



12.03.2018 Audit Committee Meeting Minutes

To: Paul Lawler, Audit Committee Chairman 

From: Chris Compton, Secretary

CC: Sterling Cheatham
Allison Collins
Jennifer Maready
Bryon Dorey

Date: December 3, 2018

Call to order:

Paul Lawler, Audit Committee Chairman, brought the meeting to order at 10:20 a.m. on December 3, 2018, in the City Manager's Conference Room.

Members Present:

Paul Lawler
Charlie Rivenbark
Clifford Barnett

Staff Present:

Allison Collins
Jennifer Maready
Sterling Cheatham

Bryon Dorey
Tony Caudle
Chris Compton

Summary of Action Items:

- 1. Review for Approval – Approval of the August 20, 2018 Audit Committee Meeting Minutes**
 - A motion was made by Councilman Charlie Rivenbark and seconded by Councilman Clifford Barnett to approve the August 20, 2018 Audit Committee Meeting Minutes. The motion was unanimously approved.
- 2. Review for Approval – Internal Audit Charter Bi-Annual Review, Effective February 16, 2011, Reviewed and Amended January 3, 2013 (Last Reviewed & Approved 6/20/16)**
 - Allison Collins reviewed the Charter and answered questions from the Committee.
 - Paul Lawler asked about if internal controls are covered in this charter.
 - Allison Collins confirmed that the charter covers internal controls.

- Paul Lawler asked about Program reviews as they relate to Program management.
 - Allison Collins noted that the charter includes reviewing programs as compared with best practices.
 - A motion was made by Councilman Clifford Barnett and seconded by Councilman Charlie Rivenbark to approve the Internal Audit Charter Bi-Annual Review, Effective February 16, 2011, Reviewed and Amended January 3, 2013 (Last Reviewed & Approved 6/20/16).
- 3. Provided for Reporting Purposes – City Council 1st Quarter Travel Update – for the quarter ended September 30, 2018 (Fiscal Year 2018-2019)**
- Allison Collins reviewed the report for the current period.
- 4. Provided for Information and Approval – City of Wilmington June 30, 2018 Audit Finding Discussion**
- Allison Collins introduced Jennifer Maready, who gave the background on this item.
 - A HUD Rules Change, in November 2015, resulted in the City being issued a noncompliance finding, related to the Community Development Block Grant (CDBG) planning and administration cap for 2015 and 2016.
 - As a result of the change, the City overdrew the CDBG administration funds 20% cap in origin years 2015 and 2016, at 24.43% and 27.09% respectively.
 - The City has updated its policies to recognize this regulation change.
 - The City must use non-federal funds to return \$39,095 and \$61,800 for each year to HUD.
 - Once the funding is returned, the City may use program income to reimburse ourselves if there is sufficient funding available.
 - Jennifer Maready answered questions from the Committee.
 - Jennifer Maready also noted that the City is getting a clean audit report for the fiscal year ended June 30, 2018.
 - The Audit Report will be ready in January 2019.
 - Jennifer Maready also reported that the City's Community Development Block Grant Administrator, Alice Johnson, is retiring on January 2, 2019. A current city employee has expressed interest in taking on the tasks of this position. To ensure a seamless transition, Alice Johnson has been and will continue to train her replacement until her departure date.
 - Jennifer noted that a new management oversight control has been implemented by the Finance Department. Either the Finance Director and/or Assistant Finance Director will review the total CDBG planning and administration expenses each year to ensure that the 20% cap has not been exceeded.
- 5. New Item – January Meeting Date**
- Allison Collins noted that the Audit Committee will need to call a special meeting in January 2019 to review the Independent Audit Report from the external auditors.

- Allison Collins will confirm with Sterling Cheatham and send the meeting invitation to the Committee.

6. New Item for Future Meeting – Program Audits – Best Practices Similar-Sized Municipalities

- Paul Lawler asked Allison Collins to find out how similar-sized municipalities perform Program Audits for performance results as they relate program goals.
- Sterling Cheatham noted that the City's various departments review their standing programs every year as a part of the annual budget preparation review process.
- This item will be added to the Auditor's annual work plan for report out at a future meeting.

Adjournment

- A motion was made by Councilman Charlie Rivenbark and seconded by Councilman Clifford Barnett to adjourn the meeting. The motion was unanimously approved.
- The meeting was adjourned at 10:50 a.m.