



CITY AUDITOR'S OFFICE

Annual Follow-Up on Audit Recommendations

June 10, 2011

REPORT NO. 1116

CITY COUNCIL

Mayor W.J. "Jim" Lane

Lisa Borowsky

Suzanne Klapp

Vice Mayor Robert Littlefield

Ron McCullagh

Linda Milhaven

Dennis Robbins



June 10, 2011

Honorable Mayor and Members of the City Council:

Enclosed is the second *Annual Follow-Up on Audit Recommendations*, Report No. 1116. This report presents the auditor-determined status of 379 audit recommendations, primarily from reports issued since July 1, 2005. The reported results exclude recommendations in audits issued since January 2011 as most of these have later planned implementation dates.

Overall, auditors concluded that almost 87% of the audit recommendations have been substantially addressed, with their current status noted as implemented, in progress, or partly implemented. Due to an underlying program or process being discontinued or significantly changed, another 42 recommendations, or approximately 11%, are categorized as not applicable. Only 9 recommendations, or approximately 2%, have been classified as not implemented.

Audits conducted during fiscal year 2010/11 have identified potential cost savings or revenue enhancements totaling approximately \$2.3 million. As requested by the Audit Committee, this report also contains a summary of cost savings or revenue enhancements identified by audits.

We would like to thank staff throughout the City for their cooperation and assistance throughout the course of our audits and follow-up reviews.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

A handwritten signature in black ink that reads "Sharron Walker". The signature is fluid and cursive, with the first name "Sharron" being more prominent than the last name "Walker".

Sharron Walker, CPA, CFE
City Auditor

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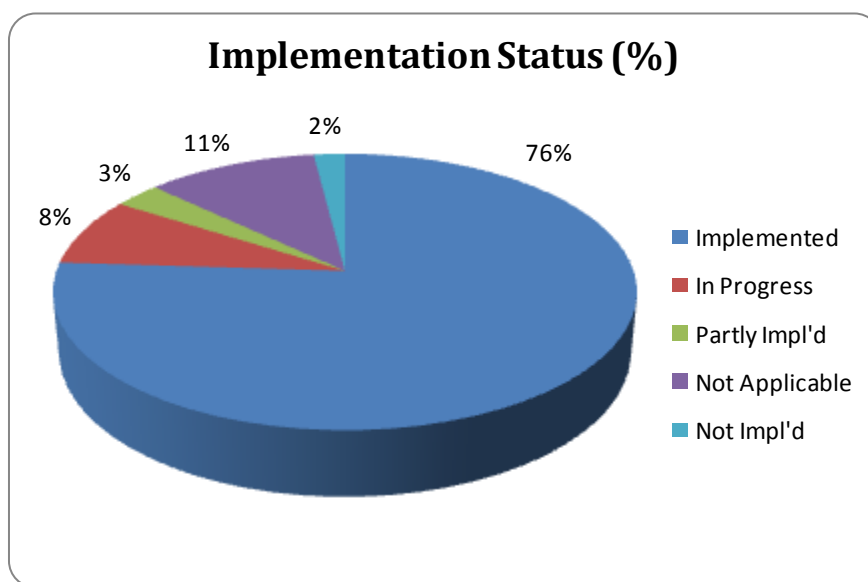
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EXECUTIVE SUMMARY

The Council approved FY 2010/11 Audit Plan included this *Annual Follow-Up on Audit Recommendations*. This report encompasses 379 audit recommendations, most issued between July 2005 and January 2011.¹

As shown in the following graphic, approximately 76% of these audit recommendations have been implemented, 8% are in progress, and another 3% have been partly implemented. Approximately another 11% of the 379 recommendations are no longer considered applicable due to the related program or process being discontinued or substantially changed. This leaves about 2% of the audit recommendations which were not implemented.



Source: Auditor analysis of Implementation Status data contained in this report.

Compared to the first *Annual Follow-Up on Audit Recommendations* issued last year, these results show a steady rate of adopting recommended changes.

The attached and linked report sections provide additional information, as follows:

- A. The implementation status of audit recommendations listed by Audit Report
- B. The implementation status of audit recommendations summarized by Division or Office
- C. A detailed list of the recommendations not implemented, along with brief explanations. No further reviews are currently planned for these items based on the change in circumstances or rationale noted for each.

