

City of Tucson Independent Audit and Performance Commission

July 1, 2015

Subject: Report to Mayor and Council: Commission Activities – January through June 2015

Honorable Mayor and Council:

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between January 1, 2015 and June 30, 2015. During this period, the IAPC conducted six regular meetings and 8 additional meetings for two subcommittees. The IAPC issued four reports on the following topics:

- Report of Commission Activities from July 1, 2014 through December 31, 2014
- Review of Tucson Supplemental Retirement System (TSRS) Pension Alternative
- Commission Comments on the City of Tucson's Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2014
- Report to Mayor and Council on the City of Tucson's FY 2016 Audit Plan

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 Chairperson

Attachment:

Report to Mayor and Council: Commission Activities – January through June 2015

c: Michael Ortega, City Manager
Martha Durkin, Deputy City Manager
Albert Elias, Assistant City Manager
Julianne Hughes, Assistant City Manager
Ron Lewis, Assistant City Manager
Joyce Garland, Budget and Internal Audit Program Director

INDEPENDENT AUDIT AND PERFORMANCE COMMISSION REPORT ON ACTIONS AND ACTIVITIES JANUARY 1, 2015 THROUGH JUNE 30, 2015

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from January 1, 2015 through June 30, 2015.

The IAPC met once monthly during this period (six times). Two IAPC Subcommittees met a combined total of 8 times during this period:

- Cost Allocation Subcommittee (four times)
- Pension Subcommittee (four times)

Action Taken by the Commission:

- The IAPC issued a report to Mayor and Council on February 3, 2015 regarding Commission activities from July 1 through December 31, 2014.
- The IAPC issued a preliminary report on April 1, 2015 relating to a failed ballot effort to require the City to implement changes to the Tucson Supplemental Retirement System. The IAPC had established a subcommittee to quantify potential savings and costs of such a change over the next thirty years. The IAPC report focused on the financial calculations and analysis presented by staff and the City's actuary. The IAPC subcommittee intends to continue to meet and address other related issues, including the plan's unfunded liability.
- The IAPC issued a report to Mayor and Council on May 6, 2015 regarding the Commission's review of the City of Tucson's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2014. This report provided questions and answers which were discussed with staff during the review and noted that the Independent Auditor's Report issued an unqualified opinion on the City's basic financial statements.
- The IAPC reviewed and approved the Internal Audit Plan for FY 2016 on June 3, 2015. Comment was provided to the City Manager and Mayor and Council in a report dated June 3, 2015.

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Information Provided to the Commission:

January 7, 2015 Meeting

- Discussion of Open Meeting Law – Dennis McLaughlin, Principal Assistant City Attorney, and Shawna Lee, Management Assistant
- Discussion of Sign Code Enforcement Processes and Cost Recovery – Ernie Duarte, Planning and Development Services Director; Glenn Moyer, Development Services Administrator; Michael Wyneken, Code Enforcement Administrator

February 3, 2015 Meeting

- Review of the City's FY 2014 Comprehensive Annual Financial Report - Presentation by Silvia Amparano, Finance Director, and the City's External Auditor (CliftonLarsonAllen) – Dave Phillips, Audit Lead Principal, and Jose Martens, Audit Manager
- Discussion of Public Banking – Jim Hannley, IAPC Ward 3 Representative
- IAPC Pension Subcommittee Update – David Cormier, Subcommittee Chairperson
- Draft IAPC Six-Month Activities Report – Bob Kulze, Interim Internal Audit Manager
- FY 2015 Internal Audit Plan Second Quarter Update – Bob Kulze, Interim Internal Audit Manager

March 4, 2015 Meeting

- Discussion of the City's FY 2014 Comprehensive Annual Financial Report – Silvia Amparano, Finance Director; Karen Tenace, Deputy Finance Director; Mike Mason, Accounting Administrator
- Discussion of IAPC Pension Subcommittee Draft Report – David Cormier, Subcommittee Chairperson
- Discussion of City's Small Business Enterprise (SBE) Subcontracting Policy – Kevin Oberg, IAPC Chairperson

April 1, 2015 Meeting

- Discussion of IAPC Pension Subcommittee Draft Report – Ed Hubert, Subcommittee Member
- Discussion of the City's FY 2014 Comprehensive Annual Financial Report – Kevin Oberg, IAPC Chairperson
- Request from Council Member Kozachik to Review the Full Cost Allocation Plan Methodology – Kevin Oberg, IAPC Chairperson, and Joyce Garland, Budget and Internal Audit Program Director
- Discussion and Prioritization of IAPC Subcommittees – Kevin Oberg, IAPC Chairperson

May 6, 2015 Meeting

- Presentation on the Small Business Enterprise Program – Marcheta Gillespie, Procurement Director, and Victoria Cortinas, Contract Administrator
- Discussion of the Draft Report of the IAPC's Review of the City's FY 2014 Comprehensive Annual Financial Report IAPC – Kevin Oberg, IAPC Chairperson
- FY 2015 Internal Audit Plan Third Quarter Update – Bob Kulze, Interim Internal Audit Manager

June 3, 2015 Meeting

- Election of Officers – Kevin Oberg, IAPC Chairperson
- Proposed Internal Audit Plan for FY 2016 – Bob Kulze, Interim Internal Audit Manager
- Discussion of Business Licensing Structure and Fees – Jim Hannley, IAPC Vice Chairperson
- IAPC Cost Allocation Subcommittee Update – Jim Hannley, Subcommittee Chairperson
- IAPC Pension Subcommittee Update – Kevin Oberg, IAPC Chairperson