



# ***CITY COUNCIL***

## ***Finance, Audit & Budget Committee***

**Tuesday, February 16, 2016**  
**City Council Office**  
**5:00 pm**

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

**Committee Members:** Ms. Goodman-Hinnershitz, Mr. Slifko and Mr. Twyman

*Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair. All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012*

- I. 2015 Preliminary Year End Results – G. Mann**
- II. Update re Correction of 2014 External Audit Findings (attached)**
  - PFM Recommendations:
    - 1<sup>st</sup> priority:** Reconciling the General Disbursement Account 2007-2014
    - 2<sup>nd</sup> priority:** Account reconciliations 2012-2014
    - 3<sup>rd</sup> priority:** Monitoring State Grants 2010-2014
- III. Legislation limiting expenses of outside legal counsel**  
*(legislation adopted in 2015 attached)*
- IV. Legislation Review – place saver**

**V. Review Finance Reports**

- Review Expenditures/Revenues
- Review Bank Statement Activity
- Review Transfers
- Compliance with SEC Regulations

**VI. Update from City Auditor**

- Compliance-transfers
- Update on the status of all capital projects currently underway
- Define operational audits for 2016 i.e. Property Maintenance and Zoning
- Define general internal audits for 2016

**VII. Define 2016 Topics and Timelines**

**FOLLOW UP ISSUES**

**2016 Finance Committee Topics**

**March**

**April**

**May**

**June**

**July**

**SUMMARY OF FINDINGS FROM 2014 EXTERNAL AUDIT**

	Repeat
	New
	Removed

Account Reconciliations/Modified Accrual	2014	2013	2012	2011	2010	2009	2008	2007
Cash Disbursements - Segregation of Duties	2014	2013	2012	2011	2010	2009	2008	
Pension Reporting	2014	2013	2012	2011	2010	2009	2008	2007
Monitoring - State Grants	2014	2013	2012	2011	2010			
Preparation of SEFA	2014	2013	2012	2011	2010			
Preparation of Bank Reconciliations	2014	2013	2012					
Reporting of fixed assets	2014	2013						
Bank accounts not recorded on the general ledger	2014							
Filing of Required Forms (2012 payroll report, 2013 actuary report)		2013	2012					
Record Retention - FEMA Grant		2013						
Grant Receipts/cash mgmt		2013	2012	2011	2010	2009	2008	2007
Time Card Approval		2013	2012	2011	2010			
Federal Funding Accountability & Transparency Act		2013	2012					
Accounting for Program Income			2012					
Federal Grants ie cash disburse. & acct recon/cash mgmt			2012	2011	2010	2009	2008	2007
Pension Compliance			2012	2011	2010	2009	2008	2007
Purchasing Card Procedures				2011	2010			
Billing - Revenue/Accounts Receivable water/sewer				2011	2010			
Micro Loan Program Approval				2011	2010			
Federal Grants ie purchasing cards				2011	2010			
Real Estate Tax Revenue				2011				
Inadequate Documentation - CDBG Admin					2010			
Quarterly performance reports not filed timely - NSP2					2010			
Financial Reporting to Management					2010	2009	2008	
Compensated Absence Liability					2010			



BILL NO. 3-2015  
AN ORDINANCE

AMENDING THE ADMINISTRATIVE CODE, CHAPTER 5, SECTION §  
5-213 AND § 5-302, AMENDING THE ADMINISTRATIVE CODE,  
REGARDING THE USE OF OUTSIDE LEGAL COUNSEL.

Whereas the Council of the City of Reading hereby ordains as follows:

**Section 1.** Amending the Administrative Code, Chapter 5, Section 5-213 AND § 5-302 regarding the regarding the use of outside legal counsel as follows:

§ 5-213. Independent legal counsel. [Added 7-13-1998 by Ord. No. 22-1998]  
~~In the event either the Mayor/Administration or City Council require legal representation in an area of conflict City Council and the Mayor or the Administration, each party shall have the ability to select their own legal counsel independent of the City.~~

