



CITY AUDITOR'S OFFICE

Annual Follow-Up on Audit Recommendations

June 11, 2012

REPORT NO. 1215

CITY COUNCIL

Mayor W.J. "Jim" Lane

Lisa Borowsky

Suzanne Klapp

Robert Littlefield

Ron McCullagh

Linda Milhaven

Vice Mayor Dennis Robbins



June 11, 2012

Honorable Mayor and Members of the City Council:

Enclosed is the third *Annual Follow-Up on Audit Recommendations*, Report No. 1215. This report presents the auditor-determined status of 305 audit recommendations, primarily from reports issued since July 1, 2006. The reported results exclude recommendations in audits issued since March 2012 as most of these have later planned implementation dates.

Overall, auditors concluded that almost 92% 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 19 recommendations, or approximately 6.2%, are categorized as not applicable. Only 3 recommendations, or approximately 1%, have been classified as not implemented.

Audits conducted during fiscal year 2011/12 have identified potential cost savings or revenue enhancements totaling approximately \$3.5 million. As previously 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.

Sincerely,

A handwritten signature in black ink that reads "Sharron Walker". The signature is written in a cursive, flowing style.

Sharron Walker, CPA, CFE
City Auditor

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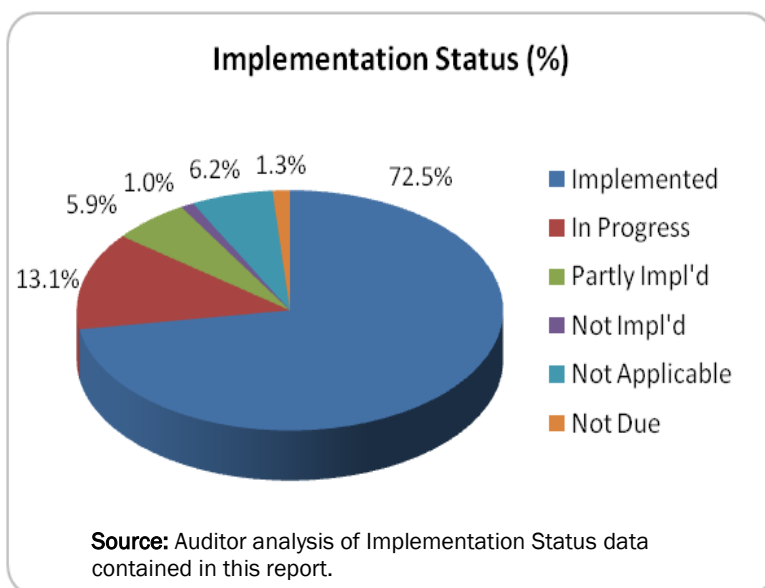
EXECUTIVE SUMMARY

The Council approved FY 2011/12 Audit Plan included this *Annual Follow-Up on Audit Recommendations*. This report encompasses 305 audit recommendations, most issued between July 2006 and February 2012.¹

As shown in the following graphic, approximately 72.5% of these audit recommendations have been implemented and 13.1% are in progress. Together, these statistics show better progress than last year (85.6% v. 84%), but the proportion with an “in progress” status is greater than last year’s 8%. Staff vacancies are often cited as the cause of delayed implementation.

At 5.9%, the proportion of “partly implemented” recommendations is about twice last year’s rate of 3%. This largely relates to multipart recommendations, of which some parts were implemented but not all.

Another 6.2%, representing 19 items, are categorized as “not applicable” due to the related program or process being discontinued. This number tends to decrease each fiscal year as the oldest audit reports are no longer carried forward in the tracking system. And four of the 305 recommendations, or 1.3%, are reflected as not yet due.



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

- A. The implementation status of audit recommendations summarized by Division or Office.
- B. The implementation status of audit recommendations listed by Audit Report.
- C. The implementation status of audit recommendations summarized by fiscal year.
- D. As previously 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 72-page report of all audit recommendations included in this analysis.

¹ Not included are audit recommendations issued March 2012 or later, which generally have later planned implementation dates.

