

Approved Committee Minutes

Minutes of the Operational Audit Advisory Committee Meeting
June 8, 2006

Committee Members: Patricia Basti, Chandra Brown, David Crowley, Leslie Ghiz, Alton Knight, David Raasch, and Jim Tarbell

The Operational Audit Advisory Committee held its third meeting of the year on June 8, 2006, at 9:30 a.m. in room 169, City Hall. Audit Committee members, David Crowley, Patricia Basti, Alton Knight and Jim Tarbell were present. Mr. David Raasch, Leslie Ghiz and Chandra Brown were absent. Also in attendance were Acting Finance Director Joe Gray and Assistant City Solicitor Allison Davidson. Mr. David Crowley chaired the meeting. The Internal Audit Manager, Mark Ashworth, served as recording secretary.

Chairperson Crowley called the meeting to order at 9:30 a.m. After a brief discussion the minutes were approved and filed by the committee.

The first order of business Ms. Davidson addressed the committee. She covered two changes in the language of the by-laws. The first was a clarification that the terms of committee members would be four years. In order to stagger terms two members would be identified to serve two-year terms and two members would begin serving four-year terms. The second issue was that time already served on the committee would not count; all current members are starting anew in regards to the four-year terms and limits. Discussion then ensued as to which members would serve two-year terms and four-year terms. Mr. Ashworth suggested allowing the attending members to select their preference. Mr. Crowley moved that Alton Knight and Patricia Basti serve four-year terms and Ms. Chandra Brown and Mr. David Raasch would serve an initial two-year term. Mr. Knight seconded the motion and the vote passed 4-0. Further discussion established July 1, 2006 as the effective starting date for the committee terms.

Mr. Crowley then addressed the committee on item 4, the vote for a 2006 Chairperson. He said he was willing to serve the remainder of the year as Chairperson but felt that for 2007 it would be best if an outside member of the committee serve as its Chairperson. With committee agreement Mr. Crowley moved on to the next agenda item.

Mr. Ashworth addressed the committee on the results of his research that the committee had directed him to perform in comparing public internal audit departments that are similar in focus with the City of Cincinnati. Mr. Ashworth identified the highlights and major points in the report. The research found that in comparing "apples to apples" the City of Cincinnati is understaffed and has fewer resources devoted to internal auditing when compared to other cities. Mr. Ashworth believed that 6 internal auditors would adequately address the needs and concerns of the City. Four auditors are the minimum to address only the

work planned projects. Special projects and investigations would be very hard to conduct without diverting from the workplan should the audit staffing be at four. Mr. Ashworth answered a number of questions about various staffing levels and what could be accomplished. Mr. Tarbell asked what might crash in the system without appropriate audit coverage. Committee members and Mr. Ashworth responded that it isn't what might crash but lost opportunities and lost money that can be retrieved as a result of ongoing internal audits.

A very lengthy discussion ensued among committee members with each sharing their viewpoints and concerns. Mr. Jim Tarbell suggested that the audit function return to six auditors. After further discussion and consideration of the overall City budget issues the committee voted to support a message being sent to the City Manager that the internal audit function be returned to four internal auditors, a support person and the audit manager.

Mr. Ashworth gave a brief overview of the new City Hall Works Committee that he has been asked to be a member. He informed the group that the focus of the committee is to review city operations in an attempt to become more effective and efficient in our service delivery. Mr. Ashworth said he was certainly glad to serve and felt it was a great opportunity for the City and that the work the committee was about to perform would also help him in the internal audit arena. Some of the finished product should be able to allow him not to review those same operations with his limited resources.

With time limited, Mr. Ashworth gave a brief overview of current projects. Those projects discussed were the Human Resources audit, the Street Sweeping audit and the Risk Management audit.

The final item to come before the committee was a briefing on the new City Manager Mr. Milton Dohoney. Mr. Ashworth researched the placement of the internal audit function in Lexington Kentucky. The audit function reports directly to the Council and functionally to Mr. Dohoney. The audit function and placement appear to be consistent with professional standards in regard to appropriate staffing and the requisite independence that is so important in effectively carrying out the work.

With no additional business before the Committee, the meeting was adjourned at 10:50 a.m.