

City of Scottsdale

Office of the City Auditor

Fiscal Year

2024-2025

Annual Report

November 2025



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.

Our Mission

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

Audit Committee

Scottsdale 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.

The Audit Committee meets quarterly, or more often as needed. Meetings are open to the public and meeting notice and agendas are posted on the City website. The meeting schedule varies so please check the [Audit Committee's website](#) or the [City event calendar](#) for meeting information.



Councilwoman
Maryann McAllen, Chair



Councilman
Barry Graham



Councilwoman
Solange Whitehead

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. Since joining the City Auditor's Office in 2012, Lai has conducted audits across a wide range of city programs. Prior to joining the city, Lai was an auditor with Arizona Office of the Auditor General for more than 6 years. 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, Senior Auditor

Travis joined the City Auditor's Office in 2022. Before joining our team, he worked 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 from the University of Utah. Travis is a Certified Information Systems Auditor (CISA).

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.

Mandi Bradley, Auditor

Mandi joined the team in December 2024. Prior to joining the city, Mandi worked at the Arizona Department of Revenue as a Financial Investigator for more than five years working on Income Tax, Transaction Privilege Tax, and Withholding Tax investigations, and collaborated with other City, State, and Federal agencies on joint financial investigations. Mandi graduated with a bachelor's degree in behavioral science from Western International University and has the CFE and CFCI certifications.

Shelby Trimaloff, Executive Assistant to the City Auditor

Shelby joined the City Auditor's Office in 2018. She is a native Arizonan who grew up in Tempe and has lived in Scottsdale for more than 25 years. Before joining the City, she enjoyed a long career as an executive assistant in industries including government relations, non-profit associations, and in the waste industry for a local Fortune 500 corporation.



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

By the Numbers



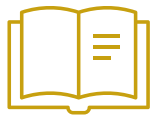
2,007

audit recommendations since 1988



audit recommendations issued in FY 24/25

369



audit reports completed since 1988



248

combined continuing professional education training hours in FY 24/25

7

average number of recommendations per audit

amount of potential savings and/or revenue that have been identified by City audits over 37 years

\$24M

75+ Yrs

Combined professional auditing experience on staff



Award-Winning Audits

We have received national awards for our audit work. The Association of Local Government Auditors (ALGA)'s Knighton Award recognizes the best performance audit reports of the year in peer shops of similar size. Some of our past Knighton Awards include:

Purchasing Card Controls, Audit 2205

Landfill Recycling Cost Review, Audit 1917

Destination Marketing Contract, Audit 1705

Scottsdale Road Improvements, Phase 1, Audit 1509

Audit Process

During the audit process, auditors gain familiarity with the program, plan the work to be performed, conduct tests and observations, discuss the results with management, and draft the audit report. To initiate the audit, the City Auditor’s Office sends an Audit Start letter to management and City Council to communicate the planned audit objective(s), the assigned auditors, the anticipated timeline and the scheduled Audit Committee meeting date when the report will be presented.



Audit Report Process



Preliminary Survey

During the Preliminary Survey phase, the auditor gains familiarity with the program being audited through reviewing documentation, interviewing staff, and observing processes and facilities. The department shares the program’s goals and objectives, standards and measures, results, recent changes, and other relevant information with the auditors. As part of this preliminary phase, the auditor also identifies risks that are inherent to the program being audited and, through inquiries and observations, the internal controls that are in place to address those risks.

Internal control, sometimes referred to as management control, is an important concept in auditing. Internal control is defined in Government Auditing Standards as “the plan, policies, methods, and procedures adopted by management to meet its missions, goals, and objectives.” In short, internal controls are the measures used by management to ensure the desired outcomes. It’s important during this phase of the audit for the department to communicate how the program is managed and controlled.

Fieldwork

During this phase, auditors conduct tests based on the identified risks and controls related to the audit objectives. Planned tests may be modified or deleted as additional information becomes known. As tests are completed, the auditors ask questions to validate the results and identify any supplemental information. Audit conclusions are being formed during this phase of the audit. This is the time for management questions about test results and providing any additional relevant information.

Reporting

When Fieldwork is completed, auditors draft and send a written audit report to management and other involved parties, such as Finance and Accounting. Except for unusual circumstances, auditor observations and results will be shared with management throughout the audit. The report structure is guided by Government Auditing Standards. The draft report is not a public record yet; it formalizes the audit results into a written report for review and management response. After responses are incorporated, the final public report goes to the Audit Committee and City Council.

