

**CALLAWAY BOARD OF COMMISSIONERS  
WORKSHOP MEETING  
MAY 30, 2012  
6:00 P.M.  
CALLAWAY ARTS & CONFERENCE CENTER  
500 CALLAWAY PARK WAY  
CALLAWAY, FL 32404  
(850) 871-6000**

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Chairman Pamn Henderson  
Harry Johnson  
Doug Smith  
Linda Schwartz

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**NOTICE OF MEETING**

**AUDIT COMMITTEE MEETING**

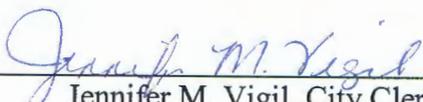
Wednesday, May 30, 2012 – 6:00 p.m.

**AGENDA**

**CALL TO ORDER  
ROLL CALL  
APPROVAL OF MINUTES – May 14, 2012**

**BUSINESS ITEMS**

- #1. Develop Quotation for Financial Investigation
- #2. Set Meeting for Review of Proposals & Recommendation

  
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Jennifer M. Vigil, City Clerk

If a person decides to appeal any decision made by the City Commission with respect to any matter considered at the meeting, if an appeal is available, such person will need a record of the proceeding and such person may need to ensure that a verbatim record of the proceeding is made, which record includes the testimony and evidence upon which the appeal is to be based. Any person requiring a special accommodation at this meeting because of a disability or physical impairment should contact Jennifer M. Vigil, the Callaway City Clerk, at 6601 E. Highway 22, Callaway, Florida 32404; or by phone at (850)871-6000, at least five days prior to meeting.

If you are hearing or speech impaired, and you possess TDD equipment, you may contact the City Clerk using the Florida Dual Party Relay System, which can be reached at 1-800-955-8770 (Voice) or 1-800-955-7661 (TDD).

CITY OF CALLAWAY, FLORIDA  
AUDIT COMMITTEE MEETING  
MAY 15, 2012  
6:00 P.M.

Audit Committee Members Present: Pamn Henderson, Linda Schwartz, Harry Johnson, Doug Smith, and Chairman Mike Jones

Also present: Attorney Kevin Obos, City Clerk Jennifer Vigil

Audit Committee Meeting called to order at 6:00 p.m. by Chairman Mike Jones.

Approval of Minutes – Audit Committee Meeting, April 4, 2012; motion to approve by Pamn Henderson, second by Doug Smith, passed unanimously.

BUSINESS ITEMS

#1. Chairmanship

City Clerk Vigil explained the happenings of the last Commission meeting. Chairman Jones stated he would be willing to stay on until such time as a new committee is formed.

#2. Draft suggestions for Audit Committee composition, terms, and duties / responsibilities

Linda Schwartz explained what she considers to be the intent of the Commissioners. Harry Johnson expressed he would not be interested in taking part in an investigative committee. Chairman Jones stated he would not be interested in taking part in an investigative committee either. Chairman Jones stated the audit committee was set up to fulfill the duties of selecting the auditor for the City. Chairman Jones and Harry Johnson both state they would not be interested in expanded duties; however, they each stated they were not opposed to additional committees.

Linda Schwartz suggested the committee consider the list of four items identified as “What an Audit Committee Can do for Government Entities” from an AICPA handout (attached) as recommended duties and responsibilities.

Pamn Henderson stated she felt the Audit Committee had diminished responsibilities; Harry Johnson responded that there had been no issues with the current auditing firm and as they were entering the third year of the contract things had flowed more smoothly. Linda Schwartz stated that in previous years the Audit Committee had input throughout the audit and was able to discuss issues and review the audit before it was published; and she felt this year the audit was completed before the committee was consulted. Harry Johnson stated the less issues the auditors have in completing the audit, the quicker they finish, and this year specifically Alice Bennett ensured AWT information was delivered in a timely manner. Pamn Henderson

pointed out typos / errors that could have been corrected if the draft had been presented to the Audit Committee in advance of publication.

Attorney Obos stated the current resolution is broad enough to do all of the things mentioned by the members, and the Audit Committee could request the Board request the Audit Committee to be provided a draft before publication. Doug Smith stated requesting a draft was not a significant issue.

