



CITY AUDITOR'S OFFICE

FY 2015/16 Follow Up on Status of Audit Recommendations

June 14, 2016

AUDIT REPORT NO. 1612

CITY COUNCIL

Mayor W.J. "Jim" Lane
Suzanne Klapp
Virginia Korte
Vice Mayor Kathy Littlefield
Linda Milhaven
Guy Phillips
David N. Smith



June 14, 2016

Honorable Mayor and Members of the City Council:

Enclosed is the annual report for the *FY2015/16 Follow Up on Status of Audit Recommendations*, which was included on the Council-approved FY 2015/16 Audit Plan. This report presents the auditor-determined status of more than 300 audit recommendations in audits issued since July 2012. Previously, these annual reports encompassed a 5-year history plus about 6 months of the current fiscal year's audit recommendations. At the Audit Committee's suggestion, this year's report shortens to a 3-year history plus the recent recommendations.

Overall, auditors concluded that almost 92% of these past audit recommendations have been substantially addressed, with their status noted as implemented, in progress, or partly implemented. Since this Audit Committee-requested program started, management action on audit recommendations has increased by almost 15 percentage points from about 77% in the first follow-up report issued in September 2009.

Audits conducted during FY 2015/16 have identified quantifiable potential cost savings, revenue or other financial value totaling approximately \$1.6 million. In addition, this year's audits have identified process and control improvements, which are not as easily measured in areas such as application access controls, contract clarification and compliance.

We would like to thank staff throughout the City for their cooperation and assistance during the course of our audits and these follow-up reviews. If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

Sharron E. Walker, CPA, CFE, CLEA
City Auditor

TABLE OF CONTENTS

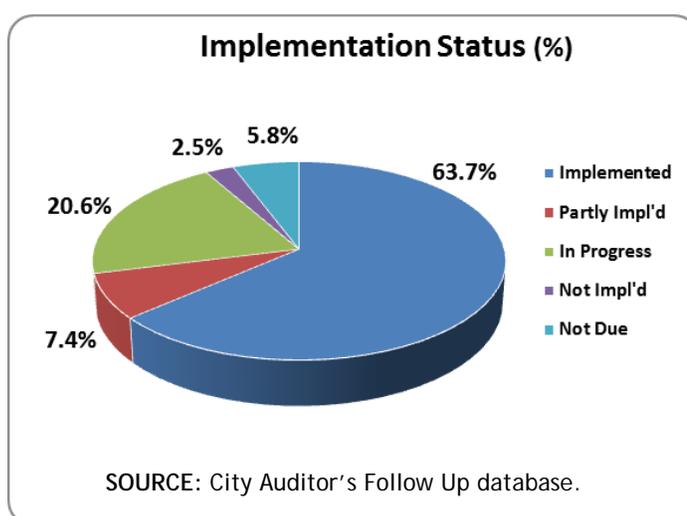
RESULTS.....	1
Implemented, In Progress or Partly Implemented.....	1
Comparison with First Follow-Up Status	1
Additional Information	2
DIVISION/OFFICE ACRONYMS.....	3
DETAILED STATUS OF AUDIT RECOMMENDATIONS.....	5
SUMMARIZED STATUS OF AUDIT RECOMMENDATIONS.....	7

RESULTS

This annual *Follow up on Status of Audit Recommendations* was included on the Council-approved FY 2015/16 Audit Plan. This report includes 311 audit recommendations, most issued between July 1, 2012 and December 31, 2015. Previously, these annual reports encompassed a 5-year history plus about 6 months of the current fiscal year's audit recommendations. At the Audit Committee's suggestion, this year's report shortens to a 3-year history plus the recent recommendations.

Implemented, In Progress or Partly Implemented

As shown in the graphic, 63.7% of audit recommendations have been implemented and 20.6% are in progress. Together, these statistics are almost equivalent to last year's results of 84.7%. The "in progress" recommendations are a larger proportion than last year (20.6% vs. 18.2%), while the fully implemented proportion has declined by almost 3 percentage points. This suggests a small proportion of recommendations were fully implemented over the additional 2 years previously included in the follow-up statistics.



Currently, the average age of open items is 10 months, which is a slight decrease from last year's average of 11 months. However, this again appears related to the shorter follow-up period used for current year statistics.

