

The Audit Board of the City of Orlando met on Thursday, June 30, 2011 in Conference Room R, on the second floor of Orlando City Hall.

**BOARD MEMBERS:**

George H. Herbst, Chair	Present	[4/0]
Eugene J. O'Neill, Vice Chair	Present	[4/0]
Renee J. Wynn	Present	[4/0]
Rodney L. Eddins	Present	[4/0]
Leah G. James	Present	[4/1]

**OTHERS PRESENT:**

John T. Sirak, Director, Office of Audit Services & Management Support  
Michelle D. McCrimmon, Controller  
Lauren Harju, Engagement Manager, Ernst & Young  
Michael Pattillo, Partner, Ernst & Young  
Michael J. Stieber, Budget Division Manager  
Brian C. Battles, Budget Manager  
Deborah D. Girard, Deputy CAO  
Mayanne Downs, City Attorney  
Michele V. Keane, Recording Secretary

**1. OPENING REMARKS**

Mr. George Herbst, Audit Board Chair, called the meeting to order at 1:04 PM and determined that enough members were present for a quorum.

**2. APPROVAL OF THE MINUTES**

Mr. Herbst asked if there were any questions or comments related to the March 31, 2011 meeting minutes. **A MOTION WAS MADE AND SECONDED TO APPROVE THE MINUTES OF THE MARCH 31, 2011 MEETING. THE MOTION WAS APPROVED UNANIMOUSLY.**

**3. BUDGET UPDATE – MIKE STIEBER, BUDGET DIVISION MANAGER**

Mr. Stieber presented the Budget Update on behalf of Mr. Raymond Elwell, Deputy Chief Financial Officer, who was attending another meeting. (Ms. Girard joined the meeting at 1:05 PM.) Mr. Stieber stated that the general fund revenues and expenditures are within the budget for the year. He then mentioned that other funds and grants are also tracking as expected and concluded by saying there is nothing unusual to report. Mr. O'Neill asked a question about budget forecasting to which Mr. Stieber responded. Ms. Girard then gave a specific example of the Budget Review Committee (BRC) meeting with the Fire Department that morning. As a result of the meeting, the forecast for the Fire Department will be amended. Ms. Girard also explained that in such instances, the BRC will bring the matter before the City Council and the Council will vote on a budgetary resolution. This reinforced both Mr. Stieber and Ms. Girard's statements that the City is proactive in managing the budget and in addressing adjustments that are needed. Mr. Stieber left the meeting at 1:13 PM.

**4. EXTERNAL AUDIT REVIEW UPDATE - MIKE PATTILLO, PARTNER, ERNST & YOUNG AND LAUREN HARJU, MANAGER, ERNST & YOUNG**

Mr. Pattillo explained the process of preparing for the upcoming audit. Mr. Pattillo encouraged the Audit Board to make suggestions regarding any areas of concern or interest that they thought might warrant consideration in the next audit. Mr. Pattillo stated that planning for the next audit is built upon the previous year's audit and then gave an overview of the different members of the Ernst & Young staff who would be involved.

Venues, health care reform, American Recovery and Reinvestment (ARRA) and risk management activities will all be areas of focus during the upcoming audit. The new Government Accounting Standards Board Statement No. 54, will also be adopted by the City this year. The new Statement changes the way fund balances are reported. Mr. Herbst asked what impact the new GASB standard will have to which Mr. Pattillo answered that greater conformity amongst the annual reports of all governments will be the result and that he does not believe it will have a large impact on the City of Orlando.

Mr. O'Neill followed with a question regarding the Amway Center and its operating costs to which Mr. Pattillo responded. Mr. Herbst asked how City staff is viewing these risks. Ms. Girard responded that the Chief Administrative Officer, Byron Brooks, and the Venues Director, Allen Johnson, meet routinely to review the revenues and expenses. Mr. Battles added that the Orlando Venues Fund is constantly monitored by the Budget Department.

Ms. Harju explained the areas of audit emphasis and the types of tests used to verify data. Consistent with Statement on Auditing Standards No. 99, Ms. Harju also asked if the Board was aware of any alleged or actual fraud to which the Board answered "no". Ms. Harju also stated that two sub-contractors will be utilized by Ernst & Young: L.F. Harris and Elerick & Elerick. These companies meet Minority and Women Business Enterprises (M/WBE) requirements of the City of Orlando and they assist in controls and substantive testing for the financial audit. Mr. Pattillo left the meeting at 1:43 PM.

**5. AUDIT SERVICES AND MANAGEMENT SUPPORT UPDATE – JACK SIRAK, DIRECTOR, AUDIT SERVICES AND MANAGEMENT SUPPORT**

Mr. Sirak updated the Board on the continuing search for his successor. The City received over one hundred applications, of which slightly more than thirty met the requirements, and four candidates were interviewed. An offer was made to one individual for the Director of Audit Services and Management Support position, however, the person declined. The City has now decided to utilize a search firm and Mr. Sirak will be attending the next Board meeting.

Mr. Herbst asked if anything had been done to fill the manager's position and Mr. Sirak replied that originally the City had postponed advertising the position, hoping to allow the new Director to make that determination. However, with the continued delays, the position has been advertised and approximately twenty applications have been received, with five meeting the qualifications and three interviews to be conducted.

Mr. Sirak then updated the Board on the Red Light Camera Reconciliation and the need for an automated reconciliation system. (The reconciliation is necessary due to the non-correlating numbers between the City's Notice of Violation and the County's Uniform Traffic Citation.)

Mr. Sirak followed by summarizing that the identification of City bank accounts has been completed and all necessary corrections have been made. (Ms. Downs entered the meeting at 2:03 PM.) Mr. Sirak went on to note that the transport service audit and venues validation of food revenues are being conducted by two co-source partners: McGladrey and Protiviti. (Mr. Battles left the meeting at 2:10 PM.)

**6. MEMBERS' REPORTS / COMMENTS AND OTHER BUSINESS – AUDIT BOARD**

Mr. Eddins shared some information about basic parliamentary procedures he had received as part of the City Board Training recently conducted by Kyle Shepherd of the City Attorney's Office. Mr. Eddins explained the purposes of Roberts' Rules of Order and mentioned that the rules have been adopted by the City of Orlando for City Codes, City Council, City Boards and City Commission Meetings. Mr. Eddins then explained the procedures for making a motion, the responsibilities of the Chair and the order of business.

**The next meeting of the Audit Board is scheduled as follows:**

**Thursday, August 25, 2011**

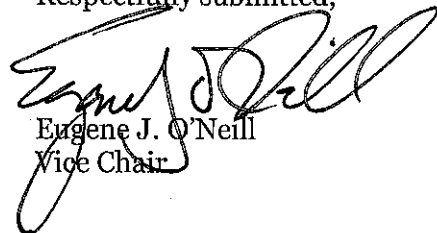
**1:00 p.m.**


**Conference Room R**

**7. ADJOURNMENT**

There being no further business, Mr. Herbst requested a motion to adjourn the meeting, which was made and seconded, and the meeting adjourned at 2:25 PM.

Respectfully submitted,

  
Eugene J. O'Neill  
Vice Chair

  
Michele V. Keane  
Recording Secretary