

**MINUTES
REGULAR MEETING
AUDIT COMMITTEE**

FEBRUARY 22, 2012

Committee Members Present: Council Members Diane Hofstede, Barbara Johnson, Betsy Hodges; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Members Darrell Ellsworth and Stephanie Woodruff (Quorum 4)

Chair Hofstede called the meeting to order at 9:35 a.m. in Room 317, City Hall, a quorum being present.

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1. Adopt Agenda.

Hofstede moved adoption of the agenda.
Adopted upon a voice vote.
Absent - Hodges.

2. Accept Minutes of the Regular meeting of January 25, 2012.

Oyaas moved approval.
Adopted upon a voice vote.
Absent - Hodges.

**3. Risk Assessment and Two-Year Internal Audit Plan (2012-2013)
(Action Taken 1/25/2012: a) Approved 2012 Audit Plan for Auditable Unit CPED/Development Finance (Development Loans Review) and Public Works (Fleet Management); b) Requested staff to include the listing of 2011 carry-over projects in the 2012 Audit Plan; c) Directed Internal Auditor: 1) to meet with Finance and BIS staff to determine prioritization of the Auditable Unit reviews for the Finance Department (General Ledger Accounting; Internal Controls over Financial Reporting; and Accounts Payable Review) and BIS (Application Security) as well as determine which can be handled within the department's capacity; 2) to report back with information from the Department of Public Works as to moving the proposed 2013 Audit Plan review for Excel Energy, Inc Franchise Agreement into the 2012 Audit Plan; 3) that for any department on the proposed 2012 Audit Plan for review, create an assessment of the staff hours within the department necessary to conduct the audits; d) Deleted the external risk factor "airport noise" from the risk profile within the Risk Assessment & Two-Year Internal Audit Plan.)**

Magdy Mossaad, Internal Auditor for the City, distributed an updated 2012-2013 plan and reviewed a PowerPoint presentation.

Committee discussed:

- The need for the objective of financial reporting in the "Objective of the Citywide Risk Assessment" statement;

- The large number of estimated client hours listed in the plan for Finance/Accounts Payable Review and for the Finance Department in general;
- Whether the plan was too aggressiveness given the amount of dollars and hours associated with the reviews;
- The use of Audit Command Language (ACL) or other tools in sampling that allows audit function to hone in on risk areas by highlighting certain things, like duplicate or suspicious payments, and the use of ACL or other technology cutting down the hours of staff time needed.

Connie Griffith, City Controller, responded to the estimate on number of hours for departmental audits, which was provided in order for Finance to plan for the audit and to have enough staff or hours available to respond to the audit.

Hofstede moved to accept and move forward the Risk Assessment and Two-Year Internal Audit Plan (2012-2013).

Oyaas moved a staff direction that the committee receive, via in person or in report, an unvarnished report back from the audit client about how many hours the audit took and what could be done better as part of audit final reports.

Hofstede's motion, with the staff direction to the Internal Auditor to include auditee/department feedback on the audit process once a review has been completed, was adopted upon a voice vote.

4. Grant Management Process Review:

a) Review Internal Audit Report;

b) Direct staff to publish the report (Action Taken 12/7/2011: *Postponed, with request that Kevin Carpenter/Finance Officer & other members of Finance Department attend meeting*).

Magdy Mossaad reviewed a revised PowerPoint presentation. Kevin Carpenter, Finance Officer, was unable to attend the meeting.

Committee discussed:

- Grants processing being accomplished by individual City departments;
- Potential referral of the issue of grants management/compass module to other standing committees of the city council after feedback from Kevin Carpenter.

Hodges moved to postpone.
Adopted upon a voice vote.

There was no new business, specific report of the Internal Auditor, nor announcements.

The meeting adjourned at 10:48 a.m.

Submitted by: Irene M. Kasper, Council Committee Coordinator/City Clerk's Office