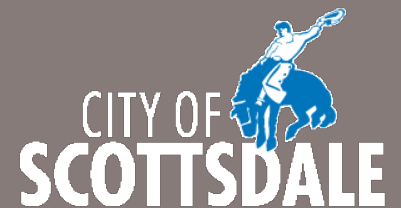


A photograph of a desert landscape featuring several tall, columnar saguaro cacti. A concrete path winds through the cacti. The sky is a mix of blue and pink, suggesting a sunset or sunrise. The image is split vertically, with the left side showing a close-up of the cacti and the right side showing the path and more cacti.

City of Scottsdale Office of the City Auditor

Fiscal Year 2023-2024
Annual Report

October 2024



About Us

In 1988, Scottsdale citizens voted to allow the City Council to appoint an internal auditor to provide an independent review of the City’s accountability for public resources. In 2009, Scottsdale citizens again voted to update and clarify the role of the City Auditor as a charter officer of the City. The City Charter gives the City Auditor authority to conduct financial and performance audits and investigations of all city activities and programs. It also provides the City Auditor free and open access, except as limited by law, to all city records, personnel, facilities, and information necessary to carry out these duties.

Scottsdale’s City Auditor is a Charter Officer of the City. The City Charter gives the City Auditor authority to perform audits, and free and open access to city records, personnel, facilities and information.

Our Mission

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

Values

The City Auditor’s Office adheres to Scottsdale Employees Values.



Accountable Integrity
We are committed to doing what is right and acting with transparency.



Value Diversity
We are a supportive community, and treat everyone with respect, dignity and compassion.



Collaborative Teamwork
We listen, communicate and work together to identify ways to serve others.



Continuous Learning
We grow personally and professionally to reach our fullest potential.



Thoughtful Innovation
We explore and develop unique solutions to challenges we face.



Dedicated Service
We serve everyone professionally, timely and responsively.

Audit Committee

City Code establishes an Audit Committee, a subcommittee of the City Council, consisting of three City Council members appointed by the Mayor with the approval of the City Council. The Audit Committee was established by City Code §2-118 to consult with the City Auditor regarding technical issues, to work to assure maximum coordination between the work of the City Auditor and the needs of the City Manager and the other charter officers, and to perform other duties as required or directed by the City Council.



**Councilwoman Kathy Littlefield,
Committee Chair**



Councilmember Barry Graham



Councilwoman Solange Whitehead

The Audit Committee meets one to two times each quarter. Meetings are open to the public and meeting notice and agendas posted on the City website. The meeting schedule varies at times so please check the [Audit Committee's website](#) or City calendar for upcoming meetings.

Accomplishments

Noteworthy

- 960** audit recommendations issued from 2010 to 2024
- 339** audits completed since 1988
- 244** continuing professional education training hrs in FY 2023/24
- 43** [audit recommendations](#) in FY 2023/24

Dates of Interest

- 1989** [First audit report](#) of the new City Auditor completed
- 2001** First annual [Audit Plan](#) created
- 2015** Knighton Award for [Scottsdale Rd Improvements Phase 1](#) audit
- 2016** Knighton Award for [Destination Marketing Contract](#) audit
- 2019** Knighton Award for [Landfill Recycling Cost Review](#) audit
- 2022** Knighton Award for [Purchasing Card Controls](#) audit
- 2024** [Peer Review](#) (May 2024) - The City Auditor's Office conducts audits in accordance with generally accepted government auditing standards issued by the United States Government Accountability Office. To assure compliance with these standards, the City Auditor has an external peer review completed at least once every three years. The most recent peer review was completed in May 2024 and is available on our website.

Audits

Annually, the City Auditor presents an Audit Plan for the upcoming year to the Audit Committee for review and recommendation, and then to the City Council for review and approval.

FY 2023/24 Overview

Annual Reports

[Follow-up on Status of Audit Recommendations, Audit 2411](#) – This annual review was first implemented in late 2009 and is now required by City Code. This report reviews, assesses and reports on the status of management’s corrective actions taken in response to prior audit recommendations.

