit Recommendations	\$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/Revenue	Notes
<b>FY 2019</b>				
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 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 without doc.
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/Revenue	Notes
<b>FY 2020</b>				
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.
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.
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	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.
Summary for 'FYPubl' = 2020 (9 records)			\$3,704,277	
<b>Summary Report Count = 51</b>		<b>Grand Total</b>	<b>\$7,217,497</b>	



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1608	<b>Preventative Maintenance and Repair</b>	Issued:	<b>10/24/2016</b>	
1	<p>The Public Works Division Director should ensure the Facilities Management department effectively uses the ARCHIBUS system to manage its PM program. Specifically, the department staff should develop data collection and quality control procedures to ensure appropriate, accurate and complete PM information is captured consistently in the ARCHIBUS system.</p>	<p>March 2017: Facilities Management staff reported they are developing data collection and quality control procedures. June 2017: Facilities Management reported the building and equipment inventory is complete and equipment has been associated with the related building. As well, an exception report notifies supervisors when employees have not entered 40 hours per week. Another system feature is in process that is planned to facilitate capturing supplies cost for each work order. These costs are not yet being reconciled to expense records. Sept 2017: Department staff are continuing to work to identify and implement data integrity procedures. As well, a consultant will be performing a Facility Condition assessment on selected buildings and staff is to learn from this process to assess remaining buildings so that key condition information can be gathered. The department indicated key fields should be defined by March 2018. May 2018: Facilities continues to work on draft policies and procedures. As part of the Facility Condition Assessments being conducted, staff is currently performing data integrity checks. Further, Facilities staff is working to create a checklist, templates and workflows. Sept 2018: The department reported that checklists are complete; policies and procedures and workflow charts are still underway. Oct 2019: Management reported that the facility condition assessments are assisting with completing the building data in Archibus. Also, they continue to monitor labor hours and material and supply costs entered in Archibus for completeness, and system admin privileges have been limited to protect data integrity. However, recurring tasks, such as ice delivery, are still in the database and data collection and quality control procedures have not been written yet. March 2020: Auditors reviewed the most recent performance measures; the department now excludes data for recurring tasks such as ice delivery prior to calculating performance measures. As well, the department now lists Archibus data requirements in its Work Order standard operating procedure.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2	<p>The Public Works Division Director should ensure the Facilities Management department captures relevant, reliable data to conduct cost analyses to evaluate the cost-effectiveness of the preventative maintenance program and identify potential deferred maintenance needs.</p>	<p>March 2017: Facilities Management reported they are working to establish procedures to capture relevant, reliable data. June 2017: Facilities Management stated they are still in the process of determining what information will be necessary in order to use the system as a management tool. Sept 2017: The department reported that staff are working to capture relevant, reliable data. They and other Arizona facilities department staff have identified 53 IFMA performance measures and will be selecting a smaller number of measures to track for benchmarking with each other. May 2018: The department has contracted a Facilities Condition Index assessment, which is currently ongoing. Staff reviewed the initial assessment data and is developing a data quality report. Sept 2018: The department reported it is continuing the facility condition assessments and a quality control team verifies the data for each. Reports are being developed. May 2019: The department reported that 18 facility condition assessments have been completed between April 2018 and March 2019, but it has only completed the assessment reports for 2 of the 18. Oct 2019: Management currently anticipates the remaining 16 facility condition assessment reports will be completed in January 2020 (approximately 9 to 21 months after the assessments were performed) and staff will start new assessments. While these assessments provide for each building a Facility Capital Needs Index and calculated capital needs amount, the Facility Management director indicated this information would not be accurate until she has completed her quality control review. March 2020: Auditors reviewed copies of the 16 Facility Condition Assessment reports that have been completed. The reports provide a facility condition needs index, quantify immediate and future capital needs over a 10-year window, and prioritize and categorize by type the identified maintenance and repair items.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	<p>The Public Works Division Director should ensure the Facilities Management department develops and documents a strategic plan for the preventative maintenance program. Further the Facilities Management department should work to develop and document comprehensive policies and procedures for the program to establish program expectations.</p>	<p>March 2017: Facilities Management reported they are developing a Strategic Plan along with policies and procedures. June 2017: Facilities Management stated their goal for completion is now October 2018. Sept 2017: The consultant's Facility Condition assessment and development of a Master Plan will be completed by June 2018. These will form the basis of a comprehensive strategic plan, which is anticipated to be completed between December 2018 and June 2019. The policies and procedures are expected to be completed in July 2018. May 2018: Facilities staff indicated the policies and procedures project is not yet completed. Sept 2018: The department reported this is still underway. May 2019: In reviewing the department's new policies and procedures, auditors noted the documents are marked "draft" and are in a limited access file location. Department management confirmed these policies and procedures have not yet been shared with staff, but this can be completed at upcoming staff meetings. Further, management has not yet developed a written strategic plan for the preventative maintenance program. Oct 2019: Management reported that policies were distributed to supervisors in August 2019 and will be given to front-line staff in November. A preventative maintenance strategic plan has not yet been developed. March 2020: Auditors reviewed the preventative maintenance and repair strategic plan and associated policies and procedures. Management explained that the policies and procedures were presented at a February 2020 staff meeting and provided an agenda and staff sign-in sheet for the meeting.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	<p>The Public Works Division Director should ensure the Facilities Management department uses ARCHIBUS to prioritize preventative maintenance tasks based on a documented risk model.</p>	<p>March 2017: Facilities Management reported that prioritizing preventive maintenance tasks based on a documented risk model is underway. June 2017: Facilities Management stated the department has received budget for Facility Condition Assessments and staff is in the process of developing a request for proposals. The assessment results, combined with a technician's assessment of risk factors, will provide the data needed to create a risk model and prioritized PM task list. Sept 2017: The department stated that it is evaluating the federal General Services Administration's Public Buildings Maintenance Standards Final as the basis for preventive maintenance task prioritization. May 2018: This is still in process. Sept 2018: The department reported that preventive maintenance tasks have been prioritized in ARCHIBUS. Auditors will review the department's process and results. May 2019: Auditors reviewed the department's completed preventative maintenance criticality ratings. Current ratings identify about 48% of tasks at 1 (high) and about 8% as 5 (low), with the remaining 44% being rated 2, 3 or 4. Some highly rated tasks, such as elevator and HVAC maintenance, appear appropriately designated, while others, such as window cleaning, did not.</p>	Implemented	<input checked="" type="checkbox"/>
3C	<p>The Public Works Division Director should ensure the Facilities Management department conducts a staffing analysis to determine if the department has the right mix of skilled trade positions for maintenance and repair service needs.</p>	<p>March 2017: Facilities Management reported that staffing analysis is underway. June 2017: The Facilities Management director indicated that position descriptions for other departments may sound like FM's but are different. They will work to clarify the FM position descriptions. Sept 2017: The department provided a draft staffing analysis and stated it will continue to conduct analysis to justify resources to handle the preventive maintenance program, along with repair, space planning and other services provided. The draft analysis continued to exclude the additional maintenance staff managed by other departments. May 2018: Auditors reviewed the final staffing analysis, which still only includes maintenance staff within the Facilities department.</p>	Part Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3D	The Public Works Division Director should ensure the Facilities Management department measures timeliness based on all preventative maintenance tasks due.	<p>March 2017: Facilities Management reported that creating procedures to measure timeliness based on all preventive maintenance (PM) tasks due is in progress. June 2017: Facilities Management stated that all tasks that were canceled because of labor shortage were rescheduled before the end of the fiscal year. However, the canceled and rescheduled tasks are not yet specifically tracked. Sept 2017: The department reported that analysis is in progress, and staff will create procedures to measure timeliness based on all (PM) tasks due. May 2018: The department developed a new report to include all PM tasks that were due. For a future update, auditors will test whether the delayed PM tasks are properly included. Sept 2018: The department's reported FY 2017/18 performance measure, at 89%, continues to include scheduled tasks rather than all tasks that were due. Department technology staff confirmed that rescheduled tasks were excluded from the calculation.</p>	Not Impl'd	<input checked="" type="checkbox"/>
1615	<b>Northsight Blvd Extension Construction Contract</b>		Issued:	<b>10/24/2016</b>
1A	The Public Works Division Director should direct CPM to follow established contract guidelines for verifying certain types of costs.	<p>March 2017: Auditor reviewed sections of the Project Management manual and an updated contract template. As yet, there have not been any recent contracts that implement the changes. Sept 2017: status remains the same. May 2018: Auditor reviewed two recent CMAR contracts, which did not clarify the cost, payment and evaluation terms for the apparent cost types. Sept 2018: Auditors reviewed a recent CMAR contract for preserve trailheads. Certain changes have been implemented, such as paying bonds and insurance at actual cost, setting the construction fee as a fixed fee, and distinguishing the Guaranteed Maximum Price from the Contract Price (which includes the City's contingency). For other changes, such as largely using lump sum terms, the benefit is less clear; such changes will be evaluated in future audits.</p>	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works Division Director should direct CPM to evaluate current contract language regarding payment for subcontracted work and establish policies and procedures for approving payment.	<p>March 2017: Auditor reviewed sections of the Project Management manual and an updated contract template, which includes a definition and use of buyout savings. As yet, there have not been any recent contracts that implement the changes. Sept 2017: CPM, with the City Attorney's office, has evaluated and updated the standard contract language. CPM also updated policies regarding cost verification before payment of cost-based items.</p>	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The Public Works Division Director should direct CPM to establish guidelines for evaluating proposed fees when negotiating contracts.	March 2017: Auditor reviewed updates to the PM Manual and contract template sections. While the manual states the CMAR fee may be a negotiated set price or a percentage, the contract template states it is a negotiated fixed fee. Auditors will review future clarifications. Sept 2017: The updated manual provides general guidance for the project managers to work with the client departments and construction supervisors in determining the construction fee.	Implemented	<input checked="" type="checkbox"/>
2A	The Public Works Division Director should direct CPM to seek reimbursement for any overpayments.	March 2017: Auditor reviewed the \$40,249.72 sales tax and bond cost refund that the contractor paid to the City. While auditors had estimated the sales tax amounts, the contractor compiled the actual amounts paid and reimbursed overcharges to the City.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should direct CPM to seek reimbursement for overcharges in sweeping and overtime labor costs, and consider seeking reimbursement for the additional cost incurred by self-performing sweeping work.	March 2017: At this time, CPM has not recovered labor overcharges. Further follow up is pending. Sept 2017: CPM reported negotiating a settlement of \$4,736 for the estimated overpayment for sweeping labor. Payment has been received. The overtime labor costs were not refunded.	Part Impl'd	<input checked="" type="checkbox"/>
2C	The Public Works Division Director should direct CPM to establish procedures for verifying amounts spent through allowances.	March 2017: Auditor reviewed the updated PM Manual, which now requires supporting documentation for allowances.	Implemented	<input checked="" type="checkbox"/>
3A	The Public Works Division Director should require CPM to establish policies and procedures for the maintenance and retention of contract-related documents.	March 2017: Auditor reviewed the updated PM Manual, which now states that solicitation documents are to be kept in the Document Management system. Other types of documents are not yet addressed. Sept 2017: The City Engineer stated the expectation is that all records will be retained in DM; however, the PM Manual still only references solicitation documents. May 2018: The City Engineer stated he will update policies related to this recommendation. May 2018: The City Engineer incorporated into the PM Manual the requirement that all documentation should be retained in the DM system after getting state approval for digital records retention for all except permanent records.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Public Works Division Director should require CPM to establish guidelines for documenting procurement processes, changes to project scope and project close-out.	March 2017: Auditor reviewed the PM Manual update, which addresses documenting procurement and the change order log. However, additional areas are not yet addressed in the manual, including the updated contract template's more specific requirements. Sept 2017: The PM Manual has additional documentation requirements, although no further guidance was provided for close-out documentation and some project changes may only be captured in the final As-Built documents.	Part Impl'd	<input checked="" type="checkbox"/>
3C	The Public Works Division Director should require CPM to attach all relevant GMP proposal documents into the construction contract. At a minimum, all statements that intend to contradict the contract's terms and conditions should be submitted for legal review.	March 2017: Auditor review of the updated PM Manual. Additional review will be performed when new CMAR contracts have been executed. Sept 2017: status has not changed. May 2018: Auditor reviewed a recent CMAR contract, which had the GMP documents attached.	Implemented	<input checked="" type="checkbox"/>
<b>1702</b>	<b>E-Verify Compliance FY 2015/16</b>		Issued:	<b>1/9/2017</b>
1	The Purchasing department should 1) provide direction to Contract Administrators to emphasize the E-Verify contract requirements at the start of each contract, including that contractors and any subcontractors are subject to random verification of compliance, and 2) work with the Contract Administrators and the City Attorney's Office to follow up with these contractors and subcontractors regarding the E-Verify documentation that was not provided during the audit.	June 2017: In February, the Purchasing Director notified Contract Administrators to ensure their contractors know they and their subcontractors are responsible for E-Verify compliance and that the City randomly audits this requirement. As well, the notification commented that contracts can be canceled for noncompliance. In April, this information was reiterated and clarified in New Fiscal Year Open PO training materials provided to budget liaisons and contract administrators. Through the contract administrators, the Purchasing Director notified the nonresponsive contractors of possible consequences, and they subsequently provided E-Verify documentation.	Implemented	<input checked="" type="checkbox"/>
<b>1703</b>	<b>Patrol Operations</b>		Issued:	<b>6/15/2017</b>
1	None.		Not Applicable	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Police Chief should direct the department's Technology group to develop a detailed procedures for any testing conducted in a live system. The procedure should require test entries to be consistently identified, monitored and removed, if possible. In addition, the procedure should specify documentation and approval for any data modification or deletion.	January 2018: The department's Technology Services Section has developed a documentation and removal process, including a weekly reminder for assigned technology staff to review, remove and track I/LEADS test data. This tracking and removal process will be automated to eliminate the manual process. May 2018: CAD test data will not be deleted, but will be checked to make sure it is properly identified. Auditors reviewed recent reports and processes for identifying test data.	Implemented	<input checked="" type="checkbox"/>
2B	The Police Chief should ensure that the internal response time report is consistent with the department's dispatch practices and provides sufficient information for department management to address potential issues or improvements.	January 2018: The department reviewed and modified its internal report to be consistent with its dispatch and response practices.	Implemented	<input checked="" type="checkbox"/>
1704	<b>Pavement Operations</b>	Issued:	<b>5/1/2017</b>	
1	The Public Works Division Director should provide PCI standards, costs and comparisons to allow the City Council to provide direction and/or approve the City's PCI goal.	Sept 2017: Street Operations reported that the Council's CIP Subcommittee has added the cost of various pavement PCI levels to its future agenda items. This presentation, to be scheduled at the Subcommittee's direction, will likely then be discussed during the FY 2018/19 budget review process. May 2018: At the Council's October 17, 2017 meeting, the Public Works Director provided general information stating PCI was discussed in the CIP Subcommittee. Specifics were not yet provided regarding standards, comparisons or costs. Sept 2018: The Public Works Director provided a detailed presentation that was provided to the Council's CIP Subcommittee on November 9, 2017, which included information about PCI standards, comparisons and costs.	Implemented	<input checked="" type="checkbox"/>
2A	The Public Works Division Director should ensure that Street Operations and/or Pavement Management staff establish regular communications with the relevant City departments to identify upcoming roadwork conflicts and minimize unexpected disruptions to the Annual Paving Plan and to enforce rules prohibiting excavation in newly repaved or resurfaced roads.	Sept 2017: Street Operations reported that they are communicating with Building Services staff through the permit process and inspection team. Auditors will review documentation of parties involved and frequency and content of communications for next status update. May 2018: The provided departmental communications did not include evidence of coordinating utility street cut information with the City's Utility Coordinator or planning staff. Sept 2018: The Street Operations director stated that the current Utility Coordinator was previously in Street Operations and communications between the areas are much improved.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	The Public Works Division Director should ensure that Street Operations and/or Pavement Management staff work with Capital Project Management to develop formal notifications when road improvements are complete so that the pavement management system can be kept up-to-date.	Sept 2017: Street Operations reported that the Pavement manager is now attending Transportation CIP meetings to review planned and completed projects. Auditors will review documentation for next status update. May 2018: Auditors reviewed the project spreadsheets that Street Operations receives through the monthly project status meetings.	Implemented	<input checked="" type="checkbox"/>
3A	The Public Works Division Director should ensure that staff develops and documents comprehensive policies and procedures for the Pavement Management program.	Sept 2017: Street Operations stated a policies and procedures manual has been started, which it expects to complete by January 2018. May 2018: Auditors requested but have not yet received the updated Street Operations policies and procedures manual. Sept 2018: Auditors reviewed the policies and procedures manual, which contains the department's guiding principles and specific guidance for test methods and procedures, condition evaluation and maintenance activities.	Implemented	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should ensure that staff develops policies and procedures to retain program records, such as changes to the Annual Paving Plan and PCI detail reports, for a specified period. Further, these documents should be added to the department's records retention schedule based on state established minimums.	Sept 2017: The annual and 5-year paving plans have been added to the Street Department's records retention schedule as permanent records. The policies and procedures manual, which is being developed, notes that planning table models and maps are to be preserved for ten years unless a records retention policy supersedes the requirement. However, the Department is not yet retaining detailed PCI reports. May 2018: Street Operations added the Annual and 5-Year Paving Plans to the records retention schedule as a permanent record.	Implemented	<input checked="" type="checkbox"/>
