The Minutes of the City Audit Advisory Board held
Wednesday, June 17, 2011 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 Conference Room 303, which is located on the third floor of the City/County Building.

Attendance

Present: Don Herz, City Finance Director; Jamie Phillips, Assistant to Don Herz; Peggy Tharnish, City Controller; Tim Sieh, Assistant City Attorney; Board Members: Michael Justus, Barbara Arendt, Jim Mastera, Todd Blome, Jason Christenson.

Others Present: Vince Mejer, Purchasing Agent; Fran Mejer, Business Manager of Public Works; and Michaela Dugan, Assistant Business Manager for Impact Fees; Roger Figard, Manager of City Engineering Services; Thomas Shafer, Manager of Engineering Design/Construction; Roger Watton and Jamie Johnson from BKD Auditing Firm.

Absent: Gerry Finnegan, Board member; Marcee Brownlee, Assistant City Attorney.

Note Open Meetings Law

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

I. Approval of April 20th, 2011 Board Minutes

Michael asked for a motion to approve the minutes from the April 20th meeting. Barbara moved approval, which was seconded by Jim. AYES: Barbara, Todd, Jim, Michael, and Jason. NAYS: None. ABSENT: Gerry; Motion carried, 5-0.

II. Continue discussion of formulation of work to be performed in response to the City Council Resolution requesting a Performance Audit of the Engineering Services.

A. Discussion with the City's external auditors, BKD, regarding performance audit requirements and possible scope of the audit.

Don introduced Roger Watton and Jamie Johnson from BKD Auditing Firm. He said that he had asked BKD to attend this meeting to help the group understand what a performance audit is as in accordance with the yellow book.

Roger stated that the yellow book audits cover all sorts of government financial audits.

Mike asked BKD what the main difference between a normal audit and a yellow book audit would be and what would be required under a yellow book rules for a performance audit.

Roger said that a performance audit may not include any financial information at all. It may be just testing for compliance, city charter ordinances, or just efficiency and effectiveness. He said it is more of an operational and efficiency study, but it can also be anything from that, depending on what they are specifically looking for. He suggested making sure that the expectation is clear ahead of time to make sure you get your "bang for your buck". Roger said more international firms would be more resourceful for this type of audit since they have more experience on this type.

The group suggested that they talk to the City Council, specifically Council member Adam Horning, since he introduced the resolution, and ask him what the Council is exactly looking so they could help narrow the broad scope of the resolution. The group also asked Roger Figard if he would meet with Don Herz and Mike Justus before the next meeting so they could come up with some ideas that the council might be interesting in looking at. Roger said that he had some ideas and he would meet with Mike and Don.

III. Continue discussion of possible *agreed upon procedures* for reviewing the use of impact fees by Public Works.

Next the group discussed the possible *agreed upon procedures* for reviewing the use of impact fees. The group agreed with that procedure and said they feel good about following that path. Mike suggested that he and Don Herz and Peggy Tharnish get together before the next meeting and come up with a draft of some ideas for this procedure.

IV. Update on the RFP for StarTran.

Don updated the group on the StarTran RFP. He stated that the RFP had been sent and they received two proposals. One proposal was from a Lincoln firm which is Parsons Brinckerhoff and the other was a firm based out of Minneapolis which is SRF Consulting Group. He said that the committee had met and they were closing in on a selection, but have not yet finalized that decision. Don reminded the group that the total budget that the Audit Board has is $252,000.

V. Set the next Audit Advisory Board meeting

It was suggested that the next board meeting be scheduled for July 13th at 2pm, in which the group agreed.

VI. Adjournment

Michael called for a motion to adjourn. Todd moved approval, which was seconded by Barbara. AYES: Barbara, Todd, Jim, Michael, and Jason. NAYS: None. ABSENT: Gerry; Motion carried, 5-0.

The meeting was adjourned at 3pm.

Minutes submitted by: Jamie Phillips