



AUDIT COMMITTEE MINUTES

DATE: April 27, 2022

LOCATION: CITY HALL FOURTH FLOOR CONFERENCE ROOM

TIME: 3:00 PM

- I. **CALL TO ORDER – Chairperson**
The meeting was called to order by Chairperson Reyman at 3:02 pm.
- II. **ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)**
Audit Committee members present: Peter Reyman, Marcia Demorest, Karen Reynolds, Dr. Jennifer Thayer, and Dr. Brandon Di Paolo Harrison
Audit Committee members absent: none
Quorum verified? Yes
Internal Audit attendees: Stephanie Fox, Jenn Osteen, Charlie DeHarde
Other Attendees: Mayor Joe Pitts
- III. **ADOPTION OF MINUTES: January 26, 2022 Audit Committee Meeting**
Dr. Thayer made a motion to adopt the minutes. Dr. Di Paolo Harrison seconded. The motion was approved unanimously.
- IV. **DEPARTMENT REPORT**
 - A. **FY 22 Budget Report**
Stephanie presented the FY22 year to date budget report. She noted the department would be in Texas the following week for the Association of Local Government Auditors conference. Stephanie asked if the Committee had any questions regarding the FY22 budget report. There were no questions.
 - B. **Update on Internal Audit Activity**
Stephanie presented the Internal Audit metrics report with the following highlights:
 - Neighborhood and Community Services Audit - Fieldwork is wrapping up and we expect to begin working on the report soon
 - 2022 Ethics Survey - We are currently drafting the report, which should be released in the near future
 - Hotline - One additional hotline report was received since the metrics had been printed

Stephanie also noted that she recently participated in a peer review of Garland Texas.
- V. **NEW BUSINESS**
 - A. **None**

VI. COMMITTEE ACTION REQUIRED

A. FY 2023 Proposed Budget Approval

Stephanie presented the FY23 budget proposal to the committee. She noted that it is very similar to the previous year's budget request, though she brought attention to the few changes. The salaries are slightly higher in FY23 for the following reasons: (1) the department is now fully staffed and that is reflected in the proposed budget, (2) the City shifted pay bands which affected both Jenn and Charlie's salaries, and (3) Jenn reached her one year anniversary of working with the City and will receive her general wage increase.

The operating expense budget is comparable with FY22 with the exception of the budgeted amount for a peer review in the spring and the Mauldin & Jenkins' fee increase. Peter Reyman asked if the proposed budget included audit software, which was discussed at a prior committee meeting, Stephanie replied that the software is in the FY23 budget. Peter also asked if new computers were reflected in the budget, to which Stephanie replied that the department is not due for any new computers this fiscal year.

Dr. Di Paolo Harrison made a motion to approve the FY 23 proposed budget. Dr. Thayer seconded.

The motion was approved unanimously.

B. Policy Update Discussion and Approval

Stephanie presented the following policy updates to the committee:

- **Quality Assurance and Improvement Program Policy**
 - Small change in policy wording to convey post audit surveys will be sent; however, they are not always completed by the audited department
 - Add section to include an annual review of continuing professional education documentation
 - Remove reference to ALGA Peer Review Committee's Regional Coordinator
 - Update reporting conformance with the Standards because department conformance is supported by an internal self assessment
- **Performing Engagements Policy**
 - Update test workpaper section to clarify allowed flexibility in testing workpaper set up
 - Small grammatical change in conclusions section
 - Update to formalize internal evaluation of the sufficiency of evidence to support whether additional steps will be performed
- **Communicating Results Policy**
 - Add clarification that material observations will be included in the audit report if they are within the audit scope
 - Add language related to reporting conclusions for audit objectives
 - Update conformance section as conformance is supported by an internal assessment
- **Monitoring Progress Policy**
 - Remove language related to follow up frequency
- **Ethics Related Engagements Policy**
 - Remove reference to annual ethics training occurring in April, as this is no longer accurate
- **Fraud, Investigations, and Hotline Administration Policy**

- Remove language related to auditing standards
- Update chart to allow flexibility in forwarding reports to other departments when necessary

Dr. Di Paolo Harrison made a motion to approve the updated policies. Dr. Thayer seconded. The motion was approved unanimously.

VII. CITY COUNCIL ACTION REQUIRED

- A. None

VIII. ADJOURNMENT OF PUBLIC MEETING

Dr. Thayer made a motion to adjourn the public meeting. Marcia Demorest seconded. Public meeting was adjourned at 3:22 pm.

IX. PUBLIC COMMENT (5 minutes each)

- A. None

X. NEXT MEETING - **July 27, 2022 3:00 PM**

XI. EXECUTIVE SESSION - Vote by the committee to go into executive session

During executive session and for the remainder of the meeting, the Audit Committee will be discussing only matters that are considered confidential under TCA Section 9-3-405 (d). These items may include:

- A. Items deemed not subject to inspection under TCA Section 10-7-503 and 10-7-504
- B. Current or pending litigation and pending legal controversies
- C. Pending or ongoing audits or audit related investigations
- D. Information protected by federal law
- E. Matters involving information under TCA Section 9-3-406 where the informant has requested anonymity.

At this point in the meeting everyone other than Audit Committee members and those asked to attend by the Audit Committee to address an item related to the categories above will be asked to leave.

The following topics were discussed:

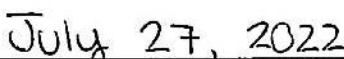
- A. Pending or ongoing audits or audit related investigations

XII. ADJOURNMENT OF EXECUTIVE SESSION

The executive session was adjourned at 4:09 pm.



Charlie DeHarde


Date of Committee Approval