



City Council Weekly Information Packet

Friday, July 16, 2021

Includes the following documents/information:

- 1) City Council Events Schedule
- 2) Final Reports
- 3) Together Tempe Branding
- 4) Community Development Activity Report July 2021
- 5) Engineering & Transportation Department Update



City Council Events Schedule

July 16, 2021 thru September 29, 2021

The Mayor and City Council have been invited to attend various community meetings and public and private events at which a quorum of the City Council may be present. The Council will not be conducting city business, nor will any legal action be taken. This is an event only and not a public meeting. A list of the community meetings and public and private events along with the schedules, dates, times, and locations is attached. Organizers may require a rsvp or fee.

DAY	DATE	TIME	EVENT
Tue	Aug 3	9:00 a.m. - 10:00 a.m.	Ribbon Cutting for Westin Tempe Location: Westin Tempe in downtown Tempe 11 E. 7th St. Tempe, AZ
Fri	Sept 17	9:00 a.m. - 10:00 a.m.	Omni Hotel & Conference Center Groundbreaking Location: Southeast Corner of Mill & University 7 E. University Dr. Tempe, AZ
Fri	Sept 17	7:00 p.m. - 8:00 p.m.	2021 Tardeada Private Reception Location: Tempe History Museum 809 E. Southern Avenue Tempe, AZ
Wed	Sept 29	5:30 p.m. - 9:00 p.m.	Save the Date: 38th Annual Don Carlos Humanitarian Awards Location: Hybrid In-Person/Virtual Event

07/16/2021 EF



Memorandum

TO: Mayor and City Council

FROM: Bill Greene, City Auditor

DATE: July 16, 2021

SUBJECT: FINAL REPORTS

Attached are the final reports issued for the following engagements:

- Decentralized Accounts Receivable Audit – Part 1
- Ambulance Billing Audit
- IT Asset Inventory Audit
- Limited Review – Compost Yard Cash Handling

Copies of these reports will also be posted to the Internal Audit Office website.

We appreciate the cooperation of all the City staff during these projects. Please contact me if you have any questions about our results.



Memorandum

TO: Keith Burke, Community Services Director
Marilyn DeRosa, Engineering and Transportation Director

THRU: Bill Greene, City Auditor (X8982)

FROM: Keith Smith, Sr. Internal Auditor (X8416)

CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Rosa Inchausti, Deputy City Manager
Shawn Wagner, Deputy Community Services Director – Park and Recreation

DATE: June 28, 2021

SUBJECT: FINAL REPORT: Accounts Receivable Part 1 (Transit and Community Services)

Attached is our final report on the subject audit. Copies of this report will be distributed to the mayor and council and posted to the Internal Audit Office website.

Thank you and your staff for your cooperation during this project.

Accounts Receivable – Part 1 (Transit & Community Services)

June 28, 2021

Project Team:

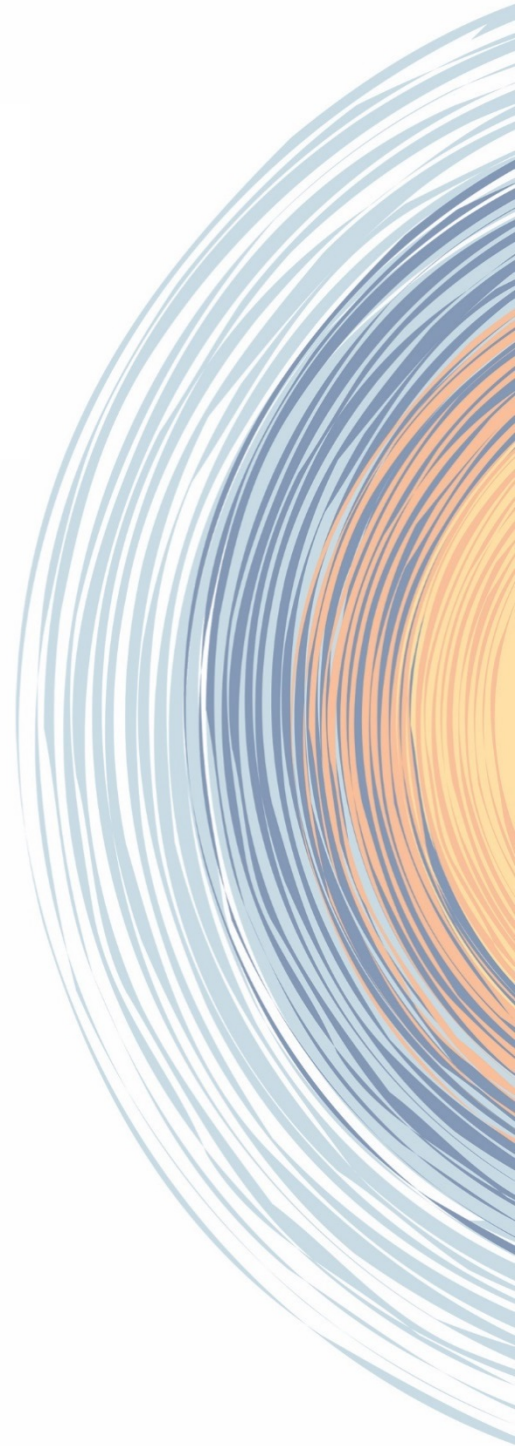
Bill Greene, City Auditor
Keith Smith, Sr. Auditor

Mission Statement

To enhance and protect organizational value by providing high-quality, objective, risk-based audit and consulting services to assist the City in accomplishing strategic priorities, goals, and objectives.



20 E. 6th Street, 2nd Floor | Tempe, AZ 85281 | 480-350-8982



Executive Summary

Purpose

We audited the fiscal year end 2020 Accounts Receivable balances for Transit Special Revenue and Community Services. For Transit Special Revenue, we verified if the accounts receivable balance reported in the City's annual financial report was properly supported by documentation. For Community Services, we verified if:

- a sample of individual clients' accounts receivable balances agreed to supporting documentation;
- account adjustment practices were properly controlled;
- collections and write off processes included adequate control procedures.

Background

Accounts Receivable, in simple terms, is money owed to the City by its debtors. The City's total governmental fund accounts receivable, as reported in the annual financial statement of June 30, 2020, was \$8,048,795. Of that total, this audit report (Part 1 of our audit) focused on the following:

Transit Special Revenue AR	\$1,149,339
Community Services/Activenet AR	\$363,686

The City also reported \$14,297,144 in account receivable in proprietary funds. In Part 2 of our audit (to be issued in a separate report) we will focus on Water/Wastewater and Solid Waste's portion of that fund's accounts receivable, totaling about \$12.5M.

We coordinated our work on this audit with the City's external audit firm to ensure that our audit focused on areas not covered during their audits, thus avoiding duplication of effort.

Results in Brief

1. Transit Special Revenue

Documentation provided to IAO adequately supported the accounts receivable balance recorded in the City's financial statements. Grant and contract documentation, along with checks and cash receipts, were reviewed and matched to the accounts receivable amounts recorded on the City's financial statements.

2. Community Services/Activenet AR

Formal policies governing many aspects of the accounts receivable process need to be developed and/or updated to strengthen internal controls. Some client account balances are over three years old, were not forwarded to collection for potential recovery, and have not been written off. Additionally, controls over account balance adjustments should include supervisory review or approval.

Recommendations

Our detailed report includes recommendations to further strengthen controls related to Accounts Receivable in the areas audited.

Department Responses to Recommendations

<p>Rec. 2.1: Management should consider whether to continue to allow partial payment arrangements. If allowed, develop a policy that requires, at a minimum, written payment arrangements acknowledged by the client detailing the amount owed, dates and amounts of payments due. Management should also consider preventing customers from booking additional reservations until payment in full is received from previous, unpaid reservations.</p>	
<p>Response: The use of payment plans will only occur in limited circumstances and should be determined by the Coordinator responsible for the activity or facility and their Supervisor/Manager</p> <ul style="list-style-type: none"> • Payment plans will only be issued by staff with supervisor approval • Payment plans for activity registration, large group ramada reservations, and on-going field and facility reservations may be placed on a payment plan with clearly defined requirements and customer acknowledgement for when payments are due. • Ramada reservations (neighborhood ramadas and Kiwanis Ramadas 1-15) should not be placed on payment plans. Amount owed should be paid at the time of the reservation. • Large group and corporate reservations as well as on-going facility reservations may be placed on payment plans with a clearly defined requirement and customer acknowledgement of payment due dates. <p>Additional information regarding payment plans can be found in the Monitoring ACTIVE Net Unpaid Balances protocols.</p> <p>Please note the target date accounts for needed staff training timeline.</p> <p>Responsible contacts: Josh Bell and Kelly Rafferty</p>	<p><u>Target Date:</u> 9/5/2021</p>
<p><u>Explanation, Target Date > 90 Days:</u> N/A</p>	
<p>Rec. 2.2: Coordinate with the City Controller to formalize and implement department policies that address the monitoring accounts receivable, collection of outstanding balances, and the write-off of stale debt.</p>	
<p>Response: Recreation Services staff have worked with staff from Internal Audit and Accounting to update and refine existing collection procedures. Coordinators and their Supervisor/Manager will be responsible for reviewing their account receivables (AR) report monthly. In addition, the ACTIVE Net Coordinator will review the AR report monthly with their Manager. If there are any outstanding balances not being actively addressed, the Deputy Community Services Director: Parks and Recreation will be notified, and appropriate action will be taken.</p>	<p><u>Target Date:</u> 9/5/2021</p>

The following is a summary of the updated protocols.

1-30 Days Past Due

- Review & verify customer account information to confirm unpaid balance is accurate
- Update account, permits, etc., if correction needed
- Communicate unpaid balance to customer via phone & e-mail; get customer acknowledgement
- Place an alert on customer account re: unpaid balance; payment is owed before any new transactions can be processed

31-60 Days Past Due

- Review customer account information and send first formal collections communication
- Payment due within 20 business days

61-90 Days Past Due

- Review customer account information and send second & final formal collections communication
- Payment due within 10 business days
- Inform customer this is final communication; unpaid balance will be sent to collections agency if payment is not received

90+ Days Past Due

- Connect with ACTIVE Net Coordinator to submit unpaid balance to collections
- Coordinator overseeing unpaid balance should suspend customer's ACTIVE Net account and put an alert on account re: suspension

These collection procedures also identify the process for reconciling unpaid balance and bad debit write off prior to the fiscal year completion, which involves additional coordination with Accounting and the responsible Coordinator as well as their Supervisor/Manager.

Additional information regarding accounts receivable and collection procedures can be found in the Monitoring of ACTIVE Net Unpaid Balances and Collection Procedures for Recreation protocols.

Please note the target date accounts for needed staff training timeline.

Responsible contacts: Josh Bell and Kelly Rafferty

Explanation, Target Date > 90 Days: N/A

Rec. 2.3: Ensure that outstanding accounts are sent to the contracted collection agency when appropriate and include related procedures in written policy.

Response: Recreation Services staff have updated their collection procedures and monitoring of unpaid balances protocols. If there is

Target Date:
9/5/2021

a need to send an unpaid balance to the City's contracted collection agency, the ACTIVE Net Coordinator will work with the responsible Coordinator and their Supervisor/Manager to submit.

A collections process for the unpaid balance has been established with the collection agency. The agency will provide a monthly report on the status of their collection attempts. If a collection is successful, the agency will send payment to the Recreation Services ACTIVE Net Coordinator and they will in turn follow up with the respective Coordinator and supervisor to reconcile the unpaid balance and address the account status. If a customer wants to pay off the balance that exists on their suspended account after it has been sent to collections, they will be referred to the ACTIVE Net Coordinator.

Sending an unpaid balance to a collection agency is the last resort and all attempts will be made to avoid sending the unpaid balance to collections. Ultimately, we want to maintain a positive relationship with the customer that continues into the future so it is vital to establish clear communication of payment deadlines right away with the customer and ensure customer transaction records are accurate to avoid any errors or accounting issues.

Additional information regarding accounts receivable and collection procedures can be found in the Monitoring of ACTIVE Net Unpaid Balances and Collection Procedures for Recreation protocols.

Please note the target date accounts for needed staff training timeline.

Responsible contacts: Josh Bell and Kelly Rafferty

Explanation, Target Date > 90 Days: N/A

Rec. 2.4: Work with the Controller to write off the \$171,036 in accounts receivable that has been outstanding in excess of three years if it confirmed that the City is prevented by law from collecting these funds. Otherwise, collections efforts should be attempted.

Response: Approximately 70% of the amount listed above is attributed to the previous software responsible for managing recreation services business operations, CLASS. When transitioning from CLASS to the current business operations management system, ACTIVE Net, there were account balances that were not transitioned or were transitioned but not removed from CLASS. This resulted in duplicate postings to the City's general ledger. Unfortunately, this error was not identified until the recent audit. The remaining 30% is attributed to unpaid balances on accounts that were not collected and are no longer eligible to be collected by law.

Target Date:
6/30/2021

<p>Recreation Services staff are working with Accounting staff to ensure that the amounts identified by Internal Audit are appropriately written off to a bad debt account. All eligible unpaid balances will be forwarded to the City's collection agency. Recreation Services and Accounting staff are collaboratively working to update the Recreation Services accounts receivable, collection, and bad debt protocols.</p> <p>Responsible contacts: Josh Bell and Kelly Rafferty</p>	
<p><i>Explanation, Target Date > 90 Days: N/A</i></p>	
<p>Rec. 2.5: Modify ACTIVE Net account access profiles for front desk staff to prevent the ability to delete or adjust fees or reconfigure system workflow to only allow adjustments with corresponding supervisory approval.</p>	
<p>Response: The ACTIVE Net Coordinator is working the Recreation Services Leadership team to identify the functions required for part time temporary frontline staff working at the customer service desk. Additional ACTIVE Net profiles will be created to ensure there is continuity in customer service while prescribing to appropriate accounting protocols including restrictions on adjusting or deleting fees without supervisor approval.</p> <p>Please note the target date accounts for needed staff training timeline.</p> <p>Responsible contacts: Josh Bell and Kelly Rafferty</p>	<p><u>Target Date:</u> 9/5/2021</p>
<p><i>Explanation, Target Date > 90 Days: N/A</i></p>	

1 – Transit Special Revenue Accounts Receivable

Background

The accounts receivable balance in the City's FY2020 financial statement relating to Transit Special Revenue was \$1,149,339. This balance includes three items:

Purpose	Amount
Accrue ASU's contribution to the FLASH and ORBIT bus system operations	\$653,044
Accrue Local Transportation Assistance Fund (AZ Lottery) LTAF grant contribution to ORBIT bus system operations	\$477,202
Accrue transit-related cash receipts received in July and August 2020	\$19,093

The top two transactions were for funds owed to the City in FY2020 but not received until shortly after FY2021 began. This resulted in the City recording an accounts receivable balance in FY2020 since the funds were not received by June 30th, then reversing the transaction in FY2021 once funds were received and deposited. The third item, which was not audited due to the immaterial amount, was for other various transit-related funds owed to the City in FY 2020 but received and deposited after the June 30th cut-off.

