

The Audit Board of the City of Orlando met on Thursday, January 12, 2017 in the Sustainability Room, on the second floor of Orlando City Hall.

BOARD MEMBERS:

Robert Campbell, Chair	Present	[1/0]
Judy Wall, Vice-Chair	Present	[1/0]
Stephen K. Clapp	Present	[1/0]
Brendan Blais	Absent	[0/1]
Larry Magel	Absent	[0/1]

OTHERS PRESENT:

George McGowan, Director of Audit Services and Management Support
Daniel O'Keefe, Partner, Moore Stephens Lovelace
Joel Knopp, Engagement Manager, Moore Stephens Lovelace
Michelle McCrimmon, Deputy Chief Financial Officer
Brian Battles, Deputy Chief Financial Officer
Dina Dorestan, Litigation Paralegal/Recording Secretary

1. CALL TO ORDER

Mr. Campbell determined that enough members were present for a quorum and called the meeting to order at 1:05PM.

2. APPROVAL OF THE MINUTES

Mr. Campbell asked if there were any comments regarding the minutes from the previous meeting. None were made. **A MOTION WAS MADE BY MR. CAMPBELL TO APPROVE THE MINUTES OF THE AUGUST 25, 2016 MEETING AS WRITTEN. THE MOTION WAS APPROVED UNANIMOUSLY.**

3. PUBLIC COMMENT

None.

4. EXTERNAL AUDIT UPDATE-DANIEL O'KEEFE, PARTNER, MOORE STEPHENS LOVELACE AND JOEL KNOPP, ENGAGEMENT MANAGER,

Mr. O'Keefe greeted the board and advised that Mr. Knopp would be the one presenting the External Audit Update to the board. Mr. Knopp gave updated on the year end field work completed in December, 2016. Mr. Knopp added that the Audit Department assisted with the CAFR Reporting. He explained that his team uses minority firms to assist with procedures as well. Mr. Knopp provided the last fiscal year's budget updated. Discussion ensued.

5. BUDGET UPDATE- BRIAN BATTLES- DEPUTY CHIEF FINANCIAL OFFICER

Mr. Battles explained that at the end of the year, there are revenue adjustments so things are over budget. Mr. Battles advised that the City finished strong in Revenue and Expenses. He added that the Surplus was used to pay debt in some funds; \$5 Million was set aside for community projects and addressed one time priorities that were not able to be addressed. Mr. Battles expressed that he feels very confident with all that was accomplished at the end of the year. He discussed Union negotiations that are still ongoing, and advised that the Police Union has reached a settlement. Discussion ensued.

6. AUDIT SERVICES & MANAGEMENT SUPPORT ACTIVITIES-ANNUAL ADUDIT PLAN UPDATE-GEORGE McGOWAN DIRECTOR OF AUDIT SERVICES AND MANAGEMENT SUPPORT

Mr. McGowan presented the Audit Services update and the projects completed since the board last met. Mr. McGowan discussed the month of August to end of the year's 3 projects that were completed. He presented the Contract Procurement and explained that an audit was performed on its processes and controls. Mr. McGowan presented a chart of Revenue Auditing results and how where the City is to date. He presented the Project Status Reports that are in progress such as: Lowes, Walmart, RaceTrac, Green's Energy Service, Teco People's Gas, and many more. He discussed how the Audit team conducts unannounced review on consumers to make sure that everything is done safely, according to policies. Mr. McGowan advised of the audits that will take place in the upcoming months. Discussion ensued.

7. PRESENTATION OF BENFORD ANALYSIS- GEORGE McGOWAN DIRECTOR OF AUDIT SERVICES AND MANAGEMENT SUPPORT

Mr. McGowan asked the board members and others present if they are familiar with the "Benford Analysis". Everyone replied that they are not. Mr. McGowan explained a man by the name of Frank Benford, was a Physicist at GE Research Laboratories in the 1920's. He found that numbers with low first digits occurred more frequently in sets of numbers and calculated the expected frequencies of the first digits in tabulated data. Mr. McGowan further explained, in 1999, a man by the name of Mark Nigrini proposed using Benford's Law as an analysis method to alert users to possible errors, fraud, costly processing inefficiencies or other irregularities. Mr. McGowan used Benford's Law to analyze City data and explained that the City has a wide variety in the number of figures data with plenty of values in the hundreds. He discussed that Auditing reviewed the expense data available through WorkDay reports. He presented a table chart of WorkDay payment transactions. Payments include: ACH, E-payables, Manual Separate Check payment types, and ProCard transactions. Mr. McGowan suggested that Audit should continue utilizing Benford's Law to analyze financial transactions and share the results with Business Services. Discussion ensued. Mr. Campbell thanked Mr. McGowan for his presentation.

8. NEW BUSINESS

Mr. Campbell notified the board members and others present that: Mr. Larry Magel resigned as a member, Mr. Brendan Blais rolling off in August 2017, and that new members would be added.

9. ADJOURNMENT

There being no further business to discuss, Mr. Campbell declared the meeting adjourned at 1:40PM.

Respectfully submitted,



Robert Campbell
Chair



Dina Dorestan
Litigation Paralegal/Recording Secretary

The Audit Board of the City of Orlando met on Thursday, January 12, 2017, in the Sustainability Conference Room, on the second floor of Orlando City Hall.

BOARD MEMBERS:

Robert Campbell, Chair	Present	[1/0]
Judy Wall, Vice-Chair	Present	[1/0]
Stephen K. Clapp	Present	[1/0]
Brendan Blais	Absent	[0/1]
Larry Magel	Absent	[0/1]

OTHERS PRESENT:

George McGowan, Director of Audit Services and Management Support

1. **AUDIT BOARD INDIVIDUAL DISCUSSION, GEORGE McGOWAN, DIRECTOR, AUDIT SERVICES AND MANAGEMENT SUPPORT**

Audit Board met with George McGowan, Director of Audit Services and Management Support. Topics discussed included staffing and project results. Discussion ensued and all board questions were answered.

2. **ADJOURNMENT**

There being no further business to discuss, Mr. Campbell declared the meeting adjourned.

Respectfully submitted,



Robert Campbell
Chair



Dina Dorestan
Paralegal, Recording Secretary