

**SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
SPECIAL MEETING
MONDAY, JULY 1, 2013**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Special Meeting of the Scottsdale City Council at 4:04 P.M. on Monday, July 1, 2013 in the City Hall Kiva.

ROLL CALL

Present: Mayor W. J. "Jim" Lane
Vice Mayor Suzanne Klapp
Councilmembers Virginia L. Korte, Robert W. Littlefield, Linda Milhaven, Guy Phillips, and Dennis E. Robbins

Also Present: City Manager Fritz Behring
City Attorney Bruce Washburn
City Auditor Sharron Walker
City Clerk Carolyn Jagger

Possible Executive Session

Notice is hereby given that, at any time during tonight's meeting, the City Council may make a motion to recess into Executive Session for Item Nos. 1, 2, and/or 3 to discuss and consider employment, assignment, appointment, promotion, demotion, dismissal, compensation and benefits, disciplining or resignation of the City Attorney, City Auditor, and/or City Clerk, and/or to discuss and consult with the attorneys and representatives of the public body for legal advice and to consider its position regarding same. A.R.S. §38-431.03(A)(1) and (A)(3).

1. City Attorney Evaluation

Request: Discuss, consider, and take possible action regarding the employment, assignment, appointment, promotion, demotion, dismissal, compensation and benefits, disciplining, and/or resignation of the City Attorney.

Staff Contact: J.P. Twist, Mayor's Chief of Staff, 480-312-7806, jptwist@scottsdaleaz.gov

NOTE: IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF CITY COUNCIL MEETINGS ARE NOT VERBATIM TRANSCRIPTS. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN BY THE CITY COUNCIL. DIGITAL RECORDINGS OF CITY COUNCIL MEETINGS ARE ON FILE IN THE CITY CLERK'S OFFICE.

2. City Auditor Evaluation

Request: Discuss, consider, and take possible action regarding the employment, assignment, appointment, promotion, demotion, dismissal, compensation and benefits, disciplining, and/or resignation of the City Auditor.

Staff Contact: J.P. Twist, Mayor's Chief of Staff, 480-312-7806, jptwist@scottsdaleaz.gov

3. City Clerk Evaluation

Request: Discuss, consider, and take possible action regarding the employment, assignment, appointment, promotion, demotion, dismissal, compensation and benefits, disciplining, and/or resignation of the City Clerk.

Staff Contact: J.P. Twist, Mayor's Chief of Staff, 480-312-7806, jptwist@scottsdaleaz.gov

MOTION AND VOTE – RECESS TO EXECUTIVE SESSION

Councilmember Korte made a motion to recess into Executive Session. Councilman Littlefield seconded the motion, which carried 7/0.

At 4:57 P.M., following the Executive Session, the Special Meeting was reconvened.

MOTION AND VOTE – SPECIAL MEETING

Councilwoman Milhaven made a motion to continue the Special Meeting until after the conclusion of the Regular Meeting. Vice Mayor Klapp seconded the motion, which carried 7/0.

At 7:11 P.M., following the Regular Meeting, the Special Meeting was reconvened and the Council recessed into Executive Session.

At 8:50 P.M., following the Executive Session, the Council reconvened the Special Meeting.

MOTION AND VOTE – ITEM 1

Councilmember Korte made a motion to continue the City Attorney's employment contract in the amount of \$190,000 total compensation, effective July 1, 2013. Councilman Robbins seconded the motion, which carried 5/2, with Councilmembers Littlefield and Phillips dissenting.

MOTION AND VOTE – ITEM 2

Councilmember Korte made a motion to continue the City Auditor's employment contract in the amount of \$138,000 total compensation, effective July 1, 2013. Councilwoman Milhaven seconded the motion, which carried 7/0.

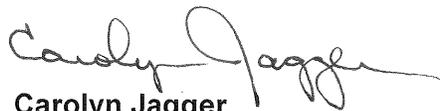
MOTION AND VOTE – ITEM 3

Councilmember Korte made a motion to continue the City Clerk's employment contract in the amount of \$137,500 total compensation, effective on July 1, 2013. Councilman Robbins seconded the motion, which carried 7/0.

ADJOURNMENT

With no further business to discuss, the Special Meeting adjourned at 8:52 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

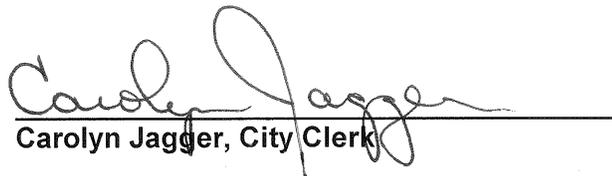
Officially approved by the City Council on August 19, 2013

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Meeting of the City Council of Scottsdale, Arizona held on the 1st day of July 2013.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 19th day of August 2013.


Carolyn Jagger, City Clerk

CITY ATTORNEY SELF EVALUATION
JULY 1, 2013

Purpose:

Please answer the attached questions regarding your performance as Scottsdale's City Attorney.

Process:

No later than one week prior to the City Attorney's scheduled evaluation on July 1, 2013, the City Attorney will complete a Self-Evaluation Form and return it to the Mayor's Chief of Staff, who will distribute it to the Council. This is in keeping with the Council's directive of January 8, 2008 that Charter officers complete a self-evaluation as part of the evaluation process.

In addition, Council members and the Mayor are asked to complete their own City Attorney evaluation forms and return them to the Mayor's Chief of Staff at least two hours prior to the scheduled evaluation meeting with the City Attorney. The Mayor will distribute those evaluation forms to the Council and the City Attorney at the evaluation meeting. The evaluations are not to be reviewed by anyone prior to the meeting.

