



Minutes

REVISED

November 12, 2019

AGENDA ITEM 2

Audit and Finance Subcommittee
Thursday, October 10, 2019
Lake Powell Conference Room
101 N. 1st Avenue, 10th Floor
12:00 p.m.

Meeting Participants

Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Francisco Heredia, City of Mesa
Deputy City Manager Mario Paniagua, City of Phoenix
Councilmember Robin Arredondo-Savage, City of Tempe, Chair
Vice Mayor Bill Stipp, City of Goodyear

Chair Arredondo-Savage called the meeting to order at 12:09 p.m.

1. **Public Comment**

None.

2. **Minutes**

Minutes from the September 12, 2019, Audit and Finance Subcommittee meeting presented for approval.

IT WAS MOVED BY VICE MAYOR STIPP, SECONDED BY COUNCILMEMBER HEREDIA AND UNANIMOUSLY CARRIED TO APPROVE THE SEPTEMBER 12, 2019 AFS MINUTES.

3. **Full-Time Equivalent Additions Audit Report**

Mary Modelski, Director, Internal Audit, provided an overview of the results of the Full-Time Equivalent Additions Audit that included the following findings and recommendation due dates:

- Relocation Process. Recommendation due date: January 31, 2020
 - Collect the remaining \$2,728.94 of the relocation repayment agreement plus the \$2,292.88 of employee and employer taxes.



- Define a process for providing and tracking relocation payments and repayment plans to ensure all funds are handled appropriately.
- Position Requisition. Recommendation due date: January 31, 2020
 - HR and Finance should collaborate to determine the components necessary to be completed and captured prior to an employee being recruited or on-boarded. Such process should be clearly documented and shared between Division management to ensure all requirements area addressed, documented, approved, and memorialized.
 - Network Access: Recommendation due date: April 7, 2020
 - Establish a centralized process to track employees and contract employees to ensure they are properly tracked from hire, modification in roles/responsibilities through termination. In addition, establish a mechanism and/or process to ensure all termination procedures are completed for all employees and contract employees.
 - Contract employee: No recommendation.
 - Internal Audit brings the issue to the attention of the Audit and Finance Subcommittee for their information.

There was discussion amongst the Audit and Finance Subcommittee about the timing of receiving this audit report and whether to move it to the November 14, 2019 AFS meeting to give the AFS more time to review before taking any action.

Chair Arredondo-Savage said that she would like a review of the findings today and asked the AFS if they had any concerns or questions of the findings in the audit report to ask Ms. Modelski.

Ms. Modelski said Internal Audit brought three recommendations forward to management. The recommendations were relocation allocation to make provisions for individuals moving more than 100 miles to join our staff, position requisitions in terms of adding individuals to the Valley Metro organizational chart, and network access to disable employees or contractor's access when terminating employment.

Ms. Modelski continued with a review of the audit report and discussed the findings presented. She said Internal Audit added something new to this audit report. A disclosure was added for an item where information was provided but no recommendation was made. Discussions occurred with management however there was disagreement on recommendations. We wanted to bring this item to your attention.

Vice Mayor Stipp said he is concerned that there wasn't any turnover rates to compare with and that he would like to see this taken from an internal audit perspective to an organizational perspective and asked Mr. Smith, HR, and their counterparts to put together some benchmarks for the turnover rates.



Ms. Modelski said that she did reach out to other agencies. Turnover rates are sensitive subject and didn't receive any responses. She said will reach out again.

Mr. Smith said that we can reach out to other peer agencies and compile benchmarks for the turnover rates of the two areas indicated as highest.

Councilmember Tolmachoff asked about comparing benefits such as education and other benefits that Valley Metro offers with other agencies.

Mr. Smith said that Valley Metro looks at the local market and many times, at your cities, to see if we commensurate with what's happening in other government. He said that Valley Metro has an annual benefit review and takes input from employees to see whether our medical and other benefits are in line with their needs and with other cities.

