COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE ADMINISTRATION

December 12, 2000 **3:00 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur, Pinard, Thibault, Lopez

Messrs: J. Desrosiers, T. Bowen, K. Clougherty, H. Tawney, R. Sherman, S. Tellier, P. Porter, K. Buckley, J. Kane, T. Arnold

Chairman Hirschmann addressed item 3 of the agenda:

Communication from Jennifer Desrosiers regarding Open Invoice reports.

Ms. Desrosiers stated Alderman Levasseur had asked last month about the inter-departmental receivables. I added a few reports in here hoping that would help clarify for you. I put an inter-departmental receivables report in there and a school receivable report in there. Those were not for over ninety days; I did that for everything that is outstanding for the departments.

Alderman Hirschmann stated I did see the school and that was a lot of money.

Ms. Desrosiers stated there are still quite a few older outstanding inter-departmental issues. The school owes about ten pages or so at 2.4 million and there is also another $700,000 from Fiscal Year 2000 that was not billed on the AR system.

Chairman Hirschmann stated I am going to ask the committee for one action. Is there anything else that you would like aside from us reviewing this…is there any recommendations or anything from Finance at this point.

Ms. Desrosiers replied the Water Department; Mr. Bowen has sent a memo to Human Resources regarding their outstanding bills. I do have a copy of it if you would like it. It is regarding their policies on making payments for inter-departmental services. If we know there is not intention of them to be paid and it is acceptable then it probably should not be listed as an open receivable. It kind of skews the books a little bit.

Chairman Hirschmann stated Mr. Bowen could you please come up. Is this saying you do not want to pay certain invoices because you do not bill us for certain services.

Mr. Bowen replied in general terms, yes. We have never received a bill for administrative services from any of the City Hall departments. We pay services such as a percent of the work that was done for H T E. We paid a percent of the work that was done for the out-of-pocket kind of expenses for the audits. Services that we do with the Highway Department (paving), Manchester Police (extra duty details), all of those types of things are routinely paid for. We have never been billed for in the past any strictly administrative services from kind of the City Hall entities in the past. We never received a bill last year from Human Resources; this is the first time. Our position is and has been in the past that this was part of the trade in services that the Water Works provides. We do not bill City Departments for water. We do not bill the City for fire protection.

Chairman Hirschmann stated it is appreciated in many cases. I know in Little League parks in many cases there are no water meters. So, Jennifer I see one open invoice that is $7,000 is there more than that one.

Ms. Desrosiers stated there is another one for $10,000 on the page before.

Chairman Hirschmann asked the one for $7,000 it says salary reimbursement what is that.

Ms. Desrosiers replied this is a Human Resources bill for their year-end salary reimbursement cost. I am not entirely sure what this is.

Chairman Hirschmann asked for Mark Hobson's time you are saying.

Ms. Desrosiers replied he is not present but I believe so.

Mr. Bowen stated the bill did not have much explanation with it. It was just quantity one salary reimbursements in a lump sum. In speaking with Mark it is a percent of their operation and how he came up with that number. We do pay to Human Resources their out-of-pocket expenses for Drug & Alcohol testing for our employees and for pre-employment physicals and anything that comes through that is an out-of-pocket expense we routinely pay for.

Chairman Hirschmann stated what I am going to do is entertain a motion from the committee. I will take questions but what I would like to do is send Mr. Bowen's communication to the full Board and asking the full Board if they are in agreement with this deal that in many cases the City does not get billed for water services in lieu of whatever is being done. The technicality is we have to find out…Mr. Hobson if this is going to be a little problem with his budget but that is not necessarily our problem. I will do questions and then get to the motion

Alderman Levasseur asked Kevin, I would like to speak with Kevin for a second.

Chairman Hirschmann stated could you please not call…

Alderman Levasseur stated I just want to ask Kevin…I know this must be a policy that is going on here. I want to be careful because they are going to want us to go to court to have us separated and make sure we know who is paying what.

Chairman Hirschmann stated no this is an agreement.

Alderman Levasseur asked Kevin, I know that this is a policy that we are having…it seems you are billing certain enterprises for things that they do not seem that they feel they have to pay for but you have a duty of some sort to have to charge for these things or do we have a policy manual on these situations because it kind of worries me that we get letters for these things. I would like to get the letters on these bills that you send out quicker so we could see what their problem is right away so we could make quicker decisions on these things so that you could charge back properly on the city side.

Mr. Clougherty replied for example in our office, we bill the Airport and the Airport reimburses us for those services provided and everybody else…Tom Clark and other administrative departments bill that. But we do not get anything back from the Airport in terms of free flights or anything like that. The difference is with Water Works is they contend "we give you the free water" and that has been the trade-off.

Alderman Levasseur asked should we be trading off or should we just be them billing you and you billing them.

Mr. Clougherty replied that is probably the proper way to do it but we looked at it in the past and it has always been the feeling of the Board that was an arrangement that they wanted to continue.

Alderman Levasseur asked so you do not have a problem with Water Works' response then.

Mr. Clougherty replied no I think what Tom is saying is if…from an accounting standpoint you could go through and list all the expenses that is fine from the City but on the other side you are going to have to take a look at all the charge backs and all the costs that he incurs when he provides us water. In the long run it has always been his understanding that kind of "washes" so why do you go through the exercise. Unless you are really serious about wanting to go through a strict accounting.

Alderman Levasseur stated I am wondering, Mr. Chairman, if what you think about the strict accounting. You have been on this Board a couple of years now plus before what do you think about strict accounting.

Chairman Hirschmann replied this is not up to me this is counter-productive to anything that is happening.

Alderman Levasseur stated we seem to be getting these same things over and over every meeting we come to and there are disputes over who owes what to whom. I think that we should probably do something about it.

Chairman Hirschmann stated in my opinion this is counter productive to have Human Resources pay that invoice because he could justifiably so bill every Little League in the City, every football field in the City for water that is poured thousands of gallons.

Alderman Levasseur stated I do not have a problem with the billing…with the bargaining or the bartering that goes on. I just wonder if that is the appropriate thing to do.

Chairman Hirschmann replied that is what we are going to get to.

Alderman Pinard stated I was just going to make a motion to accept your recommendation.

Alderman Lopez stated I agree to probably go to the Board which I will vote for but as you are well aware of in the Charter Commission when we went through this process…this has been going on…and I know you give the water to parks and all that…I think it comes up to two or three hundred thousand dollars I have heard different figures over the number of years. That is almost like something that has been provided in "grandfathered" so to speak and we are sort of in a different age here because of the budget process and the charge backs. Where professional services are given to you if that is the case. I just do not think that with the position that the Water Works is in, the healthy balance line you got that you should hold and I say it very loosely…hold the City "hostage" if somebody gives you some professional services that you need for a charge back that you can afford. It is not that you cannot afford it. I understand your position but I think what you are doing is using something…because we could turn around and loosely say, "let's sell the Water Works" and we will get charged in the end anyway. But if we are trying to use a hammer over the City by saying all the professional services whatever the case may be…you are not going to pay us because we give you water. That does not make sense.

Mr. Bowen stated we are not refusing to pay. What we are saying is that there have been arrangements over the years that these types of services have never been charged. We are talking about a significant amount of money. We are talking about a bottom line number of almost $600,000 worth of services the Water Works provides to the City in return for…even if we quadrupled the number that we are talking about from Human Resources to include the Finance Department and the Solicitor's Office and we are still talking about a number that is well under $100,000. That has been the arrangement.

Alderman Lopez asked is that a document that arranged or is it "vocal cords".

Mr. Bowen replied it has been a long-standing…

Alderman Lopez asked written.

Mr. Bowen replied in the negative.

Alderman Lopez asked I just hope you understand the position that the City is in. If we could get money from the Airport we get money from the Airport and they do provide some services and charge backs because they cannot give us all the money that they need. You are in a unique position to help the City in two ways; give us the water and for the professional services that is provided for you and it is not going to hurt you.

Mr. Bowen stated there is a cost associated with us paying for those services that has to be paid for by our ratepayers. The ratepayers who are the customers that are the taxpayers of the City who are actually paying twice for the same services. They are paying through their tax bill and then they are also paying for it through their water bill.

Alderman Thibault asked Tom, do you feel comfortable with this arrangement up to this point. Have you ever had any problems like this before on this.

Mr. Bowen replied actually we were a little surprised to see the bill from Human Resources.

Alderman Thibault asked I am a little curious for instance how Frank Thomas does an awful lot of things for a lot of departments in the City and I do not see these things coming through either. Within the City I would think that departments could work together without creating another mound of paperwork for nothing. If, between departments and we believe that we are doing the right things in taking care of these problems…I think it saves an awful lot of clerical work by all of these people who work on the papers.

Mr. Bowen stated we do have agreements with other departments for providing them services. The Highway Department and Water Works are both in the construction kind of business primarily and we do have arrangements with Highway where we do not bill them for any overhead on any of the charges. We do not bill them for any straight time. If we go out and assist the Highway Department on a particular job, unless it runs into overtime we do not get into a billing and they do the same with us. It does not happen that often but it has just been long-standing procedures that have been in place for thirty years.

Chairman Hirschmann stated thank you Mr. Bowen and thank you Alderman Thibault and I will move that we refer…I am going to let Howard speak in a second. What I have to say really about this is all the City departments have the same Finance Officer, the same Treasurer, the same City Solicitor, the same Human Resources Office. These are all of the resources of the City. Until they are like the School District and they want to be totally autonomous and sue us in court we do not have to go down this road that we damaged the City. I would recommend the motion pass but I will let Howard speak and then I will accept the motion.