The Mayor and City Council will meet with the City Attorney in executive session or in open session to jointly review the evaluations. The contract between the City of Scottsdale and the City Attorney states that an evaluation is to occur annually. Additional evaluations can be called at any time during the year.

Subsequent to jointly reviewing the evaluations, the Council will decide whether to continue the contractual agreement with the City Attorney unaltered, continue it with modifications, or terminate it.

CITY ATTORNEY SELF EVALUATION

CITY ATTORNEY BRUCE WASHBURN

JULY 1, 2013

Please complete this form and return it to the Mayor's Office. Additional pages may be used if necessary.

1. What do you see as the most important role of the City Attorney?

Regarding Prosecution the most important role is to fairly enforce the criminal statutes and City ordinances so that all persons are treated equally before the law.

Regarding Victim's Services the most important role is to alleviate the burdens of the criminal justice system that are encountered by victims who have been brought into the system through no choice of their own.

Regarding the Civil division there are three important roles:

- (a) Provide the City efficient and cost effective representation in litigation and other adversarial proceedings.
- (b) Analyze and document City transactions so as to best accomplish the City's goals while limiting its contractual exposure.
- (c) Provide legal advice to the City's elected and appointed officials, board and commission members, and employees so as to assist them in accomplishing the City's objectives within relevant legal authority.

2. In addition to explicit goals and objectives of the Council, what goals have you set for yourself and detail progress in accomplishing these goals?

I set two goals for my department during my last review.

A. Workforce Retention

My department does not have trouble recruiting new employees. During the three and one half years that I have been City Attorney we have always had a number of qualified applicants for every opening. However, the department was facing a potential problem with retention of employees who have achieved a high level of competence during their time with the City but for whom the City did not have a compensation plan that allowed recognition of their enhanced abilities. Such employees are subject to being hired away by other jurisdictions, and by the private sector, and that had, in fact, occurred.

In order to deal with this problem I worked with HR to develop new job classifications for the professional staff that would allow employees to receive compensation commensurate with their increased skill levels. For both the

civil attorneys and the prosecutors there are now three levels, each of which requires the possession of a set of skills commensurate with the compensation range assigned to that level. Under the old system there were only a limited number of higher level positions so an entry level employee could not advance unless and until a higher level employee left. Now as an employee develops greater skill the employee can qualify for a higher level of compensation. There is no guarantee the employee will advance, but if employees apply themselves, and demonstrate an ability to bring greater value to the City, there is no artificial impediment to their advancement.

B. Claims limitation

A second goal for this review period has been to continue efforts to limit claims brought against the City through training for City employees so they will be more aware of their legal responsibilities. This year the department conducted twenty sessions of public records training for employees in a number of different departments, ethics training for all Boards, Commissions and elected officials, general legal training for the Public Works Management College, training on the differences between the City's contract and regulatory powers, Open Meeting Law training for all Board and Commission liaisons, citation issuance training for storm water employees, training for police employees on interviews and interrogations, open meeting and public records law training for legal department employees, Contract Academy training for CPM employees, an all-departments real estate academy, and new employee orientation training.

3. What other accomplishments have you had?

The department achieved some exceptional results for the citizens this year. The ASRS lawsuit was settled, achieving a savings for the City of approximately \$1.5 million dollars. I should point out that the City is the only jurisdiction that has not paid the full amount invoiced by ASRS for an incentivized retirement program. I personally litigated this case.

The City was also able to reduce by approximately \$2.5 million dollars the amount the counterparty claimed the City owed on what is commonly referred to as the Nordstrom Garage Lease. This reduction came about because of an analysis of the operative documents conducted by the legal department that resulted in the City's having a strong legal argument for an interpretation of the agreement that the counterparty had not previously recognized. I personally advanced and defended the City's position at the negotiations that resulted in these savings.

A further savings resulted from a high level of dedication by the City's prosecutorial staff, in conjunction with employees from the City Court and the Police Department. In this past year a new procedure was put in place where a City Prosecutor goes to Jail Court at 8:00 a.m. every day, 365 days per year,

at which time the prosecutor reviews files, enters into plea agreements with those willing to accept responsibility for their actions, contacts victims in order to get their input and respect their rights and then, where appropriate, enters into diversion agreements and other prompt dispositions of domestic violence and other cases, and in general tries to resolve cases at the earliest possible time. The results have been the saving of hundreds of thousands of dollars in transportation and jail time costs (these savings are reflected in the Police Department's budget), people who want to get their cases resolved as quickly as possible so they can get on with their lives have the opportunity to do so, and people get started in domestic violence diversion programs at the earliest possible time, which, statistics have shown, greatly enhances the likelihood that those programs will be successful in reducing domestic violence recidivism.

4. What do you see as the three most important goals for the City over the next year?

The Council sets the goals for the City, and I do not have goals independent from those the Council sets. My perception is that the Council's most important goals are economic development, perhaps with an emphasis on south Scottsdale, achieving a balance between infill development and preservation of existing communities, and balancing workforce management and composition with budgetary constraints. My Office will, of course, work to address these and other Council-identified goals in cooperation with the other Charter officers and executive leadership.

5. List examples of instances where you have worked closely and collaboratively with your fellow charter officers.

I have strong working relationships with all of the City's Charter Officers.

I have worked with Acting City Manager Dan Worth on almost a daily basis. We have worked closely and collaboratively on issues involving personnel matters, litigation, gift clause and Charter anti-subsidy amendment compliance, employee compensation and benefits, economic vitality, and a variety of other issues that we deal with as they arise.

Since my last review City Clerk Carolyn Jagger and I worked closely and collaboratively to update the procedural rules the Council uses in the conduct of its business. In addition, she and I work together almost daily on agenda issues, and most especially on Open Meeting Law compliance matters.

