

MINUTES

Thursday, August 2, 2012

4:00 PM

Audit Committee Meeting

Carnegie Town Hall

Sioux Falls City Council

235 West 10th Street

Members Present: Council Member Sue Aguilar, Council Member James Entenman, Council Member Greg Jamison, Council Member Rex Rolwing, Audit Committee Member Anne Opegard, and Audit Committee Member Jason Forbes

Members Absent: None

Staff Present: Tamara Jorgensen, CMC, Assistant City Clerk; Rich Oksol, Lead Internal Auditor; Internal Auditor Danette Schumacher; Jim David, Legislative/Operations Manager; and David Bixler, Budget Analyst

Guests: Cheryl Rath

1. Call To Order

Jamison called the meeting to order at 4:00 p.m.

2. Review and approve minutes from last committee meeting dated June 7, 2012

A motion was made by Council Member Sue Aguilar and seconded by Council Member James Entenman to approve the minutes dated June 7, 2012.

Jamison called for a voice vote on that motion and all members voted yes.
Motion Passed.

3. Review Audit Report: 12-06 Quality of Life Bonds

Oksol reviewed the report, the audit objectives, detailed responses, recommendations and management responses. Discussion followed.

Oksol provided an update on the status of each of the projects including those that have been completed; how some of the projects have been funded; and how the bond issues are being paid back. Discussion followed.

A motion was made by Council Member Rex Rolwing and seconded by Council Member Sue Aguilar to accept this audit report.

Jamison called for a voice vote on that motion and all members present voted yes.
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Motion Passed.

4. Internal Auditor Vacancy

Oksol stated that the interviews for the vacant Internal Audit position were completed this week. He stated that a contingent offer has been made and agreed to by the candidate. The tentative start date is Monday, August 20, 2012.

Jamison reminded the committee that there is a vacancy on the Audit Committee

for a citizen to serve. He has been speaking to a few people and he encouraged the committee to communicate with anyone they feel would be a good 'fit' for the group.

5. Status of Various Audit Projects

Oksol gave an update on the Annual Audit Plan providing the following information: Eight reports have been completed this year; updates on existing audits; and the Fraud Risk Assessment. Oksol stated that upcoming audits include: the Library, Water and Utility Billing office; the River Greenway; the Ryan White Title III Grant (Health Department); and the Events Center. Oksol stated the Events Center audit would be an ongoing item.

Jamison asked if there was room in the audit schedule to conduct a Special Request Audit. Oksol stated that the schedule is full and it would be the decision of the Audit Committee to determine if they wanted to perform a Special Request Audit and to reprioritize existing projects to make this happen.

6. Changes To Internal Audit Charter

Oksol reviewed the Internal Audit Charter proposed changes which include the following:

Eliminate references to the City Clerk being the supervisor of internal auditors in the internal audit charter (so as to be in conformity with new organization chart).

Change the title of Lead Internal Auditor to City Auditor (see the document on the electronic agenda entitled "Chief Audit Executive titles for municipalities with 1 - 5 auditors in North America").

Include procedure/process for requests for audit services (special projects).

Establish that the internal audit staff report to the City Auditor.

Establish that the title of the internal audit function will be the City Auditor's Office (to avoid confusion with the Internal Revenue Service).

On page 3 change the following: Current: "Assist in the investigation of significant suspected fraudulent activities within the City of Sioux Falls and notify the Audit Committee of the results. The Audit Committee will review and report such suspected activities to the Mayor and City Council". Change to: "Assist in the investigation of suspected fraudulent activities in accordance with the Fraud Control Policy adopted by the City of Sioux Falls".

Rolfing requested that Oksol check with Human Resources regarding the title change prior to any updates. Discussion followed.

Aguilar asked where the Charter for Internal Audit is located. Oksol explained it was adopted by a resolution in July, 2006. Oksol stated that, according to this Charter, any amendments need to be approved by the Audit Committee. Oksol asked if this meant that the Audit Committee

adopts the changes or if the proposed amendments still need to go through the City Council for approval by resolution.

Entenman stated he agrees with the proposed title changes as they pertain to the position. Jamison noted that the title changes discussed reflect titles in the Administration and he did not want a mistaken impression of who the Lead Internal Auditor position reports to.

Jamison asked Oksol to ensure that the committee members receive a copy of the Audit Charter. Jamison requested that the committee review the Charter in case there are any other changes they may wish to propose.

7. Open Discussion

Rolfing asked if the committee members could come up with a list of names of potential audit committee members to give to the Audit Committee Chair in the next few weeks.

Aguilar asked if there was any specific documentation that explained the responsibilities for being a member of the Audit Committee and if there was a formal application process. Oksol responded that there is not any formal documentation available to explain the responsibilities. He stated that there is a form available on the city's website at www.siouxfalls.org, entitled "Application for Appointment to a City Board, Commission or Committee". Oksol stated he has forwarded this form to Jamison for his review.

Aguilar asked for a copy of this application form. Oksol will forward the email to the rest of the committee that he has previously sent to Jamison. This correspondence includes a description of the position along with a copy of the application. Jamison stated that the email containing the information about the position could be forwarded on to potential committee members along with the application.

8. Adjournment

Committee Chair Jamison adjourned the meeting at 4:25 p.m.

Tamara Jorgensen, CMC

Assistant City
Clerk