Audit Reports

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

FY 2024/25 Completed Audits and Reports

E-Verify Compliance, Audit 2505

Required by AZ law, this regularly scheduled audit to verify whether selected City contractors and their sub-contractors are using the E-Verify program to verify employment eligibility of those working on City contracts.

FINDING OVERVIEW

- Of the 9 contractors and subcontractors reviewed, we found 5 had not fully complied with the requirement to use E-Verify. For the identified noncompliance, the contractor has been notified. City contract administrators and the Purchasing department have also been notified and will follow up to confirm ongoing compliance. Three contractors and subcontractors that were not previously enrolled in E-Verify are now registered and indicated they would be using the system going forward.

TGTF Construction Project Management, Audit 2204

This audit of the Thomas Groundwater Treatment Facility construction project management was included in the Council-approved Audit Plan as part of our routinely scheduled audits of construction projects. The audit objective was to review contract administration, compliance, and cost-effectiveness.

FINDINGS OVERVIEW

- Insufficient evaluation of the GMP proposal and monitoring of subcontract selection results increased the risk of paying higher construction costs.
- Contract language for payment terms are too broad, allowing terms to be decided informally. Payment terms need to be evaluated for cost-benefit.
- Internal controls over invoice payment and change orders are inadequate, increasing the risk of errors including budget overruns and duplicate payments. Implementing construction management software could help.
- Delays, final inspections, and facility commissioning were not adequately documented, potentially leading to higher costs for the City.

Scottsdale Arts, Audit 2410

Evaluate contract compliance, effectiveness, and administration of the Management Services Agreement with Scottsdale Arts.

FINDINGS OVERVIEW

- Maximizing event programming and rental of city-owned facilities can help decrease reliance on City funding and increase events available to the Scottsdale community.
- Improvements to contract clarity and performance expectations to better measure achievement of contract objectives.
- Reporting of financial and performance reporting could be improved and monitoring of deliverables completion is needed.

Police Equitable Sharing Program Financial Reporting, Audit 2415

This audit was requested by the Scottsdale Police Department to assist with verifying unresolved differences in fund balances and meeting federal reporting requirements. The audit evaluated the effectiveness of controls over the reporting of federal forfeiture funds, including the accuracy and completeness of the reported amounts.

FINDINGS OVERVIEW

- Past ESAC reports have not accurately reflected the funds' balances, revenues, and expenditures. Improved controls are needed to prevent future errors.
- Separately accounting for each federal program's activity, as required by the Equitable Sharing Program, would help ensure more accurate reporting.

DC Ranch CFD: Proposed Maintenance Fee, Report 2502

This review was requested by the City Manager on behalf of the DC Ranch Community Facility District. This engagement was completed as a limited review to evaluate the reasonableness of proposed maintenance fee to be funded by the District.

FINDINGS OVERVIEW

- Clarifications to the maintenance areas are needed: Assumptions about paths and trails maintenance areas were inaccurate, and Market Street Park is not part of the District's existing public infrastructure.
- Proposed base labor rates are similar to a City maintenance worker's pay, but the services levels are higher than required by the approved Maintenance Guidelines.

Mark43 Application Controls, Audit 2503

This audit evaluated whether IT general and application controls within the Mark43 application are designed, implemented, and operating effectively to provide reasonable assurance of security, availability, and processing integrity, as well as compliance with related CJIS requirements.

FINDINGS OVERVIEW

- Stronger user access controls should be implemented to ensure security of the Mark43 application and data.

SUSD Transportation, Audit 2508

The audit assessed the operational efficiency and effectiveness of the District's transportation program pursuant to an Intergovernmental Agreement between the Scottsdale Unified School District No. 48 and the City of Scottsdale.

FINDINGS OVERVIEW

- Properly sizing the bus fleet, further evaluating route efficiency, and formalizing maintenance policies would improve the effectiveness of the transportation program.
- Improvements to contract monitoring practices are needed.
- Driver retention appears to improve, additional recruitment efforts are needed to reach operational goals.

External Financial/Compliance Audit FY 2024/25 (contracted), Report 2501

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

Biennial Certified Audit LUA, IIP, and Development Fees, Report 2504

Performed on a biennial basis, Arizona Revised Statutes requires an external review of the City's land use assumptions (LUA), infrastructure improvements plan (IIP) and development impact fees. The City's applicable activity relates to its Water and Wastewater utilities. This report covered FY 2022/23 and FY 2023/24.

