

The Audit Board of the City of Orlando met on Thursday, March 27, 2014 in Conference Room R, on the second floor of Orlando City Hall.

BOARD MEMBERS:

Rodney L. Eddins, Chair	Present	[2/0]
Leah G. James, Vice-Chair	Present	[1/1]
Brendan Blais	Absent	[1/1]
Robert Campbell	Present	[2/0]
George H. Herbst	Absent	[1/1]

OTHERS PRESENT:

Deborah Girard, Deputy Chief Administrative Officer (Entered the meeting at 1:05 PM)
Michelle McCrimmon, Controller (Entered the meeting at 1:01 PM)
George McGowan, Director of Audit Services and Management Support
Daniel O'Keefe, Partner, Moore Stephens Lovelace
Joel Knopp, Engagement Manager, Moore Stephens Lovelace
Michele V. Keane, Recording Secretary

1. OPENING REMARKS

Mr. Eddins called the meeting to order at 1:00 PM and determined that enough members were present for a quorum. Mr. Eddins asked if there were any public remarks. There were none.

2. APPROVAL OF THE MINUTES

Mr. Eddins asked if there were any questions regarding the minutes from the previous meeting. There were none. **A MOTION WAS MADE AND SECONDED TO APPROVE THE MINUTES OF THE NOVEMBER 14, 2013 MEETING. THE MOTION WAS APPROVED UNANIMOUSLY.**

3. OVERVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT – MICHELLE MCCRIMMON, CONTROLLER

Ms. McCrimmon stated that the Comprehensive Annual Financial Report (CAFR) has not yet been issued. She will email or share the link to the finalized version to the Board members and be ready with an overview at the next meeting. Ms. McCrimmon asked that the Board members direct any questions to Mr. McGowan. This will allow her to address these concerns with her presentation.

Ms. McCrimmon stated that the financial portion of Workday went live on March 19th. The help desk and each functional area are set up to handle any concerns or questions. Mr. McGowan commented on the quick response he received to a question.

4. FINANCIAL STATEMENT AUDIT RESULTS AND MANAGEMENT LETTER – DANIEL O'KEEFE, PARTNER, MOORE STEPHENS LOVELACE

Mr. O'Keefe stated the audit has been completed and the CAFR has been reviewed. He called the CAFR a "work of art" and as well done as he could have imagined. He noted the audit went well and the staff was very responsive and timely with their support. Mr. O'Keefe spoke about the various standards that have to be followed. He reported that the CAFR received an unmodified opinion, the "highest" that can be given. Mr. O'Keefe distributed the draft management letter and other required reports for discussion purposes only. The drafts were recollected and will be redistributed to the Audit Board when final. There were no significant findings in these reports.

Mr. Campbell asked how a first year audit differs from other audits and how Moore Stephens Lovelace determines which areas to scrutinize. Mr. O'Keefe replied that a company is determined to be either a low risk or high risk client based on complexity and amount of outstanding debt; the City is considered a high risk client. Preliminary planning includes identifying areas of high risk such as bonds, construction and grants. Mr. O'Keefe added that an in depth assessment was done in Information Technology but will be repeated next year due to Workday being implemented. Mr. O'Keefe, Mr. Knopp and Ms. Girard left the meeting at 1:35PM.

5. AUDIT SERVICES & MANAGEMENT SUPPORT ACTIVITIES UPDATE – GEORGE MCGOWAN, DIRECTOR

Mr. McGowan updated the Board on the four audits that have been completed since the last meeting. These included Arena Event Parking, Unifirst Vendor Billing, a follow-up audit of the Orlando Police Department (OPD) Property and Evidence and City Stores. The Arena Event Parking audit was conducted by McGladrey which found the arena parking operation to be "world class." (Ms. Girard rejoined the meeting at 1:39PM.) There were three minor findings and associated recommendations. Unifirst, a uniform cleaning company, was found to have overbilled Solid Waste and Wastewater in excess of \$50,000. The findings were turned over to Purchasing for their use in negotiating a settlement with the vendor. The follow-up audit of OPD was completed within 12 months of the initial issuance, per policy requirements. The four recommendations have been implemented or partially implemented and are considered closed. No further action is recommended. After reviewing the processes and controls over City Stores it was concluded that they are effective and adequate.

Mr. McGowan then reported on the revenue audits in progress; including OUC Utility Service Collections, Duke Energy and Republic Services. He expects all three audits to be completed by the end of the year. So far this year, \$233,000 has been collected and Mr. McGowan anticipates more findings due to the large size of the customer bases of OUC and Duke Energy.

The results of the ongoing Engineering Fees review have been presented to Economic Development and Public Works in the form of a draft power point presentation. The two departments are considering solutions to the areas of highest risk and exposure. The Downtown Clean Team project is a request by Downtown Development Board and is about 40% completed with the project focusing on whether additional staff should be hired or if some of the work should be outsourced. The Stormwater division project is 25% completed and is concentrating on the calculation of the Stormwater fee. McGladrey will manage the Fleet and Facilities division project. Mr. McGowan added that the Workday security assessment is 75% complete.

6. UPDATE ON AUDIT RISK ASSESSMENT PROCESS – GEORGE MCGOWAN

Mr. McGowan shared a Self-Assessment Questionnaire with the Board that he hopes will be a useful tool for analyzing controls to helping identify areas of concern, especially for division managers. The questionnaire covers 12 separate areas and can be completed confidentially. Mr. McGowan's will present this to the City's executive management for their input and consultation on how to begin using the questionnaire.

7. MEMBERS' REPORTS / COMMENTS AND OTHER BUSINESS

There were no comments.

8. ADJOURNMENT

There being no further business, Mr. Eddins requested a motion to adjourn the meeting, which was made and seconded, and the meeting adjourned at 2:00 PM.

Respectfully submitted,

Rodney L. Eddins

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Chair

Michele V. Keane

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Recording Secretary