Chair Arredondo-Savage asked that Ms. Modelski coordinate the comparisons of benefits and turnover rates.

Mr. Hodgins said Valley Metro staff will reach out to peer agencies and put together industry comparisons before next month and will incorporate that into the report.

Vice Mayor Stipp said he wants to see a repeat of this type of audit in FY21 to see any improvements on the turnover rates.

Councilmember Tolmachoff said gathering more information as to the reason for voluntary termination of employment is the type of data is valuable.

Mr. Smith said that he will follow-up with Human Resources to obtain more targeted data.

Ms. Modelski continued with explanation of relocation expenses of one employee that voluntarily terminated his employment with Valley Metro after five months. He was placed on a repayment plan to pay back the relocation reimbursement, however the remaining funds owed to Valley Metro are still outstanding.

Mr. Paniagua asked about the process for position requisitions and how new or vacant positions are approved and funded. He said that he understood there was to be a change to Valley Metro's process of adding new positions.

Mr. Hodgins explained that with our current process the Board authorizes an expenditure amount for adding new positions. He clarified that when a department is in need of a new position, part of the position requisition process is reviewing the budget assumption for the position being requested and when the position is in the budget then it is a more streamlined process to get that position filled. If a position is not assumed in



the budget, there was some discussion and concern about how do we get that position added without going to the Board. He said that Mr. Smith has some authority to approve an added position, however, there needs to be justification for the need of the position, justification of how the added position is going to be funded within the current adopted budget, and approved by the Chief Executive and Chief Financial Officers as an addition outside of the budget.

Mr. Smith asked to clarify what it is meant by the position not being in the budget. The funds are in the budget, however the specific position was not in the budget plan. It is the number of positions that are in the budget. He said should a department want to add an extra position not included in the budget that is when we review the department's budget and see where the funds will come from to fund that extra position. For example, if a department says they will spend less in one area of the current adopted budget then those funds can be used for the added position. We are not undertaking a financial obligation that isn't supported in the overall budget.

Mr. Paniagua said he understands, however, it was his understanding that there was going to be a change in that process. asked how the new or vacant positions are budgeted mid-year and gave an example of City of Phoenix process. For example, you hire someone at \$100,000 annually and there are savings of \$50,000, you can fund the position for the next six months. When it comes to budgeting for the full salary the next year, it increases the budget by \$50,000 for the next year for that specific position.

Mr. Smith said Valley Metro does not have the same budget process for new or vacant positions as City of Phoenix. He said we look at establishing a long-term cost of that position and how it will impact the department's ability to perform its function. He said we do a multi-year and create it as an on-going expense. There is a shift in department resources however, overall department budget will not change.

Mr. Paniagua said he wanted to ensure that the way Valley Metro budgets for mid-year FTE additions is on-going and not a one-time cost and that the on-going costs are actually being pulled from other resources in order to fill the position.

Mr. Hodgins said we wouldn't shift from a capital budget to hire staff.

Mr. Paniagua said there may be savings from vacancies in a particular year that are again one time that year. There is savings from existing vacancies that you will eventually fill. He asked if the savings from those vacancies are pulled to fund this new position.

Mr. Smith said the FTE would not change. It wouldn't be an increased position. He said if there is a vacancy it would just be filling a vacancy.

Councilmember Tolmachoff said Mr. Paniagua means an additional vacancy.



Mr. Smith said no because if a manager chooses to hire someone to fill the new position then the vacancies go away because there wouldn't be any funds to support it year after year.

Mr. Paniagua said the six-month savings are available. The savings you earn from the first six months of that position being opened are still available.

Mr. Smith said we don't look at it as short-term savings. We look at it as a long-term impact and ensure the manager understands that if they hire this position then they the other vacancies used to fund this one position. He said the other two vacancies go away and the dollar amount stays the same.

Chair Arredondo-Savage said maybe that's another part of this discussion in regards to transparency as far as what we see. She said it can be explained that way, however that is not what the AFS saw happen throughout the year.