Approach

For the two accrual transactions related to bus operations, the IAO reviewed supporting documentation such as the written agreement with ASU, the grant documents from the LTAF, checks received by the City, and cash receipt documents showing deposits into cost centers.

Results

The transactions reviewed that comprised the FY2020 accounts receivable for Transit Special Revenue demonstrated that amounts were properly supported.

No issues or discrepancies were noted when reviewing documentation supporting the transactions or comparing receivable amounts.

Recommendation

None. For information only.

2 – Community Services Accounts Receivable

Background

The accounts receivable balance on the City's FY2020 financial statement relating to Community Services totaled \$363,686. This balance includes two accounts:

Purpose	Amount
Community Services	\$117,704
Activenet	\$245,982

The Community Services account receivable balance has been carried forward on the financial statements since FY2017 from the previous CLASS (now replaced) registration system and is uncollectable (see Results below). The Activenet balance represents the balance due from accounts in the current registration system.

Approach

IAO audited three areas of accounts receivable in Community Services:

- Account Balance verification
- Monitoring receivables including collections and write-offs
- Account adjustment process

IAO reviewed documentation in the registration/reservation system that supported the balances reported for a sample of accounts (both organizational and individual accounts). For collections and write-offs and account adjustment process, IAO reviewed any written policies and procedures available and assessed whether effective controls were in place over each process. The account adjustment process was reviewed to determine which staff were granted system authority to make account balance adjustments and whether there was supervisory approval or review of adjustments.

Results

The account balances we reviewed were supported by documentation in the registration/reservation system; however, some organizations were allowed payment plans that are not documented in writing which causes difficulty with tracking payment amounts and due dates. No policies exist that address such payment arrangements, introducing the risk of inconsistent business practices.

We selected a sample of accounts for review from the March 21, 2021 aging report from Activenet. Individual accounts with balances in excess of \$1,000 and organizational accounts in excess of \$5,000 were selected for review. This resulted in 7 accounts totaling \$66,455 (39% of dollars) reviewed (of a total of \$169,711). We reviewed these accounts to determine if the amount listed on the Activenet aging report was supported

by the receivables balance in Activenet and the account invoices/reservation permits. No issues or exceptions were noted with balances reported. During our review, we identified some organizations with hundreds of individual field reservations that resulted in larger balances due (e.g., little leagues and other youth sports leagues). Fields are booked in four-month increments (May-Aug, Sept-Dec, and Jan-Apr). Most organizations pay up front. However, some with large balances are asked by staff to pay half up front and make payments for the remainder of the balance. These payment agreements are made verbally between the organizations and community service staff and not documented in writing. Without a policy requiring written agreements, it is difficult for both parties to track and enforce payment arrangements, amounts, and deadlines and ensure consistency among the various organizations.

Accounts receivable monitoring, collections, and write-off policies are outdated; some are still in draft form and are not being followed. This results in inconsistent processing and collection of funds due to the City.

A general Community Service accounts receivable policy has been in draft form since 2018 but not updated and isn't complete. Also, the Kiwanis Recreation Center has a policy specific to that area. Staff stated that the policies are outdated, in draft form, and are not currently being followed.

Outstanding accounts are not monitored and are not sent to the contracted collection agency which increases the likelihood that these funds will become uncollectible.

There is no process or policy in place for monitoring outstanding account balances and staff was unaware of the collection agency contracted for use by City departments. IAO contacted Accounting and Community Services was subsequently provided with contact information for the collection agency and provided some direction on collection arrangement options.

\$171,036 in receivables have been outstanding over three years and should be written off if the City is prevented by law from collecting. Including stale debt in accounts receivable also overstates the reported balance in the City's financial statements.

According to the City's Controller, ARS 12-543 does not allow debt over three years to be collected. IAO noted two instances where debts accumulated in excess of three years in Community Services.

IAO discovered \$117,704 in accounts receivable on the books from the previous registration system in Community Services called CLASS. This amount has been carried over on the financial statements since 2017. No collection attempts were made and the accounts were not migrated to the new Activenet system. In addition, based on aging reports and additional analysis by the Controller, \$53,332 in accounts receivable from Activenet is also over three years old.

Activenet account access profiles for the front desk staff provide authority for staff to adjust or delete fees without Recreation Coordinator approval. This allows staff to make unsupported adjustments to account balances.

Various account profiles have been established in Activenet to provide levels of access to the system to perform needed functions. According to informal procedures, front desk staff should obtain supervisory approval for any deletion or adjustment of fees. However, their system access profile allows them to perform these functions without supervisory intervention or review.

Recommendations

2.1 Management should consider whether to continue to allow partial payment arrangements. If allowed, develop a policy that requires, at a minimum, written payment arrangements acknowledged by the client detailing the amount owed, dates and amounts of payments due. Management should also consider preventing customers from booking additional reservations until payment in full is received from previous, unpaid reservations.

2.2 Coordinate with the City Controller to formalize and implement department policies that address the monitoring accounts receivable, collection of outstanding balances, and write off of stale debt.

2.3 Ensure that outstanding accounts are sent to the contracted collection agency when appropriate and include related procedures in written policy.

2.4 Work with the Controller to write off the \$171,036 in accounts receivable that has been outstanding in excess of three years if it is confirmed that the City is prevented by law from collecting these funds. Otherwise, collections efforts should be attempted.

2.5 Modify Activenet account access profiles for front desk staff to prevent the ability to delete or adjust fees or reconfigure system workflow to only allow adjustments with corresponding supervisory approval.

Scope and Methods

Scope

This audit covered Transit Special Revenue and Community Services accounts receivable balances as reported in the City's financial statements for FY 2020.

Methods

We used the following methods to complete this audit:

- Interviewed staff to gather information on current policies and practices related to accounts receivable collections, write-offs, and account adjustments.
- Reviewed supporting documentation for account receivable balances
- Reconciled accounts receivable balances reported on the City's financial statements to appropriate supporting documentation

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.



Memorandum

TO: Greg Ruiz, Fire Chief

THRU: Bill Greene, City Auditor (X8982)

FROM: Angela Hill, Internal Auditor I (X8866)

CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Rosa Inchausti, Deputy City Manager
Darrell Duty, Assistant Fire Chief
Brandon Ramsey, Emergency Medical Transportation Supervisor
Adam Williams, Fire Budget and Finance Supervisor

DATE: June 29, 2021

SUBJECT: FINAL REPORT: Ambulance Billing Audit Report

Attached is our final report on the subject audit. Copies of this report will be distributed to the mayor and council and posted to the Internal Audit Office website.

Thank you and your staff for your cooperation during this project.

Ambulance Billing Audit

June 29, 2021

Project Team:

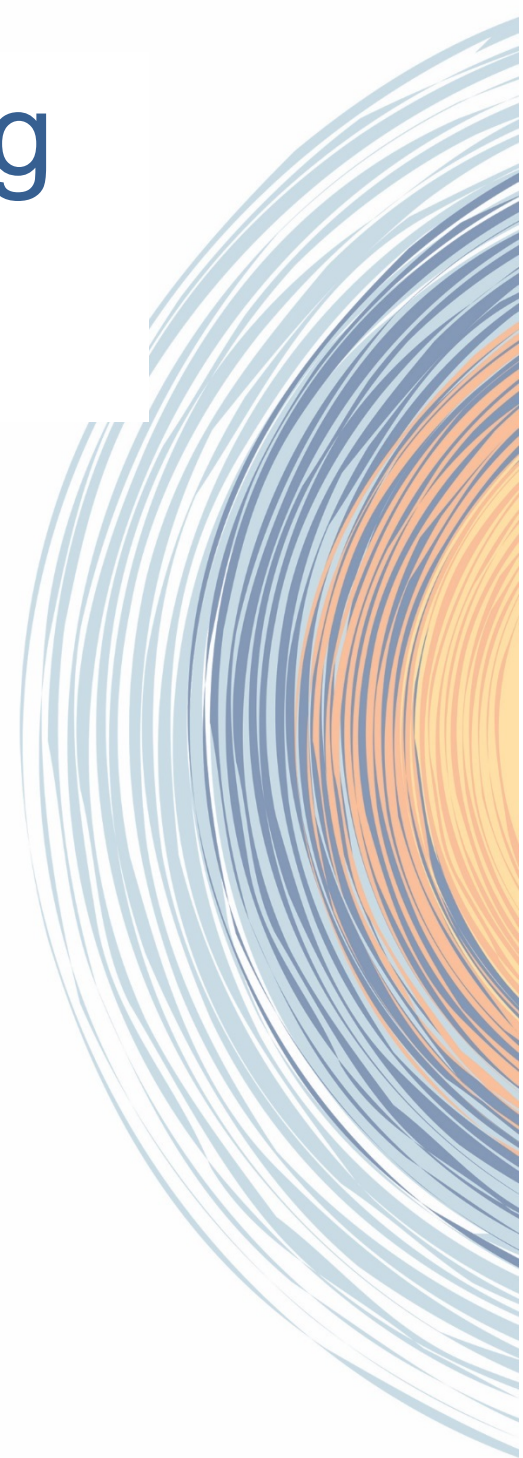
Bill Greene, City Auditor
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Mission Statement

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20 E. 6th Street, 2nd Floor | Tempe, AZ 85281 | 480-350-8982



Executive Summary

Purpose

The Internal Audit Office (IAO) reviewed the Tempe Fire Medical Rescue Department Ambulance Billing Program to determine if fees for services were completely and accurately billed and recorded, controls are in place to ensure consistent and secure processes, and procedures are adequate to monitor contractor performance.

Background

Tempe Fire Medical Rescue Department (TFMRD) was granted a Certificate of Necessity to operate an ambulance service and establish general public rates for service in May of 2016. Prior to receiving the certificate, TFMRD contracted with American Medical Response (AMR) to provide emergency transportation services.

In 2017, TFMRD executed a contract with EMS Management & Consultants, Inc. (EMS MC), a third-party billing service, to provide emergency transportation (ambulance) medical billing services. EMS MC currently provides emergency transport billing services for four ambulance units operated by TFMRD. American Medical Response currently provides transportation services for an additional two units.

The ambulance program generates an average of 7,900 transports annually and generated approximately \$4 million in revenue for fiscal year 2019/2020. TFMRD plans to continue to increase ambulance operations and fully operate all of the units, in accordance with the Certificate of Necessity.

Results in Brief

1. For the transactions we tested, ambulance transports were completely and accurately recorded and the billing system contained consistent supporting documentation overall. However, from April 2019 through October 2019, EMS MC erroneously billed at an outdated rate before being alerted by a TFMRD employee of the error, which resulted in an estimated reduced revenue collection of approximately \$28,000. TFMRD staff subsequently implemented new practices to update rates timely that should be documented in written procedures. During audit testing, we also identified potential discrepancies in billing rates for over 200 transports. Additional follow-up with EMS MC is needed to verify that transports are consistently billed at rates appropriate for the level of service provided (i.e. Advanced Life Support vs. Basic Life Support).
2. Additional control improvements are needed to help ensure consistent processing of ambulance billings. For example, implementation of a written policy governing the issuance of hardship billing adjustments is needed to make sure account adjustments are uniformly executed and documented. In addition, bank

account reconciliations should be performed on a consistent basis to detect potential fraud or accounting errors.

3. Currently, EMS MC contract monitoring is completed by multiple employees without formal coordination or a standard process. Audit testing showed EMS MC adhered to primary contract requirements; however, implementation of a formal monitoring process is an important tool to aid in evaluating contractor performance on an ongoing basis.

Recommendations

Our detailed audit report includes recommendations to address policy development and implementation, items for follow-up with the EMS MC, and improvements to current business processes.

Department Responses to Recommendations

Rec. 1.1: Document current process that establishes responsibility for updating approved AZDHS ground ambulance service rates timely.	
Response: Tempe Fire Medical Rescue Department (TFMRD) agrees with the recommendation and has documented the process for updating approved AZDHS ground ambulance service rates in the form of an official department policy and procedure.	<u>Target Date:</u> Complete
Explanation, Target Date > 90 Days: NA	
Rec. 1.2: Conduct follow-up with EMS MC to: <ul style="list-style-type: none"> • Review EMS MC's rate evaluation criteria and policies. • Determine if Tempe Fire Medical Rescue policy/practice needs revision to ensure appropriate information is provided for EMS MC to correctly apply the appropriate transport rates. • Review the 227 audit exceptions identified to determine if accounts were billed accurately based on the level of skill required for the transport. 	
Response: TFMRD has reviewed whether the billing contractor is using Arizona guidelines to bill correctly and have concluded that they have been billed correctly since the beginning of the program. Review of this is done continuously by the Emergency Medical Transportation Supervisor. After a sample review of the exception report provided by Internal Audit, TFMRD has concluded the 227 audit exceptions were billed appropriately. TFMRD will continue to follow the processes currently in place for auditing accounts.	<u>Target Date:</u> Complete
Explanation, Target Date > 90 Days: NA	
Rec. 2.1: Complete and implement the written hardship adjustment policy and maintain associated supporting documentation.	
Response: TFMRD has had a formal hardship policy since 2017 and has continued to update this policy when needed.	<u>Target Date:</u> Complete
Explanation, Target Date > 90 Days: NA	
Rec. 2.2: Request EMS MC to develop a written refund and recoupment policy and review accounts to evaluate compliance.	
Response: TFMRD has requested EMS MC to provide an update on this policy.	<u>Target Date:</u> Complete

Explanation, Target Date > 90 Days: NA

Rec. 3.1: Develop a formal system and to monitor EMS MC contract deliverables and assign staff responsible for ongoing execution of the monitoring process.

Response: TFMRD is developing a monitoring process which will be completed by the Emergency Medical Transportation Supervisor.

Target Date:
09-30-21

Explanation, Target Date > 90 Days: NA

Rec. 4.1: Develop a reconciliation schedule and policy and begin performing regular reconciliations to ensure receivables are accurately captured and deposited.

Response: TFMRD agrees with the recommendation and will develop a policy and procedure for performing regular reconciliations.

Target Date:
10-29-2021

Explanation, Target Date > 90 Days: The target date has been selected to allow sufficient time to conduct research for industry best practices, methodologies and efficiencies including the development of a substantially automated approach to conducting reconciliations.

Rec. 4.2 Research audit exceptions identified to ensure that payments were posted to accounts to resolve discrepancies.

Response: TFMRD agrees with the recommendation and will resolve outstanding discrepancies identified by the audit exceptions.

Target Date:
09-30-21

Explanation, Target Date > 90 Days: NA

1 – Ambulance Billing Services

Background

Tempe Fire Medical Rescue Department (TFMRD) was granted a Certificate of Necessity to operate an ambulance service and establish general public rates for service in May of 2016. Prior to receiving the certificate, TFMRD contracted with American Medical Response (AMR) to provide emergency transportation services. In 2017, TFMRD executed a contract with EMS Management & Consultants, Inc. (EMS MC), a third-party billing service to provide emergency transportation (ambulance) medical billing services. The ambulance program generates an average of 7,900 transports annually and earned approximately \$4 million in revenue fiscal year 2019/2020.

EMS MC currently provides emergency transport billing services for four units operated by TFMRD, while AMR still operates two ambulances. For this audit, we focused on the contract with EMS MC and its billing activities based on the higher current fiscal impact and future progression toward making EMS MC responsible for more transport billing services.

