

MEMORANDUM

TO: FEL COMMITTEE MEMBERS ; Director Ricard Connealy, Chair,
Director Tim Fowler, Vice-Chair, Director John Conley, Director
Richard Patterson

FROM: DIRECTOR LANPHIER

RE: AUDIT COMMITTEE – REVIEW OF AUDIT - PROCESS

DATE: November 14, 2006

I have asked that the subject of an audit committee be included on the FEL agenda this evening in order to initiate a discussion on how to develop a **PROCESS** that the FEL Committee might use to review the audit. Two issues that I would like to discuss are:

- The FEL Committee (acting as an audit committee) would meet with Bland and Associates, CPA's to go over the audit before the next subcommittee meeting in December .
- Discuss adding a CPA that is knowledgeable about government auditing that may act in an advisory capacity to our FEL Committee (acting as an audit committee) so that we might fully understand the audit report.

This CPA advisor could act as an advisor pro bono, or we may need to provide monetary compensation for time spent with us. It could be money well spent. The public has the right to expect us to fulfill our fiduciary responsibility. It is important that we not be caught flat footed. Particularly in light of recent occurrences.

I am suggesting that we use this process while dealing with the current 2006 audit report. If the Board finds value in this **process**, we can look at continuing the audit committee and make changes as we feel necessary.