Mr. Tawney stated the reason we started doing this, was that the Aldermen had indicated that we wanted to bill back to the enterprise funds for the services we provided. It is a lot of work on our part and if you do not want us to do it that is fine but that is the reason.

Chairman Hirschmann asked what did you do, Howard, for $17,000.

Mr. Tawney replied we do the payroll, recruiting, all of the training and all of this that we provide services to the departments. To the General Fund departments we do not charge anything back or issue charge backs to anybody. It is only to the enterprise funds and the School Department where we do these charge backs.

Ms. Desrosiers stated those are two separate years that they are being billed for. It is a combination of two years for $17,000.

Alderman Lopez asked does anybody know an average on next year's budget what the charge backs would be…$100,000…$150,000…is there any way to figure that out.

Mr. Clougherty replied that is one of the points I was going to bring up, Alderman, is that one of the problems this creates for Tom is if you make a decision that you want to do this as part of the budget process and everybody budgets for it then the expenses budget and his budget and it is also budgeted in Tom's. But Tom runs on a calendar year whereas the rest of the City is on a Fiscal Year. So if you want to make that transition what could happen is you could have the City going ahead with the expenses but Tom not having sufficient funds having been raised in his previous year's budget. You have to coordinate that timing cycle or it puts him in a situation. Part of the point that I was trying to make before is that it is a timing issue in how these things work. You could do it but it really takes you almost a cycle and a half to work it through. If you wanted us to go through and do something like that we could. In the past, the Board has entertained the idea of doing that and ran into those problems. That is why they kind of said we would keep it the way it is.

Alderman Lopez stated the only reason I say that is $600,000 giving the City $700,000 is not going to hurt you. But I move that motion to the full Board for clarification and also could you provide numbers…there are no numbers on here as to the water that you receive. And Kevin, I would presume the same question will come up and I say very loosely that I would not calculate the water. That has been long-standing and do not hold it over our heads. We have to get money from someplace.

Alderman Levasseur asked Kevin, when you look at the cost of breaking down all of these transactions that occur between the departments on the City side, is the cost of that work the knowledge of the amounts that the City would be charging each other inter-departmentally or enterprisely.

Mr. Clougherty replied the reason you would do it is not so much because of the value of the knowledge it is the revenue that you might get as part of that exercise to be able to offset some of the cost and help the tax rate.

Chairman Hirschmann stated but the water rates go up.

Mr. Clougherty stated we could present something that explains that cycle, that relationship for the Board.

Alderman Levasseur stated it would make a…I know as a person who has to make an adjustment in the tax rate this last year that knowing that five cents on that tax dollar that we are charging the people is because we could not save that from the Water and the water was five cents in that way. It makes a big difference in the way you explain it to the people in the tax rate. We see $1.05, $1.50, $.30 added into the tax rate and if we could explain that in a better way that really makes it a lot easier for the Mayor to explain his budget or for the aldermen to explain why the taxes have gone up. These numbers, I think, are very important to know. I do not know where you would going with that, Alderman Lopez, but I would think that motion if you are saying that motion is going to be to keep going with the idea of making sure we are getting our charge backs correctly from these other departments like the Water Works and the Airport and such I would be in favor of going along with that. Is that what you are intending by bringing it to the full Board.

Alderman Lopez stated in the affirmative and stated that is my intent because I agree with Howard and I remembered a conversation that any charge backs would go to the enterprise and the water issue did come up and I wish I could remember the date that happened. I do not want to prolong it. I think I have said enough on the water. The water should not even be an issue really.

Alderman Levasseur stated I would second the motion then.

Chairman Hirschmann stated another question by Alderman Thibault.

Alderman Thibault stated Alderman Levasseur just touched on the point that I was trying to make before. Maybe I did not make it clear enough but if I listen to Howard and how much time it takes for them to do this and if we look at all of the other departments that are going to be doing this and how much time is expended there are we going to have to hire somebody else in Human Resources. Are we going to have to hire somebody else in Finance. What will that cost. I would like to get that breakdown so that we know where we are going with this.

Alderman Levasseur stated I would like to make a statement concerning the schools. These departments all have to do the same thing with the schools. Whenever they do something that somebody from the School Administration calls over to City Clerk's Office they have to write down the amount of time that they are doing that for if it is fifteen minutes.

Chairman Hirschmann stated that is another whole issue the schools.

Alderman Levasseur stated I know but that is the same thing he is talking about. It is not fair for the School District to have to be put through the same thing and not these other departments.

Chairman Hirschmann stated yes it is they are separate.

Alderman Thibault stated the School is not a City department.

Alderman Levasseur stated but there are still charge backs.

Chairman Hirschmann stated that is why we are referring it to the full Board and at the full Board you could do as you see fit. I recommend that you do not do this action because if he puts a water meter at every Little League park and every football field and every City park and every golf course you are talking hundreds of thousands of dollars not $17,000. This is counter-productive to the City's business.

Alderman Lopez stated I am not suggesting that, Mr. Chairman. I have no suggestion to ever do that and my motion is refer this to the full Board for clarification for the Water Works Department as to whether him giving us water is going to offset the cost of charge backs. If that was the intent of the Board before which I do not think it was because it was charged back to enterprise. So the Board is going to have to decide yes you give us the water and we do not charge you anything if that is the situation they want to go. I think where the Board is going to have to say well you are an enterprise. Let's not use Water as a hammer over our head. That is all I am saying. Let's refer to the full Board for clarification.

On motion of Alderman Lopez, duly seconded by Alderman Levasseur, it was voted to send Mr. Bowen's communication and this policy issue to the full Board for finalization.

Chairman Hirschmann stated Jennifer, thank you for bringing that up. We will move on the rest of these. They are just regular bills but what I would like to do…I would like to take a motion to forward all the School Administrative copies all the pages that have the School Administrative bills I want those forwarded to the full Board. I would like another motion to send the SAU 37 charge backs to the full Board for their information.

On motion of Alderman Thibault, duly seconded by Alderman Pinard, it was voted to forward all School Administrative bills to the full Board.

Alderman Thibault asked Kevin, I thought that we were in the process of trying to get a lot of these school charge backs collected and so are we still in that process.

Mr. Clougherty replied in the affirmative.

Alderman Lopez asked Jennifer, on all of these documents page 8 the Pyramid Club details there is not a Pyramid Club anymore is that correct.

Ms. Desrosiers replied that is a police bill and police is working with the Solicitor's Office in getting that collected.

Mr. Arnold stated Julia Entertainment owned the Pyramid Club. Julia Entertainment after the City revoked their license, closed down. The principles from that company were all from Massachusetts. We have looked at the question and we do not believe there are any assets there to collect on. The building was leased. My understanding is that the equipment inside the building was subject to UCC security filings. So I really do not see any reasonable possibility that that account is going to be collectible at this point.

Chairman Hirschmann asked how much money is that.

Mr. Arnold replied it is a substantial amount of money.

Ms. Desrosiers stated $11,279.60.

Mr. Arnold stated I thought it was more than that. I thought there were two lists. I thought it was close to $20,000. I could be wrong.

Chairman Hirschmann stated because of the circumstances that we actually put that business out-of-business I would entertain a motion to write those fees off but with the understanding that I would like the Solicitor to draft a policy for this committee. In the future, I would like extra police detail fees paid up-front. You cannot get $11,000 in arrears so I would like a policy from you and I will take a motion.

Chairman Hirschmann stated the motion is moved by Alderman Thibault, duly seconded by Alderman Levasseur, to write-off the Julia Entertainment…

Alderman Levasseur stated in the negative and stated that was the motion to make the policy, I thought.

Chairman Hirschmann continued… fees with the policy coming from the Solicitor on how we are going to collect those extra police details up-front in the future.

Alderman Levasseur stated then I am taking back my second. I thought it was two separate motions.

Chairman Hirschmann stated I would take a motion…

Mr. Arnold asked Mr. Chairman, which motion are you going to deal with first.

Chairman Hirschmann asked first I would take a motion to write-off the Julia Entertainment money.

Alderman Thibault moved the motion with no second from any of the committee members.

Chairman Hirschmann stated seeing no second we will leave that on the table.

Alderman Levasseur stated the Julia Entertainment went into a partnership with a business that is located on Amherst and Elm Streets which is called "Liquid". I am wondering how they moved when you start to transfer the actual equipment itself it still carries the UCC filings along with it so if an investigation could be made into if that equipment was still in that building…

Chairman Hirschmann stated the Solicitor is saying yes.

Mr. Arnold stated I was not aware of that we would certainly look into it.

Alderman Levasseur stated I believe he was a partner in that when it first opened and I think the equipment may still be there and they are open.

Mr. Arnold stated there is a difference between being a partner and corporate assets and we will certainly look at that because I would certainly like to collect it if we could.

Chairman Hirschmann stated the motion failed to write-off the Julia money at this time. I am going to take another motion to have the City Solicitor give us a policy on collecting extra police detail fees in advance. Is there a motion.

Mr. Arnold stated before you have me come up with a policy, which I am certainly happy to do if this group wants it, it might be wise to have the Police Department…

Chairman Hirschmann stated well anyone that you see fit at your disposal, get them in the loop and get it done.

Alderman Levasseur stated the Fire Chief is available and I am wondering…I know that there are fees that you charge for certain things do you have a policy that they have to pay up-front.

Chairman Hirschmann stated could we stay on the Police Department for now. The extra police details are for nightclubs and for road construction sites.

Ms. Desrosiers stated they have do also have Fire extra details as well.

