

City Auditor Department

City of Phoenix

ANNUAL REPORT

2025



FISCAL YEAR 2025

During fiscal year (FY) 2024-2025, the City Auditor Department focused on identifying and mitigating risk throughout the City. Using a risk-based approach, audit resources were allocated to high-priority projects to safeguard City resources. Within the 93 projects completed during the year, hundreds of recommendations were made to improve processes and strengthen the City's internal controls.



Aaron Cook
City Auditor

MISSION

The City Auditor Department provides independent and objective feedback to assist City management in meeting objectives, efficiently and ethically managing public assets, and reducing the organization's risks.

FY25 PERFORMANCE



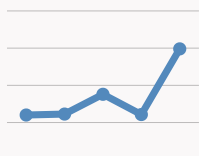
93 Projects Completed
Goal: 80



99% of Recommendations Implemented
Goal: 90%



78% Planned Projects Completed
Goal: 80%



\$6.05M in Economic Impact Last 5 Years



81% Chargeable Hours
Goal: 75%

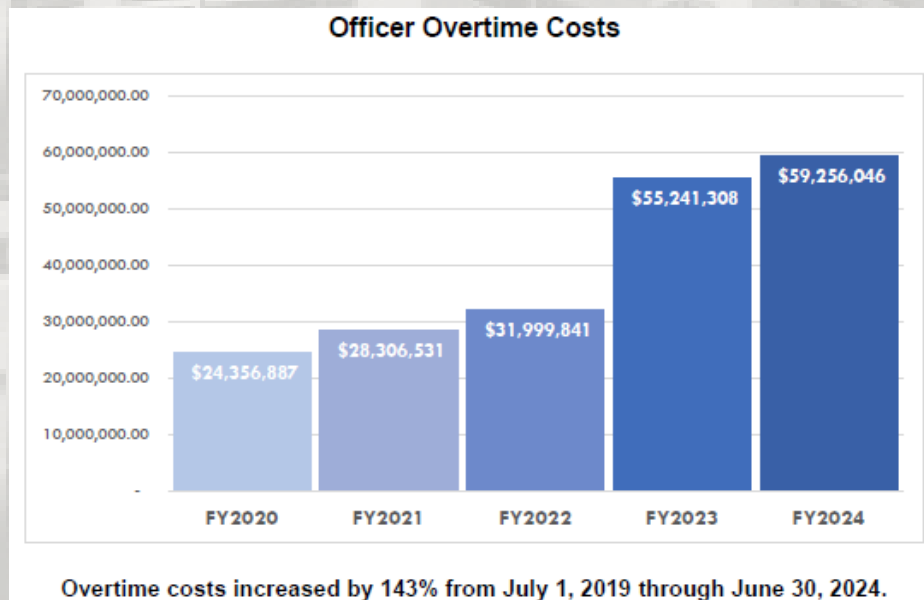


\$1.6M in Economic Impact
Goal: \$500K

NOTABLE PROJECTS

OVERTIME COMPLIANCE - Police Department

We audited sworn officer overtime from January 2022 through April 2024 and found the Police Department lacked effective oversight to ensure compliance with City and Department policies. Officers were paid for overlapping shifts, worked overtime while on leave, and in some cases exceeded 90 hours of overtime in a week. We issued 13 recommendations to improve controls, including supervisor training, automated checks, and clearer policies.

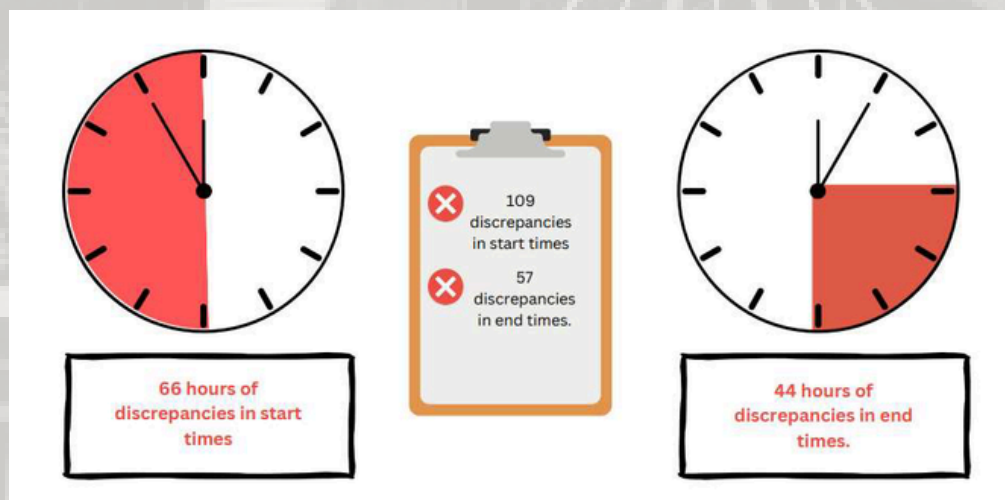


Updated Ops Order 3.4

Police updated Ops Order 3.4 - Work Hours/Overtime to restrict scheduled overtime to no more than 16 hours in a 24-hour period. However, scheduled overtime only accounts for 28% of all overtime.