¹ Also included are four fiscal year 2004 recommendations that remained open after the previous year's follow-up reviews. Not included are audit recommendations issued January 2011 or later, which generally have later planned implementation dates.

- D. As requested by the Audit Committee, a detailed list of audit reports and their associated estimated cost savings or revenues. This list also includes brief explanatory comments regarding potential savings or revenues that were not quantified.

For additional detailed information, a link is provided to a 66-page report of all audit recommendations included in this analysis.

DIVISION/OFFICE ACRONYMS

Division/Office Acronyms Used in Audit Follow Up Report Attachments	
AS	Administrative Services
Attny	City Attorney
Auditor	City Auditor
CED	Community & Economic Development (includes Airport; Economic Vitality; Planning, Neighborhood & Transportation; and WestWorld)
Clerk	City Clerk
CM	City Manager
Court	City Court
CS	Community Services
F&A	Finance & Accounting
HR	Human Resources
IT	Information Technology
Police	Police Department
Fire	Fire Department
PW	Public Works
WR	Water Resources

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0404	Safety Programs						
	F&A				2		2
Audit Total					2		2
0407B	Tangible Property Asset Management						
	F&A				2		2
Audit Total					2		2
0501	Use of Additional Tax on Transient Lodging						
	EV	2					2
	F&A	1			2	1	4
Audit Total		3			2	1	6
0502	Detention Services Billing Reconciliation						
	Police	1		2		1	4
Audit Total		1		2		1	4
0506	Control & Tracking of Citations						
	Police	4					4
Audit Total		4					4
0508	Compliance with City Code Provisions for Public Art						
	CED	12	1				13
	CED & F&A	5					5
	F&A	2	1		1	1	5
Audit Total		19	2		1	1	23
0510A	Sculpture Pad Program						
	CED					1	1
Audit Total						1	1
0510B	Controls Over the Art Collection						
	CED	3			2		5
Audit Total		3			2		5

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0510C.1	Amended & Restated Management Services Agreement Between the City of Scottsdale & the Scottsdale Cultural Council -- Compliance with \$2.10, Utilities						
	CED	2					2
	CED & CS	1					1
	CS	1					1
	F&A	2					2
	PW	1					1
Audit Total		7					7
0510C.2	Amended & Restated Management Services Agreement Between the City and the Scottsdale Cultural Council -- Compliance with \$5.1, Scottsdale Mall						
	CED	13					13
	CED & CS	1					1
	CS	1					1
	PW	1					1
Audit Total		16					16
0510D	Scottsdale Cultural Council Management Services Agreement - General & Financial Requirements						
	CED	3					3
	CS	2					2
Audit Total		5					5
0511	Classification & Compensation Plan						
	F&A	1					1
	HR	1					1
Audit Total		2					2
0513	Collection of Airport & Airpark Fees						
	CED	7					7
Audit Total		7					7

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0514	Handlebar Helpers Program						
	CED	1					1
	CS	11					11
	CS & Attny	2					2
	HR	1					1
Audit Total		15					15
0516	Neighborhood Enhancement Partnership						
	CS	16					16
	F&A	2					2
Audit Total		18					18
0517	Plumbing & Landscape Conversion Rebates						
	PW & WR	4					4
Audit Total		4					4
0519	Alarm Permits & False Alarm Service Charges						
	F&A	1					1
	F&A & PS	4					4
Audit Total		5					5
0520	Computer Replacement Funding						
	F&A	3			1		4
	IT	2					2
Audit Total		5			1		6
0523	Controls Over Tracking Code Enforcement Citations and Management of the City Abatement Fund						
	CED	8				12	20
	CED & Attny	1					1
	CED & F&A	1					1
	CS					1	1
	F&A	1					1
	IT					1	1
Audit Total		11				14	25

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0525	Enhanced Municipal Services District						
	CED					16	16
	F&A					1	1
Audit Total						17	17
0526A	WestWorld--Compliance With the Cost-Sharing and Land Use Agreement						
	CED	2	1				3
	CED & Attny	2					2
	CED & F&A	1					1
Audit Total		5	1				6
0526B	WestWorld Financial Operations, Facility Use Licenses						
	CED	3	1				4
Audit Total		3	1				4
0526C	WestWorld Financial Operations, Caterer & Food Concessionaire Agreements						
	CED	7					7
	F&A	1					1
Audit Total		8					8
0526D	WestWorld Financial Operations, Restaurant Agreement						
	CED	4	1	1		1	7
	F&A	1					1
Audit Total		5	1	1		1	8
0526E	WestWorld Financial Operations, Special Event Liquor Licenses						
	CED	2					2
	F&A	1					1
Audit Total		3					3
0526F	WestWorld Financial Operations, Paid Parking Agreement						
	CED	3					3
	F&A	1					1
Audit Total		4					4

