

**Bowling Green Audit Committee**  
*Special Meeting*  
**April 4, 2011**

The Bowling Green Audit Committee convened in a special meeting at 3:30 p.m. on April 4, 2011 in the City Hall Commission Chamber. The meeting was called to order by Chair Jean Cherry. Members of the Committee present were: Audit Professionals Charles Hays and David McKillip, General Business members Jean Cherry and James Martens, Mayor Joe Denning and Ex-Officio member City Manager Kevin DeFebbo. Absent: None. Also present were Internal Auditor Deborah Jenkins, Fire Chief Greg Johnson and Assistant City Clerk Ashley Jackson. There was a full quorum of the board present.

**Approval of Minutes.**

Chair Cherry announced that the first item of business was to approve the minutes of the October 11, 2010 regular meeting and December 15, 2010 special call meeting, which were mailed with the agenda to the members for their review prior to the meeting. Motion was made by Mr. Hays and seconded by Mr. McKillip to accept the minutes as written. Mayor Denning abstained since he was not present at the meeting. The minutes were approved as written by majority vote.

**Review of 2010 narcotics burn.**

Ms. Jenkins reported that the 2010 Bowling Green Police Department narcotics burn was completed. She and Evidence Custodian Naomi Matthews of the Bowling Green Police Department examined all items marked for disposal and compared the case numbers to the ones provided on the Bowling Green Narcotics Disposal (BGND) form. All hazardous material was removed from the boxes and then sealed with tamper proof evidence tape, signed and dated and then taken for destruction. On December 10, 2010 Ms. Jenkins, Naomi Matthews and Assistant Chief Quentin Hughes witnessed 1,127 units of narcotics related evidence being destructed at the Gallatin Steel Company in Ghent, Kentucky.

**Present 2010 Annual Report.**

An Annual Report prepared by Ms. Jenkins was discussed and briefly summarized. The report provided the Internal Auditor's activity summary for 2010. Ms. Jenkins explained that she had completed the Bowling Green Police Department Payroll Audit, follow-up report on Petty Cash Audit and follow-up report on Citywide Compensatory Time Review. 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 timesheet comparison schedule. The indirect audit time included holiday, vacation, sick time, personal time, employee appreciation, training, administration and other, for a total of 47%. The direct audit time included the audit plan, unannounced cash counts, audit follow-up, verification of narcotics disposal, advisory services and special requests, for a total of 53%.

Ms. Jenkins also provided an updated position description for the Internal Auditor as it had not been revised since she took the position and she worked with Human Resources to get that updated.

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**Present BGF D Payroll Audit Report.**

The next item to follow was the presentation of the Bowling Green Fire Department payroll audit report. Ms. Jenkins briefly stated that her audit evaluation period was from January 1, 2009 through June 30, 2010 and she identified the several areas of the payroll process that could be improved upon. Those areas included the following: 1) two administrative staff members worked a 10 hour shift 4 days per week, however the payroll system reflected they worked an 8 hour shift 5 days per week. The system needed to correctly reflect the hours worked or change back to a normal 8 hour working day; 2) the Fire Department should implement a system for reporting leave time and overtime that was considered accountable and ensures leave taken and overtime earned by employees was properly approved and timely entered in the payroll system; 3) emergency leave should be reviewed by management to confirm the validity of such departmental leave and if the City wished to continue the department's specific leave, then it should be properly defined, approved and reasons should be established, and also the leave should be entered into the payroll system and tracked to ensure that it was limited per the BGF D policy; 4) Human Resources Department should update the Administrative Personnel Policy and Procedures Manual to reflect the Firefighter II special certification pay; and 5) BGF D should consider the use of time keeping software to manage the annual leave bid process, call back procedures and other payroll related processes. The Committee agreed that the Fire Department's main objective should be to properly document its leave and overtime, and furthermore it was suggested by Mr. McKillip to provide the statistics of how many suppression vs. non-suppression did not appropriately provide documentation for leave and overtime. Ms. Jenkins affirmed that she would breakdown the information to separate suppression vs. non-suppression. After additional discussion, the Committee requested that the City look into finding a clock-in system, for example a clock-in system that could be accessed via phone or computer. The Committee believed a system across the City would eliminate a large portion of the problems due to little or no documentation.

