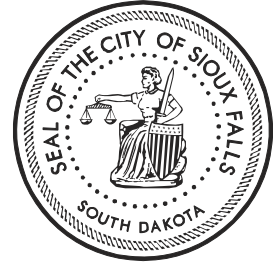


# Minutes

Tuesday, October 20, 2009

**Audit Committee Meeting  
Sioux Falls City Council**

4:34 p.m. at Carnegie Town Hall  
235 West Tenth Street



Members Present: Brad Whitsell, Joe Marsh and Anne Oppegard. Absent: Pat Costello and Greg Jamison.

Staff Present: Assistant City Clerk Denise D. Tucker; Lead Internal Auditor Rich Oksol; and Internal Auditor Jeff Weber

Guests: Judy Buseman, Jill Franken and LuAnn Ford

1. Call To Order

Committee Chair Whitsell called the meeting to order at 4:34 p.m.

**Committee Member Costello arrived at this time.**

2. Review and approve minutes from last committee meeting 08/18/09  
Oppegard expressed concerns about the wording of a sentence. A request was made to amend the minutes and clarify the sentence to state "He said they did not have a lot of agreement with management on the recommendations."

Oppegard said the word "intricacies" was misspelled.

A motion was made by Oppegard and seconded by Costello to approve said minutes as amended. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**

3. Review audit reports: 09-07 Environmental Health; 09-09 Parks/Recreation Cash; 09-11 Follow-up on Status of Audit Recommendations

**Committee Member Jamison arrived at this time.**

Jeff Weber, Internal Auditor, led the discussion of the Environmental Health Operational Audit. He reviewed the objectives of the audit and the eight recommendations that were made. Discussion with Judy Buseman, Public Health Director, and Jill Franken, Assistant Public Health Director, regarding grants received and how they are recorded. A motion was made by Marsh and seconded

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by Oppegard to approve the Environmental Health Operational Audit. Whitsell called for a voice vote on the motion and all members voted yes. **Motion Passed.**

Rich Oksol, Lead Internal Auditor, led the discussion on the Parks and Recreation Cash Handling Audit. He reviewed the audit recommendations. A brief discussion was held on free and reduced swim passes. Oksol was instructed to contact the Parks and Recreation Department to see if they agree with the recommendations of the audit, and for them to inform him on how they plan to move forward with any changes. A motion was made by Jamison and seconded by Oppegard to approve the Parks and Recreation Cash Handling Audit. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**

Oksol led the discussion of the Follow-Up Status of Audit Recommendations. He said he was pleased that the majority of the recommendations have been implemented or are improving. A motion was made by Costello and seconded by Marsh to approve the Follow-Up Status of Audit Recommendations. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**

4. Update on any potential liability issues for Audit Committee members

Oksol said he spoke with the city's Risk Manager Regan Smith about liability coverage. The Audit Committee is covered for \$5 million under the city's policy. Whitsell wanted it to be clear that the committee is not responsible for the financial audit of the city.

5. 2010 Annual Audit Plan

Oksol discussed the 2010 Audit Plan. He explained that emails were sent to city directors and City Council members asking for their input. Oksol said he had conversations with Don Kearney, Director of Parks and Recreation; Debra A. Owen, City Clerk; and councilors J. Pat Costello, Kenny Anderson Jr., and Gerald Beninga, about their Audit Plan concerns and requests. Oksol said they try to get a mix of things to audit.

Concern was expressed by the committee regarding doing an audit of City Boards/Commissions/Advisory Committees. The committee decided to remove that audit from the list.

Oksol said Judy Buseman would like to have an audit of the Facility License Reversion. "The City of Sioux Falls receives money back from the State of South Dakota for the inspections done by City Environmental Health Specialists (inspectors). This money comes from the licenses issued by the State for facilities that serve food. This would be a review of the reversion process to determine if the City is receiving the proper amount from the State," according to the proposed Audit Plan.

Costello took a moment to thank Oksol and his staff for their technical assistance. A motion was made by Costello and seconded by Jamison to approve the 2010

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Annual Audit Plan as amended. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**

6. Discussion: fraud hotline notice on employee bulletin boards  
Oksol provided the committee with examples of fraud hotline notices. Costello read an email that he received from Jodi Schwan, Chief of Staff, which indicated Mayor Dave Munson's reluctance to permanently post a notice. In the email, Schwan proposed a compromise to post the information on inSite and to "have an annual all-staff employee email sent out reminding everyone of the fraud hotline and its location on inSite directly under the Internal Audit section." Discussion continued and the committee agreed that a notice needed to be posted. Oksol was asked to bring a draft notice, for committee approval, to their next meeting. Once approved the notice would be forwarded to the City Council for their approval. It would also be communicated to the City Council that the administration disagrees with posting a notice. Costello said that he and Jamison will speak to the Mayor about the notice, so that the administration is informed in advance.
  
7. Lead Internal Auditor trip to Kansas City for continuing education: MidAmerica Intergovernmental Forum, December 3-4  
Brief discussion on the upcoming forum in Kansas City, Mo., which Oksol would like to attend. A motion was made by Jamison and seconded by Opegaard to allow Oksol to attend the MidAmerica Intergovernmental Forum. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**
  
8. Open discussion  
A discussion on how much of the Audit Committee Meetings need to be open to the public. Information was sought from the City Attorney and Attorney General's office for guidance. The discussion will resume at the Audit Committee's next meeting when all members have had a chance to read official responses.  
  
Oksol said he is working on the 2010 meeting schedule.  
  
Oksol spoke with Ty Inglis, with Eide Bailly, who may be able to meet with the committee in January.
  
9. Executive session to discuss Lead Auditor's annual evaluation  
A motion was made by Costello and seconded by Marsh to go into executive session at 5:20 p.m., to discuss the Lead Internal Auditor's annual evaluation. Whitsell called for a voice vote on that motion and all members voted yes. **Motion passed.**

Annual evaluation discussion.

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A motion was made by Jamison and seconded by Costello to adjourn out of executive session at 5:35 p.m. Whitsell called for a voice vote on that motion and all members voted yes. **Motion passed.**

10. Adjournment

A motion was made by Jamison and seconded by Costello to adjourn the meeting at 5:35 p.m. Whitsell called for a voice vote on that motion and all members voted yes. **Motion Passed.**

Denise D. Tucker, CMC  
Assistant City Clerk