

Meeting Minutes

Audit Committee

Monday, November 21, 2011, 3:00 p.m.

1. Opening Remarks/Roll Call

Chairman Williams called the meeting to order at 3:09 p.m.

Present:

Rick Williams, Chairman Preston Edwards Lori Barnett Dodson

Staff:

Bill Dollar Bryan Bradford
David Schuler Elizabeth Morales
Craig Hametner Jed Johnson
Christian Thony Marla Hamilton
Kathryn Ritchie

2. Consider approval of the minutes from the meeting of November 21, 2011.

Motion was made to approve the November 21, 2011 minutes by Preston Edwards

Motion seconded by Rick Williams

Motion was approved

3. Deloitte & Touche Presentation

Terry discussed the scope matters of the audit. They will rely on Internal Audit to perform certain audit procedures. He also discussed the three different types of fraud that they look for when auditing the financial statements which are intentional misstatements, misappropriation of assets and fraud, waste and abuse. He went over the significant risks which were the City's OPEB and Pension liabilities.

He asked the committee if they feel that management is appropriately addressing the risks of fraud and mitigating the risks. Chairman Williams stated he feels good that those issues are being handled especially with Mr. Hametner and his staff.

4. Kraft Retention Agreement Audit

Marla presented the Kraft Retention Agreement to the Audit Committee. The Audit Committee did not have any questions.

5. Wire Transfer Audit - Follow-up

Craig presented the Wire Transfer Audit.

There was discussion in regards to the finding about EFTAF Forms. Chairman Williams needed clarification as to the purpose of the EFTAF form. Craig stated that it would be something that comes from the vendor which is then verified against what is sent by the department. Jed gave an example of an invoice which was altered (scratched out) to where the department head changed the account number to his/her personal account number. Since Finance sees the alteration, the recommendation would be to contact the vendor (an EFTAF is not kept) to verify the account number is correct. Councilmember Dodson then asked the number of wire transfers done and why they would not keep such a form. Craig stated there are about 30-40 per month. David then stated that the wire transfers are hard coded in the system and are repetitive and cannot be altered; they only change the amount. Councilmember Dodson then asked if they received a wire transfer that was altered, what would Finance do? Dave stated they go to the standard information in the bank system and do not change the wire instruction nor alter the delivery of the funds to the standard payee. If they receive a new payee, they enter the information off of the vendor's accounts payable invoice and feel that is a much better source of verification than having a payee fill out a form which could be altered by the payee.

The Audit Committee did not have any other questions.

5. Cash Count Audit

Craig explained the three different funds, petty cash, change drawers and CBA's (Coin and Bill Accepters). He state to the committee that a total of 49 memos were issued with 53 total recommendations to Managing Directors.

Liz presented the Findings to the Audit Committee. There was discussion in regards to monthly vs. quarterly reconciliation on petty cash funds and advances out of petty cash.

There were no additional questions from the Audit Committee in regards to the Cash Count.

Craig presented a proposal of doing Cash Count audits on a quarterly basis. A rotation of five or six funds would be audited each quarter over a two-year period. Internal Audit would require 75 hours per year and an audit report would be issued at the end of the year. This new approach for Cash Count audits would start in FY13.

The Audit Committee approved the proposal.

6. Adjournment.

The meeting was adjourned at 4:03 p.m.