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MINUTES
Ad Hoc Audit Committee
Monday, October 28, 2024 @ 4:00 p.m.
City Council Conference Room

CALL TO ORDER

Council Member Spadafore called the meeting to order at 4:01 p.m.

PRESENT

Council Member Peter Spadafore, Chair
Council Member Tamera Carter, Vice Chair
Council Member Trini Pehlivanoglu, Member

OTHERS PRESENT

Sherrie Boak, Council Office Manager
Charles Randall, Internal Auditor
Lisa Hagen- Lawrence, OCA
Desiree Kirkland, Finance

Minutes

MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE MINUTES FROM OCTOBER 7, 2024 AS PRESENTED. MOTION CARRIED 3-0.

Public Comment

No public comment at this time.

Discussion/Action:

DISCUSSION – Annual Audit Plan as Proposed by Internal Auditor

DISCUSSION – Internal Auditor Audit Schedule

Council Member Spadafore noted that since 10/7/2024 the Internal Auditor has been working on documents.

Mr. Randall went over the “Crash Course” document in the packet. He noted this matches with the IAA – Internal Audit Association. Outlined next was the Ad Hoc Audit Committee role providing guidance and oversight. Mr. Randall summarized where this all fits within the organization. Included in the document was a Internal Audit Three Lines Model along with how those are performed in the audit process.

Council Member Spadafore asked Mr. Randall to define “risk”, and he stated “risk” which is the possibility of something bad happening; what could go wrong, and how do we prevent or address the impact. This about managing the day to day activities.

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Council Member Carter asked for the introduce meeting, is there a time frame. Mr. Randall stated the timing is depending on activities that are coming up, but his role is to be respective of their responsibilities but also laying out the timeline of his audit to collaborate with the departments.

Council Member Pehlivanoglu asked about the interviews, and who those people would be. Mr. Randall stated this would be with the key individuals to map out what is going on with the audit. It would be more detailed in the understanding, and the interviews with management would have been in the initial request.

Mr. Randall then went through a handout distributed at the meeting on an example of Intern Control Audit Strategy. This outlined accuracy and valuation, existence, completeness, rights and obligations. There would also be the population, the scope before the testing of the internal controls. If there is a reconciliation performed, will it be performed the same every time.

Lastly, Mr. Randall went through the draft audit plan which list out the categories in the Charter. Things adherent to the position, key activities to perform throughout the year, who is key in the organization, expense/disbursement focus, internal controls, monitor material changes, processes and systems. To start he noted he would start looking at samples per month, any findings, then coming towards year end finalizing. Regarding material changes, monitoring key project management activities; milestones being met, as systems implemented monitoring to make sure those steps are continuing. Regarding internal controls of financial reporting; material weaknesses, significant deficiency in processing of payroll; compliance with laws.

Council Member Carter asked about the timeline on monthly samplings; will that report back to Ad Hoc or the full Council. Mr. Randall stated it would be Ad Hoc, and Council Member Spadafore noted then this Committee would report out.

Council Member Spadafore asked if with the audit plan can be a defined plan on when those engagement letters would be coming, and Mr. Randall confirmed. He was asked to refine the plan by the next meeting on November 18, 2024.

Mr. Randall asked the Committee if there was anything specific the Committee wants added. The Committee consensus was interested in the calendar for the next year on which departments.

Council Member Carter asked if the Mayor response would be back to the Ad Hoc. Council Member Spadafore asked OCA that the Mayor adhere to the Charter. Ms. Hagen-Lawrence read the Charter stated it is referred to the Mayor, but no response. It indicates it is a presentation to the full Council on the report, and it be provided to the Mayor, but she did not see any requirement from the Mayor. (4-102.6) does speak to response from the Mayor, within 30 days and recommendation to irregularities. It is not in the Internal Auditor section of the Charter but in the Mayor. Where there is a irregularity, presented to Council, provided to Administration, then within 30 days Mayor can respond to the report.

Council Member Pehlivanoglu asked Mr. Randall, that if when he goes through the process if he does not have the resources, please let the Ad Hoc Committee aware.

Council Member Spadafore noted that by November 18th the Committee should be firming up what to present to the full Council in December.

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OTHER

No other topics of discussion.

ADJOURN

Adjourned at 4:26 p.m.

Submitted by, Sherrie Boak,

Recording Secretary,

Lansing City Council

Approved by the Committee on