Linda Schwartz, speaking to the second bullet from the handout, stated they should influence appropriate action against fraud. Doug Smith stated the auditors put out a watchdog letter but it was not specific as to who / where employees should report concerns.

Linda Schwartz, stated there should be an effective ethics and compliance program, and appropriate fraud identification programs in place. Doug Smith responded that there is training when you become a "buyer" for the City; that you are told what you can and cannot do; that there is a process to learn what is required. He further stated there are checks and balances currently in place because the Purchasing Officer oversees it all. Linda Schwartz commented that she had an out-of-state family member that had all county owned property at their home. Doug Smith responded the City of Callaway has a strict policy that prohibits the removal of City equipment.

Chairman Jones stated the composition of the committee is defining who should be on the committee, he polled the members for their input. Linda Schwartz stated one employee knowledgeable regarding City policies should be on the committee. Harry Johnson suggested a supervisor. Chairman Jones and Linda Schwartz both stated restricting it to supervisors could be too restrictive and they could lose out on someone that has extensive knowledge. Harry Johnson conceded that requiring an employee member be a supervisor would not be advisable.

Chairman Jones polled the committee whether or not they felt an elected official should be on the committee. Doug Smith stated he would like at least one elected official so that we know we are heading in the right direction. Linda Schwartz stated having a Commissioner on the committee gains insight; that they have a higher sense of awareness; in favor of Commission member but only if they were not the committee chairman.

Harry Johnson questioned the number of members that should make up the committee; if one were an employee and one were an elected official; would five still be appropriate. Pam Henderson, Doug Smith, and Linda Schwartz all responded a five member committee is appropriate.

Attorney Obos questioned what experience level the committee felt members should bring to the committee. Harry Johnson stated an accounting/auditing background. Pam Henderson stated a finance background; not necessarily a CPA. Chairman Jones suggested a business background; with Linda Schwartz concurring. Chairman Jones stated their background information should be captured on their applications. City Clerk Vigil inquired whether the

committee members felt committee applicants should be subject to the same pre-employment screening as normal City employees; specifically background checks. She also stated the requirement of having to file a financial disclosure form would need to be included on the application. Harry Johnson stated if the Commission were to advertise they would need to disclose the state filing requirements. Pam Henderson, Harry Johnson, Doug Smith, and Chairman Jones all recommended background checks be completed as a vetting process prior to appointment; but that drug screens were not necessary.

Chairman Jones started a discussion regarding terms; and suggested staggering terms. Pam Henderson agreed with staggering terms; citing the importance of not having a completely new committee. Attorney Obos suggested two positions with two year appointments; and three positions with three year appointments; with each subsequent appointment being three years. Harry Johnson stated there should be no term limits; to which all the committee members concurred. City Clerk Vigil asked them to clarify if there were a limit to the number of committees a single person could be appointed to; the response from all members was there should be no committee limit.

Chairman Jones stated the committee should draft some duties and responsibilities for new regime of audit committee. Harry Johnson stated he would like to keep the current duties. Doug Smith concurred stating there should be another committee evaluating procedures of the City. Linda Schwartz mentioned auditing overtime. Chairman Jones questioned whether specific annual duties be identified. Pam Henderson stated she thought the Audit Committee should be available to the Commission for assigned tasks and research, not just specific annual things.

Attorney Obos reminded the committee that Florida Statute only requires the committee to "assist the governing body with selecting an auditor". He further stated the potential duties of on-going oversight, monitoring program effectiveness, evaluation of auditors report are all very broad. Chairman Jones suggested just expanding the current resolution language to include "special projects financial / accounting related as assigned by the City Commission". Linda Schwartz stated she did not believe the intentions were to audit every facet of City Hall; it was more to uncover excesses, and to have the committee present current information to citizens. Chairman Jones stating operating under a microscope creates turnout; but he acknowledged the leave abuse concern. Linda Schwartz stated that lowering benefits would provide funds to provide raises to lower paid staff. Chairman Jones stated the committee had to keep things in perspective; that benefits deal with people and their careers; and the committee had to be mindful of the potential ramifications. Doug Smith stated people with over 200 hours of sick leave are not utilizing or abusing the benefit of sick leave; they people that abuse sick leave have none saved and would not be impacted by a sick leave cap. He further stated the City eliminated short term disability; so the employees are forced to use their sick leave.