Alderman Levasseur stated they have extra detail work and I am just trying to get an idea of how they go about it, Mr. Chairman, so that we could make a decision.

Chief Kane stated our policy is that we try to collect up-front.

Alderman Levasseur asked do you have a written policy, Chief.

Chief Kane replied we do have a written policy and it is collecting the fees up-front. But that does not always occur because if someone comes in right at the last moment and says I need this handled right now we handle it and then they get billed. So for the most part we try to get the fees up-front. We usually do not have too much of a problem although we do not have the amount of work that the Police Department has. We have just a small amount of work.

Alderman Pinard stated if my recollection is right the Police Officers detail…and I have seen it where they left detail with money in-hand. I would like to ask the City Solicitor to look into it with the Manchester Police Department or even maybe now somebody call the Chief and have him come down right away or get clarification because I know that they get paid like this and we should find out the arrangement.

Alderman Hirschmann stated very good point, Alderman.

Alderman Lopez stated I am ready to move on the motion and let the City Solicitor work out the details and come back to this board.

On motion of Alderman Pinard, duly seconded by Alderman Levasseur, it was voted to have the City Solicitor's Office work with the Police Department and anyone else he sees fit and report back to this committee.

Mr. Arnold asked are you looking for a report back at your next meeting or an actual proposed policy at your next meeting.

Chairman Hirschmann replied I want you to network with Finance, the Police, whoever you have to, to come up with a policy that is going to work for the City for this issue because time and time again the police detail money ends up as a receivable that is uncollectible.

Mr. Arnold stated I just want to be clear about what you want so I do what the committee asks.

Chairman Hirschmann stated as far as the rest of the open invoices report…

Alderman Lopez stated Mr. Chairman, I still had the floor before…on page 14, Jennifer, CP Management…$55,000 what is the story.

Ms. Desrosiers replied they were billed incorrectly during the Fiscal Year 2000. This was a bill to get them caught up to the correct amount that they should have been billed for the entire year. Based on City Solicitor's request, the Traffic Department has not forwarded that to me for collection. It is my belief that Tom Clark has said that he believes they are going to pay however slowly it may be.

Chairman Hirschmann asked is that a garage lease.

Ms. Desrosiers replied in the affirmative and stated it is one of the leases that was determined to be not…

Alderman Lopez stated $55,000 we could sure use. What is the situation, do you know.

Mr. Arnold stated I apologize for not being overly familiar with this particular account. My understanding is that they have agreed to pay that a timetable for the actual payments has not been set forth.

Alderman Lopez asked in six months we have not been able to do that.

Chairman Hirschmann stated it has been longer than six months.

Mr. Arnold stated I could certainly do my best to report back to this committee at the next meeting as to why…

Alderman Lopez stated the Finance Officer and you and everybody else whoever you have to get…we went through this when we found money that people owed us in leases and this could be…it is over ninety days and it could go on and on. We will sit here next year and say "why did somebody not do something about it". My question is you are going to do something about it.

Chairman Hirschmann asked Wayne Robinson do you know about an agreement with CP Management to pay these fees. This invoice is 62200 it is for $57,000. It is the parking garage fees from the past.

Mr. Robinson stated a schedule has been laid out.

Chairman Hirschmann asked could you intercede and work with Jennifer because what I am thinking is if there is a payment schedule maybe not one invoice should have been sent out. Maybe a series of invoices instead of this one open invoice that looks bad.

Ms. Desrosiers stated they have not really made a payment on the subsequent invoices either. You see July and August on there.

Chairman Hirschmann stated it shows a total of $67,000 open.

Ms. Desrosiers stated that is the Traffic Department.

Chairman Hirschmann asked could you get back to this committee, Wayne.

Alderman Lopez stated that is fine with me and the other one on page 14, Jennifer, Massey and Patten Permits/Bedford what is all that.

Ms. Desrosiers replied those are the monthly parking permits that are given to people for their spaces whether it be behind on Wall Street or out…

Alderman Lopez asked so these people do not have a parking space anymore right.

Ms. Desrosiers replied their permits obviously have been pulled at this time but they have not been collected so those two have been forwarded to collections and they are pursuing them with every legal action that they can possibly.

Alderman Pinard asked is that the Traffic Department's responsibility to get this.

Ms. Desrosiers replied in the affirmative.

Alderman Pinard asked is there something in place to find out if these people are still parking there or are we still loosing money on this deal. It is about time that maybe certain set rules should be set on these issues like ninety days or something to that effect for some contract. You are looking at an awful lot of money.

Ms. Desrosiers stated in defense of some of the departments they really were not getting aging reports before so everything was sort of manual. When they started getting the over ninety-day reports they really got much better with watching their accounts.

Chairman Hirschmann stated we are going to leave this as an open item for our committee and Jennifer comes in every month and will update us every month and drive these people crazy. She has done a good job. There being no other questions on item three we are going to let Jennifer…

Ms. Desrosiers stated I did ask the Fire Chief and Tom Arnold to also show up today. I was not sure if it was going to be an issue or not but back in October you had asked Brent to follow through with the Solicitor regarding the fire alarm user fees.

Chairman Hirschmann stated that is under Tabled Items and I am going to take that up in a few minutes. I am just going to stay in sequence today so that everyone is happy. Thank you very much and we will get right back to that. Item three we are done for today. We went over some invoices and learned a lot.

Chairman Hirschmann addressed item 4 of the agenda:

> Communication from Robin Descoteaux, Financial Analyst I, relative to financial statements for the five months ended November 30, 2000.

Chairman Hirschmann stated Randy Sherman is representing Finance for Item 4. It is expenditures versus actual for the general fund and non-property tax revenues and balance sheets.

Mr. Sherman stated at this point the departments should be somewhere in the 58%-60% range after five months. If you look at the top of the budget expense report they are at

57.9% so again the departments are right in line. The bottom part of that report tends not to necessarily flow an even expenditure basis when you are throwing items like CIP and debt service. On the expense part, the departments are staying in line. We do not see any problems there at this point.

Alderman Thibault asked the Human Resources I see at 109% how come they are up so high.

Mr. Sherman asked which page are you on, Alderman.

Alderman Thibault replied on page…I cannot see the number. It is the first page over.

Mr. Sherman asked you are talking about their budget with the 109…the 1.9 million dollars.

Alderman Thibault replied in the negative and stated I am talking about Human Resources unrecognized balance $38,359.

Chairman Hirschmann stated that is revenues he is looking at.

Alderman Thibault stated I am sorry.

Chairman Hirschmann stated feel free to take a minute to look and if there are any questions while Randy is there. There are seven pages of detail information here.

Alderman Lopez asked Randy, do you know off-hand how do we compare in years in collection revenue. Are we on target, ahead of the game…

Mr. Sherman replied that would actually be what we are trying to show on the fourth page that you have. It is a landscape worksheet. It has nine columns. What we are trying to show on there is…what we have done is the first column we have taken the 2000 actuals which if you recall actually came in higher than budget last year and we compared that to the 2001 budget. Then the third column shows on a dollar basis so if you actually walk down the last line on the page…that you actually budget 1.6 million dollars more than you collected in 2000 which was a 4.9% increase. Then what we have done in the last four columns is showed five months to five months where we are. If you go over to the far right you are actually 7.8% ahead of last year when you really only budgeted 4.9%. Things come and go if you recall two months ago when we first brought this report in we were actually over 10% as compared to three months to last year. We are actually kind of slowing down a little bit but we are still ahead of where we were at the five-month point. That is going to tend to do is balance some things out. One month maybe people will come in the last week of the month and register their cars and get ahead and depending on how the calendar runs maybe they do not get in until the first week of the month. Some of those things are going to tend to start balancing out. But the major revenue sources that the City has which are non-property tax revenue sources that

the City has are in the auto registrations and in the interest on investment. Both of those are running well ahead of last year, which is a good sign.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to accept the report as presented.

TABLED ITEMS

Chairman Hirschmann addressed item 5 of the agenda:

> Communication from Randy Sherman, Deputy Finance Officer, relative to management audits/reviews.
> (Tabled 11/21/00)

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to take this item off the table for discussion.

Chairman Hirschmann stated you told us your priorities. Priority number one you said "Review Building Permits/Assessments Procedures and Controls". Any discussion with that priority.

Alderman Lopez stated we have a difference of opinion. I submitted a letter last time.

Chairman Hirschmann stated you did submit a letter and I realize you're a dissenting opinion but go ahead.

Alderman Lopez stated in reference to this…we talked about the tax exemption…they are going through a revaluation and I know what your position is, Randy. But I think there are other priorities in this City that are more important such as home loans that we give out that we really do not have a good grasp on as to whether we are getting our money back. That has been a discussion at CIP Committees. The CIP request from people that want money from us every year as to checking out the cases as to whether they need the money to help us along that line and our lease programs. Those are revenues that we should have our internal auditor really check out. I am not comfortable of why the tax thing seems to be a thing on your mind when they are going through evaluation. We have the tax people here maybe we could solve this particular problem.