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0526G	WestWorld Financial Operations, Feed & Bedding						
	CED					1	1
Audit Total						1	1
0605	Physical Access Keypad System Post-Implementation Review						
	Police	1					1
Audit Total		1					1
0607	Passport Services						
	Clerk	1				1	2
Audit Total		1				1	2
0608	Purchasing Card Program						
	AS	1					1
Audit Total		1					1
0609	Travel Expenditures						
	F&A		3				3
Audit Total			3				3
0610	Cash Handling						
	CED	8					8
	CED & F&A	1					1
	CS	14				1	15
	F&A	1					1
	HR	4					4
Audit Total		28				1	29
0611	Cab Connection Program						
	CED	8					8
Audit Total		8					8
0614	Housing Assistance and CDBG Programs						
	CS	2					2
Audit Total		2					2

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0704	Controls Over the Safeguarding, Use and Disposal of Seized and Forfeited Property and Funds Advanced to the Police Department for Undercover Operations						
	Police	6		1			7
Audit Total		6		1			7
0705	Cash Handling						
	F&A	7				1	8
Audit Total		7				1	8
0706	Travel Expenditures						
	F&A	4					4
Audit Total		4					4
0801	Management of Assets Controlled by the Fire Department						
	Fire	2					2
Audit Total		2					2
0802	Workers' Compensation						
	F&A	1					1
	HR	2					2
	HR & F&A		1				1
Audit Total		3	1				4
0803	Collection of Development and Permit Fees						
	CED	3					3
Audit Total		3					3
0804	Basin Management Funds						
	F&A	3				1	4
	F&A & CS	3					3
Audit Total		6				1	7

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0901-0904	Cash Handling						
	CS	1					1
	Police	1					1
Audit Total		2					2
0905	City Fuel Usage						
	PW	7					7
Audit Total		7					7
0906	Collection of Delinquent Funds						
	CED	2					2
	CED & F&A		1				1
	Court	4					4
	F&A	8	1				9
Audit Total		14	2				16
0908	Change Orders and Contract Modifications for Capital Projects						
	PW	2					2
	PW & AS	1		2			3
Audit Total		3		2			5
0909	Scottsdale Convention & Visitors Bureau Agreement						
	CED	2					2
Audit Total		2					2
0910	Water System Security						
	WR	2					2
Audit Total		2					2
0911	In-Lieu Parking Program						
	CED	1					1
	CED & Attney	1					1
	CED & Attney & F&A	3					3
Audit Total		5					5

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
0912	Use of Purchase Orders						
	F&A & AS			2			2
Audit Total				2			2
1001	Boards and Commissions						
	Auditor	1					1
	CM	1					1
	CM & Clerk	1					1
Audit Total		3					3
1002	Street Overlay & Maintenance Program						
	PW	3					3
Audit Total		3					3
1003	Irrigation Water Distribution System						
	WR	2					2
Audit Total		2					2
1004	Trolley Services						
	CED	3					3
Audit Total		3					3
1005	Commercial Refuse Collection						
	PW	1					1
	PW & F&A	1		1			2
Audit Total		2		1			3
1006	Custodial Services Contract Administration						
	AS	1					1
	PW	1					1
Audit Total		2					2
1007	Pool Usage: Agreements & Administration						
	CS	3					3
Audit Total		3					3

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
1008	Real Property Leases and Licenses						
	F&A	1					1
	PW	2					2
	PW & AS	1					1
Audit Total		4					4
1009	Ambulance Contracts: Compliance & Contract Administration						
	Fire		2				2
Audit Total			2				2
1010	Compliance with Medical Privacy Requirements of the Federal Health Insurance Portability and Accountability Act (HIPAA)						
	Fire	1					1
	HR	1					1
	HR & F&A	1					1
Audit Total		3					3
1011	Special Event/Off-Duty Coordination						
	Police	2		1			3
Audit Total		2		1			3
1014	Retirement Incentive Program & Reorganization						
	CM, HR & F&A		3				3
Audit Total			3				3
1101	Energy Billing Audit (Utilities Analyses, Inc. contract)						
	WR & PW	1		1			2
Audit Total		1		1			2
1102	Parks & Recreation Intergovernmental Agreements						
	CS		3				3
Audit Total			3				3

* Includes recommendations from audit reports since July 2005.

