

NOTE: Minutes are considered 'draft' minutes until approved or amended at the next scheduled meeting

MINUTES Tuesday, September 27, 2011

4:00 PM

Audit Committee Meeting

Carnegie Town Hall

Sioux Falls City Council

235 West 10th Street

Members Present: Sue Aguilar, Jason Forbes, Greg Jamision, Anne Oppegard, and Rex Rolwing

Members Absent: Jim Entenman and Joe Marsh

Staff Present: Rich Oksol, Lead Internal Auditor; Jeff Weber, Internal Auditor; and Tamara Jorgensen, CMC, Assistant City Clerk

Guests: Kevin Smith, Randy Hartman, Dave Bixler, Michelle Erpenbach, Sue Roust, and Tracy Turbak

1. Call To Order

Committee Chair Jamison called the meeting to order at 4:00 p.m.

2. Review and approve minutes from last committee meeting dated July 26, 2011

A motion was made by Rex Rolwing and seconded by Sue Aguilar to approve the minutes dated Tuesday, July 26, 2011. Jamison called for a voice vote and all members present voted yes. Motion Passed.

3. Review Audit Report: 11-08 First Transit Contract Compliance Report

Weber reviewed the report, detailed responses, recommendations and management responses. Discussion followed.

A motion was made by Rex Rolwing and seconded by Sue Aguilar to accept this audit report and recommend it for presentation to the City Council. Jamison called for a voice vote and all members present voted yes. Motion Passed.

4. Review Audit Report: 11-10 Contract/Agreement Monitoring Report

Oksol reviewed the report, detailed responses, recommendations and management responses.

A motion was made by Oppegard and seconded by Aguilar to accept this audit report and recommend it for presentation to the City Council. Jamison called for a voice vote and all members present voted yes. Motion Passed.

5. Update on Fraud Policy

Oksol gave an update on the Fraud Policy. He has finished a first draft of the policy and has sent copies to the City Attorney and to Human Resources for their review. The Fiscal Committee will be reviewing the policy at their meeting in November, 2011. Discussion followed.

6. Discussion of Input for 2012 Annual Audit Plan

Oksol requested authorization to request input from the City Council and the Directors regarding subjects for the 2012 Annual Audit Plan. The formal request will be presented to the Audit Committee in November for review. The Audit Committee granted permission for Oksol to proceed.

7. Update on selection of Eide Bailly as External Auditor for Fiscal Years 2011-2013

Oksol stated it has been 20 years since an RFP was submitted for the selection of an External Auditor. After working with the Purchasing Department and a committee, two RFP's were received, presented, reviewed and scored. Eide Bailly was selected as the External Auditor for the next three years. The fee for the next audit is \$54,000 - a slight savings over last year.

8. Approval of Travel For Purposes of continuing education for Lead Internal Auditor: October 31, 2011, to Sioux City and December 1 and 2, 2011, to Kansas City.

Oksol requested authorization to participate in continuing education.

A motion was made by Oppedgaard and seconded by Aguilarto approve this travel request. Jamison called for a voice vote and all members present voted yes. Motion Passed.

9. Open Discussion

Oksol stated the next Audit Committee Meeting is scheduled for Tuesday, November 22, 2011. The following topics will be reviewed: The 2012 Audit Plan; an audit on fuel internal controls; a neighborhood redevelopment audit; and a school based health audit.

Oksol stated he has been contacted by the Council Members for the City of Rapid City, for assistance in setting up an Internal Audit Team and a Lead Internal Auditor. The Rapid City Council Members are considering legislation to set up their own departments. Oksol has been assisting them with this process.

Jeff Weber, Internal Auditor, will be retiring on October 21, 2011. Weber thanked the committee for the opportunity to serve. Several members of the Audit Committee thanked Weber for his hard work and dedication to the City of Sioux Falls. Weber stated that he has been approached by Council leadership to assist with the election process after his retirement.

Oksol stated he is working with Human Resources to start the replacement process. Oppedgaard asked if the Audit Committee members would have input into the decision making process for the next Internal Auditor. Jamison stated that he would like Jeff Weber involved in the selection process for choosing his replacement.

10. Adjournment

A motion was made by Forbes and seconded by Rolwing to adjourn at 4:48 p.m. Jamison called for a voice vote and all members present voted yes. Motion Passed.

Tamara Jorgensen, CMC

Assistant City Clerk