Mr. Sherman stated from my standpoint back in May when Todd was still the internal auditor, the committee asked Todd to come up with a list of recommendations. That was the letter that I had sent back in May. Two of the items maybe that you talked about probably could fit under where I said we really need to focus on those notes and leases. This is really on the tail of the parking issue. Maybe that is something that we should probably focus on. But then when you came back and said try to narrow it down and give us your top two I still come back to the Building Permit Assessment issue. I think that you are going to go through a revaluation. It has been ten years since you have gone

through a revaluation and there is no doubt that no matter where these things are done that when the third party that you have hired comes in they are going to find property that will have increased assessed evaluation. I realize the market has changed and that is not what I am talking about. I am talking about the people who might have bumped up a roof and did not get it assessed. Somebody came in to put in a pool and did not get it assessed. There may be multiple reasons why that has happened. Maybe the individual never got a permit. But maybe there is a process or a hole in the process about when the individual does come in and get a permit that somewhere between that application for that permit and the assessment it has fallen somewhere and not getting picked up. The article that I attached here from Claremont shows that stuff does happen. When it does happen, it can be substantial dollars. All I am asking for is for us to go really a two approach process here, where we would go through the Building Department and we would select randomly certain number of Building Permits and we would walk those through a process to say "how does this fall; how do your inspections work; how do they get a assessed a value" and follow that process through. Keep in mind too that when they come into building permits I have to tell you that it is going to be $10,000. Steve may go out and say "well gee that is fine that was $30,000 worth of work you are not even paying the right amount for your permits". I just want to follow that process all the way through and make sure that from the permit to the assessments that is okay. Then what I think Kevin Buckley should do is then turn around and go to this third party that is doing the valuations and say "okay give me all of the additions that you have not just plain change in market values but all the additions that were not in our current assessments and let us work them back the other way and go through and say okay…" if somebody does not get a permit it certainly is not fault that the Assessors did not pick it up. But maybe what we are going to find is maybe we should be doing a revaluation more frequently so we could catch these people that are trying to "skirt-around" the process.

Alderman Lopez stated the committee has submitted a document that I sent to the Assessors and they are looking at evaluating whether they do a three-year, five-year or whether they do a yearly update of things. I think that we are trying to put the cart before the horse so to speak. They are going through a revaluation and we are going to waste our time with our auditors going through something that they are already going through until the system is actually in place. Whatever system the Building Department has with the Assessors as far as permits…and I will leave Steve to talk to that…I think we have to complete the project first in order…unless you know something that during the reevaluations…unless you really know that there is something out there that is not being picked up I think that is a legitimate thing. Do you know something that is not being picked up on the road.

Mr. Sherman replied in the negative and stated you are misunderstanding where I am going. We are not looking to go and do a revaluation. We are looking to go and…

Alderman Lopez stated I realize you are looking for the procedures to make sure that the Assessors pick up the permits that are given by the Building Department.

Chairman Hirschmann stated Alderman, ask your question and end and then let him speak. I am not going to get into a big exchange here. No one is going to lay down the gauntlet in this committee. Ask your question and end it.

Alderman Lopez stated I asked Steve if he would respond to the Building Permit process.

Chairman Hirschmann stated I did not recognize Steve. You asked the Deputy Finance Officer a question and he responded. He told you what this is about. I want to explain something to this committee right now before Steve Tellier, the Chairman of the Assessors answers whatever questions you folks have for him, I want to tell you something right now…this committee has vested in its power to direct the auditor what to do. I will not sit by quietly any department head approaching any one of you individually and not coming before this committee. If someone does not want to be audited it just tells me…I got into City Government for one reason to make sure everything is on the up-and-up and everything better be on the up-and-up. If I find out people are calling you and saying they do not want to be audited for whatever reason it is I do not care what the reason is…it is not appropriate. If a department head does not want to be audited they can sit in the chair where he is sitting right now and I am not casting aspersions on anybody, I will send a letter to all department heads…Kevin Buckley takes his direction from this committee. If you have a dissenting opinion on this issue that is fine. We will vote on who gets audited and who does not. But any department head that comes in behind the scenes and tries to tell you why they do not want to be audited that is not appropriate and I do not like that. What I want to have happen now is I do not want to have the gauntlet thrown down where we are having an argument on this issue.

Alderman Lopez stated I do not think it is an argument, Mr. Chairman, and I understand your position.

Chairman Hirschmann asked do you understand our ability…it is our charge to audit every department including Tax, Assessors, Building…now what the Deputy asked is to go through the building permits. When is the last time we did that…never…let's do it what is the problem.

Alderman Lopez replied the problem…first of all let me clear something up…no department head has asked me to do anything.

Chairman Hirschmann asked you have never had a discussion with a department head about audits.

Alderman Lopez replied in the negative.

Chairman Hirschmann asked at home, on the phone, in public…anywhere. I know other members of this committee have and I am not going to stand for it. If there is a department head that wants to talk about audits there is an internal auditor for a reason to find out the checks and the balances…we have to have them.

Alderman Lopez stated Mr. Chairman; this thing has been going on for months, which Randy Sherman has presented to us on the exemptions. We have talked about the priorities that we have talked about in committee. We have talked about removing the tax exemption and going to other things that are more…I consider and I can only speak for myself that are more important. We have talked about in other committees about the home loans that the City gives.

Chairman Hirschmann stated then let's discuss that issue. Why do you need the Assessor sitting there.

Alderman Lopez stated because I think what disagreements that other members can understand and get the full details and if I am wrong then I am wrong, I will be the first to admit it. He submitted statements about the permits. I am making a statement to the fact that they are going through the whole process and until the end is there then I think that the situation ought to be if that is what the case is to do an audit to make sure that everything is kept up-to-date after the complete audit this might be the process to go. But to do it right in the middle of the stream…I do not think it is right to go because the system is in place and that is reason why I asked Steve to come up.

Chairman Hirschmann stated I will recognize Steve in a second but you are just getting two issues confused. You are getting revaluation confused with audit. We want to go in and audit the Police Department, the Fire Department, the City Clerk's Office for permits. We want to go into the Building Department and we want to do checks and balances on permits and attach to that…it says /Assessments so I guess they want to counter cross any value put on in the building trade through assessment and I think that when we hear Steve that he will agree that there is nothing wrong with that. This is not going to be some "witch hunt" where any individual is going into some department and burning the place down. We have an internal auditor that is our employee that is going to work with each department head and audit them.

Alderman Lopez stated and I agree with you. If the auditor is going to go in there and look at the building permits I do not have any problem with that. That is not the issue.

Alderman Thibault stated I guess Alderman Lopez touched on it a little bit. I would like to follow up and find out…I am quite sure at present when somebody comes in for a building permit that is followed through by the Assessors and then you reevaluate to whatever extent you have to according to the permit that was taken out. I wanted to be sure that was there. Then the other thing I had to do is the exemptions. I am sure when you people are asked for exemptions by whoever it is you must have a procedure to follow and you must keep tabs of that so whenever anyone wants to find out why these people are getting exempt in any regard that there is a…

Chairman Hirschmann stated with all of that being said Steve, could you tell us…answer any questions they have and is there any reason why you would not want to have your department audited.

Mr. Tellier stated speaking on behalf of my colleagues on the Board of Assessors; we do not have a problem with working with the internal auditor. However, I think some issues need to be brought forward. Number one; our Board takes extreme exception to the inflammatory article that was submitted to this committee on behalf of the Deputy Finance Director. Quite frankly, there can be articles for fraud or inappropriate behavior no matter where you go. Because a Selectman or an Alderman in East Osh Kosh Wisconsin acts imprudently does that reflect poorly on this Board, absolutely not. I gave you guys a copy of an article as an FYI. It was not submitted as part of the record and I am not going to belabor the point. Our Board would very much like to sit down with Kevin Buckley to talk about procedures, our internal operation and further and most important what is legally permissible for him to accomplish…what tasks are available. Now, Alderman Thibault talked about the exemptions. We are talking 65 million dollars in exemptions. Furthermore, we used to be audited on a regular level on our abatement accounts by Freda Hawkinson. We have not seen anyone from the Finance Department since she left, not a one. Furthermore, the number that was on the system was balanced exactly to our number as a bulk item not in separate items. So we have not seen any interaction by that department within the scope of our department as well. So we very much would like to sit down with the internal and external auditor to talk about controls, to talk about our operation, to talk about all of that information. However, with all due respect to my colleagues in the Finance Department not a one of them has any education, background or certification in appraisal practice. So with all due respect, as far as value is concerned I do not think this Board would ask a member of the Board of Assessors to comment on Government value and accounting practices. So with that being said, certainly I would like to entertain any comments from your committee.

Chairman Hirschmann stated we are here discussing a schedule of performed audits. We wanted to start in the Building Department and it just so happens that your department cross-references through value with the Building Department. So I do not see any attempt to go into your department and to try to find anything like a “witch hunt” like I said before. All we want to do and Kevin Buckley is here…we want to have our internal auditor become more effective. This current year, we did not have our internal auditor so we lost a whole year. What we are trying to do is get back on-track and go through…we have a guy on the payroll and his job is to go through every City department…if you are here a long time maybe he will go through you twice or three times, it is going to happen.

Mr. Tellier stated I would like to come back with that comment, Alderman, before I take a question from Alderman Levasseur would be that number one; we would very much like to invite the internal and external auditors and what we would suggest is that they come back to your committee to define the scope of what sort of working relationship that they would like to work within. There is the abatement account, the exemptions, there are the veterans credits, there are a number of operations that they could work that we would look forward to a working relationship. But quite frankly, I think it is going to be up to the auditors themselves to define what is legally permissible for them to comment on.

Alderman Levasseur stated I would suggest to this Board that Mr. Sherman and the Finance Department wants to go in and go through your procedures that should be allowed and what I hear from you right now, Mr. Tellier, is that you are willing to do that so I would suggest that in the spirit of cooperation that we should get this resolved once and for all and just get this process started.

Mr. Tellier asked I would just like to further define your comment, Alderman…my understanding is the internal auditor answers directly to this committee and the Mayor's Office and the external auditor does that individual respond to this committee and the Mayor's Office as well.