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 Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
AS	5	4	1				10
Auditor	1						1
CED	76	3	4	2	14		99
CED, Attny	2						2
CED, Attny, F&A	3						3
CED, CS	2						2
CED, F&A	2	2					4
CM	1						1
CM, Clerk	1						1
CM, HR, F&A		3					3
Court	4						4
CS	26	2	1		2	2	33
F&A	37	10		1	2		50
F&A, AS			2				2
F&A, CS	3						3
F&A, CS, CED	1	1	2				4
F&A, IT	1						1
F&A, WR		1					1
Fire	3	2					5
HR	10	4	2				16
HR, F&A	2	1					3
IT					1	2	3
Police	10		2				12
Police, HR	1						1
PW	20						20
PW, AS	2		2				4
PW, F&A	1	3	1				5
WR	4						4
WR, F&A	2	4					6
WR, PW	1		1				2
Grand Total	221	40	18	3	19	4	305

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
0510B	Controls Over the Art Collection							
	CED	3			2			5
	Audit Totals	3			2			5
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 Totals	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 Totals	16						16
0510D	Scottsdale Cultural Council Management Services Agreement - General & Financial Requirements							
	CED	3						3
	CS	2						2
	Audit Totals	5						5
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 Totals	11				14		25

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
0526A	WestWorld--Compliance With the Cost-Sharing and Land Use Agreement							
	CED			1				1
	Audit Totals			1				1
0526B	WestWorld Financial Operations, Facility Use Licenses							
	CED	3		1				4
	Audit Totals	3		1				4
0526C	WestWorld Financial Operations, Caterer & Food Concessionaire Agreements							
	CED	7						7
	F&A	1						1
	Audit Totals	8						8
0526D	WestWorld Financial Operations, Restaurant Agreement							
	CED	4	1	1		1		7
	F&A	1						1
	Audit Totals	5	1	1		1		8
0526E	WestWorld Financial Operations, Special Event Liquor Licenses							
	CED	2						2
	F&A	1						1
	Audit Totals	3						3
0526F	WestWorld Financial Operations, Paid Parking Agreement							
	CED	3						3
	F&A	1						1
	Audit Totals	4						4
0526G	WestWorld Financial Operations, Feed & Bedding							
	CED					1		1
	Audit Totals					1		1
0605	Physical Access Keypad System Post-Implementation Review							
	Police	1						1
	Audit Totals	1						1

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
0608	Purchasing Card Program							
	AS	1						1
	Audit Totals	1						1
0609	Travel Expenditures							
	F&A		3					3
	Audit Totals		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 Totals	28				1		29
0611	Cab Connection Program							
	CED	8						8
	Audit Totals	8						8
0614	Housing Assistance and CDBG Programs							
	CS	2						2
	Audit Totals	2						2
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 Totals	6		1				7
0705	Cash Handling							
	F&A	7				1		8
	Audit Totals	7				1		8
0706	Travel Expenditures							
	F&A	4						4
	Audit Totals	4						4

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
0801	Management of Assets Controlled by the Fire Department							
	Fire	2						2
	Audit Totals	2						2
0802	Workers' Compensation							
	F&A	1						1
	HR	2						2
	HR, F&A	1						1
	Audit Totals	4						4
0803	Collection of Development and Permit Fees							
	CED	3						3
	Audit Totals	3						3
0804	Basin Management Funds							
	F&A	3				1		4
	F&A, CS	3						3
	Audit Totals	6				1		7
0901-0904	Cash Handling							
	CS	1						1
	Police	1						1
	Audit Totals	2						2
0905	City Fuel Usage							
	PW	7						7
	Audit Totals	7						7
0906	Collection of Delinquent Funds							
	CED	2						2
	CED, F&A		1					1
	Court	4						4
	F&A	8	1					9
	Audit Totals	14	2					16

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
0908	Change Orders and Contract Modifications for Capital Projects							
	PW	2						2
	PW, AS	1		2				3
	Audit Totals	3		2				5
0909	Scottsdale Convention & Visitors Bureau Agreement							
	CED	2						2
	Audit Totals	2						2
0910	Water System Security							
	WR	2						2
	Audit Totals	2						2
0911	In-Lieu Parking Program							
	CED	1						1
	CED, Attnty	1						1
	CED, Attnty, F&A	3						3
	Audit Totals	5						5
0912	Use of Purchase Orders							
	F&A, AS			2				2
	Audit Totals			2				2
1001	Boards and Commissions							
	Auditor	1						1
	CM	1						1
	CM, Clerk	1						1
	Audit Totals	3						3
1002	Street Overlay & Maintenance Program							
	PW	3						3
	Audit Totals	3						3