3C	The Public Works Division Director should ensure Pavement Management inspector practices are aligned with those in other Public Works departments or document in department policy why the inspectors are needed onsite at all times with the contractors.	Sept 2017: The department is currently developing inspection requirements to align with the contracts. Anticipated completion is by January 2018. May 2018: Auditors requested but have not yet received the updated Street Operations policies and procedures manual. Sept 2018: The policies and procedures manual contains specific instructions for construction inspection requirements. In the guiding principles, the manual states that a full-time inspector shall remain on the job site at all times to ensure quality control is being met.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3D	The Public Works Division Director should ensure that departmental operations and planning are not interrupted due to personnel changes or loss of staff.	Sept 2017: Street Operations reported that it is currently working on a succession plan for the Pavement Management Team. May 2018: Auditors requested but have not yet received the updated information. Sept 2018: The department's policies and procedures manual now lists the department's succession plan.	Implemented	<input checked="" type="checkbox"/>
3E	The Public Works Division Director should ensure that public meetings and supporting documents are posted timely to the City website in compliance with City regulations.	Sept 2017: During the audit, division staff changed procedures to comply with posting timelines for the Citizens' Bond Oversight Committee. Auditors reviewed marked agendas and agenda materials posted on the City website for all calendar year 2017 meetings through October 12.	Implemented	<input checked="" type="checkbox"/>
1705	<b>Destination Marketing Contract</b>	Issued:	<b>11/14/2016</b>	
1A	The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider requiring performance goals be based on the previous year's actual results unless there are known factors supporting lower expectations, such as a change in marketing emphasis.	June 2017: The draft contract going to the City Council on June 27 includes a clause that performance standards will be based on multiple factors, including SCVB's overall budget, prior year's performance, priority areas where funds will be deployed, economic and business cycles and staff/resource capacity. The proposed FY 2017/18 performance standards list includes narrative explanations. Sept 2017: The draft contract was removed from the June 27 Council agenda. The contract approved at the August 28, 2017, Council meeting requires performance standards to be based on multiple factors, and the new performance standards included additional explanation of factors considered.	Implemented	<input checked="" type="checkbox"/>
1B	The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider adding a contract requirement that performance measures report separately on activities benefiting Scottsdale businesses and those including or primarily benefiting non-Scottsdale business. Additionally, require metrics to be defined, such as specifying unique inquiries and customer contacts. If the City's large recurring events are included in performance results, their impact should be separately identified.	June 2017: The proposed FY 2017/18 performance standards do not require separate reporting on Scottsdale-only performance measures. Instead, the contract-required performance standards being submitted to the City Council with the draft contract now state "Scottsdale market area" rather than "Scottsdale properties." Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting provides for performance reporting for the "Scottsdale area" and does not require separate Scottsdale-only reporting. All of the metrics are defined and the new contract added performance standards for the Fiesta Bowl-related activities.	Part Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	<p>The Contract Administrator should evaluate whether planned performance standards are focused on Scottsdale benefit and propose contract clarifications for the next term. Specifically, consider specifying that Scottsdale businesses, including nonmembers, are prioritized in promotional efforts and responses to inquiries.</p>	<p>June 2017: The draft contract being provided to the City Council on June 27 does not require that all Scottsdale businesses be prioritized in promotional efforts. However, it does include downtown Scottsdale and city-owned event venues in the marketing objectives and guides. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting does not address prioritizing Scottsdale locations or promoting all Scottsdale tourism-related businesses. However, it now specifically requires that the SCVB (Experience Scottsdale) assist the City in its efforts to promote Downtown Scottsdale and City-owned venues.</p>	Part Impl'd	<input checked="" type="checkbox"/>
2A	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that expenses that specifically benefit Scottsdale businesses be separately tracked otherwise expenses will be considered prorated based on funding proportion. Further, terms should be established related to maintaining a reserve from City Bed Tax dollars and its disposition if the contract is terminated or not renewed. Additionally, advertising or other materials paid for by non-Scottsdale funding should be identified when reporting results.</p>	<p>June 2017: The draft contract being provided to the City Council on June 27 does not address tracking Scottsdale funding or reserves that may remain. The most recent quarterly report, however, does note the use of some non-Scottsdale funding, such as Proposition 302 monies. Sept 2017: The draft contract was removed from the June Council meeting. The contract approved at the August 28, 2017, Council meeting does not require tracking use of Scottsdale funding or address the reserves. The most recent quarterly report denoted use of some non-Scottsdale funding for certain activities.</p>	Part Impl'd	<input checked="" type="checkbox"/>
2B	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that shared Bed Tax revenues pay the cost for the Fiesta Bowl agreement or that Scottsdale only contributes a proportionate share of the costs, including the value of in-kind police services.</p>	<p>June 2017: The draft contract to be provided to the City Council on June 27 requires the SCVB to present to the contract administrator a list of proposed marketing activities and expected number of bed nights, and to report back on the results within 90 days of the Fiesta Bowl. However, the draft contract specifies that additional funds will be provided for the Fiesta Bowl requirements (Fiesta Bowl Funds). Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting included performance requirements for the Fiesta Bowl activities and provided that the City will fund half the annual cost and the SCVB to fund half.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that the contract addresses allowable types of costs that can be paid from Bed Tax funds, along with restrictions or guidelines on costs such as travel expenses, compensation and overhead. Additionally, require annual submittal of the IRS Form 990 in order to monitor those highest compensated positions for significant changes.</p>	<p>June 2017: The draft contract now requires the SCVB to provide its current procurement, travel and compensation policies, and to provide updated copies if any substantive changes are made. As well the draft contract requires Experience Scottsdale to submit its annual Form 990 to the contract administrator. Sept 2017: The draft was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires the SCVB to submit its current procurement, travel and compensation policies, as well as any substantive changes made later, and to submit its annual Form 990. Additionally, the contract requires the SCVB to keep its non-program costs within a competitive range as determined by market conditions and its applicable policies. The competitive range is defined as the non-program costs of similar destination marketing organizations as indicated in the financial profile guide that is currently published approximately every other year.</p>	Implemented	<input checked="" type="checkbox"/>
2D	<p>The Contract Administrator should consider including additional terms in future destination marketing contracts, such as requiring that City of Scottsdale advertisements be included in its publications at no additional cost.</p>	<p>June 2017: The draft contract language now requires that the SCVB will provide the City a minimum of 4 half-page no-cost tourism-related advertisements in the visitor's guide and/or the meeting and travel planner's guides annually. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires that the City will receive a minimum of 4 half-page no-cost tourism-related advertisements for Downtown Scottsdale or City-owned events or venues in the visitor's guide and/or the meeting and travel planner's guide annually.</p>	Implemented	<input checked="" type="checkbox"/>
3A	<p>The Contract Administrator should ensure the new destination marketing contract only includes terms that are necessary and will be enforced. For example, contract terms could instead require the marketing materials to be available for the Contract Administrator to periodically review at the Experience Scottsdale office.</p>	<p>June 2017: The draft contract no longer requires all marketing material be provided quarterly. Instead, the SCVB is required to provide 2 samples quarterly, and any additional sample materials that the contract administrator requests. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting no longer requires all marketing material to be provided quarterly. Instead, the SCVB is to provide 2 samples quarterly and any additional sample materials that the contract administrator requests.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Contract Administrator should review and approve in writing Experience Scottsdale's procurement process at the beginning of each contract term.	June 2017: The draft contract now requires the SCVB to provide the procurement policy at the beginning of the contract period and whenever there are substantive policy changes made. Sept 2017: The draft contract was removed from the June Council agenda. The contract approved at the August 28, 2017, Council meeting requires the SCVB to provide the procurement, travel and compensation policies at the beginning of the contract period and if substantive changes occur later.	Implemented	<input checked="" type="checkbox"/>
1706	<b>Commercial Solid Waste Operations</b>	Issued:	<b>5/2/2017</b>	
1	The Public Works Division Director should re-evaluate the cost-benefit of continuing to try to implement the FleetMind system, without consideration of the sunk costs.	Sept 2017: Department management reported they are no longer pursuing the full scope originally intended for the FleetMind system. However, they are using the hardware and some software capabilities, so they continue to pay the monthly software license fees. Auditors will review the system's ongoing uses for the next status update. Jan 2018: No further information provided by the department. May 2018: Department management reported the system is being used as a GPS tool for vehicles' current locations. Also, the technology specialist now only spends approximately 40% of his time on this system (versus the prior 100%). The City has 1.5 years remaining on this contract, and during this time, staff will be researching other options. Sept 2018: The department reported that it has not found a product that works well for the municipal environment. Also, if they can't find a workable robust program, the department staff may reduce their expectations and pay only for technology that they will use. April 2019: The department reported it expects to complete the procurement selection process for a new tablet system in May 2019. May 2019: The department purchased a new solid waste integrated information system using a City of Tempe contract.	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Public Works Division Director should annually evaluate the Commercial Solid Waste program separately from the Residential to ensure it is recovering its costs.	Sept 2017: Department management reported the Commercial program's profit and loss reporting is provided separately from Residential on a monthly and annual basis. Auditors will review the program's monthly analysis for the next status update. Jan 2018: The department reported that they will provide Commercial services at the current rates through this fiscal year and do the analysis to determine if full cost is being recovered. May 2018: Using an updated version of the consultant's model, the department analyzed Commercial Solid Waste separately from the Residential program.	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Division Director should re-evaluate the effectiveness of the current multiple container discount.	Sept 2017: Department management reported they will provide Commercial services at the current rates through FY 2017/18 and will do the analysis later this year. Auditors will review the department's analysis when available. Jan 2018: No additional information. May 2018: Department management explained there will not be a change to the multi-container discount in the coming fiscal year (2018/19). There are only about 10 to 15 multi-family accounts left, and their goal is to maintain rather than increase business.	Not Impl'd	<input checked="" type="checkbox"/>
3A	The Public Works Division Director should continue to perform financial analyses each year to identify when operational improvements are needed and to ensure that Commercial rates are recommended that will appropriately recover the program costs.	Sept 2017: Department management reported they will continue to perform financial analysis to ensure cost recovery and to seek ways to improve operational efficiency. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: Using an updated version of the consultant's model, the department requested further Commercial rate increases. Auditors will review further use and refinement of the model in a future audit.	In Progress	<input checked="" type="checkbox"/>
3B	The Public Works Division Director should include elasticity, market rate and fixed/variable cost analysis when analyzing future rates.	Sept 2017: Department management reported they will continue to include fixed and variable cost analysis and consider elasticity and market rates to the extent feasible. Auditors will review the department's analysis when available. Jan 2018: No further information provided. May 2018: The analysis was performed based on the consultant's model. It did not include elasticity, market rates or fixed/variable cost analysis.	Not Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	The Public Works Division Director should include the Commercial recycling program cost and benefits as part of the community discussion in the Solid Waste strategic planning effort that is underway.	Sept 2017: Department management reported that the strategic planning process is ongoing. Jan 2018: No further information provided. May 2018: The Public Works director provided a strategic plan update for the City Council on March 6, 2018. The update reported that citizen outreach has shown that citizens value recycling and are willing to pay more for that to occur.	Implemented	<input checked="" type="checkbox"/>
4A	The Public Works Division Director should continue efforts to find operational improvements, including ensuring that program management continues improving the program's financial and operational controls.	Sept 2017: Department management reported they have implemented additional measures to improve financial and operational controls. Auditors have requested a list of these measures and will review for the next status update. Jan 2018: No further information provided. May 2018: The department reported it has completed reviewing Commercial accounts and containers. After adding every container to the City's LIS system, the GIS manager is working to use this and the billing system information for routing. Further, the department has reduced from 13 to 9 employees in the Commercial program and may be able to reduce further once routes are optimized. Sept 2018: The department provided no further update. However, the GIS Manager reported they have finished mapping the Commercial container locations and continue to work on whether they can help with route optimization. April 2019: The department reported it has purchased new routing software and are in the process of training with it. They anticipate implementation in two months. Sept 2019: The department provided reports showing they have reduced 2 daily routes, which they attributed to more efficient routing with the new software. Further, they have reduced 29 weekly routes to 19. In addition, they developed a form to track service starts, changes and cancelations with a checklist to sign off for updating the information in billing and the truck tablets.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4B	<p>The Public Works Division Director should continue efforts to find operational improvements, including evaluating the benefit of working to improve customer density in the Commercial program.</p>	<p>Sept 2017: Department management reported that going forward, each route will have a minimum number of accounts to ensure efficiency and profitability. As they work to define the various route boundaries, they will produce a cost/rate analysis for "out of zone" customers. Auditors will review this analysis when available. Jan 2018: The department reported that going forward each route will have a minimum number of accounts to ensure efficiency and profitability. As they work to define their routes and boundaries, they will identify and produce a cost/rate analysis for "out of zone" customers. May 2018: The department reported it has completed reviewing Commercial accounts and containers. After adding every container to the City's LIS system, the GIS Manager is working to use this and the billing system information for routing. After routing is completed, the department will review pricing for "out of zone" customers. Sept 2018: The department provided no further update. The GIS Manager reported that route optimization is proving more complicated than originally thought, but they are continuing to work on how to help. April 2019: The department reported it has purchased new routing software and are in the process of training with it. They anticipate implementation in two months. Sept 2019: The department provided reports showing they have reduced 2 daily routes, which they attributed to more efficient routing with the new software. Further, they have reduced 29 weekly routes to 19. The department has not analyzed locations to improve efficiency through improving customer density.</p>	Part Impl'd	<input checked="" type="checkbox"/>
4C	<p>The Public Works Division Director should continue efforts to find operational improvements, including requiring staff to coordinate with the contractor to identify scale weight differences to minimize billing differences. Further, require staff to accurately reconcile the landfill bill to the Transfer Station records prior to payment.</p>	<p>Sept 2017: Department management reported they have implemented additional procedures requiring staff to coordinate with the contractor to identify scale weight differences on a daily basis, including a line-by-line review when the monthly bill is received. Auditors will test these controls for the next status update. Jan 2018: Auditors reviewed the September 2017 reconciliations, which included staff notations regarding their follow up on and resolution of discrepancies.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4D	The Public Works Division Director should continue efforts to find operational improvements, including establishing specific, measurable, attainable, relevant and time-bound (SMART) goals for the Commercial program.	Sept 2017: Department management reported that, as work continues on Commercial program efficiencies, they will develop baseline data to measure and help create SMART goals. Jan 2018: No further information provided. May 2018: Department staff reported that they will work to formalize current program goals for inclusion in the next budget book. Sept 2018: Auditor review of the FY 2018/19 Budget Book found the department's program goals unchanged.	Not Impl'd	<input checked="" type="checkbox"/>
4E	The Public Works Division Director should continue efforts to find operational improvements, including requiring private waste haulers to provide quarterly reports.	Sept 2017: Department management reported that currently 25% of the private haulers comply with the requirement. They have developed a form to collect the information needed from the private haulers. In addition, the department is implementing compliance procedures for those that do not submit the reports. Jan 2018: No additional information. May 2018: The department reported that private hauler licenses and tags were sent out and the first quarterly report is due by April 30. The department is working with Tax & License to improve license issuance and reporting measures with a completion goal of next year's license renewal mailing. Sept 2018: The department reported that 75% of private haulers are now reporting. April 2019: The department reported that approximately 90% of private haulers have reported. Auditors have requested the reports to confirm progress for the next quarterly update. May 2019: Reports show that only 4 of 18 private haulers have reported (or 22%). Department management reported they are coordinating with Tax & License to have reminders sent and annual permits will not be processed until the reports are filed. Sept 2019: This calendar year, 7 of 19 private haulers have filed the required quarterly reports. Tax & License confirmed that mid-year reminders were sent to those not yet reporting, noting that failure to file may delay permit renewal and the ability to operate in Scottsdale. May 2020: So far this calendar year, only 2 of 19 private haulers have filed their quarterly reports. Solid Waste met with Tax & License to change the program, including annual reporting and not issuing new permits until the prior year's report is filed. While the permit issuance change will be implemented for calendar year 2021, changing to annual reporting will require a City Code update.	In Progress	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4F	The Public Works Division Director should continue efforts to find operational improvements, including ensuring FleetMind data is added to the Solid Waste department's records retention schedule, and data retention and disposal complies with the approved schedule.	Sept 2017: The department reported that FleetMind data is stored on a City server that is set for 2-year retention. However, FleetMind data has not yet been added to the official retention record. Jan 2018: The records retention schedule has not yet been updated. May 2018: The department reported it will work to update its records retention schedule. Sept 2018: The department provided no further update but its retention schedule has not yet been updated. Auditors informed the City's Records Manager of this records retention recommendation. April 2019: The department plans to replace this system, but has not yet updated the records retention. Sept 2019: Auditors confirmed with the City Records Manager that Fleetmind was added to the records retention schedule as of June 27, 2019.	Implemented	<input checked="" type="checkbox"/>
1707	<b>Benefit Claims Processing</b>	Issued:	<b>4/24/2017</b>	
1	The Human Resources Director should ensure the identified errors are fully analyzed and corrected.	Sept 2017: Human Resources-Benefits stated that the contract administrator met with Cigna and the benefits consultant to discuss each claims issue and confirm that discrepancies and/or outstanding claims issues were resolved or paid appropriately. She agreed with the processing and no corrections will be requested from Cigna. One audit issue was addressed by updating the City's plan to allow a 90-day prescription supply to be purchased at certain retail pharmacies.	Part Impl'd	<input checked="" type="checkbox"/>