Finally, items noted as "partly implemented" were equivalent to last year's 7.4%.

Comparison with First Follow-Up Status

These first three categories together reflect that management is in some stage of implementing almost 92% of audit recommendations. This represents a 15 percentage point improvement during the follow-up program's existence. At the Audit Committee's request, we implemented the audit follow-up program in 2009 to provide information on management's responsiveness to audit recommendations. The first audit follow-up report, dated September 18, 2009, found approximately 67% of 445 recommendations implemented.¹ Another 10% were in progress and 0.5% partly implemented, so management was in some stage of addressing about 77% of recommendations at the time of the first review.

As well, at that time management indicated they were not implementing 8.3% of the recommendations compared to 2.5% currently identified as not implemented. About 5.8% of the remaining recommendations are not yet due for a status update, while that first follow-up report in September 2009 noted about 7% as not due.

¹ This initial review encompassed a 5-year period for audit follow ups.

Additional Information

Page 5 of this report provides a link to an 80-page detailed report on all audit recommendations included in this analysis.

Page 6 provides a link to further analysis as follows:

- A. Status summarized by Division or Office.
- B. Status summarized by Audit Report.
- C. Status summarized by Fiscal Year of the audit report.
- D. Detailed list of audit reports and the estimated cost savings or revenues. This list also includes brief explanatory comments regarding the potential savings or revenues, including some not quantified.

DIVISION/OFFICE ACRONYMS

Division/Office Acronyms Used in Follow-up Attachments	
Air	Aviation
AS	Administrative Services
Attny	City Attorney
Auditor	City Auditor
CED*	Community & Economic Development (included Airport; Economic Vitality; Planning, Neighborhood & Transportation; and WestWorld)
Clerk	City Clerk
CM	City Manager
Comm	Communications
Court	City Court
CS	Community Services
EcDev	Economic Development
Fire	Fire Department
HR	Human Resources
IT	Information Technology
PlanDev	Planning & Development
Police	Police Department
Purch	Purchasing
PW	Public Works
TourEv	Tourism & Events, including WestWorld
Trans	Transportation
Treas	City Treasurer
WR	Water Resources

* Beginning in FY 2014/15, the Community & Economic Development Division was separated into: Aviation, Economic Development, Planning & Development, Tourism & Events and Transportation.

DETAILED STATUS OF AUDIT RECOMMENDATIONS

[Link](#) to the separate 80 page detailed report.

SUMMARIZED STATUS OF AUDIT RECOMMENDATIONS

The following attachments begin on the next page:

- A. Status summarized by Division or Office.
- B. Status summarized by Audit Report.
- C. Status summarized by Fiscal Year of the audit report.
- D. Detailed list of audit reports and the estimated cost savings or revenues. This list also includes brief explanatory comments regarding the potential savings or revenues, including some not quantified.

Attachment A - Status by Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
Air	6					6
Attny	3	1				4
CM	1	1				2
CM, IT	1	1				2
CM, Treas	2					2
Comm	4					4
CS	35	24	4		13	76
CS, Police, PW		1				1
Fire	3		2			5
Fire, HR	1			2		3
Fire, Treas, IT	3					3
HR	2					2
IT	11	6	1			18
Police	37	6	4			47
Purch	25	6	3	2		36

Attachment A - Status by Division/Office

Division/Office	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
PW	17	12	2			31
PW, CS	4		3			7
TourEv	9	5	1	2		17
Treas	21	1	3	2	3	30
Treas, CS	3					3
various					2	2
WR	10					10
Grand Total	198	64	23	8	18	311

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1206	Utility Franchise Agreement Compliance				Audit Issued:	9/6/2012
CM, Treas	2					2
	2					2
1210	Airport FBO Compliance				Audit Issued:	9/11/2012
Air	6					6
	6					6
1301	E-Verify Compliance of Selected FY 2011/12 City Contractors				Audit Issued:	11/2/2012
Purch	1					1
	1					1
1303	Cash Handling Controls and Accountability, FY 2012/13				Audit Issued:	1/24/2013
CS, Police, PW		1				1
Treas	4	1	1	1		7
	4	2	1	1		8
1304	WestWorld's Financial Operations				Audit Issued:	1/24/2013
TourEv	8	1	1	2		12
	8	1	1	2		12
1305	Fuel Costs and Controls				Audit Issued:	11/8/2012
PW	2		1			3
	2		1			3
1306	Case Management Controls				Audit Issued:	3/6/2013
Attny	3	1				4
	3	1				4
1307	Detention Costs and Controls				Audit Issued:	3/1/2013
Police	2					2
	2					2

