



City of Greensboro

Melvin Municipal Building
300 W. Washington Street
Greensboro, NC 27401

Meeting Minutes - Draft Audit Committee

Thursday, February 15, 2018

3:00 PM

Legislative Conference Room

I. Call To Order

This Audit Committee meeting of the City of Greensboro was called to order at 3:00 p.m. on the above date in the Legislative Conference Room of the Melvin Municipal Office Building with the following members present:

Chairperson Mayor Nancy Vaughan, Councilmember Justin Outling, Councilmember Tammi Thurm, and public member Art Winstead.

Also Present: City Manager Jim Westmoreland, Finance Director Rick Lusk, and Deputy City Clerk Angela R. Lord.

Assistant City Manager Barbara Harris, Deputy Finance Director Marlene Druga, and Internal Audit Director Len Lucas were also present.

II. Approval of Draft Minutes

1. [ID 18-0064](#) Motion to Approve the Minutes of the April 11, 2017 Meeting

Moved by Councilmember Outling, seconded by Mayor Vaughan to adopt the Audit Committee meeting minutes of April 11, 2017. The motion carried by voice vote.

III. Old Business

There was no old business to be discussed.

IV. New Business

2. [ID 18-0065](#) Nomination of City Council Member

It was the consensus of the Committee to appoint Councilmember Thurm to the Audit Committee to replace former Council member Tony Wilkins.

Moved by Mayor Vaughan, seconded by Councilmember Thurm to appoint Councilmember Outling as the Vice Chair of the Committee to replace former Council member Tony Wilkins. The motion carried by voice vote.

3. [ID 18-0066](#) Independent Auditors' Presentation
Eddie Burke, Partner, Cherry Bekaert LLP
FY 2016-2017 CAFR and Audit Highlights

Cherry Bekaert CPAs and Advisors Partner, Eddie Burke, recognized associate Andrea King; spoke to the execution of the audit plan; and to a transition year.

Mayor Vaughan requested staff provide a brief history for the external auditors in which Finance Director Rick Lusk outlined the Request for Proposal; and the selection process of Cherry Bekaert.

Mr. Burke distributed a PowerPoint Presentation; spoke to additional members of the service team; to guidelines and professional standards; submission of auditors' opinions; highlighted the four opinions expressed; compliance by the City; spoke to the review of grants and federal programs; implementation of new standard requirements; and referenced challenges with the Alcohol Beverage Control (ABC) Board reports.

Discussion took place regarding issues the ABC Board had with their auditors; governmental review; and Art Winstead's firm, Davenport, Marvin Joyce (DMJ) & Company, PLLC taking over the ABC Board audit.

Mr. Burke continued by reviewing internal controls; key processes and cycles; stated there were no journal entry problems identified; and referenced the Mecklenburg County cyber security situation.

Discussion continued regarding the proactive approach to cyber threats; and a journal entry error on the last audit completed that had been resolved.

Mr. Burke spoke to Governmental Accounting Standards Board (GASB) requirements; long term loans; highlighted significant audit areas; results for the general fund revenues; proprietary operating fund revenues; spoke to the return on funds; capital assets; long term debt; issuance of General Obligation (GO) Bonds; requirements with the State Retirement System; law enforcement separation allowance; GASB 75 implementation; and to a Trust for Other Post Employment Benefits (OPEB).

Mr. Lusk referenced retirement systems; spoke to the trust funding; and to the putting money aside for OPEB.

Discussion took place regarding liabilities; full accrual; health benefit policies; and market conditions.

Ms. King recognized the City as selected by the state auditor for examination of pension census data; and thanked the staff for their contributions to the audit report.

4. [ID 18-0067](#) Internal Audit Report

Internal Audit Director Len Lucas provided a handout to the committee; spoke to looking at state and federal funding; grants; testing to ensure funds were being spent as allocated; to absorbing cost; stated there were 21 inventory sites; information had been posted to the website; spoke to equal and fair treatment of auditees; review of loan requirements; testing sites that do cash collections; and to unannounced and announced visits.

Discussion ensued regarding the organizations that received grants; the report in draft form until audits were complete; internal processes and postings; the order in which audits were implemented; the rotation cycle; and the review of Neighborhood and Development on a yearly basis.

Mayor Vaughan inquired about grants to non-profits; and the amount of information that was posted to the City website.

Mr. Lucas clarified that only grant information and all compliance reviews were posted.

V. Adjournment

Moved by Councilmember Outling, seconded by Councilmember Thurm, to adjourn the meeting. The motion carried by voice vote.

THE CITY COUNCIL ADJOURNED AT 3:52 P.M.

ANGELA R. LORD
DEPUTY CITY CLERK

NANCY VAUGHAN
CHAIR