Councilmember Tolmachoff asked what funds are being used for reallocation when the funds for the additional position wasn't in the budget. She asked what savings are being used to fund the additional position.

Mr. Smith said that the funds are in the budget. He said there are a variety of savings.

Councilmember Tolmachoff asked if a department can cut whatever they want out of their budget.

Mr. Smith said no. He said the department is asked what resources they need in order to accomplish their objectives.

Councilmember Tolmachoff said if there's excess money in that department and you cut back on pens and pencils to fund the newly added position within the amount of money that was allocated out of the office supplies cost center for the fiscal year. She asked if going forward you will only be allowed to use a certain number of pens and pencils because those funds have been committed to fund the added position.

Mr. Smith no because the next year we start at zero-based budgeting philosophy.

Councilmember Tolmachoff said what Mr. Paniagua is saying that the next year the budget will increase because you have an additional position.

Mr. Smith said no because we basically take a modified zero-based budget. He said this year with the modified zero-based budgeting, the department will have to justify the resources going forward. The department has to justify the resources they are asking for are necessary to accomplish their goals.



Councilmember Tolmachoff asked if it is justifiable then the budget may be increased.

Mr. Smith said not until the next budget cycle.

Councilmember Tolmachoff said she understands. She asked if going forward the department justifies the added position and then decides they need more pens and pencils and they determine they need a budget increase.

Mr. Smith said then the department would have to justify why the additional funds or resources are needed to accomplish their goals. He said if the department can justify it then Valley Metro will figure out a way or we will go to the AFS and say, for example, we have had increased activity and are asking for a budget increase or we tell the department that their activity does not justify a budget increase.

Councilmember Tolmachoff asked if salary savings is off the table in this instance, for a vacant position you haven't filled and then you decide you need to fill it.

Mr. Smith said we recently did some shuffling in our staffing because of the political activity in Phoenix. Our needs changed because the situation changed. We eliminated two lower-level positions and hired one upper-level position because the need for it changed. He said in next year's budget the two positions eliminated won't exist and the added one will still be in the budget. The one position didn't take as much money as the other two positions so yes there was a savings from eliminating those two positions and funding the one position.

Councilmember Tolmachoff said that the AFS is trying to understand the dynamics.

Chair Arredondo-Savage said that we have to remember that some of us are seeing this process for the very first time. In reviewing the process, the Board was never brought into the process, so we don't know what happens throughout the year. She said that maybe when it comes to transparency, it is something we can consider in the future in regard to what the AFS and Board's roles are when it comes to adding new positions. She said the process is really about the AFS understanding what the change is.

Chair Arredondo-Savage said that adding positions should be done annually not in the middle of a budget year. If there are changes a department needs to make, they should be looking at it for the future and not mid-stream unless some unique situation arises.

Mr. Smith said that this is the only time Valley Metro adds positions, on an annual basis. We determine our dollar budget based on an FTE and a position analysis, this is where we start. We look at what positions we have and what positions we need and that translates into a dollar amount. That doesn't change because it is based on our strategic plan. He said it doesn't change unless there is an unusual circumstance that



comes up that would cause the change. Adding positions is based changing conditions, the ability to adjust and to improve. It is by an exception basis.

Vice Mayor Stipp said it becomes challenging for the AFS to understand and there is a lot of nuances that occur throughout. What stuck out to me is that this happened twice his year. One was the Chief Administrative Officer and the Chief of Staff which were not in the plan at the loss of the Chief Operations Officer. He said when we talk about what that means to us, we are seeing two brand new positions come in at the top of the organization without being informed that they will be coming in. We don't understand how they got there or how it happened. He said help us to understand it so we can move forward with it. This doesn't happen in the member cities. It would be helpful to us to understand the process going forward.

Chair Arredondo-Savage said maybe that's when we talk about the flow chart regarding the process and where the AFS fits in and maybe that would alleviate a lot of the concerns we have today.

Mr. Smith said he agrees that Valley Metro can do a better job of informing the AFS of what is happening regarding staffing and funding of positions.