2	The Human Resources Director should clarify the Summary Plan Description documents to address the identified gaps.	Sept 2017: The Human Resources-Benefits contract administrator stated that the SPD is a general guideline and companies rely on their operating procedures and industry standards in conjunction with SPDs to administer the plan. Also, clarifying language concerning copays and supplies is scheduled for Council approval in November 2017. May 2018: The Benefits contract administrator indicated the City met with Cigna to ensure any independent business decisions made by Cigna's claims processors are communicated to the contract administrator. Auditors confirmed the updated SPD was approved by Council on November 28, 2017.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3	<p>The Human Resources Director should ensure that the Contract Administrator monitors the Agreement's performance guarantees, contract extensions and other key terms and conditions. In addition, the Contract Administrator should ensure that Cigna pays for each performance guarantee that was not met.</p>	<p>Sept 2017: Human Resources-Benefits reported that the contract administrator will carefully monitor performance guarantees for compliance and will receive the final fiscal year report each August. However, the FY 2016/17 report included only 4 of 10 performance guarantees. Auditors have requested a report including all performance guarantees. The contract administrator identified a contract term in a contract exhibit separate from the performance guarantees that provided that "any Plan-specific discount floor or dispensing fee cap" could offset any other in the contract. Thus, the City has agreed to terms that negate these individual performance guarantees. Auditors reviewed a copy of the extension letter signed for FY 2017/18. May 2018: For the prior year, Cigna paid the City \$100,490 for certain pharmacy performance guarantee results that were not met. HR provided the Cigna report for an additional 4 performance guarantees, along with documentation that another would not be required due to low City employee participation in the annual health assessments. One remaining performance guarantee is yet to be documented for the prior year. Sept 2018: HR's contract administrator indicated the remaining unreported performance guarantee is considered unenforceable as it is not clearly defined in the contract and HR will not pursue this guarantee in the future.</p>	Part Impl'd	<input checked="" type="checkbox"/>
1708	<p><b>Software Acquisition and Implementation</b></p>	<p>Issued:</p>	<p><b>3/13/2017</b></p>	
1A	<p>The Information Technology department should require the Project Management Office (or equivalent) to develop a strategy management template or expand the project charter template to incorporate the five strategy management elements, including current state evaluation, desired future state and strategy and action plan. Also, develop a completed sample that demonstrates the type of information to be provided.</p>	<p>Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. This template will be piloted, then a master template will be created. Auditor met with the IT Director - Network Operations and the new Project Manager to review the pilot Project Charter template and its use on two current projects.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	<p>The Information Technology department should require the Project Management Office (or equivalent) to provide strategy management training to information system support staff who serve as project managers and contract administrators for department software projects and the project teams.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations commented that a document is being developed to describe the phases/elements, which can be provided through Purchasing's contract administration training. This approach will be coordinated after the new Purchasing director is hired. Sept 2018: The IT department reported that it is working with Purchasing to provide more guidance to project managers and contract administrators on the software procurement process and the contract administrator's role. June 2019: The IT department reported that it plans to work with Purchasing on added guidance in the contract administration training. Their next meeting related to this is scheduled in July 2019. Sept 2019: The IT department reported meeting with Purchasing, which is revamping the contract administration training, and auditors will continue to monitor progress. IT plans to help develop a training component around strategy and use of the Project charter. April 2020: The IT Project Manager incorporated new guidance into the project templates and has worked with Purchasing to incorporate the new guidance and templates into the contract administration training materials. (Purchasing expects to release the CA training sometime after July 1, 2020.) The new guidance has also been added to the Sharepoint Purchasing Hub and a page link emailed to the contract administrators and the technology partners email lists. Information was also shared with all employees through the Cityline news update.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	<p>The Information Technology department should require the Project Management Office (or equivalent) to review the strategy document and project charter for completeness and adequacy during the software acquisition phase before the solution is selected.</p>	<p>Sept 2017: The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager has updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. For future software RFPs, the Project Manager will review the project charter prior to final IT concurrence. Sept 2018: The IT department reported the new template has been used on 3 projects, which are at various stages in their lifecycles. Auditors reviewed one of the project charters, which contained the recommended elements.</p>	Implemented	<input checked="" type="checkbox"/>
2	<p>The Information Technology department should require the Project Management Office (or equivalent) to: Update the project charter to clarify that benefits should include measurable improvements tied directly to stakeholder and/or organizational objectives. Require contract administrators to track benefits realization throughout the course of the project and report progress to the governance (steering) committee.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager has updated the existing Project Charter template to include current state evaluation, desired future state, and strategy action plan. This template is being piloted, then a master template will be created. Further, a document describing the project phases/elements is being developed and will be provided to contract administrators to ensure their roles are understood, including benefit realization tracking and reporting. Sept 2018: The department reported it is now working with the Purchasing director on this. June 2019: The department reported the next meeting related to this training is scheduled in July 2019. Sept 2019: The IT department reported meeting with Purchasing, which is revamping the contract administration training. IT plans to work with Purchasing to include training guidelines for tracking software benefit realization. However, auditors reviewed the Project Manager's recent presentation to the Tech Partners group, which included benefit realization, among other related topics, and also documented the templates available for use.</p>	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	The Information Technology department should require the Project Management Office (or equivalent) to provide guidelines for and oversight of the Acceptance Test Plan development and execution.	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The document that is being developed to describe project phases/elements will include Acceptance testing as part of the checklist. Sept 2018: The tracking template has been developed and will become part of an overall Acceptance Testing template. The department is now working with the Purchasing director regarding the contract administrator role. June 2019: The department reported the next meeting related to this training is scheduled in July 2019. Sept 2019: The IT department reported that testing templates have been developed and the department will work with Purchasing to include Acceptance Test planning in the contract administration program that is being updated. April 2020: The IT Project Manager has provided acceptance test templates which have been posted along with other templates so that projects can establish acceptance requirements at the outset. The information also states to contact the IT Project Manager for any additional assistance.</p>	Implemented	<input checked="" type="checkbox"/>
3B	The Information Technology department should require the Project Management Office (or equivalent) to define responsibilities of the key roles in project oversight and governance, ensure they are established, and monitor progress, including status updates, deliverables acceptance and evaluation process.	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager will be developing additional guidance and templates, which may take some time. Some of these are being tested and refined on current projects. June 2019: The Project Manager has created templates for key project documents and has been providing guidance to or managing recent software projects, including street operations software, solid waste routing software, learning management system and others.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4A	<p>The Information Technology department require the Project Management Office (or equivalent) to lead tasks in other IT project management areas, particularly monitoring and controlling processes, currently led by the contract administrator.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated there are workload concerns due to IT internal projects as well as departmental projects. However, having the Project Manager provide guidance and oversight may be a viable option when direct lead involvement is not possible. Sept 2018: The IT Department Director indicated the department continues to work with several departmental projects, however, cannot address this finding in its entirety without additional staff.</p>	Part Impl'd	<input checked="" type="checkbox"/>
4B	<p>The Information Technology department should require the Project Management Office (or equivalent) to assist departments' IT project management by providing support: 1. Establish guidelines requiring use of a project charter at project initiation, 2. Develop a project risk management plan template with clear criteria for risk categorization and escalation and provide risk management training to contract administrators. As well, the PMO should assist in monitoring and responding to project risks. 3. Develop a quality management plan template that demonstrates well-defined quality management processes, roles and responsibilities, and performance measures. Review and approve the quality management plans and provide oversight of the quality of project deliverables. 4. Establish guidelines requiring the creation of a resource plan at project initiation. The plan should include an estimate of internal resource requirements and how the time spent on the project will be mitigated for regular City operations. 5. Establish an organizational change management plan template to be prepared by the project manager or vendor.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager is working on documents and templates to make available to departments. Estimated completion is March 2019. Sept 2018: The estimated completion remains March 2019. June 2019: The Project Manager has created templates and a few have been tested on a recent IT department project. The department plans to incorporate these into the purchasing process and agreed that making them available to departments through the Tech Partners group could be helpful. Sept 2019: The IT department reported that templates are ready for use and the department will work with Purchasing to incorporate them into the Purchasing intranet site. However, auditors reviewed the Project Manager's recent presentation to the Tech Partners group, which covered the project charter, communications, risk assessment, benefit realization, resource management, quality management and organizational change. The presentation also documented the templates available for use.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
5A	The Purchasing department should retain software RFP evaluation materials in accordance with public records and record retention guidelines.	Sept 2017: Purchasing Director reported processes have been changed to maintain all original evaluation materials (for all RFP evaluations, not just software purchases). The retention period has been amended accordingly and RFP evaluation instructions updated. As well, this is being included in the Contract Administrators Academy training materials.	Implemented	<input checked="" type="checkbox"/>
5B	The Information Technology department should require the Project Management Office (or its equivalent) to work with the Purchasing department to incorporate performance standards into the RFP template.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The new Project Manager will work with the new Purchasing Director, when hired, on this recommendation. Sept 2018: The department plans to work with the new Purchasing Director to update RFP language regarding vendor performance standards. June 2019: The department reported the next meeting related to this is scheduled in July 2019. Sept 2019: The Software Maintenance and Support Agreement and Software as a Service templates now have incorporated definitions of performance standards, including system availability and service response time measures.	Implemented	<input checked="" type="checkbox"/>
5C	The Information Technology department should require the Project Management Office (or its equivalent) to work with the Purchasing department to establish standards for and review software market research prior to approving sole-source purchases.	Sept 2017:The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The IT Director - Network Operations agreed that this is an area where the IT department can provide a framework to guide contract administrators. This will be worked on with the new Purchasing Director, when hired. Sept 2018: The department plans to follow up on this with the new Purchasing Director. June 2019: The department reported the next meeting related to this is scheduled in July 2019. Sept 2019: The IT department reported that the Sole Source request form now includes a question on methodology used to ensure the cost/price is fair and reasonable. Auditors also noted a question regarding explanation of excluding other alternatives. However software market research guidance or oversight has not yet been developed.	Part Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
5D	<p>The Information Technology department should require the Project Management Office (or its equivalent) to establish SaaS criteria and standards, and require the SaaS questionnaire to be included in the RFP evaluation process of each vendor's proposal.</p>	<p>Sept 2017: The IT Department Director reported that the City's only project manager retired and IT unsuccessfully tried to fill the position. A new recruitment opened in August and applications were being reviewed. May 2018: The SaaS questionnaire has been updated and included with Purchasing templates. IT will work with the new Purchasing Director, when hired, to improve the related processes. Sept 2018: The department plans to formalize this requirement with the new Purchasing Director. June 2019: The department reported the next meeting related to this is scheduled in July 2019. Sept 2019: The IT Director reported that the department has received vendor feedback that the RFP process is costly and cumbersome, and he does not want to compound that. The SaaS questionnaire and criteria/standards continue to be evaluated following the existing processes.</p>	Not Impl'd	<input checked="" type="checkbox"/>
5E	<p>The Information Technology department should require the Project Management Office (or its equivalent) to facilitate contract administration and improve oversight by assisting the contract administrator to: 1. Maintain a contract file that includes all contract-related documentation, including the approved deliverables. 2. Require the vendor to produce deliverable evaluation documents including agreed-upon acceptance criteria, prior to acceptance. 3. Hold an internal kick-off meeting after the vendor contract is signed, including the contract administrator and involved staff from the IT PMO, Purchasing, Legal and Risk Management.</p>	<p>Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The new Project Manager is working with current projects to develop and refine templates and guidance documents. Sept 2018: The IT Department Director believes the department cannot address this finding in its entirety without additional staff.</p>	Part Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
6A	The Information Technology department should require the Project Management Office (or its equivalent) to, during the proposal phase of the project, verify the vendor has a suitable SDLC.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: IT will work with the new Purchasing Director, when hired, to improve the related guidance and processes. Sept 2018: The IT Department Director indicated there are limited resources and if the Project Manager has time to work on areas such as this, he will. Currently, the department director believes there is not capacity to address this recommendation. Sept 2019: The IT Department Director indicated the department does not have the resources to evaluate implementation plans for all submitted proposals.	Not Impl'd	<input checked="" type="checkbox"/>
6B	The Information Technology department should require the Project Management Office (or its equivalent) to provide oversight for product testing and approve phase acceptance based upon a contractual checklist.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated the department is working with departmental projects but does not believe this finding can be addressed in its entirety without additional resources.	Part Impl'd	<input checked="" type="checkbox"/>
7A	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with monitoring maintenance and support service levels.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT Department Director indicated that IT has limited resources and if the Project Manager has time to take on additional recommendations he will. But currently he believes there is not sufficient capacity.	Not Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
7B	The Information Technology department should require the Project Management Office (or its equivalent) to assist the contract administrator with requiring vendors to provide a transition plan and execute it.	Sept 2017: The IT Department Director commented that the date will be dependent on staff availability, workload and the City's long-term project management strategy. There are a number of competing IT staffing needs in the department that need to be taken into consideration prior to adding project management positions. May 2018: The IT Director - Network Operations indicated that, while staffing concerns remain, IT may be able to address this in the future. Sept 2018: The IT department indicated if City departments do not have technical staff with proper background, they should contract with the vendors to provide additional support.	Not Impl'd	<input checked="" type="checkbox"/>
<b>1709</b>	<b>McDowell Mountain Golf Course Lease</b>	Issued:	<b>9/1/2017</b>	
1	The Public Works Director should ensure Real Estate staff obtains documentation of the value of the required Licensee in-kind improvements.	Jan 2018: The Public Works Director stated staff was directed to work with the Licensee to obtain any documentation of the value of the improvements. No further information is available at this time.	Part Impl'd	<input checked="" type="checkbox"/>
<b>1710</b>	<b>Capital Projects: Project Management and Allocated Charges</b>	Issued:	<b>9/8/2017</b>	
1A	The City Engineer should at least annually, evaluate CPM staffing levels in relation to the capital projects that the department manages.	May 2018: CPM provided an analysis showing project managers have 24 projects on average. Of 3 vacant project manager positions, CPM has been approved to fill 2. This will result in an average 18.5 projects per project manager. Sept 2018: The City Engineer stated the staffing level analysis will continue to be evaluated in late August/early September. His most recent analysis identified an average of 18.97 projects per Project Manager.	Implemented	<input checked="" type="checkbox"/>
1B	The City Engineer should formalize and define the direct-bill performance standard for project managers. The City Engineer should review the performance results on a regular basis and evaluate whether the goal is effective and reasonable. Additionally, the City Engineer should report the percentage of total CPM costs to project costs as the efficiency measure in the budget book.	May 2018: The City Engineer provided a direct-bill percentage goal of 90% for project managers, which he will be checking biannually. For clarity, he also provided a sample calculation to show that the goal excludes personal time (such as vacation hours). The City Engineer also stated he plans to update CPM's performance measures before the budget book is published. Sept 2018: The City Engineer analyzed Project Managers' billable time, excluding leave time used, as 94%. However, the reported CPM cost percentage continues to only calculate allocated costs, excluding directly charged costs.	Part Impl'd	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The City Engineer should provide client departments with detailed data on the direct hours and payroll costs charged to their individual projects.	May 2018: Auditors reviewed the report developed for projects' salary charges and the March 2018 email distributing the report to department directors and other designated staff.	Implemented	<input checked="" type="checkbox"/>
2	The City Engineer and CIP Coordinator should, during the annual budget process, estimate overhead costs for the fiscal year and how these costs would be allocated equitably to individual projects in proportion to the staff effort involved. These annual amounts could then be charged on a quarterly or monthly basis to cover actual expenses incurred. At the end of the fiscal year, adjusting entries can be made in order to ensure projects are expensed equitably and appropriate costs have been recovered.	May 2018: The City Engineer reported that he has been working with the CIP Budget Coordinator to evaluate the additional non-design and non-construction costs by project. They are analyzing the monthly, quarterly and annual application of costs to determine the best practice to use. Sept 2018: The CIP Coordinator reported there are no plans to change the CIP Allocation's use of budgeted amounts. The City Engineer reported that the CPM Allocation will be charged on a quarterly basis, the same timing as the CIP Allocation.	Part Impl'd	<input checked="" type="checkbox"/>
1803	<b>Intelligent Transportation Systems</b>	Issued:	<b>5/9/2018</b>	