[FY 2023/24 Report on the City Auditor’s Integrity Line, Report 2412](#) – This annual report summarizes Integrity Line activity that occurred during the year.

Completed Planned Audits

[FY 2022/23 External Financial/Compliance Audit \(contracted\), Report 2301](#)

The City’s Charter requires the City Council to designate a CPA firm to perform an independent audit of the City’s annual financial statements, with the audit reports to be submitted to the Council. The City Auditor’s office administers the external audit firm’s contract and coordinates reports to the Audit Committee and the Council. These audits include the City’s Comprehensive Annual Financial Report; federally required Single Audit; state-required reports (Annual Expenditure Limitation Report, Highway User Revenue Fund (HURF) compliance); and annual financial reports for the Municipal Property Corporation and Community Facilities Districts.

[City Auditor’s Office External Quality Control Review, CY 2021-2023, Report 2405](#)

Performed on a triennial basis as required by City Charter and Code for compliance with professional auditing standards, this quality control peer review encompassed calendar years 2021–2023. The City received the highest rating (pass), and in full compliance with the Government Auditing Standards.

[E-Verify Compliance FY 2022/23, Audit 2402](#)

Confirmed that selected City contractors are using the federal E-Verify program as required by state law. The City is required by state law to check its contractor compliance.

[Identity and Access Management, Audit 2403](#)

A selected information technology contracted audit using the services of a contracted specialist to evaluate a selected information system, operational area, or contract.

Victim Services, Audit 2305

FINDINGS

- Improvements can be made to ensure victims are timely informed of their rights and notified of court proceedings.
- Additional system controls and automation could improve data reliability and privacy, and opportunities exist to streamline the notification process.

RECOMMENDATIONS

- Work with the Police Department to ensure pre-conviction rights forms are included in reports, and also accept unsigned requests to invoke victim rights.
- Offer web-based options for victims to provide or update contact information and complete other Victim Services forms.
- Work with IT staff to implement system changes that would allow management to routinely verify completion of required services, implement additional data validation controls, and further automate the notification process.
- Evaluate Technology staff's access to privileged victim information. Evaluate Victim Services operations, such as resources, notifications, referrals, and advocacy assistance provided.

Risk Management Services, Audit 2306

FINDINGS

- Identification of safety risk exposures could be improved by formalizing a facility inspection program and more comprehensive reviews of job hazards.
- Improvements to workers' compensation claims processes, emergency planning, and employee engagement could strengthen employee safety programs.
- Data could be leveraged to further assess the effectiveness of safety programs and allocation of resources.

RECOMMENDATIONS

- Adopt a risk-based inspection plan for completing periodic facility safety inspections, provide additional guidance and oversight to departments on monthly inspections, and establish quality reviews for Job Safety Analyses.
- For workers' compensation claims, adopt a structured approach for root cause analysis, verify the completeness of claim number data, and formalize policies and procedures. Also, establish a citywide emergency plan and increase engagement with the City Safety Committee.
- Apply OSHA incident rates by department, identify and monitor workers' compensation claim denial rates, and work with the Police Department on assigning a dedicated safety officer.

City Court Minimum Accounting Standards, Audit 2404

Performed on a triennial basis as required by the AZ Supreme Court, this agreed-upon procedures review is performed in accordance with applicable attestation standards and encompassed years 2021–2023.

FINDINGS

- The City Court complied with Minimum Accounting Standards requirements for the review period of 1/2021 through 12/2023.

Library Operations Management, Audit 2406

FINDINGS

- An increase in hold fulfillment times and returns of lost items are potentially associated to patrons keeping materials longer in the absence of late fees. However, performance metrics to evaluate the results of Fine Free program and other initiatives had not been established and data for assessing the programs is limited.
- Strategies to increase visitors and library use could also improve the Library's revenues and operating budget, and stronger asset management controls are needed to protect library assets.

-
- Further developing its staffing model to include staffing basic operational needs could allow the Library to better evaluate its service efficiency, including its ability to resume its pre-pandemic operating hours.