Attachment A - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
1103	Compensation Practices & Controls						
	HR		4				4
Audit Total			4				4
1104	Selected Application Controls over the City's TotalHR System						
	F&A	1					1
	F&A & IT		1				1
	HR & F&A		1				1
Audit Total		1	2				3
1105	Fleet Management Rates						
	PW & F&A		3				3
Audit Total			3				3
Total Recomme		289	28	11	9	42	379

* Includes recommendations from audit reports since July 2005.

Attachment B - Status by Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Total
AS	2					2
Auditor	1					1
CED	97	4	1	2	31	135
CED & Attny	4					4
CED & Attny & F&A	3					3
CED & CS	2					2
CED & F&A	8	1				9
Clerk	1				1	2
CM	1					1
CM & Clerk	1					1
CM, HR & F&A		3				3
Court	4					4
CS	51	3			2	56
CS & Attny	2					2
EV	2					2
F&A	43	5		7	6	61
F&A & AS			2			2
F&A & CS	3					3
F&A & IT		1				1
F&A & PS	4					4
Fire	3	2				5
HR	9	4				13
HR & F&A	1	2				3
IT	2				1	3
Police	15		4		1	20
PW	18					18
PW & AS	2		2			4
PW & F&A	1	3	1			5
PW & WR	4					4
WR	4					4
WR & PW	1		1			2
Grand Total	289	28	11	9	42	379

Attachment C - Recommendations Not Implemented

Audit#	Find#	Finding	Auditor FollowUp	Auditor Status
		Safety Programs	Date Issued 1/14/2005	
0404	1	Program budgets within the Risk Management Division should be established to allow for tracking costs necessary to provide safety programs. The cost center "Safety Grant Program" should be merged into the safety program budget and an allocation of overhead should be developed.	Risk Management does not currently allocate costs due to continuing management perspective that limited resources can be better used in improving safety efforts.	Not Impl'd
	2	A chargeback system should be established to allow the tracking of costs associated with PPE, training programs, and the Smith Defensive Driving Programs.	These costs remain associated with the departments/divisions. Management perspective continues to be that such chargebacks would have limited benefit and would consume limited resources that are better used in improving safety efforts.	Not Impl'd
		Tangible Property Asset Management	Date Issued 4/21/2005	
0407B	4	Develop a process for recording the composite value of the library collection onto the capital asset list.	Financial Management made the decision to not record the library collection citing FASB 116 and GASB 34. Current research into GASB 34 indicates gov'ts are encouraged, but not required, to capitalize collections meeting 3 specified conditions: held for public exhibition, education or research in furtherance of public service rather than financial gain; protected, kept unencumbered, cared for and preserved; and organizational policy requires proceeds from sales of the collection items to be used to acquire other items.	Not Impl'd
	10	Establish a process that requires the collection and retention of asset tags from the Warehouse upon disposal of capital equipment in order to evidence that the assets were actually disposed of through appropriate channels.	Per the Purchasing Director, the tags that the City currently uses are designed to shred when removed. Therefore, retention of the tags is not possible. However, the disposed property is noted in the asset listing.	Not Impl'd
		Use of Additional Tax on Transient Lodging	Date Issued 12/5/2005	
0501	3	Submit to Council for review and approval modification to City Code to require allocation of interest earnings if there is a carryforward of restricted revenues and to any reserve balance that may be established.	Accounting indicated the applicable City Code would need to be modified by Council action to specify such an interest allocation, which has not been requested. However, if a policy was approved to allocate interest earnings to any carryforward balance, negative interest would be allocated when there is a negative balance as well as positive interest earnings when a positive balance exists.	Not Impl'd
	6	Ensure that the establishment of the reserve is forwarded to Council for review and discussion.	Accounting indicated the applicable City Code would need to be modified by Council action to specify such an interest allocation, which has not been requested. However, if a policy was approved to allocate interest earnings to any carryforward balance, negative interest would be allocated when there is a negative balance as well as positive interest earnings when a positive balance exists.	Not Impl'd

