

MINUTES
REGULAR MEETING
MINNEAPOLIS AUDIT COMMITTEE
January 23, 2013

Committee Members Present: Council Members Diane Hofstede, Barbara Johnson, and Betsy Hodges; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Members Darrell Ellsworth and Stephanie Woodruff

Chair Hofstede called the meeting to order at 9:37 a.m. in Room 317, City Hall, a quorum being present.

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Hofstede introduced the Committee Members and staff.

1. Adopt Agenda.

Hofstede moved to adopt the agenda.

Adopted upon a voice vote. Absent – Johnson.

2. Minutes of the Regular Meeting of December 17, 2012.

Hofstede moved approval.

Johnson requested a clarification with regard to the two-year audit plan as it relates to the “Storm Water Revenue Review” (renamed “Water Billing Revenue Review”) by eliminating the entire first sentence which reads as follows: “Verify storm water charges are adequately captured to ensure timely and accurate billing to customers.” Her interest was in understanding what percentage of the billings the City receives revenue for and the process followed for non-payment of bills sent to collections. It was not her intent to focus on the storm water calculation.

Hofstede renewed her motion to approve the minutes, including the correction as noted by Council Member Johnson. Adopted upon a voice vote.

Unfinished Business:

3. Update on the City Council Study Session.

Internal Auditor Magdy Mossaad reported that he is in the process of developing the contract with KPMG.

It was the Chair’s goal to schedule a study session by the end of February.

New Business:

4. Accounts Payable Review.

Mr. Mossaad introduced Steve Zawoyski and Sean Lindstrom from PricewaterhouseCoopers who conducted the Accounts Payable Review for the Internal Audit Department. The printed report was provided to the Committee and reviewed through the use of PowerPoint slides that provided information related to Background; Objective; Scope; Recommendations; and Conclusions from the audit.

The Committee discussed the following topics:

- a) Potential changes to the Vendor Master File.
- b) Actions that have been implemented to eliminate duplicate payments to vendors.

The Chair thanked the gentlemen from PricewaterhouseCoopers for their good work with City staff, as well as the Finance Department staff for their participation in the audit.

Mr. Mossaad joined in thanking PricewaterhouseCoopers and further noted that they would be changing their process in 2013 to identify new controls to take advantage of the opportunity to improve.

Discussed with the Audit staff was whether or not a review could be performed of the payment system from the past few years using the audit command language (ACL) process, the details of what types of reports could be generated, along with what the cost would be in order for staff to report back to Committee.

Hofstede moved that the Audit Staff be directed to:

- a) review the audit command language (ACL) software and run reports for the years 2011 and 2012.
- b) present the report during the second quarter of 2013 for review by the Audit Committee.
- c) that any cost implications to the Audit Department's budget be brought forward at that time.

Adopted upon a voice vote.

5. Fourth Quarter 2012 Update on Management Action Plans.

Mr. Mossaad presented a printed status report on the Management Action Plans which contained 63 items with 44 of those items being complete. If the Committee wished to discuss the non-public data related to security issues, it was recommended that the Audit Committee proceed to a closed session.

It was the consensus of the Committee that the meeting be closed to discuss confidential information pertaining to the management action plan related to the external penetration assessment management plan.

At 10:09 a.m., the meeting was adjourned to Room 315.

Room 315, City Hall.
Minneapolis, Minnesota
January 23, 2013 – 10:15 a.m.

The Committee met pursuant to adjournment.

Council Member Hofstede in the Chair.

Present – Committee Members Johnson, Oyaas, Ellsworth, Woodruff,
Chair Hofstede.

Absent – Committee Member Hodges.

At 10:17 a.m. Hofstede moved that the meeting be closed for the purpose of discussing security issues related to the external penetration assessment management plan.

Adopted upon a voice vote. Absent – Hodges.

Present – Committee Members Johnson, Oyaas, Ellsworth, Woodruff,
Chair Hofstede.

Absent – Committee Member Hodges.

Also Present – Paul Aasen, City Coordinator; Otto Doll; Chief Information Officer;
Peter Ginder, Deputy City Attorney; Magdy Mossaad, Internal Auditor; and
Jackie Hanson, City Clerk's Office.

Mossaad and Doll summarized the management plan from 10:17 a.m. to
11:26 a.m.

At 11:26 a.m., Johnson moved that the meeting be opened. Seconded.

Adopted upon a voice vote. Absent – Hodges.

Johnson moved to accept the modifications to the External Penetration Assessment management plan as proposed by the Information Technology (IT) Department and to refer the matter to the City Council.

Adopted upon a voice vote. Absent – Hodges.

The meeting was adjourned at 11:27 a.m.

Submitted by:

Jackie Hanson, Council Committee Coordinator/City Clerk's Office