

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

QUARTERLY MEETING OF THE AUDIT COMMITTEE
Wednesday, September 13, 2006

Committee Members Present Chair Jules Smith, Lynette Wittsack, Russ Susag, Gene VanOverbeke, Jean McGann

CALL TO ORDER

A quorum being present, Committee Chair Jules Smith called the regular meeting of the Council's Audit Committee to order at 12:00 p.m. on Wednesday, September 13, 2006.

APPROVAL OF AGENDA AND MINUTES

It was moved by Russ Susag, seconded by Lynette Wittsack to approve the agenda. **The motion carried.**

It was moved by Russ Susag, seconded by Lynette Wittsack to approve the minutes of the September 13, 2006 regular meeting of the Audit Committee. **The motion carried.**

BUSINESS

Directors Report

Katie Shea, Director of Program Evaluation and Audit introduced two new employees, John Urick as a new Audit Team Leader and Celina Davidson as the Intern for the division.

2006-A09

Quality Assurance Review by the Institute of Internal Auditors

The report was presented by Katie Shea and Larry Pfaff, the Independent Validator. The overall assessment is that Program Evaluation and Audit conforms to the *Standards* as outlined in the "IIA's Professional Practices Framework."

2006-A10

Procurement Audit

Katie Shea presented the audit report to the Committee. Audit recommended that the Council consolidate the procurement activities for the Council under a single Director, who reports to the CFO at the Regional Administration. This is a repeat of a recommendation by the FTA and the National Institute of Government Purchasing (NIGP) in 2004. The consolidated model recommended for procurement was based on a risk assessment showing significant risks for inefficiency, misappropriation, conflicts of interest and fraud in the current organizational structure. However, as Management recognized that some internal control risk exists they did not agree with the recommendation as in 2004 and in response to the auditor's concerns Management will have an open door directly to the CFO if a situation necessitates. Russ Susag questioned the role of the Audit Committee in this dispute. The Chair noted in the meeting, in instances where Internal Audit and Council Management do not agree on a finding or recommendation, the Audit Committee evaluates the situation in its role as an objective oversight committee and determines how to proceed. This issue will be reviewed at a later date. It was moved by Russ Susag and seconded by Lynette Wittsack to approve this report. **The motion carried.**

2006-A14

P-Card Pilot Project

Celina Davidson gave the presentation of the report. It was moved by Russ Susag and seconded by Jean McGann to approve the report. **The motion carried.**

2006-A11

Family and Affordable Housing Program

Arleen Schilling gave the presentation. It was moved by Russ Susag and seconded by Lynette Wittsack to approve the report. **The motion carried.**

- 2006-A12** Risk Management Audit
Bob Lundberg gave the presentation to the Audit Committee. It was moved by Lynette Wittsack, seconded by Gene VanOverbeke to approve. **The motion carried.**
- 2006-A15** Body and Shop Inventories Audit
Katie Shea gave a presentation to the Audit Committee. Lynette Wittsack moved to approve, seconded by Jean McGann. **The motion carried.**

OTHER BUSINESS

- 2006-A13** Minnesota State Auditor's Report
Randy Vogt, Minnesota State Auditor, gave a presentation of the draft report. It was moved by Russ Susag, seconded by Lynette Wittsack to approve the report. **The motion carried.**

INFORMATION

It was moved by Russ Susag, seconded by Lynette Wittsack to adjourn the meeting at 2:12 p.m.

Respectfully submitted,

Mary New, Audit Coordinator