*The Solicitor, as chief legal advisor to the City of Reading, has authority to determine whether a conflict exists between the Mayor/Administration and City Council. In the event a conflict does exist, the Mayor/Administration and City Council shall begin and complete a mediation process within ten (10) business days from the date the conflict was identified by the Solicitor, facilitated by a neutral third party that shall be selected by the Solicitor and agreed to by the Mayor/Administration and City Council. If at the conclusion of the mediation process the conflict still exists each party shall have the right to seek and retain independent legal counsel, separate and apart from the advice of the Office of the Solicitor. Section 8 of the Purchasing Policies shall apply.*

§ 5-302. Independent legal counsel. [Added 7-13-1998 by Ord. No. 22-1998]  
~~In the event either the Mayor/Administration or City Council require legal representation in an area of conflict City Council and the Mayor or the Administration, each party shall have the ability to select their own legal counsel independent of the City.~~

*The Solicitor, as chief legal advisor to the City of Reading, has authority to determine whether a conflict exists between the Mayor/Administration and City Council. In the event a conflict does exist, the Mayor/Administration and City Council shall begin and complete a mediation process within ten (10) business days from the date the conflict was identified by the Solicitor, facilitated by a neutral third party that shall be selected by the Solicitor and agreed to by the Mayor/Administration and City Council. If at the conclusion of the mediation process the conflict still exists each party shall*

have the right to seek and retain independent legal counsel, separate and apart from the advice of the Office of the Solicitor. Section 8 of the Purchasing Policies shall apply.

**Section 2.** All ordinances or resolutions, or parts of ordinances or resolutions, insofar as they are inconsistent with this Ordinance are hereby repealed.

**Section 3.** The provisions of this Ordinance shall be severable and if any of its provisions shall be held to be unconstitutional or illegal, the validity of any other remaining provisions of the Ordinance shall not be affected thereby. It is hereby expressly declared as the intent of the City Council of the City of Reading that this Ordinance would have been adopted had such unconstitutional or illegal provision or provisions had not been included herein.

**Section 4.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: Jan 26 2014

[Signature]  
President of Council

Attest: [Signature]  
City Clerk

(Adm Services & Council Staff)

Submitted to Mayor: [Signature]

Date: 1-27-15

Received by the Mayor's Office: [Signature]

Date: 1/27/15

Approved by Mayor: [Signature]

Date: 2/2/15

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

I, **LINDA A. KELLEHER**, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 26 day of Jan, A. D. 2015. Witness my hand and seal of the said City this 26 day of Jan, A. D. 2015.  
[Signature]  
CITY CLERK

BILL NO. 4 -2015  
AN ORDINANCE

AMENDING THE ADMINISTRATIVE CODE, CHAPTER 5, SECTION RE3117-005a-Ex A - PURCHASING POLICIES REGARDING THE USE OF OUTSIDE LEGAL COUNSEL.

Whereas the Council of the City of Reading hereby ordains as follows:

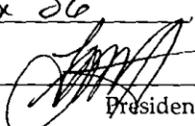
**Section 1.** Amending the Administrative Code, Chapter 5, Section Re3117-Oo5a-Ex A - Purchasing Policies regarding the regarding the use of outside legal counsel, as attached in Exhibit A.

**Section 2.** All ordinances or resolutions, or parts of ordinances or resolutions, insofar as they are inconsistent with this Ordinance are hereby repealed.

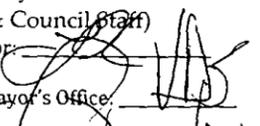
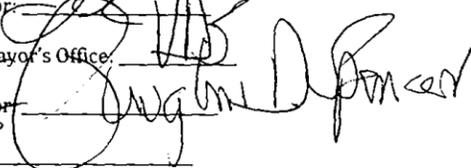
**Section 3.** The provisions of this Ordinance shall be severable and if any of its provisions shall be held to be unconstitutional or illegal, the validity of any other remaining provisions of the Ordinance shall not be affected thereby. It is hereby expressly declared as the intent of the City Council of the City of Reading that this Ordinance would have been adopted had such unconstitutional or illegal provision or provisions had not been included herein.

**Section 4.** This ordinance shall become effective ten (10) days after it adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: July 26, 2014

  
\_\_\_\_\_  
President of Council

Attest:   
\_\_\_\_\_  
City Clerk

(Adm Services & Council Staff)  
Submitted to Mayor: \_\_\_\_\_  
Date: 7-27-15  
Received by the Mayor's Office:   
Date: 7/27/15  
Approved by Mayor:   
Date: 7/27/15  
Vetoed by Mayor: \_\_\_\_\_  
Date: \_\_\_\_\_

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 26 day of July, A. D. 2015. Witness my hand and seal of the said City this 26 day of July, A. D. 2015.  
  
