

# City Auditor Department

City of Phoenix



**ANNUAL REPORT  
2023**

# FISCAL YEAR 2023

During fiscal year 2022-2023, 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 89 projects completed during the year, hundreds of recommendations were made to improve processes and strengthen the City's internal controls.



**Ross Tate**  
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.

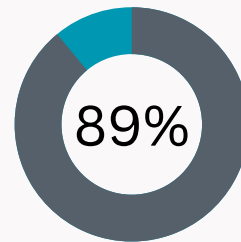
### FY23 PERFORMANCE



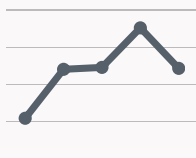
**89 Projects Completed**  
Goal: 80



**96% of Recommendations Implemented**  
Goal: 90%



**Planned Projects Completed**  
Goal 80%



**\$2.9M in Economic Impact**  
Last 5 Years



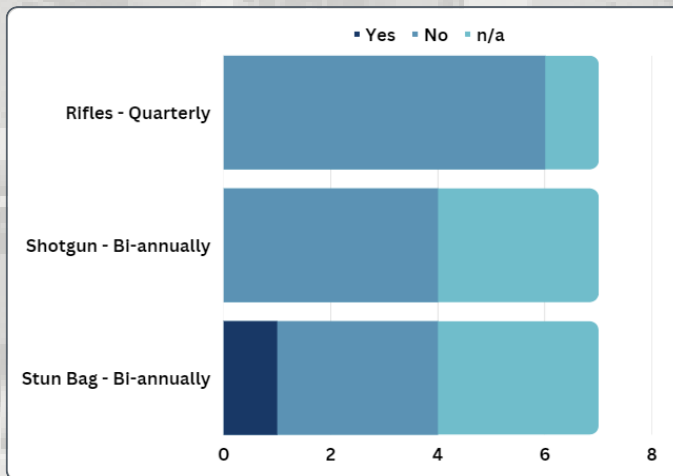
**80% Chargeable Hours**  
Goal: 75%



**\$607K in Economic Impact**  
Goal: \$500K

# NOTABLE PROJECTS

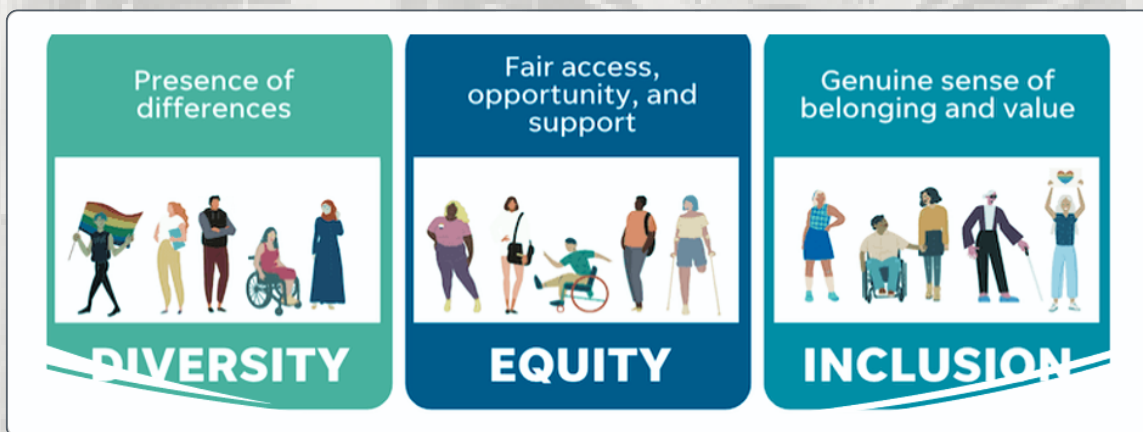
## FIREARM INVENTORY MANAGEMENT - Police Department



**Inventories were not completed as required.**

- Inventory frequency requirements were inconsistent across Department policies.
- Controls were not in place to ensure that only authorized personnel had access to the Equipment Inventory application.
- Controls did not effectively ensure that retiring officers' firearms were removed from the Equipment Inventory application.