Doug Smith stated the Audit Committee should be Commission driven. Pam Henderson responded the Commission would have to be realistic in their expectations. Linda Schwartz stated that Commissioner Otano encouraged her to say that the Audit Committee should come

up with suggestions and set parameters. She further stated her support for following the AICPA or GFOA recommendations and make it broad. Pamn Henderson responded that is what they have done; but reiterated it should be Commission driven. Doug Smith suggested sending the four broad statements to the Commission: 1) Improve financial practices and reporting; 2) Influence appropriate action against fraud; 3) Enhance the internal audit function; and 4) Enhance the external audit functions. Harry Johnson stated the Audit Committee should have the ability to decline assignments that would be too extensive or may require an outside consultant. Pamn Henderson stated she agreed; the committee should have the opportunity to say that some assignments may be too much for volunteer citizens and some requests may be beyond our capabilities. Linda Schwartz agreed, stating volunteers free time could not be consumed with overwhelming projects.

Attorney Obos stated the next resolution would be more comprehensive with composition, term limits, term staggering, duties, responsibilities, etc. Pamn Henderson stated the resolution should dictate how often the committee should meet; all committee members agreed meetings should be held "as needed."

Pamn Henderson suggested assigned tasks should produce a formal report as the response from the Audit Committee. Harry Johnson stated their findings were available via the Minutes. Chairman Jones stated a report may offer insight as to the scope of an assigned task.

Chairman Jones then stated his resignation would be effective at the close of the meeting. Linda Schwartz questioned whether the committee should recommend a replacement. City Clerk Vigil stated an alternate, Dinah Warren, had already been assigned by Resolution #10-37, and that she would be contacted regarding the appointment.

Doug Smith questioned whether a Chairman was necessary. Linda Schwartz stated she would be willing to accept the position. Pamn Henderson also stated she would be willing to serve as Chairman. Doug Smith stated as an employee he preferred not to be considered to avoid speculation; but that he was in favor of Pamn Henderson as chairman. Harry Johnson stated he also recommended Pamn Henderson as Chairman. Outgoing Chairman Jones also supported Pamn Henderson as chairman of the committee.

Pamn Henderson took over as Chairman; and called for any public participation. There being none, she closed the meeting at 7:38 p.m.

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Jennifer M. Vigil, City Clerk

**City of Callaway Audit Committee  
Agenda Item Summary**

May 30, 2012

**Develop quotation, gathering criteria regarding professional services required, for financial investigation.**

**1. PLACED ON AGENDA BY:**  
Audit Committee Chairperson

**2. AGENDA:**  
PRESENTATION   
PUBLIC HEARING   
CONSENT   
REGULAR

**3. IS THIS ITEM BUDGETED (IF APPLICABLE)?:** YES  NO

**4. BACKGROUND: (WHY, WHAT, WHO, WHERE, WHEN, HOW, & IDENTIFY ALL ATTACHMENTS)**  
Per request by the Callaway City Commission, the Audit Committee was tasked with investigating a specific billing transaction that occurred 7-8 years ago.

**5. REQUESTED MOTION/ACTION:**  
Send out requests for quotes.

**City of Callaway Audit Committee  
Agenda Item Summary**

May 30, 2012

**Set date for next Audit Committee Meeting to review quotations and make recommendation to the Commission.**

**1. PLACED ON AGENDA BY:**

Audit Committee Chairperson

**2. AGENDA:**

PRESENTATION	<input type="checkbox"/>
PUBLIC HEARING	<input type="checkbox"/>
CONSENT	<input type="checkbox"/>
REGULAR	<input checked="" type="checkbox"/>

**3. IS THIS ITEM BUDGETED (IF APPLICABLE)?:** YES  NO

**4. BACKGROUND: (WHY, WHAT, WHO, WHERE, WHEN, HOW, & IDENTIFY ALL ATTACHMENTS)**

The Audit Committee will be receiving quotes for professional services. A meeting date must be set for the Audit Committee to review proposals and prepare a recommendation to the Commission. The date selected should allow for the committee to present its recommendation at the next regular Commission meeting.

**5. REQUESTED MOTION/ACTION:**

Set date for next Audit Committee Meeting to review quotations and make recommendation to the Commission.