Overtime Slips

We compared the extra-duty records for 18 officers to determine if the shift start and end times matched the corresponding call-in and call-out data. Of the 323 slips reviewed, 166 had discrepancies.



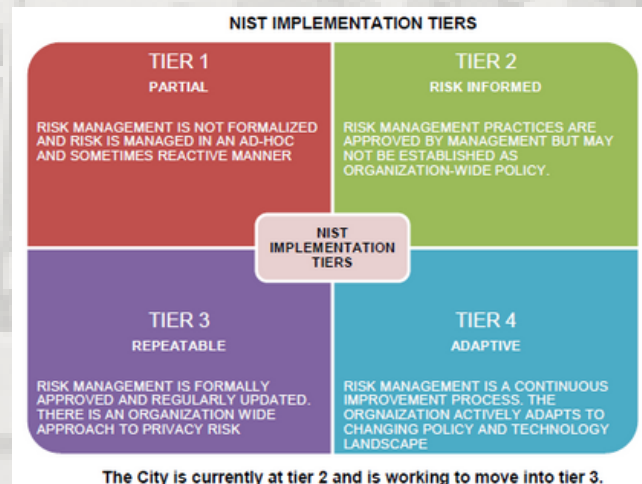
NOTABLE PROJECTS

PRIVACY PROGRAM - Citywide

The Data Privacy Office (DPO) provides advisory services and guidance to City departments to assist in mitigating risks involved with the collection of personal information. We assessed the governance of the Privacy Program to validate compliance with City policies and Arizona Revised Statutes (A.R.S.), and alignment with industry standards.

Privacy Requirements

Multiple departments were unintentionally collecting the personal information of children under 13 without parental consent. We made recommendations to the departments to comply with privacy requirements.



Data Collection

DPO had insufficient tools used to stay up to date with privacy legislation. We made recommendations related to the way the DPO collects data from other departments and the training offered to staff.

KEY CAMPUS SERVICE PROVIDERS - Office of Homeless Solutions

The Office of Homeless Solutions (OHS) works with organizations at the Key Campus, including Keys to Change and Central Arizona Shelter Services (CASS), to provide critical services for people experiencing homelessness. We evaluated compliance with City contracts and monitoring controls, with an emphasis financial management.

Federal Expenditure Analysis FY 2022-23

	Funding Source	SEFA Report	Contract Expenses on Record
Keys	ARPA	\$0	\$2,640,750
	ESG	\$2,813,323	\$277,817

Keys failed to report ARPA as a funding source.

Financial Management

Both contractors failed to appropriately track contract expenses in their accounting systems, resulting in incorrect reporting of City revenue on their FY2023 Single Audits. We recommended both vendors improve their financial management procedures to correctly record contract expenses and to issue revised reporting to reflect correct revenues.

Contractor Billing

Keys to Change's monthly billing consistently contained prior period adjustments and included delayed payments to subcontractors. We recommended that Keys to Change make improvement to ensure timely processing to prevent gaps in service.

Contract Monitoring

Overall, OHS had strong controls in place to monitor contract expenditures.

Federal Expenditure Analysis FY 2022-23

	Funding Source	SEFA Report	Contract Expenses on Record
CASS	ARPA	N/A	None
	ESG	\$254,244	\$1,233,951

CASS's ESG reporting did not agree to City expenditure reporting.

NOTABLE PROJECTS

CONTINUOUS REVIEW - Citywide

EXPENDITURES

Expenditure transactions have a very high level of inherent risk. Given the complexity of the payment process, and the high volume of transactions, errors and/or fraud could lead to significant losses. We performed a variety of analyses on FY24 expenditure data, including 316.8K invoices totaling \$3.3B in expenditures Citywide.



Payment Review

We identified 84,528 transactions with an overall risk score ranging from 20 to 50, and investigated 289 transactions with the highest risk scores (40 to 50). All transactions were determined to be valid.

Vendor Trend Analysis

We evaluated expenditure data for vendor payments over a four-year period, to identify vendors with recent payments after a period of inactivity. We tested 172 transactions from the 68 vendors that met our criteria. All transactions were determined to be valid.

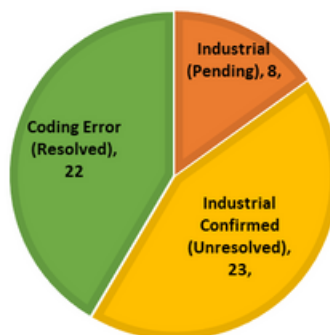
Gross Wage Adjustments

81 employees received adjustments greater than \$5,000 cumulative for a combined total of \$915,000. 91% of these adjustments were largely attributed to promotional wage errors for Fire Captains.



