

**DRAFT MINUTES  
REGULAR MEETING  
Minneapolis Audit Committee**

**July 31, 2013**

Committee Members Present: Council Members Diane Hofstede (Chair), Betsy Hodges; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Member Stephanie Woodruff (quorum 4)

Committee Members Absent: Council Member Barbara Johnson; Citizen Member Darrell Ellsworth

Chair Hofstede called the meeting to order at 9:48 a.m. in Room 317, City Hall, a quorum being present.

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- 1. Adopt Agenda.**
- 2. Accept minutes of the regular meeting of May 22, 2013**

Hofstede moved adoption of the agenda and acceptance of the minutes.  
Adopted upon a voice vote.  
Absent - Johnson, Ellsworth.

#### **Unfinished Business**

- 3. General Ledger Accounting Review:  
Update on recommendations from 2011 State Auditor's Report - Internal Auditor's Presentation.  
(Action Taken 5/22/2013: *Approved Finance & Property Services Update Report; Internal Auditor's Report to be presented next meeting*).**

Magdy Mossaad, Internal Auditor, distributed and reviewed the background, objectives, scope and conclusion for the General Ledger Accounting Review, stating there were no reportable findings noted during this review on which to recommend changes.

Hofstede moved to accept the Internal Auditor's report.  
Adopted upon a voice vote.  
Absent - Johnson and Ellsworth.

- 4. 2014 Audit Plan Options:  
Update report on Audit Committee options.  
(Action Taken 5/22/2013: *Directed the Internal Audit Department, with assistance from the City Coordinator's Office, to provide an analysis of staffing options for the internal audit functions that include the following: a) Fully staffing the Internal Audit Department at a level needed to carry out the annual plan plus some capacity for unanticipated work; b) Contracting for or co-sourcing from one or more outside vendors for the staffing and expertise needed to carry out the annual audit plan plus some capacity for some unanticipated work; c) Cooperative or co-sourcing audit functions with the County and/or State Auditors. Further, the analysis should compare costs and policy issues related***

***to conducting audits, contracting or governance oversight, responsiveness and service, and next steps for implementing each pathway. Staff to return to Committee in 45 days with said analysis.)***

Mr. Mossaad distributed documents entitled: 1) 2014 Audit Plan Options (Resources), and reviewed the sections entitled Co-sourcing with Consulting Firms; Cost Comparison of Outsourcing vs. In-House FTEs; and Co-sourcing with County or State Auditor; and 2) Status Update on 2013 Audit Plan.

Committee discussed:

- cost comparison of outsourcing vs. in-house FTEs options and the figures needed to equally compare consulting firm hourly costs for a specific project vs. FTEs;
- consulting firm hourly rates;
- returning the complement of IA staff to perform audit work with targeted strategic consulting contracts to sub out, and the desire to not out-source/contract all of 2014.

Woodruff moved to direct staff to return to the next meeting with rate comparisons of "fully loaded" FTE vs. a resource from the outside.

Adopted upon a voice vote.

Absent - Johnson and Ellsworth.

## **New Business**

### **5. Internal Audit Department 2nd Quarter Report 2013.**

Mr. Mossaad distributed and reviewed the 2013 2nd Quarter Update on Management Action Plans.

Hofstede moved to receive and file the reports.

Adopted upon a voice vote.

Absent - Johnson, Ellsworth.

## **Report of Internal Auditor**

Internal Audit Department Interns Brittney Johnson, senior at St. Thomas; and Autumn Wonderlich, junior at the University of Minnesota, were introduced to committee members.

## **Announcements - None**

## **Adjournment**

The meeting adjourned at 10:18 a.m.

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