

Governance & Accountability Committee

Monday Nov 23 – 12:00 noon

280

Committee Members: David Howard, Chair
LaWana Mayfield, Vice Chair
John Autry
Patsy Kinsey
Greg Phipps

Staff Resource: Carol Jennings, Chief of Staff
Randy Harrington, Chief Financial Officer

AGENDA

I. Disclosure Requirements - Civil Service Board, Citizen's Review Board

Staff Resource: Bob Hagemann

II. Annual Audit Update

Resources: Eddie Burke of Cherry Bekaert, Robert Campbell, Teresa Smith
Attachments

Distribution:

Mayor and City Council
Council Team
Greg McDowell
Sheila Simpson

City Manager's Executive Team
Bob Hagemann
Cheryl Brown
Robert Campbell

Corporate Communications
Stephanie Kelly

Governance and Accountability Committee Annual External Audit

The Governance and Accountability Committee is serving as an Audit Committee for the City. The following table can be used by the Committee members to stay abreast of the annual audit process from the planning of the audit through the presentation of the annual financial results to the full Council. The table outlines when actions are required of the Committee and when activity is occurring by City staff that does not require Committee action. The Committee was provided this timeline for the annual external audit at the April 27, 2015 meeting.

Timeframe	Task Description	Task Completed
April	Annual meeting with the independent auditors to plan and determine the scope of the audit	Complete
June	Chair of Governance and Accountability Committee (Committee) signs the external audit contract as required by the Local Government Commission	Complete
June – July	Independent auditors perform preliminary work; Committee may identify particular areas, if any, where the Committee/Council would like the independent auditor to focus	Complete
July – December	Finance/Financial Reporting staff prepares the CAFR	Complete
August – October	Independent auditors complete audit work; if needed, auditors may discuss concerns identified during the audit with the Committee	Complete
November	Independent auditors present results of annual audit to the Committee	In Progress
January 2016	Committee reports to the full governing body on the annual financial statements and independent auditor's report. Independent Auditors present results to the Council.	