Audit#	Find#	Finding	Auditor FollowUp	Auditor Status
Compliance with City Code Provisions for Public Art			Date Issued	1/17/2006
0508	23	Document the procedure that will be used to track interest earnings allocated to the capital project for public art and the steps that will be taken to ensure key stakeholders are informed of the amount for future budget considerations.	The Accounting Director noted that a review of City Code \$20-123 shows no mention of allocating interest earnings to the Art in Public Places capital improvement project. Interest earnings are calculated and allocated at the fund level, and management's opinion is that the current practice allows interest earnings to be appropriated to the best and highest use.	Not Impl'd

Controls Over the Art Collection			Date Issued	10/11/2006
0510B	4	The Cultural Council has complied with the requirement to provide a list of art to Risk Management and no losses have been paid from the fine arts trust. However, Risk Management's involvement in determining the value assigned is limited.	According to the Risk Management Director, annually in January she receives a list of City artwork from the SCC through the CA. She stated she does not have professional knowledge to determine the value of artwork and relies on the SCC listed values to determine whether the City has sufficient loss coverage. The City Treasurer indicated he is comfortable with this arrangement and is not in favor of acquiring an independent assessment for the City's art work.	Not Impl'd
	5	Objects in the City collection are not appraised on a rotating basis to ensure appropriate coverage and provide an updated record of value for insurance purposes.	See finding #4. SCC staff determines artwork values and provides a valuation list annually to Risk Management. This list is used to evaluate insurance coverage. The City Treasurer indicated he is comfortable with this arrangement and is not in favor of acquiring an independent assessment for the City's art work.	Not Impl'd