I and my office have provided legal advice to City Auditor Walker on a number of audit issues related to City contracts.

City Treasurer David Smith and I also worked together on a regular basis. Probably the most notable collaboration was in the negotiation over the Nordstrom Garage Lease. He and I, along with the Acting City Manager, conferred extensively on the approach the City should take in the negotiations, and personally conducted those negotiations on behalf of the City.

6. What obstacles or setbacks did you encounter during the year and how did you handle them?

This year's challenges were making sure that the compensation survey did not yield results that would be counterproductive to the City's need to retain highly skilled professional staff, and dealing with a substantial number of serious litigation matters. The compensation survey issue was resolved by working closely with HR's staff to create a structure that provides for professional advancement and compensation commensurate with the abilities of the professional staff and with their value to the organization. Litigation issues have been addressed by using outside counsel where necessary, but always having the City's professional and paraprofessional staff participating as fully as possible in the litigation both to monitor outside counsel and to reduce the cost of litigation. In furtherance of this approach two members of the support staff who have paraprofessional training have been given formal paraprofessional duties in addition to their other support staff duties in order to make as much use as possible of all the office's resources.

7. What do you see as your major goals for the next evaluation period, and how can the Council help you accomplish these goals?

A. Real Estate

The City owns a lot of real estate. As it has been acquired over the decades there has not been consistency in how the City has documented the acquisitions, or in how it has tracked the acquisitions and administered the contracts. The City also has remnants of real estate acquisitions that may have economic value in the general market but have not been put to productive use by the City. While trying to rationalize the City's real estate practices is not something that my office can do on its own, I intend to raise the issue with the new City Manager to see if the City can build on the excellent staff resources the City currently has to standardize procedures, enhance contract administration and seek to turn passive real estate investments into capital available to the City for other uses.

B. Claims Limitation

My office, working with Risk Management, looks at every major claim against the City to see if there are lessons to be learned about how to avoid such claims in the future. I intend to have the department put some more

resources into evaluating claims, and communicating the conclusions reached from the evaluations, to see if further benefits can be obtained by the City from this practice.

8. What do you see as any potential major legal problems facing the city over the next year and how will you address them?

Implementation of legislation passed in the last session will undoubtedly raise numerous legal issues, although it is too early to tell exactly what those issues are because most of the major legislation was passed in the last few days of the session and there has not been adequate time to analyze it all. However, we do know that changes have been made to the applicability of transaction privilege taxes, and the auditing and collecting of such taxes, and to what the City is permitted to do with firearms that come into its possession. Also, further amendments were made to the Regulatory Reform Act. These and other pieces of new legislation will require legal resources be devoted to their implementation by the City.

9. Do you think that you take direction readily from a Council majority vote or resist the Council when you think that the Council vote is wrong?

I do not think of Council votes as being "wrong." When a majority of the Council adopts a policy that becomes the policy of the City and it is my role to help implement it.

10. What suggestions do you have for improving the communication and relationship generally between you and the Council?

I like to think that I have a pretty good relationship with the Council. I think that most Council members believe that if they contact me about an issue they get a prompt response and that I try to deal expeditiously and effectively with their questions and concerns. I really appreciate the fact that Council members will often let me know if they think a legal question is going to come up during a meeting so I can have a chance to prepare for it in advance.

11. Outside of city prosecutors, your attorneys are responsible for acting as legal liaisons for all city departments. In your opinion, how successful has this relationship been? Do you feel that your office is utilized to the extent necessary to minimize risk to the City and its taxpayers? Please explain.

Every year the department sends surveys to those in the City it has dealt with in the preceding year and invites comments and criticisms, which can be done anonymously if the person prefers. The department has received very high marks in these reviews. Therefore I think the department has been very successful in its relationship with the other departments.

As mentioned above, during this next review period I intend to explore ways that my department can be more effective in minimizing risk to the City and its taxpayers. We have mechanisms in place to accomplish this goal, but I am going to see if there are ways to make them even more beneficial for the City.

12. On a scale from 0 to 5 with (5) being the highest, how effective are you at managing your staff? Are there ways you can improve?

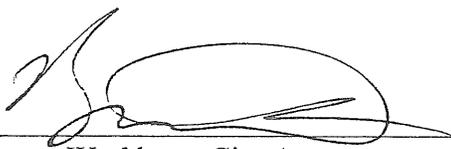
I am an effective manager but I give myself a 4 instead of a 5 because there is always room for improvement. I hope to improve my effectiveness over this coming review period by spending some more time familiarizing myself with the relative strengths of the staff members and, as appropriate, adjusting assignments to better utilize those strengths.

13. Do you think you have adequate staffing to allow you to be an effective City Attorney?

Yes.

14. Are there any other issues or comments you would like to share?

It is both an honor and a pleasure to serve as the Scottsdale City Attorney. I look forward to receiving your review of my performance, and to the opportunity to continue to serve the Council and the citizens of Scottsdale.



Bruce Washburn, City Attorney

6/26/13
DATE

CITY AUDITOR EVALUATION

Purpose:

Please use this form to guide you in assessing the City Auditor's general effectiveness, integrity, responsiveness to the Council and respect for the Council's role.

Process:

No later than one week prior to the City Auditor's scheduled evaluation on July 1, 2013, the City Auditor will complete a Self-Evaluation Form and return it to the Mayor's Chief of Staff, who will distribute it to the Council. This is in keeping with the Council's directive of January 8, 2008 that Charter officers complete a self-evaluation as part of the evaluation process.