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1003	Irrigation Water Distribution System							
	WR	2						2
	Audit Totals	2						2
1004	Trolley Services							
	CED	3						3
	Audit Totals	3						3
1005	Commercial Refuse Collection							
	PW	1						1
	PW, F&A	1		1				2
	Audit Totals	2		1				3
1006	Custodial Services Contract Administration							
	AS	1						1
	PW	1						1
	Audit Totals	2						2
1007	Pool Usage: Agreements & Administration							
	CS	3						3
	Audit Totals	3						3
1008	Real Property Leases and Licenses							
	F&A	1						1
	PW	2						2
	PW, AS	1						1
	Audit Totals	4						4
1009	Ambulance Contracts: Compliance & Contract Administration							
	Fire		2					2
	Audit Totals		2					2

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
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 Totals	3						3
1011	Special Event/Off-Duty Coordination							
	Police	2		1				3
	Audit Totals	2		1				3
1014	Retirement Incentive Program & Reorganization							
	CM, HR, F&A		3					3
	Audit Totals		3					3
1101	Energy Billing Audit (Utilities Analyses, Inc. contract)							
	WR, PW	1		1				2
	Audit Totals	1		1				2
1102	Parks & Recreation Intergovernmental Agreements							
	CS		2	1				3
	Audit Totals		2	1				3
1103	Compensation Practices & Controls							
	HR		4					4
	Audit Totals		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 Totals	2	1					3
1105	Fleet Management Rates							
	PW, F&A		3					3
	Audit Totals		3					3

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1106	Water and Sewer Rates							
	WR, F&A	1	1					2
	Audit Totals	1	1					2
1107	Overtime Controls and Practices							
	HR	2						2
	Police, HR	1						1
	Audit Totals	3						3
1108	Tax Audit Assessments and Collections							
	AS	2		1				3
	Audit Totals	2		1				3
1109	Printing and Graphics Services							
	AS		4					4
	Audit Totals		4					4
1110	Remittance Processing							
	F&A	3	1					4
	Audit Totals	3	1					4
1111	Meter Reading Program							
	WR, F&A	1	3					4
	Audit Totals	1	3					4
1112	Selected Housing Programs - Section 8 and HOME							
	CS	2						2
	Audit Totals	2						2
1113	Medical Benefit Plans: Claims Processing							
	HR	1		2				3
	Audit Totals	1		2				3
1114	Cash Handling, FY 2010/11							
	F&A, CS, CED	1	1	2				4
	Audit Totals	1	1	2				4

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1115	E-Verify Compliance of City Contractors - October 2008 through June 2010							
	AS	1						1
	Audit Totals	1						1
1202	Tax and License Services							
	F&A	1	2		1			4
	Audit Totals	1	2		1			4
1203	Utility Billing Services							
	F&A		1					1
	F&A, WR		1					1
	Audit Totals		2					2
1204	Cultural Council Contract Compliance							
	CED	1		1				2
	CED, F&A		1					1
	Audit Totals	1	1	1				3
1205	Wireless Telecommunications							
	IT					2		2
	Audit Totals					2		2
1207	Palomino Library IGA Compliance							
	CS					2		2
	Audit Totals					2		2
1209	Selected Application Controls over the City's GenTax System							
	F&A		2					2
	Audit Totals		2					2
1211	Development/Planning Processes and Fees							
	CED		2					2
	Audit Totals		2					2

* Includes recommendations from audit reports since July 2006.

Attachment B - Status by Audit Report *

	Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
1212	SkySong Ground Lease Rent, Calendar Year 2010							
	PW	2						2
	Audit Totals	2						2
	Grand Total	221	40	18	3	19	4	305

* Includes recommendations from audit reports since July 2006.

Attachment C - Audit Follow Up Status, by Fiscal Year

FY Published	Audit#	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2006								
	0526A			1				1
				1				1
2007								
	0510B	3			2			5
	0523	11				14		25
	0605	1						1
	0608	1						1
	0609		3					3
	0610	28				1		29
	0611	8						8
		52	3		2	15		72
2008								
	0510C.1	7						7
	0510C.2	16						16
	0510D	5						5
	0614	2						2
	0704	6		1				7
	0705	7				1		8
	0706	4						4
		47		1		1		49
2009								
	0526B	3		1				4
	0526C	8						8
	0526D	5	1	1		1		8
	0526E	3						3
	0526F	4						4
	0526G					1		1
	0801	2						2
	0802	4						4
	0803	3						3
	0804	6				1		7
	0901-0904	2						2
	0905	7						7
	0906	14	2					16
	0909	2						2
		63	3	2		3		71

