

City of Tucson
Independent Audit and Performance Commission

January 26, 2012

Subject: Report to Mayor and Council: Commission Activities – July through December 2011

Honorable Mayor and Council:

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between July 1, 2011 and December 31, 2011. During this period the IAPC prepared the following reports:

- **City of Tucson Contract with Metropolitan Tucson Convention and Visitors Bureau**

At the request of Mayor and Council the Commission reviewed and issued reports on three segments: contract compliance, performance, and comments on Pima County's review of the MTCVB conducted by a contracted consultant. The first report was issued to Mayor and Council during the last Commission six month reporting period. The third and final report was issued to Mayor and Council on September 15, 2011.

- **Review of the Procurement Department's Update on the City's Capital Construction Reporting System**

The Commission issued a report to Mayor and Council on October 13, 2011.

- **Review of the Tucson Police Department's False Alarm Cost Recovery Analysis**

At the request of the Tucson Police Chief, the Commission reviewed the Tucson Police Department (TPD) false alarm cost recovery analysis. A report was provided to the Mayor and Council and the Police Chief on December 7, 2011.

A report on the period January 2012 through June 2012 will be provided to you by August 2012.

Commission members appreciate the opportunity to provide the Mayor and Council with review of relevant issues. Please contact your appointee to the Commission, or the City Manager, should you have topics you would like the Commission to review. The Commission appreciates the support of City Internal Audit staff members Jane Prior and Dennis Woodrich.

Respectfully Submitted,



Michael McDonald
IAPC Chair

c: Richard Miranda, City Manager
Kelly Gottschalk, Assistant City Manager/CFO
Marie Nemerguth, Budget and Internal Audit Program Director

Attachments:

Report to Mayor and Council: Commission Activities – July through December 2011

INDEPENDENT AUDIT AND PERFORMANCE COMMISSION REPORT ON ACTIONS AND ACTIVITIES JULY 1, 2011 THROUGH DECEMBER 31, 2011

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from July 1, 2011 through December 31, 2011.

The Commission met monthly, except for August, (five times) and established a subcommittee which met four times. In addition, another subcommittee established in January 2011 met one final time during this period.

Action Taken by the Commission:

- At the request of the Mayor and Council, the Commission conducted a review of the Metropolitan Tucson Convention and Visitors Bureau (MTCVB). The review began in January 2011 and two reports were already provided to Mayor and Council: the first in April and the second in June. Subcommittee Chair Bob Clark and Subcommittee Member Bill Tilden presented information to the Mayor and Council at the July 6, 2011 Study Session. The third and final report was issued on September 15, 2011 and provided comments to the Mayor and Council on the MTCVB audit completed in June for Pima County by a contracted company.
- The Commission reviewed and approved the Internal Audit Plan for FY 2012 on July 7, 2011. The Plan was subsequently approved by Mayor and Council on September 13, 2011.
- The Commission provided a report to Mayor and Council on September 16, 2011, regarding Commission activities from January 1 through June 30, 2011.
- At the request of the Tucson Police Chief, the Commission reviewed the Tucson Police Department (TPD) false alarm cost recovery analysis. The purpose of the review was to 1) establish the false alarm rate for private burglar alarm systems (false alarms as a percentage of total burglar alarms received), and 2) establish the cost of TPD response to false burglar alarms. A subcommittee was formed that met 4 times (September 29, October 13, November 11, and December 2, 2011) to review data prepared by TPD and provide comment on the methodology and results. The Subcommittee also prepared its own cost analysis as an example for TPD. A report was provided to the Mayor and Council and the Police Chief on December 7, 2011.
- The Commission discussed the timing of the next Request for Proposals for auditing services and a recommendation that the City's external auditors meet annually with the Mayor and Council.
- The Commission discussed and approved amending the October 2008 ordinance that originally created the IAPC to add the following functions: conducting annual reviews of the City's comprehensive financial policies and the Collaborative Auditing program and providing any recommended changes to the City Manager and Mayor and Council.

- The Commission reviewed and approved a Procurement Department update on the City's Capital Construction Reporting System. A report was issued to Mayor and Council on October 13, 2011.

Information Provided to the Commission:

- Heinfeld, Meech & Co., P.C. - 2011 Audit Plan (External Auditors)
Neil Galassi, CPA - July 7, 2011
- Internal Audit Plan: Fourth Quarter Update FY 2011 - September 8, 2011; First Quarter Update FY 2012 - November 2, 2011
Jane Prior, Internal Audit Manager
- Collaborative Auditing Update: Third Quarter FY 2011
Jane Prior, Internal Audit Manager; Joyce Garland, Budget Administrator; and Michael McDonald, IAPC Chair – September 8, 2011
Collaborative Auditing Update: Fourth Quarter FY 2011
Jane Prior, Internal Audit Manager - November 2, 2011; December 7, 2011
(Collaborative Auditing is a regular/recurring agenda item. Key service delivery performance measures and financial indicators are analyzed to identify negative trends and corrective actions planned or taken. Collaborative Auditing Updates include quarterly analysis reports that are provided to the Commission for review prior to the Commission meetings. If the Commission has questions, department personnel are scheduled to respond at the next Commission meeting. Collaborative Auditing information and charts are posted on the City's website.)
- Tucson Supplemental Retirement System – Collaborative Auditing Metrics
Mike Hermanson, Retirement and Benefits Administrator – October 6, 2011
- Self-Insurance Trust – Workers' Compensation
Kelly Gottschalk, Assistant City Manager/CFO – October 6, 2011
- Modern Streetcar Update
Jim Glock, Transportation Director – November 2, 2011
- Tucson Convention Center – Rio Nuevo Update
Kelly Gottschalk, Assistant City Manager/CFO – November 2, 2011
- City Public Information Officer: Assistance with Publicizing IAPC Reports
Michael Graham, Public Information Officer – November 2, 2011
- Downtown Development Projects
Jane Prior, Internal Audit Manager
The report for January through June 2011 was provided to the City Manager on November 3, 2011. The report was also provided to the Commission and to Mayor and Council. *(At the City Manager's request, for informational purposes, the Commission receives a copy of the expenditure review report for downtown development projects. Any findings noted in the report will be monitored by the Commission until they are resolved.)*
- Overview of the City's Indirect Cost Allocation Plan
Bob Kulze, Principal Auditor – December 7, 2011