1A	The Traffic Management Center should work with the Information Technology (IT) department to review roles and responsibilities for technology management activities, identify potential security risks and options for minimizing those risks. In particular, the TMC should request that the IT network vulnerability scans include the ITS network and devices.	Sept 2018: Department staff reported they are working with IT department staff to include the traffic network in the periodic vulnerability scans and are currently testing the process. The risk assessment has not yet been completed. June 2019: The department reported the test scan was successful. Full implementation has been put on hold while the department is restructuring the device network to further segment it. Nov 2019: ITS reported that a recently vacant position is being reclassified to a network analyst to focus on technology needs. As this position is filled, additional progress is anticipated in addressing these areas. May 2020: The department reported it is currently included in network vulnerability scans, and the network administration position was filled. Further, the department is working to identify and address security risks, such as software updates and patches. Further clarification of technology management roles and responsibilities is planned.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	<p>The Traffic Management Center should establish policies and procedures relating to TMC physical and user access to workstations, servers and applications to minimize the risk of unauthorized changes or disruptions.</p>	<p>Sept 2018: The department staff reported reducing the number of personnel with TMC door access and system access. They also reported no longer having shared user and generic accounts; instead they manage individual account access. Further, they stated user activity will be reviewed every six months and inactive accounts removed. Auditors will review documentation of access changes for the next status update. June 2019: The department reported that centrally controlling user accounts and passwords has not been possible, and they will consult with the IT department regarding a potential solution. The user privileges report has not yet been received for evaluation. Nov 2019: Auditors reviewed the user privileges report and questioned several accounts. ITS adjusted most of these accounts and is following up on the vendor's user accounts in the system. Also, policies and procedures need to be more specific to adequately address user access risks. May 2020: Currently City IT is managing user accounts on the ITS workstations. ITS plans to clarify user account management roles and responsibilities. Written policies and procedures are not yet in place.</p>	In Progress	<input type="checkbox"/>
1C	<p>The Traffic Management Center should identify and assess potential risks and create a plan to reduce those risks, including developing business continuity and disaster recovery plans.</p>	<p>Sept 2018: The department staff reported that disaster recovery planning is still in process, including developing emergency fiber repair policy and procedures and archiving the TransSuite databases weekly. June 2019: The department staff reported that emergency planning and the business continuity plan should be completed this month. The IT department is assisting with backup/recovery capabilities. Some additional testing remains to be done. Nov 2019: ITS reported that emergency management turnover has delayed finalizing the business continuity plan, but this is still underway. May 2020: Business continuity planning is still in progress and disaster recovery has not yet been tested.</p>	In Progress	<input type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Traffic Management Center should develop and document policies and procedures, such as standard operating procedures for TMC operations, adopted industry standards and documentation of network architecture.	Sept 2018: The department reported several policies and procedures are currently in development related to TMC operations, such as emergency response and congestion management, signal outages and malfunctions, and signal timing standards. June 2019: The department reported some policies and procedures have been completed with more in process. Nov 2019: ITS reported that a review project related to finalizing the operating policies and procedures is still in progress. May 2020: The department provided its policies and procedures for auditor review; updates will be an ongoing process.	Implemented	<input checked="" type="checkbox"/>
2B	The Traffic Management Center should ensure formal agreements are established and monitored, including service level expectations such as downtime limits, maintenance windows, issue response time. Also, the TMC should follow the City's established procurement review processes for all new applications.	Sept 2018: The department staff reported they are working with the primary vendor to renew the maintenance and technical support service contract. The relationships with the other two vendors are being reviewed due to changes that have occurred. One vendor is no longer supporting its application and the second vendor now wants to charge for use of its application. Data access was terminated for the second vendor. June 2019: The updated management agreements have been drafted and are undergoing legal review. Nov 2019: ITS reported that the draft agreements are still awaiting final signatures. May 2020: Auditors reviewed the updated, signed agreements.	Implemented	<input checked="" type="checkbox"/>
2C	The Traffic Management Center should develop strategic planning documents to clearly identify objectives, outcomes, and strategies to guide TMC day-to-day operations and ITS long-term objectives.	Sept 2018: The department staff reported they are planning to develop an ITS Strategic Plan to outline the direction and goals of the program and TMC operation. They noted that the ITS industry is rapidly changing due to connected vehicles and other emerging technology, and so the longer-term plan may need to be high level. The department is working to get IT approval to implement a better work order system, currently being used in Pavement Operations, to track and manage assets, work orders and maintenance. June 2019: The department reported this project remains pending. Nov 2019: ITS reported that the unknown factors, such as connected and autonomous vehicles, make long-range planning difficult at this time. Also, the consultant cost to prepare a strategic plan is prohibitive. Therefore, ITS will internally develop a strategic plan though it may take a longer period for completion. May 2020: The department reported that it has identified several goals and strategies for the next couple years, although industry technical direction needs to be clearer for a long-term plan. The current goals and strategies are not yet written to ensure consistent understanding.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1804	<b>Selected JOC Construction Contracts</b>	Issued:	<b>6/15/2018</b>	
1A	<p>The Public Works Director should require CPM to develop and enforce standard procedures for job order proposal review and approvals. Specifically, CPM should: 1. Ensure that either the staff estimator or a contracted estimator submits a cost estimate for comparison to the contractor's project cost proposal., 2. Obtain and evaluate the contractor's subcontractor selection plans and subcontractor quotes, and monitor and approve any changes to the approved subcontractors and suppliers. ..., 3. Develop cost proposal evaluation guidance, such as standards that describe which costs are typically direct project costs and which should usually be part of the contractor's overhead and profit fee.</p>	<p>Sept 2018: CPM reported that staff is working to standardize the proposal format to better present cost information for evaluation. As part of this, they are reaching out to Valley peer cities for what they use. CPM is trying to use subcontractor and supplier costs "grossed up" to include taxes, insurance and bonds for better comparison while making it easy to use. There is currently not an in-house estimator, and for specialized areas such as water projects, CPM relies on the project engineers for cost evaluation. May 2019: Auditors selected 3 FY 2018/19 JOC projects and found limited documentation of cost proposal evaluations. One of the 3 cost proposals contained a \$3,300 math error (in the contractor's favor) that was not identified and corrected. The City Engineer agreed and will investigate further. Sept 2019: The City Engineer reported that the math error was corrected. Further, he noted that the project team reviews each cost proposal and approves it prior to project execution, but the volume of cost proposals is more than the one estimator can review. Auditors will review additional cost proposals for a future status update. Jan 2020: For six tested projects, there were no cost estimates available for comparison to the contractor's cost proposal. Auditors will continue to test CPM's progress in implementing this control. May 2020: The City Engineer reported that staff will be meeting with JOC contractors to discuss costs and fee format as there is a lot of varying practice between contractors and municipalities. Subsequently, CPM will be standardizing its approach.</p>	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Public Works Director should require CPM to ensure that all necessary approvals are obtained and documented prior to creating a job order contract or adjustment.	<p>Sept 2018: CPM reported that it has updated the Job Order adjustment form to include the partner department signature. Currently the approvals needed include the Project Manager, CIP Coordinator, Partner department and City Engineer. While the form has been updated, the project management manual has not yet been updated to describe the required approval process and to incorporate the estimator's role in proposal evaluation. May 2019: The project management manual has been updated to incorporate the estimator review. Because this position has been vacant, however, the 3 selected JOC cost proposals were not reviewed by an estimator and the Construction Admin Supervisor reviewed only 2 of the 3. The Project Manager and partner department representative reviews were documented as required by the project management manual. Sept 2019: The City Engineer reported that prior to his authorization, each JOC proposal is reviewed to ensure it contains signatures from the CAS, Project Manager and partner department. The cost proposal volume is more than the one cost estimator can review. Auditors will review additional cost proposals for a future status update. Jan 2020: Of the six projects reviewed, one had an adjustment increasing the project cost to over \$500,000 but there is no evidence that the City Manager's approval was obtained. May 2020: The City Manager approval memo was received and placed in the project file.</p>	Implemented	<input checked="" type="checkbox"/>
1C	The Public Works Director should require CPM to submit for required approvals any job order projects that give the appearance of split projects.	<p>Sept 2018: CPM reported that they are watching closely for this when considering projects in early development and will not use a JOC contractor if project costs are too close to the limit. Further they are being more careful when doing two projects at the same location to ensure there is not overlap in the work.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Public Works Director should require CPM to obtain and evaluate the contractor's subcontractor selection plans and monitor and approve any changes to the originally proposed subcontractors and suppliers.	<p>Sept 2018: CPM reported that inspectors monitor project process and will note any deviations in subcontractors or planned quality. The inspector daily reports are sent to the Construction Admin Supervisor and the Project Manager and discussed in biweekly meetings with the contractors. Auditors will test this documentation for a future update.</p> <p>May 2019: Auditors selected 3 FY 2018/19 JOC projects for review. The daily inspection reports noted one change in subcontractor, but the project file did not contain approval documentation.</p> <p>Sept 2019: The City Engineer noted that the one subcontractor change was due to availability. Field staff has been directed to ensure they have documented approval for any substitutions. Auditors will review additional projects for a future status update.</p> <p>Jan 2020: For one of six projects tested, the request for use of \$21,500 in allowances was not documented as required.</p> <p>May 2020: The email documentation subsequently placed into CPM's document management system showed that \$11,097 of the allowance use was approved prior to work being performed; the remaining amount was unspent.</p>	Implemented	<input checked="" type="checkbox"/>
2B	The Public Works Director should require CPM to document that all necessary contractor pay request approvals are obtained prior to payment. Also ensure appropriate segregation of duties by requiring a secondary review and approval and ensure that signature authority is not exceeded.	<p>Sept 2018: CPM reported staff has been directed to formalize their approval of all pay applications. Previously, Inspectors and the Construction Admin Supervisor would give verbal approval. The JOC Coordinator is to not proceed with the payment application until all reviews and approvals have been obtained. Auditors will review documentation for consistent application of these procedures for a future update.</p> <p>May 2019: Auditors selected 3 FY 2019 JOC projects for review and supporting documentation of approvals was available.</p>	Implemented	<input checked="" type="checkbox"/>
2C	The Public Works Director should require CPM to ensure the contractors submit bond certificates and maintain sufficient bond coverage.	<p>Sept 2018: CPM reported staff has added tracking information for performance bonds as work orders and adjustments are created, prior to execution of the documents. However, the tracking spreadsheet details can be more specifically labeled so that the information is not misunderstood as remaining contract balances.</p> <p>May 2019: Auditors selected 3 FY 2018/19 JOC projects and found CPM was properly tracking the contractor bond balances.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Public Works Director should require CPM to ensure that job order adjustments are appropriately calculated prior to approval.	Sept 2018: CPM reported that job order adjustments are reviewed by multiple staff to ensure they are accurate. Auditors will review recent job order adjustment documentation for a future update. May 2019: Auditors selected 3 FY 2018/19 JOC projects and found the job order adjustments were correctly calculated and approved.	Implemented	<input checked="" type="checkbox"/>
2E	The Public Works Director should require CPM to ensure that all required close-out documents are received prior to the contractor's final payment.	Sept 2018: CPM reported that the JOC Coordinator is responsible to ensure that all close-out documents are received before processing the final payment. Also, the Construction Admin Supervisor will only sign the Final Acceptance if the work has been completed and all close-out documents received. Auditors will review project close-out documents for a future update. May 2019: Auditors selected 3 recent FY 2018/19 JOC projects to see implementation of the policy change; however, only 1 was completed. Sept 2019: Additional project documentation will be reviewed for the next status update. Jan 2020: Two of the six tested projects were completed and the close-out documents were obtained.	Implemented	<input checked="" type="checkbox"/>
3	The Public Works Director should require CPM to establish policies and procedures for the maintenance and retention of contract-related documents.	Sept 2018: CPM reported the records retention policy has been approved to allow digital storage of project records and this information has been provided to CPM staff. The JOC Coordinator will check for all job order contracts, adjustments, pay apps and closing documents. Auditors will review records retention on a recent project for a future update. May 2019: Auditors selected 3 FY 2018/19 JOC projects for review. Applicable supporting documentation for review and approval of the pay applications and close-out items was available.	Implemented	<input checked="" type="checkbox"/>
1805	<b>Miscellaneous Expenses</b>	Issued:	<b>3/9/2018</b>	
1A	The City Manager should work with the City Treasurer to move the non-capital asset requirement to a more appropriate administrative regulation. Further, consider requiring applicable departments to maintain a list of tools and equipment assigned to each employee, location, or assigned vehicle and to label items as City of Scottsdale property. Also require departments to comply with the existing requirement to periodically inventory high-risk non-capital items.	Sept 2018: After input from operating departments, the City Treasurer's office developed a separate Non-Capital Assets administrative regulation (AR 227) which has been shared with the executive team and through the June 2018 Accounting Department monthly memo. The AR addresses policies and procedures for managing non-capital assets, including maintaining a listing and conducting a periodic inventory at least annually.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The City Manager should request the City Treasurer's Accounting department to provide guidance to assist City staff in distinguishing between Small Tools & Equipment commodities, capital assets and supply expenditure categories.	Sept 2018: While new guidance was not provided, the Accounting Department issued a monthly memo in June 2018 with a link to expenditure account descriptions and encouraging staff to contact the department for any questions.	Part Impl'd	<input checked="" type="checkbox"/>
2A	The City Manager should direct the Purchasing department to conduct an analysis of office supplies contract alternatives to provide assurance that the City is receiving the best value. Additionally, require the contract administrator to request the quarterly price lists and Pricing Compliance Reports and spot check pricing.	Sept 2018:Purchasing reported staff is conducting a 2-phase analysis of office supplies providers. First, they are analyzing available cooperative contracts to determine which suppliers best match City needs. This phase is expected to be completed by November 19, 2018. Second, Purchasing will conduct a best value analysis based on a market basket of comparable products commonly ordered, online system functionalities, and delivery services. This phase is expected to be completed by January 31, 2019. May 2019: Purchasing is working to update the office supply contract. The department has identified three primary providers available through five cooperative contracts. By July 31, the department plans to complete a price analysis of commonly purchased items to identify the City's best value from among the available contracts. Sept 2019: Auditors verified that Purchasing completed its best value analysis based on a market basket of frequently ordered items to determine the most advantageous cooperative contract. Auditors also verified that Purchasing tested contract pricing for a sample of items purchased under the existing contract to verify they were priced correctly. Purchasing plans to continue these pricing spot checks each quarter.	Implemented	<input checked="" type="checkbox"/>
2B	The City Manager should direct Budget to include per-employee costs analysis when reviewing office supply budgets. This analysis should consider cost factors such as breakroom supplies and printer toner for standalone desktop printers.	Sept 2018: Purchasing reported action on this recommendation will depend on whether the previous (2A) analysis will assist with developing per-employee cost data. May 2019: Budget reported creating a report that calculates office supplies per FTE and can be summarized by division, department or center. These reports were reviewed during the FY 2019/20 budget development, with budget analysts contacting departments for further information as needed.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	The City Manager should direct the Purchasing department to analyze the benefit of a citywide Amazon.com business account with the associated Prime service.	Sept 2018: The Purchasing department has established a citywide Amazon business account. Use of this account is being implemented on a test basis with selected procurement card holders on October 31, 2018 before being rolled out to all procurement card holders. Feb 2019: In November 2018, Purchasing notified all procurement card holders of the Amazon business account availability and related training and informed them to not use any other Amazon account for City purchases.	Implemented	<input checked="" type="checkbox"/>
1806	<b>WestWorld Marketing &amp; Concession Contracts</b>		Issued:	<b>1/17/2018</b>
1A	The WestWorld General Manager should require the vendor to incorporate more data and research-based analysis, including a complete pricing analysis, to support the marketing plan's conclusions and strategies. Further, City staff should work with the vendor and other stakeholders to address challenges, such as private-use limitations. The City Manager should consider establishing additional reviews and input to help ensure that the WestWorld marketing plan's objectives and strategies are aligned with City goals.	June 2018: WestWorld management indicated an updated and more detailed plan is to be submitted by the marketing contractor in July 2018. Sept 2018: WestWorld management indicated the contractor submitted an updated plan in August 2018 for FY 2018/19. However, until they find out if the contract is to be extended, the contracted firm has not made substantial changes. Based on auditor's review, the August 2018 plan resembles previously submitted marketing plans, with little change to the data and research. For example, the capacity analysis appears flawed and largely focused on weekend activity. The City issued a separate contract for business plan development. June 2019: WestWorld management stated the FY 2019/20 marketing plan is in process and should soon be finalized. Dec 2019: The marketing plan has not yet been provided. May 2020: WestWorld management responded that the recommendation is no longer applicable as a new contract has been approved (March 3, 2020). However, a research and data based marketing strategy is not contract dependent. Instead, it is a best practice aimed at making effective use of a facility. Under the new contract, the contractor is still required to develop an annual marketing strategy.	In Progress	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The WestWorld General Manager should require the vendor to complete the marketing activities described in the contract.	<p>June 2018: WestWorld management responded that discussions regarding the contract are in progress.</p> <p>Sept 2018: WestWorld management indicated the updated marketing plan was submitted in August 2018, but the contracted firm has not performed the additional required marketing activities because the contract may not be continued. June 2019: WestWorld management reported there has been little change in these specified activities. The annual report has not yet been filed, but he will request it from the contractor. Dec 2019: The annual report has not yet been provided.</p> <p>May 2020: WestWorld management responded that the recommendation is no longer applicable as a new marketing contract has been approved (March 3, 2020). However, the recommendation to ensure the contract terms are met is still valid.</p>	In Progress	<input checked="" type="checkbox"/>
2A	The WestWorld General Manager should ensure accurate event and concession revenues and event expenses are recorded rather than using the subcontractor fees to pay event losses.	<p>June 2018: WestWorld management responded that his staff can work with the Treasurer's office to determine how to handle these. Sept 2018: According to WestWorld management, together with the Budget office, they have put a process in place and any credits will be issued by check rather than reducing the event producer's invoice. Based on auditor review, no event credit checks have been issued yet. June 2019: Auditors reviewed documentation of a recent event's credit balance being issued as a refund check.</p>	Implemented	<input checked="" type="checkbox"/>