Chairman Hirschmann replied the internal auditor is an employee vested in the Finance Department who takes his direction from this committee. So this committee by political body directs that employee…he has dotted line responsibilities…he works in the Finance Department and someone over there has to get him into all the systems and that is the financial data that he gets into. He works for them. He gets his direction from this committee.

Mr. Tellier stated and last but not least just a response to Alderman Levasseur's comment…certainly we understand that he takes his direction from the Chief Finance Officer and Deputy Finance Officer as far as a working relationship but with all due respect again I would reiterate my comment that that individual from my understanding does not have the certification or professional background to render an opinion of value on assessment criteria.

Alderman Levasseur stated I would also say, Mr. Tellier, that before I came into government I did not have a lot of knowledge and background on a lot of the things that I have learned in the last year and I have learned a lot and I am getting a lot more experience at it. But I would like to ask Mr. Sherman a question…Mr. Sherman, you did present this Board with the article "Claremont tax rolls missed $7.8 million in value" is there a specific reason why you gave us that letter.

Mr. Sherman replied the whole idea of doing this audit is to go between the building permits and the assessment. The reason I pulled it and I certainly did not write this on November 8, 2000 it just happened to be in the Union Leader that day. It is to show you that this does happen. That building permits do fall through the holes. It is not necessarily a crime that it happens. Especially now where you have a new building permit system maybe we could tighten up some controls. Maybe there are not any problems. Then to answer Alderman Lopez's question yes I do know of a property that has a permit, the work was done and the valuation never got changed. That is going to be one that will somehow end up in the process to go through and be tested because we need to have a control that we can go through and walk through the process and find out why did this not happen. Again, maybe it just fell through the hole and that is okay. But if something falls through the hole that means there is hole for it to fall through and what auditors do is they go through, they do internal control testing and they say this is where

your weaknesses are and what do we have to do to strengthen that so nothing like this does happen.

Mr. Tellier stated with all due respect I would like to invite my colleagues up here as well but before and as they come up they have some input in this operation as well. We are a full-time Board. We act in conjunction with each other and in support of each other. But what I would respectfully request is that this committee directs the Deputy Finance Director to disclose that particular account. There is an audit trail in all of this and allow us due diligence to do our job. He was requested in a formal meeting along with the Chief Finance Officer meeting with the Board sometime ago when we requested him to disclose that account and his answer was absolutely not. It is still our contention that we believe he is breaking the law in as much as we have an obligation. If there were one that slipped through or if there was a mistake made we would like to do our own due diligence in that respect. I would like to call up my colleagues because they have a couple answers or a couple of comments as well that I think that is very pertinent to this discussion.

Alderman Levasseur asked as far as the building permit process and he said there is a new building permit process that is being put in, when was the last time the procedures were gone through. Have you…I just want a timeframe.

Mr. Tellier replied just recently we spoke with members of the Building Department to talk about controls and with all due respect we are also working with identifying all of the permits with the reevaluation company because it is going to be integral that they review all of those building permits with respect to the brand new values that are coming out. They are contractually responsible for those building permits as well.

Alderman Levasseur asked so who put the process in for the building permits, is it the Building Department that put in the process or was it you that put in the process.

Mr. Tellier replied in the negative it…

Mr. Porter stated could I just briefly say something…I think a lot of this conversation and discussion could probably have been avoided had the Finance Department showed a little more cooperation in working with departments rather than going through a formal process. I think that this committee is not necessarily the one place that it should have started. And I would just like to give you a brief comment about why the word “audit” and bring it on we do not care, I have no problem whatsoever with that and never did. Back in the middle of 1994, Ernst and Young were hired to do a so-called “audit” of the Assessors and the Tax Collector. This audit turned into what was called then a “performance audit”. This was done strictly because Mayor Wieczorek with the Finance Department and Ernest and Young determined the direction that that audit so-called was going to go and when the gentleman who left our office said consolidation is not going to help your department you are just short staffed. The recommendation a week later was to consolidate the Assessors and the Tax Collector into Finance. At that time, it was discussed that every department is going to be audited. After the Assessors and the Tax

Collector, those types of audits ceased. The audit was botched so badly that the Board voted at the time to retrieve 50% of the money spent on that so-called audit. Because it was not an audit it was a "performance study" and it got blown right out of the water primarily because it was illegal with the Charter. Just giving you a brief history only so that when you talk about the word "audit" that is one thing. We are not afraid of being audited. The Finance Department or the auditing department wishes to ask us any questions let them ask but they do not do that. All of a sudden we see a letter to your committee which can be very inflammatory trying to insinuate that we have missed property. Is it possible…yes. Is any system full proof…no. Even under the so-called system that Mr. Sherman is talking about something can be lost in the translation. We know that. We account for every permit. This is part of the problem. The Finance Department who wants to audit us…fine…but they have not told you that we do have controls, we do have a situation where we do account for every permit. Whether or not the Finance Department has the authority to question the value we place on it is disputable and I will tell you why…this Board of Assessors is not just three individuals hired by the City, we are appointed under the Statutes of the State of New Hampshire as a Board and our job is to distribute inequity in an equitable fashion. It is not a perfect system. I would suggest that rather than go through any formal vote of saying we should be audited first, last or anytime…

Chairman Hirschmann stated I will ask for a vote when I see fit. Make your point and end.

Mr. Porter stated part of my point…I will take an opportunity to make that point is we certainly would welcome as Steve said an opportunity to sit down with Mr. Buckley and go through…we know that we can probably have a better system, there is always a better system that can be had especially with the reevaluation in place and we intend to do that. We have discussed it, at length, as a Board. I do not know what more I can contribute except that I wish we would see a little more cooperation from the Finance Department with our office and sitting down and talking with us.

Chairman Hirschmann stated I do not want, like I said, arguments going back and forth on this issue. I respect your viewpoint. Your viewpoint falls in line pretty much with Alderman Lopez's and I understand that. The old "doth protest too much" thing has been going on here.

Mr. Porter replied I am not protesting at all, Alderman.

Chairman Hirschmann stated I am not saying you are. This whole thing has spiraled way out of…we should be here discussing this amongst ourselves honestly. The three Assessors should not even be here. I am supposed to be here with the audit committee with Kevin Buckley discussing this issue. Everybody is coming in trying to influence what is going to happen and who is going to do what. It is not appropriate. It is appropriate that you come before the panel and do it, I appreciate that. But honestly when it comes to auditing the Fire Chief is going to get audited, the Police Chief is going to get audited, the Assessing Chairman is going to get audited. And if you have

procedures in place he is going to pick that up and he is going to say yes there is a procedure in place. When something falls in the crack he is going to do a performance audit saying there is a thing missing that they need to do. That is what this is.

Alderman Levasseur asked Mr. Chairman, would it be appropriate that we could have a list of all the departments, when they were audited so that we could make a better judgement on this based on maybe when the last person or last place was audited so we could make it look like we are not going after one department or another. If tax exemptions was first on the list I do not see…was tax exemptions number one and then building permits/assessments number two. It seems to be that…

Chairman Hirschmann asked did you read the letter. He looked at his priorities first.

Alderman Levasseur stated I am looking at the priorities, Mr. Chairman, I know you were here the last term and maybe you could probably clarify this. Did you ask for this letter to be given to you or…

Chairman Hirschmann replied absolutely not.

Alderman Levasseur asked how did the letter come about, Mr. Chairman.

Chairman Hirschmann replied if you read it is signed by Randy Sherman. I do not ask department heads, deputies, anyone to write letters for me. If they communicate to this committee it is because that department has a desire to do something and they asked for this to be a priority and if you do not want it to be a priority then you vote a different way.

Alderman Levasseur asked as the Chairman of this Board, whom do you listen to when you come…who is the ultimate authority. We are the authority to vote on whether somebody should be audited or not.

Chairman Hirschmann replied absolutely.

Alderman Levasseur stated I am just saying it is not good for us to show any special treatment. They put us in a tough situation I think by…Mr. Tellier's office has by protesting so much.

Chairman Hirschmann stated when you are done; Kevin Clougherty wants to speak.

Mr. Clougherty stated under State Statute on the City auditor and I enjoy all the rights that the City auditor. Certainly as part of the audit process you want to have an engagement with the audit committee and the Board so that there is some process. That is what we try to follow. An external professional consultant did the previous audit that was done several years ago of the Tax and the Assessors. It was done through an RFP it was done with recommendations that got into some structural areas that were not popular with the Board but it does not mean that they were wrong and it certainly does not mean

that they should not be considered over time. The issue here turns the building permits…I want to make very clear to this group is we do not want to get into valuation. We will be the first ones to tell you, valuation is not what we are talking about here. We are talking about process, preserving a large part of our tax base. That is why this is singled out as a priority because of size and volume and dollars involved. That you want to make certain that over time if there is one area that is working smoothly it is those areas that involve those big dollar items such as they are included in these two areas. It seems as though everybody is in agreement here that if we sit down and come back to you with a scope of audit that makes it clear that we are not going to get into determination of valuation but we are going to take a look at some procedures and that we work that out with the Assessors so that their schedule and their timing is okay. We can get this done. I would suggest that…

Chairman Hirschmann stated I am going to ask as a favor to you, Kevin just so that the personalities are removed…you personally write this committee a letter, a schedule. Do it with your staff but write it down, make the schedule. I do not want any conflicts and I tried to avoid that conflict thing. If there has been some letter that is not appropriate I did not read it the same way that some other people read it. I saw in other communities Claremont it was that there were problems. Are there problems here, I do not believe so.