Approach

We judgmentally reviewed 40 Electronic Patient Care Records (EPCR) with transport dates from July 2019 through June 2020. To determine if ambulance transports were completely and accurately recorded and invoiced, we:

- Reviewed Tempe Fire Medical Rescue Department policies, contracts and regulations pertinent to ground ambulance transportation;
- For FY 19/20, reconciled the City Phoenix Computer Aided Dispatch (CAD) records for TFMRD's EMS calls to ImageTrend data to verify if all transports were recorded;
- Conducted a risk assessment and tested a sample of EPCR transports and patient records from FY 19/20 to verify correct billing rates, record status, and submission for billing;
- Interviewed staff and flowcharted business operations;
- Reviewed Arizona Department of Health Services ground ambulance service rate schedules.

Results

Overall, the sample of transports reviewed were all submitted for billing, maintained consistent documentation, and were appropriately closed and locked for revisions.

Internal Audit staff reviewed a sample of 40 transports from July 2019 through June 2020 to evaluate patient records and status. The records reviewed are stored in the patient care registry system called ImageTrend, which is used by staff to collect patient information for emergency medical services. We assessed the sample records and confirmed they were all assessed for completeness review, closed and placed into a “locked” status in ImageTrend for editing, submitted to EMS MC for billing, and contained appropriate supporting documentation. The sample of transports reviewed overall met criteria of records ready to bill. In addition, City of Phoenix CAD dispatch records for EMS calls for FY 19/20 matched EMS transport record data in TFMRD’s ImageTrend system with minor exceptions.

For a period of approximately six months between April 2019 and October 2019 EMSMC was not made aware TFMRD ground ambulance rates increased in April of 2019 and as a result billed at outdated, lower rates for that period of time which resulted in estimated reduced revenue collections of approximately \$28,000. Policy is needed to formalize the process for updating AZDHS ground ambulance transport rates timely to ensure accurate billing.

The Internal Audit Office (IAO) reviewed a sample of 40 transport records to verify accurate ground ambulance transport rates were applied to each patient account. During our evaluation, we noted 23 of 40 transport records sampled from FY 19/20 were billed at the prior year AZDHS ground ambulance transport rate (effective April 2018). The rates for basic life support, advanced life support, mileage, and standby waiting were all increased effective April of 2019. During the audit process TFMRD staff discussed the outdated billing rates with IAO staff.

While TFMRD was aware its ground ambulance rates increased in April of 2019, EMS MC was not made aware of the rate increases until October of 2019 when notified by a TFMRD employee. Upon notification of the 2019 rate increases, EMSMC immediately updated the billing rates. IAO staff confirmed rate increase updates have occurred timely since October of 2019. Delayed implementation of the rate increases resulted in estimated reduced revenue collections of approximately \$28,000. The table below shows the difference in the rates which contributed to the estimated reduction in collections.

Effective Year	ALS	BLS	Mileage	Standby
2018	\$952.81	\$848.73	\$19.75	\$212.18
2019	\$965.67	\$860.19	\$20.02	\$215.04
Increase in rates	\$12.86	\$11.46	\$0.27	\$2.86

We reviewed email correspondence between TFMRD and the contractor discussing rate adjustments. TFMRD staff provided emails from when rates were last increased in April of 2020 which are representative of new practices that were implemented to ensure rates are updated timely; however, this process is not formalized in the contract or written procedures. The development of a written procedure is important to ensure

accurate billing in the event of staff turnover and also promotes a clear understanding of responsibilities between TFMRD and EMS MC.

Additional follow-up with EMSMC is needed to ensure that transports are consistently billed at rates appropriate for the level of service provided and to determine whether audit exceptions noted were billed at the correct rate.

At the request of the IAO, TFMRD staff generated a query from the EMSight charge type detail report to evaluate supplies used on transports compared to the transport service level designation by EMS MC. This was requested to determine if transports that require a higher level of skills and supplies were adequately billed for the level of service. The Arizona Scope of Practice Skills identified in the Bureau of EMS & Trauma System Statutes and Rules handbook outlines the skills required to determine the level of service. The query of transports for FY 19/20 resulted in 227 potential transport service level discrepancies. In these instances, it is possible that skills used for advanced life support (ALS) level service may have been incorrectly billed at a basic life support (BLS) transport rate.

IAO staff met with the EMS MC account manager to review a selection of billing exceptions and discuss the rate assignment process. Common reasons for the 227 noted exceptions were IV and EKG use, which are considered criteria to bill at an ALS rate. Our review of discrepancies with the account manager resulted in two primary conclusions.

- 1) According to the EMS MC account manager, if medication is not administered through the IV, EMS MC does categorize the transaction as an ALS transport. According to the manager, the use of an IV for a saline lock does not demonstrate the skills required for ALS transport.
- 2) If there is no interpretation of EKG heart rhythm on the patient chart, EMS MC does not bill as an ALS transport. The account manager indicated the charting information provided by TFMRD was not sufficient to substantiate medical necessity because heart rhythm interpretation was not included.

When asked for supporting documentation of the criteria and policy used by EMS MC to determine the appropriate billing rate (ALS v. BLS), EMS MC initially informed IAO staff that this information could not be provided because it was considered proprietary. After the conclusion of our audit fieldwork, EMS MC subsequently provided written billing criteria to TFMRD staff at their request. TFMRD also confirmed the EMS MC criteria aligned with the Arizona Scope of Practice Skills. Additional follow up on audit exceptions is also needed to verify they were correctly billed. If transports are identified that lacked specific documentation for EMS MC to bill appropriately, additional training of TFMRD staff may be required.

Recommendations

1.1 Document current process that establishes responsibility for updating approved AZDHS ground ambulance service rates timely.

1.2 Conduct follow-up with EMS MC to:

- Review EMS MC's rate evaluation criteria and policies.
- Determine if Tempe Fire Medical Rescue policy/practice needs revision to ensure appropriate information is provided for EMS MC to correctly apply the appropriate transport rates.
- Review the 227 audit exceptions identified to determine if accounts were billed accurately based on the level of skill required for the transport.

2 – Account Adjustments

Background

Account adjustments are made to reduce the amount owed on patient accounts, process refunds, and recoupments. TFMRD issues needs-based hardship adjustments on accounts based on requests submitted by the patient or advocate. For fiscal year 2019/2020, 110 hardship adjustments were made totaling \$24,294.59.

Approach

To evaluate account adjustments and ensure adequate controls over processes we:

- Reviewed written policy for hardship adjustments;
- Met with EMS MC and TFMRD staff to discuss processes for adjustments, refunds, and recoupments.

Results

The policy for hardship adjustments is in development.

TFMRD issues adjustments to reduce the amount billed on patient accounts due to financial hardship. When an adjustment is requested, TFMRD staff meet and review the account for approval. If approved, an adjustment request is issued to EMS MC and applied to the patient account. When we requested to review the hardship adjustment policy, we were told the written policy was in development. The development of policy and maintenance of supporting documentation to validate adjustments is important to ensure consistent account evaluation and oversight of adjustments. Ensuring controls are in place for the process aids in preventing fraud and confirming consistent application of policies.

EMS MC was unable to provide written policies governing refund and recoupment account adjustments. As a result, we were unable to determine if account adjustments adhered to policy.

IAO requested refund and recoupment policies from EMS MC to evaluate a sample of transactions for adherence to policy. EMS MC was initially unwilling to provide the requested documentation and stated the information could not be provided because it is proprietary. After additional follow up, TFMRD staff obtained narratives from EMS MC governing this process but confirmed no other written policy documents were available. Without written policies, IAO was unable to confirm account adjustment transactions adhered to policy.

Recommendations

- 2.1 Complete and implement the written hardship adjustment policy and maintain associated supporting documentation.
- 2.2 Request EMS MC to develop a written refund and recoupment policy from and review accounts to evaluate compliance.

3 – Contract Compliance

Background

Tempe Fire Medical Rescue Department initiated a contract with EMS Management & Consultants, Inc. in 2017 to provide emergency transportation (ambulance) medical billing services. The contract with EMS MC provides online access to reporting, patient accounts, and the ability to review patient or trip information with detailed claim status through the client portal EMSight. The portal also provides summary and detail level data of daily, weekly and monthly reports with accounting of billing and collections. EMSight was used to evaluate contract deliverables in addition to City of Tempe Procurement resources for insurance requirements.

Approach

To evaluate contract compliance and adequacy of contract monitoring we:

- Reviewed the EMS MC contract to identify key actionable contract provisions and deliverables;
- Selected a sample of ambulance transports to evaluate credit card processing fees and submission to insurance;
- Reviewed a selection of collection accounts to determine invoice issuance prior to collections status;
- Conducted testing in EmSight to determine if insurance requirements, processing fees, reports and meetings, and issuance to insurance and collections adhered to contract specifications;
- Interviewed TFMRD staff to evaluate responsibilities for contract monitoring.

Results

Based on our sample of FY 2019/2020 evaluation criteria reviewed, EMS MC adhered to primary contract requirements.

We reviewed a sample of 40 patient accounts, EMS MC reports, and insurance requirements from FY 2019/2020 to determine if certain contract components were met. Our evaluation of the evidence showed that all contract requirements tested were met (see following table).

Contract Provision	Compliance?
Contract insurance requirement	Yes
Credit card processing fees	Yes
Submission to insurance	Yes
3 invoices prior to collections	Yes
Monthly EMS MC meetings	Yes
EMS MC reporting	Yes
Management Fee	Yes

The development of a formal contract monitoring process is needed to ensure that contract agreements are met.

IAO reviewed patient accounts, insurance requirements, and EMS MC reports to determine compliance with the EMS MC contract. Information for the identified test areas required gathering information from EmSight and Power BI (the online Procurement contract system.) Based on observations and our interviews with staff and contract component evaluation, we concluded that responsibility to collect information, monitor contract deliverables and document overall compliance with the EMS MC contract is not formally assigned. Current monitoring of the contract, when conducted, is completed by multiple employees without formal coordination or a standard process. Ensuring that the contract agreements are adhered to and communication on status is essential to program administration. A TFMRD employee should be identified and assigned primary responsibility to monitor contract compliance. Monitoring of contract deliverables is a control needed for program oversight and contract evaluation. Confirming that the contract is executed as intended is necessary to evaluate contractor performance.

Recommendations

- 3.1 Develop a formal system and to monitor EMS MC contract deliverables and assign staff responsible for ongoing execution of the monitoring process.

4 – Reconciliation

Background

Tempe Fire Medical Rescue Department ambulance billing services generated approximately \$4 million in revenue for fiscal year 2019/2020 and executes approximately 7,900 transports annually. EMS MC charges a management fee of 3.95% for emergency transportation (ambulance) medical billing services.

Approach

To review the monitoring and reconciliation of ambulance revenue, and determine if there are controls in place to detect and prevent fraud, we:

- Interviewed staff and flowcharted business operations;
- Reviewed bank statements, EMSMC reporting, GL reporting, and prior reconciliations;
- Performed a reconciliation of December 2020 account statement.

Results

Although TFMRD performs routine account monitoring activities, regular reconciliations are not conducted. Performing consistent account reconciliations helps to detect potential fraud and identify accounting errors.

Upon inquiry with TFMRD Budget and Finance Supervisor, reconciliations were initially performed at the beginning of the EMS MC contract but subsequently discontinued. Currently, TFRMD regularly reconciles physical checks received at Fire Administration and resolves payment verification issues with the contractor. TFMRD provided email correspondence with the contractor that demonstrated communication about payment discrepancies and reversals; however, this does not replace the need for a formal reconciliation of funds collected to funds received from the contractor. Regular reconciliations are an important control function over an accounts receivable process.

Our reconciliation of the TFMRD bank account to EMS MC payment portal for December 2020 resulted in a discrepancy of approximately \$16,000. Fifteen deposits to the TMFRD bank account from December 2020 were unable to be settled to EMSMC payment summary including a daily batch deposit which may have prevented patient account from being updated to reflect the payments.

IAO received the December 2020 bank statement, detailed payment information from EMS MC through the online portal EMSight, and access to the lockbox for payment processing. We reviewed the documentation and attempted to reconcile the bank account for December 2020. After review of the documentation, we were unable to locate fifteen deposits to the bank account. EMS MC was contacted on January 11, 2021 by TFMRD staff to report the missing lockbox deposit and this issue was

corrected. The remaining payments IAO was unable to locate were sent to TMFRD staff to reconcile.

Payment type	Discrepancy	Transactions
Bank deposit (lockbox)	\$1,659.31	1
EFT (ACH) payment	\$14,766.80	14
Total	\$16, 426.11	15

The inability to locate payments in EMSight signifies that the City collected the payment revenue but there is a risk that payments may not have been posted to patient accounts. Not posting payments can potentially have negative outcomes for patients. Failure to make payment on accounts or set up payment plans could potentially send accounts to collections causing undue complications for patients and negative perception for City business practices.

Recommendations

- 4.1 Develop a reconciliation schedule and policy and begin performing regular reconciliations to ensure receivables are accurately captured and deposited.
- 4.2 Research audit exceptions identified to ensure that payments were posted to accounts to resolve discrepancies.

Scope and Methods

Scope

IAO reviewed ambulance transports that occurred between July 2019 through June 2020, Valley Collection Services account records from fiscal year 2020, EMS MC contract, and bank account statements from November 2020 through January 2021.

Methods

We used the following methods to complete this audit:

- Interviewed TFMRD and EMS MC staff to determine processes and policies for the ambulance billing program;
- Reviewed Tempe Fire Medical Rescue Department policies, contracts and regulations pertinent to ground ambulance transportation;
- Conducted a risk assessment and tested a sample of EPCR transports and patient records from FY 19/20;
- Reviewed Arizona Department of Health Services ground ambulance service rate schedules;
- Reviewed the EMS MC contract to identify key actionable contract provisions and deliverables;
- Reviewed bank statements, EMSMC reporting, GL reporting, and prior reconciliations to perform a reconciliation.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.



Memorandum

TO: Mark Wittenburg, Information Technology Director

THRU: Bill Greene, City Auditor (X8982)

FROM: Diana Storino (X8997)

CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Rosa Inchausti, Deputy City Manager

DATE: June 30, 2021

SUBJECT: FINAL REPORT: IT Asset Inventory Audit

Attached is our final report on the subject audit. Copies of this report will be distributed to the mayor and council and posted to the Internal Audit Office website.

Thank you and your staff for your cooperation during this project.