Chair Arredondo-Savage said maybe that is something we can address before we see it again at November's meeting.

Mr. Hodgins said that we did commit to have further discussion on FTEs and staffing and how it is added. We had planned on doing that as part of the budget process with the AFS and how we can make the process more comfortable.

Mr. Smith addressed Mr. Paniagua and said that we have changed in that part of the budget process. Valley Metro has never presented as part of the budget process, the detail of FTEs. He said as part of the budget process, you will see where we start with FTEs as the modified zero-based budgeting. Going forward changes will be part of the budget process. It will be much more of an FTE driven detail than you've seen in the past.

Ms. Modelski continued and said of the 71 individuals that terminated employment, it was found that two of them still had network access. There is a form that circulates within the organization to deactivate business access to the building, to financial access and IT access. Valley Metro needs to do a better job of circulating that form. When it comes to contract employees, IT may not always know when the contractor left the organization. She said proactively IT will review the network for accounts that haven't been used but those accounts are still open, just dormant, until someone notifies IT to deactivate the account. IT has been notified to start deactivating these accounts and are currently working on this.



Ms. Modelski continued and said we are presenting the disclosure issue which is a new type of issue. During the course of the audit, it was found that a contract employee is very engaged within our organization. What brought this to light is that this individual sits on our organizational chart with all other employees. They also sit on a project organizational chart with other consultants. She said this individual currently holds the title of Deputy Director. In addition, they have three Valley Metro employees reporting to them. We brought this concern to management and have understood that we cannot hire this individual as an employee because it is cost prohibitive. We brought this concern to management because of the latitude of responsibility this contractor has within Valley Metro. She said management feels they have mitigated this risk by having the division director sign off on the activities such as performance evaluations for those three Valley Metro employees noting that the contract employees conducts the performance evaluations and the division director signs off on them after they are reviewed and that the division director is overseeing the activities of this contractor. Ms. Modelski said we did bring this concern to management in a number of different aspects of it. We cited some case law from an employment law firm. We are not making a recommendation on this. We are turning it over to the AFS from a notification process. Management feels they have mitigated all risks associated with this concern and the controls they have with the division director oversighting this contractor. They feel they have adequately mitigated the risks of it. She said we feel there are some additional outstanding concerns and we bring it to AFS attention from that perspective. We are not pursuing this any further.

Mr. Hodgins asked if he could add a clarification. He said that when we say contract employee, these are not independent contractors. Valley Metro has numerous employees with Valley Metro badges that are contractors. We hire companies to work for us and the contractors work for the companies. He said a lot of the case law presented here, and the IRS regulations are between employees and independent contractors that receive a 1099 form. This is not the case. These are full-time employees of companies we hire. He said he is concerned with the case law cited and that it is misleading because it is not applicable to this case. There are no risks of the contractor not being Valley Metro employee versus a contractor. Mr. Hodgins said everything the contractor does on behalf of Valley Metro is reviewed by a Valley Metro employee with appropriate authority which is a deputy director or division director for all contract employees. He said he just wanted to be clear that when the audit says contractor, it is not an independent contractor in that context.

Vice Mayor Stipp said he appreciates the clarification. He said when he saw we were putting a contractor in a position of authority over Valley Metro employees when they are not a Valley Metro employee, it brought up some red flags. He is also concerned that this individual believes it is cost prohibitive and organizationally we think that we need to have him as an employee. He said we should probably need to hire someone in that role.



Mr. Smith said these contractors are employees of the major engineering and consulting firms that the Board approved multi-year, multi-million contracts with. These contractors are consultants that work for international consulting firms. The reason we have these consulting firms is because they provide a certain level of expertise in certain specific areas that we cannot or have a hard time providing by hiring someone. He said it is the nature of our business, building a rail system is very specialized. Our main control point is that consultants can never sign off on financial matters nor personnel matters. They are never the final word. There is always a Valley Metro employee at a higher level who actually does the sign off. We believe those risks are adequately mitigated.

