

**Audit Committee
Meeting Minutes
January 13, 2011**

The Bethany Beach Audit Committee held a meeting on Thursday, January 13, 2011 at 2:00 p.m. in the Town Meeting Room.

Members present: Don Doyle, Chairman, who presided; Thomas Defibaugh; and Monte Wisbrock.

Also present: Finance Director, Janet Connery; Internal Auditor, Philip Rossi; Councilpersons, Jerry Dorfman, Jack Gordon, and Joseph Healy.

Approval of Agenda

Mr. Wisbrock made a motion to approve the agenda. Seconded by Mr. Defibaugh, the motion was unanimously approved.

Approval of Minutes from the July 15, 2010 Meeting

After a few corrections, Mr. Defibaugh made a motion to approve the minutes dated July 15, 2010 as amended. Mr. Wisbrock seconded the motion and it was unanimously approved.

Report from Internal Auditor

Mr. Rossi explained that, as he noted in his written report, he reviews all bank statements and the list of all checks that are written. He noted that, excluding parking receipts, only .3% of the Town's expenses are paid with cash and 99.7% is paid with a check or credit card.

Mr. Rossi noted that the parking permit procedures were reviewed and no discrepancies were found. The counting of the parking ticket revenue procedures was also reviewed, which are recorded on a computer program called TICKET TRACK by the Parking Clerk and prepared for deposit by the Finance Department. Prescribed procedures for the parking meters, handling of the parking permits and Parking Tickets were followed and accounting controls were enforced.

Mr. Rossi commented that he made a suggestion for the handling of cash from change machines, which is being implemented in the new season. Ms. Connery added that during the summer season, the change machines in town hold a total of \$30,000. The parking staff removes the cash and replenishes the machines with change twice a week during the summer. She added that there is a separate account in the system, which records the \$30,000.

Mr. Doyle questioned if the entire Town will have parking pay stations installed by this time next year. The answer was given that another 18 pay stations will be installed this spring to provide pay station coverage for most of the town.

Mr. Gordon emphasized that it was never the goal to replace all of the parking meters.

Mr. Dorfman added that the uniformity of the hours on the parking meters will be discussed at the Town Council Workshop next Thursday, since there have been complaints regarding the different hours on the parking meters on each street.

Mr. Doyle commented that Mr. Rossi's Internal Audit Report is very well done.

Mr. Rossi acknowledged that the Town Staff is very cooperative and has a good working relationship with him.

Review of Internal Audit Plan

Mr. Rossi explained that he decided to develop a plan that thoroughly follows what the Town does. The content of the plan is very similar to the checklist he has been using for several years, but is arranged in a different format.

Mr. Rossi added that he will complete the same procedure with this check-off list and will utilize it to complete the audits and date it as he does them.

Ms. Connery noted that an audit plan consists of the main points of internal audit activities and is used for communication between the Internal Auditor and the Audit Committee.

The Committee reviewed the Internal Audit Plan draft and made a couple revisions.

Mr. Defibaugh commented that it appears to be generic and can probably be used every year. He questioned if there are areas that need to be reviewed every three years, such as parking meters.

Mr. Rossi said that he checks the parking meters annually, as this is what the auditors recommended him to do.

Mr. Doyle stated that the Town is in very good shape.

Mr. Healy asked if two people are counting the money from parking meters.

Mr. Rossi responded that there are always two people counting the money and it is done in his office.

Mr. Defibaugh questioned if anyone checks into the new parking pay stations.

Ms. Connery explained that she, Mr. Rossi, and Parking Supervisor, Bill Dowdell have checked into the new parking pay stations. She added that the parking time and amount of money are uploaded onto a report on a computer, which is compared to the bank's report. Every transaction can be seen on the online system.

Mr. Doyle raised a concern about pay station transactions becoming too complex for one bank account during the summer.

Ms. Connery assured him that it is easier to reconcile one banking account instead of transferring money between various accounts.

Ms. Connery asked if the committee wanted the plan to be revised annually and if they wanted a specific focus in the coming year. She added that the previous plan was done in a less formal set-up.

Mr. Defibaugh recommended that the Garfield Streetscape Project contract be reviewed, since the prices increased from what it originally was.

Mr. Doyle agreed that a review of the documentation concerning the Streetscape Project should be focused on.

Discussion of Other Items to Address at Future Meetings

There was no discussion of other items to address at future meetings.

Adjourn

Mr. Defibaugh made a motion to adjourn the meeting. Seconded by Mr. Wisbrock, the motion was unanimously approved.

The meeting was adjourned at 3:05 p.m.