



**Independent Audit and Performance Commission (IAPC)
Friday, June 6, 11 a.m.**

**Hybrid Meeting
Location: 255 W. Alameda St., Tucson, AZ, 85701; City Hall, 5th Floor**

Minutes

1. Call to Order and Roll Call– 11:02 a.m.

COMMISSION MEMBERS PRESENT: Bruce Burke (Ward 2), Michael Lahti (Ward 3) Robert Clark, Vice Chairperson (Ward 5); Lois Pawlak, Chairperson (Ward 6)

COMMISSION MEMBERS ABSENT/EXCUSED: Mayor's Appointee (Vacant); Ward 1 Appointee (Vacant); Ward 4 Appointee (Vacant)

COMMISSION MEMBERS LATE: N/A

COMMISSION MEMBERS EXCUSED EARLY: N/A

A quorum was established.

STAFF MEMBERS: Sarah Denman, Executive Assistant to City Manager Timothy Thomure, City Manager's Office; Angele Ozoemelum, Director of Business Services Department; Aaron Williams, Deputy Director, Business Services Department.

2. Approval of the February 5 & March 5, 2025 IAPC Meeting Minutes – 5 minutes

Chairperson Pawlak called for review of both the February 5 and March 5, 2025 meeting minutes. Commissioner Burke moved to approve both sets of minutes as presented. Commissioner Clark seconded the motion.

Motion passed unanimously.

3. Staff Update– 5 minutes

Mr. Williams provided a comprehensive update on current BSD operations and City-wide initiatives:

- **FY 20265 Budget Process**

The budget stands at \$2.413 billion. Mayor and Council recently adopted the FY26 Compensation Plan, including:

- **Phase 1:** In-range pay placement based on updated education and experience.
- **Phase 2:** 1.5% pay progression based on annual evaluations (not guaranteed; contingent on meeting/exceeding expectations).
- **Phase 3:** The "4900 Project", which will assess all 4,900 employees for compensation placement.

- **Employee Evaluations:**

BSD has nearly completed annual evaluations for its ~200 employees, making them eligible for pay progression.

- **FY25 Financial Closeout and Audit**

Preparations are underway for fiscal year-end (June 30), including coordination with external auditors to meet the end-of-calendar year reporting requirement. Pre-audit work is focusing on grants.

Commissioner Clark inquired about:

- **Market comparison methodology:** Mr. Williams explained the City uses a Base Pay Calculator developed by HR that factors education, directly and indirectly related experience, and benchmarks from peer cities.
- **Shortfall Planning:** The \$24M shortfall discussed by Mayor & Council pertains to FY26–FY28, not the current fiscal year.
- **Federal Grant Risk:** The City is monitoring federal decisions closely, especially regarding grant continuity and future opportunities.

Chairperson Pawlak asked about the status of internal auditor hiring. Mr. Williams noted that while recruitment is prioritized, hiring was impacted by overall budget evaluation and no update on progress was available from the City Manager's Office.

4. Discussion of Comparative Municipality Internal Audit Programs – 30 minutes

Chairperson Pawlak led a discussion referencing a February document comparing internal audit functions across municipalities. Highlights included:

- **Tucson Charter Requirements:** Audit language in the City Charter is vague. Though internal auditing is authorized, it lacks specificity regarding staffing or scope.
- **Best Practice Comparison:** Cities like El Paso and Albuquerque maintain active internal audit departments, publish detailed audit plans and reports, and adhere to GAO Yellow Book standards. Tucson lacks a similar level of transparency and consistency.

Concerns Raised by Commissioners:

Commissioners questioned the City's commitment to auditing, transparency, and consistent oversight. The City previously had more than two auditors but now has none; efforts to fill positions have been stalled. Some concerns exist that the position requirements (e.g., CPA) may be limiting the applicant pool, especially for process audits that may not require CPA credentials.

Action Item Proposed:

Chairperson Pawlak proposed forming a subcommittee to study Tucson's internal audit function, benchmark it against other cities, and propose recommendations. A request was made for BSD or City Manager's Office staff with direct audit oversight to present at the next meeting.

5. Review of IAPC Meeting Frequency and Bylaws – 30 minutes

Chairperson Pawlak raised concerns over the rigid language in the bylaws requiring meetings on the "first Wednesday of the month at 3pm." This conflicts with the member availability and does not reflect current practice.

City Clerk's "PNS" Form

The commission currently operates under a Public Notice Statement ("PNS") form that allows flexible meeting scheduling. However, staff clarified that:

- Tucson Code §10A-123(C) mandates monthly meetings.
- Bylaws can be updated to reflect time flexibility, but frequency changes would require an ordinance change.

A motion passed to invite a City Attorney representative to the next meeting to clarify bylaws and quorum issues and support appropriate revisions.

6. Review Sections of the Tucson Code Regarding IAPC Function & Reporting Requirements – 15 minutes

Due to time constraints, the commission opted to move detailed review of Tucson Code §10A-123 (which outlines IAPC duties) to the next meeting. Commissioners noted the need for more structured, purposeful agendas aligning with the commissions defined duties.

7. Discussion on Six (6) Month Meeting Report on IAPC Meeting Plan –15 minutes

Staff displayed a draft six-month report summarizing IAPC activities from January through June 2025. Chairperson Pawlak requested:

- Copies of the FY24 annual and prior six-month reports be distributed to commissioners.
- Input from member to help draft the new report for submission to Mayor & Council.

Chairperson Pawlak also expressed willingness to present the report at a Mayor & Council meeting.

8. Call to the Audience – 10 minutes

No members of the public were present; no action taken.

9. Future Agenda Items – 10 minutes

The following were proposed for the next meeting:

- List of future items:
 - Presentation by BSD/CMO staff regarding the internal audit program (oversight, hiring, procedures).
 - Review and revision of IAPC bylaws (with legal counsel present).
 - Review Tucson Code §10A-123 and clarification of IAPC duties and reporting structure.
 - Formation of a subcommittee on internal audit benchmarks and recommendations.
 - Discussion of internal audit planning documents or charters, if available.

Commissioner Lahti also requested that new members introduce themselves at the next meeting.

10. Adjournment

Meeting adjourned at 1:22 p.m. The next meeting of the IAPC is scheduled for Wednesday, July 16 at 3:00 p.m.

Commission Members Representing the Office of:

(Mayor) Vacant; (W1) Vacant; (W2) Bruce Burke; (W3) Michael Lahti; (W4) Vacant; (W5) Robert Clark, Vice Chairperson; (W6) Lois Pawlak, Chairperson

Staff Liaison(s):

Sarah Denman, Executive Assistant to the City Manager, City Manager's Office

Note:

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