

## Meeting Minutes

### Audit Committee

Monday, April 18, 2011

3:00 p.m.

#### 1. Opening Remarks/Roll Call

Chairman Williams called the meeting to order at 3:02 p.m.

##### **Present:**

Rick Williams, Chairman  
Barbara Chick

##### **Absent**

Preston Edwards

##### **Staff:**

Bill Dollar  
David Schuler  
Craig Hametner  
Jed Johnson  
Kathryn Ritchie

Bryan Bradford  
Elizabeth Morales  
Michelle Taylor  
Christian Thony  
Steve Anderson

##### **Visitor**

Terry Kile, Deloitte

#### 2. Consider approval of the minutes from the meeting of February 7, 2011.

Motion was made to approve the February 7, 2011 minutes by Barbara Chick

Motion seconded by Chairman Rick Williams

Motion was approved

#### 3. Deloitte Presentation

Terry Kile presented the

- Comprehensive Annual Financial Report (CAFR)
- Governance Letter
- Report to Management
- Single Audit Report

They issued an unqualified opinion on the CAFR which means that it is a clean opinion and that they were presented in accordance with Generally Accepted Accounting Principles. There were no significant changes to the financial statements or the disclosures.

In regards to the Governance Letter, Terry stated it's the communication to the Audit Committee. It includes the following:

- Deloitte was able to complete the audit appropriately under all audit standards
- They had no disagreements with management
- They had full access to the books and records of the city
- Staff was able to respond to questions appropriately.

The Report to Management discussed items remediated from last year's audit which dealt with password controls. The report also discussed deficiencies for the current year.

The Single Audit Report indicated one significant deficiency. The status of the prior year finding in regards to Housing and Urban Development Program was discussed and Terry stated that finding was corrected.

#### **4. Wire Transfer Follow-up Audit**

Craig covered the audit and discussed the six findings.

Finding #1 was Fully Implemented.

Finding #2 was Not Implemented. David stated he did not see a point to keeping an approval list of wire transfers. A list does not serve any purpose as the requests are internal and fully documented and he is familiar with the person making the request. Chairman Williams asked what the list would do and Craig stated it would indicate the proper authorization. Someone requesting a wire transfer not on the list would be considered a non-authorized request. This could be a situation for fraud too if someone from another department requested a wire transfer and was not authorized to do so. Craig stated a payment could be sent to an employee's own bank account. Chairman Williams then asked David if they knew what bank account the payments are going to and he stated that typically they go to a company or corporation. Councilmember Chick then asked if they are company's that he knows and David stated that typically he does know who they are. Councilmember Chick then asked if anybody can contact David and ask for a wire transfer for any amount and David stated "yes" and Councilmember Chick stated that was not good. Bryan asked if he could visit with Craig and David and discuss this issue at a later time. The Committee stated that would be fine.

Finding #3 was Fully Implemented.

Finding #4 was Not Implemented. This was in regards to verifying the bank account and bank routing numbers from the vendor and not from the department. David stated it was an impractical request and stated the recipient would not provide their information on City's form but instead they would on their own letterhead. Craig stated that receiving information from the vendor on their company letterhead would be fine.

Finding #5 was Not Implemented. There are no policies and procedures in place. David stated that the policies change periodically and they have forms that are followed. Craig stated they acknowledge that they have user guides but should have policies and procedures as to how to handle the processes of wire transfers. Bryan asked David if they had any objections to the recommendation or if it was that they had not gotten around to it. David stated they had not gotten around to it. Craig stated the policies should have the duties and responsibilities and general guidance as to what is done with a wire transfer.

Finding #6 was Not Implemented. Finance does not maintain monthly transaction detail reports. If requested data is past 2 months and a request is made, there is a fee that has to be paid to the bank and that information can be delayed. David stated they have ample information that they can use internally. He offered Internal Audit entitlements to download the information because Finance does not need the information. Craig stated it is not Internal Audit's audit trail but Finance's audit trail. Craig stated Internal Audit needs the data because they need to verify who entered, approved and released a wire transfer. They found through reviews that 2 transfers were entered, approved and released by David and not by different people as it was stated on their form. This is the reason to have the monthly transaction detail reports. Christian stated it was not a paper trail but electronic data and would take about 2-5 minutes every two months to save the data. Bill stated that they will work on all the Non-Implemented findings and follow up.

## **5. Chamber of Commerce Annual Audit Report**

Craig covered the annual audit report of the Chamber of Commerce. He stated that Wiesmann & Company are in good standing with the State Board of Public Accountancy. The Chamber received an "unqualified opinion" which means it is a "clean opinion" and the highest opinion you can get. Craig stated their Statement of Financial Position looks very good. He discussed the Statement of Activities, Statement of Cash Flows and the Notes to the Financial Statements. On the supplemental information, Craig stated they got an unqualified opinion on the Statement of Activities – Economic Development.

## **6. Adjournment.**

The meeting was adjourned at 4:02 p.m.

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Submitted By:  
Elizabeth Morales

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Chairman Rick Williams  
Audit Committee