

Bowling Green Audit Committee
Regular Meeting
April 6, 2009

The Bowling Green Audit Committee convened in a regular meeting at 3:30 p.m. on April 6, 2009 in the City Hall Commission Chamber. The meeting was called to order by Chairman Charles Hays. Members of the Committee present were: Audit Professionals Charles Hays and Harold Wills, General Business members James Martens and Jean Cherry, Commissioner Bruce Wilkerson and Ex-Officio member City Manager Kevin DeFebbo. Also present were Internal Auditor Deborah Jenkins and Assistant City Clerk Ashley Jackson. There was a full quorum of the board present.

Approval of Minutes.

Chairman Hays announced that the first item of business was to approve the minutes of the January 5, 2009 regular meeting, which were mailed with the agenda to the members for their review prior to the meeting. Motion was made by Mr. Martens and seconded by Ms. Cherry to accept the minutes as written. The minutes were approved as written by unanimous vote.

Discuss Follow-up Report on Golf Division Operations Audit.

Ms. Jenkins next discussed the follow-up of the Golf Audit. She reviewed the observations made from the follow-up and those observations included the following: **1.) Management's Daily Transactions; fully implemented** by Golf Division Managers. **2.) internal controls and accounting for rain checks; partially implemented** as all three golf courses were not performing the requirements regarding courtesy and rain check daily logs. Ms. Jenkins also recommended that all courses maintain rain and courtesy checks according to policy as well as periodically monitor fluctuations and trends associated with courtesy checks to ensure that there weren't any course related issues that should be addressed. **3.) internal control and accounting for gift certificates; fully implemented** and the courses now have gift cards rather than paper certificates. Ms. Jenkins remarked that all gift cards would be run through the system electronically. The only other suggestion she made was for all courses to destroy all paper gift certificates. **4.) employees providing receipts to all customers; partially implemented** because a policy had not been created to-date. Ms. Jenkins commented that a policy was required and was scheduled to be updated this year and the policy would include that all season pass holders would be required to show ID before playing. **5.) inventory counts to be overseen and reviewed by Golf Division Manager; partially implemented** due to the fact that Ms. Jenkins performed an inventory count on January 4th and recognized that additional controls were needed. Ms. Jenkins stated that overall the inventory count was good with the exception of beer inventory at Crosswinds. She additionally reported that according to the Golf Manager the reason for inaccurate beer inventory counts was because employees inadvertently failed to enter a few deliveries into the software. She then made the recommendation to ensure all deliveries and that all counts should be reported into the software, also the Golf Manager decided to perform weekly inventory counts on the beer and review the Inventory Adjustment Report weekly so that any issues would be addressed immediately. Mr. Hays proposed the idea of accounting for beer quantity and prices more efficiently, for example providing the exact quantity and price per each beer purchased. Mr. DeFebbo asked the Committee if a sub-audit was needed and Mr. Wills stated that as long as weekly checks were being conducted and the Golf Division Manager continued to be involved in the process then he did not see a reason to conduct a sub-audit. After additional discussion the Committee confirmed that once the month of April inventory count was completed and if Ms. Jenkins continued to see suspicious counts that a report would need to be made to the Audit Committee immediately. Ms. Jenkins agreed she would keep the Committee up-to-date regarding the month of April inventory counts. **6.) internal controls and accounting for assets; partially implemented**, however the reasoning for this was