Annual Reports

Follow-up on Status of Audit Recommendations FY 2024/25, Audit 2509

This annual review is required by Scottsdale City Code. This report reviews, assesses and reports on the status of management's corrective actions taken in response to prior audit recommendations.

Report on the City Auditor's Integrity Line FY 2024/25, Report 2510

This annual report summarizes Integrity Line activity that occurred during the year.

Looking Ahead: FY 2025/26 Planned Audits

Planned Audit Topics	Preliminary Objectives	Audit Area
Procurement of Construction Services	Evaluate controls over and effectiveness of procurement processes for construction services.	Purchasing, Transportation & Infrastructure
Fire Dept Staffing and Succession Planning	Review the effectiveness of the Fire Department’s succession planning, including staffing, recruitment, and training strategies.	Fire Department
External Financial Compliance Audit FY 2024/25 (Contracted)	The City’s Annual External Comprehensive Financial Report (Contracted; federally and state-required reports.)	Accounting, Finance, Budget
Fleet Maintenance	Evaluate the effectiveness and efficiency of fleet vehicle maintenance practices.	Fleet Management
Technology Asset Management	Evaluate controls over information technology asset management, throughout the asset’s life cycle. May include review of internal service rates for PC Replacement.	Information Technology
Recruitment and Hiring Practices	Review recruitment, hiring and onboard processes for effectiveness and compliance with applicable policies and regulations.	Human Resources
Selected Information Technology Audit (Contracted)	Using services of a contracted specialist, evaluate a selected information system, operational area, or contract.	IT and/or selected department
E-Verify Compliance	For selected contractors, confirm compliance with the use of the federal E-Verify program, as required by state law.	Purchasing, citywide
Facility Projects Management	To evaluate the effectiveness of processes and controls over the management of city facility projects.	Facilities Management
Selected Financial Controls	Review the effectiveness of selected financial controls. Specific controls to be audited will be determined after initial risk assessment and coordination with the external financial auditors.	City Treasurer’s Office, Accounting
Cash Handling Controls	Review cash handling processes and controls for effectiveness and compliance with related Administrative Regulations.	Citywide departments, Accounting

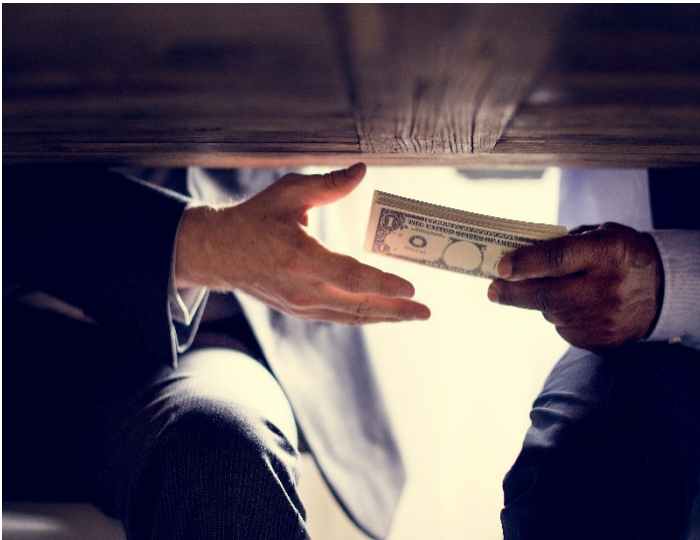
ANNUAL REPORTS

Follow-up on Status of Audit Recommendations	Status of management’s corrective actions taken for prior audit recommendations. Review is required by City Code.	various
City Auditor’s Integrity Line	Investigate tips that are received related to potential fraud, waste or abuse of City resources and annually report on the results.	various

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

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

Hotline: (480) 312-8348

Email: audit@scottsdaleaz.gov

Web: 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. Complaints 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.

City of Scottsdale Boards & Commissions

Sunset Reviews

In 2011, the City Council adopted Resolution No. 8823, authorizing the City Auditor support the Audit Committee in periodically reviewing 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. Finally, the Audit Committee's recommendation goes to City Council for approval.

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.

Sunset Reviews completed during FY 2024/25

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

Contact and Connect



City of Scottsdale City Auditor's Office

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