Request for City Council Committee Action
From the Finance Department

Date: February 17, 2009
To: Ways and Means Committee
Referral to: None

Subject: 2008 Financial Statement Audit

Recommendation: Establish Communication with the Office of the State Auditor in regards to the audit of the City's 2008 Financial Statements

Previous Directives: None

Prepared or Submitted by: Stephanie Erickson, State Auditor 673-3712

Approved by: Patrick Born, City Finance Officer _____

Steven Bosacker, City Coordinator _____

Presenters in Committee: Charles Elliott, Controller and Rick Pietrick, Audit Director

Financial Impact (Check those that apply)

__X_ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

___ Action requires an appropriation increase to the Capital Budget
___ Action requires an appropriation increase to the Operating Budget
___ Action provides increased revenue for appropriation increase
___ Action requires use of contingency or reserves
___ Other financial impact (Explain):

___Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

__Neighborhood Notification
__City Goals
__Comprehensive Plan
__Zoning Code
__Other

_X_Not applicable

Background/Supporting Information Attached
Recent changes in Auditing Standards compel auditors to establish direct, two-way communications with the entities' governing board while conducting their financial statement audit. Meeting with the Ways and Means Committee accomplishes that objective. The agenda is attached:

City of Minneapolis
Planning/Entrance Meeting with Those Charged with Governance
YE December 31, 2008

Purpose: To provide a two-way means of communication with those charged with governance for matters related to the financial statement audit.

1. **Staffing/Administration**

   Audit staff

   Audit staff timing

   Contact with audit staff and City of Minneapolis staff

2. **SAS No. 114 - *The Auditor's Communication With Those Charged With Governance***

   SAS No. 114 establishes communication requirements between auditors and those charged with governance. Those charged with governance is defined as persons "…with responsibility for overseeing the strategic direction of the entity and its obligations related to the accountability of the entity. This includes overseeing the financial reporting process."

   A. The auditor's responsibilities under generally accepted auditing standards

   B. Client's Responsibilities

   C. Overview of the planned scope and timing of the audit

   D. Communication during and at the conclusion of the audit

   E. Items to be communicated with those charged with governance in a separate letter at the conclusion of the audit

3. **Minneapolis' Tentative Schedule - 2008**

4. **Audit Progress to Date**

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5. Other Items

A. Engagement letter

B. Update on prior year management letter comments

C. New Accounting and Auditing Pronouncements

D. Any other questions, comments, concerns

E. Direction from Chair Paul Ostrow in regards to communications with the full City Council.