

Approved Committee Minutes

Minutes of the Operational Audit Advisory Committee Meeting
August 10, 2006

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

The Operational Audit Advisory Committee held its fourth meeting of the year on August 10, 2006, at 9:30 a.m. in room 169, City Hall. Audit Committee members, David Crowley, Patricia Basti, Alton Knight, David Raasch and Jim Tarbell were present. Ms. Leslie Ghiz was absent. Also in attendance was Acting Assistant Finance Director Connie Roesch. 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.

Mr. Ashworth addressed the budget and staffing issues first. He stated that he had been asked by the Finance Director to present a plan to meet a 15% budget cut. He informed the committee that a 15% budget cut would mean a reduction in audit staff. The committee affirmed that it wanted the staffing to be at four internal auditors. Mr. Ashworth indicated that he had met with Mr. Gray, Finance Director, about the budget submission. Mr. Gray requested that a budget be presented with a 15% reduction. He would then review the budget for the entire Finance Department and make budget cuts accordingly. Mr. Gray fully understands that the Internal Audit Division has already lost three auditors and in past budget years experienced budget cuts greater than the needed target.

Committee members discussed the current staffing levels and the fact that staff reductions have been an ongoing concern over the course of the past two years. Mr. Ashworth commented that he was to develop his own budget needs, as stated in the City's Municipal Code, and submit them to the Mayor and City Council. The committee echoed its desire that the office maintain a minimum of four internal auditors. On at least four occasions Mr. Ashworth presented information to the committee that indicated the need for six auditors. The office at one point, about four years ago, had a compliment of six auditors but has lost positions in each succeeding budget process. Mr. Ashworth was confident, based on discussions with Mr. Gray, that he would not lose any of the three positions he currently has on the table of organization. His concern and that of the committee was getting the fourth auditor restored in his budget for the 2007/2008 biannual budget.

After further discussion, Mr. Ashworth was instructed to follow the process and develop a submission for the 2007/2008 budget. Mr. Ashworth agreed to develop a budget and submit it for review to the audit committee at its next meeting. Once approved, he will then officially submit the budget to the Mayor and City Council.

Item six was discussed next. Mr. Ashworth shared with the committee that the new City Manager would be starting the following week. Mr. Ashworth informed the committee that he would be meeting with the Manager once his schedule permits to discuss the Audit office, its focus and placement within the organization. It was decided that the City Manager should be invited to attend the next audit committee meeting.

The next order of business was the open audit committee position. Mr. Ashworth indicated that Ms. Chandra Brown resigned her position due to a job change and relocation. Discussion ensued as to how to proceed in recruiting a new member. The committee would like to identify members of the local business community who have an internal audit focus, however, this is not required or mandatory. Mr. Ashworth indicated that in the past he circulated a letter requesting interested parties to submit resumes for consideration. Mr. Alton Knight said that he knew the head audit professional at Federated Department Stores. He indicated that she may be interested and she would certainly be well-qualified. It was agreed that Mr. Knight would contact her and, afterward, Mr. Ashworth would schedule a meeting with her.

Mr. David Crowley asked Mr. Ashworth to send a letter of thanks to Chandra Brown for her service to the board. Mr. Ashworth said that he would do so.

Mr. Ashworth was asked to give the committee an update on the street sweeping audit. He gave a brief background of the managed competition and the manner in which street sweeping is handled in the City of Cincinnati. He discussed the bid process and the awarding of the downtown area to a private contractor and the subsequent award of the OTR and residential streets to the City. A separate fund was to be established to properly account for the expense of the program. Mr. Ashworth talked about the lack of street sweeping routes. Auditors had found that the curb miles swept were low and on several observations multiple sweepers swept the same street.

Questions were asked about the private contractor and if IAD had reviewed their performance. The private contractor was not a part of the audit scope that IAD was to examine. The brief inspection of the contractor found that they were performing as contracted and for the exact amount of compensation specified in the contract. With no complaints of poor service by Public Services there was no need to expand the scope to include their performance in the audit.

Several additional questions were asked about the GPS system. Mr. Ashworth indicated that this was one area of disappointment. The bid and RFP indicated that GPS had been and would continue to be used to manage the street sweeping program. Field research and staff interviews indicated that the GPS system had not been in place. Routes and tracking of streets swept need to be developed and implemented. Management decisions cannot be made under the current mode of operation. Mr. Ashworth stated the report is in its final stages and will be ready for release to the committee soon. Electronic copies will be forwarded to the committee once the report has been finalized.

Mr. Ashworth also gave the committee a very brief overview of the Risk Management and Pension Audits that are currently in progress.

With no additional business before the Committee, the meeting was adjourned at 11:00 a.m.