IT Asset Inventory Audit

June 30, 2021

Project Team:

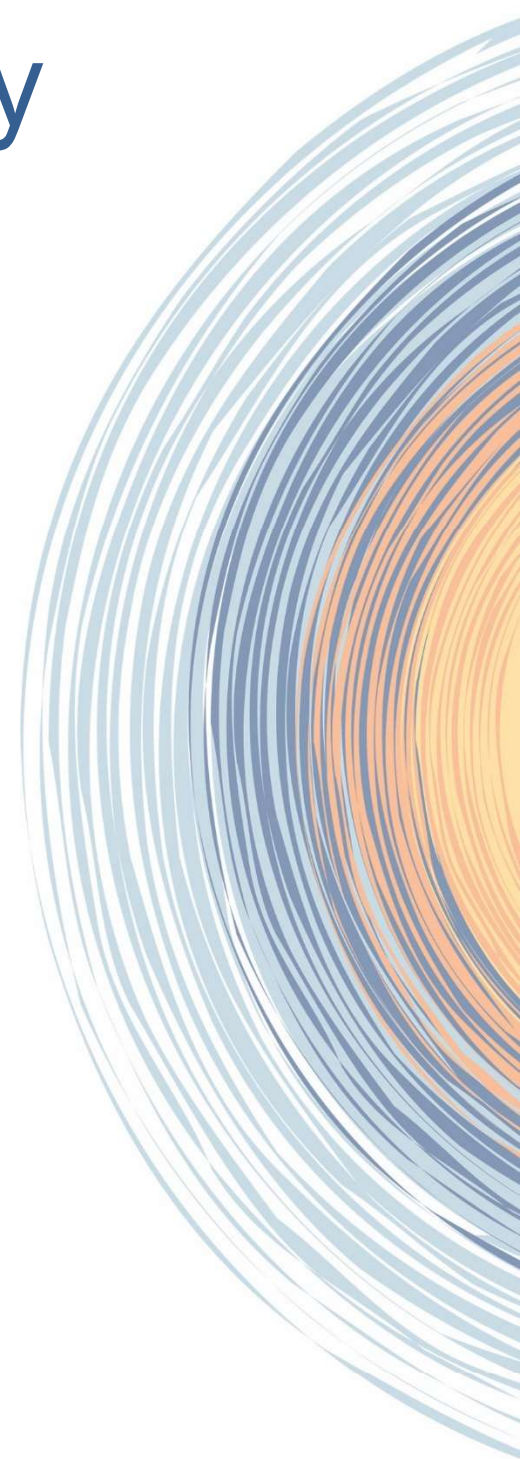
Bill Greene, City Auditor
Diana Storino, Sr. Internal
Auditor

Mission Statement

To enhance and protect organizational value by providing high-quality, objective, risk-based audit and consulting services to assist the City in accomplishing strategic priorities, goals, and objectives.



20 E. 6th Street, 2nd Floor | Tempe, AZ 85281 | 480-350-8982



Executive Summary

Purpose

We evaluated internal controls governing Information Technology (IT) asset inventory management for the hardware asset lifecycle (from purchase to retirement) and verified information in the asset management system was accurate and entered in accordance with policies and procedures.

Background

In June 2013, IT converted their asset inventory management system from Hansen to Remedyforce (RF), IT Service Management System (ITSM). RF Configuration Management Database (RFCMDB) is a database that contains information about the components used in IT services. Examples include personal computers, zero client, thin client, laptops, tablets, docking stations, monitors, printers, scanners, plotters, servers, radios, phones, access points, switches, routers, cameras, and firewalls. As of November 5, 2020, there were about 22,000 inventory items recorded in the database valued at about \$35 million. Management of these assets are primarily assigned to four IT divisions: System Administration, Network Operations, Support Services and Information Security Office.

Results in Brief

Improvements are needed to strengthen the tracking and monitoring of IT asset inventory to improve the accuracy of data in the inventory management system and adequately safeguard City assets prior to disposal.

A requirement to conduct and document periodic physical inventory counts of all inventory (not just refresh items) and the related update of system data should be added to existing IT asset governance policies. A periodic inventory count helps to ensure that employees are following established procedures and reduces the time required to locate assets that cannot be found because of inaccurate system data. Our report also includes a discussion of 11 areas which should be incorporated when updating policies and procedures. The expanded governance documents combined with continuous training of the workforce and ongoing communication to ensure all staff understand the processes will increase the accuracy of the information recorded in the CMDB.

During warehouse site visits, we noted physical safeguards existed to protect the City's assets; however, inventory needs to be better organized to avoid comingling of obsolete and current inventory to reduce the risk of misappropriation and foster a more efficient operation. In addition, perpetual

tracking of assets should be done with the goal of knowing exactly where assets are located in the warehouse at all times.

Based on our site visits, warehouses had physical barriers and restricted access through the use of badge access and/or alarms. The Hardy Yard warehouse was organized with items being worked on located in one area and other items waiting to be deployed. However, we noted some obsolete inventory commingled with current inventory. The Priest Yard warehouse contained many items that needed to be recycled. There were also piles of inventory throughout the warehouse that were obsolete and commingled with current inventory. There is currently no tracking of incoming or outgoing assets at the Priest Yard and no documentation recording incoming assets at the Hardy Yard warehouse when assets are received to be recycled.

Recommendations

Our detailed report includes recommendations to further strengthen IT asset management policies and related controls.

Department Responses to Recommendations

Rec. # 1.1: Perform periodic physical inventory audits for all assets (not just refresh items).	
Response: IT will put a process into place to have the IT Administration Team coordinate an annual audit after the close of the fiscal year for all hardware. The team will use a combination of software discovery tools and physical inventory to verify asset information in the CMDB (inventory).	<u>Target Date:</u> 9/1/21
Explanation, Target Date > 90 Days: N/A	
Rec. # 1.2: Research the possibility of further limiting the number of employees with the authority to add and modify permissions for granting access to the warehouses. Formalize periodic supervisory review of access reports to detect any irregularities.	
Response: Add a process to the Service Management/Access Management policy to include a bi-annual audit of the card access system. Limit warehouse(s) access to only those employees assigned to the facility as a Service Practitioner (SP) role.	<u>Target Date:</u> 9/1/21
Explanation, Target Date > 90 Days: N/A	
Rec. # 1.3: Organize all warehouses and ensure recycled items are palletized and removed from warehouse once a pallet is full.	
Response: IT warehouse Service Practitioners will use current process to complete a “clean up” while new processes are developed for a more sustainable recycling procedure.	<u>Target Date:</u> 10/1/21
Explanation, Target Date > 90 Days: The Pandemic has created a shortage of chips, FY20/21 closeout has been delayed. 90 days is a more realistic timeframe to cleanup the backlog of equipment and ensure staff equipment is delivered to coincide with Tempe’s return to work policies.	
Rec. # 2.1: Create and update written policies and procedures to provide written guidance on tracking and monitoring IT asset inventory from purchase through retirement.	
Response: IT will begin work on 8/1/21 after the close of FY20/21	<u>Target Date:</u> 10/1/21
Explanation, Target Date > 90 Days: This is going to be an involved IT project with collaboration from multiple IT divisions. Work will begin but this will be an ongoing effort to develop processes and more importantly oversight.	
Rec. # 2.2: Develop a tracking system for all assets coming in and going out of the warehouses.	

<p>Response: During the update written policies and procedures project, requirements will be developed to use for selection of a tracking system.</p>	<p><u>Target Date:</u> 12/1/21</p>
<p>Explanation, Target Date > 90 Days: Developing a tracking system will be the output of the updated written policies and procedures.</p>	
<p>Rec. # 3.1: Find and update the status of all assets identified in the audit as “unable to locate.” Create a separate CI category to distinguish those assets that after research could not be located and are assumed to be disposed in the absence of any other documentation.</p>	
<p>Response: : IT Admin will coordinate with Support Services and other IT divisions that track assets to complete a full hardware inventory. As part of that task, items that staff are unable to located and do not show connected to the network will be noted in the CMDB.</p>	<p><u>Target Date:</u> 10/1/21</p>
<p>Explanation, Target Date > 90 Days: The Pandemic has created a shortage of chips, FY20/21 closeout has been delayed. 90 days is a more realistic timeframe to cleanup the backlog of equipment and ensure staff equipment is delivered to coincide with Tempe’s return to work policies.</p>	
<p>Rec. # 3.2: Link all assets to purchase request ticket. Do not subsequently unlink or remove them so the historical asset record is complete.</p>	
<p>Response: This recommendation can be easily added to the procurement procedure and implemented quickly. Staff will be reminded and trained on the updated processes.</p>	<p><u>Target Date:</u> 8/1/21</p>
<p>Explanation, Target Date > 90 Days: N/A</p>	
<p>Rec. # 3.3: Resume sending palletized spreadsheets to IT Administration for items sent to the recycler so CI status can be updated from “recycle” to “auction” as for provided in the CMDB training document.</p>	
<p>Response: This recommendation can be easily added to the procurement procedure and implemented quickly. Staff will be reminded and trained on the updated processes.</p>	<p><u>Target Date:</u> 8/1/21</p>
<p>Explanation, Target Date > 90 Days: N/A</p>	
<p>Rec. # 3.4: Obtain copy of all assets tested and update CMDB asset record and purchase ticket to accurately reflect CI status, physical location, employee name, and cost center.</p>	
<p>Response: IT will use the physical and network asset inventory to update CMDB entries to reflect what is deployed on Tempe’s network.</p>	<p><u>Target Date:</u> 10/1/21</p>

Explanation, Target Date > 90 Days: This task will be ongoing and part of the new process and procedures. A full update will happen after the physical inventory planned for 3rd quarter 2021

Rec. # 3.5: Remove the following data fields for items verified with the “recycled” status: employee name, cost center, and physical location to reflect that these assets are removed from the City’s premises.

Response: IT Admin team, in cooperation with other IT divisions that manage hardware, will work with Application Management to automate a process to update CMDB for “recycled” items to scrub indicated data fields on an automated schedule.

Target Date:
9/1/21

Explanation, Target Date > 90 Days: N/A

1 – Warehouse Site Visits

Background

Hardy Yard is the Support Services warehouse where hardware shipments are received from the vendor and PCs, monitors, tablets, laptops, and other end user devices are stored. This typically includes everything that sits on the customer's desk.

The Network Operations warehouse is located at the Priest Yard, which is the location responsible for switches, access points, radios, routers, handheld radios, printers, and telephones. This warehouse and Information Security Office are primarily responsible for firewalls.

Police/Headquarters is the Systems and Database Administration facility responsible for larger servers, which are primarily deployed once received rather than held in stock.

Approach

We toured the Hardy Yard Warehouse and Priest Yard (Tech Center) to observe how inventory was stored and recorded and evaluated the physical safeguards over the assets.

From November 2020 to February 2021, we reviewed reports for people who were granted/denied access to the Hardy Yard and from January 2021 to April 2021 for the Priest Yard. We also evaluated if the people who gained access to the warehouses appeared reasonable based on their job duties.

There is no policy requiring annual cycle counts at the Hardy Yard and Priest Yard warehouses. Routine physical inventories of warehouse contents help ensure that all assets are in the assigned locations, errors in the CMDB are detected and reduce the risk of asset misappropriation.

We requested documentation for any periodic physical inventory counts conducted previously. There was no written documentation provided for any physical inventory counts conducted including results and any follow up performed. During our physical inventory observation, we noted items in stock at the Hardy Yard warehouse that were recorded in CMDB as “deployed” and also listed the incorrect department and cost center. This is an example of one type of mistake that could be detected if an annual physical inventory count was performed.

IT Support Services and Network Operations staff are responsible for granting permission access and are responsible for physical custody of the assets. According to staff, these permissions can be made without supervisory review and approval. This could result in granting unauthorized access which may go undetected and could result in misappropriation of City assets.

During interviews with staff, they stated permission could be made without supervisory review and approval but as a matter of practice they would not do that. Our review of the access reports evidenced only people who gained access to the warehouse appeared reasonable based on their job duties, so it appears no unauthorized access was granted for the time period reviewed.

During physical inventory site visits, we noted physical safeguards existed to protect the City's assets; however, assets need to be better organized to avoid comingling obsolete and current inventory. This helps to reduce the risk of misappropriation of City's assets and fosters a more efficient operation.

On March 24, 2021, we toured the Hardy Yard Warehouse and noted the front door and the three sets of interior doors require badge access to gain entry. The warehouse also had a garage door which can only be opened manually from the inside. There is a latch which secures the door. During posted business hours, there is someone at the warehouse. Pallets are placed in a locked room while waiting to be picked up by 3rd party vendor. The warehouse is organized in a separate area with items that are being worked on and other items waiting to be deployed. We noted some obsolete inventory comingled with current inventory.

On April 7, 2021, we toured the Priest Yard Warehouse. We noted the front door required a badge access and the alarm must be disarmed upon entry. There were many items that needed to be palletized and sent to be recycled. Many items were comingled with new assets. From our visit, we assess this facility needs to be better organized.

The Priest Yard operates more as a stock room rather than a warehouse. There is no documentation recording the specific items located at this warehouse. Assets coming in and going out are not tracked. The Tech Center Inventory Control Sheet (TCICS) is hanging on a clipboard to the locked cages and the last entry was March 16, 2016. This sheet was designed to track purchase orders, delivery of assets, work orders and inventory assets. Because the staff is not using a mechanism to track the movement of inventory in and out of the warehouse, there is not a full accounting of what is "in stock" at any point in time. This includes Police and Fire radios stored in this warehouse which are estimated to cost an average of \$5,000. Although the radios are stored in locked cages, the lack of formal processes to track these portable items makes them vulnerable to misappropriation.

During the refresh process that occurs every 4 to 5 years, only the items being refreshed are updated in the CMDB. Without a more frequent matching of all assets from the field to the asset record, inaccuracies will continue to go undetected and result in an inaccurate count and inventory valuation.

Expanding the refresh process to include all assets in the area where the refresh is being performed is a more robust process than limiting the accounting to only assets being refreshed. This would allow for an opportunity to verify the accuracy of all assets in the area to the system to ensure all data fields are entered correctly and completely in the CMDB.

For instance, we noted the purchase price data field was blank on numerous records on the RemedyForce report generated on November 5, 2020 from which our testing was conducted. This results in an understated inventory value. In another example, according to the Network Operations Supervisor, the inventory purchase price was recorded incorrectly with a purchase price of \$650,000 instead of \$50,000, which would result in an overstated inventory value. We were unable to verify this discrepancy amount as the item was converted from the Hansen system, so no supporting documentation was available for review. During our inventory observation, we found assets in stock that were not recorded in the CMDB, this has the effect of understating the item count and inventory value. These examples highlight the importance of taking the opportunity to review all of the inventory in an area during the refresh process and update the CMDB with the correct information.

Recommendations

- 1.1 Perform periodic physical inventory audits for all assets (not just refresh items).
- 1.2 Research the possibility of further limiting the number of employees with the authority to add and modify permissions for granting access to the warehouses. Formalize periodic supervisory review of access reports to detect any irregularities.
- 1.3 Organize all warehouses and ensure recycled items are palletized and removed from warehouse once a pallet is full.

2 – IT Asset Management

Background

Beginning in 2015, all hardware tracked in the CMDB must be purchased through the established process as detailed in the “IT Purchase Process for Hardware, Software, and Services” procedure. RF provides a process through which customers can purchase technology-related products. Assets/Configuration items (CIs) are linked to the purchase request ticket in RF Request Fulfillment System. The following table identifies the events and responsible party once item is received through retirement.