\_\_\_\_\_  
CITY CLERK

City Clerk

Submitted to Mayor: \_\_\_\_\_

Date: 6/23/15

Received by Mayor's Office: \_\_\_\_\_

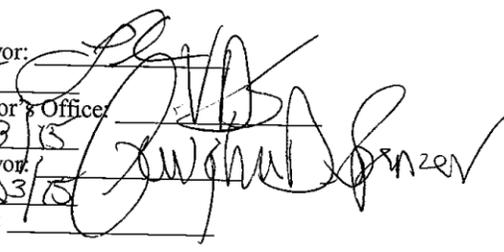
Date: 6/23/15

Approved by Mayor: \_\_\_\_\_

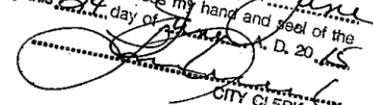
Date: 6/23/15

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_



I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 23rd day of June A. D. 2015. Witness my hand and seal of the said City this 23rd day of June A. D. 2015.



CITY CLERK

Drafted by	Charter Board Solicitor
Sponsored by/Referred by	Council President Acosta
Introduced on	June 8, 2015
Advertised on	

**BILL NO. 30-2015**

**AN ORDINANCE**

**AMENDING THE CHARTER BOARD ORDINANCE, BILL NO. 46-2005, SECTION V, ENFORCEMENT, PART A PROCEDURE, SUB-PART 3 DETERMINATION OF JURISDICTION**

**THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:**

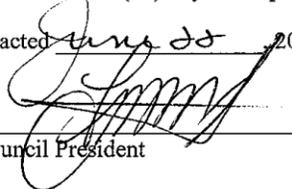
**SECTION 1:** Amending The Charter Board Ordinance, Section V, Enforcement, Part A Procedure, Sub-Part 3 Determination of Jurisdiction, as stated below:

*b) Upon determination that the complaint falls within the jurisdiction of the Board, the Officer shall attempt an informal resolution of the issue [as provided by the Rules of Administration and Procedure implemented by the Board. This paragraph shall apply to all complaints filed after sixty (60) days from the effective date of the Ordinance adopting this amendment to the Charter Board Ordinance, Bill No. 46-2005.] within 30 days of the receipt of the complaint. Informal resolution shall consist solely of written notice to the complainant and the subject of the complaint encouraging them to resolve the issue outside the formal investigative and adjudicative process of the Board.*

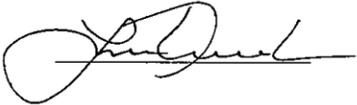
**SECTION 2:** All relevant ordinances, regulations and policies of the City of Reading, Pennsylvania not amended per the attached shall remain in full force and effect.

**SECTION 3:** If any section, subsection, sentence or clause of this ordinance is held for an reason to be invalid such decision shall not affect the validity of the remaining portions of the Ordinance.

**SECTION 4:** This Ordinance shall become effective in ten (10) days after passage.

Enacted June 20 2015  
  
\_\_\_\_\_  
Council President

Attest:

  
\_\_\_\_\_

## EXHIBIT A

### Section 4

---

#### Sole Source Purchases

---

##### 1.01 DEFINITION

Sole source purchases are defined as purchases of supplies, or equipment that meet **all** of the following criteria:

- A. It is the only item that will produce the desired results or possess a unique performance capability and
- B. It is available from only one source and
- C. It is patented or copyrighted.

Professional services, ***legal services and attorneys and law firms*** are not eligible for sole source purchasing requirements.

##### 4.02 PROCEDURE

Sole source purchases are exempt from competitive requirements upon certification by the Purchasing Coordinator stating the conditions and circumstances necessitating the purchase via a Sole Source Justification Form. This certification shall set forth the purpose and need in addition to why the item is the only one that will produce the desired results. The Sole Source Justification Form must be signed by the Managing Director to be deemed "approved".

Sole Source Justification Forms shall expire annually on December 31<sup>st</sup>. Sole Source contracts shall not be eligible for automatic renewal/extension and must be re-certified by the Purchasing Coordinator before a renewal/extension may occur.



