

**MINUTES  
REGULAR MEETING**

**AUDIT COMMITTEE  
NOVEMBER 16, 2010**

Committee Members Present: Council Members Diane Hofstede, Betsy Hodges, Sandy Colvin Roy; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Members Darrell Ellsworth and Stephanie Woodruff (Quorum 4)

Chair Hofstede called the meeting to order at 9:36 a.m. in Room 317, City Hall, a quorum being present.

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**1. Adopt Agenda.**

Hodges moved adoption of the agenda.  
Adopted upon a voice vote.

**2. Accept Minutes of the Regular Meeting of October 19, 2010.**

Hodges moved acceptance of the Minutes.  
Adopted upon a voice vote.

**3. 2011 Audit Committee Meeting Calendar. Meeting dates set for Wednesdays, 9:30 a.m.: 1/26; 2/23; 3/30; 6/29; 9/21; 12/7.**

Hodges moved approval of the 2011 meeting dates.  
Adopted upon a voice vote.

**4. Audit Committee Vice Chair: Approve nomination of an Audit Committee member to serve as Vice Chair of the Audit Committee (per Audit Committee Rule 3).**

Chair Hofstede nominated Stephanie Woodruff to serve as the Vice Chair of the Audit Committee.

Oyaas moved approval.  
Adopted upon a voice vote.

**5. 2010 Financial Statement Audit Entrance: Receive and file State Auditors overview of 2010 Financial Statement Audit.**

Chuck Elliot, Finance Department/Controller, reported towards the end of the year the accounting staff and other members of the finance department put together all of the financial information related to what they have done during the year and that compilation results in three different statements: net assets, f/k/a balance sheet; a statement of activities, f/k/a income statement; and the statement of cash flows. When completed, the Office of the State Auditor reviews those financial statements and renders an opinion, and part of the process involves the state auditors actually meeting

and discussing the audit with those charged with governance, in this case the Audit Committee. Staff of the Office of the State Auditor was introduced.

Rick Pietrick, Office of the State Auditor/Audit Director, addressed committee as part of the kick off of the audit of the year 2010 financial statements. They are required by generally accepted audit standards to present and make themselves available to discuss the audit they were about to conduct. He reviewed the contents of the planning/entrance meeting as contained in the overview, and specifically drew attention to Section 4(E) relating to new accounting and auditing pronouncements, Governmental Accounting Standards Board (GASB) Statement No 51-*Accounting and Financial Reporting for Intangible Assets* and No. 54-*Fund Balance Reporting and Governmental Fund Type Definitions*. The audit engagement letter would be coming forth, which is essentially the contract to do the audit and with the engagement letter will be some of the respective responsibilities of the auditor and the audit.

Stephanie Erickson, Office of the State Auditor/Staff Specialist, reported that currently in the audit they were in planning phase where they are updating their understanding from the prior year on significant transaction process and account balances.

Hofstede moved to receive and file.  
Adopted upon a voice vote.

**6. Internal Control Documentation: Receive and file scope and plan for the Internal Control Documentation project.**

Chuck Elliot reviewed the submitted report. The state auditors will have opportunity to provide feedback before this work is concluded.

Oyaas moved to receive and file.  
Adopted upon a voice vote.  
Absent - Hodges.

**7. Senior Internal Auditor Staff: Introduction of Ginger Bigbie and Jacob Claeys.**

Magdy Mossaad, Internal Auditor, introduced Ginger Bibgie and Jacob (Jake) Claeys, who individually stepped up to address their education and detail their audit experience.

There was no official action.

**8. Internal Audit Plan for 2011: Approve plan.**

Ryan Verstraete, Director/Advisory and Karen Vangyia, Partner/Advisory, with KPMG LLP, a consulting audit, tax and advisory services firm, reviewed the Risk Assessment and Internal Audit Plan, having worked closely with the City's Internal Audit Department staff to produce the document.

Magdy Mossaad, Internal Auditor, reviewed in detail the 2011 Audit Plan, as well as the plan for 2012.

It was requested that a notation be inserted on the proposed audit plans after the year 2011 indicating they were "preliminary" as subsequent plans would be based upon the state auditor's report for 2011 and other factors.

Hodges moved adoption of the audit plan.  
Adopted upon a voice vote.  
Absent - Colvin Roy.

**9. Audit Working Group Report: Approve recommendations on reporting needs for the Audit Committee.**

Magdy Mossaad reviewed the report and recommendations.

Hofstede moved approval of the audit working group report and recommendations.  
Adopted upon a voice vote.  
Absent - Colvin Roy and Hodges.

**10. Report of Internal Auditor: Update on audit activities.**

Hofstede moved to receive and file the written report.  
Adopted upon a voice vote.  
Absent - Colvin Roy and Hodges.

There were no announcements.

The meeting adjourned at 11:37 a.m.  
Submitted by: Irene M. Kasper, Council Committee Coordinator/City Clerk's Office