

City of Tucson
Independent Audit and Performance Commission

July 28, 2010

Subject: Report to Mayor and Council: Commission Activities - January through June 2010

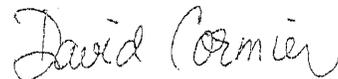
Honorable Mayor and Council:

The attached report provides information on the City's Independent Audit and Performance Commission (IAPC) activities between January 1, 2010 and June 30, 2010. During this period the IAPC prepared two reports (*City Manager's December 3, 2008 Budget Deficit Memorandum, TREO Contract*) at the request of the City Manager. In addition, the Commission is currently working with the City's Internal Audit staff on a review of the City's Fleet Services Department.

A report on the period July through December, 2010 period will be provided to you in January, 2011.

Commission members appreciate the opportunity to provide the 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.

Respectively Submitted,



David Cormier
IAPC Chair

**INDEPENDENT AUDIT AND PERFORMANCE COMMISSION
REPORT ON ACTIONS AND ACTIVITIES
JANUARY 1, 2010 THROUGH JUNE 30, 2010**

The following is a list of Independent Audit and Performance Commission (IAPC) actions and activities, based on agenda items, from January 1, 2010 through June 30, 2010.

Action Taken by the Commission:

- The Commission discussed their potential functions and responsibilities at a special meeting on January 21, 2010.
- The Commission provided a report to Mayor and Council on January 25, 2010, regarding Commission activities from October 1 through December 31, 2009.
- The City Manager asked the Commission to review and comment on the budget deficit noted in a December 3, 2008 memorandum from City Manager Mike Hein to the Mayor and Council.
The report was provided to the City Manager on February 11, 2010.
- The Commission adopted bylaws on May 5, 2010.
- At the request of the City Manager, the Commission conducted a performance review of Tucson Regional Economic Opportunities (TREO).
The report was provided to the City Manager on June 21, 2010.

Information Provided to the Commission:

- Golf Update – Fred Gray, Parks and Recreation Director
January 6, 2010
- Construction Contracts – Commission Member Kevin Oberg
January 6, March 3, April 7, May 5, June 2, 2010
- Comprehensive Annual Financial Report and General Fund Statement –
Neil Galassi, Heinfeld, Meech & Company, P.C. and Kelly Gottschalk,
Finance Director - January 6, 2010
- Budget Update and Rio Nuevo Cash Flow – Marie Nemerguth, Office of
Budget and Internal Audit Program Director and Kelly Gottschalk, Finance
Director - January 6, 2010

- Quarterly Updates: Internal Audit Plan – Jane Prior, Internal Audit Manager – Second Quarter January 6, 2010; Third Quarter, April 7 (postponed), May 5, 2010
- Public Safety Deployment Audit: Timeframe and Initial Discussion of Scope – Deputy City Manager Richard Miranda - February 3, 2010
(The City Manager has asked to Commission to be involved with this audit. The Commission's scope has not yet been determined.)
- Human Resources Department – Tucson Supplemental Retirement System Actuarial Valuation Report - Retirement and Benefits Administrator Mike Hermanson, Human Resources Department February 3, 2010
- Balance Sheet, Unreserved Balance, Cash Update and Rio Nuevo Revenue, Expenditures, and Ending Balance for FY 2010 - Finance Director Kelly Gottschalk and Accounting Administrator Mike Mason February 3, 2010
- Downtown Development Projects: Expenditures Update – Internal Audit Manager Jane Prior
(At the City Manager's request, for informational purposes, the Commission receives a copy of the monthly expenditure report for downtown development projects.)
- Tucson Police Department – FBI Report/Property Crime Statistics - Roberto Villasenor, Police Chief *(The Police Chief discussed how Tucson reports property crime and how that differs from other communities.)* March 3, 2010
- Police Deployment Strategy - Roberto Villasenor, Police Chief March 3, 2010 *(The City Manager has asked to Commission to be involved with an audit of public safety staffing requirements. The Commission's scope has not yet been determined.)*
- Fiscal Year 2011 Budget Update Marie Nemerguth, Budget and Internal Audit Program Director - March 3, 2010
- Tucson Regional Economic Opportunities (TREO) Performance Criteria per City Contract – Joe Snell, President/CEO, David Welsh, Executive Vice President, Dianne Janis, Director of Investor Relations *(At the request of the City Manager, the Commission conducted a performance review of Tucson Regional Economic Opportunities (TREO).* April 7 TREO Presentation; May 5 Commission Discussion; June 2 Commission Discussion - Continued from May 5; June 16 special meeting for the Commission to review and discuss TREO's written response to

questions formulated by the Commission Chair and Vice Chair regarding specific deliverables stated in TREO's contract with the City. A report was provided to the City Manager on June 21, 2010.

- Fleet Services – Ron Lewis, General Services Department Director
April 7 Fleet Services Presentation; May 5 Commission Discussion (*The City Manager has requested that the Commission review the City's Fleet Services operation, particularly the pros and cons of outsourcing this function. The Commission has requested that the City's Internal Audit staff conduct this review and report the results to the Commission for discussion and final evaluation. The Commission will issue a report to the City Manager at the conclusion of the review.*)

Fleet Services: Proposed Audit Program – Jane Prior, Internal Audit Manager and Bob Kulze, Principal Auditor - June 2, 2010 (*Internal Audit staff provided the Commission a proposed audit program for Commission discussion.*)

- Fire Department Deployment Strategies – Patrick Kelly, Fire Chief
May 5, 2010 (*The City Manager has asked to Commission to be involved with an audit of public safety staffing requirements. The Commission's scope has not yet been determined.*)
- Collaborative Auditing: The City's stated goal of Collaborative Auditing (CA) is to identify, collect, chart, and analyze key performance measures in order to monitor and promote continuous process improvement. The initial focus of CA is performance measures for departments that deliver key services to citizens, such as Police, Fire, Parks, Water, Environmental Services, Transportation – Sun Tran and Streets, Development Services, Housing and Community Development, City Court, and the Tucson Convention Center.
 - Collaborative Auditing information and charts are posted on the City's website.
 - Collaborative Auditing Update and Cash Update: Robert Kulze, Principal Auditor, Joyce Garland, Budget Administrator, January 6, February 3, March 3, April 7 (postponed), May 5, June 2 (Bob Kulze) 2010. *This is a regular/recurring agenda item.* Updates include monthly cash flow charts, the status of department performance measure charts that are under development, and quarterly analysis reports. The performance measures are analyzed to identify existing or corrected negative trends and the corrective actions planned or taken.