

**Audit Committee
Meeting Minutes
February 5, 2009**

The Bethany Beach Audit Committee held a meeting on Thursday, February 5, 2009, at 10:00 am in the Town Meeting Room.

Members present: Don Doyle, Chairman, who presided; Jerry Dorfman; Chuck Peterson. Also present: Tony McClenny, Mayor; Lew Killmer, Town Council Member; Phil Rossi, Internal Auditor; Janet Connery, Finance Department; and JoAnna Nichols, Administrative Secretary.

Call to Order

Mr. Doyle called the meeting to order at 10:00 a.m.

Approval of the Agenda

Mr. Doyle asked committee members if modifying the agenda by adding *the report of state records* under number four was alright. Committee members agreed.

Mr. Dorfman made a motion to approve the agenda as amended. The motion was seconded and unanimously approved.

Approval of the minutes from the October 16, 2008 meeting

Mr. Peterson made a motion to approve the minutes. The motion was seconded and unanimously approved.

Review of Internal Auditor Reports

Mr. Rossi gave the committee updates on the following:

Opening and reviewing Bank Statements

While reviewing one of the bank statements, Mr. Rossi noticed a large check in the amount of \$44,000 and decided to research it further. He stated all the correct procedures were followed from Council's pre-approval through payment.

Security of the Town Hall Building

With assistance from Ralph Mitchell and Danny Steele, the security system was reviewed. He reported the police department is secure however on rare occasions there is a problem with the front door being unlocked after hours and on weekends due to incompatibility between the security program and other programs housed on the same computer. Grant money is being sought to replace several public safety computer systems at the same time. Ms. Connery said an inexpensive, and separate PC could be purchased to temporarily fix this problem.

The committee feels the problem needs to be corrected, and it should be done immediately. Mayor McClenny added a recommendation about changing the access codes on the doors after each election and possibly adding a KNOX box out front for the fire department.

Mr. Doyle will make these recommendations in his report at the next council meeting.

Before moving on, Mr. Rossi commented that the upstairs door is still at times propped open. He does not recommend this on any occasion. Committee members agreed and added this had previously been discussed.

Internal Audit Report 2/2/09

Mr. Rossi compared a list of employees who were paid in the month of January to personal records in the Town Manager's office. A few things he checked were the pay rates documented versus the stated pay rates, and hours worked versus the amounts paid. He reported that everything was in order.

Audit of State Audit of Grant Records

Ms. Connery stated the auditor, hired by the State recently visited and reviewed grant records. All records were found to be in proper order. The auditor's written report will include the recommendation that we require a second live signature on all checks in addition to the mayor's signature. This recommendation was made during the State grant audit done three years prior. Ms. Connery explained that due to limited staff there is no one whose signature we could additionally require without weakening other controls or causing significant delays in payment.

Committee members agreed the current system is fine and no changes are needed.

Motion to adjourn

No date was set for the next meeting. The meeting was adjourned at 11:05 a.m.