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1308	Social Media Use and Controls				Audit Issued:	4/4/2013
Comm	4					4
IT	8					8
	12					12
1309	Tournament Players Club Lease Agreement				Audit Issued:	6/7/2013
PW, CS	4		3			7
	4		3			7
1310	Citation Controls				Audit Issued:	5/20/2013
Police	6					6
	6					6
1311	Selected Application Controls Over the City's CLASS System				Audit Issued:	6/7/2013
CS	8					8
	8					8
1312	Wastewater Customer Rate Classification Review				Audit Issued:	8/9/2013
WR	5					5
	5					5
1402	E-Verify Compliance FY 2012/13				Audit Issued:	3/3/2014
HR	2					2
	2					2
1404	Cash Handling Controls & Accountability FY 2013/14				Audit Issued:	3/6/2014
CS	8	1				9
Treas	2					2
	10	1				11

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1405	Scottsdale Stadium Lease Agreements				Audit Issued:	9/4/2014
CS	5	1	4			10
	5	1	4			10
1406	Property & Evidence Management				Audit Issued:	5/9/2014
Police	10		1			11
	10		1			11
1407	Communications Center Staffing				Audit Issued:	10/11/2013
Police	5	1	2			8
	5	1	2			8
1408	Selected Application Controls over the City's iNovah System				Audit Issued:	6/17/2014
Treas	5		1			6
	5		1			6
1409	Job Order Contracting				Audit Issued:	6/6/2014
PW	9		1			10
	9		1			10
1410	Accounts Receivable Management				Audit Issued:	6/19/2014
Treas	2		1	1		4
Treas, CS	3					3
	5		1	1		7
1411	Claims Management				Audit Issued:	1/8/2014
Treas	8					8
	8					8
1412	Procurement Card Use & Controls				Audit Issued:	3/6/2014
Purch	9					9
	9					9

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1413	Fire Department Staffing Model				Audit Issued:	1/8/2014
Fire	2		2			4
Fire, HR	1			2		3
Fire, Treas, IT	3					3
	6		2	2		10
1414	Control & Use of Key Water Treatment Supplies				Audit Issued:	10/8/2013
WR	5					5
	5					5
1503	Police Overtime				Audit Issued:	12/9/2014
Police	5	1				6
	5	1				6
1504	Network Security Assessment				Audit Issued:	6/11/2015
IT	3	6	1			10
	3	6	1			10
1505	Fairmont Scottsdale Princess Lease Agreement				Audit Issued:	6/9/2015
PW	4	1				5
	4	1				5
1506	Library Business Operations				Audit Issued:	5/7/2015
CS	1	11				12
	1	11				12
1507	Procurement Policies and Practices				Audit Issued:	12/9/2014
Purch	9	4	2	2		17
	9	4	2	2		17

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1508	Boys & Girls Clubs Lease Agreements				Audit Issued:	9/4/2014
CS	9					9
	9					9
1509	Scottsdale Road Improvements, Phase 1				Audit Issued:	10/30/2015
PW	2	9				11
	2	9				11
1510	Photo Enforcement Contract				Audit Issued:	6/11/2015
Police	7	2				9
	7	2				9
1511	Disaster Recovery/Business Continuity				Audit Issued:	3/6/2015
CM		1				1
CM, IT	1	1				2
	1	2				3
1513	FY 2014/15 Report on the City Auditor's Integrity Line				Audit Issued:	6/15/2015
CM	1					1
	1					1
1513.01	Controls Over Surplus Property Dispositions				Audit Issued:	5/15/2015
Purch	6	2	1			9
	6	2	1			9
1515	Review of Super Bowl/Open Overtime				Audit Issued:	6/19/2015
Fire	1					1
Police	2	2	1			5
	3	2	1			6