## EQUITY IN PROGRAMMING - Parks & Recreation Department

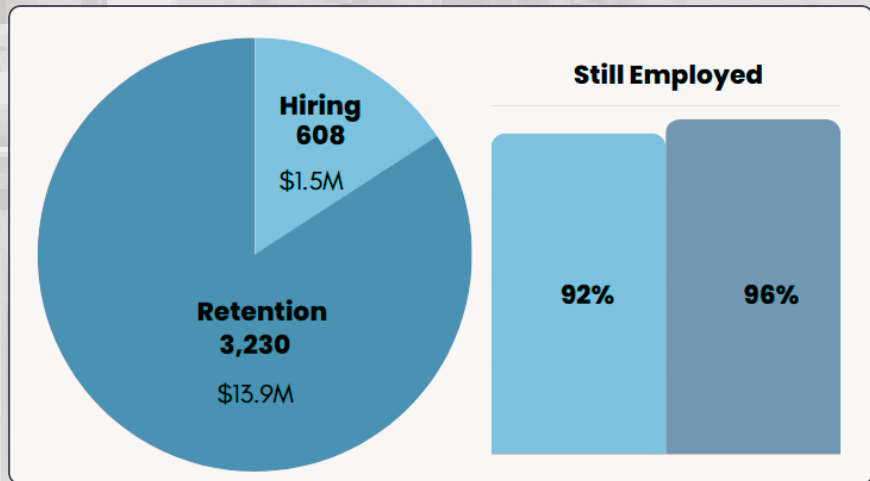


- Objective - Review Park's mission and objectives and examine areas of risk related to diversity, equity, and inclusion.
- Approach - Interviewed staff, reviewed programming data, evaluated community engagement tools, analyzed budget/funding records, and performed benchmarking.
- Finding - Parks could improve its processes to determine if programming is equitable by performing in-depth analysis of program data and through community engagement tools such as surveys, social media polls, or focus groups.

# NOTABLE PROJECTS

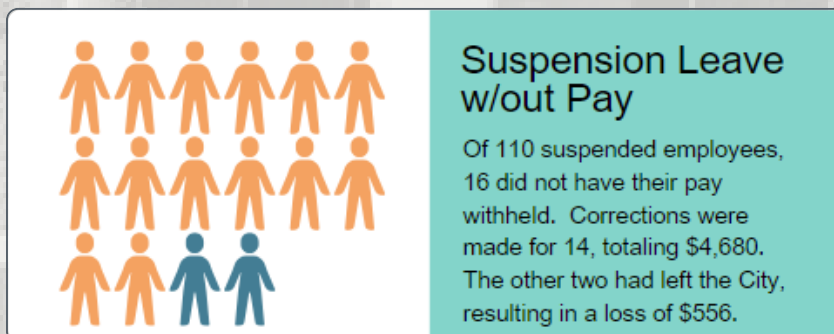
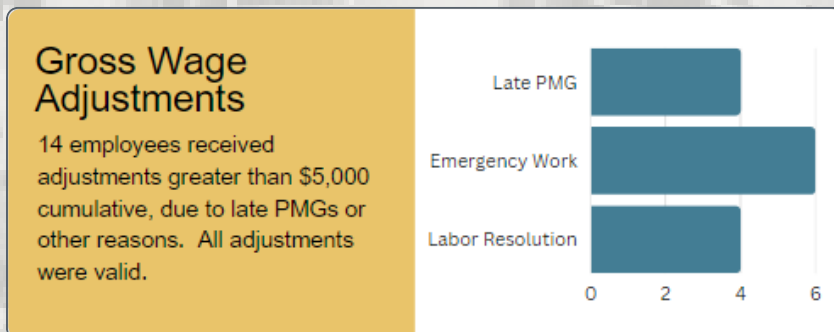
## TALENT ACQUISITION - Human Resources

- The City extended over \$15M in hiring and retention Incentives.
- Over 90% of the incentive recipients were still employed by the City as of January 31, 2023.
- We found that \$195,000 in hiring and retention incentive payments were not repaid as required by City policy.



**Incentives worked to hire and retain employees.**

## CONTINUOUS REVIEW - Citywide



## 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.

# 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 FY22 expenditure data, including 167K invoices totaling \$2.5B in expenditures Citywide.

### Payments

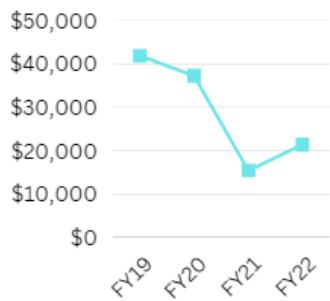
We created a risk model to identify the riskiest transactions based on dollar amounts, check date processed on a weekend or holiday, old invoices, rounded amounts, Z-score Analysis, and Benford's Analysis.

**167K Invoices**  
**\$2.5B Citywide**



### Payment Review

We reviewed supporting documentation for the 56 riskiest transactions, including transactions where no cost center was identified. We found adequate documentation for all but 1 transaction valued at \$6,000.

