



## 05.15.2017 Audit Committee Meeting Minutes

**To:** Earl Sheridan, Audit Committee Chairman 

**From:** Allison Collins, City Auditor

**CC:** Sterling Cheatham  
Chris Compton  
Jennifer Maready  
Bryon Dorey

**Date:** May 15, 2017

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### Call to order:

Earl Sheridan, Audit Committee Chairman, brought the meeting to order at 11:15 a.m. on May 15, 2017 in the City Manager's Conference Room.

### Members Present:

Earl Sheridan  
Paul Lawler

### Staff Present:

Sterling Cheatham  
Jennifer Maready  
Allison Collins

Al Ragland  
Tracy Corle

### Summary of Action Items:

- 1. Review for Approval – Approval of the February 20, 2017 Audit Committee Meeting Minutes**
  - A motion was made by Councilman Paul Lawler and seconded by Councilman Dr. Earl Sheridan to approve the February 20, 2017 Audit Committee Meeting Minutes. The motion was unanimously approved.
- 2. Provided for Reporting Purposes – City Council Quarter End Travel Update – for the quarter ended March 31, 2017 (3rd Quarter FY 16-17)**
  - Allison Collins gave background on this item and noted that this is compliance with reporting requirements in the City Council Travel Policy on a quarterly basis.
  - Mr. Lawler asked if personal funds line in the spreadsheet is required. Allison responded that Dawn includes to show if a council member has had to utilize any of their personal funds for travel on official City business.

**3. Provided for Approval – City of Wilmington 2016 Annual Loan Confirmations Internal Audit Memo – Released May 3, 2017**

- Allison gave a little background on this item for the calendar year. Routine loan account confirmations were implemented by the City in 2009.
- A sample of 35 loan accounts were pulled for the 2016 calendar year. A total of 14 of those accounts were confirmed for accurate and complete contact information, physical addresses and year end balances as of December 31, 2016.
- Several new columns were added to the loan confirmation sample worksheet for the 2016 calendar year. A request was made during last years (2015) review to include the status of the loan (current, past due, delinquent). This column, along with the physical address of the property issued the loan to ensure it was within the City limits.
- Mr. Lawler requested an up to date review of all of the City's loans that were past due. Jennifer Maready in Finance said that the Senior Loan Accountant within the Finance Department prepares a monthly review and she will send that to Audit Committee members for their review.
- Jennifer Maready also noted that the City has successfully sent several loans to debt setoff when they are past due and/or delinquent, where possible. She also noted that the City is moving forward with notifying credit agencies for loan account holders that have delinquent accounts.
- A motion was made by Councilman Dr. Earl Sheridan and seconded by Councilman Paul Lawler. The motion was unanimously approved.

**4. Provided for Approval – City of Wilmington Employee Verification Program Internal Audit Report for the Fiscal Year 2016-2017 – Released March 6, 2017**

- Allison Collins gave background on this report. Including analytical data on the City's workforce. This includes that as of February 2017, the City's workforce is made up of an estimated 1,063 total employees. Of these employees, 991 are full-time and 63 are part-time. The City's workforce, broken down by generations is as follows: 42% Generation Y/Millennials, 35% Generation X, 21% Baby Boomers, .57% Traditionalist, and .57% in the brand new Generation Z/Centennials.
- Risks identified in the audit of the employees verification program included: terminated, retired or deceased employees still receiving a paycheck, duplicate payments, internal control weaknesses surrounding employee sensitive information and the management of it or user access weaknesses for HR or payroll employees.
- Several user access weaknesses were noted, including physical access and system user access:
  - Physical Access Weaknesses:
    - HR's vault is readily available to all individuals who pass by it.

- IT's equipment closet in HR, located at 305 Chestnut on the bottom floor, is normally open and accessible by all who pass by it.
- System User Access Weaknesses.
- Separation of Duties Weaknesses were identified in both HR and Payroll and recommendation were made to mitigate these.
- It was recommended to both HR and Payroll to look at ways to be more efficient by utilizing less paper and identifying process improvements, where possible.
- Al Ragland noted that HR is looking at a new performance management system as well as ways to make the department more efficient in the future, including self-service portals.
- Each corresponding department identified in the audit had the opportunity to respond and provide comments for the audit report. They can be seen in the Areas for Improvements/Recommendations section of the audit report.
- A motion was made by Councilman Paul Lawler and seconded by Councilman Dr. Earl Sheridan. The motion was unanimously approved.

### **Adjournment**

- A motion was made by Councilman Paul Lawler and seconded by Councilman Dr. Earl Sheridan to adjourn the meeting.
- The meeting was adjourned at 11:45 am.
- Next Meeting currently scheduled for June 19, 2017