

AUDIT COMMITTEE MEETING
January 28, 2021 @ 3:00 PM
St. Avold Conference Room and Via Zoom

Council Members Present: CM Dawkins, Chair
CM Kinston

Staff Present: Mr. Doug Hewett, City Manager
Ms. Elizabeth Somerindyke, Internal Audit Director
Ms. Rose Rasmussen, Internal Audit Staff
Ms. Amanda Rich, Internal Audit Staff
Mr. Jay Toland, Interim Assistant City Manager, Chief Financial Officer
Assistant Chief James Nolette, Fayetteville Police Department
Ms. Andrea Tebbe, Executive Assistant to the City Council

Committee Members Present: Mr. Ron O'Brien
Ms. Amy Samperton, Vice-Chair

1. Call to Order

- CM Dawkins called meeting to order at 3:04 PM

2. Approval of Minutes

MOTION: Ms. Amy Samperton made motion to approve agenda

SECOND: CM Kinston

VOTE: Unanimous (4-0)

3. Approval of Minutes

- Ms. Somerindyke noted correction of the spelling of Mr. O'Brien

MOTION: CM Kinston made motion to approve minutes with the correction to the spelling of Mr. O'Brien's name

SECOND: Mr. Ron O'Brien

VOTE: UNANIMOUS (4-0)

4. Amendment to Audit Committee By-Laws

1. City Council adopted revision of Audit Committee Bylaws on November 9, 2020 to make PWC member a non-voting member

MOTION: Ms. Amy Samperton made motion to accept revision of bylaws as approved by City Council.

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

5. Fiscal Year Ended June 30, 2020 Comprehensive Annual Financial Report and Audit Results-

Presented by Mr. Robert Bittner III, CPA, MBA, RSM US LLP

MOTION: Mr. Ron O'Brien made motion to accept report

SECOND: CM Kinston

VOTE: Unanimous (4-0)

Motion: Mr. Ron O'Brien made motion to present report to City Council

SECOND: CM Kinston

VOTE: UNANIMOUS (4-0)

6. Internal Audit Activities- Presented by Ms. Elizabeth Somerindyke, Internal Audit Director
The objective of the Audit was to determine if the original audit recommendations had been implemented by management. WEX fuel card transactions occurring September 2019 through August 2020.

a) WEX Fuel Card Follow-up – Police (A2019-05F)

- Update from report issued May 2019- Public Safety (Fire and Police) were issued a card for fuel as alternative to fueling site.
- Have recommendations been implemented?
- All drafts from Audit Department come as a draft to allow questions and/or recommendations. Once accepted they are no longer a draft.
- Current Observation October 9, 2020- % percentage of recommendations implemented: 4 (24%) Implemented, 4 (24%) Partially Implemented, and 1 (6%) Could Not Determine
- Subsequent observation November 24, 2020- % percentage of recommendations implemented: 11 (65%) Implemented, 2 (24%) Partially Implemented, and 0 (0%) Could Not Determine

MOTION: CM Kinston made motion to accept report and refer to Council with an additional follow-up by May 1, 2021

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

6b. Accounts Payable Timeliness (A2020-02)

The objective of the audit was to evaluate policies and procedures relating to the account payable process; and to determine if internal controls over accounts payable disbursements are adequate and effective with respect to responding to risks within the City. The scope included invoices processed from January 2019 to December 2019; and 381 invoices were sampled and tested, excluded drafted payments.

Finding #1: Performance measures and policies for the timely payment of invoices had not been established.

Finding #2: ACH processing lacked internal controls.

- Committee instructed staff to reduce payout days from 75 to 60 days
- Finance will present report showing average payment turn around has been reduced to 60 days
- Audit Committee will continue review and make additional recommendations
- April meeting is not in timeline for Mr. Toland to make changes and provide a report. Mr. Toland will provide update and report in August 2021
- Finance now has ACH option and implemented the control recommended and created a review process

MOTION: Mr. Ron O'Brien made motion to accept Accounts Payable Timeliness Audit, to include creating a policy within 60 days and then begin an implementation process after August 2021 meeting. Policy was to be coordinated through Internal Audit and the leadership team

SECOND: Ms. Amy Samperton

VOTE: UNANIMOUS (4-0)

7. Annual Audit Plan Proposed Engagements for FY 2021- Ms. Somerindyke shared proposed plan for departmental audits for FY 2021

MOTION: Ms. Amy Samperton made motion to accept the 2021 Audit Plan with the addition of the WEX Fuel Card for Fayetteville Police Department

SECOND: Mr. Ron O'Brien

VOTE: UNANIMOUS (4-0)

8. Financial Audit Preparations for Fiscal Year Ending June 30, 2021- Mr. Jay Toland
 1. This audit may need to go for a bid due to previous firm used has been bought by another company
 2. May require a special meeting in March 2021
9. Management Reports- Informational purpose only
 1. Internal Audit shared progress completed by Internal Audit Team
 2. Internal Audit shared quarterly report that displays any outstanding recommendations
10. Adjournment
 - CM Kinston made a motion to adjourn meeting at 4:52 PM

Council Member Johnny Dawkins, Chair

ATTEST:

Andrea Tebbe, Executive Assistant to the City Council