

**Bowling Green Audit Committee**  
*Regular Meeting*  
**April 7, 2008**

The Bowling Green Audit Committee convened in a regular meeting at 3:30 p.m. on April 7, 2008 in the City Hall Commission Chamber. The meeting was called to order by Chairman Charles Hays. Members of the Committee present were: Commissioner Brian Strow, Audit Professional Charles Hays, General Business members Jean Cherry and James Martens and Ex-Officio member City Manager Kevin DeFebbo. Absent: Harold Wills. Also present were Internal Auditor Deborah Jenkins and Assistant City Clerk Ashley Watt. There was a quorum of the board present.

**Approval of Minutes.**

Chairman Hays announced that the first item of business was to approve the minutes of the January 7, 2008 regular meeting, which were mailed with the agenda to the members for their review prior to the meeting. Motion was made by Mr. Strow and seconded by Mr. Martens to accept the minutes as written. The minutes were approved as written by unanimous vote.

**Discuss Taxability of Free Golf Benefits for Golf Employees.**

Ms. Jenkins discussed the item in which clarification was requested at the previous committee meeting, regarding the taxability of free golf rounds for City Golf Division employees. Ms. Jenkins confirmed that if golf employees reserved a tee-time, it would be considered a taxable benefit due to an employee preventing a paying customer from playing. However, if the golf employee did not reserve a tee-time and played on an available only basis, this would not be considered a taxable benefit.

**Discuss New Golf Software Selection Process.**

Mr. DeFebbo explained that a presentation from the Golf Division was made at a previous Board of Commissioners meeting and he indicated that the Golf Division had taken the recommendations established from the audit. The Golf Division made many improvements such as: Human Resources Department advertised for volunteers to assist at City golf courses, Alcohol Beverage Control (ABC) performed training courses to allow the golf employees to become certified to serve alcohol and updated software. Mr. DeFebbo stated that the alcohol would be stored in a locker and a swipe card would be necessary to access the locker; this new system would allow management to monitor the locker and its inventory. Ms. Jenkins discussed that she had participated in the selection process for golf software and the company that was chosen to replace Smyth System was Integrated Business Systems (IBS). The Committee asked Ms. Jenkins if she was in favor of IBS Software and she confirmed that various companies proposed impressive software. IBS Software was chosen to improve the Golf Divisions internal controls, increase support through the City's Information Technology (IT) Department and offer a rigorous 24/7 software support.

**Discuss FY2009 Requested Budget.**

The Fiscal Year 2009 budget discussion was the next order of business. Ms. Jenkins provided the Committee with a thorough understanding of what was to be budgeted for FY09. The Internal Auditor's Office decreased budget from Fiscal Year 2008 from \$11,462 to \$10,285, a deduction of 10.27%. Approximately 75% of the budget would include the following educational/conference needs: Association of Certified Fraud Examiners (ACFE) Annual Conference, National Association of Local Government Auditors (NALGA) Annual Conference and Institute of Internal Auditor's Seminar "Audit Reporting for Impact and Results in the Public Sector." The remaining 25% would cover the basic needs of dues/memberships, operating supplies, local mileage, meeting costs, telephone costs, books and manuals, postage costs and notably \$995 for a subscription to Knowledge Leader.

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Knowledge Reader would provide audit programs, tools, checklists, guides and policies and procedures samples to assist internal audits.

In addition, Ms. Jenkins reviewed her direct and indirect hours for the 1<sup>st</sup> quarter of 2008. Her direct auditing hours included the following: Golf Operations Audit - 2%, Audit of Housing Assistance - 62%, Advisory Services - 18% and Special Requests - 18%. Her indirect auditing hours included the following: Holiday – 10%, Vacation – 17%, Sick Time – 19%, Personal Time – 7%, Training – 7%, Administration – 32% and Other – 8%.

Mr. DeFebbo commented that there were possibilities for growth within the Internal Auditor’s Office, including adding an additional employee, but that would be something to consider for the future. Ms. Jenkins mentioned that a fall intern was a possibility and that the intern would be a student from Western Kentucky University.

**Discuss Progress on Housing Choice Voucher Audit.**

Lastly, Ms. Jenkins discussed the status of the Section 8 Housing Choice Voucher audit. She had determined that the Section 8 audit was going to take longer because she had to initially become familiar and educate herself, as well as research and analyze old documents. The Section 8 audit was determined to be based on compliance with Housing and Urban Development (HUD) and focused on their 4 areas of responsibility. Ms. Jenkins described some of the specific tests being performed. She also decided not to specifically test Section 8 financial reporting because an external Certified Public Accountant (CPA) reviews and submits financials to Housing and Urban Development (HUD). Furthermore, the Housing Choice Voucher Program was considered to be a major federally funded program and the City’s External Auditor Mountjoy & Bressler annually performs test work within their audit responsibilities.

**The next quarterly meeting is scheduled at 3:30 p.m. on July 7, 2008.**

Chairman Hays announced the next quarterly meeting date.

**Adjournment.**

There being no other business to be conducted, at 4:30 p.m. Chairman Hays declared the meeting adjourned.

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Date Approved

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Charles Hays, Chairman

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Ashley Watt, Assistant City Clerk