Vice Mayor said that having a bigger discussion on this issue is appropriate. At least to bring an understanding of where they fit in this organization and how many of these consultants are there. I'm less confident because now they are consultants than contractors. He said we just need to know where they are in the organization, what roles are they filling and how are we ensuring that oversight of the consultants occurs 100% of the time.

Mr. Smith said he agrees. He said what Mr. Hodgins was alluding to that was raised in the audit report is that there is a financial risk that usually relates to an independent contractor versus employee. He said that is not a relevant issue in this case because we contracted with a firm through our procurement process and it is not even a question whether they are an independent contractor or an employee. Their payroll taxes are being paid and other benefits are covered by the consulting firm. He said the case law cited infers there is a financial risk which is not the case. There is a different issue and it is a valid point of how they fit in to the control, and how they are managed. He said that the independent contractor payroll tax thing is not even an issue here.

Mr. Minnaugh said the laws that discuss classification are extremely complex and vary from state to state. He said that some of the financial risk that Mr. Hodgins mentioned are removed because of the business to business relationship that we have. The particular employee that is in play in the audit report is a full-time employee of the contracted entity and receives a W-2 from the firm. He said he reviewed the list of case law and three different cases are cited. He said it is important for the AFS to know that these cases are from a different state, about 20 years old, and don't have any impact in terms of how we would evaluate any classification issues within Valley Metro. He said he is concerned that some of these cases might suggest that there are some sort of wrong-doing or financial risk based on those cases.

Chair Arredondo-Savage said that before we move on she wants to ensure that the other members of the AFS are all on the same page of bringing this agenda item back to the November AFS meeting. She encouraged the other AFS members to send any questions to Pat Dillon and hopefully have them addressed before the November meeting.



IT WAS AGREED BY THE AFS TO MOVE THIS ITEM TO THE NOVEMBER 14, 2019 MEETING FOR ACTION.

4. Internal Audit Update

Ms. Modelski provided an update on actions taken in Internal Audit including the following:

- Credit card transactions – **On hold**
- Travel expenses – **On hold**
- Professional Development – **Planning started**
- Full-Time Employee Additions - **Complete**
- Contract Management (specific) – **Not started**
- OMC Non-Capitalized Rail Parts and Tools Inventory – **Underway**
- Hardware/Software Management – **PO issued 10/1/19**
- Performance Evaluation – **Planning started**
- Internal Safety and Security Audit Review – **Awaiting SSQA**
- CSD Invoice Processing – **Assisted with training 10/1/19**
- HR Information Management System (HRMIS) Implementation – **Released & monitoring stability**
- ERP Implementation – **Monitoring**
- External Audits:
 - Maricopa County-Paratransit – **Report December 2019**
 - City of Phoenix-Fare Revenue – **Report December 2019**
 - City of Phoenix-Contract Risk Assessment – **Entrance meeting 10/8/19**

Chair Arredondo-Savage addressed a question to the AFS. She asked for suggestions on how to capture the remediations of the Bus Services Contract Audit.

Ms. Modelski asked the AFS Chair if she could move into the next item to address this question.

This item was presented for information only.

5. Internal Audit Exceptions Update

Ms. Modelski provided an update of the Audit Exceptions Log. She addressed Chair Arredondo-Savage's concern of how to capture the Bus Services Contract Audit remediations. She said she could use a different color scheme and include it in the executive summary.

Chair Arredondo-Savage said that she would like to see more detailed information on the high-level outstanding items and those be captured.



Ms. Modelski said that she can report that the Bus Service Delivery Manager, Mr. Wisner, has been working with the three bus service providers. He has given them their deficiencies and what areas we need to correct. She said she has moved a person over to the operational side and is responsible for looking at those service contracts and working with the vendors. We can see that Mr. Wisner is contacting the vendors and asking them when he can expect to have their deficiencies corrected.

Chair Arredondo-Savage said she just wants to ensure that these items are being captured in some other way than in the minutes and that the updates are in front of us.