Table No. 2.1 Hardware Lifecycle	
Event	Responsible
Hardware is entered as “stock” in CMDB.	IT Admin
Hardware is installed and updated in CMDB.	IT Tech
Changes are updated as they occur (e.g. change of ownership/location or taken to the Warehouse)	IT Tech
Disposal of hardware – upon receipt of palletized spreadsheet	IT Admin

Assets - Purchased

If an asset needs to be purchased, the IT Technician obtains a quote and manages the request through the IT Purchase Process from inception to closure. Before sending the invoice to Accounting for payment, IT Administrative Senior Management Assistant verifies invoice, cost center, account and cost. Payment is not made until asset is linked to the purchase request ticket as received.

Assets – Received and Deployed

When assets arrive at the Hardy Yard warehouse, they are logged, tagged (mainly Support Services assets) and configured in CMDB before being assigned to an employee or installed in the production environment. Once the asset is deployed, an IT Technician needs to update applicable data fields such as CI status, employee name, physical location, sub account/cost center to accurately reflect the location of the asset.

Assets – Periodic Inventory Count and the Refresh Process

Refresh refers to swapping out old equipment with new equipment on a regular and systematic basis an average of every 4 to 5 years for certain assets (primarily personal computers, laptops, tablets, monitors, and radios that are deployed).

Approach

We performed staff interviews and reviewed policies and procedures (see Table No. 2.2 below) and CMDB 101 PowerPoint training document to gain an understanding of roles and responsibilities regarding inventory management and tracking of those assets. We reviewed process flows to identify the controls in place to ensure assets are accurately tracked in the inventory management system and to ensure proper segregation of duties.

Results

The process flow for the hardware lifecycle includes proper segregation of duties among functions of custody, accounting, recordkeeping and operations.

Clients making technology purchase requests provide their cost center and account and verify available funds when placing orders with IT staff. The purchase process template began in 2015 as detailed in the “IT Purchase Process for Hardware, Software and Services” procedure. The Hardware Task Template is manually attached to the purchase request by IT along with a price quote. The tasks are automatically executed as follows:

1. IT Administration staff – places the hardware order.
2. IT Hardy Yard Warehouse staff - receives the hardware order.
3. IT Administration staff - enters the hardware order into CMDB.
4. IT Technician - installs the hardware and updates the CMDB, asset record.
5. IT Administration - after installation, verifies the required information fields (CI status, employee name, sub account/cost center and physical location) have been populated correctly into CMDB.
6. IT Administration - closes individual task and IT Technician closes purchase request ticket.

Next, CMDB automatically sends an email to IT staff to let them know all tasks have been completed and the ticket owner can close the ticket and email is sent to the customer communicating the ticket has been closed.

The development of comprehensive written policies and procedures pertaining to assets after they are deployed from stock or movement of inventory outside of the purchase process would help ensure the information recorded in the asset management system was current, complete and accurate.

To increase the effectiveness of internal controls, continuous monitoring of the accuracy of the asset inventory record and adjustments to internal policies and procedures is necessary to provide guidance for tracking and monitoring of assets during the hardware lifecycle. Employees should receive training and be required to sign off that they have read and understood the procedures. Table 2.2 lists the existing policies and procedures associated with the hardware lifecycle provided by division.

Table No. 2.2				
Division Provided Policy and Procedure?				
Title	Support Services	Network Operations	Information Security Office	System Administration
IT Purchasing Policy ¹	Yes	Yes	Yes	Yes
IT Purchase Process for Hardware, Software, and Services	Yes	Yes	Yes	Yes
IT Procedures for Updating Assets in RemedyForce	Yes	Yes	No (A)	No (A)
General Warehouse Process	Yes	No (A)	n/a	n/a
PC Refresh Warehouse Procedures – Outgoing & Incoming	Yes	n/a	n/a	n/a
Receiving	Yes	No (A)	n/a	n/a
Recycle/Auction Procedures ²	Yes	No (A)	No (A)	No (A)
Windows Server Deployment and Retirement Checklists	n/a	n/a	n/a	Yes – references outdated systems

¹The Draft IT Purchasing Policy review date was scheduled for March 18, 2018 and it has not been reviewed to date.

²Recycle/Auction process was not included in this audit scope.

(A) Systems Administration, Network Operations and Information Security has no written Recycle/Auction policy and procedure. Systems Administration does not have a written procedure for updating assets in RF. Priest Yard has no general warehouse or receiving procedures. System Administration has a Windows Server Deployment and Retirement checklist that references systems that have not been used in over six years.

While reviewing policies and procedures, we noted key areas that are not covered. The following list is not all inclusive, but rather provides some guidance on topic areas that if included in the written policies and procedures would strengthen the internal control environment for IT asset inventory.

1. Moving assets, whether from stock or deployment, processes should be detailed to ensure all assets get recorded properly in the asset record and linked to the RF ticket.
2. Replacement assets (e.g., assets received from exchanges of hardware, recalled, replaced, returned merchandise authorization) require a documented process to ensure all assets are properly recorded and linked in the CMDB. For example, if a customer has a problem with a printer which cannot be fixed, it is sent back to vendor and a replacement is received.

3. Include written guidance, for leased assets, as to which items should be included and tracked in the CMDB.
4. Create a procedure to perform a periodic physical inventory for all assets, including hard to reach assets on man poles.
5. Create documentation defining requirements for assets to be included/excluded from CMDB and what should and should not have an asset tag.
6. The process for recording monitors being taken home needs to be documented. This is especially important during these times when COVID-19 has resulted in many working from home. The verbal process, agreed to, included adding the working from home "WFH" designation to the notes field. However, this was not documented in a procedure.
7. Clarification of terms and identifying roles and responsibilities to update the inventory management system including decommissioned, recycled, and auctioned.
8. Organizational data tracking and storing requirements are not documented to ensure sensitive information is not leaked or disclosed to an unauthorized person. Staff indicated this responsibility has been delegated to the 3rd party vendor and was not reviewed as a part of this audit.
9. A process needs to be developed to collect and update City's assets from employees prior to separation from the City.
10. Establish record retention process and schedule for palletized spreadsheets, refresh schedules and other key documents used in the inventory management process.
11. Require supervisory review and approval for authorizing permissions to staff who can gain entry to the warehouses where stock is stored and formalize review of access reports to detect any irregularities.

Docking stations, monitors, laptops, tablets and recycled assets are not clearly addressed in existing governing policies and procedures. As a result, staff employ inconsistent practices when determining if these items are recorded in CMDB.

According to some IT staff, an informal decision was made that if equipment cost was less than \$1,000, it may be purchased using a procurement card and not tracked in the CMDB. However, when we tested transactions, we noted assets valued at less than \$200 that were recorded in the CMDB. Policies and procedures should clearly state the dollar value and other criteria used to determine if asset should be recorded in the CMDB. A cost/benefit analysis should be considered when developing criteria. The following provides some context:

Docking Stations and Monitors

During the interview process, staff indicated there was no written guidance and indicated their understanding of how and when docking stations and monitors are recorded. Some indicated it was based on dollar value thresholds ranging from \$200 - \$500. We noted monitors recorded in CMDB as low as \$159. Some staff did have

meetings to establish asset clarifications standards, but clarity among all staff was not achieved as some were not in attendance while others walked away with different understandings as is evidenced by what dollar values are included in CMDDB.

Laptops versus Tablets

Staff also had varying opinions on classifying assets as a laptop or a tablet. Some staff believe if the keyboard is separated it should be categorized as a tablet, otherwise a laptop. Other staff indicated if the asset came together (even though it can be separated) they would receive the classification of laptop. Another example was leased assets, which some staff believed should be recorded in CMDDB for insurance purposes while other staff believed they should not be tracked because the City does not own the asset. In addition, there is some equipment that has very little financial value but processes sensitive information. Some staff expressed these assets should be tracked and monitored for that reason, but it is not current practice.

Recycled Assets

As stated in the CMDDB 101 PowerPoint training document, warehouse employees should remove employee names and change the sub account/cost center and physical location to reflect Hardy Yard when an asset is brought to the warehouse. However, during the audit, warehouse staff indicated they were not clear regarding their responsibility to update the CMDDB once items are received into the warehouse to be recycled.

IT Administration staff formerly received “palletized” spreadsheets to use as a basis for updating the CI status to “auction” and removing all relationships. According to IT Administration, a palletized spreadsheet has not been received from Hardy Yard since December 2017. Priest Yard sends their recycled items on a pallet and does not retain documentation of items sent. Hardy Yard was unable to provide documentation they sent the palletized spreadsheet to IT Administration. Without receiving this spreadsheet, IT Administration cannot update the CI status from “recycle” to “auction.” (Note: Our Transaction Testing results in Section 3 demonstrated how this lack of documentation directly impacted our ability to locate assets during audit testing).

Asset Tracking

When assets are received to be recycled, there is no documentation tracking the incoming asset. Previously, the items brought to the warehouse to be recycled were recorded on an “in sheet” which detailed serial number, item description, who brought it in and who received it and if it was updated in the CMDDB by warehouse staff. According to Hardy Yard warehouse staff, a decision was made to stop using the in sheet. However, an out sheet is completed for all items coming out of stock to be deployed. Currently, there is no tracking of incoming or outgoing assets at the Priest Yard.

Recommendations

- 2.1 Create and update written policies and procedures to provide written guidance on tracking and monitoring IT asset inventory from purchase through retirement.
- 2.2 Develop a tracking system for all assets coming in and going out of the warehouses.

3 – Transaction Testing

Background

When a client order is placed with IT Administration, a purchase template is selected to initiate workflow for IT Admin to order from a vendor. A Purchase Request Ticket relates to hardware that is tracked in the CMDB. The IT Purchase process flow includes quality control procedures associated with tasks that help ensure assets are properly approved, ordered, received, entered, installed, and updated in the CMDB.

IT Admin records the configuration item (CI) as “stock”. This field must be updated for any changes (return to vendor, deployed, recycled) in CI status. When CI is deployed, the IT Technician populates the physical location, employee name and asset tag fields, if applicable. All CIs must be assigned to a sub account/cost center. The sub account/cost center must be changed, if necessary, when a CI is moved from one person to another. The IT Technician verifies all CIs are linked before closing the deploy task. After all individual tasks in the purchase process workflow template are closed, the purchase service ticket is closed.

Approach

We selected 82 asset records and verified the accuracy of the following data fields:

- CI status (e.g., stock, deployed, disposed, recycled, transferred)
- Asset tag (if applicable)
- Physical location
- Employee name
- Sub account/cost center

On a test basis, we verified the purchase order matched the quote and purchase was properly approved and adequately supported. We also reviewed information on purchase request ticket to verify if it was consistent with the asset record and verified the vendor invoice evidenced proper supervisory approval prior to submittal to accounting for payment.

Results

The hardware purchase template provides a strong framework to ensure the assets at the time of purchase are properly recorded in the CMDB. However, CMDB data fields need to be updated each time the information for the CI changes to ensure the asset record is accurate.

Fifteen of the 82 transactions tested had the correct CI status, sub account/cost center, physical location, and employee name in the CMDB. The other 67 transactions had varying levels of inaccuracies across all data fields. See Appendix A for summary results of testing.

After the initial recording of CI, it is important that IT staff update CMDB to ensure any changes of the CI status are accurately reflected in the CMDB. For instance, if the CI status of “deployed” is not correct and it should have been “recycled”, asset inventory count and value are overstated in the CMDB. The following categories provide detailed explanations which primarily contributed to the inaccuracies in the CMDB:

Forty-nine out of the 82 (60%) CI statuses tested were incorrect. After a concerted effort to locate the CIs, 12 could be located, 29 assets were not located and had no supporting documentation and 8 assets were not located but we located supporting documents:

Group 1 – 12 Assets Located

During testing, we noted assets disposed of (returned to vendor without being deployed) were incorrectly listed as either “deployed” or “received” in the CMDB. This results in the item count and inventory value being overstated. We reviewed the credit memos noting description, dates and amounts as well as notes in the Purchase Service Tickets. We also contacted employees where the asset was listed as deployed. These employees confirmed they did not have possession of the item(s) and corroborated they were returned to the vendor.

In another example, the CI status was recorded as “being assembled” instead of “deployed.” When an asset is being prepped for deployment, the CI status indicates “being assembled.” We noted some items such as firewalls where this category makes sense for a period of time, but once ready to be deployed should be categorized as “stock” or “deployed.” We also noted items such as monitors that do not require any preparation prior to deployment for which a status of “being assembled” was incorrectly selected. In these instances, we located the asset and notated the serial number and asset tag, if applicable, without exception.

Group 2a – 29 Assets Not Found and No Supporting Documentation

Staff indicated many of the items in this category were converted in 2013 as part of the data migration from Hansen to RF. Based on a manufacturer name no longer in use and/or the age of the asset, staff speculated these items were sent to auction. These assets require further research before updating the CMDB.

In another instance, staff stated the asset could not be located because it was recalled by the vendor (returned merchandise authorization). However, there was no supporting documentation regarding the recall and it could not be located.

In another case, a similar device was deployed out of stock and had no asset record completed. This is an example of an item in stock which is deployed but not recorded in the CMDB. Hardware should not be deployed until it is entered into the CMDB and the “deploy” task is created. During testing, staff indicated knowledge that access point hardware were deployed prior to recording in CMDB. During testing, we noted an iPad had purchase documentation, making it reasonable to assume the asset was deployed;

however, there was no service connected to the phone number listed for this iPad in the CMDB. This asset was also not located. In another instance, the Network Operations Supervisor believes a voice gateway router analog was deployed (in service and active) but could not find it.

Group 2b – 8 Assets Not Found but Supporting Documentation

During testing, we noted assets with a CI status of “deployed” “repair” or “down” that should have been recorded as “recycled” and then updated to “auction.” Although these items could not be located, they were included on a palletized spreadsheet listing indicating the asset left City premises and was picked up by a 3rd party vendor to be recycled. We noted many items on the palletized hardware recycle form spreadsheet with a completion date of 1/30/2021 noting assets were received to be recycled but were never entered into the CMDB. There were 50 asset tags listed on the spreadsheet and 14 zero clients which were not recorded in the CMDB.

Hardy Yard staff completes a spreadsheet detailing serial number, asset tag (if applicable) and notes the date the item is picked up by the contracted 3rd party vendor who takes the City’s assets labeled recycled and sells them at auction. Once Hardy Yard warehouse staff completes the palletized spreadsheet, it should be forwarded to IT Administration who are responsible for updating the CI status to “auction” and remove the associated data fields so the CMDB inventory count and value are properly reduced. According to IT Administration staff, they have not received a spreadsheet in over 4 years even though the City received checks from the 3rd party recycler as recently as March 2021.

Employee name, physical location, and/or cost center data fields were often either left blank or not updated accurately in CMDB. This makes locating assets increasingly difficult, time consuming, or impossible.

When an asset is transferred from one person to another, the employee name is not always updated to reflect who is in possession of the asset. In some instances, we noted the asset was assigned to a person who is no longer employed with the City. In another instance, the CI status of the asset was “repair” and employee name listed was incorrect. Upon further investigation, that personal computer was not being repaired but instead was deployed in a cubicle which had been vacant for over one year.

During testing, we noted many instances where Support Services populated the “short description” field to provide detailed location information that would be helpful in identifying the precise location of the asset rather than just the general vicinity. Support Services could share this helpful practice with other divisions in training so others can benefit from it.

