

Bowling Green Audit Committee
Regular Meeting
January 13, 2014

The Bowling Green Audit Committee convened in a regular meeting at 3:30 p.m. on January 13, 2014 in the City Hall Commission Chamber. The meeting was called to order by Chair Cristi Pruitt. Members of the Committee present were: Audit Professional Cristi Pruitt, General Business members Scott Gary and Tony Witty, Ex-Officio member City Manager Kevin DeFebbo and City Commissioner Joe Denning. Absent: Audit Professional David McKillip. Also present were Parks and Recreation Director Brent Belcher, Internal Auditor Deborah Jenkins, Chief Financial Officer Jeff Meisel, Comptroller Wilma Brown, Senior Staff Accountant Erin Ballou, Staff Accountant Sean Weeks and Assistant City Clerk Ashley Jackson. There was a quorum of the board present.

Approval of Minutes.

Chair Pruitt announced that the first item of business was to approve the minutes of the December 9, 2013 special meeting, which was mailed with the agenda to the members for their review prior to the meeting. Motion was made by Mr. Gary and seconded by Mr. Denning to accept the minutes as written. The minutes were approved as written by unanimous vote.

Presentation of the Park Maintenance Operation Audit.

Ms. Jenkins introduced Parks and Recreation Director Brent Belcher. She provided a summary of the objectives of the Park Maintenance Operation audit which was to evaluate the adequacy of internal controls as well as the efficiency and effectiveness of operations related to: 1.) payroll; 2.) equipment, small tools and parts inventory management; 3.) work order and construction project management, and 4.) general shop operations. Ms. Jenkins said that there were 5 program goals and 7 program objectives identified for the division. It was also reported that there were several sub-divisions within Park Maintenance which included 26 full-time and 6 part-time staff members, however the two general sub-divisions that were audited was Cemetery and General Park Maintenance. Within those divisions, she reviewed the responsibilities of Park Maintenance including: City cemeteries, custodial services, mowing/grounds maintenance and special events/construction projects. The recommendations and management responses were as follows:

- 1. Weekly Work Reports should be consistently completed if the reports are what management plans to rely on for analysis and evaluations of efficiencies within the division. No management reporting or analysis is performed from the reports to identify inefficiencies or problem areas within the division. In addition, it was recommended to add an office support staff member, either part-time or full-time, that may dedicate administrative and reporting functions for the division.**

Management Response: It was recognized the need for quality weekly work reporting and a work order system, as well as plans to approach the addition of such software through the Fiscal Year 2015 budget process. Also, the recommendation to add an office support staff person was welcomed by management and would be introduced during the Fiscal Year 2015 budget process.

- 2. Park Maintenance management should implement a robust work order system to provide effective tracking and reporting of maintenance costs of equipment as well as maintenance costs relative to park locations.**

Management Response: It was recognized the significant impact the implementation of a Parks Maintenance Management Computer Software System would present and all options for such software would be examined for implementation during future budget planning.

- 3. Park Maintenance management needs to analyze the cost drivers of weekend overtime to maximize the use of resources and effectively coordinate employees for the duties performed outside of the normal work week.**

Management Response: Park Maintenance took strides toward minimizing the cost drivers towards, predominately, weekend overtime and three potential cost savings that they would continue to explore and introduce more of were as follows: 1.) flex scheduling of employees on a larger scale; 2.) shared duties among great number of employees, and 3.) a great reliance on part-time labor.

- 4. Monthly inspections should be completed as required by the City of Bowling Green’s Risk Management Manual and documented on related inspection forms created by Risk Management.**

Management Response: The Park Maintenance Division agreed to abide by all the City of Bowling Green safety requirements, and they agreed to become more vigilant in meeting the recommendations related to inspections and required documentation. The recommendation for an additional office support staff member was shown to be needed during this observation.

- 5. Park Maintenance needs to develop a method that will track transfer of assets to different locations or City divisions. In addition, any unused and broken, sold or traded in assets should be appropriately documented and surplus.**

Management Response: Park Maintenance confirmed they would examine the use of Public Works Fleet Focus software to assist with the management of assets. They further hope that sharing equipment within the department and other City departments would become a regular practice so that the need for asset tracking would be acknowledged as an important management responsibility.

- 6. Small tools, equipment and inventory need a divisional approval process and division wide coordination for purchases. An inventory system should be implemented to assist management in creating an accountable system for parts and inventory.**

Management Response: Maintenance Division decided to develop an established protocol for the coordination of purchases, and perform monthly inventory checks for all parts and supplies within the division immediately.