RECOMMENDATIONS

- Identify key metrics for evaluating program outcomes and work with Library system provider to identify reliable reporting of performance data. Further evaluate the impact of autorenewals.
- Evaluate strategies to increase branch use, improve accountability for removed items, and perform periodic inventories.
- Further develop its staffing model and evaluate optimal branch operating hours.

Bridge Infrastructure Condition Assessment Follow Up, Audit 2407

FINDINGS

- More than half of recent ADOT inspection reports have not been obtained and reviewed; more effective monitoring of inspection results is needed.
- A lack of an asset management program puts small bridges at risk of expensive repairs or replacement.

RECOMMENDATIONS

- Transportation & Streets should establish stronger processes to ensure all ADOT inspection reports are received, reviewed and work orders are created when needed. Additionally, the department should follow-up on deferred work orders and further assess the culvert in poor condition.
- Transportation & Streets should develop procedures for reporting new structures and ensuring accurate structure information.
- Public Works Director work with departments to define roles and responsibilities for non-NBIS asset management.

Looking Ahead: FY 2024/25 Planned Audits

Audits:

Police Equitable Sharing Program Financial Reporting

Scottsdale Arts

Selected Construction Contract

E-Verify Compliance

Selected Information Technology (contracted)

Procurement of Construction Services

SUSD Transportation Program

Fire Department Succession Planning

Investigative Services Case Management

Use of Cooperative Purchasing

Reports:

FY 2023/24 External Financial/Compliance Audit (contracted)

Biennial Certified Audit of Land Use Assumptions (LUA), Infrastructure Improvement Plan (IIP), and Development Impact Fees (DIF) (contracted)

Follow-up on Status of Audit Recommendations

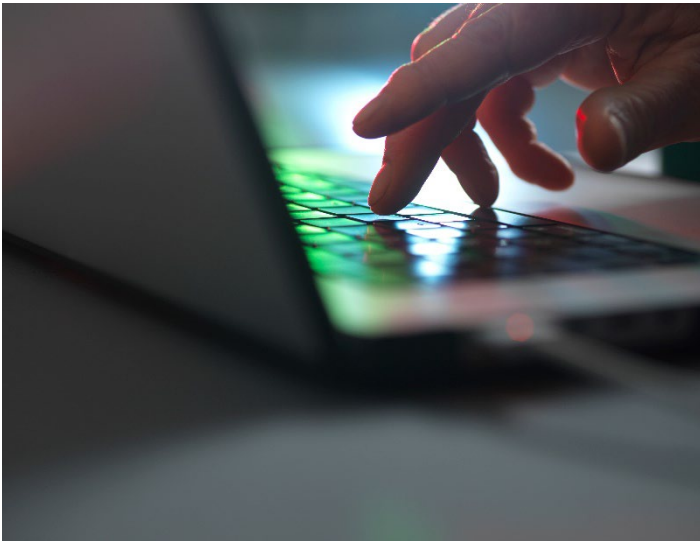
FY 2024/25 Report on the City Auditor's Integrity Line

Limited Review of DC Ranch Maintenance Costs

Integrity Line

In 2014, the City Auditor established the Integrity Line that allows city employees, contractors, and the general public to confidentially report concerns of fraud, waste or abuse involving city resources.

The Integrity Line is not a substitute for the city's established processes for addressing employment-related issues such as discrimination, harassment or personnel matters.



Confidentiality

The extent allowable by law, confidentiality will be maintained for all complaints, associated working papers, and other files.



(480) 312-8348



audit@scottsdaleaz.gov



www.scottsdaleaz.gov/auditor/integrity-line-form

Fraud, Waste & Abuse Examples

Improper Contracting

- Inflated prices
- Kickbacks
- Unperformed services

Waste

- Purchasing supplies, goods, or services at inflated prices
- Making unnecessary purchases

Misuse of City Assets

- Personal use of city equipment
- Personal work on city time

Abuse

- Misusing one's position or authority
- Directing staff to perform personal errands for a supervisor

Theft of City Assets

- Taking money, equipment or other city assets
- False invoices
- Falsifying records, time sheets, or expense claims

Integrity Line concerns must involve city resources such as contracts, programs or assets. Complaint involving private businesses, disputes between individuals, potential fraud related to other government programs not involving Scottsdale, and public safety concerns may be referred to the applicable department or agency.