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2006				
7/15/2005	0521	Software Licensing Appropriation Process	\$0	
7/22/2005	0514	Handlebar Helpers Program	\$0	
8/8/2005	0513	Collection of Airport & Airpark Fees	\$0	testing indicated some fees not correctly applied, but not quantified.
8/24/2005	0502	Detention Services Billing Reconciliation	\$0	tracking recovery of disputed charges recommended; impact not quantified.
8/29/2005	0525	Enhanced Municipal Services District	\$137,200	assessment > amount needed; lack of proper procurement.
10/28/2005	0520	Computer Replacement Funding	\$0	budgeting maintenance & operating costs in CIP-General Fund.
11/30/2005	0516	Neighborhood Enhancement Partnership	\$49,779	expenditures not for stated purpose & exceeded budget.
12/5/2005	0501	Use of Additional Tax on Transient Lodging	\$0	
12/19/2005	0517	Plumbing & Landscape Conversion Rebates	\$0	impact not quantified; identified need to reconcile Fin Svcs & Water Res rebate records.
1/17/2006	0508	Compliance with City Code Provisions for Public Art	\$0	
1/20/2006	0526A	WestWorld--Compliance With the Cost-Sharing and Land Use Agreement	\$0	
3/21/2006	0511	Classification & Compensation Plan	\$0	
3/27/2006	0519	Alarm Permits & False Alarm Service Charges	\$0	identified need to track billing & collections
4/7/2006	0601	Applying Agreed-Upon Procedures at Scottsdale City Court	\$0	saved the City the cost of an external audit firm to conduct this required work.
5/9/2006	0506	Control & Tracking of Citations	\$0	
5/31/2006	0607	Passport Services	\$0	
6/27/2006	0510A	Sculpture Pad Program	\$0	
Summary for 'FYPubl' = 2006 (17 records)			\$186,979	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2007				
7/25/2006	0605	Physical Access Keypad System Post-Implementation Review	\$0	
8/14/2006	0604	Procedures for the Disposal of Surplus Hard Drives	\$0	
10/11/2006	0510B	Controls Over the Art Collection	\$0	
11/30/2006	0609	Travel Expenditures	\$0	
12/7/2006	0608	Purchasing Card Program	\$0	
12/12/2006	0523	Controls Over Tracking Code Enforcement Citations and Management of the City Abatement Fund	\$0	
3/13/2007	0610	Cash Handling	\$0	
5/7/2007	0611	Cab Connection Program	\$0	identified need for reverification of eligibility (potential cost savings).
Summary for 'FYPubl' = 2007 (8 records)			\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2008				
10/11/2007	0510C.1	Amended & Restated Management Services Agreement Between the City of Scottsdale & the Scottsdale Cultural Council -- Compliance with \$2.10, Utilities	\$0	City not billing SCC for share of utilities (potential recovery not quantified).
11/30/2007	0703	Public Notices and Agendas, Legal Publications, and Minutes	\$0	
12/3/2007	0702	Procurement Card Program	\$0	
2/1/2008	0706	Travel Expenditures	\$0	
3/11/2008	0705	Cash Handling	\$0	
4/14/2008	0614	Housing Assistance and CDBG Programs	\$5,550	noted 10 instances ranging from \$103 - 5,550 per item, but total not cited in report.
4/14/2008	0510C.2	Amended & Restated Management Services Agreement Between the City and the Scottsdale Cultural Council -- Compliance with \$5.1, Scottsdale Mall	\$0	
4/15/2008	0704	Controls Over the Safeguarding, Use and Disposal of Seized and Forfeited Property and Funds Advanced to the Police Department for Undercover Operations	\$0	
6/9/2008	0510D	Scottsdale Cultural Council Management Services Agreement - General & Financial Requirements	\$0	noted costs that SCC should bear, but cost recovery potential not quantified.
6/12/2008	0616	Voluntary Utility Billing Donation Program (Scottsdale Cares)	\$0	
6/23/2008	0615	Use of Outside Law Firms	\$0	
Summary for 'FYPubl' = 2008 (11 records)			\$5,550	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2009				
7/28/2008	0804	Basin Management Funds	\$56,150	amount of interest collected during/after the audit.
8/5/2008	0801	Management of Assets Controlled by the Fire Department	\$0	
8/29/2008	0526F	WestWorld Financial Operations, Paid Parking Agreement	\$0	
8/29/2008	0526B	WestWorld Financial Operations, Facility Use Licenses	\$49,910	credits/fees waived
8/29/2008	0526C	WestWorld Financial Operations, Caterer & Food Concessionaire Agreements	\$9,750	
8/29/2008	0526E	WestWorld Financial Operations, Special Event Liquor Licenses	\$0	
8/29/2008	0526G	WestWorld Financial Operations, Feed & Bedding	\$0	
8/29/2008	0526D	WestWorld Financial Operations, Restaurant Agreement	\$9,000	
9/12/2008	0806	Preserve Gateway Property Acquisition	\$0	
9/30/2008	0802	Workers' Compensation	\$0	
10/16/2008	0901-0904	Cash Handling	\$0	
1/12/2009	0803	Collection of Development and Permit Fees	\$0	
1/14/2009	0805	Code Enforcement Follow-Up	\$0	
1/15/2009	0907	Business Resumption Follow-Up	\$0	
2/18/2009	0905	City Fuel Usage	\$81,300	estimated for most recent year only, not including earlier years.
4/28/2009	0909	Scottsdale Convention & Visitors Bureau Agreement	\$0	
5/8/2009	0906	Collection of Delinquent Funds	\$248,000	low end of range for additional collections; high end was estimated at \$619,000.
6/2/2009	0913	Independent Review of Minimum Accounting Standards at the Scottsdale City Court	\$0	
