

**MINUTES  
REGULAR MEETING  
AUDIT COMMITTEE**

**JUNE 29, 2011**

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

Committee Members Absent: Citizen Members Darrell Ellsworth and Stephanie Woodruff

Chair Hofstede called the meeting to order at 9:35 a.m. in Room 317, City Hall, a quorum being present.

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**1. Adopt Agenda.**

Hofstede moved adoption of the agenda.  
Adopted upon a voice vote.  
Absent - Woodruff and Ellsworth.

**2. Accept Minutes of the Regular Meeting of March 30, 2011 and the Special Meetings held April 26, 2011 and May 25, 2011.**

Hofstede moved acceptance of the minutes.  
Adopted upon a voice vote.  
Absent - Woodruff and Ellsworth.

**3. Audit Committee Member Workshop-Follow-up on Cancelled June 24 Workshop: Determine Audit Committee's direction related to an Audit Committee Workshop: a) participation/attendance; b) time commitment; c) location; and d) date.**

**Requested Action: Direct the Chair and staff to set the Audit Committee workshop for the time, date and location agreed upon.**

Casey Carl, City Clerk, summarized the proposal and a draft workshop agenda.

Committee discussed: difficulty in targeting multiple hours of time on calendars; scheduling the workshop for no more than a three hour period at one time; dedicating time for the workshop at the end of an already-scheduled Audit Committee meeting; the convenience for location of a workshop to be conducted at City Hall or very close to City Hall.

Hofstede moved that staff be directed to move forward to identify a date that works for all six Audit Committee members, the internal audit team and the facilitator to first find a date that is not tied to an Audit Committee that would be a maximum of three hours that meets all schedules, and in the absence of that, look to tie additional time onto an Audit Committee meeting.

Adopted upon a voice vote.  
Absent - Woodruff and Ellsworth.

Hofstede moved that the location of the workshop be either at City Hall or at a location very close to City Hall.

Adopted upon a voice vote.

Absent - Woodruff and Ellsworth.

**4. Management and Compliance Reports: a) City of Minneapolis; b) Minneapolis Park & Recreation Board.**

**Requested Action: Receive & file; Refer to the City Council.**

Kevin Carpenter, CFO for the City of Minneapolis, introduced Stephanie Erickson and Kaisha Krahmer, staff with the State Auditor's office.

Stephanie Erickson, Staff Specialist with the Office of the State Auditor, reviewed the management and compliance reports. City staff was commended for having progressed with working to get reports finalized earlier.

LeaAnn Stagg, City Finance/Interim Controller, updated the committee on the testing of newly adopted internal controls.

Colvin Roy moved to direct City Finance staff to return to the Audit Committee with a report on new internal controls monitoring system implementation at the next regularly-scheduled Audit Committee meeting.

Adopted upon a voice vote.

Absent - Woodruff and Ellsworth.

Juli Wiseman, Finance Manager with the Minneapolis Park & Recreation Board, was present to answer questions relating to MPRB's management and compliance report.

Susan Trammell, Assistant City Attorney/City's Ethics Officer, clarified that because this was a new process and staff was uncertain as to how the Audit Committee and the Ways & Means/Budget Committee of the City Council wished staff to proceed regarding these reports, the determination was that at least for this year's reports, that they would be referred from the Audit Committee to City Council, with recommendation to refer to the Ways & Means/Budget Committee.

Hofstede moved to receive and file the reports and to refer the reports to the City Council.

Adopted upon a voice vote.

Absent - Woodruff and Ellsworth.

**5. Internal Audit Department Interns: Introduction of Lauren Heir and Kelcie Brady.**

Magdy Mossaad introduced Internal Audit Department interns Kelcie Brady and Lauren Heir, students at the University of Minnesota/Carlson School of Management.

**6. Internal Audit Plan for 2011: Consider request to amend the Plan (adopted 11/16/2010), to change the scope & objectives for the project under "Protection of Private Information Review."**

**Requested Action: Approve amendment of Plan to change objective & scope of the Protection of Private Information Review to read as follows:**

**"New Objective: To help ensure a successful implementation of the electronic medical records system at the SBCs and Protected Health Information (PHI) is adequately secured.**

**New Scope: The scope of this review will include the system re-implementation and the logical and physical security over PHI."**

Magdy Mossaad reviewed the request for committee action.

There was discussion relating to what data was private/sensitive; where that data was kept; what data was subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

Hofstede moved to approve the amendment of the Plan to change the objective and the scope of the Protection of Private Information Review to read as listed on the printed agenda above (Requested Action), with a correction of the word "reimplementation" to read "pre-implementation."

Adopted upon a voice vote.

Absent - Woodruff and Ellsworth.

**7. Update on audit activities: Second Quarter 2011 Report.  
Requested Action: Receive & file.**

Magdy Mossaad reviewed the Internal Audit Second Quarter report.

Kevin Carpenter weighed in on the management action plan status related to police scheduling and time reporting.

Hofstede moved to receive and file the report.

Adopted upon a voice vote.

Absent - Woodruff and Ellsworth.

There were no announcements.

The meeting adjourned at 10:42 a.m.

Submitted by: Irene M. Kasper, Council Committee Coordinator/City Clerk's Office