

Thursday, January 18, 2018
10:00 a.m. in Pikes Peak Conference Room
2nd Floor, City Hall

Open Session

Members present were Council members Merv Bennett, Marvin Fiala, Brian McAllister, and Dave Wood. Also present were committee alternates Paul Bradley, and Welensky Nathan, City Auditor Denny Nester, Jacqueline Rowland, Sally Barber, Shawn Alessio, Vickie Classen, Charae McDaniel, Tom Roisum, Adam Hegstrom, Sonya Thieme. Linette Crouch was present to take the minutes.

Meeting was called to order by Merv Bennett at 10:00 a.m. Minutes of the November 16, 2017 meeting were approved in open session.

Nester read the statement to go into closed session.

In accord with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(d) and (g), the City Council Audit Committee, in Open Session, is to determine whether it will hold a Closed Executive Session. The issues to be discussed involve (1) details of security arrangements or investigations, (2) consideration of any documents protected by the "Open Records Act".

The Chair shall poll the Audit Committee members, and, upon consent of two-thirds of the members present, may hold a Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Unanimous – move to closed session 10:03 a.m.

Closed Session

The following items were discussed in closed session:

- 18-01 Airport Administrative Costs Prorate Calculation
- 18-02 Colorado Springs Utilities September 2017 Residential Water Bill Review

Bennett moved the meeting to open session at 10:28 a.m.

Open Session

- Classen gave an overview of report 17-31 Fleet Savings Verification. Wood expressed concerns about vendor overbilling and asking for more money. Bennett asked that the findings and concerns in the report be relayed to management for future RFPs.
- Rowland presented the 2017 Audit Plan Status.
- Nester presented the 2017 Final Budget. The OCA was over budget in 2017 due to salary and staff advancements.
- The required external auditor communications from Baker Tilly Virchow Krause, LLP were presented to the committee.
- Nester requested that the committee consider items that should be used in 2018 to measure the City Auditor's performance. Some suggestions were: provide some comparisons between past years completions vs carry over rates; provide information about when carry over audits

will be completed, i.e. 95% complete by year end and 5% complete by February of the next year; do we identify any savings found? Can we quantify the value of findings?

- Nester requested committee input regarding staff sizing. Some comments were:
 - Bennett: additional areas of concern (BLR, stormwater, 2C) require staffing
 - Wood: reducing staff size in a growth environment is a mistake
 - McAllister: is the mix of auditor's expertise correct?
 - Bennett: volunteer Audit Committee members provide an outside perspective that is invaluable
 - Hegstrom: Utilities continues to request a reduction of staff costs
 - Bennett: look at configuration of audit costs to City vs Utilities

Bennett mentioned a component of the UC Health contract requires funding to UCCS. Is that funding happening per the agreement? Nester responded that a UC Health contract compliance audit is scheduled for 2018.

Bennett adjourned the meeting at 11:30 a.m.