Summary for 'FYPubl' = 2009 (18 records)			\$454,110	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2010				
8/17/2009	0911	In-Lieu Parking Program	\$156,360	this amount does not include estimate for rate error of \$3,592 per parking credit.
8/17/2009	0912	Use of Purchase Orders	\$0	
8/17/2009	0908	Change Orders and Contract Modifications for Capital Projects	\$0	
9/17/2009	0910	Water System Security	\$0	
11/5/2009	1001	Boards and Commissions	\$0	
11/5/2009	1002	Street Overlay & Maintenance Program	\$0	
11/5/2009	1003	Irrigation Water Distribution System	\$375,000	wrong rate used for in lieu property tax charges (to all enterprise funds, not just IWDS).
2/5/2010	1008	Real Property Leases and Licenses	\$0	
2/5/2010	1005	Commercial Refuse Collection	\$418,650	most recent year only; \$618,000 excess costs/revenue shortfalls in 4 prior years as well.
2/5/2010	1006	Custodial Services Contract Administration	\$0	
4/7/2010	1010	Compliance with Medical Privacy Requirements of the Federal Health Insurance Portability and Accountability Act (HIPAA)	\$0	
5/3/2010	1009	Ambulance Contracts: Compliance & Contract Administration	\$211,600	includes \$95,000 in unbilled costs plus \$116,600 in potential revenues.
5/7/2010	1004	Trolley Services	\$0	\$222,000 payment for contractor's insurance planned to be recouped by Feb 2011, but should not have been paid.
6/9/2010	1007	Pool Usage: Agreements & Administration	\$31,000	does not include potential additional cost recovery through rate increases (only 21% cost recovery on average).
6/14/2010	1012	Annual Follow-Up on Audit Recommendations	\$0	
6/14/2010	1014	Retirement Incentive Program & Reorganization	\$215,500	amount does not include ASRS early retiremt penalty (\$2.5 - 5M) or salary issues (exceed max. salary = \$125k, excess sal increases \$43k, retro salary increases \$76k, org. change increases \$244k)
Summary for 'FYPubl' = 2010 (16 records)			\$1,408,110	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2011				
8/6/2010	1011	Special Event/Off-Duty Coordination	\$54,000	Amount of admin fees waived during last 3 years. Admin fee was only recovering 4% of program's admin costs (\$217k).
9/8/2010	1102	Parks & Recreation Intergovernmental Agreements	\$35,000	FY 2008/09 and FY 2009/10 potential cost recoveries.
9/10/2010	1103	Compensation Practices & Controls	\$257,900	FY2008/09 and 2009/10 only: noncharter def'd comp \$114.2k, added med/vac hrs \$49.8k, pay type not in policy \$23k, pay incr w/o perf eval \$59.8k, unauth auto allow \$11.1k
10/4/2010	1117	Residential Solid Waste Program Cost Analysis	\$0	recommended review of number of vehicles, alley maintenance costs, & indirect charges, but potential impact not quantified.
11/1/2010	1106	Water and Sewer Rates	\$0	
11/4/2010	1105	Fleet Management Rates	\$1,200,000	underused, loaners, + commuting costs of take-home vehicles; rate reductions to spend down Fleet cash balance (\$2 - 3M); return money for canceled Fleet CIP project (\$1.2M).
12/27/2010	1104	Selected Application Controls over the City's TotalHR System	\$0	
1/11/2011	1107	Overtime Controls and Practices	\$155,000	2 years OT paid to exempt employees (excl PD commun, sgt & lt). Does not incl \$721k paid for OT hrs exceeding policy limits or other potential OT reductions.
1/12/2011	1108	Tax Audit Assessments and Collections	\$0	potential to improve cost-effectiveness through different mix of staffing or increased productivity; potential savings not estimated.
3/10/2011	1101	Energy Billing Audit (Utilities Analyses, Inc. contract)	\$112,954	Consultant UAI estimated \$379,700 (\$58,700 from overbillings and \$321,000 from rate changes). Amount reflects to-date results; will be updated periodically.
4/4/2011	1110	Remittance Processing	\$264,000	Lower staffing could potentially reduce program costs by about \$264,000.
4/6/2011	1115	E-Verify Compliance of City Contractors - October 2008 through June 2010		Recommendation will assist with State law compliance.
4/7/2011	1109	Printing and Graphics Services	\$104,000	sample print savings \$9k; utility bill undercharge \$50k, postage overcharge \$70k; copier excess cost \$115k.
6/1/2011	1113	Medical Benefit Plans: Claims Processing	\$970	Sample error only; projected to population, estimated at \$690k. Contract with third party administrator (Aetna) does not allow projection of sample results for cost recovery.
6/2/2011	1114	Cash Handling, FY 2010/11	\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
6/10/2011	1112	Selected Housing Programs - Section 8 and HOME	\$200,000	Approx. annual savings from using Sect 8 admin fee revenue rather than General Fund. (Sect 8 admin reserves totaled approx. \$509k at 5/1/11.)
Summary for 'FYPubl' = 2011 (16 records)			\$2,383,824	
Grand Total			\$4,438,573	

DETAILED STATUS OF AUDIT RECOMMENDATIONS

[Link to separate detailed report](#)

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The City Auditor's Office provides independent research, analysis, consultation, and educational services to promote operational efficiency, effectiveness, accountability, and integrity in response to City needs.