OT without Regular Pay

There were 218 occurrences where employees earned overtime without working the required regular hours, of which 165 were verified acceptable. Of the remaining 53, 45 required payroll corrections totaling \$13,116.

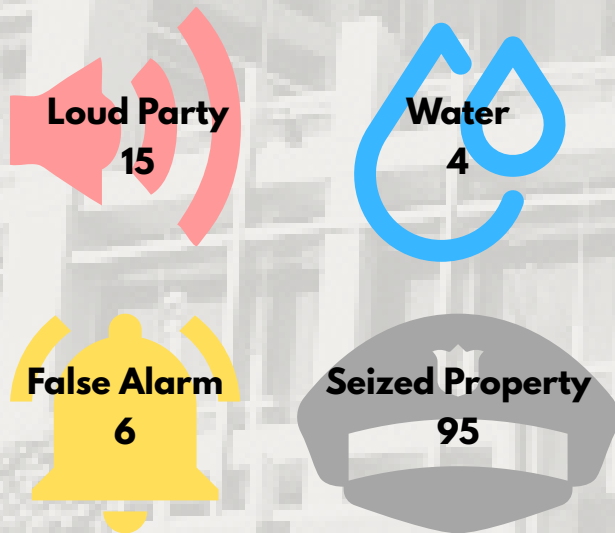


PAYROLL

Salaries and wages are one of the City's highest expenditure line-items. The City has over 14,000 full and part-time employees, including both salaried and hourly staff. There are 26 regular pay periods per year. Many paychecks include several different pay types and must correctly account for time off, total pay, and other earned allowances, deductions, and withholdings.

OTHER FUNCTIONS

ADMINISTRATIVE HEARINGS



FY25 Hearings were lower than prior years.

The Hearing Officer presides over administrative hearings between residents and other City departments. These hearings include the disposition of seized property, loud party violations, and water billing disputes. This year, the Hearing Officer conducted **120** administrative hearings, which is consistent with prior years. All rulings were issued within the time frames required by the City Code.

FRAUD REPORTING - INTEGRITY LINE ADMINISTRATION

The Integrity Line (IL) Program provides City employees, residents, and contractors with a way to report fraud, waste, and abuse. The IL Committee (the City Auditor, City Attorney, and rotating Deputy City Managers) oversees the program. This year, the City launched a new platform for IL reporting - EthicsPoint. In FY25, there were 149 cases received though the IL system, 37 of which were investigated by Audit. We closed 57 cases, which is a 24% decrease from last year.



30% of the IL cases were proven or resulted in improved processes.

OUR STAFF

The City Auditor Department employs a talented, diverse, and highly credentialed staff. During FY25, we hired Associate Auditor and promoted one Sr. Internal Auditor. The Department is actively training the next generation of auditors, developing future leaders, and preserving institutional knowledge.



ASSOCIATE AUDITORS

- Jacqueline Para - BA Communication*
- Alexander Pompa - MA Applied Linguistics, BA English
- Eduardo Tirado - BS Accounting
- Erika Redd - BBA Accounting, BA Anthropology

*Not Pictured

INTERNAL AUDITORS

- Shaelin Charania - MBA, BS Acc, CIA, CFE
- Ashley Foose - BS Accounting, CFE*
- Bobby Kwan - MBA, BS Finance Business Administration
- Dawnasie Martin - BS Applied Mgmt, CFE*
- Elizabeth McMaken - MBA, BS Management
- Joyita Mekondo - MBA, BA Pol Science, CFE*
- Michael Nickelsburg - PhD, MA, BA Pol Science, CFE

*Not Pictured

OUR STAFF

SUPPORT TEAM

- Martha Espindola - Administrative Assistant I
- Susan Mohajerin - Administrative Secretary, BA in Broadcast Journalism*

SENIOR INTERNAL AUDITORS

- Mahdi Lasker, IT - MS Accounting, MBA, BS Business, PCI ISA
- Judith Onayemi, IT - M.Sc in Law, MA Taxation, CISA, CIPT, CISM, CRISC, CIA*
- Jason Christ - BS Accounting, CFE
- Wendy Simeon - MPA, BS Accounting, CIA, CFE
- Ashley Willis - MPAP, MBA, BS Pol Science, CFE, CIA*
- Suzanne Acosta-Jovanelly - BA Psych, CFE

*Not Pictured

HEARING OFFICER

- Lee Martin - BA Accounting, CFE

DEPUTY CITY AUDITORS

- Stacey Linch - MPA, BS Business Admin, CISA, PCI ISA, CIA, CFE, CRMA
- Leigh Ann Mauger - MS Accounting, BS Justice Studies, CIA, CFE
- Cristina Preciado - MBA, MS Criminal Justice, BA Sociology, CIA, CFE, CM, COSO ERM
- Ryan Richelson - BA Economics, CIA, CFE*

*Not Pictured

CITY AUDITOR

- Aaron Cook - MPA, MS Acc, BA Econ, CISA, CIA, PCI ISA, CISSP, CGAP CRMA, ABCP, CFE

City Auditor Department

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