



GARLAND

INTERNAL AUDIT

Audit Committee

Meeting Minutes

Monday, September 23, 2013, 3:00 p.m.

1. Opening Remarks/Roll Call

Chairman Cahill called the meeting to order at 3:00 p.m.

Present:

Jim Cahill, Audit Committee Chairman
Stephen Stanley, Councilman
Lori Barnett Dodson, Councilwoman
Bill Dollar
Bryan Bradford

Absent:

David Schuler

Staff:

Jeff Janke	Robby Neill
Darrell Cline	Terry Anglin
Steve Niekamp	Craig Hametner
Gary Holcomb	Jed Johnson
Jim Stone	Pamela Asbell
Keith Reagan	Melinda Milner
Patty Granville	Marla Hamilton
Debbie McAnally	

Deloitte:

Reem Samra
Nick Scott

2. Approval of the minutes from the meeting of April 15, 2013

Upon motion by Councilwoman Lori Barnett Dodson and seconded by Chairman Cahill, the minutes of April 15, 2013 were approved.

3. Deloitte Presentation

Craig introduced Reem Samra with Deloitte to discuss the FY13 external audit. Ms. Samra provided a summary presentation of their audit objectives and discussed the engagement team, internal control assessments, specific reporting on weaknesses and deficiencies, Internal Audit's assistance, materiality, significant audit risk areas and additional specialists utilized during the audit.

Nick Scott conducted the fraud inquiries typically asked of the Audit Committee annually. The Audit Committee responded with no known knowledge of fraud or areas susceptible to fraud at this time. Regarding fraud, Craig discussed fraud training and the process utilized by the Internal Audit department for risk assessment.

Nick Scott discussed the items that the External Audits are required to report to the Audit Committee during the audit and the timeline for the audit.

4. Financial Management Interface Audit Follow-up

Craig discussed the background of the audit and the general follow-up procedures. Craig then discussed the original audit findings, the recommendations and follow-up results. All recommendations were fully implemented.

5. Sale Tax Compliance Audit

Craig opened discussions of this audit stating that this was a management requested audit and a follow-up to the State audit from 2011. He discussed the background, objectives of the audit as well as the recommendations and the additional considerations noted during the audit. Management concurred with all findings and recommendations.

Councilman Stanley asked a question regarding the other sales tax sources and Craig reiterated management concerns were in the areas reviewed.

6. Single Source/Sole Source/Emergency Procurement Audit

Craig discussed the background of the audit and its objectives. He then performed a detail review of the findings. Management concurred with all findings and recommendations.

A discussion was held between Chairman Cahill, Councilman Stanley, Bryan, Jed, and Craig regarding the \$3,000 threshold, mechanisms in place to account for expenditures. However, not all SSEPs are processed through the Purchasing Department for independent review.

7. Warehouse Electric Inventory and Ray Olinger Power Plant Inventory Audit

Craig discussed the background of the audit and clarified the specific structure of the Electric Inventory reviewed. He then discussed the objectives and the findings. Management concurred with all findings.

Councilwoman Dodson, Darrell, Jed and Craig discussed first-in, first-out strategies and that the materials were needed regardless of age.

A discussion was held between Councilman Stanley and Craig regarding the follow-up procedures and timeline.

Chairman Cahill and Bryan discussed the secured access system to be managed by HR. Chairman Cahill, Marla and Jed discussed storage space regarding the older items and the process of identifying obsolete items. Chairman Cahill, Craig, Darrell and Jeff discussed the Spencer Plant items and the time needed to identify and determine a value in the system.

8. Fleet Services Follow-up Audit

Craig provided a background of the original audit and the recommendations. He notated the specific recommendations implemented, partially implemented and not implemented. He also indicated that we did not review one of the recommendations because management did not concur with the original recommendation.

Clarification was requested by Councilman Stanley regarding acronyms (NAPA & TAMS).

A detailed discussion was held between Councilwoman Dodson, Craig, Jed and Terry Anglin regarding the partial implementation of the contract itself and Councilwoman Dodson requested an audit review of the contract in 2 years. There were additional detailed discussions regarding the structure of the contract regarding personnel overtime and headquarter fees between Craig, Jed, Terry and the Audit Committee. In addition, a discussion was held between Councilwoman Dodson, Bryan and Craig regarding contract monitoring.

A discussion was also held between Chairman Cahill, Craig, and Jed regarding management's responsibility for implementing Internal Audit's recommendations to which further discussion was deferred for a later time.

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9. FY14 Annual Audit Plan

Craig discussed the FY14 Audit Plan. The Audit Committee had no additions, changes or deletions.

There being no further business to discuss, the meeting was adjourned at 4:27 p.m.