2B	The WestWorld General Manager should ensure the Food & Marketing and Monterra agreement use fees are enforced or modifications are properly formalized and approved.	<p>June 2018: Auditors confirmed that WestWorld management discontinued paying interest on the security deposit and for liquor license enforcement costs.</p>	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	The WestWorld General Manager should consult with the City Attorney's Office about questions regarding the determination of Gross Food Sales.	June 2018: Auditors confirmed WestWorld management is now requiring appropriate fees on the cash bar sales. Management stated other fees will remain the same while this is being reviewed with the City Attorney's office. Sept 2018: As a temporary solution while WestWorld's future business plan is being determined, the WestWorld management and the City Attorney's office will modify the standard event contract to exclude from concession fees the other revenues of the sublicensee produced events. Longer term, the conflicting Food & Marketing contract provisions will need to be addressed if the contract is extended. June 2019: WestWorld management provided 2 clauses added to the standard event contract template to address events produced by the marketing contractor or concessionaire. However, these clauses do not yet clarify how the contract terms apply to other related revenues. Dec 2019: WestWorld management stated the contract is still being reviewed. May 2020: The new marketing contract approved on March 3, 2020, incorporated a new definition of Gross Food Sales that addresses events produced by the vendor (marketing contractor or concessionaire subcontractor).	Implemented	<input checked="" type="checkbox"/>
2D	The WestWorld General Manager should consult with the City Attorney's Office regarding contract clarification for contractor-produced events.	June 2018: The WestWorld General Manager reported he is working with the City Attorney's office on clearer, more defined terms. Sept 2018: This is still in process. June 2019: WestWorld management provided 2 clauses added to the standard event contract template to address events produced by the marketing contractor or concessionaire. However, management has not yet clarified how conflicts of interest will be avoided in scheduling and contract terms. May 2020: WestWorld management consulted with the City Attorney's Office regarding contractor-produced events. A new contract was approved on March 3, 2020.	Implemented	<input checked="" type="checkbox"/>
3A	The City Manager should request Human Resources to review the potential ethics issue.	June 2018: The City Manager referred this matter to Human Resources, the department charged with reviewing such issues.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Contract Administrator should ensure contractual timelines are met and equipment inventories are updated annually and submitted.	<p>June 2018: WestWorld management reported that they will begin paying the base marketing fee in quarterly installments in the new fiscal year (July 2018). They have not yet determined how to handle the percentage marketing fee. The equipment inventory was provided but additional information is needed to comply with the contract.</p> <p>Sept 2018: The base marketing fee is now being paid in quarterly installments. WestWorld staff has not yet determined how to implement timely payment of the percentage marketing fee. The equipment inventory has been updated with additional, though not all, required elements.</p>	Part Impl'd	<input checked="" type="checkbox"/>
3C	The Contract Administrator should ensure contracts and reports to City Council contain accurate information.	<p>June 2018: Auditors reviewed the Council report for a recent event contract; the report provided complete information for this small event. Sept 2018: Auditors reviewed a recent Council report (September 25, 2018) for an event contract. WestWorld management noted for informational purposes the prior year's base use fee, ticket surcharges, commissions, invoice credits and total for the event. However, based on auditor review, supporting documents indicate that the reported event invoice amounts did not reflect the invoice credits and the realized event total was about 10% lower than reported. June 2019: On June 11, 2019, Council approved Ordinance 4399 authorizing the City Manager to execute WestWorld agreements with terms of 5 years or fewer. As a result, few contracts are likely to need staff reports to the City Council.</p>	Not Applicable	<input checked="" type="checkbox"/>
3D	The Contract Administrator should work with the City Attorney's Office to review the vendor's use of the WestWorld name to ensure that the vendor's role is not misrepresented.	<p>June 2018: WestWorld management indicated the contract is being discussed, along with the ongoing business plan development. Sept 2018: still in progress. June 2019: WestWorld management reported that the contractors make it clear to customers that they are contractors. Auditors reviewed email signature for one representative to confirm the company's name was in the signature line.</p>	Implemented	<input checked="" type="checkbox"/>
3E	The Contract Administrator should review current processes for verifying concessions and catering revenues for efficiency and effectiveness. Consider working with the Food & Alcohol subcontractor to use common labels or event numbers, verifying third-party vendors on-site during events, and reviewing use fee calculations electronically.	<p>June 2018: Based on auditor review of recent concession reports, the vendor is providing additional information, including identifying the planned third-party on-site vendors and noting the event name where names do not already match with WestWorld's records. The vendor invoices are now specifying the event location (Monterra versus other WestWorld site). As well, the vendor has been providing the electronic fee calculation spreadsheets.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
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.	Not Impl'd	<input checked="" type="checkbox"/>
1807	<b>Scottsdale Arts Contract</b>	Issued:	<b>1/11/2018</b>	
1A	The Contract Administrator should review Scottsdale Arts' use of all purpose-restricted funds at least annually to ensure compliance with the Management Services and Financial Participation Agreements.	June 2018: The Contract Administrator reported that she is working with the City Treasurer's office to review use of all purpose-restricted funds at least annually to ensure compliance with the agreements. The first review will occur in the first quarter of FY 2018/19. Dec 2018: The Contract Administrator met with Scottsdale Arts in December, and biannual meetings will be scheduled with Scottsdale Arts and the City Treasurer to ensure compliance with all purpose-restricted funds. April 2019: The Contract Administrator reported the year-end meeting will be scheduled in June 2019. Sept 2019: The Contract Administrator reviewed Scottsdale Arts' use of purpose-restricted funds. She also reported that meetings with the City Treasurer and the organization will continue after a change in its financial personnel.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	<p>The Contract Administrator should ensure Scottsdale Arts prepares and provides the annual ten-year City Artwork Conservation and Restoration analysis, together with budget estimates for conservation and restoration by December 31 each year. Further, work to ensure that the funding restricted to conservation and restoration is appropriate.</p>	<p>June 2018: As indicated in the report response, Scottsdale Arts provided the annual ten-year conservation and restoration analysis in December 2017. The Contract Administrator indicated the draft Financial Participation Agreement for FY 2018/19, which is still subject to Council approval, includes an increased amount dedicated to conservation and restoration. As well, over the next 4 fiscal years, Scottsdale Arts will be awarding grants totaling \$20,000 more than the annual City allocation to repay the \$79,000 for past underspending on grants. Dec 2018: The Contract Administrator reported that Scottsdale Arts will be instead charging the personnel expenses to Public Art management and administration, thereby increasing the conservation and restoration amount by 22%, from \$98,100 to \$120,000. As well, the amount designated for Public Art management and administration increased by \$27,526 to \$600,000. The Contract Administrator scheduled a meeting in late December to discuss budget estimates for FY 2019/20. April 2019: Auditors reviewed the FY 2019/20 budget estimates for Public Art maintenance, which no longer include personnel expenses and total \$120,160.</p>	Implemented	<input checked="" type="checkbox"/>
2A	<p>The Contract Administrator should require Scottsdale Arts to submit a financial development plan that includes specific goals for earned and non-City contributed revenues and periodically monitor the organization's plan performance.</p>	<p>June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts including specific goals for earned and non-City contributed revenues. She anticipates the new Management Services Agreement will have more specific requirements related to revenues. Dec 2018: The Contract Administrator reported that including more specific requirements in the new MSA will be part of a planned March 2019 City Council Work Study discussion, with the MSA perhaps being approved in April. April 2019: Based on City Council direction, the Contract Administrator reported that staff is continuing to discuss this objective and obtain a more detailed plan on how it can be realized prior to presenting the MSA to City Council on June 11. Sept 2019: The Contract Administrator reported that Scottsdale Arts and City staff have agreed to the organization implementing a financial development plan with the goal of increasing outside funding to 67% of total revenue in the unrestricted funds. The updated draft MSA is now expected to be presented to the City Council in December 2019. May 2020: The Contract Administrator anticipates presenting the updated draft MSA to City Council in June.</p>	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	<p>The Contract Administrator should consider making the MSA more specific in requiring Scottsdale Arts to make progress toward financial independence. Alternatives could include stipulations that the amount of funds provided by the City will be dependent on the amount raised from non-City sources or specific performance measure goals.</p>	<p>June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts making the Management Services Agreement more specific regarding progress toward financial independence and new terms are being proposed. Dec 2018: The new MSA requirements will be discussed at a planned March 2019 City Council work study. April 2019: The Contract Administrator reported that after the March work study, a Council directive was not received to tie funding to specific performance measures or non-City funding, so discussions are continuing with Scottsdale Arts. Sept 2019: The Contract Administrator reported that Scottsdale Arts and City staff have agreed to the organization implementing a financial development plan that increases outside funding. The updated draft MSA is now expected to be presented to City Council in December 2019. May 2020: The Contract Administrator anticipates presenting the updated draft MSA to City Council in June.</p>	In Progress	<input type="checkbox"/>
2C	<p>The Contract Administrator should review administrative cost percentages on a periodic basis to ensure Scottsdale Arts is maximizing use of City funds to provide the desired programs and services.</p>	<p>June 2018: The Contract Administrator indicated she has discussed with Scottsdale Arts adding a review of administrative cost percentages and anticipates this will be included in the new Management Services Agreement. Dec 2018: The Contract Administrator reported draft language has been added to the current draft MSA, which will be discussed at a planned March 2019 City Council work study. April 2019: The Contract Administrator reported administrative cost percentages along with other pertinent financial records will be required on an annual basis as part of the new MSA expected to be finalized and presented to City Council on June 11. Sept 2019: The Contract Administrator reported that this is still in process. May 2020: The Contract Administrator anticipates presenting the updated draft MSA to City Council in June.</p>	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Contract Administrator should require Scottsdale Arts to critically evaluate its performance measures and financial information each year.	<p>June 2018: The Contract Administrator reported that she has discussed with Scottsdale Arts methods for improving the critical evaluation of its performance measurements and financial information. Dec 2018: The Contract Administrator indicated discussions have continued on methods for improving evaluation, with draft language included in the new MSA which will be discussed at a planned March 2019 City Council work study. April 2019: The Contracted Administrator reported that discussions with Scottsdale Arts are continuing to develop specific performance measures to be provided as an MSA addendum. The new MSA is expected to be finalized and presented to City Council on June 11. Sept 2019: The Contract Administrator reported that specific performance measures will be included and presented as an addendum to the draft MSA when it is presented to City Council. This is now expected to occur in December 2019. May 2020: The Contract Administrator anticipates presenting the updated draft MSA to City Council in June.</p>	In Progress	<input type="checkbox"/>
2E	The Contract Administrator should encourage Scottsdale Arts to establish artistic partnerships with local performing arts groups and consider establishing requirements for such partnerships in new agreements.	<p>June 2018: The Contract Administrator reported she has encouraged Scottsdale Arts to establish artistic partnerships with local performing arts groups, and they have discussed adding related goals in the new Management Services Agreement. Dec 2018: The Contract Administrator reported that Scottsdale Arts has begun establishing artistic partnerships with local performing arts groups, including having local groups at the Scottsdale Center for the Performing Arts as well as other locations such as Taliesin West. Improved language has been added to the new draft MSA.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	The Contract Administrator should develop a public process for non-profit arts organizations to request awards through the Community Arts Trust using similar City award processes for guidance.	June 2018: The Contract Administrator submitted a request to dedicate part of the Community Arts Trust account revenues to the Loloma School capital improvements, which the City Council approved on June 12, 2018. As well the Contract Administrator will be updating the administrative directive related to Trust expenditures to also require Council approval. Dec 2018: The City Council-approved resolution requires the community arts need portion of fund uses to be Council approved. For a future status update, auditors will review the application and award processes. Sept 2019: The Contract Administrator reiterated that the Council approval process is now in place, but auditors continue to recommend developing a public process for requesting and evaluating proposals for recommendation to City Council. May 2020: The Contract Administrator reported that upper management direction is to continue the approval process as established, which requires Council approval to use the Community Arts Trust Fund.	Part Impl'd	<input checked="" type="checkbox"/>
3B	The Contract Administrator should maintain an inventory of art installed as part of the Art in Public Places and Cultural Improvement Programs in order to verify that Scottsdale Arts is performing its required inspections annually.	June 2018: The Contract Administrator noted there is a City GIS layer identifying the public art locations, but there is some confusion over what qualifies as Art in Public Places and what is part of the Cultural Improvement Program. For clarification, this will be discussed further with Scottsdale Arts and the City's Planning and Development Services department. Dec 2018: The Contract Administrator indicated the Cultural Improvement Fund art installation inventory was received and included in the City's GIS layer. Further, the current year's inventory inspection was submitted.	Implemented	<input checked="" type="checkbox"/>
3C	The Contract Administrator should encourage Scottsdale Arts to provide its calendar of board meeting dates on its website and to continue working to provide advance meeting agendas as close to the Council's 10-day notice policy as possible.	June 2018: The Contract Administrator has requested Scottsdale Arts post its FY 2018/19 Board meeting dates on its website, and the organization responded that it will do so on July 2. Past meeting dates, agendas and minutes are currently available. Dec 2018: Meeting dates are posted on the Scottsdale Arts website for its Board and the Public Arts advisory board meetings. However, marked agendas are not available for recent past meetings and the minutes for one meeting indicates it was held on a different date than the meeting date listing. April 2019: The Contract Administrator has met with Scottsdale Arts to further refine the agenda posting process. Sept 2019: Auditors reviewed the Scottsdale Arts website and observed meeting notices, agendas and minutes.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1808	<b>Police On-Body Cameras</b>	Issued:	<b>6/14/2018</b>	
1A	The Police Chief should require the OBC Working Group to regularly review user access to ensure that their system access is based on the least privilege principle. Further, access should be immediately removed from users that no longer work in SPD.	Sept 2018: The Technology, Records & Communications Director reported that user access to Evidence.com is now reviewed monthly and permissions adjusted as necessary due to organizational or employment changes. Additionally a supervisor user access group has been created to simplify managing this access.	Implemented	<input checked="" type="checkbox"/>
1B	The Police Chief should require the OBC Working Group to regularly review the user access to OBC-related network folders to ensure access rights are based on the least privilege principle.	Sept 2018: The Technology, Records & Communications Director reported that user access to network folders is now reviewed monthly and permissions adjusted as necessary due to organizational or employment changes. Additionally auditors reviewed documentation of folder access changes made.	Implemented	<input checked="" type="checkbox"/>
1C	The Police Chief should require the OBC Working Group to annually review the OBC provider's SOC report to evaluate potential risks to the SPD video files.	Sept 2018: The Technology, Records & Communications Director reported that the vendor's SOC report will be reviewed annually. The next report should be completed in December. Dec 2018: The department reported that this year's SOC report has been requested. May 2019: The department's program manager reported that the SOC report was received and reviewed.	Implemented	<input checked="" type="checkbox"/>
2A	The Police Chief should require the OBC Working Group to review SPD's Evidence.com storage for untagged and uncategorized videos and require supervisors to ensure that officers complete the identification process. Further, the department should add review of the officer's Evidence.com files to its separation procedures.	Sept 2018: The Technology, Records & Communications Director reported that the department will be updating its General Order to require supervisors to review their direct reports' recordings monthly to ensure compliance. This review will be included in the department's existing out-processing procedure. And the department is working on tagging and categorizing the existing videos. Dec 2018: Auditors reviewed the updated G.O. 2114, and supervisory review responsibilities are now outlined as well as those of the OBC program administrators and other review groups. Further, the department has made substantial progress in getting videos categorized and tagged.	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	<p>The Police Chief should require the OBC Working Group to update General Order 2114 to require supervisors to check videos to ensure they do not have evidentiary value and to specify the supervisory level for deletion approval. Also, retain documentation for all manually deleted OBC videos in a shared network folder and establish a retention period for the video deletion documentation.</p>	<p>Sept 2018: The Technology, Records &amp; Communications Director reported that the General Order is being updated to establish the OBC Program Manager's authority for deletions. The Program Manager will ensure the recordings do not have evidentiary value prior to deletions, and documentation will be retained in a shared secured network folder for 2 years. Dec 2018: Auditors reviewed the updated General Order 2114 requirements and evidence that documentation is now being retained in a network folder restricted to the Working Group. The supervisory review requirement is still in development. May 2019: The department's program manager reported that, based on legal advice, video deletion requests citing privacy reasons will not be reviewed. Instead, the officer will be required to complete a questionnaire related to the deletion request, and this documentation will be retained for a 2-year period in accordance with the department's records retention policy.</p>	Implemented	<input checked="" type="checkbox"/>
2C	<p>The Police Chief should require the OBC Working Group to provide supervisors with access to Evidence.com reports so that compliance reviews are more efficient and effective. Also, review Evidence.com logins periodically to ensure supervisors are logging in at least monthly.</p>	<p>Sept 2018: The Technology, Records &amp; Communications Director reported that the department will be meeting with the vendor regarding planned compliance reports. Also, logon activity is now being reviewed routinely. Dec 2018: The department reported that compliance reviews will be an ongoing maintenance project, which will be performed by the OBC Program Manager. March 2019: The department reported that all sworn supervisors are now required to take a computer-based training by May 6 that clarifies the supervisory role and how to use the system. June 2019: To date, about 90% of supervisors have taken the computer based training. Sept 2019: The OBC Program Manager provided emails documenting that guidance and clarification of supervisory reviews were sent to all lieutenants.</p>	Implemented	<input checked="" type="checkbox"/>
3A	<p>The Police Chief should require the OBC Working Group to develop an overarching policy statement for the OBC program's General Order. Additionally, consider posting a summary of OBC policies on the department's website.</p>	<p>Sept 2018: The Technology, Records &amp; Communications Director reported that, when updated, the General Order will include an overarching policy statement and the policy in its entirety will be posted to the department's website. Dec 2018: The department updated G.O. 2114 to include an overarching policy statement for on-body cameras and is evaluating the cost of making General Orders available on the internet. May 2019: Auditors confirmed that the department has added a summary of the on-body camera policy to its public webpage.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3B	The Police Chief should require the OBC Working Group to define timeliness requirements for OBC video uploads and tagging and provide supervisors access to reports in Evidence.com to evaluate compliance with program requirements.	Sept 2018: The Technology, Records & Communications Director reported that a timeline (by the end of work week) is being included in the General Order update. Also, a monthly Supervisors report will include untagged/uncategorized videos, overall activity and login frequency. Dec 2018: G.O. 2114 now states that uploading, tagging and categorizing videos is to comply with Field Order 1013 for paperwork submittals. This F.O. states that reports are to be submitted one hour before end of shift to allow supervisory review and describes approval requirements for exceptions. The supervisory review requirements are still in development. March 2019: The G.O. has been revised to require camera docking and video uploading at least weekly, with certain incident types to be uploaded the same day. May 2019: While the department planned to use a vendor-created compliance report to facilitate supervisory reviews, the cost of the new reports is prohibitive. As an alternative, the program manager has created groups consisting of each supervisor's squad to make it easier to run monthly queries for supervisory reviews.	Implemented	<input checked="" type="checkbox"/>
