

**MINUTES
REGULAR MEETING
AUDIT COMMITTEE**

SEPTEMBER 21, 2011

Committee Members Present: Council Members Diane Hofstede, Betsy Hodges, Sandy Colvin Roy; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Members Darrell Ellsworth and Stephanie Woodruff (Quorum 4)

Chair Hofstede called the meeting to order at 9:38 a.m. in Room 317, City Hall, a quorum being present.

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1. Adopt Agenda.

Hodges moved adoption of the agenda.
Adopted upon a voice vote.

2. Accept Minutes of the Regular Meeting of June 29, 2011 and the Special Meeting of August 31, 2011.

Hodges moved acceptance.
Adopted upon a voice vote.

3. State Auditor's Management and Compliance Report for the City of Minneapolis: Update on internal controls monitoring system implementation (Audit Cmte Action 6/29/2011: Received & filed; referred to the City Council. Regarding the Management and Compliance report for the City of Minneapolis, Finance Department directed to report back to the next regularly-scheduled Audit Committee on internal controls monitoring system implementation).

LeAnn Stagg, Interim Controller for the City, and Kevin Carpenter, CFO for the City, were present. Ms. Stagg reviewed the PowerPoint presentation as a follow up action to the June 2 meeting to update on the testing and documentation of the internal controls that Finance had performed for the first and second quarter of 2011. This is the City's first documented internal controls program. The plan had been reviewed and approved by the state auditors. Staff had also discussed with the external auditors the idea of receiving a mid-year review instead of waiting to the end year because if staff was missing something, they want to be able to attack it in the third and fourth quarters. The City's internal audit team had also been involved in developing a methodology.

Hodges moved to receive and file.
Adopted upon a voice vote.

4. Update on Audit Activities: a) Department of Internal Audit Budget for 2012 and Business Plan; b) Third Quarter 2011 Report.

Magdy Mossaad, Internal Auditor for the City, distributed the Third Quarter Report and reviewed the same.

Committee discussed: The matter of the IA budget being discussed in the home committee outside of the budget process of the Ways & Means/Budget Committee; comparison cities that may or may not have an IA department and the effect of some of the averages in terms of personnel associated; the proposed reduction in the budget, i.e. FTEs; quantifying the value/dollar impact that the overall function/insurance function of IA (and Audit Committee) has been providing to the City and what the IA function has been able to accomplish thus far; conversations to be had with other cities in comparing audit functions and the relationship between the total number of employees and the size of their audit departments; how to convey the dollar value and/or demonstrate the overall value of the IA function to city council members who are not Audit Committee members; what is left to meet on the 2011 audit plan; whether the Minneapolis Park & Recreation Board budget and staff was included in the comparison chart and the conversation to take place on how to work collaboratively with that organization.

Hofstede moved to receive and file the reports.
Adopted upon a voice vote.

Chair Hofstede reminded the members of the Audit Committee about the workshop scheduled for Thursday, September 29, 2011.

The meeting adjourned at 10:40 a.m.

Submitted by: Irene M. Kasper, Council Committee Coordinator/City Clerk's Office