Attachment B - Status by Audit Report

Division	Implemented	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
1603	Bed Tax-Funded Special Event Contracts				Audit Issued:	10/7/2015
TourEv	1	4				5
	1	4				5
1605	Preserve Operations				Audit Issued:	2/12/2016
CS					5	5
					5	5
1607	McCormick-Stillman Railroad Park Operations				Audit Issued:	10/9/2015
CS	4	11				15
	4	11				15
1610	Human Services Information Controls				Audit Issued:	1/14/2016
CS					8	8
					8	8
1611	Cash Handling Controls and Accountability, FY 2015/16				Audit Issued:	4/8/2016
Treas					3	3
various					2	2
					5	5
1614	SkySong Residential Rent				Audit Issued:	2/11/2016
PW		2				2
		2				2
Grand Total	198	64	23	8	18	311

Attachment C - Audit Follow Up Status, by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
2013								
	1206	Utility Franchise Agreement Compliance	2					2
	1210	Airport FBO Compliance	6					6
	1301	E-Verify Compliance of Selected FY 2011/12 City Contractors	1					1
	1303	Cash Handling Controls and Accountability, FY 2012/13	4	2	1	1		8
	1304	WestWorld's Financial Operations	8	1	1	2		12
	1305	Fuel Costs and Controls	2		1			3
	1306	Case Management Controls	3	1				4
	1307	Detention Costs and Controls	2					2
	1308	Social Media Use and Controls	12					12
	1309	Tournament Players Club Lease Agreement	4		3			7
	1310	Citation Controls	6					6
	1311	Selected Application Controls Over the City's CLASS System	8					8
		FY Totals	58	4	6	3		71
2014								
	1312	Wastewater Customer Rate Classification Review	5					5
	1402	E-Verify Compliance FY 2012/13	2					2
	1404	Cash Handling Controls & Accountability FY 2013/14	10	1				11
	1406	Property & Evidence Management	10		1			11
	1407	Communications Center Staffing	5	1	2			8
	1408	Selected Application Controls over the City's iNovah System	5		1			6
	1409	Job Order Contracting	9		1			10
	1410	Accounts Receivable Management	5		1	1		7
	1411	Claims Management	8					8
	1412	Procurement Card Use & Controls	9					9
	1413	Fire Department Staffing Model	6		2	2		10
	1414	Control & Use of Key Water Treatment Supplies	5					5
		FY Totals	79	2	8	3		92

Attachment C - Audit Follow Up Status, by Fiscal Year

FY Published	Audit#	AuditName	Impl'd	In Progress	Part Impl'd	Not Impl'd	Not Due	Total
2015								
	1405	Scottsdale Stadium Lease Agreements	5	1	4			10
	1503	Police Overtime	5	1				6
	1504	Network Security Assessment	3	6	1			10
	1505	Fairmont Scottsdale Princess Lease Agreement	4	1				5
	1506	Library Business Operations	1	11				12
	1507	Procurement Policies and Practices	9	4	2	2		17
	1508	Boys & Girls Clubs Lease Agreements	9					9
	1510	Photo Enforcement Contract	7	2				9
	1511	Disaster Recovery/Business Continuity	1	2				3
	1513	FY 2014/15 Report on the City Auditor's Integrity Line	1					1
	1513.01	Controls Over Surplus Property Dispositions	6	2	1			9
	1515	Review of Super Bowl/Open Overtime	3	2	1			6
		FY Totals	54	32	9	2		97
2016								
	1509	Scottsdale Road Improvements, Phase 1	2	9				11
	1603	Bed Tax-Funded Special Event Contracts	1	4				5
	1605	Preserve Operations					5	5
	1607	McCormick-Stillman Railroad Park Operations	4	11				15
	1610	Human Services Information Controls					8	8
	1611	Cash Handling Controls and Accountability, FY 2015/16					5	5
	1614	SkySong Residential Rent		2				2
		FY Totals	7	26			18	51
		Grand Total	198	64	23	8	18	311

