

**CALLAWAY AUDIT COMMITTEE  
AUDIT COMMITTEE MEETING  
JUNE 18, 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**

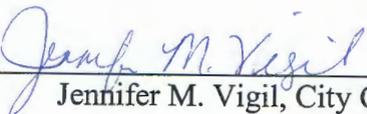
Monday, June 18, 2012 – 6:00 P.M.

**AGENDA**

**CALL TO ORDER  
ROLL CALL  
APPROVAL OF MINUTES – May 30, 2012**

**BUSINESS ITEMS**

- ITEM #1      Review Proposals for Investigative Auditor
- ITEM #2      Auditor Selection and Referral to City Commission

  
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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).

**CALLAWAY AUDIT COMMITTEE MEETING  
MAY 30, 2012  
TIME: 6:00 P.M.**

Called to order by Chairperson Henderson at 6:00 P.M.

**ROLL-CALL – PRESENT:** Chairperson Pamn Henderson, Harry Johnson, Doug Smith, and Linda Schwartz

**ALSO PRESENT:** Alice Bennett, Sandra Hirth

**APPROVAL OF MINUTES:**

Ms. Schwartz noted two typographical errors in the minutes. Doug Smith moved to approve the May 14, 2012, Audit Committee Workshop Minutes with corrections. Second by Harry Johnson. All Ayes.

Chairperson Henderson asked Ms. Bennett, Director of Finance, to brief all members regarding the issue discussed at the previous Commission meeting relative to an irregularity in a utility account she found when she began with the City in 2005. Ms. Bennett distributed a packet of information dated October 8, 2008, to the members. She discussed this information in detail with the Committee while answering questions presented. She stated she found the \$137,000 negative entry to a utility account within the first 60 days of her employment with Callaway. Ms. Bennett said she tried to duplicate the report (and had asked her Assistant to see if she could duplicate it) to see if it would balance back to the ledger and after a couple of days of trying to do this, they were unable to do so. This was a debit to “cash”, which alarmed her therefore she reported her finding to the City Manager who took the issue very seriously. The City Manager immediately called the auditing firm (not our current firm) for an explanation regarding why they had not brought something such as this to the City’s notice. Ms. Bennett took the Committee through the rest of the report which included several pages of incorrect data entered by the auditors in 2007 where she had to correct them. Chairperson Henderson thanked Ms. Bennett for her input.

**BUSINESS ITEMS**

**#1 - DEVELOP QUOTATION FOR FINANCIAL INVESTIGATION**

A brief discussion ensued about the request from the City Commission for the Audit Committee to research the cost of hiring a forensic auditor to investigate the issue of the \$137,000 credit to a utility account which happened several years ago.

Mr. John Malone explained what a forensic auditor is to the Audit Committee. He also noted that the auditing firm who was notified of the error did not make any

**CALLAWAY AUDIT COMMITTEE MEETING  
MAY 30, 2012  
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comments regarding the issue on the City's next audit. He stated he would be happy to assist Chairperson Henderson and the Audit Committee.

Doug Smith moved to have Audit Committee Chairperson Pam Henderson check with forensic auditors, excluding Carr, Riggs, Ingram and O'Sullivan Creel, for a quote on the investigation requested by the City Commission into the utility account issue. Second by Linda Schwartz. All Ayes.

#2 - SET MEETING FOR REVIEW OF PROPOSALS & RECOMMENDATION

Meeting dates were discussed by the Committee. It was decided the next Audit Committee meeting will be held on Monday, June 18, 2012, at 6:00 P.M. in the Workshop Room of the Arts and Conference Center.

Linda Schwartz inquired if the Audit Committee will be adding a Commissioner/committee member or will we be waiting until August when all terms expire. Chairperson Henderson stated the general consensus was to wait until August. Ms. Schwartz also asked Ms. Bennett if she is satisfied with O'Sullivan Creel as the City's auditing firm. Ms. Bennett stated she, Mr. Malone stated he is very pleased with O'Sullivan Creel.

Motion to adjourn the meeting was made by Harry Johnson. Second by Doug Smith. Meeting adjourned at 6:35 P.M.

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Sandra B. Hirth, Assistant to the City Manager

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

June 18, 2012

**Review Proposals for Investigative Auditor**

**1. PLACED ON AGENDA BY:**

Chairperson Henderson

**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)**

The Commission asked the Audit Committee to research the cost for an investigative auditor look into an issue concerning a utility account that was detected in 2005. The Audit Committee voted to have Chairperson Henderson collect quotes from auditors and asked that she bring the information to this meeting.

**5. REQUESTED MOTION/ACTION:**

The Audit Committee will review the quotes presented and select an investigative auditor.

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

June 18, 2012

**Auditor Selection and Referral to City Commission**

**1. PLACED ON AGENDA BY:**

Chairperson Henderson

**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)**

After discussing the quotes presented by Chairperson Henderson, the Audit Committee selected an auditor based on the information they received and will refer their recommendation to the City Commission.

**5. REQUESTED MOTION/ACTION:**

The Audit Committee will recommend an investigative auditor to the Commission at the June 26, 2012, Regular Commission meeting.