In addition, Council members and the Mayor are asked to complete their own City Auditor evaluation forms and return them to the Mayor's Chief of Staff at least two hours prior to the scheduled evaluation meeting with the City Auditor. The Mayor will distribute those evaluation forms to the Council and the City Auditor at the evaluation meeting. The evaluations are not to be reviewed by anyone prior to the meeting.

The Mayor and City Council will meet with the City Auditor in executive session or in open session to jointly review the evaluations. The contract between the City of Scottsdale and the City Auditor states that an evaluation is to occur annually. Additional evaluations can be called at any time during the year.

Subsequent to jointly reviewing the evaluations, the Council will decide whether to continue the contractual agreement with the City Auditor unaltered, continue it with modifications, or terminate it.

CITY AUDITOR SELF EVALUATION FORM

(to be completed by the City Auditor)

Please complete this form and return it to the Mayor. Additional pages may be used if necessary.

- 1. In addition to explicit goals and objectives of the Council, what goals have you set for yourself and detail progress in accomplishing these goals.**

Through the City Charter and Code, the City Auditor is responsible for providing independent, professional audits of the City's operations, including compliance, controls, recordkeeping and efficiency. The City Auditor assists the Audit Committee in carrying out its Council-assigned duty to conduct Sunset Reviews of the City's Boards and Commissions. As well, the City Auditor serves as the City's Taxpayer Problem Resolution Officer, receiving and resolving taxpayer service complaints or requests for assistance as well as reporting quarterly on customer ratings of the City's tax services.

On an ongoing basis, my goals are to:

Ensure audits are effective in identifying areas for potential improvements? savings, revenues, efficiencies, controls or compliance. Further, I ensure that each audit report estimates the potential financial effect of the recommended improvements when possible. Based on those estimates, during my 4 years as City Auditor, my audits have identified more than \$8 million in potential savings/revenues, while the previous City Auditor reports cumulatively identified about \$650,000. This fiscal year's audits identified potential savings/revenues of approximately \$1.1 million. (The FY 2012/13 results are listed in the attachment from the FY2012/13 Annual Follow Up on Audit Recommendations report, Appendix D.) This year's quantifiable savings/revenues were lower as I put more emphasis on assurance (preventive) controls, such as those over the use of Social Media, Citations, and CLASS - the Community Services Division's cashiering and reservation system. Other significant audits this fiscal year included WestWorld's Financial Operations, the City Prosecutor's Case Management Controls, Detention Costs & Controls, and the Tournament Players Club Lease Agreement Compliance.

Ensure the efficient, cost-effective operation of my office. I review audit work in process to provide timely guidance and assure quality. In addition, I continue working to expand my office's ready access to information, such as procurement documents, to facilitate our ability to plan and conduct timely, meaningful audits. And I manage our costs by emphasizing use of technology to increase efficiency, operating without an administrative support position, and identifying cost-effective training to meet our continuing education requirements. Specifically, in comparison with the audit-identified savings/revenues, the return on investment for City Auditor spending for the past 4 years has been about \$3.03:\$1.

Develop a risk-based audit plan to maximize use of audit resources. During the past year, I developed an audit risk assessment model to formalize and add structure to evaluating and selecting recommended audit topics. The resulting database was populated with various types of department data and was first used during the FY 2013/14 Audit Plan development.

Maintain productivity and timeliness of audits based on available resources. My goal is to complete 90% of the annual audit plan. Despite a staff vacancy this year, 100% of the plan was completed (14 of 14 planned audits/projects) plus another audit from the approved Contingency Audit list was started. This year's productivity of 2.3 reports per auditor is in-line with the past 3 years and is almost double the productivity of earlier years, as illustrated in the attached graphic. Also

significant, these statistics do not include other "deliverables" to the Audit Committee, such as quarterly follow-up reports, TPRO reports and Sunset Reviews that were not previously submitted. All planned timelines for reporting to the Audit Committee were met through carefully tracked milestone dates.

Ensure high quality work by complying with all required auditing standards. An independent peer review to evaluate compliance with government auditing standards is required once every three years as part of those standards. Last year, the review team evaluated my office's policies and procedures and audit work performed and concluded that we fully comply with standards and excel in the areas of training and productivity. Each year I review our policies and audit procedures to ensure proper guidance and evidence of compliance are being maintained. Scottsdale is one of only two city auditor's offices in Arizona that subjects its work to this level of independent review.

Seek opportunities to enhance citizen awareness of the City audit function. I continue to participate in the City's "Scottsdale 101" program to share the purpose and results of the City's independent audit function. Also, I ensure all our audit reports are posted on the City's website so that they are readily available to Scottsdale citizens or any member of the public. Many cities do not publicly post the full content of audit reports; instead they have to be requested.

Maintain effective working relationships with other City staff. I have established the expectation that information is shared during the course of audit work to avoid surprises in audit reports. In addition, I seek other opportunities for us to hear and share different perspectives and to become more knowledgeable of the City's processes and ongoing business. For example, I provided a requested overview of the City Auditor's office during an HR staff training, and my staff now provides a brief overview of the City Auditor's office role during New Employee Orientation. We also continue to present a class during the Contract Administrators Academy.

To assess my office's performance each year, I compare our key statistics to a biennial survey prepared by the Association of Local Government Auditors (ALGA). These benchmarking comparisons are attached.

2. What other accomplishments have you had?

Other specific goals accomplished during the year included:

Completing an overall update to the City Auditor section of City Code, primarily to better align with ALGA's model code for city auditors and with current auditing standards. Besides updating the Code to be more flexible for changes in auditing standards and terminology, modifications also included moving oversight of the City's annual financial audit from the Finance & Accounting Division to the City Auditor's office.

