



1.03.2012 Audit Committee Meeting Minutes

To: Laura Padgett, Audit Committee Chairman

From: Chris Compton, Secretary 

CC: Sterling Cheatham
Debra Mack
Allison Collins
Stephanie Jacobs
Bryon Dorey

Date: January 3, 2012

Call to order:

Laura Padgett, Audit Committee Chairman, brought the meeting to order at 11:10 am on January 3, 2012 in the City Manager's Conference Room.

Members Present:

Laura Padgett
Charlie Rivenbark
Earl Sheridan

Chris Compton

Allison Collins
Bryon Dorey
Jeanne Sexton
Bill Wolak

Guests Present:

Lou Cannon and
James Sergeant,
McGladrey & Pullen,
LLP

Staff Present:

Sterling Cheatham

Heather Padgett

Summary of Action Items:

1. Review for Approval – Fiscal Year End June 30, 2011 Annual Independent Audit Report.

- Lou Cannon and James Sergeant, of McGladrey & Pullen, LLC presented an overview of the Audit Results.
- Only one significant deficiency was noted, which was a rollover item from the previous year. One aspect of this deficiency: the approvals process on Purchase Orders - where the same person initiated and approved the Purchase Order – has since been resolved.

- One other aspect of this deficiency still remains: the City still needs to computerize the approval process. Debra Mack noted that due to a conversion testing glitch with Sungard/HTE software system, the process to correct this problem has been delayed. The process will be paperless and automated in the near future.
- The Finance Department has done a good job in keeping up with the new auditing rules and reporting process.
- A motion to approve the report was made by Charlie Rivenbark and seconded by Earl Sheridan. Approval of the motion was unanimous.

2. Review for Approval – Medical Claims Audit – Internal Audit Memo (Final Memo)

- Allison Collins, Bill Wolak and Jeanne Sexton provided background on this report.
- Almost all of the disputed monies have been recovered.
- Medicare eligible city staff/retirees need to sign up for Medicare when they become eligible for this coverage.
- Allison Collins has made arrangements with Blue Cross so now Blue Cross is submitting a report of all Medicare-eligible employees to Human Resources to ensure that Medicare is the primary provider, and not the City of Wilmington.
- This new Blue Cross reporting process will be included in the Blue Cross contract in the coming year.
- A motion to approve the report was made by Charlie Rivenbark and seconded by Earl Sheridan. Approval of the motion was unanimous.

3. Review for Approval – 2012 Calendar Year Audit Committee Meeting Schedule

- Sterling Cheatham and Allison Collins gave background information on past Audit Committee meeting schedules.
- The Committee decided to meet according to Option B: Meet beginning January 3, 2012, every other month on the third Monday, immediately following the City Council Agenda Briefing. We hope to avoid conflicts with other committees if at all possible. Where Monday's are Holiday's, the Audit Committee will meet on the next business day.
- A motion to approve the 2012 Audit Committee meeting schedule was made by Charlie Rivenbark and seconded by Earl Sheridan. Approval of the motion was unanimous.

4. Other Business

- Laura Padgett asked Allison Collins about her current audit projects. Allison Collins reported that she is about to start the Police Department – Special Investigate Fund Audit, which is required according to Police Department Policy. She just finished the Medical Claims Audit and Fixed Asset Audit. An Audit of the Information Technology (IT) is scheduled for 2012.
- Allison Collins gave a description of what might be included in an IT Audit.

- Laura Padgett asked Allison Collins to create audit listing and brief outcome statement for her audits over the past 2 years.
- Laura Padgett also requested that Allison Collins share with the Audit Committee all future audits she will be conducting.

Adjournment:

The meeting was adjourned at 12:15 p.m.

Next Meeting Date:

Monday, March 19, 2012, in the City Manager's Conference Room, following the Agenda Briefing meeting.