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 1989				
4/1/1989	8801	Perquisite Management Practices	\$0	
4/1/1989	8901	Attestation Audit on Inventory Moved During Police Property and Evidence Room Relocation in February 1989	\$0	not available; on Destroyed Docs list dated 1/16/2007
Summary for 'FYPubl' = 1989 (2 records)			\$0	
FY 1990				
9/1/1989	8902	Property Tax Management Practices, City of Scottsdale/Maricopa County	\$0	
11/1/1989	8904	Preliminary Survey Covering City of Scottsdale Automated Systems	\$0	
4/1/1990	9004	Investigation of Internal Control Weaknesses Involving Community Development Block Grant Funds and Other City Resources	\$0	
4/1/1990	8903	Scottsdale Cultural Council Contract Performance and Compliance	\$0	
Summary for 'FYPubl' = 1990 (4 records)			\$0	
FY 1991				
9/1/1990	8905	Office of Management Systems General Controls	\$0	
9/1/1990	9001	Attestation Audit on Urban Mass Transportation Administration Reports and Related Scottsdale Connection	\$0	
12/1/1990	9005	Investigation of Internal Control Weaknesses in the Communication Services Section	\$0	
4/1/1991	8802A	Utility Bill and Tariff Costs, City of Scottsdale	\$0	
5/1/1991	9003	Scottsdale City Court Financial and Related Operational Management Practices	\$0	
Summary for 'FYPubl' = 1991 (5 records)			\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 1992				
8/12/1991	9105	Scottsdale Police Department Imprest and RICO Financial and Related Operational Management Practices	\$0	
10/1/1991	8802B	Utility Bill and Tariff Costs, Scottsdale Water Service Company, City of Scottsdale	\$0	
12/11/1991	9102	Tournament Players Club Contract Compliance and Related Issues	\$0	
Summary for 'FYPubl' = 1992 (3 records)			\$0	
FY 1993				
10/1/1992	8902.1 and 9002	Progress Since 1989 In Property Tax Management, City of Scottsdale/Maricopa County	\$0	
12/1/1992	9010B	Dial-In Security System Project Evaluation	\$0	
12/1/1992	8902.1A	City Parcel Database	\$0	
5/1/1993	8903.1	Scottsdale Cultural Council Contract Administration Progress	\$0	not available; on Destroyed Docs list dated 1/16/2007
Summary for 'FYPubl' = 1993 (4 records)			\$0	
FY 1994				
8/27/1993	9201	City Clerk Operational Audit	\$0	
9/8/1993	9103	WestWorld Contract Compliance	\$0	
1/11/1994	8802C	Scottsdale Water Service Company Contract Compliance	\$0	
4/1/1994	9004.1	Follow-Up of CDBG Internal Control Weaknesses	\$0	
Summary for 'FYPubl' = 1994 (4 records)			\$0	
FY 1995				
11/1/1994	9101	Capital Improvement Program Control Review	\$0	
6/12/1995	9403	City Section 8 Housing Assistance Program Operations	\$0	
6/16/1995	9203	Accounts Payable Control Review	\$0	
Summary for 'FYPubl' = 1995 (3 records)			\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 1996				
9/29/1995	9403A	Section 8 Transactions Report	\$0	
10/4/1995	9105.1	RICO Imprest Account Oversight and Control Progress	\$0	
2/22/1996	9405	Survey of City Asset Management	\$0	
3/7/1996	9515	Controls Over Outside Law Firm Use	\$0	
6/10/1996	9003.1	Follow-Up of City Court Financial and Operational Management	\$0	
Summary for 'FYPubl' = 1996 (5 records)			\$0	
FY 1997				
4/16/1997	9665	RICO Justice	\$0	
Summary for 'FYPubl' = 1997 (1 record)			\$0	
FY 1998				
12/11/1997	9703	Alma School Road Relief Sewer Cost-Sharing Agreement	\$0	