Making City audit reports available through a search function rather than only accessible in folders organized by year. The City Clerk added a City Audit Reports category to the City Archived Documents website function, and my staff loaded all City Auditor audit reports - back to 1989. So City audit reports are now more easily available to the public in a familiar website location and through a familiar search function. Most Valley cities have only recently begun to make their City Auditor reports available to the public on their cities' websites.

Assisting the Audit Committee in implementing its Boards & Commissions Sunset Review process and completing the first 5 Sunset Reviews. I provide the staff liaisons with a 3-month advance reminder that their board/commission review is upcoming so that they have time to work with the

Board/Commission to develop any supplemental information they wish to submit. I compile and submit their informational packets to the Audit Committee with other agenda materials 10 days in advance so that the Committee members have time to make any additional requests of the Board or Commission prior to the meeting. And I subsequently prepare and submit the Audit Committee's Sunset Review recommendations to the Council with the accompanying Resolution for action.

Ensuring Audit Committee agenda materials are posted on the City's website timely. For four Audit Committee meetings, the meeting agendas and related material were posted 10 days in advance of the meeting date, in compliance with the Council policy. The other three meetings were posted 10 days in advance but one agenda item was not yet attached. We accomplish this timely meeting posting without administrative staff support.

Professional accomplishments include serving as Vice Chair of the national Association of Local Government Auditors (ALGA) Education Committee, helping to develop training programs for ALGA members and interested nonmembers. As one of ALGA's Knighton Award judges, I also evaluated audit reports submitted for award consideration. Further, I have been selected as a member of a Peer Review team that will evaluate another City Auditor's office for compliance with auditing standards.

As well, I am in my second year of a 5-year term on the Arizona Board of Accountancy's Certification Advisory Committee. This seven-member Committee reviews CPA exam and certification applications and advises the Board on whether applicants meet the requirements to take the CPA Exam or register as a CPA in Arizona.

3. What obstacles or setbacks did you encounter during the year and how effectively did you handle them?

There have been no major obstacles or setbacks this year. My one remaining Assistant City Auditor took an extended leave this year and recently decided not to return. So during the course of the year, I have personally guided and reviewed all staff work. As well, I continued using a part-time contract auditor to complete development of the Risk Assessment Model database, assist with an audit and help with other audit-related projects. This year, I also requested a Youth Corps volunteer who has been helping with several administrative tasks, such as updating our library materials and archiving Audit Committee minutes. My audit staff has done an outstanding job of completing their assignments effectively and timely, so we completed 100% of the Council-approved Audit Plan and started one Contingency Audit before the end of the year.

This year the cost of our specialized audit software increased substantially due to the vendor's change from an outdated pricing model to the more common per-user based pricing. I needed to request a transfer of \$4,000 between budget categories, but had available personnel savings to cover the contractual services cost of an additional license.

4. What do you see as your major goals for the next evaluation period, and how can the Council help you accomplish these goals?

My primary goal remains to conduct high quality audits in an efficient, cost-effective manner that is responsive to Council, management and public information needs. This includes developing an audit plan that addresses the accountability, risks, and economy, efficiency and effectiveness of

City programs and activities, and developing meaningful recommendations to help City divisions and departments identify cost savings, revenue enhancements and operational controls and efficiencies. The Audit Committee and City Council have provided the necessary support by allowing me to recommend, conduct and report on audits in accordance with professional standards. Any additional Council input on potential audits or feedback on the effectiveness of my audits and reporting can help improve my success in achieving these goals.

This year, my specific goals include:

- Continuing to expand our comprehensive data analytics using the specialized audit software as we did in the Detention Costs, Citation Controls and other recent audits.
- Continuing to refine the Audit Risk Assessment Model to incorporate citywide analysis and further improve the assessed data at the detailed level as well.
- Evaluating the feasibility of establishing and maintaining a confidential fraud/waste hotline. The ALGA biennial benchmarking survey found that about two-thirds of local government auditors responding had established a hotline for their city or county. Further, from my past experience supporting a fraud/waste hotline and as a Certified Fraud Examiner, I know this can provide another useful tool for identifying potential issues.

5. Do you think that you take direction readily from the Council or resist the Council when you think that the Council is wrong?

As a Charter Officer, my responsibility is to take direction from the City Council. My role is to provide independent audit results and the City Council provides policy direction. Scottsdale's Auditor-Council reporting relationship provides the independence needed to effectively audit all divisions, programs and functions of the City.

As a Certified Public Accountant and Certified Fraud Examiner, I am also responsible for conducting my work in accordance with professional standards. As previously noted, I greatly appreciate that this Council has allowed me to exercise professional judgment in conducting my work. No situations have occurred that have jeopardized my professional conduct.

6. What suggestions do you have for improving the communication and relationship generally between you and the Council?

I welcome any feedback from the Council, individually or as a whole, on whether I have provided an appropriate level of communication, along with any suggestions or requests for improving my effectiveness.

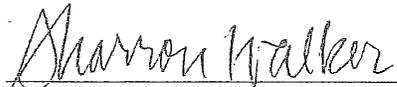
7. Do you think you have adequate staffing to allow you to be an effective City Auditor?

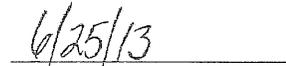
The lack of an administrative position, which was cut in early 2009 during budget reductions, sometimes hampers the efficiency of our report production, payments, ordering supplies, and other such processes. However, we do not need full-time administrative assistance so I do not plan to convert an auditor position to support. Overall, the number of staff in the Scottsdale City Auditor's office demonstrates the City Council's strong support of the independent audit function.

8. Are there any other issues or comments you would like to share?

The City Auditor's Office is a team environment and the results accomplished reflect the efforts of the team. Conducting so many audits each year challenges us to be continually studying and understanding multiple facets of City operations, and I am proud of what we have accomplished.