FY Published	Audit#	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2010								
	0908	3		2				5
	0910	2						2
	0911	5						5
	0912			2				2
	1001	3						3
	1002	3						3
	1003	2						2
	1004	3						3
	1005	2		1				3
	1006	2						2
	1007	3						3
	1008	4						4
	1009		2					2
	1010	3						3
	1014		3					3
		35	5	5				45
2011								
	1011	2		1				3
	1101	1		1				2
	1102		2	1				3
	1103		4					4
	1104	2	1					3
	1105		3					3
	1106	1	1					2
	1107	3						3
	1108	2		1				3
	1109		4					4
	1110	3	1					4
	1112	2						2
	1113	1		2				3
	1114	1	1	2				4
	1115	1						1
		19	17	8				44

FY Published	Audit#	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Applicable	Not Due	Total
2012								
	1111	1	3					4
	1202	1	2		1			4
	1203		2					2
	1204	1	1	1				3
	1205						2	2
	1207						2	2
	1209		2					2
	1211		2					2
	1212	2						2
		5	12	1	1		4	23
		221	40	18	3	19	4	305

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	0510C.2	Amended & Restated Management Services Agreement Between the City and the Scottsdale Cultural Council -- Compliance with \$5.1, Scottsdale Mall	\$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.
4/15/2008	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	0526E	WestWorld Financial Operations, Special Event Liquor Licenses	\$0	
8/29/2008	0526D	WestWorld Financial Operations, Restaurant Agreement	\$9,000	
8/29/2008	0526C	WestWorld Financial Operations, Caterer & Food Concessionaire Agreements	\$9,750	
8/29/2008	0526B	WestWorld Financial Operations, Facility Use Licenses	\$49,910	credits/fees waived
8/29/2008	0526G	WestWorld Financial Operations, Feed & Bedding	\$0	
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	0908	Change Orders and Contract Modifications for Capital Projects	\$0	
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	
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	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	1008	Real Property Leases and Licenses	\$0	
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	\$0	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	1116	Annual Follow-Up on Audit Recommendations	\$0	
6/15/2011	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 (17 records)			\$2,383,824	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2012				
7/20/2011	1111	Meter Reading Program	\$20,000	estimated lost revenues due to defective meters; also identified potential customer savings \$156,000.
9/1/2011	1209	Selected Application Controls over the City's GenTax System	\$0	
9/2/2011	1202	Tax and License Services	\$20,000	automatic writeoffs being made; additional \$179,000 in refunds not subject to independent review
9/6/2011	1203	Utility Billing Services	\$13,500	Additional \$712,000 in sewer fee adjustments not guided by formal policy
11/7/2011	1212	SkySong Ground Lease Rent, Calendar Year 2010	\$0	Questioned: Admin fee \$50k, donation \$5k, asset mgt fee \$129k, term/resign fee \$680k = total of \$855k. However, net loss was \$2.9M, so no revenues would be recognized.
12/5/2011	1211	Development/Planning Processes and Fees	\$1,900,000	FY 2010/11 fees recovered 66% of Full costs rather than the 84% stated in Council Report. Amount shown is estimated \$ difference.
12/12/2011	1204	Cultural Council Contract Compliance	\$856,700	Diff btwn F&A reported and later established AIPP balance (amt which c/h been spent 2x). Also, GF may have to reimburse \$300k to Comm Arts Trust.
2/9/2012	1207	Palomino Library IGA Compliance	\$132,000	Amount estimated for FY 2010/11. Total extra expenses over 4 year period: benefits + security \$35k, staffing \$618k.
2/14/2012	1205	Wireless Telecommunications	\$0	
3/6/2012	1214	Independent Review of Minimum Accounting Standards at the Scottsdale City Court	\$0	
3/8/2012	1213	e-Verify Compliance of City Contractors, 10/2008 through 9/2011	\$0	
6/4/2012	1208	Concerned Citizens for Community Health Contract Compliance	\$0	May be able to lower the COS staff time on CCCH activities (estimated at \$131k) with clarification of agreement terms.
6/8/2012	1201	Indirect Cost Allocation	\$590,400	Amount of variances that could be estimated; would have decreased Enterprise Fund indirect costs in FY 2011/12.
6/11/2012	1215	Annual Follow-Up on Audit Recommendations	\$0	
Summary for 'FYPubl' = 2012 (14 records)			\$3,532,600	
Grand Total			\$7,971,173	

DETAILED STATUS OF AUDIT RECOMMENDATIONS

[Link to separate detailed report](#)

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