3C	The Police Chief should require the OBC Working Group to consider requiring officers to inform the other person(s) that an OBC is recording.	Sept 2018: The Technology, Records & Communications Director reported that the department will not require it, but will augment its training to exercise the practice of informing individuals that an OBC is recording. Dec 2018: The department provided the updated G.O. 2114, which now says that an officer should consider advising citizens they are being recorded if the officer believes it may de-escalate the situation and if doing so will not jeopardize officer safety.	Implemented	<input checked="" type="checkbox"/>
3D	The Police Chief should require the OBC Working Group to develop OBC training for supervisors and include the training requirements in the General Order.	Sept 2018: The Technology, Records & Communications Director reported that additional OBC training will be established to include general oversight, report management, usage activity and compliance review. This training requirement will be added to the updated General Order. Dec 2018: The department created training that was provided to this year's Sergeant candidates, and will be provided for all supervisors in 2019 via a computer-based module. G.O. 2114 was updated to note the additional supervisory training.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1809	<b>Development Agreements</b>	Issued:	<b>5/4/2018</b>	
1A	Planning and Development Services department management should develop and implement policies and procedures to more efficiently record and monitor all requirements and deadlines included in development agreements and maintain organized documentation to verify completed requirements.	Sept 2018: The department reported that a development agreement policy is being created to outline the purpose, state statutes, definitions and process. Development Agreements are now their own case type and searchable in CDS. The department also reported that a formal application is now required for DAs, which is processed concurrently with any associated rezoning case to allow information to be readily shared. Feb 2019: Auditors reviewed the department's policies and procedures for recording and monitoring development agreements.	Implemented	<input checked="" type="checkbox"/>
1B	Planning and Development Services department management should work with the City Treasurer's office to establish and maintain a record of development agreement receivables or other financial impact to the City.	Sept 2018: The department indicated it now works with the Treasurer's office, Public Works, and Legal on development agreement terms, establishing accounts for any payments, and reviewing DA case status. Auditors reviewed documentation of one quarterly meeting and other communications as well as a recent DA accounts receivable record.	Implemented	<input checked="" type="checkbox"/>
1C	Planning and Development Services department management should develop written policies and procedures to provide efficient and effective development agreement administration and oversight. This should include (see report for list).	Sept 2018: The department reported that effective 4/23/2018, the new DA case type was created and cases are searchable in CDS. Also, they are searchable on LIS and GIS databases which will track the DA case with any associated zoning case. Submittal Intake instructions guide staff in putting relevant information into CDS. The new DA policy will provide direction that all requirements are coordinated by plan reviewers through the DA review process and final implementation process. Feb 2019: Auditors reviewed the department's policies and procedures for development agreement oversight and monitoring their requirements.	Implemented	<input checked="" type="checkbox"/>
2A	Planning and Development Services department management should define records retention requirements for development agreement-related records.	Sept 2018: Auditor reviewed the department's records retention schedule to confirm that Development Agreements are now included (marked permanent). Further, the records are now included in the digital folder and available through the City website and in the document management program.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	Planning and Development Services department management should develop policies and procedures for authorizing access to CDS, including role-based security groups with appropriate functions based on job duties and the "least privilege" principle.	Sept 2018: The department has now developed a four tier role-based security group system for CDS access.	Implemented	<input checked="" type="checkbox"/>
<b>1902</b>	<b>E-Verify Compliance During FY 2017/18</b>		Issued: <b>9/12/2018</b>	
1	The Purchasing Department should continue to advise Contract Administrators to emphasize the E-Verify contract requirements to contractors at the start of each contract and that the City audits for compliance with these requirements.	January 2019: Auditors reviewed copies of the new notifications Purchasing is sending to Contract Administrators at the initial contract award and for contract renewals. These notifications advise the Contract Administrator to remind contractors of E-Verification audits, insurance requirements and other contract provisions.	Implemented	<input checked="" type="checkbox"/>
<b>1904</b>	<b>ActiveNet Application Controls</b>		Issued: <b>5/9/2019</b>	
1A	The Community Services Division should expand the current policies and procedures to require supervisors to justify departures from the matrix and ensure training is provided before account access is authorized. Further, CSTG should document reviews of all user accounts, including generic accounts, and require supervisory approval before reinstating a stale account. As well, the division should develop an ActiveNet remote access policy limiting access to authorized uses.	Oct 2019: Management reported that the Community Services Technology Group (CSTG) has updated the user account permissions matrix and processes for reviewing user accounts, including stale accounts. Still pending is the plan to work with City IT to develop a remote access policy. May 2020: CSTG provided a copy of its remote access policy, which it plans to disseminate to division stakeholders later in the summer.	In Progress	<input type="checkbox"/>
1B	The Community Services Division should remind department staff to timely notify CSTG to remove ActiveNet access for every employee termination, even those where an employee may potentially return to City employment in the future.	Oct 2019: Management reported that CSTG was not notified for a separation that occurred in May. CSTG has since reminded the division staff and HR to notify them on all Community Services separations. Auditors will review progress on this recommendation for a future update. May 2020: Auditors reviewed the updated procedures, which include immediate notification to CSTG for the division's separations.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Community Services Division should work with City IT to develop a formal policy regarding the classification and handling of PII. Any ActiveNet fields containing PII should be identified and training should be provided to staff regarding the handling of customer PII.	Oct 2019: Management reported that CSTG's plans to work with City IT to develop a formal policy regarding classification and handling of PII are still pending. May 2020: After meeting with City IT, CSTG reported it is responsible to identify where PII is in this system. In addition, City IT is formalizing a data governance plan and considering developing PII training.	In Progress	<input type="checkbox"/>
2B	The Community Services Division should update the Essential Records Listing with ActiveNet information.	Oct 2019: Management reported that CSTG has worked with the Parks and Recreation records manager to update the Essential Records listing and is working with Human Services to update its listing. May 2020: CSTG reported that Essential Records listings have been updated for Human Services. Auditors reviewed the related Records Manager correspondence and listings.	Implemented	<input checked="" type="checkbox"/>
3A	The Community Services Division should regularly request and review contract-required security compliance reports to ensure the vendor is maintaining effective security controls.	Oct 2019: Management reported that the vendor has provided its applicable 2018 report, though it is not yet clear if the vendor will comply with certain security related requirements. Further, CSTG has created a scheduled reminder to request these reports on an ongoing basis. Auditors will review these reports for a future update. May 2020: CSTG provided a copy of one compliance report. Auditors will continue to follow up on the status of others.	In Progress	<input type="checkbox"/>
3B	The Community Services Division should work with Active Network to obtain activity logging reports on a continuous basis and establish a process for monitoring changes and unusual activity.	Oct 2019: Management reported that CSTG has established a process to request and review activity logging reports from the vendor each month. Auditors will review the related documentation for a future update. May 2020: Auditors reviewed the activity reports and related documentation. The logs show no issues found in the reported information.	Implemented	<input checked="" type="checkbox"/>
3C	The Community Services Division should work with Active Network to create a report that will assist the division in verifying compliance with contractual fees.	Oct 2019: Management reported that CSTG has worked with vendor support to identify a report that can be used to verify compliance with contractual fees. The current report has a bug that the vendor is working to resolve. May 2020: The vendor has not yet corrected issues with this report.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4A	The Community Services Division should consider enabling system controls requiring supervisor approval of refunds, including setting a minimum refund amount for requiring supervisor approval.	Oct 2019: Management reported that the division has decided to not enable the system controls requiring supervisory approval, including setting a minimum amount for the approval. Instead, the division staff have established a process to train and reinforce supervisory reviews, including the trainer meeting on-site with each supervisor to go over the process and ensure each supervisor submits a workorder to receive the refund report automatically each month. Auditors will review refund documentation for a future update. May 2020: Due to the current pandemic and closed City facilities, the status of this recommendation will be reviewed at a future date.	In Progress	<input type="checkbox"/>
4B	The Community Services Division should formalize incident response plans.	Oct 2019: Auditors reviewed CSTG's written incident response plan.	Implemented	<input checked="" type="checkbox"/>
4C	The Community Services Division should work with City IT to explore technical solutions for data loss prevention.	Oct 2019: Management reported that CSTG's plan to work with City IT to explore technical solutions for data loss prevention is still in process. May 2020: CSTG reported consulting with City IT regarding this recommendation, and City IT will evaluate it.	Part Impl'd	<input checked="" type="checkbox"/>
1905	<b>Infrastructure Condition Assessment</b>		Issued:	<b>6/14/2019</b>
1A	The Public Works Division Director should require policies and procedures be developed and implemented to ensure that the City's bridge conditions are assessed and the bridges maintained. Specifically, these policies and procedures should require staff to create work orders for the ADOT inspection recommendations, then prioritize and complete the work orders timely.	Oct 2019: Division management reported that the City Engineer and Street Operations staff reviewed the 2018 ADOT inspection reports and assigned recommended maintenance or repair items to the appropriate staff. Auditors reviewed the report binders in which the City Engineer flagged projects to indicate items that should be evaluated by CPM, such as being evaluated for a capital project, or should be addressed by Street Operations. The Street Operations staff plans to enter the applicable pending work into their work order system although this has not yet been completed. Auditors also reviewed a tracking spreadsheet that Street Operations created from the ADOT bridge inventory to note which department is responsible for any needed repairs and to track completion. Specific policies and procedures, such as how to document, prioritize and monitor the work, have not yet been developed. May 2020: The department reported that a new update policy has been created outlining the progression of review for ADOT findings. Auditors will review the policies and procedures for a future update.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	<p>The Public Works Division Director should require policies and procedures be developed and implemented to ensure that the City's bridge conditions are assessed and the bridges maintained. Specifically, these policies and procedures should require staff to report bridge construction and rehabilitation projects to ADOT in accordance with the bridge inspection program requirements and review ADOT's City of Scottsdale bridge inventory to properly identify any privately-owned bridges on the list.</p>	<p>Oct 2019: Division management reported that the City Engineer communicated with ADOT to determine the process for reporting bridges to be added to NBIS, and CPM is in the process of adding the new 68th St and Pima Rd bridges. CPM staff developed and provided a list of bridges completed within the last 10 years, but Street Operations staff explained they did not realize they were to be comparing this list to the ADOT inventory to determine what needs to be reported. This comparison has not yet been completed. Policies and procedures have not yet been developed to formalize the bridge inventory processes. May 2020: The department reported that the City Engineer has coordinated with ADOT to determine requirements and the process for adding bridges to the NBIS inventory. They have submitted some bridges to ADOT for addition and are adding the NBIS inventory to an LIS layer to simplify the comparison to CPM's bridge information.</p>	In Progress	<input type="checkbox"/>
1C	<p>The Public Works Division Director should require policies and procedures be developed and implemented to ensure that the City's bridge conditions are assessed and the bridges maintained. Specifically, these policies and procedures should require staff to inventory Scottsdale's non-NBIS bridge structures and establish a program for regularly inspecting, maintaining and repairing them.</p>	<p>Oct 2019: Division management reported that Street Operations is currently determining if there are structures not in the NBIS database and determining whether these should be added or tracked separately. However, Street Operations staff was not aware of this responsibility and had not yet started identifying non-NBIS structures. Auditors explained available resources that may be helpful in performing this task. May 2020: The department reported they are working to add the NBIS inventory to an LIS layer to simplify the comparison to CPM's bridge information. Once this is done, all structures that meet the requirements will be submitted to ADOT for inclusion in the NBIS inventory and inspections, maintenance and repairs will be reported as required.</p>	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	<p>The Public Works Division Director should require staff to reassess the parking garage assessment program to evaluate the five-year inspection goal based on current observed conditions. Also, require staff to create, prioritize and timely complete work orders for the parking garage structural assessment recommendations.</p>	<p>Oct 2019: Division management reported that the Facilities Director is assessing the current garage assessment program to validate the interval and that, for assessments completed to date, repairs have been identified and funded or are pending future budget approvals. The Facilities director reported she still considers the current 5-year goal and assessment schedule feasible. Facilities also noted that 3 assessed parking garages are budgeted to be repaired this fiscal year, beginning around January 2020. May 2020: The department reported that structural assessments are scheduled on a 5-year cycle, and two assessments were completed this fiscal year as scheduled. Repairs to one garage are in progress, but another has been deferred to FY 2020/21. Auditors will review supporting documentation for a future update.</p>	In Progress	<input type="checkbox"/>
2B	<p>The Public Works Division Director should require staff to ensure that the City's drainage assets are properly inspected and maintained. In particular, require staff to create, prioritize and timely complete maintenance work orders for concerns identified by ADOT inspection reports.</p>	<p>Oct 2019: Division management reported that for the short term, Street Operations will coordinate with the Parks &amp; Recreation department for help with drainage assets within the parks and for the longer term, Street Operations will seek funding for an added position. Auditors explained to Street Operations staff the need to monitor actual inspection progress against the goal and that combining the related structural assets recorded in the database into structures may simplify monitoring, avoid input errors and improve inspection data quality. May 2020: The department reported that it was not able to add additional staffing through FY 2020/21, so Parks staff is assisting with maintenance while Transportation &amp; Streets is doing the inspections. Further, the department reported 50% completion of the recommended repairs from the latest ADOT inspection as of 5/1/2020. Auditors will review supporting documentation for a future update.</p>	In Progress	<input type="checkbox"/>
2C	<p>The Public Works Division Director should require staff to complete the streetlight inventory reconciliation and the sidewalk inventory and establish appropriate condition assessment and maintenance programs. As well, require staff to establish an appropriate parking lot condition assessment and maintenance program.</p>	<p>Oct 2019: Division management reported that Street Operations is working with utility providers to validate streetlight inventories and is developing a budget request to get resources to assess alleys and parking lots and develop a 5-year investment plan. May 2020: Division management reported that the department is continuing to make progress on the streetlight inventory. Resources were not funded for a system-wide sidewalk inventory and parking lot assessments in FY 2020/21, so the department's current focus is known sidewalk and concrete repair needs.</p>	Part Impl'd	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1906	<b>Cash Handling Controls and Accountability</b>	Issued:	<b>3/7/2019</b>	
1	Department management should work with the City Treasurer's Office to ensure appropriate oversight and compliance with AR 268 Cash Handling, including daily cash balancing, segregation of duties and supervisory approval for refund transactions.	June 2019: Auditors reviewed the departments' progress in improving internal controls and timeliness of cash balancing as recommended. One department has fully implemented the recommendations, while the other two departments have additional changes to implement. Oct 2019: One of the two remaining departments implemented the recommendations. For the other location, auditors will continue to review timeliness of supervisory review of refund transactions.	In Progress	<input type="checkbox"/>
2A	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure cash handlers adjust shift duties to perform cash balancing in dual custody with both staff present signing the cash count documents.	June 2019: Auditors reviewed the department's current internal control processes for these two locations. The locations have additional changes to put in place. Oct 2019: Based on auditor review, the department continues to work on implementing the recommended control improvements.	In Progress	<input type="checkbox"/>
2B	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure cash handlers immediately record transactions in the POS system if operationally feasible. If not operationally feasible, management should work with the Accounting Department to develop compensating controls and then request an exception to the specific AR 268 Cash Handling requirements. Additionally, supervisors should ensure wristband or similar items are prenumbered for comparison to sales, deposits and remaining wristband inventory on hand.	June 2019: Auditors confirmed the wristbands for this upcoming event are prenumbered. Additional controls and records will be reviewed after the event. Oct 2019: Auditors reviewed the special event's cash balancing documents and noted that entries appeared to be individual transactions directly into the POS system. The wristband reconciliation will be reviewed for a future update.	In Progress	<input type="checkbox"/>
2C	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure only appropriately trained staff perform cash handling functions, and POS system cashiering access is removed for locations that do not have trained staff. If these locations continue to perform cashiering, ensure they understand AR 268 responsibilities, particularly ensuring documentation, daily cash balancing and proper security for sensitive financial information.	June 2019: Auditors reviewed calendar year 2019 transactions and the non-cash handling locations had not entered receipts. However, system access has not yet been removed for the staff at these locations. Oct 2019: Auditors reviewed user access for these locations with the Community Services Technology Group and one of the location supervisors; access appears appropriate at this time.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure proper segregation of duties for receiving, reconciling and depositing cash transactions.	June 2019: Auditors reviewed May 2019 transactions for this location and found proper separation of cash handling duties is not yet consistently enforced. Oct 2019: Auditors reviewed October 2019 transactions for this location and again found that proper separation of cash handling duties is not yet consistently enforced.	In Progress	<input type="checkbox"/>
2E	Department management should require compliance with AR 268 Cash Handling. Specifically, require supervisors to ensure use of a reservation system to manage these facility reservations.	June 2019: The department reported that the location is researching facility management software for a system that can meet its needs and budgetary constraints.	In Progress	<input type="checkbox"/>
1907	<b>Police Special Revenues</b>	Issued:	<b>1/16/2020</b>	
1A	The City Manager should determine if the department's RICO community grant program should continue. If it does, the department should ensure appropriate grant application, review and award processes, grant agreements and service monitoring occur. Additionally, the department should ensure all travel is job-related and has a clear benefit to the City.	May 2020: The department reported that RICO community grant funding is not available for FY 2020/21. As funds come available, processes to include application, grant agreements and monitoring will be reinstated. The department also stated that travel requests are routed through the chain of command.	In Progress	<input type="checkbox"/>
