

**Bowling Green Audit Committee**  
*Regular Meeting*  
**July 6, 2009**

The Bowling Green Audit Committee convened in a regular meeting at 3:30 p.m. on July 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 and Commissioner Bruce Wilkerson. Absent: Ex-Officio member City Manager Kevin DeFebbo. Also present were Internal Auditor Deborah Jenkins and Assistant City Clerk Ashley Jackson. There was a quorum of the board present.

**Approval of Minutes.**

Chairman Hays announced that the first item of business was to approve the minutes of the April 6, 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 Mr. Wills to accept the minutes as written. The minutes were approved as written by unanimous vote.

**FY2010 Chair and Vice-Chair nominations.**

Motion was made by Mr. Martens and seconded by Mr. Wilkerson to nominate Mr. Wills to serve as Chair for Fiscal Year 2010. All ayes, motion carried.

Motion was made by Mr. Martens and seconded by Mr. Wilkerson to nominate Ms. Cherry to serve as Vice-Chair for Fiscal Year 2010. All ayes, motion carried.

**Presentation of FY2009/2010 Risk Assessment and resulting Audit Plan.**

Ms. Jenkins reported on the FY2009/2010 Risk Assessment and Annual Audit Plan. She explained that she used a combination of interviews with management, written policy and knowledge of the departments and chose the following risk factors and applicable weights for the risk assessment: Changes in Procedures/Personnel – 5%, Budget Materiality – 20%, Systems – 7%, Management – 9%, External Influences – 5%, Nature of Transactions – 10%, Quality of Internal Controls – 20%, Composition of Personnel – 6%, Time Since Last Audit – 15% and Inherent Risk – 3%. Ms. Jenkins commented that she was continuing the Code Enforcement audit and planning to finalize the report for the next regular meeting.

Also, the following areas are scheduled for audits based upon high risks: Bowling Green Police Department payroll, Bowling Green Police Department contract agreements and Bowling Green Fire Department payroll and property lien process. In addition to the audits planned directly from the risk assessment, Ms. Jenkins scheduled time for the Housing Choice Voucher Program follow-up, Russell Sims Aquatic Center follow-up, unannounced cash counts, verification of the Police Department's Narcotic Disposal Program and the cell phone taxable benefit review. Furthermore, Ms. Jenkins briefly reviewed the hours she spent auditing which included 60% direct audit hours and 40% indirect audit hours. She also reviewed the risk assessment and noted that the Information Technology (IT) Department was another area in which she wanted to begin auditing because of its high risk factor. The IT audit would be something that the Internal Auditor believed should be outsourced to an audit professional that specializes in information technology. Ms. Cherry recommended the IT staff audit one another, specifically the staff members that have full access to all proprietary information. Ms. Jenkins discussed that an IT audit would be costly to outsource and due to the current budget situation the IT audit would be on hold until the funding become available.

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Secondly, Ms. Jenkins reported on the audit hours and that 2,080 hours were available annually and she had 240 hours paid leave, 64 hours of professional development and 330 hours of administration. As a result, non-audit hours totaled 634 and advisory services and special requests totaled 416 hours, for a balance of 1,030 auditing hours available. Ms. Cherry asked if a Human Resources audit had ever been performed and Ms. Jenkins confirmed that an external auditor conducted a small audit, but she had not had the opportunity to review the audit. Ms. Cherry suggested an audit directly related to COBRA and health benefits and Ms. Jenkins concluded she would review the Human Resources audit to confirm if COBRA and/or any health benefits were included.

**Approval of the FY2009/2010 Audit Plan.**

Chairman Wills asked for the approval of the FY2009/2010 Annual Audit Plan. Motion was made by Mr. Hays and seconded by Mr. Wills to approve the FY2009/2010 Annual Audit Plan as written. All ayes, motion carried.

**Discuss progress on Code Enforcement Audit.**

The last item of discussion was the update of the Code Enforcement Audit and Ms. Jenkins informed the Committee that she had continued to progress, however because of various special requests, she would be carrying the Code Enforcement audit into Fiscal Year 2010. She identified that the major areas of concern was the reporting, enforcement and communication between departments. The audit also consisted of a survey that had been sent by mail and the results were outstanding. Ms. Jenkins reported that she had sent surveys to 157 Code Enforcement complainants and approximately 50% of the individuals she had accurate addresses for completed and returned the survey. A final Code Enforcement audit report and the follow-up for the Russell Sims Aquatic Center were scheduled to be completed and presented at the next regular meeting.

**The next quarterly meeting is scheduled at 3:30 p.m. on October 12, 2009**

Chairman Wills announced the next quarterly meeting date. Ms. Jenkins recommended rescheduling the next regular meeting due to a schedule conflict, and it was agreed to reschedule the meeting to Monday, October 12<sup>th</sup> at 3:30 p.m.

**Adjournment.**

There being no other business to be conducted, at 4:40 p.m. Chairman Wills declared the meeting adjourned.

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Date Approved

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Harold Wills, Chairman

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Ashley Jackson, Assistant City Clerk