As well, I appreciate the cooperation and assistance that we receive from the many dedicated employees throughout the City. The number of audits we complete each year requires their time and assistance in addition to their regular duties.


City Auditor's Signature


Date

Scottsdale City Auditor's Office Performance Measures Compared to ALGA National Results

COS Measures are for FY 2012/13 and ALGA survey for 2012 unless otherwise labeled.

Composition of staff qualifications

	COS	ALGA - 2010
Certified Internal Auditor	67%	38%
Certified Public Accountant	17%	31%
Certified Info Systems Auditor	0%	15%
Certified Fraud Examiner	17%	16%
Masters or Postgraduate Degree	83%	40%

Productivity

	COS	ALGA - 2012
Direct time to Available Time	82%	82%
Direct time to Total Time	67%	72%

Direct time = spent on audits, follow-ups, other specific engagements

Available time = Direct + Indirect time

Total time = Available + Benefit time (or the total 2,080/FTE)

Outcomes - \$ Savings/Revenues

	COS	ALGA average
2012/13	\$ 1,110,209	\$ 3,905,720 range \$776,000 - \$11.7 million
2011/12	\$ 3,532,600	
2010/11	\$ 2,383,000	
2009/10	\$ 1,400,000	\$ 2,356,940 range \$12,000 - \$13 million
2008/09	\$ 454,100	
2007/08	\$ 5,600	
2006/07	\$ -	
2005/06	\$ 187,000	

Outcomes - Recommendations implemented

	COS	ALGA
2012/13	78%	77%
2011/12	78%	
2010/11	86%	
2009/10	82%	78%
2008/09	n/a	
2007/08	n/a	
2006/07	n/a	
2005/06	n/a	

This performance measure excludes from the denominator recommendations that are no longer applicable; the annual report on audit follow-ups includes all recommendations.

Other performance data

	<i>COS</i>	<i>ALGA - 2012</i>
% of audit plan completed	100%	75%
% completed by due date	100%	79%

17 reports planned; due to staff vacancies, 14 completed.

Return on Investment

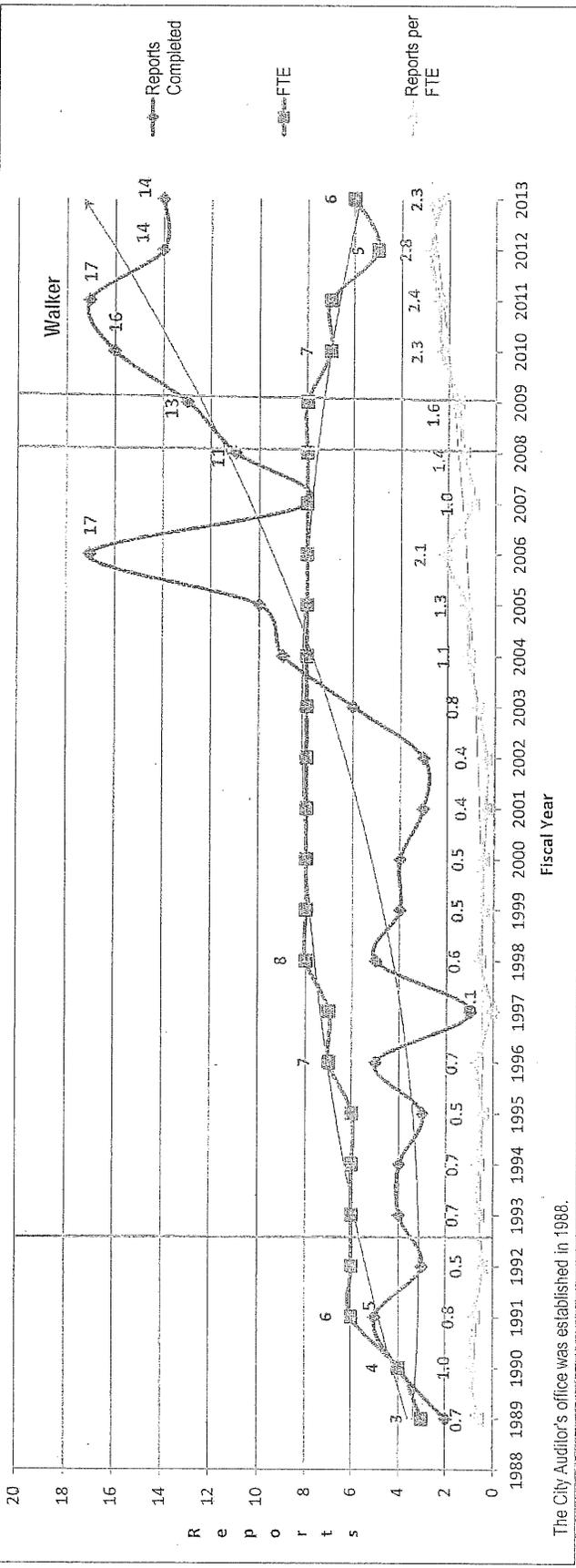
Identified audit savings or revenues / \$1 total budget

2012/13	\$ 1.65	\$ 3.21	range \$1.03 - \$5.70
2011/12	\$ 4.98		
2010/11	\$ 3.15		
2009/10	\$ 1.78	\$ 2.98	range \$.02 - \$15.81
2008/09	\$ 0.46		
2007/08	\$ -		
2006/07	\$ 0.27		

Cost per Hour

<i>Total exp divided by total hours</i>		<i>CPA firms' hourly rates for various staff levels:</i>
2012/13	\$ 53.96	
2011/12	\$ 53.20	
2010/11	\$ 51.94	\$ 88 - 201 offered
2009/10	\$ 53.97	\$ 110 - 300 "standard"
2008/09	\$ 59.91	
2007/08	\$ 56.85	

Note: 2012/13 with estimated overhead is approx \$62/hour



The City Auditor's office was established in 1988.

