

## **COUNCIL AUDIT COMMITTEE MEETING MINUTES OF AUGUST 15, 2016**

A meeting of the City Council Audit Committee was held on Monday, August 15, 2016 in the Council Chambers, City Hall, 70 Maple Street, Manistee, MI 49660.

**MEMBERS PRESENT:** Colleen Kenny, Robert Goodspeed

**MEMBERS ABSENT:** 1-Vacancy

**OTHERS PRESENT:** Howard Vaas / Independent Financial Expert, Ken Talsma / Anderson Tackman, Jim Smith, Roger Zielinski

**Call to Order** – Called to order at 4:15 p.m.

**Public Comments** - None

**Role of Committee** – The Audit Committee is responsible for the selection, retention, and oversight of the City’s independent auditors, using the Government Finance Officer’s recommended practice for Audit Committees as a guideline. Howard Vaas has agreed to assist the Audit Committee in reviewing the auditor’s scope of work for any areas needing additional review. The committee would also like to review the draft audit prior to its going to Council for acceptance.

**Introduction of Audit Firm** – Mr. Talsma arrived at 4:35 p.m. Mayor Kenny introduced Ken Talsma from the firm of Anderson Tackman who will be providing the audit this year. Mr. Talsma provided an overview of their firm, their scope of work and how they test for inconsistencies or potential risks.

**Brief Review of Last Audit** – Ken Talsma provided a brief review of the last completed audit from June 30, 2015; including their use of the State of Michigan auditing manual as a comparison, review of Council financial policies, review of Council meeting minutes, and all financial documents. Council has expressed some concern about current policies as they relate to purchasing and disposal of obsolete equipment. Anderson Tackman includes a review of all financial policies, including anything new since the previous audit in their process. Discussed the engagement letter that is distributed to Council and Staff on the first day of the audit process that covers their scope of work. Completed audits are posted on the State’s listing. Discussed various deficiencies that could be noted in an audit report.

**Overview of Upcoming Audit** - Ken Talsma reviewed Anderson Tackman's scope of work for the audit that will begin August 22, 2016 for the year ending June 30, 2016. Single audits are added to the scope if needed. The firm will be providing a Single Audit for the Downtown Development Authority again this year. Mayor Kenny noted that it appears that the audit scope of work includes the areas of Council concern. Mr. Talsma provided copies of SAS 99- Identification of Fraud Questionnaire and encouraged staff and council to fill these out. If fraud concerns are identified, they will be investigated. Mayor Kenny requested that Anderson Tackman take a look at the City's disposal of obsolete properties policy and make recommendations if needed.

**Adjourn** - The meeting adjourned at approximately 5:25 p.m.

Cynthia J. Lokovich, CAP-OM  
Executive Secretary