Mr. Clougherty stated we are not suggesting that there are we are just saying we need to take a look at the process and I think we are in agreement on that for the betterment of the City. Let us come back to you with a scope of review for the next meeting which lays out a schedule and at the same time we will give you a list of areas that we are…again the committee asked us in our opinion where is the "best bang for your buck" with a limited audit staff to go after. That is what we are trying to refine here.

Chairman Hirschmann stated the other thing I am going to ask you to do is for you and Randy to have a discussion and you as the department head of Finance have supervisory authority over Randy and I think he is doing a good job but he has some information that nobody else has. Could you please get that information, sit down with the Chairman of the Board of Assessors and Mr. Buckley, the three of you discuss whatever property or value that is being ranted about and use it on your test audit whatever you have to do but disclose it to the Chairman to be fair so that you walk away all understanding that it is fair here.

Mr. Clougherty stated we would give him that item and let him walk it through.

Alderman Lopez asked I agree with everything you just said but I just want clarification. Many times we said the auditor works for us and takes instructions from us is that correct.

Chairman Hirschmann replied direction I would say more than instruction.

Alderman Lopez asked if Buckley is here…being an auditor…could I ask him this, Mr. Chairman to follow-up just for clarification.

Chairman Hirschmann asked is this go to the intent of your letter of restructuring the audit function through the Mayor's Office. I got that communication. Is that what this is all about.

Alderman Lopez asked that is a whole new issue and has nothing to do with this. But you have stated many times that he takes direction from this Board is that correct.

Chairman Hirschmann replied at this present time, until you make a move like you are about to, yes. You are going to take his capacity and take it from one department head and put it with another department head. Ask your question.

Alderman Lopez asked the auditor, is this something in your scope to go in and look at procedures and come back and make a recommendation without looking at numbers. If we were to ask you to go and look at the procedures and controls between the Building Department and the Assessors and come back with your recommendations after you look at the State Statute and all that stuff could you do that.

Mr. Buckley replied in the affirmative.

Alderman Lopez stated then that would be my motion, Mr. Chairman.

Chairman Hirschmann stated that would be fine. What I have to say is this is not the first audit. This is not the first schedule. We have already audited other departments. I do not know who realizes that. Frank Thomas did not protest one iota when the auditor went in there and started counting his piles of salt, invoices for the salt, and procedures of how the salt got there, was it appropriated funds. We have to get to the business of running this thing.

Alderman Lopez stated and I agree with you wholeheartedly 100%. If we have to audit every department in this City that is our charge.

On motion of Alderman Lopez, duly seconded by Alderman Levasseur, it was voted for the auditor to go and look at the procedures and controls between the Building Department and the Assessors and make recommendations back to this board.

Alderman Pinard stated this is very interesting because I am learning something that I did not know. Mr. Buckley has just come aboard so maybe we should find out what his job description is because we have been hearing about Kevin and everything else. I think it is only proper that this board finds out what his job is. If he is going to be the auditor let him do his job.

Chairman Hirschmann stated I want to walk away that everyone is in agreement with what we are doing and that there is no "witch hunts" going on or whatever is happening. Are we clear on this.

Mr. Clougherty stated that is exactly what we requested so we will get "cracking" on that right away.

Chairman Hirschmann addressed item 6 of the agenda:

> Accounts Receivable Tentative Write-Offs Not Recommended by Finance.
> (Tabled 10/24/00)

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to keep this item tabled.

Mr. Sherman stated item 7 you already passed and sent to the full Board. They voted it. It should not be on here.

Chairman Hirschmann asked are those bankruptcies.

> Review of Accounts Receivables Write-offs.
> (Tabled 8/23/00 and 10/24)

On motion of Alderman Levasseur, duly seconded by Alderman Thibault, it was voted to receive and file.

Chairman Hirschmann addressed item 8 of the agenda:

> Proposed revisions to ordinance governing outstanding accounts receivable.
> (Tabled 10/24/00 to allow Finance to meet with City Solicitor and Information Systems.)

Chairman Hirschmann asked has that happened.

On motion of Alderman Levasseur, duly seconded by Alderman Thibault, it was voted to take item 8 off the table.

Ms. Desrosiers replied we have recently met with the Solicitor on this policy and on the ordinance itself. We are still in the process of "fine tuning" it per say. The Solicitor is also I believe looking into the terminology that we need to be using regarding interest calculations and collection fees as well. We just met with the Solicitor last week.

Mr. Clougherty stated at your next meeting we could have a report.

Alderman Thibault moved to keep item on the table.

Chairman Hirschmann stated the Fire Chief came all the way down here today. Could we just discuss while Chief Kane is here. He is anxious to get his money collected.

Ms. Desrosiers stated his actually in item 6 as part of the write up that we were not recommending based on the discussion that you had with Brent regarding going back to the Solicitor and determining whether or not that part of the ordinance on pulling the permits was actually reflective of those user permit fees.

Chairman Hirschmann stated the City Solicitor is worried that pulling an occupancy permit from an entity that has not paid their firebox fee that there still may be citizens in the building that are at risk for fire.

Mr. Arnold stated irrespective of problems of procedure and the City Ordinances and whether an occupancy permit could be pulled for non-payment of fees in the first place aside, even if those procedures were in place and the building commissioner could pull an occupancy permit…again I would note there is no procedures in the ordinances now for doing that. What would happen is if the Fire Department went in and basically disconnected alarms for non-payment of fees and again even if the building commissioner could pull the occupancy permit that does not mean that the people are going to be out of the building. As tenants, they have rights under State Law there has to be evictions. I do not think the City has anything to do with evictions. We would have to try to force the landlord to do it somehow. But the end result would be that there would be people living in a building without alarms hardwired to the Fire Department. I am leery of the liability that the City might incur for taking that type of action and I would note that even if the City were found not to be liable for doing that. If a suit were brought the defense fees alone would probably far exceed anything you might collect using a policy like this. Given the legal problems with the ordinances and the possibility that there could be fires, loss of human life or injuries I would advise against this type of ordinance and policy namely removing fire alarms from buildings. What I would suggest as an alternative is if the City Solicitor's Office got these bills in a relatively reasonable timeframe we could look at bringing small claims actions to try and collect these sums due.

Chairman Hirschmann asked the Chief, through his department, is providing a service to buildings in the city that are required by ordinance to have that service. If that service was privatized could the private entity upon non-payment shut the service off like they do with your water if you do not pay your water bill they shut your water off.

Mr. Arnold replied I do not want to speak for a private entity but I would presume without really knowing that for instance if you had a burglar or fire alarm with ADT or other companies…

Chairman Hirschmann stated or Security Net they get shut off after ninety days, trust me.

Mr. Arnold stated I would not doubt that for a second.

Chairman Hirschmann stated Chief, he is trying to say that the City is at risk even though we are not getting paid so I do not know if the Solicitor or the Chief is going to come up with some kind of a plan or policy but maybe you should privatize the game well function in the city that way someone gets paid.

Chief Kane stated for the most part, the City does very well in that area. The Fire Department is very aggressive in collecting all of their fees. In this one area, there is a very small minority of the people who basically do not pay at all. For the most part, the function that the City is doing in providing the citizens, the citizens appreciate and they pay up-front. The small minority of people is just basically taking advantage of the City and the City services. My frustration and the department's frustration is with the small minority and if we could somehow find some way to send a message to these people that they have to pay I think that the word will get out. What that means is…how we do that I am not sure…small claims court is certainly an option. But I am going to say if we are going to go down that road then we should be aggressive about it and let's get going because it has been long enough. My other suggestion and I am not sure if this is legal or not, but it certainly is an area that could be addressed city-wide not just with the Fire Department but if someone does not pay a bill I am suggesting that the City put on some sort of lien against their property like they would put a tax lien against the property. Therefore, if the building gets sold or if the building gets moved around or they go to re-mortgage or they do any of those other things there is something on the deed and they have to pay their bills. So you either get them today or you get them tomorrow. If you get them tomorrow you get 18% on top of that and at least we will have some sort of clout.

Mr. Arnold stated you statutory authorities to impose a lien. I do not believe that the City can say we are going to lien this property absent statutory authority. There are a number of different ways that you might be able to get a lien.

Chairman Hirschmann stated the sewer bills if they are not paid in ninety days they send you a letter that you are going to have a lien on your property.

Mr. Arnold stated there is statutory authority for that lien. There is a specific statute that says…

Chairman Hirschmann asked do we need the State Representatives to enact legislation. All of these fire guys can they draft a bill for us, Chief.

Chief Kane replied we certainly could do that and we would be more than happy to do that. Sometimes that takes a couple of years. One of the other suggestions that is coming to mind why we cannot just take this money and attach it right to their tax bill.

Mr. Arnold replied again you need statutory authority to do that.

Alderman Thibault asked Joe, are we talking about fire alarms that you monitor at the station. Is this what we are talking about.

Chief Kane replied in the affirmative.

Alderman Thibault asked would there be a way for Leon to obligate these people to hardwire their building throughout their own electrical system if they in fact do not pay this bill. In new construction, Leon would have people hardwire their smoke alarms or fire devices to their electrical system. Am I right, Leon.

Chief Kane replied we are talking much bigger buildings than that.

Chairman Hirschmann stated this is large buildings with multiple occupants, which are required by his ordinance to be monitored by him.

Alderman Lopez stated the problem I have with this whole situation and maybe the City Solicitor could answer this. This ordinance was passed February 7, 1995 it went through three readings giving you the authority to do it. We are up here upholding the ordinance. Unless the City Solicitor can tell me that this is illegal and the ordinance is wrong than we should better get the ordinance squared away. Under Fire Chief ordinance passed 2/7/95 on Collection of Fees that gives you the full authority. Are you saying, Tom, that that ordinance is absolutely wrong. That is by the full Board so I do not know what we are arguing about.