As of November 5, 2020, the CMDB report indicated there were 4,691 items with the CI status of “recycled.” Because the CMDB was not updated to reflect the auction status, the total inventory count and respective dollar values are overstated. We could not quantify the dollar amount because the purchase price field was often left blank.

During our testing, we noted CI status was not updated from “recycled” to “auction.” IT Admin did not receive completed palletized spreadsheets and therefore did not update the CI status to auction. IT Administration has not received any spreadsheets in over 4 years. There are many instances where the asset left the City 3 – 20 years ago but remain in the inventory management system with Hardy Yard recorded as the physical location.

During testing, we noted when assets were initially purchased, they were properly linked to the service ticket. However, when assets were replaced or moved from one employee to another, those assets were not always linked to the service ticket or linked to the wrong service ticket. This makes it more time consuming and difficult to locate assets.

For example, during testing we noted an asset tag incorrectly linked to the wrong purchase request ticket with no explanation or rationale why this occurred. In other instances, more than one item was installed but not linked to the purchase request ticket or linked and then removed without explanation. Also, we noted a virtual server was linked to the service ticket but not the physical server. Based on the notes in the purchase request ticket and the closed tasks, it appears after installation the asset was improperly unlinked from the purchase request ticket.

Purchase request ticket information was not consistent with information documented in the asset record. Support Services uses the “notes detail” section of the ticket to provide history of the asset and detail which is helpful in locating assets especially if the asset record does not reflect current information.

Staff indicated discrepancies with the purchase request ticket can happen when an asset is found and not all data fields are properly populated for accurate tracking of the asset in the CMDB. In some of the assets tested, there was no information in the CMDB except the serial number and the asset could not be located. In another instance, the asset record recorded a CI status of “down” while the purchase service ticket stated the asset was pulled from service and the City did not have it effective March 6, 2020.

During testing, we noted the purchase request ticket identified equipment with many “owners” but did not have a current employee assigned to it. The equipment changed hands and was not updated in CMDB to reflect changes in ownership. It is important that all CIs are linked to the purchase request ticket, which can be helpful in finding the asset when the asset record fields are not populated or are incorrect. Without the employee’s knowledge, the location of the asset would have been unknown.

During testing, we noted purchase orders were properly processed and approved in accordance with policies and procedures with one minor exception.

We judgmentally selected 40 purchase orders and matched the information to the quote, invoice, packing slips and purchase request without exception. We noted one invoice where the IT Administrative Supervisor did not evidence their review. We noted information matched.

Recommendations

- 3.1 Find and update the status of all assets identified in the audit as “unable to locate.” Create a separate CI category to distinguish those assets that after research could not be located and are assumed to be disposed in the absence of any other documentation.
- 3.2 Link all assets to purchase request ticket. Do not subsequently unlink or remove them so the historical asset record is complete.
- 3.3 Resume sending palletized spreadsheets to IT Administration for items sent to the recycler so CI status can be updated from “recycle” to “auction” as for provided in the CMDB training document.
- 3.4 Obtain copy of all assets tested and update CMDB asset record and purchase ticket to accurately reflect CI status, physical location, employee name, and cost center.
- 3.5 Remove the following data fields for items verified with the “recycled” status: employee name, cost center, and physical location to reflect that these assets are removed from the City’s premises.

Attachment A – Transaction Testing

Specific Data Fields Tested By Division				
Data field tested was accurate?	Support Services	Systems Administration	Network Operations ¹	Total
CI Status				
Yes	25	3	5	33
No	32	4	13	49
Total	57	7	18	82
Employee Name				
Yes	16	4	4	24
No	33	3	13	49
Not required	8		1	9
Total	57	7	18	82
Physical Location				
Yes	21	4	6	31
No	36	3	11	50
Unable to determine			1	1
Total	57	7	18	82
Sub Account / Cost Center				
Yes	23	5	10	38
No	31	2	3	36
Unable to determine	3		5	8
Total	57	7	18	82
Service Ticket				
Yes	26	2	9	37
No	13	1	5	19
Not applicable (Hansen)	18	4	4	26
Total	57	7	18	82
Asset Tag				
Yes	50			50
No	4			4
Not applicable ²	1	n/a	n/a	1
Not required/gray area	2			2
Total	57			57

¹ Information Security Office was not listed separately because the CMDB report identified Network Operations as contact for the firewalls. There were two firewalls tested and the Information Security Office provided the necessary information.

² In general, CIs belonging to the Support Services Division are given asset tag numbers. Other CIs belonging to System Administration and Network Operations Division are not required to have an asset tag number.

Scope, Methods, and Standards

Scope

As of November 5, 2020, we judgmentally selected 82 IT assets inventory from the CMDB.

Methods

We used the following methods to complete this audit:

- Reviewed policies and procedures and IT inventory records.
- Interviewed staff to gain an understanding of the processes related to the inventory from purchase request to retirement.
- Reviewed access reports related to doors accessing the room(s) containing the inventory.
- Traced purchased items into inventory management system.
- Performed (virtual) inventory counts on a sample of items.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. IAO is independent per the GAGAS requirements for internal auditors.



Memorandum

TO: Terry Piekarz, Municipal Utilities Director
FROM: Bill Greene, City Auditor (X8982)
CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Rosa Inchausti, Deputy City Manger
DATE: June 28, 2021
SUBJECT: LIMITED REVIEW: Compost Yard Cash Handling

Purpose

At the request of the Municipal Utilities Director, we conducted a limited review of the Compost Yard cash handling processes to identify potential improvements to internal controls.

Background

As part of our annual audit planning process, the City Auditor meets with senior management to discuss emerging risks and areas of concern. Limited Reviews were included as a new component of our FY 20/21 Annual Audit Plan to address some of the concerns raised by management and expand Citywide audit coverage. To conserve audit resources, these reviews are planned and executed using a targeted approach to address specific risks rather than a full-scope audit.

The City's Compost Yard operates out of a single facility located at Rio Salado Parkway and Hardy Avenue. Tempe is the first city to process its own compost and provide affordable options to residents, use in city parks, golf courses, community gardens, and schools. The program diverts green organics from the landfill and reduces disposal costs. In fiscal year 19/20 the Compost Yard generated approximately \$216,000 in revenue.

Scope and Methods

The objective of this consulting engagement is stated in the purpose above. The work performed does not constitute an audit in accordance with *Government Auditing Standards*. An audit would have required additional steps such as the substantive testing of relevant internal controls, validation of data and information provided to the Internal Audit Office (IAO), and additional engagement file documentation.

We employed the following methods to complete this engagement:

- Reviewed existing policies and procedures;
- Identified existing relevant internal controls;
- Interviewed staff;
- Reviewed general ledger reports and supporting documentation.

Results

1. Cash Handling

Relevant City Policies:

There are currently no citywide written cash handling policies to guide departments on appropriate processes. The IAO recommended the development of a citywide policy in our *Cash Handling Audit* issued March 12, 2020. Finance staff indicted development of procedures is included in their work plan. Municipal Utilities Solid Waste also does not have any cash handling policies or procedures. IAO will provide a few policy examples to use as guidance in new policy development.

Review of Existing Conditions:

To assess existing conditions, we visited the Compost Yard to observe transactions and view a weekly reconciliation process. We also reviewed previous reconciliation data from the Municipal Utilities Program Coordinator. We identified the following conditions based on our onsite review and data provided:

- Payment Practices:
 - An official City cash fund has not been established for Compost Yard operations.
 - Discrepancies exist in payment amounts compared to required charges. Customer charges and related payment amounts are frequently rounded down to accommodate inability to make accurate change for customers.
 - Money collected is unsecured and stored in an envelope until the end of the workday.
 - Tickets are keyed into an excel document to record incoming and outgoing transactions. The excel document is available and open for editing to staff.
- Facility Security:
 - Drop safe is stored in unlocked room accessible to all staff. Daily deposits are stored in the safe and are processed weekly for drop off to the Customer Services cashiering office.
 - Scale house is unlocked during business hours and is openly accessible to staff and public.
 - There are no cameras in place at the facility to record financial

- transactions.
- No robbery protocol in place for the cashiering area.

Existing Controls:

1. Security
 - a. There is a drop safe onsite for daily deposits. The safe has been reinforced to aid in preventing removal from facility.
 - b. The Compost Yard scale house has external locks and is in gated area.

Additional Controls to Consider:

1. Develop a cash handling policy that addresses the primary functions of cash handling and security including:
 1. Separation of duties
 2. Security of funds
 3. Receipting
 4. Training
 5. Overages and Shortages
 6. Depositing
 7. Reconciliation
2. Establish a cash/change fund with Finance/Accounting.
3. Consult with the Tempe Police Department to receive a security assessment for the facility.
4. Work with Information Technology to assess opportunities to use other point of sale systems currently deployed in the City for Compost Yard transactions.

2. **Revenue Reporting**

Overview of Operations:

Our review of revenue from cost center 3719-Diversion showed a high use of GL reclassifications to account for dropping off green organics materials and the purchase of compost through interdepartmental transactions. Revenue for incoming green organics and outgoing compost is tracked in a spreadsheet from data entered from weigh tickets at the Compost Yard. This Information is collected for incoming and outgoing transactions and account information for CC&B (the system used primarily to bill water, wastewater, refuse). This is then sent to the Operations team for sorting and is redistributed to Customer Services for CC&B billing and to the Solid Waste administrative assistant for a GL reclassification for interdepartmental transactions. The GL reclassifications often consist of multi-line items which include the account, fund, cost center and transaction amount which are then entered into a form and sent to accounting for processing. This process introduces a high potential for error during data entry.

The information on revenue collected for incoming and outgoing transactions at the compost yard and billing entries for CC&B is used for GL reporting processes

through GL reclassifications and subsystem reporting through CC&B, but no reconciliation is performed. Ensuring accurate accounting of revenue is essential for goods and services rendered. The analysis of revenue will provide insight to the overall financial health of the program and confirm revenue is appropriately collected and recorded. Regular reconciliations are an important control function over a revenue cycle process.

Review of Existing Conditions:

To assess existing conditions, we reviewed data from PeopleSoft Financials for fiscal year 20/21. We also interviewed staff to document business processes. This data demonstrated the following characteristics related to revenue reporting:

- High potential for error in reliance on data entry through spreadsheets and GL reclassifications.
- There is no reconciliation process for revenue.

Additional Controls to Consider:

1. Assign responsibility to a MU employee to reconcile revenue.
2. Evaluate the use of CC&B to bill interdepartmental compost purchases and material drop off.

memorandum

To: Mayor and City Council

Through: Naomi Farrell, Human Services Director

From: Tempe Community Council Board of Directors
Julie Armstrong, Board Vice-Chair and Together Tempe Committee

Date: July 16, 2021

Subject: Together Tempe Branding

PURPOSE:

To update to Mayor and City Council on the rebranding of all Tempe Community Council (TCC) fundraising efforts under the Together Tempe brand and seek support for communicating this change. This change unifies all TCC fundraising efforts for human services funding and TCC programs/projects under the marketing and branding of Together Tempe. These funds support human services, dollar-for-dollar, distributed through citizen-driven Agency Review process.

CITY COUNCIL STRATEGIC PRIORITY:

Quality of Life
Strong Community Connections
Sustainable Growth & Development
Financial Stability & Vitality

BACKGROUND INFORMATION:

In 2018, after receiving support from Mayor, Council and City staff, TCC created a marketing and rebranding program changing the name of the water bill donation program from Help To Others to Together Tempe. Along with the new name a logo was developed. It was also affirmed that TCC would accept tax-deductible, direct donations for the Together Tempe program to be utilized dollar for dollar to enhance the funding distributed annually for Tempe human services through the community-driven Agency Review process.

To strengthen donation efforts for both Agency Review funding and TCC programs, projects, and operations, the TCC Board strategically restructured its Committees to form the Together Tempe Committee in June 2020. This removed fundraising efforts from a committee with many responsibilities including event planning (formerly known as the Resource Committee) to the newly formed Together Tempe Committee. The Together Tempe Committee's purpose is creating fundraising plans and campaigns to support TCC programs and projects. The Together Tempe Committee is comprised of both members of the Board and community members while maintaining compliance with TCC bylaws. This committee has overseen the investment in a new client relationship management system as part of the TCC strategic goal of being a data-driven organization.

Currently, TCC receives donations for programs and projects under the TCC brand offering donors the option to designate their contributions for an individual program(s), project(s), or general operations. This is in alignment with the Association of Fundraising Professional Donor Bill of Rights.

TCC believes that Together Tempe is a trusted brand name and that donations are an important source of revenue which enhance the human services funding distributed through the community-driven Agency Review process each year for 48 agencies and 61 programs. Together Tempe encompasses the heart of Tempe residents and reflects that Tempe is “compassionate” and a “community known for its generosity and care for those who call Tempe home and even beyond.” All donations would continue to be tax deductible under the 501c3 status of Tempe Community Council. Marketing materials and sites would use the Together Tempe brand including the logo.

TCC Board Members and staff have met with the City staff including the Director of Human Services to discuss expanding the use of the Together Tempe brand. The discussion was positive and supportive of this brand expansion.

TCC seeks Mayor and City Council support for the efforts to brand all TCC fundraising efforts for human services funding and TCC programs/projects under the marketing and branding of Together Tempe.

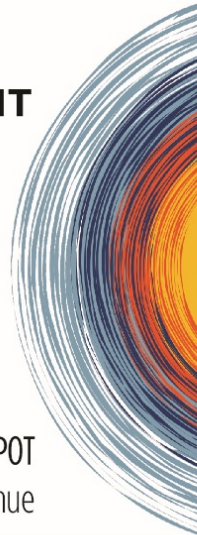
FISCAL IMPACT or IMPACT TO CURRENT RESOURCES:

Enhance human services funding.



**COMMUNITY DEVELOPMENT
ACTIVITY REPORT**
tempe.gov/projects

TEMPE DEPOT
300 South Ash Avenue



[Community Development Activity Report | July 2021](#)

- Building Permit Issued/Construction Underway*** | 87 projects
- In Plan Review for Building Permit*** | 74 projects
- Plans Approved/Entitled** | 24 projects
- In Review for Planning Entitlements** | 33 projects
- Use Permits** | 3 permits

**Building Permits listed have a valuation of \$250,000+ or are the result of a previously listed Planning Entitlement.*



COMMUNITY DEVELOPMENT
31 E. 5th Street, Garden Level East
Tempe, AZ 85281
480.350.4311
www.tempe.gov/comdev

Questions please contact Ryan Levesque.