1B	The department should ensure the City Manager and/or Budget staff receive the total available RICO balance information, with updates throughout the budgeting process.	May 2020: The department provided a copy of the report submitted to the City Manager in January 2020. Auditors verified that the applicable accounts were included.	Implemented	<input checked="" type="checkbox"/>
1C	The department should request buy funds as needed and determine an appropriate balance for the Special Enforcement checking account.	May 2020: The department revised its applicable policy in January 2020 to state a maximum authorized balance for the account. Auditors verified the February 2020 account balance was within this limit.	Implemented	<input checked="" type="checkbox"/>
1D	The department should ensure separation of duties by directing receivables to the City's Remittance Processing group and enable an effective supervisory review of the asset forfeiture program by routing the bank statements to the unit Commander.	May 2020: The department reported that reimbursement checks have been redirected to Remittance Processing, and the Commander now also receives copies of the bank statements for review. Auditors will review supporting documentation for a future update.	In Progress	<input type="checkbox"/>
1E	The department should require staff to change the safe combination after Special Investigative unit personnel or supervisory changes.	May 2020: The department reported that its policy has been updated as of January 2020 to include the process of changing the safe combination after personnel or supervisory changes. Auditors will review the policy for a future update.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	Police Department management should establish the Scottsdale Police Cadet program as a separate program in the Special Programs Fund and deposit the account moneys into the City treasury to ensure appropriate oversight, transparency and accountability. In addition, Police Department management should ensure this program is budgeted as part of the City's annual budget process.	May 2020: The department reported that a separate Special Programs Fund center will be set up to record program related activity. Once the program competition fee has been Council approved, funds will be moved from the outside account and deposited into the new center. This is expected to occur in July 2020.	In Progress	<input type="checkbox"/>
2B	Police Department management should establish strong cash handling and expenditure controls over the program and ensure compliance with applicable City administrative regulations. Further, retain appropriate receipt and expenditure records for the program.	May 2020: The department reported that cash handling and expenditure controls were strengthened by adding a two-person verification and approval. As well, the cash box has been secured, and a sergeant reviews and signs the bank statements monthly. Auditors will review documentation for a future update.	In Progress	<input type="checkbox"/>
3A	Police Department management should consider developing transparent, public procedures for donations and make information available to Scottsdale citizens, organizations and other current and potential donors.	May 2020: The department reported that a policy memo now directs donations to be made to the department's Budget Office. For a future update, auditors will confirm whether the memorandum has been signed and distributed.	In Progress	<input type="checkbox"/>
3B	Police Department management should ensure that acknowledgment letters are prepared, signed and provided to donors for all donations received. Copies of the signed acknowledgment letter (donation receipt) should be maintained in accordance with the City's records retention schedule. In addition, require donations be centrally managed through the Police Budget office.	May 2020: The department reported that its policy is now to centralize donations through the department's Budget Office and to retain a signed copy of the acknowledgment letters in accordance with the City's records retention schedule. Auditors will review supporting documentation for a future update.	In Progress	<input type="checkbox"/>
3C	Police Department management should Require Police Department staff to either redact sensitive information contained on checks maintained in paper or electronic files or refrain from retaining check copies.	May 2020: The department reported that its processes now include ensuring sensitive information is redacted prior to placing copies in files. Auditors will review supporting documentation for a future update.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
4A	<p>Police Department management should ensure the Police Department 30-Day Tow program complies with AR 268 Cash Handling and implements strong cash handling-related controls, including:</p> <ul style="list-style-type: none"> <li>• Requiring each cash handler to immediately enter his or her own transactions in iNovah.</li> <li>• Limiting use of manual receipts and ensuring the City's copies are retained in the receipt book. Further, ensure manual receipts are used in numerical order and accounted for each day, with a written explanation and supervisory approval for any voided or missing receipts.</li> <li>• Developing site-specific cash handling procedures.</li> <li>• Securing the locking cash drawer key.</li> </ul>	<p>May 2020: The department reported that the program employees have been trained to comply with the cash handling AR. In March 2020, site-specific procedures were developed and added to the program's operations manual. Each employee is entering his/her own transactions and documenting explanations when manual receipts are used out of order. Further, the cash drawer key has been secured. Auditors reviewed the site-specific cash handling procedures, and will review cash handling operations for a future update.</p>	In Progress	<input type="checkbox"/>
4B	<p>Police Department management should consider alternatives for increasing the 30-Day Tow program's availability for impounded vehicle retrievals.</p>	<p>May 2020: The department reported that, based on evaluation of its current staffing model, increasing availability would require additional staff. However, additional program staffing was not approved in the FY 2020/21 proposed budget. Auditors will review the department's evaluation for a future update.</p>	In Progress	<input type="checkbox"/>
4C	<p>Police Department management should require invoices and travel requests to be signed by appropriate operational supervisors prior to approval for payment.</p>	<p>May 2020: The department reported that Budget staff consults with the operational supervisors prior to approving expenses. The date and supervisor providing verification are now being noted on the invoices. Auditors will review supporting documentation for a future update.</p>	In Progress	<input type="checkbox"/>
1908	<b>Fire &amp; Life Safety Inspections</b>		Issued:	<b>11/2/2018</b>
1A	<p>The Fire Chief should direct the Fire &amp; Life Safety division to evaluate inspectors' schedules to find efficiencies to ensure that the higher-risk target sites receive annual inspections.</p>	<p>April 2019: Management reported that the department is revising the Target list, with three classifications vetted and two remaining. The next step will be to schedule dedicated inspector time to these inspections and assess whether the annual inspection goal is realistic. The initial completion date of 7/1/19 is still considered feasible. Sept 2019: Management provided the department's definition of Target occupancies, and reported they have completed a significant amount of database clean-up and will continue cleaning the data set and ensuring it is accurate. By limiting the Target locations based on risk, management has determined there is now time for inspectors to reach each Target site annually.</p>	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	The Fire Chief should direct the Fire & Life Safety division to determine if performing safety inspections every three years is a realistic department goal. If the department goal is retained, evaluate schedules and find efficiencies to work toward accomplishing the goal.	April 2019: Management reported that the department's new tablet-based process for engine company safety inspections directly feeds into the records management system. When the department has a good data set of completion statistics, the three-year goal will be reassessed. The initial completion date of 7/1/19 is still considered feasible. Sept 2019: Management reported that, after review, they have determined the timeframes to be achievable based on the inspections and time required. They are monitoring how the new system supports the goals and will be evaluating progress and refining the goal as needed,	Implemented	<input checked="" type="checkbox"/>
2A	The Fire Chief should require the Fire & Life Safety division to develop an accurate and complete database by comparing the sites list to other City systems such as the LIS and conducting a current fire risk assessment to properly identify target properties.	April 2019: Management reported that the department is in the process of cleaning up the records management database, including target site classifications and duplicate sites. Their comparison to other City systems found no direct correlation, however, they do use those systems to ensure accuracy. The initial completion date of 7/1/19 is still considered feasible. Sept 2019: Management reported they established the Target definition and they are updating records as inspectors identify duplicate information during inspections. Further, working to ensure accuracy of the records will be an ongoing process.	Implemented	<input checked="" type="checkbox"/>
2B	The Fire Chief should require the Fire & Life Safety division to establish a recurring review procedure to verify that all fire inspections have been entered in FPS.	April 2019: Management reported that it was emphasized to staff that uncompleted activities should be cleaned up on a regular basis to ensure completeness of the records. The department has assigned a recurring calendar appointment to assist in tracking this. Auditors viewed the reminder appointment and confirmed that the uncompleted activity queue contains far fewer items now, with most related to ongoing safety inspections.	Implemented	<input checked="" type="checkbox"/>
2C	The Fire Chief should require the Fire & Life Safety division to establish a review procedure to verify that FPS reports include relevant inspection information.	April 2019: Management reported that a review procedure will be added as part of the policy/guideline revisions. The initial completion date of 7/1/2019 is still considered feasible. Sept 2019: Management reported working with information technology staff to require inspectors to input certain information based on inspection results. Examples provided included requiring comments on an inspection marked as Approved with Comments; requiring comments or corrections for an inspection marked as Rejected; and requiring an outcome before a record can be closed.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2D	The Fire Chief should require the Fire & Life Safety division to require the new contracted system to record all submitted third-party fire safety inspections, not just those with identified issues, so that the division has a complete record of fire safety inspections performed in the City.	April 2019: Management reported that the new contracted system should meet the audit recommendation. Auditors viewed the new system, including how the department is able to accept or reject inspection reports received (depending on whether Scottsdale is the appropriate jurisdiction) and monitor inspection reports received and those still due.	Implemented	<input checked="" type="checkbox"/>
2E	The Fire Chief should require the Fire & Life Safety division to create policies and procedures to ensure that re-inspections occur within a specified time period based on the type of site and violation.	April 2019: Management reported that the department will implement a more formalized reinspection procedure as part of the policy/guideline revisions. Often the reinspection timelines are dictated by the type of inspection and infractions encountered. The initial completion date of 7/1/209 is still considered feasible. Sept 2019: Auditors reviewed the Informational Directive that management has established addressing reinspection timelines and requirements.	Implemented	<input checked="" type="checkbox"/>
2F	The Fire Chief should require the Fire & Life Safety division to reevaluate the effectiveness of performance metrics being tracked and reported in the Budget Book. The fire plan review and fire inspection metrics should be presented separately and include context, such as percentage of required target inspections completed.	April 2019: Management reported the department is working with the budget analyst to look at opportunities for improvement if appropriate. The initial completion date of 7/1/2019 is still considered feasible. Sept 2019: Management has developed performance goal language for the next budget cycle (for the FY 2020/21 Budget Book) to separate plan review and inspection metrics.	Implemented	<input checked="" type="checkbox"/>
3A	The Fire Chief should require the Fire & Life Safety division to ensure system access is provided in accordance with the least privilege principle and adjusted as duties change and require a Fire Prevention System access review at least annually.	April 2019: Management reported that the department has reviewed all current users for the appropriate level, and they will continue to monitor access levels consistent with the least privilege principle. Auditors will review access documentation for the next update. Sept 2019: Management reported implementing quarterly access reviews with changes as necessary. Auditors reviewed documentation of access changes made.	Implemented	<input checked="" type="checkbox"/>
3B	The Fire Chief should require the Fire & Life Safety division to ensure refunds are documented in compliance with AR 268, including written customer requests and management review.	April 2019: Management reported that the department has reviewed its practices with Accounting and implemented steps to ensure compliance with AR 268. Auditors will review refund documentation for the next update. Sept 2019: Auditors reviewed documentation of Accounting's approval of the revised refund practices.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3C	The Fire Chief should require the Fire & Life Safety division to ensure that the 60-day notice period is met and Council approval is obtained before requiring fees for inspection report submittals.	April 2019: Management reported that the required notice of the proposed fee was posted and the fee received Council approval. Auditors confirmed the notice was posted in November 2018 and Council approval occurred on January 8, 2019.	Implemented	<input checked="" type="checkbox"/>
1909	<b>Southwest Gas Franchise Agreement</b>	Issued:	<b>9/14/2018</b>	
1A	The Public Works staff should work with the City Attorney's Office to evaluate whether these revenues are included under the franchise agreement terms. As applicable, seek recovery from Southwest Gas for any unpaid franchise-related fees plus the associated late payment interest charges.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss this matter, Public Works sent a letter to Southwest Gas stating the City has determined, based on language in the utility's Corporation Commission filings, it will accept franchise fee payments on gross revenues excluding ancillary revenues.	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works staff should work with the City Attorney's Office to require Southwest Gas to provide accurate and complete supporting documentation, including support for any excluded customer revenues generated within Scottsdale boundaries.	January 2019: Public Works sent a letter to Southwest Gas on November 30, 2018, requesting payment of past franchise related fees and supporting documentation. A response has not yet been received. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all accounts designated as tax exempt or excluded are now paying the applicable Franchise fee and Capital Expenditures fee. Southwest Gas responded that the applicable accounts are currently being adjusted to pay the fees and documentation will be provided.	Implemented	<input checked="" type="checkbox"/>
2	The Public Works staff should require Southwest Gas to periodically submit the service address jurisdiction coding of selected address areas for verification.	January 2019: Public Works plans to send a request by January 31 for calendar 2018 data for an initial check on service address jurisdiction. April 2019: Following a meeting to discuss the issues, Public Works sent a letter to Southwest Gas requesting documentation that all customer accounts identified as having incorrect jurisdiction codes have been corrected and to work with the Real Estate department to allow biannual reviews of accounts within the three zip codes. Southwest Gas responded that the jurisdiction codes are being corrected and the company will work with Real Estate for the requested biannual reviews.	Implemented	<input checked="" type="checkbox"/>
3	None (informational).		Not Applicable	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1910	<b>Utility Billing</b>	Issued:	<b>1/17/2019</b>	
1A	Business Services management should ensure Utility Billing develops a formal quality control review process to help identify entries with incorrect amounts, calculation errors, or insufficient documentation. Also, the department should consider developing an automated method to upload UB Communicator bill requests into NorthStar.	April 2019: Business Services management worked with NorthStar support to create a report of account adjustments and created an internal policy for supervisory review and documentation.	Implemented	<input checked="" type="checkbox"/>
1B	Business Services management should ensure Utility Billing improves its NorthStar reconciliation process to include all related general ledger accounts.	April 2019: Business Services management worked with NorthStar support to update and implement the automated reconciliation report to include all related accounts.	Implemented	<input checked="" type="checkbox"/>
2	Utility Billing should take reasonable steps to verify that the rates provided by the Solid Waste and Water departments agree to the rates authorized by the City Council or approved by the department director. For ongoing special rates, Utility Billing should question why the rates have not been submitted for Council approval.	April 2019: Business Services plans to review the council-approved rates and work with the departments to verify those provided for NorthStar entry. Sept 2019: After Council approval of rate adjustments, the Solid Waste and Water departments completed system rate change forms for Utility Billing support to enter. The departments also verified and signed off on the completed rate changes prior to their billing effective dates. As well, the Business Services Director reviewed the rate change documentation, including department sign-offs. Auditors reviewed documentation showing that these processes were applied.	Implemented	<input checked="" type="checkbox"/>
3	Utility Billing should not provide system access for employees with incompatible duties to enter account adjustments or should ensure management review of those entries.	April 2019: Business Services reported that employees are provided appropriate system access and the account adjustment report implemented in February 2019 is being monitored.	Implemented	<input checked="" type="checkbox"/>
1911	<b>Revenue Recovery</b>	Issued:	<b>9/3/2019</b>	
1A	Business Services department management should require Revenue Recovery to develop and use aging reports to effectively prioritize utility collection activities.	March 2020: Management reported that Revenue Recovery has partnered with the technology support team to develop aging reports that provide additional visibility to aged and high dollar balance accounts to allow for better prioritization. Auditors will review progress of this initiative for a future update.	In Progress	<input type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1B	Business Services department management should require Revenue Recovery to develop and use aging reports to effectively prioritize tax and license collection activities.	March 2020: Management reported that the current focus is on completing implementation of a new permit and license system. Then Revenue Recovery will work with technology support staff to build a qualified aging report system in the new system. Meanwhile Revenue Collectors are focusing on active accounts that present a greater opportunity for collection, including referring them for collection. Auditors will review progress of these initiatives for a future update.	In Progress	<input type="checkbox"/>
1C	Business Services department management should monitor collection activity and recovery of other departments' referred delinquent accounts. Specifically, require Revenue Recovery to develop written workflows for collecting these accounts, including preparing an aging analysis to focus its efforts and developing written guidance on appropriate collection activity based on age, amount due, and other relevant criteria.	March 2020: Management reported that Revenue Recovery created a written policy outlining collection steps to be used for referrals from other departments. As collection guidance based on age, amount due or other relevant criteria is still limited, auditors will review progress for a future update.	In Progress	<input type="checkbox"/>
1D	Business Services department management should ensure Revenue Recovery develops and implements written policies, procedures and workflows with comprehensive guidance and directions to effectively carry out its responsibilities.	March 2020: Management reported that updating procedural documents is an ongoing priority. Auditors will review progress for a future update.	In Progress	<input type="checkbox"/>
1E	Business Services department management should evaluate using the state's debt set-off program as part of its collection efforts.	March 2020: Management reported that Revenue Recovery confirmed the state debt set-off program is available to governmental entities and will consider account referrals to this program.	In Progress	<input type="checkbox"/>
2A	Business Services department management should develop transparent, public procedures for site visits and make that information available on the City's website. Further, Business Services department management should not allow employees to accept cash or cash equivalent payments when working outside of the office.	March 2020: Auditors reviewed Revenue Recovery's added website information regarding site visits. However, management has not yet restricted collectors from accepting payments during site visits.	In Progress	<input type="checkbox"/>
2B	Business Services department management should develop measurements and reports that track actual collections resulting from revenue collector activity and develop individual performance goals related to revenue collection and communication with delinquent accounts.	March 2020: Management reported that Revenue Recovery is building reporting capabilities. Auditors reviewed the department's ADOR reports showing comparative collection activity through the state system, but Revenue Recovery has not yet developed in-house collection performance reports. Auditors will review progress for a future update.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2C	Business Services department management should require revenue collector activity logs to be complete and detailed. Further, evaluate use of the City's time management system to replace the spreadsheet logs.	March 2020: Management reported that activity logs have been developed by the technology support staff. Auditors reviewed the logs and found some inaccuracies, such as one collector recording 28 to 39 hours of activities per day. Auditors will review progress for a future update.	In Progress	<input type="checkbox"/>