City of Charlotte, North Carolina

Presentation by

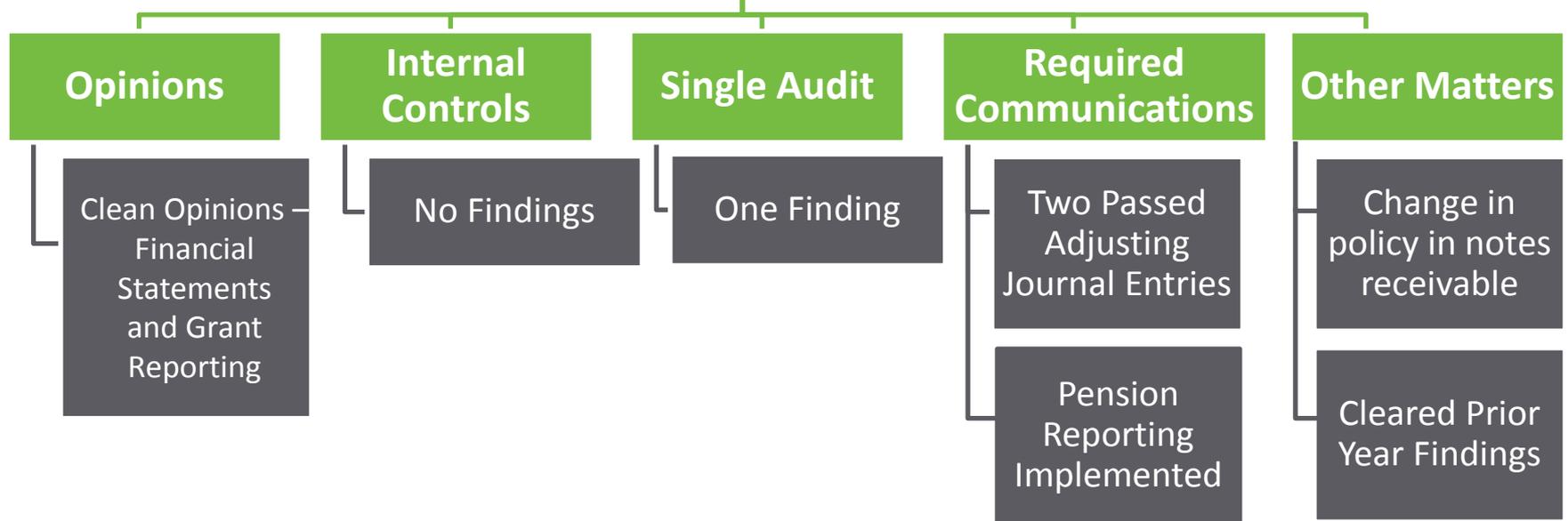
Eddie Burke, CPA
Partner

Cherry Bekaert LLP



Key Highlights

RESULTS



Findings Summary

- Current Year
 - Nonmaterial Noncompliance – Report not filed timely
 - City will review and modify existing close out procedures to correct going forward
- Prior Year – Cleared
 - Correct capitalization of assets
 - Accrual of payable and expense in the proper accounting period

Key Highlights

Internal Controls – Financial Statements (Process)

Significant Transaction Cycles

- Payroll
- Accounts Receivable Billings
- Cash Receipts Transit, Taxes, Airport, Water and Sewer, and Storm Water
- Revenues
- Capital Assets
- Accounts Payable and Vendor Maintenance
- Cash Disbursements
- Treasury Debt
- Budgeting
- Financial Statement Close

Testing of Internal Controls

- Cash Disbursements

Adjusting Journal Entries

- Data analysis tool

IT Controls

- IT Entity Level
- Backup & Recovery
- Access & Security
- Network Security
- Program Change Management
- System Development Life Cycle

Key Highlights

Significant Audit Areas – Financial Statements (Transaction/Presentation)

Assets

- Cash and Investments
- Accounts Receivable
- Revenues
- Capital Assets

Liabilities

- Accounts Payable
- Expenses
- Accrued Expenses
- Payroll
- Self Insurance
- Derivatives
- Long Term Debt and Covenants

Other Areas

- Net Position
- Related Parties
- Subsequent Events
- Commitments
- Estimates
- Leases
- Legal

Key Highlights

Internal Controls and Compliance – Single Audit (Grants)

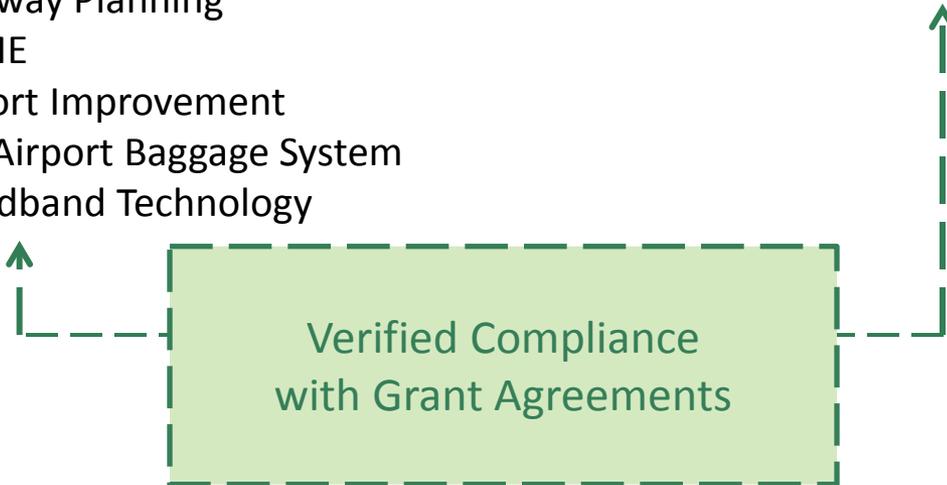
Federal Major Programs

- Passenger Facility Charges
- FTA Cluster
- Tiger III Program
- Highway Planning
- HOME
- Airport Improvement
- TSA Airport Baggage System
- Broadband Technology

State Major Programs

- Powell Bill (Street Maintenance)
- Public Transportation

Verified Compliance
with Grant Agreements



Summary

- Full Cooperation with Management
- Clean Opinions
- Two Passed Adjusting Journal Entries
- One Nonmaterial Noncompliance Finding
- No Management Letter Comments