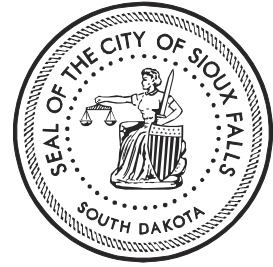


MINUTES

Thursday, May 31, 2007

**Audit Committee
City of Sioux Falls**

6:30 p.m. at Carnegie Town Hall
235 West Tenth Street



Members Present: Brad Whitsell, Kevin Kavanaugh, Paul Reiter
Absent: Anne Opegard, Bob Jamison

Staff Present: Lead Internal Auditor, Rich Oksol; Assistant City Clerk, Jamie L. Palmer

Guests Present: Director of Finance, Eugene Rowenhorst

1. Welcome and Call to Order

- Committee Chair, Paul Reiter called the meeting to order.

2. Approval of minutes

- Committee Member Kevin Kavanaugh made a motion to approve the March 8, 2007 minutes as written and Brad Whitsell seconded the motion. Committee Chair Reiter called for a voice vote on the motion. All members voted yes. Motion carries.

3. External Audit of 2006 financial statements

- Discussion regarding the Audit of the City 2006 financial statements and Eide Bailly.

4. Discuss rotation of Audit Committee Chair

- Mr. Reiter opened the discussion by recommending that the position of Committee Chair be rotated to another member as he has served this position for over a year. This discussion is deferred to a future meeting because not all members were present. Mr. Whitsell stated that he will contact Ms. Opegard to discuss this issue.

5. Progress (status) report of annual Audit program

- Mr. Oksol shared a written status report of the Audit program and asked for opinions on how often a status report should be given to the Council. It was clarified that once the update report is accepted by this committee it becomes a public document. However, the document will only contain an overview of the audit and not specific content information. Mr. Kavanaugh advocates the need to keep the Council informed of what the committee and staff are doing and requested that there be more expansion on the status report form. Mr. Oksol will present the expanded status report to the Council at the Informational Meeting on Monday, June 4th. The report will also state that additional updates will come on a continual basis such as on a quarterly updates. Mr. Oksol will prepare a June 30th update report to be presented at the July 2nd Informational meeting. Mr. Oksol will email reports to the committee prior to sharing them with the Council. Mr. Whitsell would like the objectives of each Audit included in the update to the Council.

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6. Handling special requests/special projects

- Mr. Oksol shared the proposed policy for handling special requests and asked for input. Mr. Whitsell would like to add the following to last line of the italicized paragraph that starts when completed "and approved by the Audit Committee". Mr. Kavanaugh asked if there is a policy on unassigned hours and handling requests if there isn't enough time. If this situation arises, each request will be reviewed by the Audit Committee on a case by case basis. A motion was made by Mr. Whitsell and seconded by Mr. Kavanaugh to approve the policy as amended. Committee Chair Reiter called for a voice vote on the motion. All members voted yes. Motion carries.

7. Open discussion

- Mr. Oksol stated that every director/department must complete goals for the following year and is asking for input on these goals. He is expected to submit them to City Clerk, Debra Owen tomorrow.
- Mr. Oksol reported that out of state travel/educational requests are currently being approved by the committee chair and will be included in the following meeting minutes if approved/disapproved.
- Mr. Kavanaugh shared some insight of how the City Council reviews budget reports. There is always genuine concern of whether or not appropriate spending of tax dollars is occurring. When the third audit position is added to the budget, it must be thoroughly justified. Be prepared with documentation. Discussion on ideas of how this could be done.
- Mr. Oksol stated that the new agreements for the convention center will need to be added to the current Audit program.
- Discussion occurred regarding situations that might require the need to utilize an outside Auditor rather than the Internal Auditor. These requests will be referred to the Audit Committee for discussion.
- Request from Mr. Whitsell to add a Media Plan to the agenda for the next meeting.

Bob Jamison joined the meeting at this time.

- Mr. Oksol will send a copy of the special request procedures to the department directors.

8. Adjournment at 7:20 p.m.

- A motion was made by Mr. Reiter and seconded by Mr. Whitsell to adjourn. Committee Chair Reiter called for a voice vote on the motion. All members voted yes. Motion carries.

Jamie L. Palmer
Assistant City Clerk