12/23/1997	9520	City Cash Handling	\$0	
3/12/1998	9600	City Procurement Card Pilot Program	\$0	
4/9/1998	9650	Internal Control Related to City Contracts with the Scottsdale Chamber of Commerce	\$0	
6/1/1998	9705	Evaluation of the Internal Controls in the Fleet Parts Room Inventory	\$0	
Summary for 'FYPubl' = 1998 (5 records)			\$0	
FY 1999				
9/4/1998	9406	Evaluation of Rural/Metro Contract Compliance	\$0	
12/14/1998	9998.1	1998/99 Citywide Budgeted Indirect Cost Allocations (nonaudit)	\$0	
4/5/1999	9802A	Administration of a Decision Support System Grant from the Urban Consortium	\$0	
4/23/1999	9706	Dove Valley Road Sewer Improvements Cost-Sharing Agreement	\$0	
Summary for 'FYPubl' = 1999 (4 records)			\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2000				
8/4/1999	9801	Review of Weyerhaeuser Contract	\$0	
3/9/2000	9810B	Internet Security Testing Interim Report	\$0	
4/18/2000	9600.B	City of Scottsdale Purchasing Card	\$0	
5/24/2000	9940.1	Independent Auditor's Report on Applying Agreed-Upon Procedures Scottsdale City Court	\$0	
Summary for 'FYPubl' = 2000 (4 records)			\$0	
FY 2001				
8/24/2000	9950	Travel Expenditures	\$0	
5/10/2001	0030	RWDS Rates	\$0	
5/31/2001	0010D	Open Enrollment Project	\$0	
Summary for 'FYPubl' = 2001 (3 records)			\$0	
FY 2002				
9/28/2001	0160	RICO and Imprest Checking Account	\$0	
10/19/2001	0140	Check Requisition Audit	\$0	
12/20/2001	0162	Business Resumption Report	\$0	
Summary for 'FYPubl' = 2002 (3 records)			\$0	
FY 2003				
9/13/2002	0161C	Compliance with Federal Requirements for Employers of Commercial Vehicle Operators	\$0	
10/18/2002	0161D	Compliance with Statutory Requirements on Marking City Vehicles	\$0	
12/6/2002	0161E	Controls Over Assigning Take Home Status to City Vehicles	\$0	
1/3/2003	0202	Tuition Assistance Program	\$0	
2/11/2003	0201	Vulnerability Assessment of the City's Computer Network	\$0	
4/23/2003	0208	Independent Auditor's Report on Applying Agreed-Upon Procedures - Scottsdale City Court	\$0	
Summary for 'FYPubl' = 2003 (6 records)			\$0	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2004				
8/20/2003	0161B	The Impact of Clean Air Mandates on the City's Light Duty Trucks and Passenger Vehicles	\$0	
10/27/2003	0203	Information Systems Help Desk	\$0	
1/15/2004	0303	Travel Expenditures Follow-Up	\$0	
2/6/2004	0301	Preservation, Maintenance, Care and Disposition of Public Records	\$0	
2/13/2004	0304	Purchasing Card Follow-up Audit	\$0	
3/17/2004	0201A	Vulnerability Assessment of the City's Computer Network Follow-Up Audit	\$0	
3/25/2004	0207	Self-Insured Medical and Dental Plans	\$0	
4/19/2004	0403	Business Meals and Same Day Training	\$0	
4/26/2004	0306	Use of Other Jurisdiction's Contracts	\$0	
Summary for 'FYPubl' = 2004 (9 records)			\$0	
FY 2005				
11/17/2004	0401	Police Department Property Room	\$0	
12/21/2004	0405	Immigration Reform & Control Act Compliance	\$0	
1/14/2005	0404	Safety Programs	\$0	
4/1/2005	0512	Medical Leave Payoff or Conversion	\$0	
4/11/2005	0407C	Fleet Asset Management	\$0	
4/11/2005	0407A	Real Property Asset Management	\$0	
4/19/2005	0407D	Computer Asset Management	\$0	
4/21/2005	0407B	Tangible Property Asset Management	\$0	
4/28/2005	0518	Bus Card Program	\$0	
5/2/2005	0505	Solid Waste Management Reserve Fund	\$0	
Summary for 'FYPubl' = 2005 (10 records)			\$0	

