



## City of Goodyear

See meeting location  
below

### Meeting Minutes

#### City Council Subcommittee: Audit

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Monday, December 2, 2019

3:30 PM

Municipal Court and Council Chambers  
14455 W. Van Buren St  
Goodyear, AZ

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#### **CALL TO ORDER**

Finance Director Doug Sandstrom called the meeting to order at 3:35 p.m.

#### **ROLL CALL**

**Present:** 3 - Councilmember Pizzillo, Councilmember Lauritano and Councilmember Hampton

Staff Present: Deputy City Manager Dan Cotterman, Finance Director Doug Sandstrom, Financial Services Manager Jared Askelson, Accounting Supervisor Christen Wilcox, Management Assistant Amie Gressett, Accountant James Williamson and Assistant to the Council John Raeder

#### **CITIZENS COMMENTS/ APPEARANCES FROM THE FLOOR**

None.

#### **OLD BUSINESS**

None.

#### **NEW BUSINESS**

1. Discussion of Fiscal Year 2019 Independent Audit

Financial Services Manager Jared Askelson provided a presentation handout and introduced auditors McKay Hall and Crimson Singleton from HintonBurdick PLLC.

2. Reporting on Audit Issues and Input from Audit Committee provided at July 8, 2019 meeting

- A. Review of procurement card policy and uses
- B. Review of public safety overtime, approvals and policies
- C. Review of cash handling controls
- D. Inventory review
- E. Review of development agreement waivers

Askelson reminded committee members that the Annual Financial Review (CAFR) and report must be conducted per generally accepted accounting principles and independent auditing standards.

The auditors gave a brief overview of the audit process and expressed that the audit ran smoothly and

all documentation was easily provided electronically by staff.

Councilmember Pizzillo:

**How deep do the auditors get into looking at cyber- security controls and system hacking?**

Hall responded that they do not look deeply into the area of cyber- security as it is more of an Information Technology (IT) function and is not required as part of the auditing standards above taking a general look at internal controls.

Councilmember Pizzillo:

**Proposing the question to Sandstrom, is this an area that as an Organization we should have IT periodically taking a look at from a controls standpoint?**

Sandstrom will relay the councilmembers question to our IT Director, however individual employee access has been restricted during the new financial system implementation based upon employee roles and job requirements.

Councilmember Lauritano:

**Has the implementation of the new financial system had any changes in the way we are conducting audits or impact on the audit findings?**

Hall replied the new system has provided more segregation of duties and allowed for stricter access which has helped in the segregation of duties.

Sandstrom and Askelson discussed one of the areas the new system has provided improvement on is within the approvals process. No new vendors can be added without going through specified approval levels. The additional oversight now in place within the system helps prevent fraudulent acts such as setting up fake vendor accounts in the system, issuing payment on fake invoices or changing bank account information for fraudulent direct deposits. Askelson also explained that all the information related to payment such as receipts for invoices are electronically attached within the new system and can be easily accessed and verified.

The auditors reviewed each of the following areas staff and Councilmembers previously noted as areas of concern:

**A. Review of procurement card policy and uses: No issues were noted.**

The following were focal points for the auditors:

- Receipts
- Proper Approvals

Councilmember Pizzillo:

**Are we currently auditing for partial receipts?**

Auditors did not see partial receipts.

Askelson noted that we are currently reviewing 100% of p-card reconciliations and in the rare occasion an employee cannot provide a proper receipt, a memo is required. Askelson noted that eventually we will gradually reduce internal auditing to 25% due to the abundance of time it takes to audit 100% of the p-cards.

**B. Review of public safety overtime, approvals and policies: No issues were noted.**

The following were focal points for the auditors:

-Sample of public safety overtime requests were taken and matched to approvals and pay.

**C. Review of cash handling controls: no issues were noted.**

The following were focal points for the auditors:

- Narratives were provided by staff so the auditors were able to review cash handling procedures
- Sample walk through transactions were done with cashiers in Utility Billing and Courts

**D. Inventory review: No issues were noted other than a few minor items that did not make it on the inventory list but raised no major concerns.**

The following were focal points for the auditors:

- Inventory counts

**E. Review of development agreement waivers: No issues were noted other than some credits from a previous year.**

The following were focal points for the auditors:

- Requested/review the development agreements for the year
- Pulled the information in the system related to the impact fee and development fees and compared them to the agreements.

3. Discussion of Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR)

Askelson discussed new GASB statements 83 and 88 that took effect for implementation this year. Statement 83 refers to asset retirement obligations. The city does not currently have any obligations which fall under this statement. Statement 88 refers to disclosures on direct borrowing. The city currently has 11 direct bank loans which are reported in accordance with this statement; (three (3) City and eight (8) Community Facility District (CFD)). These are bank loans not bonds, which is noted in the Financial Statement.

Government-wide net position has increased. Funds included in fund balance have been identified as non-spendable, restricted, committed, assigned or unassigned; unassigned funds are excess funds within the City's financial position and will be available for allocation by council in the budget process.

**INFORMATION ITEMS**

None.

**NEXT MEETING**

The next meeting was not scheduled at this time.

**ADJOURNMENT**

There being no further business to discuss, Finance Director Sandstrom adjourned the meeting at 4:18 p.m.

Respectfully Submitted by:

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Amie Gressett, Management Assistant

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Doug Sandstrom, Finance Director

Date: \_\_\_\_\_