



Minutes

City of Tempe Audit Committee

February 23, 2023

Minutes of the Tempe Audit Committee meeting held on Thursday, February 23, 2023 at 2:00 p.m. via Microsoft Teams.

(MEMBERS) Present:

Andrew Ching, Chair

Tom Duensing

Councilmember Doreen Garlid

Ben Rieck

Keely Hitt

(MEMBERS) Absent:

Councilmember Berdetta Hodge

Greg Hill

City Staff Present:

Keith Burke, Deputy City Manager

Bill Greene, City Auditor – Staff Liaison

Angela Hill, Internal Auditor

Diana Storino, Senior Internal Auditor

Lisette Camacho, Financial Services Director

Cepand Alizadeh, City Council Aide II+

Madalaine McConville, City Council Aide

Guests Present:

Brittney Williams, HeinfeldMeech

Chair Ching called the meeting to order at 2:01 p.m.

Agenda Item 1 – Public Appearances

Mr. Greene stated that no members of the public were in attendance and no written comments were received via email.

Agenda Item 2 – Approval of Meeting Minutes

Chair Andrew Ching called on committee members to review the minutes from the December 9, 2022 committee meeting. There were no revisions proposed.

Motion to Approve Minutes: Councilmember Garlid

Motion Seconded: Tom Duensing

Vote: Unanimous vote to Approve

Agenda Item 3 – External Auditor Update

Tom Duensing introduced Lisette Camacho, Financial Services Director, who discussed the required timeline for the external auditor to present to City Council and the need to have an earlier Audit Committee Meeting. Lisette Camacho then introduced Brittney Williams, Partner, HeinfeldMeech who presented information on the schedule of findings and questioned costs, the “clean” opinion issued for the Annual Comprehensive Financial Report (ACFR) dated 12/20/22, the Highway User Revenue Fund (HURF) Report issued 12/20/22, and other upcoming reporting deadlines.

Ben Rieck asked what additional opinion work is needed for the reports due at the end of March. Ms. Williams explained there is an accountant report that goes with the expenditure limitation report but there are no other audit opinions that will be issued. Ms. Williams explained that any reports that note deficiencies will be discussed with the committee.

Keely Hitt asked what non-audit services were provided to the City by HeinfeldMeech. Ms. Williams explained that non-audit services related to data collection and submission of reports to the federal audit clearinghouse. HeinfeldMeech assists the City with this process. City management reviews this process and HeinfeldMeech does the final submission. This was the only non-audit service provided to the City by HeinfeldMeech.

Councilmember Garlid thanked Ms. Williams for her explanations for the work performed and asked if she had any opinions on areas of improvement for the City. Ms. Williams explained that they typically issue a separate management letter that identifies areas for improvement. In the past, they have issued a letter to the City, but this year no items were identified that rose to the level of a management letter. Areas she noted this year were related to Finance staffing vacancies and GASB 87 implementation, but management is aware of these issues.

Keely Hitt asked if it was reasonable to expect that there will be less GASB issues with the next audit. Ms. Williams explained that GASB has already issued 96 additional standards for 2023 so it could be difficult. Other significant changes in standards are also expected in the next five years to the Annual Comprehensive Financial Report (ACFR) process.

Tom Duensing mentioned GASB 87 and GASB 96 are big challenges expected for the next few years.

Ms. Williams stated HeinfeldMeech will provide several trainings to try to assist in these areas.

Mr. Ching thanked Ms. Williams for her work and stated he looks forward to the presentation to Council.

Agenda Item 4 – Internal Audit Office Update

City Auditor Greene presented the status of the current Request for Proposal (RFP) for an IT Audit firm and mentioning the formation of an evaluation committee and the large volume of responses to the RFP that were received. Mr. Greene also discussed the initial estimated timeframe for project completion and current projections toward completion after firm selection. An update on selection status and the IT Audit Plan will be provided to the Audit Committee at the next meeting.

Keely Hitt mentioned 13 firms was higher than she expected. Mr. Greene agreed and said he was very pleased with the level of interest in this work.

Mr. Greene also provided an update on the Internal Audit Office vacancy, ongoing recruitment efforts and the upcoming Annual Audit Risk Assessment process.

Agenda Item 5– Future Agenda Items

Chair Andrew Ching called for future agenda items for the next meeting. None were suggested.

Agenda Item 6 - Adjournment

Chair Andrew Ching adjourned the meeting at 2:33 pm