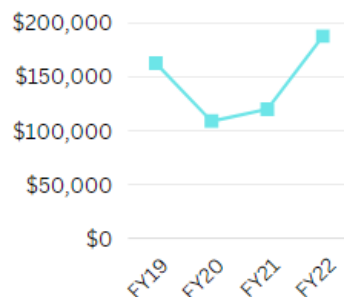


### Petty Cash Trends

Petty cash use increased post-pandemic, but still remains substantially below FY19 amounts.

### Fuel Cards

Fuel purchases continued to increase post-pandemic.



### CASH

While the City's primary bank accounts are maintained by the Finance Department, numerous cash accounts are maintained by departments to help facilitate daily receipts of cash and payment processing. These include petty cash accounts, change funds, checking accounts, and a limited number of credit cards.



# OTHER FUNCTIONS

## ADMINISTRATIVE HEARINGS

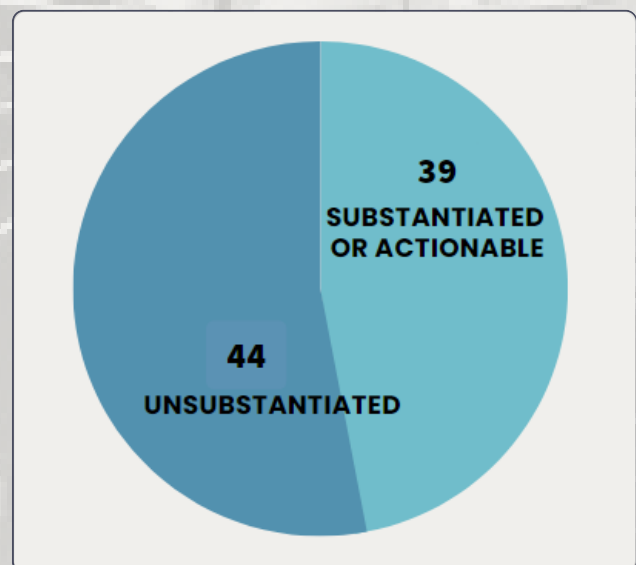


**FY23 Hearings were consistent with prior years.**

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 **121** 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. Cases are reported via online, telephone, or email. The Integrity Line Committee (the City Auditor, City Attorney, and rotating Deputy City Managers) oversees the program. The City Auditor Department provides administrative support for the program. This year, **89** cases were closed, which is a 5% increase over last year.



**44% 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 FY23, we hired two Associate Auditors, one Senior Internal IT Auditor, and promoted one Internal Auditor. The Department is actively training the next generation of auditors, developing future leaders, and working to preserve institutional knowledge.



## ASSOCIATE AUDITORS

- Yusuf Dirow - MPA, Survey Research Methodology, BA, Political Science
- Dawnasie Martin - BS Applied Mgmt
- Sherard Medrano - JSM Tax Law, MSc Bus Pub, BS CIS, CAMS, CWM, CCO, CFE
- Cheryl Trujillo - BS Bus Admin, BS Info Tech

## INTERNAL AUDITORS

- Suzanne Acosta-Jovanelly - BA Psych., CFE
- Jill Benson - BS Psychology, CFE
- Jermaine Brooks - MPA, BS Bus Admin
- Shaelin Charania - MBA, BS Acc, CIA, CFE
- Ashley Foose - BS Accounting, CFE
- Joyita Mekondo - MBA, BA Pol Science, CFE
- Karen Tash - MBA, BS Geography, CFE
- Elizabeth McMaken - MBA, BS Management

## SUPPORT TEAM

- Martha Espindola, Administrative Assistant I
  - Michelle Gillis, Administrative Secretary
  - Olivia Lee-Daily, Audit Intern
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# OUR STAFF

## SENIOR INTERNAL AUDITORS

- Jaki Gerald IT - BA Business Administration, CPA CISA, ACDA
- Mahdi Lasker IT - MS Accounting, MBA, BS Business, PCI ISA
- Jason Christ - BS Accounting, CFE
- Ryan Richelson - BA Economics, CIA, CFE
- Wendy Simeon - MPA, BS Accounting, CIA, CFE

## HEARING OFFICER

- Lee Martin - BA Accounting, CFE

## DEPUTY CITY AUDITORS

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

## CITY AUDITOR

- Ross Tate - BS Business Operations, CIA, CMA, CFE, CGAP

## City Auditor Department

140 North 3rd Avenue  
Phoenix, AZ 85003

602-262-6641

<https://www.phoenix.gov/auditor>

