



# GARLAND

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## INTERNAL AUDIT

Audit Committee

Meeting Minutes

Tuesday, December 11, 2012, 3:00 p.m.

### 1. Opening Remarks/Roll Call

Chairman Williams called the meeting to order at 3:00 p.m.

**Present:**

Rick Williams, Audit Committee Chairman

Preston Edwards

Lori Barnett Dodson

**Staff:**

Bill Dollar

Craig Hametner

Bryan Bradford

Jed Johnson

David Schuler

Pamela Asbell

Kevin Slay

Christian Thony

Clark Richardson

Judy Hearne

### 2. Approval of the minutes from the meeting of August 20, 2012

Upon motion made by Preston Edwards and seconded by Audit Committee Chairman Rick Williams, the minutes of August 20, 2012 were approved.

### **3. Firewheel Mixed Beverage Permit Compliance Audit**

Craig discussed the objective of the audit, which was to ensure compliance with TABC Code and Rules. Ten Opportunities for Improvement were discussed. Management concurred with all findings and they are implementing recommendations. Craig stated this was a management requested audit. Bryan Bradford stated he had hired a new Beverage Manager who would start on December 12, 2012.

### **4. Executive Session**

The Committee went into Executive Session to discuss two items:

(1) The deployment, or specific occasions for implementation of security personnel or a security audit. – Sec. 551.076, TEX. GOV'T CODE. – Discussed Change Management Audit (Computer Security) at 3:16 p.m.

(2) The City's competitive activities – Sec. 551.086; Tex. Gov't Code; Sec. 552.133, Tex. Gov't Code. Discussed GP&L Risk Management Policy – Finance's Annual Report to the Audit Committee.

The Committee ended the Executive Session at 3:37 p.m. and went into regular session.

### **5. Tax-Exempt Properties Audit**

Craig discussed the objective of this audit which was to determine if the City's registered rental properties carry any inappropriate tax exemptions and calculate the potential revenue. Chairman Rick Williams asked Kevin Slay if they were going to go back five years on tax exempt properties. Kevin Slay stated they would try to go back five years. Maximum potential revenue was discussed. Letters were sent out by DCAD to those taxpayers with potentially inappropriate homestead exemptions. DCAD is in the process of obtaining the responses, and we will wait to see the results of our work.

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## **6. Accounts Payable—Vendor Master File Audit**

Craig discussed the objective of the audit was to determine if adequate controls exist and are operating effectively over the Vendor Master File. Opportunities for Improvement discussed were as follows:

- One-time vendors
- Access Rights
- 1099 Reporting
- Active Duplicated Vendors
- Policy and Procedures

Management concurred with all findings and is implementing the action plans.

## **7. Internal Audit's Peer Review Reports**

The department received a "Pass" grade which is the highest grade available. Craig went over the six items in the management letter. He explained what the items meant and the corrective action Internal Audit is implementing to comply with the management letter requirements. Craig discussed verbal comments made concerning Appendix B of the audit manual, City Council Policy No. OPNS-36. They suggested adding a requirement that the office obtain an external peer review at least every three years.

There being no further business to discuss, the meeting was adjourned at 3:57 p.m.