

MINUTES

Thursday, June 7, 2012

4:00 PM

Audit Committee Meeting

Carnegie Town Hall

Sioux Falls City Council

235 West 10th Street

Members Present: Council Member Sue Aguilar, Council Member James Entenman, Council Member Greg Jamison, Council Member Rex Rolwing, Audit Committee Member Jason Forbes, Lead Internal Auditor Rich Oksol, Internal Auditor Tim Buseman

Members Absent: Audit Committee Member Anne Oppegard

Staff Present: Lorie Hogstad, City Clerk; Jim David, Legislative/Operations Manager; David Bixler, Budget Analyst

Guests: A.J. Swanson, Attorney for Wayne Township; Pat Doyle, Wayne Township Supervisor

1. Call To Order

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

2. Review and approve minutes from last meeting dated April 5, 2012

A motion was made by Council Member Sue Aguilar and seconded by Council Member Rex Rolwing to approve the minutes dated April 5, 2012.

Jamison called for a voice vote on that motion and all members voted yes.

Motion Passed.

3. Review Audit Report: 12-05 Overtime

Buseman reviewed the report, detailed responses, recommendations, and management responses. He clarified that the audit covered the overtime for Sioux Falls Fire Rescue only which reflected SFFR assisting with the flooding issues at Dakota Dunes in 2011. Some of the overtime was reimbursed to the City by FEMA.

Entenman asked if any reference was made to flex time or the accumulation of time off benefits. Buseman stated that the overtime procedures were specifically reviewed. Oksol stated that Fire Chief Jim Sideras requested the audit. Discussion followed.

Entenman stated he will talk to Bill O'Toole, Human Resources Director, at the Director's Meeting on Friday whether paying the \$2 million in overtime or making new hires would be more cost effective to the City.

A motion was made by Council Member Sue Aguilar and seconded by Council Member James Entenman to accept the Audit Report: 12-05 Overtime.

Jamison called for a voice vote on that motion and all members voted yes.

Motion Passed.

4. Review Audit Report: 12-07 Wayne Township Agreement for Fire/Rescue Services

Oksol stated this audit was a special request that came from Council Member Dean Karsky. In 2005 the City entered into an agreement with Wayne Township to provide fire services. A formula was worked out for the annual charge, particularly the property tax portion of the Fire Department budget. Various complications arose from this which Oksol identified during his presentation. Credit was given for the fire tax levy, but not for the fire insurance premium tax.

A.J. Swanson, attorney representing the Wayne Township Board, stated that by law every township has to contract with a certified fire department. Wayne Township is the only township that contracts with Sioux Falls Fire Rescue. Wayne Township representatives will be meeting with the City Attorney's Office to develop a new formula for determining the rate.

Entenman asked if the suggested compromise came from the Internal Audit Department. Oksol stated that was the case and going forward a clearly defined agreement should be in place.

A motion was made by Council Member James Entenman and seconded by Council Member Sue Aguilar to accept Audit Report: 12-07 Wayne Township Agreement for Fire/Rescue Services.

Jamison called for a voice vote on that motion and all members voted yes.

Motion Passed.

5. Update on Filling Internal Auditor Vacancy

Oksol stated that Danette Schumacher has been hired. She will begin on June 18, 2012. He stated that Schumacher is a Certified Internal Auditor. The committee members welcomed Danette.

6. Open Position on Audit Committee

Joe Marsh stepped down from the Audit Committee in February which has created a vacancy on this committee.

7. Cost Estimates on Making Fraud, Waste and Abuse Hotline Available to the Public

Oksol stated the Fraud Hotline costs are \$1,750.00 per year and is currently only available to City employees which was the original decision made in 2007. Oksol stated if the line were to be opened up to citizens, the cost would be \$10,000.00 a year. This would include 300 telephone reports with an overage of \$32.00 per report and would include 250 web reports with an overage of \$5.00 per web report. Currently, there is an average of two to three calls per year from employees. Cost recovery versus the cost of the additional service was discussed.

Entenman did not see the necessity to spend the \$10,000.00 at this time. The consensus of the committee was to leave the Fraud Hotline as is.

8. Open Discussion

Oksol stated that the next committee meeting is scheduled for Thursday, August 2, 2012, at 4:00 p.m.

Oksol has been assisting the new Auditor for the City of Rapid City. Oksol plans to be meeting with the City Directors as a group and individually regarding the fraud risk assessment and also in preparation of the 2013 audit plan. Oksol stated he appreciated the permission to attend the National Audit Conference in Arizona. Oksol stated there is one resolution and one ordinance that establish this committee and office which needs to be updated and he will work with Jim David, Legislative/ Operations Manager, on these amendments to be brought to the committee at the next meeting.

9. Adjournment

A motion was made by Council Member Sue Aguilar and seconded by Council Member James Entenman to adjourn at 4:43 p.m.

Jamison called for a voice vote on that motion and all members voted yes.

Motion Passed.

Lorie Hogstad, CMC

City Clerk