

## **The Minutes of the City Audit Advisory Board held Wednesday, January 14, 2009 at 2pm**

### **Call to Order**

The meeting of the Audit Advisory Board was called to order by Michael Justus, Board Chair, at 2pm. This meeting was held in the Mayor's Conference Room, which is located on the second floor of the City County Building.

### **Attendance**

Present: Don Herz, City Finance Director; Peggy Tharnish, City Controller; Connor Reuter, Assistant City Attorney; Marcee Brownlee, Assistant City Attorney; Jamie Phillips, Don Herz Assistant; Board Members: Barbara Arendt, Todd Blome, Steve Bowen, Jim Mastera, Michael Justus, Chuck Pallesen; Robin Eschliman, City Council Member.

Don introduced City Council Chair Robin Eschliman to the group. He said that she would be observing the meeting and reporting back to the City Council.

Connor announced that Marcee Brownlee would be taking her place as the board's legal advisor and would be attending these meetings in the future.

### **I. Note Open Meetings Law**

Michael made note of the Open Meetings Act that is posted on the wall of the conference room.

### **II. Approval of November 12, 2008 board minutes**

Michael asked for a motion to approve the minutes from the November 12<sup>th</sup> meeting. Todd Blome moved approval, which was seconded by Michael Justus. AYES: Barbara, Todd, Steve, Michael, Jim, Chuck. NAYS: None; Motion carried, 6-0.

### **III. Status update on the agreed upon procedures engagement for the City's fund balances**

Don stated that there were two changes made to the Agreed Upon Procedures. He passed around a copy of the changes for the group to review. He said that the changes were brought to their attention from the auditing firm we are working with, which is HBE. The first change is to section 3.2 and 3.3, which will help clarify what funds the audit firm will be analyzing.

The second change is a modification to the fees. Don explained that this modification is regarding how HBE was going to analyze the fund balances on the spreadsheet that the group had made. He said that there are three separate tabs on the spreadsheet, which are business types, internal service funds, and enterprise funds. However, when the spreadsheet was printed out by Purchasing to attach to the bid, only the first tab of the spreadsheet was printed out instead of all three. So HBE didn't get a chance to review the other funds. Don said they could prorate a fee to include those additional business type funds that they want HBE to review. He said he visited with Michael and he was ok with the change, so he just wanted to alert the group of this modification.

Peggy gave the group an update on HBE and how the audit is going. Peggy said they met with HBE several weeks ago and went over the proposal again. HBE gave her a questionnaire that they would like her to answer regarding each fund. She stated that she has been working with Steve Hubka, the budget officer, to get those questions answered. She said they will return the questionnaire to HBE by Friday. HBE will review the questionnaire the following week, and then return to the City again around January 26<sup>th</sup> to continue their research. Peggy said that she is guessing they won't have a final report until around March, unless something changes.

Michael asked if the final audit report would come to their group before going to the City Council. Connor stated that there is nothing written in the ordinance stating that it is required to do so. However, she did say that the ordinance does require that they create a final audit report and transmit that report simultaneously to the board, the auditee, the Mayor, and the City Council. Don said that they had it written into the bid to have the audit firm include two meetings within their budget. He said one meeting would be for them to discuss their final report with this group, and the other meeting would be for them to discuss it with the City Council.

**IV. Discuss proposed change to Section 4.66.100 of the City's Municipal Code**

Don stated that they currently don't have any revised proposed language at this point; however, Connor is currently working on putting it together. Connor said she is working with the Vince Mejer, the Purchasing Agent, to help with the language. One suggestion that Vince got back from one of his colleagues was to address it as corporative procurement instead of piggy-backing. Connor suggested that she create two versions so they can bring both to the City Council, in which then they can pick which version they wish to introduce.

**V. Status update on the external auditor's financial audits of the City's Comprehensive Annual Financial Report and various individual funds**

Don asked Peggy to give the group an update regarding the external auditor's financial audits and the City's Comprehensive Annual Financial Report. Peggy stated that our external auditor is BKD. She said that they have just a few more things to finish up on and review. Don stated that this report is due by the end of February. He said that they have received draft reports on a number of funds, but they haven't been made final yet.

Todd asked if they could see the final reports. Peggy stated that as soon as they are made final, she can make them available to the group.

**VI. Adjournment**

Board Chair, Michael Justus, called for adjournment. Chuck Pallesen moved approval, which was seconded by Steve Bowen. AYES: Barbara, Todd, Steve, Michael, Jim, Chuck. NAYS: None; Motion carried, 6-0. The meeting was adjourned at 2:40pm.

Minutes submitted by: Jamie Phillips