**Approve renewal of external audit contract with Mountjoy Chilton Medley.**

The approval of this item was required by the Committee as in years past before any external auditing services could be performed. Mountjoy Chilton Medley would want to begin auditing in late June and in order to do so, the Audit Committee would had to approve the renewal of contract for the third term and with the Committee's approval, it would then be required to go before the City Board of Commissioners for the final approval. Motion was made by Mr. Hays and seconded by Mr. Martens to accept and approve the renewal of the external audit contract with Mountjoy Chilton Medley, for the third term. The contract was approved as presented by unanimous vote.

**Discuss FY2012 requested budget.**

Ms. Jenkins reported that she had finalized her Fiscal Year 2012 budget request and the total projected Fiscal Year 2012 budget was \$84,155. She summarized the various items that were budgeted and included professional services (external audit), telephone costs (cell phone stipend), local meeting costs, dues-memberships-fees, travel costs, special education, local mileage reimbursement, operating supplies and books and publications. Ms. Jenkins also stated that she was requesting additional monies for an outsourced audit specific to Information Technology as recommended by the Audit Committee for several years now. The expected budgeted amount for the outsourced audit would include a one time expense of \$45,000 the first year and then \$25,000 as an ongoing expense.

**Discuss Contract Agency Information Technology Fraud Prevention class.**

Ms. Jenkins discussed that the third annual complimentary two day training was held by she and Chief Information Officer Lynn Hartley in the approach to educate City appointed board and commission members, as well as contract agencies. The focus was on Information Technology fraud prevention. Contract Agencies were invited and required to attend as it was a mandatory rule that at

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least one representative from each agency had to be present at one of the sessions or they would be automatically disqualified for any City funding. She reported that there were 35 attendees and that because attendance was quite low compared to the prior two sessions, she may decide to only host the classes bi-annually.

**Discuss personal time accrual monitoring.**

The final agenda item was the discussion of personal time accrual monitoring and Ms. Jenkins commented that she had been monitoring various policies or areas within the City and performing spot checks for compliance and risks. The monitoring of personal time confirmed that there was a discrepancy in the current Administrative Personnel Policy and Procedure Manual and the implementation of the Logos system that was established in 2007. The Hire Date Report was created for Ms. Jenkins to review full-time employees hired in January 2006 and January 2001 to test the accrual amounts. There were 5 employees hired in January 2006, and those should still accrue two personal days because they did not have 5 years as a classified employee as of December 31, 2005. There was one employee hired in January 2001 and thus should still be accruing 5 days of personal time. Additionally, all employees that were hired in the sample time periods accrued the higher level of personal time than what the current policy allowed. It was also reported that according to the central payroll staff, the Logos software accrues time as of the number of months worked so anyone who was hired up to January 15<sup>th</sup> of each year would be considered having the same time accrual as someone hired in December of the prior year for personal time accrual. It has been recommended by Ms. Jenkins for management to either enforce the current December 31<sup>st</sup> threshold currently listed in the Administrative Personnel Policy and Procedures Manual or update the manual to reflect the system accrual of January 15<sup>th</sup>.

Ms. Jenkins explained to the Committee that it would be the last meeting for Jean Cherry and Charles Hays, both of which terms expire May 1, 2011. Ms. Cherry will no longer meet the requirement for living within the City limits as she will be moving and Mr. Hays decided he would like to retire from the Committee and allow someone else to serve. Ms. Jenkins thanked them for the support and dedication both of them provided to the Committee and provided them with the City's gift of appreciation.

**Adjournment.**

There being no other business to be conducted, at 4:45 p.m. Chair Cherry declared the special meeting adjourned.

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Date Approved

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David McKillip, Vice Chair

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Ashley Jackson, Assistant City Clerk