- 7. The Park Maintenance Division should study the use of staff time during winter months and evaluate how the staff can be best utilized.**

Management Response: It was recognized that winter months provide greater challenges for efficient and effective use of time. However, the Maintenance Division took pride in that many recommendations mentioned within the observation were followed. There were several projects completed and those included the following: a.) Pioneer Cemetery Bloch Chapel-staff made repairs to existing roof; b.) Russell Sims Aquatic Center storage building-staff constructed a 950 square foot storage building; c.) security gate & fencing at Lover’s Lane Soccer Complex, Crosswinds Maintenance Shop, Lampkin Park Maintenance Shop, Preston Miller Maintenance Shop and

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Landscape Office-staff led project to update the entry gate and adjacent fencing for more security and improve employee safety per the Safety and Risk Manager; d.) Parks and Recreation Fitness Locker Rooms-staff dismantled previous men's and women's fitness locker rooms and then renovated, and e.) Lampkin Park Field #1 and Field #2 Phase I and II-work included concrete entry, fence repairs, backstop reconstruction, dugout renovations, score box renovations and storage room construction. It was further reported that the Maintenance Division worked along with Public Works as part of the Leaf Crew, and has since 2010. The division hoped that better documentation of winter projects would be an additional feature of an enhanced work order system created through the commitment to a Parks Maintenance Management Computer Software System.

8. The Park Maintenance Division should develop a written Policy and Procedure Manual to standardize and document the multiple responsibilities of this division, as well as to move closer to the departmental wide goal of obtaining accreditation by a national park association.

Management Response: The Maintenance Division plans to revise the current Policy and Procedure Manual and set long-range goals of attaining accreditation, which would significantly impact the division. These steps shall be implemented in the near future.

Presentation of the 2013 Annual Report.

An Annual Report prepared by Ms. Jenkins was discussed and briefly summarized. The report provided the Internal Auditor's activity summary for 2013. Ms. Jenkins explained that she had completed the Purchasing Office Audit and Park Maintenance Operations Audit. Ms. Jenkins stated that she was currently working on the Fleet Division Operation Audit follow-up, and also following much preparation with the Process Action Team (PAT) and a sub-committee of Senior Managers, the City is now training all staff, and will have a fully implemented TimeClock system very soon. Additionally, she reported that another project of hers was to implement the Employee Ethics Hotline and that system was fully implemented for City employees. Since its creation in May 2013, she confirmed to have received 8 hotline reports. Also, she explained that she had advisory services, special requests, training, administration and other miscellaneous tasks throughout the year.

Furthermore, she reported her yearly audit activity summary. The indirect audit time included holiday, vacation, sick time, personal time, employee appreciation, training, and administration, for a total of 46%. The direct audit time included the Parks Maintenance Operations Audit, Purchasing Office Audit, unannounced cash counts, audit follow-up, Audit Committee/External Audits, verification of narcotics disposal, Employee Hotline management, Risk Assessment/Audit Plan and special requests, for a total of 54%.

Evaluate responses to the RFP for External Audit Services.

Ms. Jenkins stated that the final item for discussion was the evaluation of responses to the RFP for external audit services. The evaluation criterion that was included in the RFP, as well as a breakdown of the mandatory elements and pricing was provided to the Committee by Ms. Jenkins.

The Committee reviewed and discussed the five proposal responses and after much discussion the Committee determined that Mountjoy Chilton Medley, LLP submitted the best proposal based upon the criteria. Motion was made by Mr. Wills and seconded by Mr. Martens to approve the recommendation to continue with Mountjoy Chilton Medley, LLP as the City's external auditors for the FY2013/2014 external audit with automatic renewal for four (4) additional years unless notification by either party within 90 days of renewal date. The Base Bid #2 was selected which places the

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responsibility of creating the financial statements on the City’s Department of Finance and would save approximately \$10,000 per year on the audit contract. The RFP recommendation was approved by unanimous vote.

Ms. Jenkins explained that the Audit Committee’s recommendation would now go forward to the Board of Commissioners for approval at the next regular Commissioners meeting. In addition, Chair Pruitt mentioned that her employer found that their previous external auditors had a hidden document fee charge in the external audit services contract, and suggested that Ms. Jenkins follow-up with Mountjoy to confirm there were no document fee charges included in this contract.

The next quarterly meeting to be rescheduled to April 7, 2014.

Ms. Jenkins announced the next quarterly meeting date was April 14, 2014, however due to a scheduling conflict she would recommend moving the meeting date to April 7, 2014. The Committee was in agreement to have a special call on Monday, April 7, 2014 at 3:30 p.m.

Adjournment.

There being no other business to be conducted, at 6:10 p.m. Chair Pruitt declared the meeting adjourned.

Date Approved

Cristi Pruitt, Chair

Katie Schaller, Assistant City Manager/City Clerk

Minutes prepared by Assistant City Clerk Ashley Jackson.