Mr. Hodgins asked if these are audit specific or other items that the AFS is requesting.

Chair Arredondo-Savage said we will get to that at the end of the agenda.

Vice Mayor Stipp asked about overdue items. There are several remediations that are way overdue. He asked if they are complete.

Mr. Hodgins said all the ones related to the Travel Policy are complete with an effective date of October 2, 2019. We are just awaiting CEO approval and then it can be posted. He said it will be posted to the Intranet by the end of today or tomorrow.

Vice Mayor Stipp asked about the IT audit report that was discussed last month. He said deadlines are supposed to mean something, so let's set a deadline we can achieve and achieve it.

Mr. Hodgins said he takes full responsibility of the Travel and Credit Card Policies. He said he will commit to getting caught up and staying caught up.

Vice Mayor Stipp said that those are big deals for not only the AFS but also for the Board.

Mr. Smith said the IT audit report was not accurate. There was one item that was a multi-multi issue item that had been accomplished but we did a poor job of reporting the status of those things. He said it appears that nothing was accomplished and that there was a cavalier attitude. He assured the AFS that there was not. There was a specific item for which IT was understandably distracted and that's where the comment came from. It appeared that it was related to the entire task and that was not accurate. He said we need to do a better job communicating with more clarity and specificity on the status of some of these items.

Ms. Modelski addressed Vice Mayor Stipp to notify him that on item number 1 the Chief Administrative Officer provided Internal Audit with more detailed substance to further elaborate on Mr. Smith's comments. We did receive additional clarification on the October 7th from the CAO.



Chair Arredondo-Savage said that she appreciates the executive summary page. It does not paint the clearest picture and encourages the other members to use it as a guide. When deadlines are not met, and it has been six months after the fact it is definitely noticeable.

Mr. Smith said he'd like to ask Ms. Modelski for clarification on these due dates. He said sometimes these dates are agreed at set at audit time and then things come up and the dates are changed. We need to at least reflect the mutually agreed upon dates.

Ms. Modelski said that's why her team asks on a monthly basis from management to provide an update as to what's taking place. The due dates are given to us by management and each month her team contacts the individual to ask what's going on from that perspective. She said she and her team have not received any requests to change the due dates. We are taking specifically from the notes you see in the log.

Chair Arredondo-Savage said maybe that's one thing we need make sure we do, is look at the detailed information within the specific item so if there are updates that we can see where they are or we can see a request for an extension.

Ms. Modelski said that she has not had specific requests for extensions but what we can do with the due date is put a star and make a notation that there is a modification. But we haven't received any at this point.

Chair Arredondo-Savage said that this summary is at-a-glance and she appreciates Ms. Modelski putting it together for the AFS.

This item was presented for information only.

6. Fiscal Year 2020-21 (FY21) Budget Assumptions

Paul Hodgins, Chief Financial Officer, provided an overview of Fiscal Year 2020-21 (FY21) Budget Key Assumptions including the following items:

VMR FY21 Budget Key Assumptions

- Revenues Forecasts
- Streetcar Operations
- Rail Transportation
- Respect the Ride
- State of Good Repair

RPTA FY21 Budget Key Assumptions

- Revenues Forecasts
- PTF Forecast
- Base Service Levels



- Service Increases
- Contract Rates – East Valley Bus
- Contract Rates – West Valley Bus
- Fixed Route Bus
- Contract Rates – Paratransit
- Staffing
- Rider Experience
- Regional Planning/Funding

Mr. Hodgins said that we are focusing primarily on preliminary operations budgets which includes bus service, light rail service, and paratransit service, those things that are funded by your cities. Our target is the end of October to get them out to your staff for your cities budgets.

Vice Mayor Stipp asked when the numbers will turn into percentages.

Mr. Hodgins said he is working on that now.

Vice Mayor Stipp asked when the percentages turn into numbers.

Mr. Hodgins said most likely end of December but possibly end of October.

