

DRAFT  
MINUTES OF THE AUDIT COMMITTEE  
CITY OF GREENSBORO  
LEGISLATIVE CONFERENCE ROOM, 2<sup>ND</sup> FLOOR  
MMOB

ANNUAL MEETING

28 FEBRUARY 2013

The Audit Committee of the City of Greensboro met at 3:00 p.m. on the above date in the Legislative Conference Room of the Melvin Municipal Office Building, Second Floor, with the following members present: Mayor Robbie Perkins, Councilmembers Zack Matheny and Tony Wilkins, Deputy City Manager Jim Westmoreland, Finance Director Rick Lusk, Director of Internal Audit Len Lucas, public member Art Winstead, Assistant to the City Manager Mary Vigue. Absent: None. Also present were Scott Anderson of Cherry, Bekaert LLP, Deputy Finance Director Marlene Druga and Deputy City Clerk Diana Schreiber.

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Mayor Perkins welcomed the committee members and visitors to the meeting.

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Councilmember Matheny made a motion to approve the draft Audit Committee's minutes of January 26, 2012. The motion was seconded by Councilmember Wilkins and adopted by voice vote of the Committee members.

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Mayor Perkins stated it was time to recognize the Audit Committee Appointments.

Councilmember Matheny made a motion to appoint Councilmember Tony Wilkins to the Audit Committee. The motion was seconded by Mayor Perkins and adopted by voice vote of the Committee.

Mayor Perkins made a motion to reappoint Art Winstead, Public Member to the Audit Committee. The motion was seconded by Councilmember Matheny and adopted by voice vote of the Committee.

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Rick Lusk, Finance Director, stated it was time to present the Fiscal Year 2010-2011 GFOA Certificate of Achievement for Excellence in Financial Reporting.

Mr. Lusk made the presentation; and recognized the following staff members for exceptional service in the Finance Department: Bonnie Harvell, Anita Wilson, Jeff Roberts and Marlene Druga; and stated the certificate had been awarded to the City for 37 consecutive years.

Mayor Perkins recognized staff for their high standards of excellence and that receipt of the award reassured the Council and the public that the City staff's outstanding work.

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Mayor Perkins introduced the Independent Auditor's Presentation.

Scott Anderson, Audit Manager of Cherry, Bekaert LLP, spoke to the 2011-12 City CAFR/Audit; excused Eddie Burke, Auditor, for his absence; conducted the City's financial statement and compliance audits; expressed the opinion that the financial statements were fairly stated and that the required disclosures were provided in accordance to professional standards; stated that an unqualified opinion had been issued on the financial statements; indicated that there were reasonable internal controls over financial reporting; stated that there were no disagreements or findings related to compliance over federal and state programs or auditing procedures; and noted that overall the audit was very smooth with staff abiding by the prescribed schedule.

Mr. Anderson made himself available for questions.

Councilmember Wilkins inquired about the length of the auditor's contract.

Mr. Lusk responded that the contract had been in place for seven years; and that Council would be voting on an extension for two years at an upcoming council meeting.

Art Winstead, public member, stated that the audit was well done and abided by professional standards and that the audit firm was excellent; and suggested that staff be recognized on GTN at the next Council meeting.

Mayor Perkins requested that the award be presented to staff on GTN at the second council meeting in March.

Mayor Perkins inquired about how Greensboro compared to other municipalities in the financial sphere.

Mr. Anderson stated that Greensboro's finance staff ranked at the top of the scale.

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Mr. Anderson from Cherry, Bekaert LLP departed at 3:20 p.m.

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Mr. Lusk introduced the Internal Audit Report 2012.

Len Lucas, Internal Audit Director, introduced the compliance review report and summary; noted that reports were posted on the City's website; that this past year involved 120 compliance reports on grants and shelter operations.

Mayor Perkins inquired about the presence of issues to address beyond the scope presented.

Mr. Lucas noted that he strived to improve efficiency in his department.

Mayor Perkins spoke to the Grassroots issue. Mr. Lucas stated that non-profit statuses would be required on an annual basis.

Councilmember Matheny inquired if Sebastian House had been audited and inquired about a partnership between the City and Sebastian House.

Mr. Lucas responded negatively regarding the audit.

Mr. Westmoreland stated there had been no activity regarding partnering.

Assistant to the City Manager Mary Vigue noted that it in the contract drawn between the City and Sebastian House, it was contingent for Sebastian House to meet the standard that involved providing audits and compliance reviews for staff to assess.

Mayor Perkins referenced the Sebastian House presentation at the February 19, 2013 council meeting.

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Mr. Lusk introduced the Audit Fees/Contract Fiscal Year 12-13 and the Audit Planning Meeting.

Mr. Lusk stated that Cherry Bekaert LLP proposed a two-year contract extension to include a 2% fee increase, totaling \$1421; noted that the amount represented a flat fee that did not include hotel accommodations; confirmed the cost of the audit depended on the size of the audit and its complexity; and confirmed that the last RFP cycle indicated that Cherry Bekaert LLP was very competitively priced.

The Committee discussed local options and partner management rotation; that the audit team consisted of two to three accountants; that Eddie Burke was the initial engagement partner and the firm periodically rotated partners on the engagement; and the Committee made a motion of positive recommendation.

Councilmember Matheny made a motion for City Council to consider a positive recommendation to accept a two-year proposal from Cherry Bekaert LLP to continue as our current auditor. The motion was seconded by Councilmember Wilkins; the motion was adopted by voice vote of the Committee.

Mayor Perkins spoke to procedural process involved with Council Committees; made the Audit Committee members aware that formal recommendations made by the Committees would go to the full Council and that a second would not be required by the full Council.

Mayor Perkins referenced an upcoming briefing session rescheduled from March 14 to March 12 due to the start of the ACC Tournament.

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Mr. Lusk introduced the participation in the audit planning meeting.

Mr. Winstead stated the purpose of the Audit Committee was to establish communication between municipal management and the auditors. Mayor Perkins referenced the defunct Project Homestead where the management letter had indicated questionable expenditures but Council had not received a copy; and that the current Audit Committee was to receive the audit firm's management letter and if material differences were cited, the Audit Committee could evaluate the differences and make sure changes were implemented.

Mayor Perkins spoke to PART and its grant compliance process.

Mr. Lucas stated the Stimulus monies were winding down but that the reporting continued.

Mayor Perkins referenced the HUD loan in South Elm/Eugene redevelopment area.

Mr. Lusk referred to the audit planning meeting and noted that Mr. Winstead would be invited to attend.

Mr. Winstead referenced reports issued by the private auditors of his company's firm.

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Mayor Perkins stated there would be notice of the audit planning meeting so that Mr. Winstead and others could attend.

The date of the Annual Audit Committee meeting in 2014 was to be determined.

Mayor Perkins made a motion to adjourn. The motion was seconded by Councilmember Matheny and adopted by voice vote of the Committee members.

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The Audit Committee adjourned at 3:40 p.m.

ROBERT V. PERKINS  
MAYOR & CHAIRMAN

DIANA SCHREIBER  
DEPUTY CITY CLERK

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