

**City of Tucson**  
**Independent Audit and Performance Commission**

July 18, 2012

**Subject: Report to Mayor and Council: Commission Activities – January through June 2012**

**Honorable Mayor and Council:**

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between January 1, 2012 and June 30, 2012. During this period the IAPC prepared the following reports:

- **Commission Comments on City of Tucson's Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2011**  
The IAPC issued a report to Mayor and Council on March 7, 2012, that provided comments and recommendations regarding the City of Tucson's Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2011.
- **Commission Comments Regarding Costs and Benefits Associated with Privatizing Both Residential and Commercial Waste Collection**  
The IAPC issued a report to Mayor and Council on March 7, 2012 that provided comments regarding costs and benefits associated with privatizing both residential and commercial waste collection. The IAPC conducted this review at the request of Council Member Kozachik.
- **Review of City of Tucson's Comprehensive Financial Policies Document**  
The IAPC issued a report to City Manager Richard Miranda on May 2, 2012, regarding the Commission's review of the City of Tucson's *Comprehensive Financial Policies (Policies)* document.

These reports may be viewed on the IAPC's City Boards and Commissions website maintained by the Clerk's Office: <http://cms3.tucsonaz.gov/clerks/boards?board=96>

A report on the period July 2012 through December 2012 will be provided to you by February 2013.

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 Manager Jane Prior and the Audit staff.

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

Attachment:

Report to Mayor and Council: Commission Activities – January through June 2012

# INDEPENDENT AUDIT AND PERFORMANCE COMMISSION REPORT ON ACTIONS AND ACTIVITIES JANUARY 1, 2012 THROUGH JUNE 30, 2012

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from January 1, 2012 through June 30, 2012.

The Commission met monthly, except for June, (five times) and established a subcommittee which met one time.

## **Action Taken by the Commission:**

- The IAPC provided a report to Mayor and Council on January 26, 2012, regarding Commission activities from July 1 through December 31, 2011.
- The IAPC issued a report to Mayor and Council on March 7, 2012, that provided comments and recommendations regarding the City of Tucson's Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2011. The report addressed financial and operational strengths and risks. The Commission's recommendations regarding Golf's cash deficits, additional supplemental information in the CAFR report, the City's external auditors, and increasing communication with the public related to the City's financial performance, were intended to enhance transparency, accountability, and performance management.
- The IAPC issued a report to Mayor and Council on March 7, 2012 that provided comments regarding costs and benefits associated with privatizing both residential and commercial waste collection. The IAPC conducted this review at the request of Council Member Kozachik. The Commission determined that using a subcommittee to prepare an in-depth, detailed analysis would take at least six to eight months and require a significant amount of staff time to gather and analyze information. Therefore, the Commission suggested that Environmental Services Department (ESD) staff prepare a detailed report for their review. That report included a survey of customer satisfaction by an independent vendor, the FY 2012 Adopted Budget, information regarding other waste collection companies, and comments from ESD management on the following issues: financial considerations including cost recovery; personnel effects resulting from privatization; and ability to resume service should privatization fail. The Commission concluded that the City should continue to compete with private vendors for commercial collections and should continue to be responsible for all residential collections.
- The IAPC issued a report to City Manager Richard Miranda on May 2, 2012, regarding the Commission's review of the City of Tucson's *Comprehensive Financial Policies (Policies)* document. The *Policies* document was discussed at the IAPC's January 11<sup>th</sup>, 2012 meeting and a Subcommittee was formed that met once (January 27, 2012). The Subcommittee provided suggestions to staff intended to improve the document's content, clarity, and presentation. Recommendations included expansion of the *Policies* over time to include other funds in addition to the General Fund; revision of certain sections of the document if some or all investment functions currently conducted by City staff are outsourced; and consideration of a programmatic budget approach in future years when it is more feasible.

## Information Provided to the Commission:

- Comprehensive Financial Policies - Update  
Silvia Amparano, Deputy Finance Director – January 11, 2012  
  
Financial Policies Subcommittee Report  
Subcommittee Chair David Cormier and Silvia Amparano, Deputy Finance Director – February 8, April 4, May 2, 2012
- Proposal for the IAPC to Review the Potential for Outsourcing Residential and Commercial Refuse Collection - Environmental Services Department  
Commission Member Bill Tilden; Andrew Quigley, Assistant City Manager; Nancy Petersen, Environmental Services Director – January 11, 2012; February 8, 2012  
  
Review and Approve the IAPC's Memo to Mayor & Council Regarding Any Proposed Further Study of Outsourcing Residential and Commercial Refuse Collection *Continued from the February 8, 2012 IAPC Meeting*  
Commission Member Bill Tilden – March 7, 2012
- Internal Audit Plan Second Quarter Update - January 11, 2012  
Internal Audit Plan Third Quarter Update – April 4, 2012  
Jane Prior, Internal Audit Manager
- Review the City's Comprehensive Annual Financial Report (CAFR) for FY 2011  
Mike Mason, Accounting Administrator – February 8, 2012  
  
Review and Approve the IAPC's Cover Memo to Mayor & Council Regarding the City's Comprehensive Annual Financial Report (CAFR) for FY 2011 *Continued from the February 8, 2012 IAPC Meeting*  
Commission Chair Michael McDonald; Mike Mason, Accounting Administrator  
March 7, 2012
- ParkWise Residential Parking Permit Fees  
Commission Member Pete McNellis – February 8, 2012
- Collaborative Auditing FY 2012 First and Second Quarters  
Jane Prior, Internal Audit Manager - February 8, 2012; April 4, 2012  
*(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 Budget and Internal Audit website.)*
- Communication between the Commission and Mayor and Council and the Public  
Lisa Markkula, Mayor's Office Communications Director; Michael Graham, Public Information Officer – March 7, 2012

- Tucson City Golf Preliminary Discussion  
Commission Member Kevin Oberg – March 7, 2012

Tucson City Golf Discussion

Fred Gray, Parks and Recreation Director; Mike Hayes, Parks and Recreation Deputy Director; Kelly Gottschalk, Assistant City Manager/CFO – May 2, 2012

- Tucson Police Department False Alarm Ordinance Update  
John Leavitt, Assistant Police Chief – April 4, 2012; May 2, 2012
- Fiscal Year 2013 Preliminary Budget Update  
Marie Nemerguth, Budget and Internal Audit Program Director -  
April 4, 2012