

City of Tucson Independent Audit and Performance Commission

September 4, 2013

Subject: Report to Mayor and Council: Commission Activities – January through June 2013

Honorable Mayor and Council:

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between January 1, 2013 and June 30, 2013. During this period the IAPC has taken the following action:

- The IAPC provided a report to Mayor and Council on January 9, 2013 regarding Commission activities from July 1 through December 31, 2012.
- The Commission established a subcommittee at the November 8, 2012 IAPC meeting in response to a recommendation in the *Five Year Strategic Transit Plan* for the IAPC to perform an independent review of the transit system during FY 2013. The Subcommittee met on November 27, 2012 to discuss the scope of the requested review and subsequently issued a report to the Mayor and Council on January 9, 2013.
- The IAPC issued a report to Mayor and Council on April 9, 2013 regarding the Commission's review of the City of Tucson's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2012.

A report on IAPC activities for the period July through December 2013 will be provided to you by February 2014.

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,



Kevin Oberg
IAPC Chair

Attachment:

Report to Mayor and Council: Commission Activities – January through June 2013

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

INDEPENDENT AUDIT AND PERFORMANCE COMMISSION REPORT ON ACTIONS AND ACTIVITIES JANUARY 1, 2013 THROUGH JUNE 30, 2013

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from January 1, 2013 through June 30, 2013.

The Commission met monthly except for February and June (four times). The Transit Subcommittee, established at the November 8, 2012 IAPC meeting, met one time.

Action Taken by the Commission:

- The IAPC provided a report to Mayor and Council on January 9, 2013 regarding Commission activities from July 1 through December 31, 2012.
- The Commission established a subcommittee at the November 8, 2012 IAPC meeting in response to a recommendation in the *Five Year Strategic Transit Plan* for the IAPC to perform an independent review of the transit system during FY 2013. The Subcommittee met on November 27, 2012 to discuss the scope of the requested review and subsequently issued a report to the Mayor and Council on January 9, 2013.

The report included findings and observations regarding audits and reviews of Sun Tran/Van Tran; annual budgets (operating and capital); and the five-year financial forecast. The report conclusion stated that, "The IAPC would like to inform the Mayor and Council that, after due consideration, the IAPC believes that the Transit Task Force recommendation exceeds the capabilities of the IAPC members who are all volunteers with limited time available for projects of this magnitude and with diverse backgrounds that include various types of financial expertise but do not include professional financial or operational audit experience. However, the IAPC will undertake a detailed review of the Fiscal Year 2014 operating budget (i.e., projected revenues and expenditures) at a later date and provide a report to Mayor and Council of its findings and recommendations."

The IAPC's Transit Subcommittee reconvened on May 30, 2013, to conduct a Fiscal Year 2014 operating budget review. That review is in progress and the results will be conveyed to Mayor and Council when it has been completed.

- The IAPC issued a report to Mayor and Council on April 9, 2013 regarding the Commission's review of the City of Tucson's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2012. This report provides highlights of the review; comments regarding the City's financial performance; and recommendation for items to be added to the Finance Department's website for public transparency, accountability, and performance management purposes. The report is posted on the IAPC's website:
<http://cms3.tucsonaz.gov/clerks/boards?run=annualreport&board=96>

Information Provided to the Commission:

- **IAPC Review of the City of Tucson's Comprehensive Annual Financial Review for FY 2012** – Mike Mason, Accounting Administrator January 9, 2013
IAPC Review of the City of Tucson's Comprehensive Annual Financial Report for FY 2012 (Continued from the January 9, 2013 IAPC Meeting) Mike Mason, Accounting Administrator; Dave Phillips, Partner, and Jose Martens, Senior Manager, of CliftonLarsonAllen – March 6, 2013
IAPC Draft Report on the Commission's Review of the City of Tucson's Comprehensive Annual Financial Report for FY 2012 (Continued from the March 6, 2013 IAPC Meeting) - Michael McDonald, IAPC Chair – April 3, 2013
- **IAPC Subcommittee to Conduct an Independent Review of the Transit System –Update** – Mark Crum, Subcommittee Chair, and Pete McNellis, Subcommittee Member January 9, 2013
Transit Five Year Financial Forecast - Carlos de Leon, Transportation Deputy Director – May 1, 2013
- **IAPC Six Month Activities Report to Mayor and Council (July through December 2012)** – Jane Prior, Internal Audit Manager - January 9, 2013
- **Collaborative Auditing First Quarter Update FY 2013 and IAPC Draft Memo to the City Manager re: the Value of Collaborative Auditing**
Michael McDonald, Commission Chair, and Jane Prior, Internal Audit Manager - January 9, 2013
Collaborative Auditing Second Quarter Update FY 2013 - Jane Prior, Internal Audit Manager – March 6, 2013
- **Internal Audit Plan Second Quarter Update for FY 2013** - January 9, 2013
Internal Audit Plan Third Quarter Update FY 2013 – April 3, 2013
Jane Prior, Internal Audit Manager
- **Tucson City Golf Update** - Fred Gray, Parks and Recreation Department Director – April 3, 2013
- **Real Estate Properties** - Hector Martinez, Real Estate Program Director – April 3, 2013
- **Fiscal Year 2014 Recommended Budget Update and Five Year Financial Model** - Marie Nemerguth, Budget and Internal Audit Program Director – May 1, 2013