

MINUTES

Thursday, July 24, 2014

4:00 PM

Audit Committee Meeting

Carnegie Town Hall

Sioux Falls City Council

235 West 10th Street

Members Present: Council Members Christine M. Erickson, Rick Kiley, Dean Karsky, and Rex Rolwing. Committee Members Jason Forbes and Arnold Martens.

Staff Present: Internal Audit Manager Rich Oksol; Internal Auditor Kim Schroeder; Internal Auditor Jess Bickett; Tamara Jorgensen, CMC, Assistant City Clerk; David Bixler, Budget Analyst; and Jim David, Legislative/Operations Manager.

1. Call To Order

A. Welcome New Committee Members

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

Rolwing provided opening remarks and introduced new City Council Committee Members Rick Kiley and Christine M. Erickson.

2. Approval of Minutes

A. Meeting held on Wednesday, April 16, 2014

A motion was made by Council Member Christine M. Erickson and seconded by Council Member Dean Karsky to approve the minutes.

Rolwing called for a voice vote and all members voted yes. Motion Passed.

3. Reports and Updates

A. Review Audit Report: 14-08 Rental Rehabilitation Program

Jess Bickett, Internal Auditor, reviewed the report, detailed responses, recommendations, and management responses. Discussion followed.

A motion was made by Council Member Rick Kiley and seconded by Committee Member Jason Forbesto accept this audit report.

Rolwing called for a voice vote and all members voted yes. Motion Passed.

B. City Ordinance Re: Appointment of Chair of Audit Committee

Rich Oksol, Internal Audit Manager, distributed, reviewed and explained the following two conflicting ordinances:

Conflicting Ordinances

Section/Chapter 32.019 OPERATION.

The committee shall elect a chair from the committee members. The committee

chair shall serve one year with no limit of reappointment.

(1992 Code, Section/Chapter 2-137) (Ord. 120-05, passed 11-14-2005; Ord. 74-10, passed 10-12-2010)

Section/Chapter 30.004 STANDING COMMITTEES OF THE CITY COUNCIL.

The city council shall establish an audit committee, a fiscal committee, a land use committee, an operations committee and a public services committee as standing committees of the city council. The city council chair and vice chair shall appoint the members of each committee and shall designate the committee chair for each committee who shall serve as the presiding officer.

(1992 Code, Section/Chapter 2-5.1) (Ord. 52-11, passed 7-11-2011; Ord. 13-12, passed 2-21-2012)

A motion was made by Council Member Rick Kiley to amend 32.019 Operation by changing the first sentence to read: "The Council Chair shall select a chair from the committee members".

Karsky suggested striking the entire second sentence of "The committee chair shall serve one year with no limit of reappointment".

After discussion the word "select" was replaced with "appoint" at the suggestion of Roling and Oksol.

Discussion was held regarding having a Council Member as the Chair of the Committee and any additional information included in 32.019 Operations. Oksol explained there is additional information included in 32.019 that is not displayed on the handout.

Karsky requested clarification on the motion and second for the City Ordinance. The following action occurred:

A motion was made by Council Member Rick Kiley and seconded by Council Member Dean Karsky to amend 32.019 Operation to read as follows: The Council Chair shall appoint a chair from the committee members. And strike the second sentence which reads "The committee chair shall serve one year with no limit of reappointment".

Karsky asked if it needed to be noted that the Chair is a Council Member. Discussion followed.

A motion was made by Council Member Rick Kiley and seconded by Council Member Dean Karsky to amend the main motion by changing the first sentence to read: "The Council Chair will appoint a Chair from the current City Council to chair the Audit Committee" and to strike the second sentence.

Roling called for a vote on the amendment. All members voted yes. Motion Passed.

Roling called for a vote on the main motion, as amended. All members voted yes. Motion Passed.

C. Internal Auditor Standards: Required Updates

Oksol reviewed the information in the paragraph shown below. Oksol briefed the

Committee on the Code of Ethics and the International Standards of Internal Auditing. Discussion followed.

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process."

D. Required Discussion: Processes: Controlling Activities and Managing Risks

Oksol reviewed his handout entitled Risk Assessment Information for Audit Committee - Citywide Risks. The following information was reviewed: description of risk; how mitigated; and Has this area been audited? Discussion followed.

E. Update: Peer Review

Oksol provided an update on the Peer Review process for the new members. He stated that the Peer Review for Sioux Falls will occur in October, 2014. Discussion followed.

F. Update: Committee Vacancy for Citizen Volunteer

Oksol provided an update on the search for a citizen volunteer for the Audit Committee. The recommendation was made that if there are multiple responses that the information will be reviewed by Oksol, Roling and a citizen member. Discussion followed.

4. Open Discussion

Oksol announced that Internal Auditor Kim Schroeder has achieved certification as a Certified Internal Auditor. The Committee congratulated Schroeder on her certification.

5. Adjournment

A motion was made by Council Member Dean Karsky and seconded by Committee Member Jason Forbes to adjourn the meeting at 5:00 p.m.

Tamara Jorgensen, CMC

Assistant City
Clerk