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	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.
1/24/2013	1303	Cash Handling Controls and Accountability, FY 2012/13	\$0	
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	1311	Selected Application Controls Over the City's CLASS System	\$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
Summary for 'FYPubl' = 2013 (13 records)			\$1,110,209	
Grand Total			\$9,081,382	

CITY CLERK SELF EVALUATION FORM (2013)
(To be completed by the City Clerk)

Please complete this form and return it to the Mayor. Additional pages may be used if necessary.

1. In addition to explicit goals and objectives of the Council, what goals have you set for yourself and detail progress in accomplishing these goals?

The ongoing, annual goals of the Clerk's Office are:

- Support the Council Broad Goal of Open and Responsive Government by ensuring:
(1) All required legal notices, including agendas, minutes, and marked agendas, are posted in compliance with State law and City policy; (2) accurate accumulation, preservation, and accessibility of official City documents and the City Code; (3) accurate and timely preparation of Council meeting minutes; (4) accurate recordkeeping and timely facilitation of the application and appointment process for the City's 30 appointed public bodies; and (5) administrative support to the Council.
- Support the Council Broad Goal of Open and Responsive Government by conducting the City of Scottsdale municipal elections; preserving the integrity of election procedures; encouraging participation in the democratic process; and serving as the campaign finance filing officer for all Scottsdale municipal elections.

As in prior years, all operational goals and statutory requirements were met, including: prepared and posted 1,109 legal notices; completed 63 sets of Council meeting minutes; collected, reviewed, distributed, and posted 533 Council reports on the City's website; scanned and posted 1,206 official documents (34,224 images) on the City's website; processed 266 legal filings; and conducted, without challenge, the 2012 Primary and General elections, including distributing more than 267,000 publicity pamphlets.

Below is a list of the Clerk's Office 2012/13 goals and a progress report for each:

- Conduct the November 6, 2012 General Election, which includes seating the new Council in January 2013.
 - The November 6, 2012 General Election was conducted without challenge and the newly-elected Councilmembers were seated on January 8, 2013.
- Prepare for the 2014 candidate elections.
 - Preparation for the 2014 candidate elections is well underway. The "2014 Candidate Handbook" has been drafted. Once the changes in State election law have been approved by the Governor and the U.S. Department of Justice, the handbook will be finalized, published, and posted on the City's website. By September, candidate packets will be completed and made available to the public.

- In early 2013, in partnership with City Attorney Bruce Washburn, bring forward proposed changes to the “Rules of Council Procedure” for Council consideration.
 - Collaborated with the City Attorney to draft proposed changes to the “Rules of Council Procedure.” The changes were presented to the Council at an April 30, 2013 Study Session. The Council accepted the changes and also directed two additional changes. The revised Rules are on the July 1, 2013 Council Meeting Agenda for formal adoption.
- Explore methods for improving the minute taking production process and related costs.
 - As part of our ongoing efforts to improve operational efficiency, the Clerk’s Office researched ways to reduce the cost and staff time required to prepare and maintain Council Meeting minutes. Our research indicated that action minutes are the most efficient and cost effective minutes to produce. As a result, the Clerk’s Office began the process of transitioning from summary minutes to action minutes, with a goal of completing the transition by the first meeting following the break (August 19, 2013).

Action minutes meet all statutory requirements and contain a list of the items considered; legal actions proposed, discussed, or taken and/or direction given; the names of the Councilmembers who proposed each motion (maker and second); and how each member voted. Persons making statements or presenting material to the public body are identified by name and, where applicable, whether they spoke in favor of or opposition to the issue under consideration. Action minutes do not include debate. Work Session action minutes contain a general listing of the issues discussed and any direction given to staff.

The primary goal in transitioning to action minutes was to maintain the level of service provided to our customers. To accomplish this goal, the Clerk’s Office partnered with the Communications and Public Affairs Office and, beginning with the January 8, 2013 meeting, began posting the Council Meeting closed caption transcripts on the City’s Council agendas and minutes webpage. A disclaimer accompanies each transcript to explain that the document has not been checked for completeness or accuracy and to provide links to the meeting’s Marked Agenda and digital video recording. In addition, digital video recordings of the Council meetings archived continue to be made available online.

It is estimated that the transition to action minutes will save the Clerk’s Office approximately eight to twelve man-hours per meeting.

- Focus efforts on improving efficiency and service delivery through technology (ongoing).
 - Early this year, the appointed public bodies database was completed. This project was ten years in the making and involved researching and documenting the City’s appointed public bodies (boards, commissions, committees, task forces, subcommittees, etc., including public bodies that are no longer active) and placing all of the data into a relational database. The database contains information on past and present membership; enacting legislation forming and/or dissolving the public body; bylaws; purpose, powers, and duties; and any other historic information that may be of interest to the public.

Before this project was initiated, none of the information on the City's appointed public bodies or their members had been preserved. If a public body's membership changed or the public body was dissolved, the information about the public body and its membership was lost. Now the information is stored in an Access database and the reports for all of the City's boards and commissions, as well as the City's other Council-appointed public bodies, past and present, are generated from a single source. Using a single database to manage the information helps maintain the integrity of the data and preserves the information for the future.

