



9.20.2010 Audit Committee Meeting Minutes

To: Kristi Tomey, Audit Committee Chairman

From: Chris Compton, Secretary

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

Date: September 20, 2010

Call to order:

Kristi Tomey, Audit Committee Chairman, brought the meeting to order at 9:15 am on September 20, 2010 in the City Manager's Conference Room.

Members Present:

Kristi Tomey
Earl Sheridan
Charlie Rivenbark

Staff Present:

Sterling Cheatham
Chris Compton
Allison Collins

Debra Mack

Summary of Action Items:

1. Review for Approval – The March 31, 2010 Quarterly Loan Confirmations – Released June 30, 2010.

- Allison Collins reported that only one item had an error, which was due to a communication error with the loan holder. Alice Johnson is working with the citizen to correct the situation.
- The citizen had a 15-year forgivable loan, which was due to expire on December 31, 2010. There was some discussion regarding the City's issuance of forgivable loans.
- Debra Mack gave background on how such loans may have been issued.
- Debra Mack will review the loan database and report on how many forgivable loans are still on the books. This will be an item on the October 19th Council Agenda.

- 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 Comments – The Internal Audit Division’s proposed Internal Audit Charter (DRAFT).

- Allison Collins reported that while other cities typically have such a charter, the City of Wilmington did not have one. This policy is an effort to show the direction of the Audit Division.
- The highest priority areas for conducting internal audits are areas of the highest risk and/or areas that have not previously been audited, i.e. the Golf Course and IT.
- Outside auditors will be used for audits where the Internal Auditor does not have the requisite expertise, i.e. the current Medical Claims Audit.
- Audits will also be conducted and added to the schedule in accordance with City Policy, i.e. Police Department Special Investigative Fund audits.

Charlie Rivenbark had some concerns as to the scope and depth of the audits conducted by the external auditors. Debra Mack reviewed the extent of the many layers and processes of the audit process. This process is much more detailed than what it may appear. Sterling Cheatham also noted that the City also undergoes audits by Federal agencies such as the audit of the ARRA Stimulus Grant, as well as HUD.

3. Review for Approval – The Police Department’s Special Investigative Fund Audit Report – Released June 21, 2010.

- This is a routine audit per City Policy. The maintenance of this fund has improved significantly over the past years.
- This fund is used for Narcotics-related investigations, drug buys and confidential informant payments.
- Due to the high turnover in the undercover division, perhaps some additional training would be helpful to get the Day Shift and Night Shift on the same page as far as processing the fund.
- A motion to approve the report was made by Charlie Rivenbark and seconded by Earl Sheridan. Approval of the motion was unanimous.

4. Review for Informational Purposes – The Internal Audit Division’s Proposed Annual Work Plan for 2010-2011 Fiscal Year.

- Allison Collins reviewed the plan and the process for conducting each area audit. The Department head is contacted and she moves down the chain of command to the actual person she works with regarding the audit details.
- Sterling Cheatham would like to see more operational audits to determine productivity. In the past, the Budget Department had more staff, who could conduct such analysis. The Internal Auditor also has used interns to assist with audits.

(Due to the inter-related nature of these items, Agenda Items 5 and 6 were discussed jointly.)

5. Review for Informational Purposes – City Council Travel Budget Summary for the Fiscal Year 2009-2010 (as required per City Council Travel Policy)

6. Review – Discussion of Annual City Council Travel Policy Individual Council Member Allocations for the 2010-2011 Fiscal Year (as required per City Council Travel Policy)

- The City Council Travel Budget was increased by \$3,000 over the last fiscal year from \$16,000 (FY 09-10) to \$19,000 (FY 10-11). This includes 2 special funds: \$3,000 for Special Committee Service and \$3,000 for a General Pooled Fund.
- There was discussion about the current travel policy and the process for requesting monies from the General Pooled Fund. Per policy, the travel request goes to Dawn Grants, who is tracking all travel expenditures. When the request exceeds a person's travel allotment, Dawn Grants informs Sterling Cheatham. Sterling Cheatham notifies Kristi Tomey, who then meets with the Mayor and City Manager to approve or decline the travel request allocation.
- There was discussion about, if at the certain point in time, a Councilmember still has monies allocated to them in their individual travel allotment, and that member knows that they will not be using those funds for travel in the current fiscal year; the Councilmember can share those funds with other Councilmembers who have need for additional travel resources.
- More discussion is needed to refine this process. A concern was expressed as to what happens when a Councilmember exceeds their travel allotment. It was suggested that if a Councilmember still wants to make the trip, the expense of the trip would come from their personal funds and not from the City.
- When a Councilmember makes a trip on behalf of the City, they are also required by the Travel Policy to give their fellow Councilmembers a recap of the trip. This will be helpful in keeping all Councilmembers informed.
- The current travel policy allocations were approved for the current fiscal year.
- Councilmembers still need to follow the standing Policy for requesting travel monies from the General Pool.

Adjournment:

The meeting was adjourned at 10:17 a.m.

Next Meeting Date:

Monday, November 15, 2010, in the City Manager's Conference Room, following the Agenda Briefing meeting.