

The Minutes of the City Audit Advisory Board held Wednesday, April 23, 2008 at 2pm

Call to Order

The first meeting of the Audit Advisory Board was called to order by Don Herz, City Finance Director, at 2pm. This meeting was held in Conference Room 106 located in the City County Building.

Don announced that this meeting is subject to the Open Meetings Act, which the laws of the City Charter and statutes of the State of Nebraska are posted on the conference room wall.

Attendance

Present: Don Herz, Finance Director; Peggy Tharnish, City Controller; Denise Pearce, Mayor's Aide; Connor Reuter, Assistant City Attorney; Jamie Phillips, Don Herz Assistant; Board Members: Barbara Arendt, Todd Blome, Steve Bowen, Michael Justus, Jim Mastera, Chuck Pallesen; and Deena Winters, Lincoln Journal Star.

I. Introductions

Don introduced himself and welcomed the group to the first scheduled Audit Advisory Board Meeting. Don suggested going around the room and having each person introduce themselves, which took place. Don stated that he and Peggy will be staffing this meeting and providing assistance to this group as needed.

Don and Peggy passed out a packet of information which included the following: the meetings agenda, the contact list of the Audit Advisory Board Members, Ordinance #19007, the flowchart of the Audit Advisory Board Process, and a copy of Article IV of the City Charter.

Don stated that Jamie will be taking minutes of the meetings and we plan to post them electronically online on our City Website for them to access.

II. Review Municipal Code 4.66

Don suggested that the group take a few minutes to review Ordinance #19007 which created the Audit Advisory Board. He said the Ordinance was actually originally adopted on October 8, 2007.

Don explained to the group that at one point, the City had budgeted for a City Internal Auditor position; however, we had a difficult time finding a candidate, which was advertised for twice. Denise stated that Mayor Beutler was the Chair of the Performance and Auditing Section over at the State Legislature for a couple of years, so he is very familiar with this subject. Don said the Mayor then suggested expanding the scope of the position from Internal Auditing to Performance Auditing. He said now they have the authority to do a broad range of things such as financial audits, performance audits, internal audits, or management types of studies.

Peggy told the group that several years ago the City did have an Internal Audit function for about a period of ten years. She said they mostly did departmental audits and wrote up recommendations to take up with the board to make sure those issues were followed up with. She said the function went away around 1999, due to a budget cut.

As for Ordinance #19007, Don went over some definitions and just referenced a few things. On Page 3, he pointed out the Contract Administrator and Contract Audit definitions. He stated that the Contract Audit says that any one or any combination of financial audit, a performance audit, an internal audit, or an operational review may be used. Don then stated that under Financial Audit on Page 4, located on lines 4 and 5, it states “for purposes of this chapter, financial audit, does not include the external independent audit required in Article IV, Section 8 of the City Charter”. Don said that he attached the City Charter of Section 8 on the very last page of this packet of information, which is page 20, under Council Powers and Duties, which further explains this.

Don then referred to Page 16 thru Page 19, which was a flow chart that Attorney Connor Reuter put together for the group. Connor stated that she put it together as an outline to help them understand the process of the board more clearly. Don then went thru the steps of the process in which they will take.

III. Update on City Financial Activity

Peggy told the group that they have been receiving the Government Finance Officers Association (GFOA) award for 24 consecutive years for their Comprehensive Financial Audit Report (CAFR) audit. Don stated that Lincoln has been receiving this award longer than any other government in the State of Nebraska.

Peggy then handed out a copy of the CAFR to the group members and went over some key point. She told the group this would be a good reference to refer to when looking for key information about the City of Lincoln, finding financial information, or just wanting to learn back ground information of the City. She suggested looking over the following: the organization flow chart on page i, the transmittal letter from Don Herz on page vii, the financial section starting on page 1, and the management’s discussion and analysis on page 5. Peggy stated that the CAFR is also located online on the city website. She also said she has other individual audit reports available for them upon their requests, which aren’t available online.

IV. General Discussion

Don stated that it might take a little while to get the first audit going. Don suggested that the group select a Chair and a Vice Chair for the group. Don said that he could work with the elected Chair on a letter to send to the City Council asking them to send their suggestions to the group. Don stated that the City Council hasn’t made any requests so far on this matter. Don said, in the mean time, if anyone in the group has any questions or would like any additional information, to please feel free to contact us, or any department head. Don told the group that Jamie would make another contact information sheet of our information of the City staff members that attend the meetings, and also one of the Department Directors for them.

Connor spoke more on the Open Meetings Act and stated to the group that they are a public group, which means they can not discuss any of these matters via email or conference call. She said that since they are a public group, they have to have an agenda and post a public notice announcing the time and location of their next meeting.

Connor said this is usually posted 24 hours in advance before the meeting, and the Agenda should not be changed or revised during that time. She also stated that a quorum of the board will be of four members. Connor told the group that she would give a more detailed discussion on the Open Meetings Act at the next scheduled meeting.

V. Election of Chair and Vice Chair

Don asked the group for nominations for the position of Chair. Todd nominated Mike Justus as Chair, and Steve Bowen seconded the nomination. Don asked for any other nominations, and with their being none, he called for a vote. AYES: Barbara, Todd, Steve, Michael, Jim, Chuck; NAYS: None. Motion carried, 6-0.

Don asked the group for nominations for the position of Vice Chair. Todd nominated Steve Bowen as Vice Chair, and Jim Mastera seconded the nomination. Don asked or any other nominations, and with their being none, he called for a vote. AYES: Barbara, Todd, Steve, Michael, Jim, Chuck; NAYS: None. Motion carried, 6-0.

Chuck stated he would like to make a motion to request Jamie Phillips as the official note taker of the group, which was seconded by Todd. AYES: Barbara, Todd, Michael, Jim, Chuck; NAYS: Steve. Motion carried, 5-1.

VI. Discuss Future meeting schedules

Don asked the group what day would work best for them to continue to meet. Barbara suggested the 1st or 2nd week of the month. Michael stated that Wednesday would be good. It was then decided that the 2nd Wednesday of each month from 2pm to 4pm would be a good time to meet. Don suggested meeting each month from now until the end of the year, which the group agreed.

Don stated to Michael that they can work together on a letter to put together for the City Council to make them aware that the group is meeting and ready for any suggestions, in which Michael agreed.

VII. Adjournment

Board Chair, Michael Justus, called for adjournment, which was seconded by Jim Mastera. The meeting was adjourned at 3:45pm.

Minutes submitted by: Jamie Phillips