Chairman Hirschmann stated it basically revokes the Certificate of Occupancy.

Chief Kane stated or put a lien on it.

Chairman Hirschmann asked have we ever done that.

Chief Kane replied in the negative.

Mr. Arnold replied this particular ordinance does not speak in terms of occupancy permits. It does provide for liens and/or to revoke permits. Again, I think that you need statutory authority to impose liens.

Chairman Hirschmann stated could you find out because this passed the Board that authority has been granted.

Mr. Arnold stated I could go back and look at the legislative history behind that ordinance and report back to the committee at the next meeting if you would like.

Alderman Lopez stated I wanted to ask the Chief if…you have already indicated you have never done anything like this so a certified letter to Mike Lopez for not complying with the City ordinance has never been done.

Chief Kane replied in the affirmative and stated I just want to make sure that we are all on the same page here. In regards to what we are talking about. We are talking about 92.04 Section (B).

Chairman Hirschmann stated the word "liens" is right in there.

Chief Kane stated and the word "certificate of occupancy" is right in there, absolutely.

Alderman Lopez stated so the lawyers that were with us back in 1995 are still with us.

Chairman Hirschmann stated so if the Solicitor reports back to the committee that statutorily you have authority to do that you would give those invoices to Finance or Tax to get those liens.

Alderman Levasseur stated this statement confuses me by our City Solicitor. Tom, if you are telling us that we have a situation here where if you do not pay your parking meter fines if you get a parking ticket and you go stand in the auto registration line for 6 ½ hours and you finally get to the clerk and they look at your bill and they are going to give you your registration and they say sorry you have some outstanding fines on your parking fees…you have to go all the way back over to parking and pay that before you can get your license. Are you saying that is statutorily done through the House of Representatives or is that passed in an ordinance in our City.

Mr. Arnold replied I guess the answer is both but the key is there is statutory authority for that procedure.

Alderman Levasseur asked you are saying statutory authority…is that for just that situation.

Chairman Hirschmann replied when you are going to do what you stated those parking tickets are not a lien on your property.

Alderman Levasseur asked so we could lien it towards getting a license in the City. All I am saying, Tom, is you sit here behind us and you say you have to go through the statutory process in order to do it. Then you stop and you do not say anything after that. Could we go and get it statutorily approved so that we can take care of these things. We have these bills in front of us. This is unbelievable how much stuff these people are getting away with and you are handcuffing the Police and the Fire stations because it is not statutorily approved. Now, what do we have to do to get to that…let's be proactive instead of reactive in this government. It is ridiculous.

Mr. Arnold replied you could approach the legislature and suggest legislation, as we all know.

Alderman Levasseur asked did we approach the legislature when we decided that we are going to put a…you cannot get an auto registration in the City of Manchester unless you pay your parking fines.

Mr. Arnold stated I am not saying the City approached the legislature. I do not know that. I know that there is statutory authority in the New Hampshire Revised Statutes Annotated for that procedure and to allow the City to take that action. I do not know who suggested it to the legislature or who presented it and presented testimony. I cannot tell you that off the top of my head.

Alderman Levasseur asked so is it our authority here, Mr. Chairman, to start saying okay we are going to give Mr. Solicitor approval to go start getting these things taken care of statutorily up in the House so we can take care of these things once and for all and they can put liens on people's properties. We should do a motion to get this done because when I was sitting here in May we discussed this and here we are already almost in January and it is going to be May again and we get nothing. All we get is just "lip service" around here and I am sick and tired of it. It is coming out of our City Solicitor's Office. Instead of…you should suggest something for us to do instead of sitting here telling us you are going to look it up. I want some action around here. It is getting ridiculous. These guys come in front of us and they cannot do anything about these people with these outstanding bills and if we need to go do it statutorily, show us how we have to do it and let's get it done.

Chairman Hirschmann stated he is going to report back to us.

Mr. Arnold stated I am certainly willing to assist this committee or the Board with legislation. I think we are all aware of the process that needs to be gone through. To say that the Office of the City Solicitor is somehow just paying "lip service" I think is incorrect.

Alderman Levasseur stated I would ask Bill Clayton, my State Representative to do it if you are not going to "get on the stick". It is getting ridiculous to sit through these meetings month after month and get nothing done. We have had these items tabled for months at a time. Now the City Solicitor's Office should be more proactive than reactive.

Chairman Hirschmann stated the frustration level of the committee here is high. We have been asked to write-off many things and month after month…I want to commend the committee because they have been diligent not to take the easy path. We have done whatever is necessary; table items, question department heads, the City Solicitor's Office. We really want to get to the bottom of things. We really want to be a productive committee and we are asking for your help and we are asking for everyone's help. The frustration level is high but it does not have to be and we asking everyone to work together here. Before we end, there is something not on the agenda and then I will…

Alderman Lopez asked we are talking about review on the whole packet that was presented to us. I got one question on the same subject. Would you agree…maybe the Chief ought to try one of these that owes us some money and comply with this ordinance and present a certified letter to the individual and see what reaction he gets since he has never done it, it is not going to hurt.

Chief Kane replied Mr. Lemire has corrected me, we have done that in the past. I am sorry.

Alderman Lopez asked on the review policy I do not want to bore the committee and I am willing to sit with the Finance people but I have two pages of questions and I do not think I want to take up your time. I was sick in the hospital so I did not have an opportunity to review this like I was asked to. I did review it and I have quite a few questions. Unless you want to go through.

Alderman Thibault stated meet with Finance.

Chairman Hirschmann asked what was the recommendation with item 8 as far as the proposed revisions. Is that ready or is it…

Ms. Desrosiers replied in the negative and stated we will bring a report back in a month.

Chairman Hirschmann asked could you give your questions to Jennifer, then.

Alderman Lopez replied in the affirmative and stated I will give her a copy of the questions and try to explain to her because I just wrote down some notes. One of the most important things if I just for the record…what is wrong with the whole process is that we do not say who is responsible, a department, Finance, the auditor and there is some different things between…it is just loose. It does not give the responsibility to somebody that we could come back in the future. It leaves it open saying "I thought they were going to do it". That is the main thing of the whole document. But I will give you a copy of the two pages that I have and sit down with you.

Chairman Hirschmann stated that is good, Alderman, that you did that. That is the kind of work that we want to see. I just have one thing and that is…Kevin Buckley, you are here today could you come up. I have old business that is not on the agenda. With what we asked you to do at last month's meeting could you give us a progress report of your activities.

Mr. Buckley asked as far as the Intown Manchester issue.

Chairman Hirschmann replied whatever you have been doing for the past month whether it is Intown or otherwise.

Mr. Buckley stated I have been getting documents ready reviewing the ordinances and chapter laws having to do with the Assessors Office getting prepared for this audit. So I

can hit the ground running on this. As far as Intown is concerned right now the last time I talked with Mr. Davis they were waiting for their board to make a ruling on how they wanted to proceed with the audit whether it is 100% or not and I know that their auditor was apprehensive about doing 100% audit.

Chairman Hirschmann stated Mr. Davis is not the individual that…he may be the manager of Intown but he is not the Board of Trustees the governing body of Intown Manchester. Maybe a communication should go in writing what the aldermen are looking for exactly to the Board of Trustees with a two or three paragraph letter explicitly stating that these are public funds over a five-year period that we are inquiring as to how they spent and you have criteria that you want to test to make sure that they are following the rules that they have set. And that future public funds could be there or not…I do not know if it is proper to say that but…we are not asking to audit them. I thought we agreed to do it. That is the tone we…we are not auditing them as an entity we are auditing the funds that they are managing for us. That is the precise wording that I want you to use. We are not auditing Intown Manchester Incorporated we are auditing the funds that the City is letting them expend. It should not be contention and again this is not a personality conflict and Mr. Davis does not belong in the equation other than he should have a working relationship with you but I do not really feel that he represents the Board of Trustees. He reports to that board.

Alderman Levasseur stated I warned Mr. Buckley that he was going to be dealing with some very heavy duty politics with an organization that thinks that they do not have any…for some reason they can be let out of the auditing process. I think the wall has been put up and I have warned certain individuals of that. The thing that I think I am probably the most upset about is the fact that Mr. Davis walked you over to one of the projects and explained that project to you before you even started the audit process. His job is not to go over there and explain to you why he made his decisions. He follows a procedure and he was to follow guidelines. If those guidelines were not followed then you go in and you say okay this is the guidelines and then why did you not follow them. For this guy to come in here and start already getting into the auditor's head and explaining certain projects on why they went through all of these things to me is just absolutely unbelievable. That is just not supposed to be done and that did occur.

Alderman Hirschmann stated I agree that you do have to interact with department heads and for this case I guess we could call Rich Davis a department head of those funds. I made a statement to the committee that I do not feel it is right that any department head approached them. It is almost not right that they approach you if there is this "doth protest" thing…"do not check me out", "do not do this" and in their way they are taking you around to a certain project to sell you on a point. The point should be in a written fashion that roofs are included, roofs are not included…and it is cut and dry and then if they want to rebut and say well this roof is included because we thought "x" that it was a façade or whatever that is fine but…it is almost not right that this guy is trying to sell you on something. It is in an innocent way, he is not devious or anything but it is just the appearance is…

Mr. Buckley stated I never got the appearance from him that he was trying to sell me or trying to change my mind or anything. It was in front of him and he explained it to me.