- Collaborated with the City Auditor to add the City Auditor's reports to the City's archived documents website to make it easier for the public to locate reports using the site's keyword search feature.
- Work on the City of Scottsdale Historic Information Project (ongoing).
 - This ongoing project has three major components:
 1. Maintain history webpages for all current and former Councilmembers.
 2. Maintain history webpages for current and former members of the City's appointed public bodies (boards, commissions, committees, task forces, subcommittees, etc., including public bodies that are no longer active).
 3. Research, document, and maintain the City's historic major events and items of interest webpages.
 - ✓ The Clerk's Office is currently researching Charter Officers' terms, vice mayor terms, and historic/significant events for placement on the City's historic webpages.

The history project is a work in progress, and, over time, it is my hope that additional information will be added so that Scottsdale's history can be preserved and shared with the public. The long-term goal is to have the project completed by January 2017.

- Develop and cross-train staff to ensure long-term sustainability of the Clerk's Office (ongoing).
 - Progress continues to be made on this important and ongoing project. As staff members become more confident in their primary jobs, we have been able to expand their training into other areas. For example, the Assistant Deputy Clerk is being cross-trained in budget preparation and maintenance and elections. The Deputy Clerk is learning agenda preparation and document management. We are also cross-training staff in records management, and two members of my staff will be accompanying me to elections training in July.

Staff members are encouraged to continually review and update the office processes and procedures for their respective areas of responsibility to ensure they are properly documented. These written procedures serve as an essential cross-training and reference

tool for the Clerk's Office staff. Currently, there are approximately 250 written procedures for the Clerk's Office.

- Continuous improvement, while maintaining or reducing the Clerk's base budget and sustaining or, when possible, increasing levels of service (ongoing).
 - The Clerk's Office has successfully met this goal for the past ten years. The Clerk's Office came in under budget for FY 2012/13 primarily due to election and agenda preparation cost savings. The FY 2013/14 budget was submitted with no proposed increases to contractual services or commodities.

2. What other accomplishments have you had?

- Issued a written report on early voting trends, election costs, and the mail ballot election process.
- Updated Administrative Regulation 121 "Standards for Public Notices and Agendas, Marked Agendas, Minutes and Legal Publications."
- Updated the Campaign Finance Report forms in pdf and Excel formats to make them more user-friendly.
- Began work on the 2013 Records Management Manual.
- As indicated under Question 1:
 - Completed the appointed public bodies database.
 - Began posting the Council Meeting closed caption transcripts on the City's Council agendas and minutes webpage.

3. What obstacles or setbacks did you encounter during the year and how effectively did you handle them?

Managing workload and training staff to assume new responsibilities, while continuing to meet all statutory requirements and deadlines, is always the biggest challenge for any Clerk's Office. Some projects are being postponed longer than I would like, and quality control is always a concern as we rush to meet deadlines. In spite of these challenges, productivity continued to increase and all required deadlines were met. Operational efficiency also continued to increase as staff members gained experience and confidence in their jobs and were able to assume additional responsibilities.

Staff time, operating funds, and resources are almost entirely dedicated to our six core services. The increase in operational efficiency has allowed more time for projects and training. Our training budget remains at \$1,200, and, as a result, we primarily rely on cross-training and in-house training. This year, Human Resources added a course on developing business writing skills and two of our team members were able to attend the class. I have asked Human Resources to offer this course again so that all of the Clerk's Office staff can take advantage of this wonderful opportunity. As stated previously, three members of the Clerk's Office will be attending elections training this year.

4. What do you see as your major goals for the next evaluation period, and how can the Council help you accomplish these goals?

- Conduct the November 5, 2013 Special Bond Election without challenge.
- Continue work on the August 26, 2014 Primary Election and November 4, 2014 General elections.
- Complete and publish the 2013 Records Management Manual.
- Continue to develop and cross-train staff to ensure long-term continuity of the Clerk's Office (ongoing).
- Continue to work on the City of Scottsdale Historic Information Project (ongoing).
- Continue to focus efforts on improving efficiency and service delivery through technology (ongoing).

I have always enjoyed encouragement and trust from the Council, which provides the support I need to accomplish my goals.

5. Do you think that you take direction readily from the Council or resist when you think that the Council is wrong?

It is my duty to carry out the Council's policy decisions and to provide support in the accomplishment of the Council's mission and goals. As part of my responsibilities, I provide information and expertise to the Council regarding matters directly related to the Clerk's Office and City elections. Regardless of how the Council acts on the information provided, it is my job to carry out the Council's direction.

One of the unique requirements of the Clerk's Office is to assist the public with processes that are not always in line with Council policy and direction. To do this effectively, the Clerk's Office must maintain a neutral position, especially in matters relating to elections and public processes. The Council has always understood and supported this role, which makes my job easier and reassures the public that our processes are open and transparent.

6. What suggestions do you have for improving the communication and relationship generally between you and the Council?

Feedback, suggestions for improvement, and more frequent opportunities to communicate with the Council individually and as a whole are always welcome. Also, if members of the Council have questions or concerns about any aspect of the Clerk's Office, I would welcome the opportunity to meet to discuss the matter as soon as possible so the issue(s) can be addressed.

7. Do you think you have adequate staffing to allow you to be an effective City Clerk?

At the present time, I believe we have the right staffing to meet the Council's and the public's needs, to ensure all legal requirements incumbent upon our office are met, and to provide for the continuity of our office.

8. Are there any other issues or comments you would like to share?

I am privileged to work with a very talented, hard-working, customer service-oriented team. They do an outstanding job for the City and our citizens, and are directly responsible for the success of the Scottsdale City Clerk's Office. I am also fortunate to have an excellent working relationship with my fellow Charter Officers. It is truly a pleasure to work with all of them, individually and as a team.

Thank you for the opportunity to discuss and receive feedback on my performance so that I may better serve you, the City, and the citizens of Scottsdale.



City Clerk's Signature

June 25, 2013

Date