COMMUNITY DEVELOPMENT ACTIVITY REPORT | JULY 2021

CERTIFICATE OF OCCUPANCY/ CONSTRUCTION FINALED

www.tempe.gov/projects

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL180245	Hayden House Rehab	1 W. Rio Salado Pkwy.	Historic Rehab	DPR			
2	BP191214	Doc and Eddy's Sports Bar	909 E. Minton	Fire Damage Rebuild	TI	7,664		
3	BP191390	Tempe Cornerstone Grocery	940 E University Dr	Site and Shell Modifications	AA			
4	BP191881	Macayas Mexican Food	650 N Scottsdale Rd	TI	TI			
5	BP192305	Conn's Home Plus	4940 S Wendler Dr	TI 2nd Floor	TI			
6	BP200104	Invitation Homes	1131 W Warner Rd	A/A Ste 102(101-104)	A/A			
7	BP200083	Marathon	1250 W Washington St	TI 4th Floor	TI			
8	PL190176	Salad and Go	7800 S Priest Dr	New Building New Drive Through	DPR			
9	BP191477	Wood Elementary School	727 W Cornell Dr	New School/Replacement of Existing School	New			
10	BP191945	Bob's Discount Furniture	1270 W Elliot Rd	TI	TI			
11	BP192507	Tesla	7015 S harl Ave	A/A	A/A			
12	PL170363	The Collective	704 S. Myrtle Ave	Mixed-Use		321,215	269	245'
13	PL180025	1100 E Apache	1100 E Apache Blvd	New mixed use housing	DPR/PAD/ZON			
14	BP192363	Sephora@Tempe MarketPlace	2000 E Rio Salado	TI - Suite 1011	TI			
15	PL190130	South Mountain Retail	2415 W Baseline Rd Rd	Retail	Plat			
16	PL200009	Salad and Go	1804 E Elliot Rd	New restaurant with drive through	DPR	758		
17	PL190131	In-N-Out Burger	2401 W Baseline Rd	New 3,867 square-foot commercial building				
18	BP200418	Opendoor Labs Inc	410 N Scottsdale Rd	TI Floor 14,15,16	TI			
19	BP190735	Pitchfork 2055	2055 E 5th St	TI for Cultivation	TI			
20	BP200289	Knox sewage pump station	892 E Knox Rd	Sewage puomping station rehab	TI			
21	PL180095	Broadway Apartments	1980 E. Broadway Rd	Multi-Family	ZON/DPR	100,064	90	44'
22	PL180002	Precision Fleet Services	360 S. Smith Rd.	New Warehouse with Sales Area	PAD/ZUP	89,578		55'
23	PL190195	Raising Canes	5201 S McClintock Dr	New restaurant with drive-through	DPR			
24	BP191500	Fox Technology Center	2010 E Centennial Cir	Sturctural Mod/Underground/Roof Reno	TI/AA			
25	PL170143	Mirabella Asu	105 E. University Dr	Mixed-Use		606,466	307	250'
26	BP191786	Black Rock Coffee	1202 W Broadway Rd	TI W Minor exterior	TI			
27	BP200246	Fry's 101	3232 S Mill Ave	TI	TI			
28	BP200364	Verizon Wireless Tempe MSC7	126 W Gemini Dr	AA Exterior	AA			
29	PL190263	Circle K	1900 N Scottsdale Rd	New 3,867 square-foot commercial building				
30	PL170166	Park Place	1201 E. Apache Blvd	Mixed-Use		573,483	285	69'
31	BP210028	The Habit Burger Grill @ Agave Center	8905 S Harl Dr	TI	TI			
32	BP201165	Wells Fargo	1150 W. Washington St.	Additions and Alterations	TI - Level 1			
33	BP200103	Door Dash	1033 W Roosevelt Way	TI Floors 2, 3, and 8	TI			

DPR: Development Plan | PAD: Planned Area Development | ZON: Zoning Map Amendment | GPA: General Plan Amendment | ZUP: Use Permit | VAR: Variance | T.I.: Tenant Improvement | A/A: Addition & Alteration |
A.Reuse: Adaptive Reuse | PLAT: Subdivision Plat

BUILDING PERMIT ISSUED / CONSTRUCTION UNDERWAY

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE / DESCRIPTION	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL170296	Tempe Fire Station No. 7	8707 S. McClintock Dr	Municiple		10,699		30'
2	BP180398	Estrada Park	1801 E Palomino Dr	Recreation				
3	PL170320	The Muse	1020 E. Spence Ave	Single-Family		36,984	16	37'
4	PL170238	Westin Tempe	11 E. 7th St	Hotel	PAD & DPR	276,558	290	225'
5	BP181760	Camelot Lift Station	1818 E. Bell De Mar Dr		T.I.			
6	PL160248	The Pier	1190 E. Vista Del Lago Dr	Mixed-Use		1,345,926	586	283'
7	BP190689	SWG-CNG Vehicle Fueling System	5705 S. Kyrene Rd.	Install Vehicle Fueling System	A/A			
8	PL170358	Farmer Arts District [Parcel 1 / Lot 1]	707 S. Farmer Ave	Multi-Family	DPR/PAD	246,565	171	85'
9	BP190956	WeWork	410 N. Scottsdale Rd.	TI - 10TH & 11TH FL	TI			
10	PL180082	Tempe Crossroads	1010-1044 E. Orange St	Mixed-Use	Plat			
11	PL170198	Sound + Lighting Fx	1245 N. Miller Rd	Warehouse	DPR	18,105		35'
12	BP191223	Clementine	6720 S. Clementine Ct.	TI	TI	71,404		
13	PL180204	Lofts On 8Th	1403 E. 8th St	Multi-Family	ZUP/DPR	27,144	28	36'
14	BP191660	Comfort Suites	1625 S 52nd St	AA Canopy and Lobby Addition	AA			

15	BP191531	Carvana HQ3 - PH 3	1305 W 1st St	TI W/Rooftop A/C - 1st Floor	TI				
16	BP191676	Gold Canyon - Fit Up Package	443 W Alameda Dr	TI Fit Up Package - Ste 175	TI				
17	BP191731	Fox Technology Center	2010 E Centennial Cir	TI To include mechanical yard	TI				
18	BP180450	Lai International	708 W. 22nd St	Manufacturing	T.I.				
19	PL190156	The Hub	2626 S Hardy Dr	Remodel of existing building	TI				
20	BP191928	Zero Mass Water	7825 S Hardy Dr Ste 110	TI To include mechanical yard	TI				
21	PL180100	777 Tower @ Novus	777 E. Packard Dr	Office	DPR	170,00			105'
22	PL180298	University Business Center	624 S. River Dr.	Parking	DPR	66,923			34'4 7/8"
23	BP191451	Friendship Village Tempe - Phase 1	2645 E Southern Ave	5 Story Independent Living	DPR				
24	BP191426	University Business Center - Bldg C and D	2080 E University Dr	Shell bulding Additions	AA				
25	BP191425	University Business Center Shell Building A	632 S River Dr	New Shell Building A					
26	BP191754	ESI Rio Salado Accredo Expansion	2400 W Rio Salado Pkwy	TI Ste 101	TI				
27	BP191850	International Polymer Engineering	1706 W 10th PL	TI	TI				
28	BP191742	Amat Tool Hook UP	7700 S River Pkwy	TI	TI				
29	BP191742	Biocare	2826 S Potter Dr	TI W/Exterior Modifications	TI				
30	BP190503	Stericycle Medical	245 W. Lodge Dr		T.I.				
31	PL180295	B1 Renovation and Addition	1625 W. 3rd St	12,479 sqft Addtion	DPR	47,345			25'
32	PL190157	Olive Garden	1010 W Elliot	Repaint and Exterior Modifications	TI				
33	BP191800	Evbom	2050 W Rio Salado Pkwy	TI W/Exterior	TI				
34	PL190136	999 Playa Del Norte	999 Play Del Norte Dr.	6 Story Office Building	PAD/SBD/DPR				
35	BP200370	ASU School of Design	777 S Novus	TI part of first flr and all of second	TI				
36	BP192358	Fieldhouse	5000 S Arizona Mills Cir Ste 313	TI - Suite 313	TI				
37	PL180353	Francis and Sons Carwash	2121 W. University Dr	Construct New Carwash	DPR				
38	PL190320	Tobian Residence	415 W 5th St	Two dwelling units.	DPR/SBD			2	
39	PL180288	Camden Hayden II	600 E. Curry Rd.	Multi-Family	DPR	489405		397	62' - 10"
40	BP192295	Education Models	1525 E Apache Blvd	TI					
41	BP200242	SW Microwave	9055 S McKemy St	TI	TI				
42	PL180235	The Level	915 S. Smith RD.	Multi-Family	DPR/PAD/ZUP/ZON/PLAT	86,208		80	30'
43	PL190046	Bakers Acre Motel	1620 E Apache Blvd	Interior TI W/MEP	TI				
44	PL180101	Aspen Heights	767 E. 6th St	Mixed-Use	DPR	515,928		262	95'
45	PL190054	Daybreak Apartments	1935 E Apache Blvd	Construct new apt Buildings	AA			52	
46	PL190025	1436 S TERRACE ROAD	1436 S Terrace Rd	New Multi Family				11	
47	BP191968	Buss Pull Out at Tempe Library	3500 S Rural Rd	Bus Pull Out with Landscaping					
48	PL190146	Chapman Kyrene Bodyshop	5301 S Kyrene Rd	8,448 square foot addition	DPR	8,448			
49	PL190188	Aspen Heights Mixed Use	767 E 6th St	Major amendment to development plan	DPR				
50	PL190223	707 South Forest Apartments	707 S Forest Ave	20 Story Mixed-Use	DPR			252	
51	BP192468	JGMWTP Reservoir Improvements	255 E Marigold Ln	Oth-Reservoir Imp an Tank Containment					
52	BP192467	STWTP Reservoir Improvements	6000 S Price Rd	New Reservoir Roof and Tank Containment					
53	BP200146	Pierside Properties	7200 S Priest Dr	A/A	A/A				
54	PL190040	Best Western	670 N. Scottsdale Rd.	Addition of porte cochere and relocate pool	DPR				
55	PL180108	Aoufe Building	3231 S. Mill Ave.	Major remodel with minor exterior	T.I./ZUP				
56	BP200370	ASU School of Design	777 S Novus Pl	TI Part of 1st Fl & all of 2nd floor	TI				
57	BP200340	Tempe Market Place	2000 E Rio Salado Pkwy	Exterior renovations	TI				
58	PL180236	Mill And Rio - One Hunderd Mill	100 S. Mill Ave	Mixed-Use	PAD/DPR/Plat				
59	BP191432	Lowry's Inc	441 W Geneva DR	TI W/Minor Elevation Mod	TI				
60	BP191769	Spec Suite 110 (105-110)	7929 S Hardy Dr	TI-Office Warehouse	TI				
61	BP191759	Novus Innovation Corridor	760 E University Dr	Private Street Lights	AA				
62	BP191571	Edgeconnex	3011 S 52nd St	AA Exterior Modifications	AA				
63	PL190166	Roosevelt Corner	305 S Roosevelt St	6 new 3 story townhomes	DPR			6	
64	PL170380	The Roosevelt Phase II	225 S Roosevelt St	19 new three-story attached single family	DPR/PLAT/SBD			19	
65	BP201167	Fine Arts Building for Tempe Prep	1251 E Southern Ave	New 20,898 sq. ft. Classroom/Multipurpose Building					
66	PL190166	Roosevelt Corner	305 S Roosevelt St	New Office	Plat/SBD				
67	PL190320	Tobian Residence	415 W 5th St	New Multi Family Two Units	DPR/SBD				
68	PL190276	Del Taco	1331 N Scottsdale Rd	New 2,053 s.f. restaurant					
69	PL180192	Hudson Lane Condos	55 W. Hudson Ln	Multi-Family	DPR	21,259		11	26'2"
70	PL200068	Tempe Crossings 2 Lot 1	9895 S Priest Dr	Retail	DPR				
71	BP200330	Corbell Park	7300 S Lakeshore Dr	Playground Improvements	TI				
72	PL190233	Twin Peaks	2050 E Rio Salado Pkwy	New restaurant with patio	DPR				
73	PL190085	Parc Broadway	711 W. Broadway Rd.	New mixed use housing	ZON/PAD/DPR/GPA			324	
74	BP192220	East Valley Bus	2050 W Rio Salado Pkwy	Replace/repair existing shade canopies					

75	PL200066	Salad and Go	3229 S 48th St	New Restaurant	DPR			
76	PL190297	Tempe Street Car TPS#4	1839 E Apache Blvd	Traction Power Substation and Signal House	DPR/SBD			
77	PL190161	Vib Tempe	511 S Farmer	New Hotel	DPR			
78	BP202315	Tempe Villas	3425 S Priest Dr	Remodel apartment units	TI			
79	BP200251	The Beam on Farmer	433 S Farmer Ave	Commercial office building				
80	BP210692	Photovoltaic System	8150 S Kyrene Rd	Install Photovoltaic on roof	AA			
81	BP202317	Robinhood - Tempe	410 N Scottsdale Rd	TI	TI			
82	BP191001	UPS	1975 E. Wildermuth AV	Replacement of Tank and Dispensers	DPR			
83	BP210091	Evolve Allegis	1540 W Fountainhead Pkwy	TI	TI			
84	BP211270	TAPP Interior Remodel	6000 S Lakeshore Dr	TI	TI			
85	BP210233	Wilson Engineers	1620 W Fountainhead Pkwy	TI	TI			
86	BP210071	Village Medical	1825 E Warner Rd	TI	TI			
87	BP210303	Interiorworx	2040 W Rio Salado Pkwy	TI	TI			

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IN PLAN REVIEW FOR BUILDING PERMIT