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	0526G	WestWorld Financial Operations, Feed & Bedding	\$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	0526D	WestWorld Financial Operations, Restaurant Agreement	\$9,000	
8/29/2008	0526E	WestWorld Financial Operations, Special Event Liquor Licenses	\$0	
8/29/2008	0526F	WestWorld Financial Operations, Paid Parking Agreement	\$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	0912	Use of Purchase Orders	\$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	0908	Change Orders and Contract Modifications for Capital Projects	\$0	
9/17/2009	0910	Water System Security	\$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).
11/5/2009	1001	Boards and Commissions	\$0	
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	\$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.
6/8/2012	1217	Triennial Peer Review Cys 2009 - 2011		
6/11/2012	1215	Annual Follow-Up on Audit Recommendations	\$0	
Summary for 'FYPubl' = 2012 (15 records)			\$3,532,600	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2013				
8/10/2012	1216	Citywide Audit Risk Assessment Model	\$0	
9/6/2012	1206	Utility Franchise Agreement Compliance	\$0	Identified 145 APS customers outside Scottsdale included in franchise fee payments (est'd \$14k) during FY 2011/12.
9/11/2012	1210	Airport FBO Compliance	\$18,000	Also FBOs' late payments could have resulted in penalties+interest of \$210k and a rent discount of \$8k was not brought to Council for approval.
11/2/2012	1301	E-Verify Compliance of Selected FY 2011/12 City Contractors	\$0	
11/8/2012	1305	Fuel Costs and Controls	\$302,163	fuel admin markup recovery over admin costs+increased CNG use in bifuel vehicles
1/24/2013	1303	Cash Handling Controls and Accountability, FY 2012/13	\$0	
1/24/2013	1304	WestWorld's Financial Operations	\$317,400	revenues not covering direct costs, billing credit, insufficient deposit, and possible BOR changes; excludes projected revenue shortfall for FY 2013/14.
3/1/2013	1307	Detention Costs and Controls	\$160,000	only \$44k may be recouped due to 90-day refund limitation; second DUI+non-COS = \$145k for 18 mos; felonies = \$15k for 90 days; annualized errors = approx. \$156k/yr
3/6/2013	1306	Case Management Controls	\$0	
4/4/2013	1308	Social Media Use and Controls	\$0	
5/20/2013	1310	Citation Controls	\$0	
6/7/2013	1309	Tournament Players Club Lease Agreement	\$312,646	Rent calculation errors \$3.6k, additional income rent \$15.2k + \$54.8k prior yrs, complimentary golf estimated rent \$239.3k for 2.25 yrs
6/7/2013	1302	Annual Follow-Up on Audit Recommendations		
6/7/2013	1311	Selected Application Controls Over the City's CLASS System	\$0	
Summary for 'FYPubl' = 2013 (14 records)			\$1,110,209	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2014				
8/9/2013	1312	Wastewater Customer Rate Classification Review	\$32,500	est'd \$16 - 49k range
10/8/2013	1414	Control & Use of Key Water Treatment Supplies	\$128,000	est'd 1 yr savings of multiagency contract; potentially underpaid \$26k in tpt
10/11/2013	1407	Communications Center Staffing	\$64,000	Savings from filling average 4 FTE vacant positions rather than paying overtime. A shorter recruiting process can also reduce OT costs.
10/30/2013	1401	FY 2012/13 External Financial Audit	\$0	Identified accounting corrections made during audit. CPA firm follows up during next audit.
1/8/2014	1413	Fire Department Staffing Model	\$84,000	Est'd OT savings for 40 hour assignments over 2-year period. (Est'd \$550,000 if 56-hour rate was maintained.)
1/8/2014	1411	Claims Management	\$60,000	Identified third-party liabilities not collected \$40k; if met benchmark subrogation collection rate, +\$20k.
3/3/2014	1402	E-Verify Compliance FY 2012/13	\$0	Improve HR record retention to avoid risk of fines.
3/6/2014	1412	Procurement Card Use & Controls	\$0	3 year period: split purchases ~\$46k; improved controls needed for gift cards ~\$116k.
3/6/2014	1404	Cash Handling Controls & Accountability FY 2013/14	\$13,000	Ticket, access card, and wristband inventories and pay-per-use printer/copier use not reconciled to receipts.
5/9/2014	1406	Property & Evidence Management	\$0	More timely dispositions needed to avoid needing additional storage facilities.
6/6/2014	1409	Job Order Contracting	\$120,850	Incorrect sales tax/markup by contractors, added costs, and one example of client dept-state JOC pricing.
6/17/2014	1408	Selected Application Controls over the City's iNovah System	\$0	Access control improvements recommended for City cashiering system.
6/18/2014	1403	Annual Follow-Up on Audit Recommendations	\$0	
6/19/2014	1410	Accounts Receivable Management	\$548,000	4 years of Library bad debt writeoffs and waivers without collection documentation. Amt does not include City vendor pmts matched against overdue receivables.
Summary for 'FYPubl' = 2014 (14 records)			\$1,050,350	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2015				
9/4/2014	1405	Scottsdale Stadium Lease Agreements	\$58,200	add'l costs to \$200k max reimb=\$50k, scoreboard maint \$5k +controller costs \$8k, less \$5k dupl seat reimb.
9/4/2014	1508	Boys & Girls Clubs Lease Agreements	\$2,744,000	\$2.5M unrecorded assets (w/o land value), \$244k unreimb'd costs [land, bldg, imprvmnts later recorded at \$9M]
11/6/2014	1501	FY 2013/14 External Financial Audit	\$0	
12/9/2014	1503	Police Overtime	\$69,000	Premium pay hours est'd value, assuming none w/b OT-eligible. Also identified est'd \$370k of hours worked exceeding City policy (may not represent potential savings).
12/9/2014	1507	Procurement Policies and Practices	\$0	
1/14/2015	1502	Independent Review of Scottsdale City Court's Compliance with Minimum Accounting Standards	\$0	
3/6/2015	1511	Disaster Recovery/Business Continuity	\$0	
5/7/2015	1506	Library Business Operations	\$0	
5/15/2015	1513.01	Controls Over Surplus Property Dispositions	\$0	
5/22/2015	1512	Triennial Peer Review CYs 2012 - 2014	\$0	
6/9/2015	1505	Fairmont Scottsdale Princess Lease Agreement	\$134,000	Former City staff agreed to a lower rent calculation than in the Council-approved lease.
6/11/2015	1504	Network Security Assessment	\$0	
6/11/2015	1510	Photo Enforcement Contract	\$3,000	Additional instances of malfunctions and out-of-service photo enforcement equipment.
6/12/2015	1514	FY 2014/15 Follow Up on Status of Audit Recommendations	\$0	
6/15/2015	1513	FY 2014/15 Report on the City Auditor's Integrity Line		did not estimate -personal use of City vehicle
6/19/2015	1515	Review of Super Bowl/Open Overtime	\$96,200	est'd overtime to cover leave hours. Also, cost not recovered ~\$26k for billed events + unbilled time.
Summary for 'FYPubl' = 2015 (16 records)			\$3,104,400	