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because of inadequate communications between the Finance Department and the Purchasing Agent regarding the removal of assets from the books. Ms. Jenkins described that surplus forms and record keeping needed to be revised and in order to do that the departments would be required to update its procedures. Ms. Jenkins confirmed that she would continue to monitor the situation. Also, another asset that should be closely controlled and accounted for would be the golf cart keys. The Golf Managers agreed to remove keys from carts that were not rented to customers or awaiting cleanup from return. Also, management ordered distinctively sized key chains which state “please return key to pro-shop after completion of your round” to prevent customers from accidentally taking them home. Furthermore, Ms. Jenkins shared with the Committee that the purchase of security cameras for golf was bid and budgeted for Fiscal Year 2009 and the cameras would be placed in the pro-shops pending Board of Commissioners approval on April 7th. **7.) internal controls and accounting of complimentary rounds;** *fully implemented* as reported by Ms. Jenkins the City Manager has the authority to approve rounds for community support and internal City promotions and drawings. She also acknowledged that customer complaint cards may be issued by the golf course with the approval of Golf Division Manager. In detail she explained that the complimentary cards were pre-numbered, secured in either the City Manager’s office or Golf Division Manager’s office and a spreadsheet was maintained for record keeping; the redeemed cards are also maintained with the daily paperwork. Lastly, Ms. Jenkins included that a Volunteer Program Policy had been created and was accounted for separately in the new software. **8.) policy and procedures manual update;** *fully implemented* the updated City of Bowling Green Golf Division Policies and Procedures Manual was revised in March 2008 incorporating the three golf course under one manual while changing references to positions instead of specific managerial names.

Discuss Citywide Compensatory Time Review.

In addition, Ms. Jenkins discussed the compensatory time review which was performed to determine whether employees actions were in compliance with polices, procedures, laws and regulations. Based on her evaluation she observed that all departments were applying compensatory time differently and those examples included either not properly recording compensatory time, not enforcing time restrictions and/or records had not been consistently maintained. Ms. Jenkins recommendation was to either enforce the current policy or revise it to the requirements management determined would be in the best interest of the employees and the City. She also recommended standardizing the tracking and retaining of these records. Mr. DeFebbo agreed that a policy was needed and should be followed by all departments, but Senior Management staff members had already discussed the issue and were planning to continue discussion and create the best plan possible. He further discussed that the compensatory time report opened the door to the idea of whom and how the City employees should be classified, and that this was another agenda item for the Senior Management staff to discuss.

Discuss FY2010 Requested Budget.

Ms. Jenkins reported that she had finalized her Fiscal Year 2010 budget and comparable to last years budget it had considerably decreased due to budget reductions, and her total projected Fiscal Year 2010 budget was \$78,270.

Secondly, she explained that she had advisory services, special requests, training, administration and other miscellaneous tasks throughout the year. She reported her indirect audit hours included 10% Holiday, 5% Vacation, 19% Sick, 4% Personal, 9% Training and 53% Administration. The direct audit hours included 68% Special Requests, 25% Audit of Code Enforcement, 1% Unannounced Cash Counts and 6% Audit Follow-up.

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Discuss Agency Control and Financial Boot-Camp Course.

Ms. Jenkins discussed that the complimentary three day training was held by she and Chief Financial Officer Jeff Meisel in the approach to educate City appointed board and commission members. Also, Contract Agencies were encouraged to attend as it was a new mandatory rule that at least one representative from each agency had to be present at one of the sessions or they would be automatically disqualified for any funding. She did confirm that the attendees had a positive response to the classes and all Contract Agencies were in attendance.

Discuss progress on Code Enforcement Audit.

The last item of discussion was the update of the Code Enforcement Audit and Ms. Jenkins informed that Committee that she had started on the audit process, but her next steps were to look into the Code Enforcement Black Bear Software, review policies and procedures and determine if they had been followed, and also track and record parking citations and code violations. Another initiative Ms. Jenkins presented was to create a customer survey and mail it to those Code Enforcement complainants the City had information from. Mr. DeFebbo commented that Dr. Victoria Gordon of Western Kentucky University Political Science Department had completed a citizen survey and included was some Code Enforcement complainants.

The next quarterly meeting is scheduled at 3:30 p.m. on July 6, 2009

Chairman Hays announced the next quarterly meeting date.

Adjournment.

There being no other business to be conducted, at 4:35 p.m. Chairman Hays declared the meeting adjourned.

Date Approved

Charles Hays, Chairman

Ashley Jackson, Assistant City Clerk