

Meeting Minutes

Audit Committee

Monday, March 23, 2009

3:00 p.m.

1. Opening Remarks/Roll Call

Chairman Williams called the meeting to order at 3:04 p.m.

Present:

Rick Williams, Chairman
Barbara Chick

Preston Edwards
John Willis

Staff:

Bill Dollar
George Kauffman
Jed Johnson
Melissa Ewing
Mark Dempsey
Jim Stone

Bryan Bradford
Craig Hametner
Liz Romero
Michelle Taylor
Patty Granville

GHFC Staff

Ed Jackson

Delores Elder-Jones

2. Consider approval of the minutes from the meetings of December 15, 2008 and February 16, 2009

Motion was made to approve the December 15, 2008 minutes by Preston Edwards

Motion seconded by Barbara Chick

Motion was approved

Motion was made to approve the February 16, 2009 minutes by Barbara Chick

Motion seconded by Preston Edwards

Motion was approved

3. GCACI Audit

Craig and Liz presented the GCACI Audit to the Audit Committee.

Chairman Williams had a question about the 1% in the Management Accomplishments and why it was 15% in the audit report. Patty stated it was a typo. Audit will make the change.

The Audit Committee did not have any other questions in regards to the GCACI Audit.

4. GHFC Audit

Craig presented the GHFC Audit to the Audit Committee.

This audit was previously discussed in length at the February 16, 2009 meeting.

The Audit Committee did not have any additional questions in regards to the GCACI Audit.

Ed Jackson stated they are progressing towards the improvements and devising procedures that were recommended.

5. Future of GHFC Audits – Independent Auditor vs. Internal Auditor

Discussion was made in regards to whether future audits of GHFC should continue to be done by Internal Audit or if an Independent Auditor should be hired. Mark Dempsey was present from the Attorney's office to give the Audit Committee his input in regards to this issue.

Mark stated that there should be separation between the two entities so there is never a dispute about a connection that the City may not want. The City Attorney's office is in favor for GHFC to hire an external auditor to do the audit.

Chairman Williams asked Craig if an external auditor would be able to do the type of internal look for internal weaknesses, management controls, and documentation type audit that is done by Internal Audit. Craig stated they could, it would have to be part of the agreement that the parties enter into but the format of the report would be different because they would issue an opinion and the end result would not be a report like Internal Audit issues.

George stated an external auditor would do more of a financial audit instead of an operational audit.

Councilmember Chick stated that she would prefer for Craig to do the audit and Councilmember Edwards agreed with her and Chairman Williams leans that way too.

Chairman Williams asked Mark if there had been any situations where someone had sued the City because of a GHFC connection. Mr. Dempsey stated that he could not answer the question because he has never looked into the issue but stated that they should be mindful about the closer you get in trying to manage the operation the closer you get to being responsible for the acts of GHFC. This is the word of caution that their office would give to them.

Mark gave an example about a fire at the Villages of Eastgate where the plaintiffs attempted to reach the City through GHFC. The City's argument at that time, which was successful, was the City was a separate legal entity and did not control the day to day operations of GHFC.

Chairman Williams stated that they need to get full Council's opinion on this.

6. Firewheel Audit

Craig & Jed presented the Firewheel Audit to the Audit Committee.

A professional golf package software that is well known in the industry has been selected to be used and should solve 90% of the recommendations made on the audit report.

Councilmember Chick's only concern about the software is whether it will be able to do what they say it will. Her concern is that they get the right software to do the job since this is not an area of expertise of the contractor. Bryan stated that he has assigned a Budget Analyst to help get the system implemented and tested.

The Audit Committee suggested that this audit be a recurring audit and be done by Internal Audit.

7. Fuel and Energy Price Risk Management Policy – Reporting Requirements

Discussion was made as to who is responsible for producing the reports, how often the reports should be given and to whom the reports should be given to.

Craig explained the separation of duties. You have a front office which handles the transactions, who is Tom Hancock, the middle office which is George's area which handles the analysis, technical aspects and checks credit and risk exposures, and then the back office which handles the settlements and other duties. Those offices are created to provide for the separation of duties.

Bill stated George's area is not staffed to do this and they don't have the expertise. Bill asked George to look into how much time it would take his staff to look at this.

Agreement was made to present this issue to the full Council.

8. Future Agenda Items

Customer Service Billings and Collections Audit
P-card and Expense Reports Audit.

9. Next Audit Committee Meeting

To be determined

10. Adjournment

The meeting was adjourned at 4:27 p.m.