Attachment D - Estimated Cost Savings/Revenues

Issued	Audit#	Audit Name	Estimated Savings/Revenues	Notes
FY 2016				
10/7/2015	1603	Bed Tax-Funded Special Event Contracts	\$16,370	Insufficient docs
10/9/2015	1607	McCormick-Stillman Railroad Park Operations	\$337,000	Unrecorded donated assets, recovery of staffing costs
10/26/2015	1601	FY 2014/15 External Financial Audit	\$0	
10/30/2015	1509	Scottsdale Road Improvements, Phase 1	\$401,700	Table 3 - overpayments and questioned costs.
1/14/2016	1610	Human Services Information Controls	\$0	
2/11/2016	1614	SkySong Residential Rent	\$377,000	This does not include \$1.1 million costs needing further clarification to determine allowability. (Potential to increase rent by \$550k)
2/12/2016	1605	Preserve Operations	\$335,000	Unrecorded donated parcels estimated value.
4/8/2016	1611	Cash Handling Controls and Accountability, FY 2015/16	\$0	
6/8/2016	1613	FY 2015/16 Report on the City Auditor's Integrity Line	\$0	
6/9/2016	1606	Human Resources Compliance Programs	\$0	
6/10/2016	1609	Transit Service Contracts	\$117,000	amt includes grant reimb lost, unused data services paid. Does not include potential savings from trolley or cab connection changes.
6/14/2016	1612	FY 2015/16 Follow Up on Status of Audit Recommendations		
7/14/2016	1604	IT Risk Assessment (Contracted)	\$0	
Summary for 'FYPubl' = 2016 (13 records)			\$1,584,070	
Grand Total			\$14,820,202	

City Auditor's Office

7447 E. Indian School Rd., Suite 205
Scottsdale, Arizona 85251

OFFICE (480) 312-7756
INTEGRITY LINE (480) 312-8348

www.ScottsdaleAZ.gov/auditor

Audit Committee

Councilwoman Suzanne Klapp, Chair
Councilmember Virginia Korte
Vice Mayor Kathy Littlefield

City Auditor's Office

Kyla Anderson, Senior Auditor
Lai Cluff, Senior Auditor
Cathleen Davis, Senior Auditor
Brad Hubert, Internal Auditor
Dan Spencer, Senior Auditor
Sharron Walker, City Auditor



The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability, and integrity.