

Executive Summary
CITY OF COVINGTON, KENTUCKY AUDIT COMMITTEE
July 28, 2010

Attending Members:

Matt Dressman, Greg Engelman, John Kidd, Mike Lenihan, Shane Negangard

Also in attendance:

- Jerry Stricker, City of Covington Mayor Pro Tem
- Bob Due, City of Covington Finance Director
- Adam Davey, Von Lehman Company

Absent: Larry Klein, Covington City Manager

Frank Warnock, Covington City Solicitor

- I. The audit chair called the meeting to order at approximately 12:00pm and provided an overview of meeting's agenda.
- II. The audit chair requested a motion for approval of the prior May 28, 2010 Audit Committee Meeting Minutes. A change was requested by Jerry Stricker to the minutes for item #V. The minutes state "the city now has a public website for reporting delinquent City of Covington property taxes." The statement should read: "the city has **planned** a public website" A motion was made and seconded to approve the prior meeting's minutes without dissention.
- III. Adam Davey presented a letter to the Audit Committee explaining June 30, 2010 audit and planning process.
- IV. Adam Davey presented current developments under GASBS No. 54 that will potentially affect the method in which fund balances are reported in the June 30, 2011 financial audit. The new requirement should not affect the city budget
- V. The Audit Committee Charter Matrix was discussed with the focus of the discussion on open items from prior meetings:
 - a. Audit Committee Charter Review item #3 - John Kidd requested a motion that was granted and seconded for a wording change to be made to the City of Covington, KY Audit Committee Charter. The charter will now read reflect the additional members of the committee and the necessary number for a quorum will remain the same – three members.
 - b. Financial Audit Process item #9 - City's auditor RFP process and Von Lehman & Company 2011 scope meeting schedule. The Audit Committee postponed further RFP conversations until spring of 2011.
 - c. Item #10 - Process for monitoring public officials and management's use of travel expense accounts, public monies, and public property such as vehicles. The

Committee discussed their review of the drafted City of Covington Travel Policy and recommendations for all elected officials and the city manager's expense reports to be reviewed by other commissioners and/or the Audit Committee. Pre-approvals for travel should be obtained prior to the commitment of resources. The Audit Committee will perform a cursory review of all elected officials and the City Manager's travel expenses until an independent internal auditor is available to perform this service.

Jerry Stricker recommended adding a special section to the drafted policy titled "Approval of Elected Officials, City Manager and Assistant City Manager Expenses". It was also suggested that the Travel policy and adherence to such should be addressed during all new hire and newly elected members of the commission orientation.

The Committee discussed the travel expense policy. The committee recommended language pertaining to mileage reimbursement and an example expense report for inclusion in the policy.

It was also recommended by the Committee that Policy 400 (The City of Covington's Travel Expense Policy) be revised as stated above and then recommended for approval and put in to place.

- d. Item #23 & #24 - Matt Dressman will to follow up with the City Manager regarding the Whistle Blower Hotline plan and/or policy and will report his findings at the next meeting.
- e. As part of the Risk reporting process, the City of Covington Risk Manager will need to present, at minimum, a quarterly report at future audit committee meetings.

Furthermore, the committee discussed that if/when the City Manager is not able to attend the scheduled meetings that delegate attends in his place. Matt Dressman will follow up with Larry Klein, the City Manager.

- f. The Committee discussed the Audit Committee Self Assessment process. The chair will distribute it to audit committee member. All completed self-assessment forms will be submitted to the chair for compilation and the results will be discussed at the next meeting.
- VI. Bob Due presented on the City of Covington's financial results and plans for fiscal year-end 2010 / 2011. The Finance Director discussed the FY2011 General Fund Budget as of 6/22/10. Members of the Audit Committee discussed their thoughts and concerns about the FY2011 budget.
- VII. The chair initiated general discussion related to the Audit Committee calendar of events/meetings for FY 2011. The chair will create and distribute the calendar once the timing of the external auditors' work has been determined. This conversation led to

additional dialog pertaining to the Annual Report of Audit Committee activities that the chair will present to the City Commission for approval at a future date.

VIII. Meeting adjourned at 1:57pm

Shane C. Negangard, Secretary