

City of TYBEE ISLAND
Audit Committee Entrance Meeting with Independent Auditors
Monday, March 19, 2007
2:00 PM
Tybee Old School – Room 7

MINUTES

ATTENDANCE:

Auditor: Craig Moye, Mauldin & Jenkins

Audit Committee: John Major, Freda Rutherford, Sue Off, David Birdwell, Jim Anderson, Sam Adams

Staff: Jan Fox, Claire Price

John Major called the meeting to order at 2:05 PM and handed out an agenda. .

Discussion of Audit Scope and Objectives:

Craig said that David Irwin will be working with him on the audit. They will evaluate risks and internal controls. They will examine account balances and transactions and pull a trial balance. They will examine accounts receivables, capital assets, accounts payable, disbursements and evaluate revenues and expenses. They will not be doing a lot of tests for internal controls because the new **SAS112** puts more responsibility on management.

John asked about interviews and inquiries of staff. Craig said yes, we must have contact with staff, the audit committee and staff in the field. He will develop an independent expectation, interview and see if responses match the policies and procedures.

John asked what will be documented? Craig said not all interviews will be documented but fraud discussion with AC will be.

Craig said their next step will be to go over findings with staff. He **has** already gone over last year's findings and thinks segregation of duties has been resolved as well as completion of the Policies and Procedures **Manual**. There is still one issue with the person reviewing deposits has access to cash. This will be a manage point but probably not a finding. Tybee does not have enough people to totally segregate duties. With the new audit procedures, it's up to the M & J Management Team to decide about findings.

John asked about the Prepared by Client letter. Craig said it looks complete.

Audit Items Brought up in the 11-01-06 Conference Call:

John informed Craig that he has removed the request to review the contract with the Trade and Convention Center because the city has renewed the contract. He asked about the campground and the gym. Jan responded that the campground has a separate account and the gym is now under lease. Discussion followed about the state of the city leases. Craig said the internal controls look good in that they now have policies and procedures. Jan said DPW inventories are in **place**. Distribution of grants has a new procedure for organization that are not 501.C 3 corporations **or**

have not complied with reporting requirements – they are paid on a reimbursement basis. The personnel issue of stand-by time is no longer relevant since the DPW director left in September.

Daily Wrap-up

Jan said the auditors will be working in her office and she will vacate at 5:00 so that he AC can meet there with the auditors. Craig said he expects to finish by Thursday. They will not date the report because it must be reviewed by the M & J team. It's usually about a week for a draft and it should be complete in three weeks.

Fraud:

Craig said he wanted to ask the AC about any instances of fraud. John cited the parking services situation. Jan reported on the process that was used for the investigation. The outcome was that parking **collections** has been brought into city hall. The people collecting has been separated from the people maintaining the meters. Craig asked if this has satisfied everyone. Jan said yes and that the review was well worthwhile in terms of process.

The meeting concluded at 2:27 PM.

Respectfully submitted,

Freda Rutherford, Secretary