Sunset Reviews

for Boards & Commissions

The City Auditor supports the Audit Committee in carrying out its Council-assigned duty to periodically review the City's boards and commissions. Through these "sunset reviews", the Audit Committee considers the ongoing continuation of boards and commissions based on whether the board or commission is serving its intended purpose, whether the purpose should be maintained or modified, and whether the purpose of the board or commission has been served or is no longer required.

To facilitate the Audit Committee's review, the City Auditor collects relevant information such as the board and commission Annual Reports. These reports provide a look back at the prior year as well as a forward-looking perspective on the board or commission's upcoming year. Additionally, this is an opportunity to provide key issues that the City Council should be aware of related to the board or commission.

FY 2023/24 Sunset Reviews

- Parks & Recreation Commission
- McDowell Sonoran Preserve Commission
- Development Review Board
- Planning Commission
- Neighborhood Advisory Commission
- Library Board

FY 2024/25 Sunset Reviews

- Building Advisory Board of Appeals
- Board of Adjustment
- Environmental Advisory Commission
- Historic Preservation Commission
- Human Relations Commission



Meet Our Team

Lai Cluff, Acting City Auditor – Lai was appointed Acting City Auditor in December 2022. She brings to the position many years of professional auditing. She joined the City Auditor’s Office in 2012 after more than six years at the Arizona Office of the Auditor General. There, she worked in the Division of School Audits conducting performance audits of school districts throughout the state. Lai received a bachelor’s degree in economics and accountancy from Arizona State University and is a Certified Internal Auditor (CIA).



*Travis Attkisson, Shelby Trimaloff, Lai Cluff,
Elizabeth Brandt, Mel Merrill*

Travis Attkisson, Senior Auditor – Travis joined the City Auditor’s Office in 2022. During nearly ten years with the Arizona Office of the Auditor General, Travis worked on the State’s Single Audit and the audit of the State’s Annual Comprehensive Financial Report, as well as various other local government financial audits. Travis received a bachelor’s degree in accounting from Brigham Young University Idaho and a master’s in accounting degree from the University of Utah.

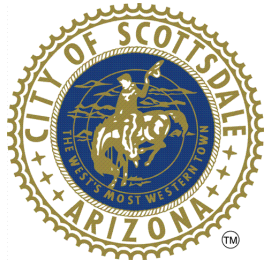
Elizabeth Brandt, Senior Auditor – Elizabeth joined the team in 2021 with more than fifteen years’ experience auditing in the public and private sector. Elizabeth has conducted performance, financial, Single Audit, and SOX compliance audits, as well as performed consulting and project management activities. Elizabeth graduated from Arizona State University with a bachelor’s degree in accounting, and has CIA, CGAP and CPM certifications.

Mel Merrill, Senior Auditor – Mel joined the City Auditor’s Office in 2023.

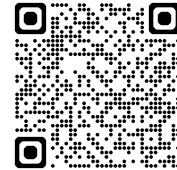
Mel brings more than 17 years of government financial auditing experience, previously working at the Arizona Office of the Auditor General. Mel has experience auditing counties, community colleges and university financial statements and federal compliance. Mel has a bachelor’s degree in accounting from Arizona State University.

Shelby Trimaloff, Executive Assistant to the City Auditor – Shelby joined the City Auditor’s Office in 2018. She is an Arizona native who grew up in Tempe, attended Arizona State University, and has lived in Scottsdale for more than 25 years. Before joining the City, she enjoyed a long career as an executive assistant in commercial property management, government relations, non-profit organizations, and the waste industry for a local Fortune 500 corporation.

Contact and Connect



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View our **audit reports** at www.ScottsdaleAZ.gov/Auditor/Audit-Reports

