

City of Tucson Independent Audit and Performance Commission

February 3, 2015

Subject: Report to Mayor and Council: Commission Activities – July through December 2014

Honorable Mayor and Council:

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between July 1, 2014 and December 31, 2014. During this period, the IAPC conducted five regular meetings and 14 additional meetings for three subcommittees. The IAPC issued three reports on the following topics:

- The City's Internal Audit Plan for FY 2015.
- The IAPC's activities from January 1 through June 30, 2014.
- The IAPC's Review of Revised Financial Policy for Certificates of Participation.

The IAPC also issued:

- A memorandum to the Mayor and Council requesting a change to Tucson Code Chapter 10A, Article XI, Section 10A-122 relating to the functions and duties of the IAPC.

The reports are posted on the IAPC's web page and can be accessed using the following link: <http://tucsonaz.gov/clerks/boards?run=annualreport&board=96>

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 Budget and Internal Audit Program Director Joyce Garland, Interim Internal Audit Manager Bob Kulze, and Administrative Assistant Diane Link.

Respectfully Submitted,



Kevin Oberg
IAPC Chair

c: Martha Durkin, Interim City Manager
Kelly Gottschalk, Deputy City Manager
Albert Elias, Assistant City Manager
Ron Lewis, Assistant City Manager
Joyce Garland, Budget and Internal Audit Program Director

Attachment:

Report to Mayor and Council: Commission Activities – July through December 2014

INDEPENDENT AUDIT AND PERFORMANCE COMMISSION REPORT ON ACTIONS AND ACTIVITIES JULY 1, 2014 THROUGH DECEMBER 31, 2014

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from July 1, 2014 through December 31, 2014.

The Commission met monthly except for July (five times). Three IAPC Subcommittees met a combined total of 14 times during this period:

- Financial Policy Subcommittee (three times)
- Pension Subcommittee (one time)
- Transit Subcommittee (ten times)

Action Taken by the Commission:

- The IAPC reviewed and approved the Internal Audit Plan for FY 2015 and issued its report to Mayor and Council on August 6, 2014. The Plan was subsequently approved by Mayor and Council on September 9, 2014.
- The IAPC issued a report to Mayor and Council on August 6, 2014 regarding IAPC activities from January 1 through June 30, 2014.
- The IAPC issued a report to the Mayor and Council on October 1, 2014 based on direction received from the Mayor and Council for the IAPC to comment on recommendations for improving the City's financial policies involving Certificates of Participation. The IAPC formed a subcommittee at the September 3, 2014 IAPC meeting. The subcommittee met three times and presented its findings and recommendations to the full IAPC at the October 1, 2014 IAPC meeting.
- The IAPC Pension Subcommittee met October 28, 2014 to continue its Tucson Supplemental Retirement System (TSRS) pension review. The scope of the review includes the actuarial 20 year forecast of the TSRS and the resulting financial impacts on the City (the baseline) and alternative(s) to the baseline model under the assumed implementation of the failed ballot effort of Proposition 201 - Pension Reform Initiative.
- The IAPC Transit Subcommittee met on August 25, September 4, September 18, October 3, October 16, October 24, November 6, November 12, November 25, and December 17, 2014 to continue its review of the Transit Five-Year Financial Forecast for fiscal years 2015 - 2019. The meetings involved in-depth discussions of the forecast's underlying assumptions and projections for expenditures and revenues. The review focused on the forecast of the General Fund's annual contribution/investment in the transit system.
- The IAPC issued a memorandum to Mayor and Council on November 7, 2014 to request a change to Tucson Code Chapter 10A, Article XI, Section 10A-122 relating to the functions and duties of the IAPC. The suggested change would allow the IAPC to study issues raised by the IAPC upon a majority vote of the commissioners. The code change was adopted by the Mayor and Council on December 16, 2014.

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Information Provided to the Commission:

August 6, 2014 Meeting

- Presentation on City Business Licenses and Sales Tax Collection – Joel Peterson, Finance Revenue Administrator
- Proposed Internal Audit Plan for FY 2015 and Report to Mayor and Council – Joyce Garland, Budget and Internal Audit Program Director
- IAPC Six Month Activities Report to Mayor and Council (December – June 2014) – Joyce Garland, Budget and Internal Audit Program Director
- Internal Audit Plan Fourth Quarter Update FY 2014 (April – June 2014) - Joyce Garland, Budget and Internal Audit Program Director

September 3, 2014 Meeting

- Direction from the City Manager Regarding the Submission of Agenda Items by Commission Members - Joyce Garland, Budget and Internal Audit Program Director
- Direction from the Mayor and Council for the IAPC Review of Revised Financial Policies for Certificates of Participation – Silvia Amparano, Finance Director
- IAPC Pension Subcommittee Update – David Cormier, Subcommittee Chair
- IAPC Transit Subcommittee Update – Mark Crum, Subcommittee Chair
- Request from Ward 6 Council Member Kozachik for the IAPC to Review the Tucson Supplemental Retirement System Assumptions and Impact on the City's General Fund – Ed Hubert, Ward 6 Representative
- Request from Ward 6 Council Member Kozachik for the IAPC to Examine the Feasibility of Privatizing Portions of the City's Environmental Services Department – Ed Hubert, Ward 6 Representative

October 1, 2014 Meeting

- Discussion of Policy Regarding Submission of Agenda Items by Commission Members - Joyce Garland, Budget and Internal Audit Program Director
- Discussion of Ward 6 Request for the IAPC to Examine the Feasibility of Privatizing Portions of the City's Environmental Services Department – Mr. Hannley, Ward 3 Representative
- IAPC Financial Policy Subcommittee Update and Draft Report to Mayor and Council – Jim Hannley, Subcommittee Chair
- IAPC Transit Subcommittee Update – Mark Crum, Subcommittee Chair
- IAPC Pension Subcommittee Update – David Cormier, Subcommittee Chair

November 6, 2014 Meeting

- Discussion of Request from Mr. Hannley for the IAPC to Review the Cost Recovery for Code Enforcement of the City's Sign Code – Jim Hannley, Ward 3 Representative
- Discussion of Policy Regarding Submission of Agenda Items by Commission Members and Memorandum to Mayor and Council – David Cormier, IAPC Vice Chair
- IAPC Transit Subcommittee Update – Mark Crum, Subcommittee Chair
- IAPC Pension Subcommittee Update – David Cormier, Subcommittee Chair

- Internal Audit Plan First Quarter Update FY 2015 (July – September 2014) – Bob Kulze, Interim Internal Audit Manager

December 3, 2014 Meeting

- IAPC Transit Subcommittee Update – Mark Crum, Subcommittee Chair
- Discussion of Requests for Commission Member Attendance at Outside Meetings or Presentations – Kevin Oberg, IAPC Chair, and Bob Kulze, Interim Internal Audit Manager