



CITY COUNCIL

Finance Committee

Meeting Report Monday, April 18, 2016

Committee Members Attending: M. Goodman-Hinnershitz, B. Twyman, J. Slifko

Others Attending: J. Waltman, L. Kelleher, B. Rivera, C. Younger, D. Cituk

Ms. Goodman-Hinnershitz called the meeting to order at approximately 5:12pm.

I. Legislative Review (*place saver*)

Ms. Goodman-Hinnershitz stated that she would like to voice her concern that there has not been any legislation to review since the beginning of the year and this is something out of the ordinary.

Mr. Twyman questioned if there was something specific that Ms. Goodman-Hinnershitz was referring to. Ms. Goodman-Hinnershitz responded that in relation to the next topic on the agenda, the Baker Tilly Report, she feels strongly that weaknesses be identified and oversight on fiscal matters be strengthened. This can be done utilizing different means; one of which may be a full forensic audit.

Ms. Reed entered the meeting at this point.

Mr. Slifko stated that in the last few meetings, he's comprised a list of issues to follow up with and whether those be legislative or administrative issues, one in particular that he recalls is the fact that Mr. Pottiger stated additional staff is needed in the Finance division.

Ms. Goodman-Hinnershitz questioned if anyone from the Finance Division would be present to address any questions or concerns. Mr. Younger responded that, aside from distributing to Council the Finance Reports given by Mr. Pottiger, nobody is present to represent the Finance Division; however, moving forward, if this is something Council feels strongly about, he will make certain that someone will be present at each Finance Committee.

Mr. Twyman stated that in respect to the additional staff needed in the Finance Division, how will Mr. Zale's position be filled.

Mr. Younger replied that Mr. Pottiger has moved into the Controller position and Ms. Rodriguez into Mr. Pottiger's position so the only vacancy is Ms. Rodriguez's former position in the Auditor's office.

Mr. Twyman questioned if Mr. Zale was afforded a formal exit interview. He stated that he's questioning this because Mr. Zale has been with the City for many years and has extensive knowledge concerning the City's finances and wanted to know if he was given an opportunity to speak of the issues that led to his removal as Controller.

Mr. Younger stated that he is not certain Mr. Zale was given a "formal" exit interview but when he was informed that he was being terminated, there were others present, including himself and the Human Resources Manager and an explanation was presented.

Mr. Twyman expressed the belief that Mr. Zale should have had the opportunity to understand the circumstances surrounding his termination.

Ms. Goodman-Hinnershitz stated that she wants to make it clear to the administration that the Finance meetings are more productive when information is provided prior to the meeting and communication is open. She is not comfortable with having to go through a request process that takes up valuable time.

Mr. Waltman asked for clarification regarding how the administration would like to handle the need for a Finance team member at all Finance Committees. He questioned if a formal request needs to be presented by Council prior to each Finance Committee.

Mr. Younger stated that he is of the belief that if an in depth finance report is provided by the Finance Division, having staff present is unnecessary.

Mr. Waltman stated that in the event Council has questions or concerns regarding what is being reported, there needs to be someone present that can offer answers or clarification. He feels strongly that there is value in having a staff member present at every Finance Committee.

Mr. Younger agreed that a staff member or members would be present moving forward at each Finance Committee meeting as per Council's request.

II. Response to Baker Tilly Report

Ms. Goodman-Hinnershitz stated that she is of the belief that when a report is presented to Council, the developer of that report should be present and it is unfortunate that a representative

from Baker Tilly was not present at last month's meeting and again is not present at this meeting. Council had some questions last month and no one was available to address those questions.

Mr. Slifko stated that he recalls Mr. Murray mentioning an additional follow up report being provided by Baker Tilly sometime after last month's Finance Committee.

Ms. Kelleher reiterated that Mr. Murray did state there would be a Baker Tilly follow up report that the administration would be receiving about a week after last month's Finance Committee.

Mr. Waltman stated that the issue should be deferred for next month. Mr. Slifko stated that he understood it was to be presented and reviewed at this meeting. He stated that he would like a representative from Baker Tilly to be present at that time.

At this point there was some confusion followed by some discussion regarding when the additional report from Baker Tilly was to be made available to Council to review and what recommendations by the administration would be presented.

Ms. Goodman-Hinnershitz further requested that the report and the Administration's recommendations based on that report be provided to Council prior to next month's meeting allowing sufficient time for Council to review and have questions or concerns prepared in advance to better manage time spent on this topic.

III. Correcting 2014 External Audit Findings

Ms. Goodman-Hinnershitz questioned who would be speaking to this topic on the Agenda. She stated that she was uncomfortable with some of the amounts of monies that needed to be reconciled. She asked if Mr. Cituk could offer some insight.

Mr. Cituk stated that in speaking from an auditor's standpoint, he can concur with the priority of reconciling the General Disbursement Account but these action items need to be addressed by the administration.

Mr. Younger stated that he will speak with members of the Finance Division and obtain an in-depth explanation about these reconciliations at the next meeting.

Mr. Waltman expressed the importance of moving forward with an automated system. He offered his time and expertise in developing this automated system.

Mr. Twyman recalled debating this issue at last month's meeting and recalled that the administration doesn't believe an automated system is necessary at this point. He reiterated the importance of having staff members from the Finance Division present at these meetings for these reasons.

Mr. Cituk is of the belief that in order to develop a new system, we first need to be able to fix what was wrong with the old system which is why he is not in agreement with automating at this time.

Mr. Waltman reiterated the importance of an automated system regardless of all that has been said and he offered to assist through whatever means he's able. He highly recommended that a consultant be retained to advise on the use of an automated system as soon as possible.

IV. Review Finance Reports

Ms. Goodman-Hinnershitz stated that without having staff from the Finance Division present, Council should review the reports provided and if there are questions or concerns, communicate them to Ms. Kelleher who will follow up with the Finance Division for answers.

V. Update from City Auditor

Ms. Goodman-Hinnershitz stated that with not having ample time to discuss this topic due to the Committee of the Whole meeting regarding PFM's Act 47 Update that is to take place at 6pm, Mr. Cituk has been asked to email his reports to Ms. Kelleher to disburse to Council for review.

VI. Other Issues

Ms. Reed expressed her concern regarding the Parking Authority's Accounting Manager being replaced. She stated that those finances are extremely crucial to reviewing at this time.

Mr. Slifko stated that in looking at his notes from last month's meeting, somebody from the Parking Authority was to be present at this meeting.

Ms. Kelleher stated that she did reach out them for representation at this meeting but unfortunately due to the timing of the receipt of the draft report on their Capital needs (draft on the 20th of April and the final report on the 27th), they have requested a month to review before meeting with Council. The meeting is scheduled for the Strategic Planning meeting in June.

Mr. Slifko questioned why in June and not in May. He requested Ms. Kelleher reach out to the Parking Authority to request their presence at the meeting in May. All were in agreement.

Ms. Goodman-Hinnershitz adjourned the meeting at 6pm.

*Respectfully submitted by
Bea Rivera, Legislative Aide and
Linda A. Kelleher CMC, City Clerk*

Action Items

1. Baker Tilly representative at May meeting.
2. Administration recommendations for approach to Baker Tilly Report.
3. RPA at May meeting to discuss 2016 Contribution.
4. Administration's next steps regarding resolution of repeat findings #s 2 and 3 as per PFM.