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE / DESCRIPTION	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL180333	Pueblo Anozira	1849 E. Guadalupe Rd.		A/A			
2	BP190466	Gentle Dental	6601 S. Rural Rd.		T.I.			
3	BP190681	Evbom	2050 W. Rio Salado Pkwy.	Site Modifications	T.I.			
4	PL180306	Grand At Papago Phase 4 Office And Structure	1121 W. Washington St	Office	DPR	593,410		112'
5	PL190044	The Twins Duplex	109 S. Roosevelt St.	New Construction Residential Duplex	DPR			
6	PL180315	Ascend Church	1585 E. Guadalupe Rd.	New Bldg and Interior remodel of existing blgs	DPR	16,043		30'
7	BP191730	Level Up	2424 W University Dr	TI Dispensary Suite 119	TI			
8	PL180037	Khan On Spence	1117 E. Spence Ave	Multi-Family	DPR		6	
9	PL190007	Tempe Micro Estates	1443 S Rita Ln	Multi-Family	ZON/PAD/DPR		13	
10	PL180308	Kyrene and Elliot Shops	550 W Elliot Rd.	New Retail and Restaurant	DPR/ADM	6,360		28'
11	PL190092	Salubrious Wellness Clinic	520 S Price Rd	Site Work, Mech Equip Add, TI & Ext Door	TI			
12	PL190094	Hilo Tempe	701 S. Mill Ave.	11 Story Mixed Use	PAD/DPR		122	
13	BP192159	Native Grill and Wings	1301 E Broadway Rd	TI/W Minor Exterior Modifications	TI			
14	PL190277	Discovery Business Center Phase III	7400 S Price Rd	New 3 Story Office Building				
15	PL180314	Omni Tempe	7 E. University Dr.	Hotel	DPR	270,584	331	179'4"
16	PL190313	Loeding Lofts	431 W 6th St	3 new single family homes	DPR/ZUP		3	
17	PL190140	Tempe Market Station	1953 E. Rio Salado Pkwy	RETAIL Commercial/Retail/Restaurant	DPR/PAD			
18	PL190127	Agave Center Self Storage	1791 W. Greentree Dr	Self Storage Facility	DPR/ZUP			
19	PL190200	One Hundred Mill Hotel	120 S Mill Avenue	13 Story hotel containing 237 keys	DPR			
20	PL190315	The 5th Apartments	1027 W 5th St	Increase ht for 28 unit development	ZUP/DPR		28	
21	PL190138	Tempe Market Station	1953 E. Rio Salado Pkwy	HOTEL Commercial/Retail/Restaurant	ZUP/PAD/DPR			
22	PL190150	Gem Apartments	2063 E Lemon St	3 story 11 units	DPR		11	
23	PL190059	Eastline Village - Phase I	2025 E Apache Blvd	3 story mixed use dwelling & commercial	DPR		180	
24	PL190217	430 W 7th St Apartments	430 W 7th St	New multi story multi family apartments	DPR/PAD		7	
25	PL190270	3 On Hardy Townhomes	325 S Hardy Dr	New SFR				
26	PL190059	Eastline Village Phase 1	2025 E Apache Blvd	Multi-Family				
27	PL200086	Habitat for Humanity (Victory)	2539 E Victory Dr	Two SFR development				
28	PL190232	Lemon St Single Family Residences	2001 E Lemon St	DPR for 7 Single Family Homes	DPR/ZUP			
29	BP202288	Khare Fuel Facility	1795 E University Dr	Addition of new canopy and fuel dispensers				
30	BP202420	Discount Tire	1709 E Southern Ave	Addition and interior remodel	A/A			
31	BP202157	NationServe TI	402 W Geneva Dr	TI	TI			
32	BP210061	Steel Reservoir Tanks Rehab @ Historic Hayden Butte	222 E 5th St	System upgrade				
33	BP210042	Celerion Generator	5005 S Wendler Dr	New exterior generator and enclosure	A/A			
34	PL200114	Uhaul Tempe Town Lake	500 N Scottsdale Rd	3 story building	DPR/ZUP			
35	PL200225	Quantum Surgical Center	4611 S Lakeshore Dr	New Surgical Center	DPR/ZUP			
36	BP210287	Setna IO	402 W Fairmont Dr	TI	TI			
37	BP210306	IO Flood Remodel	1347 E University Dr	TI	TI			
38	BP210384	Fry's 627	9900 S Rural Rd	TI	TI			
39	BP210209	Aircomm	2929 S 48th St	TI	TI			
40	BP210289	ADOT @ 1919 W Fairmont Drive	1919 W Fairmont Dr	TI	TI			
41	BP210512	Vitalant - GMP #239	1524 W 14th St	TI	TI			
42	BP210605	Brookdale Tempe	1610 E Guadalupe Rd	Update to Common areas	A/A			

43	BP210407	Arizona Pain	601 E Broadway Rd	TI	TI			
44	BP210488	Tempe Center for the Arts - Fountain Equipment	700 W Rio Salado Pkwy	Fountain Renovation	A/A			
45	PL170280	Farmer Townhomes	406 W 7th St	Construct 15 townhomes	ZON/PAD/DPR			
46	PL190154	George Drive Bungalows	807 S George Dr	New single family homes allow in CSS	DPR/ZUP		10	
47	PL200246	Whataburger	1800 W Elliot Rd	New restaurant with drive-thru	DPR/ZUP			
48	BP210767	AZ Cardinals Practice Dome - HVAC	8701 S Hardy Dr	Replace and Upgrade inflation and cooling unit				
49	BP210732	EdgeConneX Waymo Charging Stations	3011 S 52nd St	A/A				
50	BP210686	Hatfield Medical Group	5015 S Arizona Mills Cir	A/A				
51	BP210691	Medi Impact	8060 S Kyrene Rd	Install Photovoltaic system on roof				
52	BP210715	dd's Discounts	5000 S Arizona Mills Cir	TI				
53	BP210839	Zelman Center Renovation and Addition	1251 E Southern Ave	New storage building				
54	BP210906	Nirvana Center	2715 S Hardy Dr	TI				
55	BP210878	Ailgn	410 N Scottsdale Rd	TI				
56	PL200220	Fry's Fuel Center	1831 E Baseline Rd	New Fuel Center with Small Kiosk	DPR/ZUP			
57	BP210983	The Dillon	720 S Roosevelt St	TI				
58	BP210986	O'Reilly Auto Parts Store	1920 E University Dr	TI				
59	BP211060	Wildflower @ Tempe Square	6428 S McClintock Dr	TI				
60	BP211066	21st Century Healthcare	443 W Alameda Dr	TI				
61	BP211031	Nextcare	2145 E Baseline Rd	TI				
62	BP211028	Amazon	2000 E Rio Salado Pkwy	TI				
63	BP211106	Friendship Village Tempe - Phase 2	2645 E Southern Ave	5 Story Independent Living				
64	BP211147	Tempe RNC Remodeling and Expansion	126 W Gemini Dr	A/A				
65	BP211284	Wells Fargo RDC Remediation Generator Building	1305 W 23rd St	Construct new generator building				
66	BP211198	Harkins Tempe Marketplace 16	2000 E Rio Salado Pkwy	TI				
67	BP211349	Tempe Cornerstone	920 E University Dr	Exterior renovation				
68	BP211327	Ptichfork Tempe T.I.	2055 E 5th St	TI				
69	BP211323	BD Level 4 Lab Expansion TI	850 W Rio Salado Pkwy	TI				
70	BP211487	CCD Remodel Tempe	520 S Price Rd	A/A				
71	BP211475	Marriott Tempe at the Buttes - Window Replacement	2000 W Westcourt Way	A/A				
72	BP211467	Neudesic	100 S Mill Ave	TI				
73	PL190249	Blue at Eastline Village	2058 E Apache Blvd	Mixed Use development -Comm/Multi-Fam	ZON/DPR/PAD/GPA		187	
74	PL200251	Rio East	98 S River Dr	New Mixed-use development	DPR/PAD/ZON			

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PLANS APPROVED / ENTITLED / COMPLETED

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE / DESCRIPTION	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL200047	Howe Ave Project (Phase II)	2173 E Howe Ave	4-Plex Apartment	DPR		4	
2	PL170081	Hayden Lane Condos	1917 E. Hayden Ln	Multi-Family	PAD & DPR		4	30'
3	PL160429	Apache + Oak	1461 E. Apache Blvd	Mixed-Use	DPR/ZUP	18,582	22	37
4	PL180175	Tempe Student Housing	1432 S. Bonarden Ln	Multi-Family	DPR/ZUP	12,000	5	26'
5	PL190070	6th and College Hotel - New Hotel	580 S. College Ave	Hotel	PAD/ZUP/IDPR			
6	PL190265	Service First	505 W Warner Rd	8,968 sq.ft vehicle service facility	DPR			
7	PL190298	19th Street Residences	667 W 19th St	Setback reduction 4 new sgl family homes	ZUP/DPR		4	
8	PL190201	Staybridge Suites	93 S Rockford Dr	Hotel	PAD/ZUP/IDPR		109	
9	PL190319	Novus Phase III	700 S Novus PL	New six story office building	DPR			
10	PL190067	Fair Lane Business Park	3202 S Fair Ln	Office	Plat			
11	PL200115	Residence Inn	1724 Greentree Dr	New Hotel	DPR		106	
12	PL200055	University Park Addition	122 E 5th St	Lot Split				
13	PL200109	Habitat for Humanity (Don Carolos)	1969 E Don Carlos	6 Single Family Lots	DPR		6	
14	PL190093	First and Farmer	206 S Farmer Ave	New Office	Plat			
15	PL190139	Tempe Metro	1811 E Apache Blvd	Plat Amedment	Plat			
16	PL200217	Kyrene and Guadalupe	6375 S Kyrene Rd	New Restaurant	DPR			
17	PL190330	Tempe Depot	300 S Ash Ave	New mixed use development	DPR/PAD/ZUP			
18	PL200129	Smith & Rio Apartments	1965 E Rio Salado Pkwy	New 5 Story Apartment Building	DPR/PAD/ZON/GPA			

19	PL200108	Habitat for Humanity (Roosevelt)	3606 S Roosevelt St	3 Single Family Lots	DPR,SBD,ZUP		3	
20	PL200088	Baseline & Mill Amended Plat	5030 S Mill Ave	Subdivision Plat	SBD			
21	PL200128	Banyan North Tempe	1255 E Curry Rd	Mixed Use development	DPR			
22	PL190221	Sound & Lighting FX	1245 N Miller Rd	Plat	Plat			
23	PL200262	McClintock 11 Homes	1006 S McClintock Dr	New single-family attached homes	DPR/ZUP			
24	PL200288	Novus Parcel 4F - Phases I & II	1337 E Rio Salado Pkwy	New Office buildings complex	DPR			

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IN REVIEW FOR PLANNING ENTITLEMENTS

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE / DESCRIPTION	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL190111	Bliss on 5th St	408 S Roosevelt St	11 Single Fam Attached Res	DPR		11	
2	PL190153	BH Properties The Center-South Structure	2881 S 48th St	Addition of above grade parking deck	DPR			
3	PL200132	Uhaul Loop 202	800 N McClintock Rd	3 story building	DPR/ZUP/Var			
4	PL190059	Eastline Village	2025 E Apache Blvd		Plat			
5	PL200194	Best Western Tempe	690 N Scottsdale Rd		Plat			
6	PL200239	Price & Baseline Roads	2160 E Baseline Rd	New multi-family development	DPR/PAD/ZON/GPA		200	
7	PL200245	Tempe Market Station	1929 E Rio Salado Pkwy	Minor DPR and PAD Amendment	DPR/PAD			
8	PL200263	Aura Apache	1820 E Apache Blvd	New Mixed-use development	DPR/PAD/ZON/GPA/ZUP			
9	PL200303	Caroline Lane	1250 W Caroline Ln	New Single-Family development	DPR/PAD/ZON			
10	PL200215	Starbucks - Tempe	2165 E Baseline Rd	Conversion of existing convenience store/fueling center	DPR			
11	PL200275	Downtown Flats	433 S Farmer Ave	New mixed-use development	DPR/PAD/GPA			
12	PL210004	Hardy Carver Industrial	8123 S Hardy Dr	Subdivision Plat	SBD			
13	PL210034	Milhaus @ Apache	2125 E Apache Blvd	Mew Mixed-Use Development	DPR/PAD/ZON/ZUP			
14	PL210041	5454 S Beck	5454 S Beck Ave	Subdivision Plat	SBD			
15	PL210050	Novus Parcel 3F	651 E 6th St	New multi-family development	DPR			
16	PL210061	Carvana	1110 W 1st St	2 New 3-Story office buildings & 2 parking structures	DPR/PAD			
17	PL210091	Victorum Tattoo	515 S Mill Ave	Variance to recude spearation requirements	VAR			
18	PL210047	Lemon Street Single-Family Residences	155 S Smith Rd	Subdivision Plat	Plat			
19	PL210107	Wells Fargo RDC	1305 W 23rd St	Addition of new electrical equipment building	DPR/PAD			
20	PL210122	Kasita	603 W Southern Ave	New multi-family development	DPR/ZUP			
21	PL210130	250 Rio	250 W Rio Salado	New Mixed-use development	DPR/PAD/ZON/GPA			
22	PL210131	Farmer Townhomes	406 W 7th St	Amended Subdivision Plat	Plat			
23	PL210136	Car-Graph Inc	1535 W Elna Rae St	New 3-Story office building	DPR/ZUP			
24	PL210137	South Point Plaza	2720 W Baseline Rd	Subdivision Plat	SBD			
25	PL200128	Banyan North Tempe	906 N Miller Rd	Subdivision Plat	SBD			
26	PL210111	Bonarden Lane Homes	1432 S Bonarden Ln	8 New attached single-family homes	DPR/ZUP			
27	PL210170	2173 E Howe Ave	2173 E Howe Ave	Amended Subdivision Plat	SBD			
28	PL210169	Harl Industrial	6840 S Harl Ave	2 new industrial buildings	DPR			
29	PL210165	Starbucks at Southern Palms	3206 S McClintock Dr	New coffee shop with drive-through	DPR			
30	PL210280	Apache Rock Daybreak	1935 E Apache Blvd	New Mixed-use development	DPR/PAD/ZON			
31	PL210184	Generations Medical Center	6301 S McClintock Dr	New PAD Overlay	PAD			
32	PL210188	Aura Apache - Final Plat	1820 E Apache Blvd	Final Plat	SBD			
33	PL210202	1501 W Fountainhead Pkwy - Lot Split	1501 W Fountainhead Pkwy	Lot Split	SBD			

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USE PERMITS

#	*TRACK'G	PROJECT	SITE ADDRESS	PROPOSED USE / DESCRIPTION	Permit Type	BLDG SF	# OF UNITS	MAX. HEIGHT
1	PL210136	Car-Graph Inc	1535 W Elna Rae St	Use Permit to increase building height	ZUP			
2	PL210141	Lumberjaxes Axe Throwing	3109 S Fair Ln	Use Permit to allow beer and wine bar services	ZUP			
3	PL210147	Smith Residence	1436 E Dava Dr	Use Permit to reduce the required side-yard setback	ZUP			

I-10 Broadway Curve Improvement Update

For a detailed update on the I-10 Broadway Curve Improvement Project, please see page 2.

Marilyn DeRosa, (480)350-8896, marilyn_derosa@tempe.gov

July 2021 • Update #1



I-10 BROADWAY CURVE IMPROVEMENT PROJECT UPDATE



Project Overview

An Arizona Department of Transportation improvement project along I-10, between the I-10/I-17 split to the Loop 202 Santan/South Mountain freeways. 11 miles of improvements will enhance safety, reduce travel time and support the local, regional and state economies. Construction is scheduled to begin mid to late 2021 and last up to four years.

Advertising

Paid advertising for the Broadway Curve will begin the week of July 19. The ads are designed to create awareness, keep the public informed, build goodwill and demonstrate the need and benefits of the project.

Ads will be placed on digital billboards and gas station pump toppers along, and leading up to, the project area; at Sky Harbor International Airport; in print publications, including ones serving the Native American community; digital ads, including social media, streaming audio, search engines, Waze and more; as well as radio and TV.



Website

The project has a dedicated website, i10BroadwayCurve.com, that allows users to find out more about the project. It has resources, such as traffic and construction alerts, maps, videos, contact information and a newsroom.



"The Curve" mobile app

The free mobile app "The Curve" is available for download on the App Store and Google Play. Everyone who drives, lives or works in or around the project area can learn about closures and restrictions, real-time traffic information, detour routes and more.

Virtual pre-construction kick-off meeting

A virtual pre-construction kick-off meeting will be scheduled 30 days prior to the start of construction, tentatively scheduled for Wednesday, August 4, at this time. The meeting, hosted by ADOT and the project contractors, will provide an overview, what to expect during construction and ways to stay informed throughout the life of the project.

Throughout the project's duration, Tempe staff will keep the community informed by sharing ADOT news through city channels. Tempe staff have been involved in every aspect of the project to date and will continue to remain involved. If you have any questions for the Tempe project team, please let us know.

Contact: Marilyn DeRosa, Engineering and Transportation Director, Marilyn_DeRosa@tempe.gov

i10BroadwayCurve.com