2D	Business Services department management should evaluate the value of Revenue Recovery staff joining a collections-related professional organization for development and training.	March 2020: Management reported sending a survey of revenue collection questions to one association and being part of two groups (a customer service group and the state tax collections initiative) with which they were previously associated during the audit. Auditors will review progress for a future update.	In Progress	<input type="checkbox"/>
1912	<b>Fleet Parts Operation</b>	Issued:	<b>4/26/2019</b>	
1A	The Fleet Management Director should ensure the Equipment Parts Supervisor reviews all inventory discrepancies before adjustments are made and Parts staff retain all inventory count records. In addition, require Parts staff to properly dispose of obsolete parts and re-evaluate which parts need to be tracked in inventory considering their unit value.	Sept 2019: Management reported this is in progress. Auditors will review related documentation for a future update.	In Progress	<input type="checkbox"/>
1B	The Fleet Management Director should install electronic keypads on the three Parts room doors and install security cameras in each storage room. Further, limit Parts room access to the Parts staff and necessary management.	Sept 2019: Management reported Facilities has been contacted and a vendor cost proposal received for card reader installation. The next step is identifying funding.	In Progress	<input type="checkbox"/>
1C	The Fleet Management Director should improve FASTER system access by removing unnecessary system administrator accounts and tracking user access changes. Further, FASTER system access should be regularly reviewed to ensure former employees are deactivated and access is based on the least privilege principle.	Sept 2019: Auditors reviewed system documentation of user access changes that included removing the system admin account and adjusting how former employee access is removed.	Implemented	<input checked="" type="checkbox"/>
2A	The Fleet Management Director should re-evaluate the current performance measure considering the context of inventory carrying costs. Specifically, work with departments to categorize vehicles as either essential or non-essential and determine backup availability to establish service turnaround requirements.	Sept 2019: Management reported that the performance measure of a one-day turnaround has been removed, and they are, instead, working to achieve an average turnaround of less than 5 days. Auditors will evaluate the impact on the parts inventory in conjunction with following up on other related recommendations.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	The Fleet Management Director should re-evaluate the Parts inventory according to the need-driven vehicle turnaround priorities, item turnover rates and parts delivery lead-times. Identify high-priority items that require long lead-times or are for essential vehicles to determine which items are kept in stock.	Sept 2019: Management reported this recommendation is in progress.	In Progress	<input type="checkbox"/>
2C	The Fleet Management Director should adjust the Parts room schedule to align with the volume of parts issued and provide for balanced supervisory time for the staff on each shift.	Sept 2019: Management reported this recommendation is in progress.	In Progress	<input type="checkbox"/>
1913	<b>Benefits Administration</b>	Issued:	<b>1/16/2019</b>	
1A	Human Resources management should re-evaluate the use of consultants to conduct City procurements and involve the Purchasing department to ensure future procurements comply with City Procurement Code. Further, obtain and retain the documentation of the process and proposals for procurements conducted by consultants.	April 2019: Human Resources and Purchasing management reported that they are working together to ensure that the benefit contracts will follow all City requirements, including retaining appropriate procurement documentation. In particular, the departments have begun working on the RFP for one of these agreements. Oct 2019: Auditors reviewed the RFP for the Investment Consulting Services for the City's deferred compensation and post-employment plans. The RFP specified the consultant's responsibilities to include "...assisting the City with developing and issuing its own RFP or other solicitation for a separately awarded firm to administer the plans..." as well as other terms describing responsibility for assisting the City in evaluating proposals and negotiating the related contracts.	Implemented	<input checked="" type="checkbox"/>
1B	Human Resources management should work closely with the Purchasing department to ensure that contracts are publicly awarded and extended in accordance with the City's Procurement Code and the contract's terms. Specifically, ensure documentation is retained of the Contract Administrator's analysis and recommendations and the Purchasing Director's concurrence when applicable.	April 2019: Human Resources and Purchasing management reported that they are working together to ensure that the benefit contracts will follow all City requirements, including retaining appropriate procurement documentation. In particular, the departments have begun working on the RFP for one of these agreements. Additionally, the Contract Administrator is using a contract matrix to track and document requirements. Oct 2019: Auditors reviewed a recent RFP and contract and two contract extensions. The HR department worked with Purchasing to follow the applicable requirements.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	Human Resources management should ensure future benefit-related agreements include clearly defined contract services and deliverables, with specific, measurable and time-based descriptions.	April 2019: Human Resources management reported that the Contract Administrator will work with Purchasing on all future benefit-related agreements for their expertise to help define contract services and deliverables with specific and measurable descriptions. Oct 2019: Auditors reviewed the recent RFP and contract for investment consultant services for the City's deferred compensation and post-employment health plans. The RFP listed the consultant's responsibilities, including assisting in developing RFPs or other solicitations, reviewing proposals and providing input on contract development.	Implemented	<input checked="" type="checkbox"/>
1D	Human Resources management should transfer the \$11,750 to the current 457(b) Plan provider to be used for administrative fees.	April 2019: Human Resources management reported that, in consultation with Accounting, rather than transferring the money to the Plan provider, they will directly pay the consultant's invoices up to the \$11,750 total. The first invoice for \$6,237.50 was paid in February. The balance is expected to be paid out in May or June 2019. Oct 2019: Auditors confirmed that the City paid \$5,512.50 to Innovest in May 2019, with the deferred comp administrator paying the rest of the invoice balance.	Implemented	<input checked="" type="checkbox"/>
2	Human Resources management should ensure applicable third-party agreements contain language to reasonably ensure employee PII and PHI is adequately safeguarded.	April 2019: In addition to information stated in the initial response, Human Resources management reported that the investment consultant stated it does not have access to PII or PHI data and it is reviewing other providers to determine if a Business Associate Agreement is needed. Auditors will review upcoming benefit contracts for the PII and PHI related contract language. Oct 2019: Auditors reviewed the new Business Associate Agreement for the Flexible Spending Account provider.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
3A	Human Resources management should ensure staff monitor use of the available Wellness/Health Improvement Fund to maximize employee wellness programs provided each year. In addition, work with the City Treasurer's office to submit the claims and properly direct the resulting reimbursements.	April 2019: Human Resources management reported the Contract Administrator has worked with Accounting to develop a new account number for tracking and a written process to follow. Auditors will review the FY 2018/19 reconciliation and related transactions for the next update. Oct 2019: Auditors reviewed the provided spreadsheet; the recorded amounts totaling \$150,000 differed from the general ledger amounts totaling \$134,500. The reconciliation of these amounts will be reviewed for a future update. April 2020: Benefits staff provided an email from Cigna listing transactions totaling the \$150,000. From this listing, auditors were able to verify the individual payments and expense reimbursements.	Implemented	<input checked="" type="checkbox"/>
3B	Human Resources management should ensure the Contract Administrator maintains organized, complete and easily accessible contract files, including correspondence, conversation notes, issue resolution and other data pertinent to the contract.	April 2019: Human Resources management reported that benefit-related contract files have been created or updated and are secure, including electronic folders to organize correspondence, issue resolutions, notes and other information pertinent to each contract. A contract matrix has been created for each contract to define deliverables, due dates, and other notes. Auditors will review completeness of this documentation for the next update. Oct 2019: Auditors reviewed the contract administration matrix, which listed each applicable contract and specific information on key deliverables, deadlines and document locations.	Implemented	<input checked="" type="checkbox"/>
3C	Human Resources management should ensure access to network folders containing PHI and PII is limited to only those staff with a business need to access the information for their day-to-day job duties.	April 2019: Human Resources management reported that a separate folder was created for the one staff needing access to certain limited benefit-related information. Auditors confirmed her access was adjusted during the audit.	Implemented	<input checked="" type="checkbox"/>
1917	<b>Landfill Recycling Cost Review</b>	Issued:	<b>9/3/2019</b>	
1A	The Public Works Director should not rely on the River Recycling facility financial analysis provided by the subcontractor in May 2019.	March 2020: After consideration of available recycling options, the Public Works Director recommended to the City Council a recycling contract with the City of Phoenix. The City Council approved the new contract as part of the March 17, 2020 consent agenda.	Implemented	<input checked="" type="checkbox"/>
1B	The Public Works Director should require the recycling facility operator to provide complete supporting cost documentation for audit review before agreeing to renegotiate contract terms.	March 2020: After consideration of available recycling options, the Public Works Director recommended to the City Council a recycling contract with the City of Phoenix. The City Council approved the new contract as part of the March 17, 2020 consent agenda.	Implemented	<input checked="" type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1C	The Public Works Director should, if renegotiating the City's recycling contract terms in advance of the agreement's termination date, evaluate whether proposed terms have a proportionate impact on risk distribution between the City and other parties.	March 2020: The Public Works Director did not renegotiate contract terms as the recycling facility was destroyed by fire. After consideration of available recycling options, the Public Works Director recommended to the City Council a recycling contract with the City of Phoenix. The City Council approved the new contract as part of the March 17, 2020 consent agenda.	Not Applicable	<input checked="" type="checkbox"/>
2	The Public Works Director should include the users' proportionate contamination (rejected recycling tons) impact on costs if renegotiating the City's recycling contract terms.	March 2020: The Public Works Director did not renegotiate contract terms as the recycling facility was destroyed by fire. After consideration of available recycling options, the Public Works Director recommended to the City Council a recycling contract with the City of Phoenix. The City Council approved the new contract as part of the March 17, 2020 consent agenda.	Not Applicable	<input checked="" type="checkbox"/>
2005	<b>Facilities Management Contract Administration</b>	Issued:	<b>1/13/2020</b>	
1A	The Facilities Management department management should develop written policies and procedures and provide training to require contract administrators to ensure the billed amounts agree to the contract pricing amount and billed services are authorized and documented in the contract file. Facilities Management should also work with the City Attorney's office to recover all overpayments.		Not Due	<input type="checkbox"/>
1B	The Facilities Management department management should develop written policies and procedures and provide training to require contract administrators to retain the agreed-upon scope of work and pricing quote in the contract file and verify that the work performed matches the agreed-upon scope and the billed amounts match the agreed-upon pricing.		Not Due	<input type="checkbox"/>
2A	The Facilities Management department management should develop policies and procedures and train its contract administrators to document contract requirements and contractor performance measures, monitor contractor performance, and consistently and effectively address performance concerns, including use of potential financial and other penalties when appropriate.		Not Due	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2B	The Facilities Management department management should develop policies and procedures and train its contract administrators to retain documentation in the contract file as required by AR 215, Contract Administration, and as needed based on the applicable contract's terms.		Not Due	<input type="checkbox"/>
3A	The Facilities Management department management should develop written policies and procedures that outline the necessary contract administration documentation to retain in the contract file, train its contract administrators on the City and departmental requirements, and develop a monitoring process to verify the requirements are met.		Not Due	<input type="checkbox"/>
3B	The Facilities Management department management should establish a timely, consistent management review process to verify that contract administration files are complete and accurate.		Not Due	<input type="checkbox"/>
3C	The Facilities Management department management should develop written policies and procedures for prioritization, planning and scheduling its contracted service, maintenance and repair projects.		Not Due	<input type="checkbox"/>
2006	<b>Scottsdale's Museum of the West Contract</b>	Issued:	<b>3/3/2020</b>	
1A	The Contract Administrator should request reimbursement from SMoW Inc. for the City's payments for the administration building utilities and discontinue the City's payments for this building's utilities. In addition, review maintenance work orders periodically to determine whether the items are within the City's responsibility. Further, develop written clarification for other items, such as hot water heater repairs and humidity control system components.		Not Due	<input type="checkbox"/>
1B	The Contract Administrator should work with SMoW Inc. to ensure that all required reports are complete and submitted to the City on a timely basis.		Not Due	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2010	<b>Warehouse Operations</b>	Issued:	<b>10/31/2019</b>	
1A	The Purchasing Director should ensure the Warehouse Manager requires staff handling the inventory transactions to input them directly into SmartStream as they occur to increase accountability and efficiency.	May 2020: The Purchasing Director reported the Warehouse Manager is currently looking at automated inventory systems that update inventories, provide transaction receipts and help manage inventory data. And Warehouse is now providing a copy of the handwritten receipt for the department staff receiving the items. Auditors reviewed transactions and determined that, in the meantime, changes have not yet been made for better transaction entry control.	In Progress	<input type="checkbox"/>
1B	The Purchasing Director should ensure the Warehouse Manager requires staff to issue receipts to assist departments in reviewing supply usage and appropriately document returns and refunds with transaction and requester details for manager approval.	May 2020: The Purchasing Director reported the Warehouse Manager is currently looking at automated inventory systems that update inventories, provide transaction receipts and help manage inventory data. And the Warehouse is now providing a copy of the handwritten receipt for the department staff receiving the items. Policies and procedures have not been updated to require supporting documentation for returns and refunds.	In Progress	<input type="checkbox"/>
1C	The Purchasing Director should ensure the Warehouse Manager adopts policies and procedures to ensure that inventory counts are conducted and documented properly, including documentation of inventory adjustments and management approval.	May 2020: The Purchasing Director reported the Warehouse is now completing full quarterly inventories rather than an annual inventory. Further, written procedures will be developed after an automated inventory system is added. Auditors noted that for the one quarterly inventory completed, no variance adjustments were entered into the system.	In Progress	<input type="checkbox"/>
1D	The Purchasing Director should ensure the Warehouse Manager requires staff to modify the inventory system information so that the item units match the units that are typically issued.	May 2020: The Purchasing Director reported that Warehouse will now be requiring departments to take the entire unit (e.g., box of batteries, case of paper towels) to enhance inventory controls and efficiency. Auditors reviewed the updated units of measure in the inventory system for batteries.	Implemented	<input checked="" type="checkbox"/>



## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2A	The Purchasing Director should ensure the Warehouse Manager obtains documentation of all jewelry that the contracted appraiser has reviewed; implements appropriate segregation of duties including assigning an employee who is not involved with the auctions to serve as an independent asset custodian; uses a dual custody safe to store valuable items; verifies counts and descriptions of surplus IT items when they are received and documents any discrepancies; and documents the source of any additional items that are included in the auctions.	May 2020: The Purchasing Director reported that, with the Police Department's cooperation, documentation of surplus property transfers has improved. Further, the dual custody safe has been implemented, and an auction company that specializes in technology items and other items requiring additional security protocols has been identified for potential use. Auditors noted that the Warehouse has not yet ensured the jewelry appraiser signs off on all items reviewed.	In Progress	<input type="checkbox"/>
2B	The Purchasing Director should ensure the Warehouse Manager maintains an inventory of Fleet vehicles received for auction, records the date on which the vehicles are received by the Warehouse and discontinues the practice of issuing open vehicle titles.	May 2020: The Purchasing Director reported that the department is now tracking vehicles received from Fleet and title handling procedures are being developed. Auditors verified the vehicle inventory tracking sheet includes when the vehicle was received from Fleet.	In Progress	<input type="checkbox"/>
2C	The Purchasing Director should ensure the Warehouse Manager requires buyers to submit appropriate documentation before granting tax-exemptions and appropriately maintains the documentation in Warehouse files.	May 2020: The Warehouse is working to develop an organized process to document tax-exempt certificates from the buyers.	In Progress	<input type="checkbox"/>
2D	The Purchasing Director should ensure the Warehouse Manager modifies the auction terms to note when refunds may be given. In addition, the Warehouse Manager should require any refund request to be submitted in writing and properly documented in accordance with AR 268, Cash Handling.	May 2020: The Purchasing Director reported that modified auction terms have not yet been drafted. They are considering the refund process, including updated terms and conditions, standardized request forms, and updated procedures.	In Progress	<input type="checkbox"/>
2E	The Purchasing Director should ensure the Warehouse Manager takes responsibility for destruction and disposal of all City surplus property as required in City Code, including developing or contracting a method for secure destruction of surplus technology items that cannot be sold and managing the auctions of any unclaimed vehicles released through Police Property & Evidence.	May 2020: The Purchasing Director reported that secure destruction is a consideration for the additional auction service provider. As well, a City IT representative has been included on the cross-department committee formed to examine and approve the controls.	In Progress	<input type="checkbox"/>

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2F	The Purchasing Director should ensure the Warehouse Manager establishes longer hours for buyers to pick up auction items, sets reserve amounts for more valuable items, and requests departments to submit more specific descriptions of auction items.	May 2020: The Purchasing Director noted that the current auction provider highly discourages reserve amounts. However, they will experiment with a few auction items to directly determine the impact. Establishing longer pick-up hours has not been considered viable yet given a staff vacancy, but may be reassessed once staffing returns to normal.	In Progress	<input type="checkbox"/>
3	The Purchasing Director should ensure the Warehouse Manager establishes a method to make City departments aware of available surplus items and maintains an inventory of surplus items as they are received and disposed.	May 2020: The Purchasing Director reported that staff made improvements to the department's Sharepoint site and items are now published for longer periods. Further enhancements are planned to incorporate photos, interest cards and activity tracking to promote continued use of the system. Auditors noted that only 3 items have been posted to the site in 2020.	In Progress	<input checked="" type="checkbox"/>
4A	The Purchasing Director should ensure the Warehouse Manager maintains an inventory of items stored for other departments and annually reviews the inventory with those departments to determine whether the items should continue to be stored, be made available to other departments, or be disposed through the auction.	May 2020: The Purchasing Director reported that a cross-departmental committee was formed to examine the warehousing responsibilities. Policies and procedures have not yet been developed regarding inventory, physical security and access responsibilities.	In Progress	<input type="checkbox"/>
4B	The Purchasing Director should ensure the Warehouse Manager after informing the affected departments, discontinues shipping for other departments unless there are special requirements that can only be handled by Warehouse staff.	May 2020: The Purchasing Director reported that the cross-department committee will be used to consider the priority of shipping services among those provided to internal customers.	In Progress	<input type="checkbox"/>



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Vice Mayor Solange Whitehead

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Sharron Walker, City Auditor

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