Chair Arredondo-Savage asked about reduced fare abuse. She said she is also concerned about the ACI increase.

Mr. Hodgins said that the increase is in the contract. He said that the abuse of reduced fare has decreased.

Chair Arredondo-Savage asked about the Respect the Ride and if there is any intention to expand the Respect the Ride.

Mr. Hodgins said he agreed. We are looking at possibly expanding VMAlert to bus service.

Mr. Paniagua asked if they are assuming a cost to the budget for the expansion of VMAlert to bus service.

Mr. Hodgins said this is in discussion only and no assumption cost is being added to the budget assumptions.

Councilmember Heredia asked about paratransit and if trips are being monitored and if we expect the contractor do submit a change order.



Mr. Hodgins said yes, the paratransit trips are being monitored. We will let you know sooner than later if there are any changes.

Chair Arredondo-Savage asked about a salary survey and if there is a policy for salary review. She highly suggested that a salary review policy be put in place. She also asked about Rider Experience and the new Fare Collection System and if these items are included in the preliminary budget.

Mr. Hodgins said the FCS is being procured and we expect to have a vendor selected by the end of this month. Phoenix is leading that procurement. The cost of the FCS is built into our five-year strategic plan.

This item presented for information only.

7. Intergovernmental Agreements, Contract Change Orders, Amendments, and Awards

Paul Hodgins, Chief Financial Officer, provided an update on upcoming intergovernmental agreements, contract awards, amendments and change orders that included the following items:

- A. Commercial Property, Liability and Worker's Compensation Insurance
- B. Miscellaneous Construction Services Contract Award
- C. Manufacture and Delivery of Medium Duty Transit Bus Contract Award
- D. Northwest Phase II Light Rail Extension – Joint Project Agreement with the Arizona Department of Transportation (ADOT)
- E. Purchase of Replacement Bar Signals for the Light Rail Alignment
- F. Northwest Phase II Light Rail Extension: Phoenix Funding Agreement
- G. South Central Extension/Downtown Hub Project: Phoenix Funding Agreement

Vice Mayor Stipp asked if a competitive bid was done for the Workmen's Compensation coverage.

Mr. Minnaugh said that we did go through a competitive bid through our broker. We have a new broker this year and thought it would make sense to conduct a competitive bid for all three through our broker.

Chair Arredondo-Savage asked about the deductible amounts

Mr. Hodgins said that every year we discuss what appropriate deductibles are. We have a risk management committee that reviews them.

Mr. Minnaugh said that he will work with Mr. Hodgins to get the information requested to present at the next Board meeting.



This was item presented for information only.

8. Executive Session

The Audit and Finance Subcommittee may vote to enter Executive Session for discussion or consultation and for legal advice with the attorney or attorneys of the public body and to consider its position and instruct its attorneys regarding the public body's position concerning matters listed on the agenda, personnel matters and contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation; all as authorized by A.R.S. Sections 38-431.03 A.1, A.3., and A.4.

The agenda for Executive Session involves discussion and consultation regarding performance evaluation of the Chief Financial Officer and Director, Internal Audit. Discussion and consultation may be both with and without the Chief Financial Officer and Director, Internal Audit present.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF AND SECONDED BY VICE MAYOR STIPP TO ADJOURN GENERAL SESSION AND COMMENCE EXECUTIVE SESSION.

9. Executive Session Action Items

The Audit and Finance Subcommittee may take action related to items discussed as part of Agenda Item 8.

IT WAS AGREED BY THE AUDIT AND FINANCE SUBCOMMITTEE TO MOVE THIS ITEM TO THE NOVEMBER 14, 2019 MEETING FOR ACTION.

10. Future Agenda Items

Chair Arredondo-Savage appreciated the list of future agenda items provided and said that she would like the AFS to submit their requests for future agenda items.

11. Next Meeting

The next meeting of the Audit and Finance Subcommittee is November 14, 2019 at 12:00 p.m.

With no further discussion, the meeting adjourned at 3:03 p.m.