Alderman Levasseur stated but you are not the one who is supposed to be doing the audit in the first place, Mr. Buckley. Vachon was supposed to go in and do the audit. Now he is coming around and he is talking to you about the audit and you are not even the guy who is going to audit it. Now that is just not right. Number two; since Vachon has decided that they do not want to audit that 100% or probably 75% then what is going to be an alternative plan for this situation.

Mr. Buckley replied if the board of Intown can direct them to do 100% audit, Vachon said he would do it. But his preference is not to. But if they order him to through us ordering them to then Vachon said he would do it.

Alderman Levasseur asked why would he not do it unless they authorize it.

Mr. Buckley replied because they are the ones who are hiring and paying them. They have to give him the order to do it.

Chairman Hirschmann stated they are a vendor of Intown, Inc.

Alderman Levasseur asked who is.

Chairman Hirschmann replied Vachon, Clukay is the auditing CPA.

Alderman Levasseur stated which we should not have had them do anyway, I already suggested that.

Alderman Lopez stated we were talking about the City funds then could a letter go to the Intown Chairman and tell him we want accountability of all City funds and an audit for them to direct whatever procedures they have in place.

Chairman Hirschmann stated we did agree on that did we not, Kevin.

Mr. Buckley replied in the affirmative.

Chairman Hirschmann stated then a letter will go forward to the Board of Trustees is that their governing body.

Alderman Levasseur asked do you have the list of all the trustees, Kevin.

Mr. Buckley replied in the negative.

Alderman Levasseur stated Sam Maranto has that list for you for the current membership of the trustees of the board.

Chairman Hirschmann stated just write…Chairman, Board of Trustees.

Alderman Levasseur stated I hope everybody on the board gets that letter to be honest with you.

Mr. Clougherty stated I just want to make sure the board knows what we are trying to do here. We certainly want to give Intown the courtesy to try and provide the information through whatever is comfortable for them to appoint. We have to have a…our understanding is we have to look at all of the activity over a three-year period 100% of that. That is what we are committed to do. Certainly through their own contracts and with their own auditor they can undertake that study using procedures that we agree with that I think that is much better coming from them in terms of a statement than from us having to go and force an audit. That is what we are trying to do is work through that because we think that is probably a protocol…a better way to do it. However, if the Board of Trustees says at some point that they do not want to have that done or they are not going to support it then we are going to have to take a more aggressive position on this.

Alderman Lopez asked how long do we wait.

Mr. Clougherty replied the trustees are going to be meeting by the end of the year.

Chairman Hirschmann stated if you could point out…

Alderman Levasseur stated the next meeting is scheduled for the second or third week of January, Mr. Clougherty. They do have what is known as an executive board but looking at the bylaws of their executive board they do not follow those rules very clearly and we do not know when they meet so I do not know if they will be taking a vote on that board.

Mr. Clougherty stated we feel if we could get to the board, the auditor has said he will conduct the analysis that we agree needs to be done for the scope that needs to be done then that is great. We would encourage them to do that and we will provide the necessary correspondence and attend the meeting and be there to do that. If it gets to the point where they say well we really would like to do 75% or something like that then we are going to have to talk and maybe that is something where Kevin will have to get involved to go in and get records and take a different…but we want to try and do it as cooperatively with their board as we can and that is…it is not that it is not going to get done it just may take us a little more time because later on we do not want somebody to come back and say well you did not give us the courtesy of that, we want everybody to understand that we are trying to make this work and touch all these different bases because we think in the long run going that path once the audit is done then you are in a position where you will not be challenged. I think you want to touch all of those bases from a professional standpoint. That is what is taking some time and that is what we are trying to work through but there is a time constraint here. We want to have this done. We would like to have...and we think the actual audit could be done pretty quickly once we get through some of this other business because we would like to have a report for

you so that as part of the budget deliberation you have the information in front of you. And we know that that clock is out there but we still think that we need to do a little bit of this process.

Alderman Lopez asked how much time, sixty days, ninety days.

Mr. Clougherty asked time to complete the audit or to get the decision.

Alderman Lopez replied to get to the bottom line.

Mr. Clougherty stated once we get a decision…

Alderman Levasseur stated that is the thing that bothers me is they closed the loophole on us.

Mr. Clougherty stated even though it may be difficult for…maybe it is not the best timing for the independent audit company that they have to do this we have to stress on them that there is a time limit in our letter to them. We will have to tell them we need this by such and such time for this reason.

Alderman Lopez stated we should shoot for a timeframe and make them understand because of our budget process. The end of February that gives plenty of time. Let's put a date on it so that they realize how important it is.

Alderman Levasseur stated in order to receive more funds from us…

Chairman Hirschmann stated Kevin, what I was going to say is the tool that you have is the management agreement between the City and the entity. It does say in there that we have the capacity to audit them because they are public funds.

Mr. Clougherty stated it certainly is within our authority to do this.

Chairman Hirschmann stated so I do not know if that needs to be mentioned and the timing.

Mr. Clougherty stated I do not think people dispute that. We just want to make sure that if we have to exercise that it is only as a last resort that we have done that.

Chairman Hirschmann stated I am of the feeling and I have to say this right while we are here that for that entity or any other one to scoff at this committee's request is going to go not unheeded let me tell you that because we have an internal auditor to improve City government and to fix things. Controls that are not followed and to set tone to bring things back into line if they get out of line. If we find that things are wrong we are trying to right them. Anyone protesting that they be looked at is wrong.

Mr. Clougherty stated we need to bring closure to this and we need to do it in a timeframe that allows the Mayor to at least consider some of the results as part of his budget. That has always been my understanding of the timetable. That is what we are working towards and that is what we will put in writing and make sure that that board understands. Whether they accomplish the mission through their auditor or whether we have to take another attack because they made a decision that they cannot do that then that is where we will end up. But at least at that point, we have given them every opportunity to do it within their own area, which I think is a professional courtesy that you give anyone.

Chairman Hirschmann stated while you are there it had been received and filed in Administration the financial preferred organization of your department because we felt that your department was structured the way we wanted it. I sit on Administration and we felt that your organization was intact the way we had intended. It had been mentioned in this committee and the same function happened where we decided that Finance is structured the way we would like it to be structured. Is there is an intent on anyone's part, on your part or…to change…do you want to have a different structure of your Finance Department.

Mr. Clougherty stated in the negative and stated the current arrangement for the Finance Department is what it has been over the years. My understanding is that the Mayor's Office and some other members of the Board would like to see a consolidation of some of these administrative functions. If you want to consolidate and have a department of administration that really has accounting and all these other things then that is a different organization than what you have today and you would have to take a look at that differently. That is an option that is up to you. Certainly if you want to go that way we could give you the models and say this is how it is structured and if the Board says we like it the way it is well then we could do it that way. Some of the drawbacks of the current one is that it is very decentralized. I do not control some of the accounting people in other departments and you understand that that creates certain inefficiencies when I am trying to do my job and get you information. Do you want to change that we know how to change it and we could work it and if you want to consider that we could do that. If you are happy with the current arrangement then we will make that work as best we can.

Alderman Levasseur asked Kevin, what is going on with you wanting to call in a bunch of different auditors from around the State. Did you end up getting that organization together.

Mr. Clougherty replied we contacted and we got a list and we said if you wanted to take a look at separating out the audit function then again the reason you would separate out the audit function is if you want to consolidate a lot of other administrative functions into the Finance Department. If you want to do that here is a group to look at that and that is still the approach that I would recommend. That is maybe what Alderman Lopez is saying. He would still like to have that group meet and take a look at the bigger question of administration.

Alderman Levasseur asked did we not approve that in our…did that come to a vote.

Chairman Hirschmann stated I just asked you if you recommended that and you said no. You are recommending that this happen.

Mr. Clougherty replied in the negative and stated I am saying…

Chairman Hirschmann asked are you happy with the way your department is right now. Do you want it changed.

Mr. Clougherty replied separating one of our functions, auditing, from something else it does not perhaps make sense if you want, from an efficiency standpoint. If you want to take a true administrative approach and do some consolidations that is a much bigger exercise and it would be more efficient and we would participate in that.

Chairman Hirschmann stated so Alderman Lopez brought this to life for the third time.

Alderman Lopez stated I have had conversations with Kevin in reference to this subject. The accounts and the administration committee kicked back and forth as I explained in the minutes in the documentation. Where it got bogged down is this committee and in the minutes always thought it was an audit that we were looking for…an audit of the Finance Department. And by testimony from Kevin to the Board when all this subject was brought up. Not the exact words but to the point being that I would rather have outside people come in and take their word for it other than people that are not going to take my word for it. Something along those lines. And that is why he went and got all these names and kicked around for months back and forth to these committees. The purpose of the people that he selected if it be five or seven which he holds high esteem for or the State holds high esteem for whatever the case may be…was to come in and go through the Finance Department and see whether or not that we are…the right procedures of accounting. We have how many Business Service Officers out there…seventeen…twenty-three…something like that. Human Resources has the payroll. Now we no longer have the School Department. It is nothing to embarrass the department it is to help the department number one. Kevin, we have had conversations and I think that there is prior testimony that you recommend this be done to both committees but we did not take any action. The conversation went we have enough auditors and that is not the issue. The auditor issue is not and the subject is not about audit. It is whether the accounting procedures that we have in the City of Manchester are the best. That we are doing the right thing by having Human Resources do payroll. Do you agree or not agree.

Mr. Clougherty replied the issue is not the Finance Department. The Finance Department has several functions that it carries out very well. It is the mix of functions that is an issue. If you said we want to have people come in and audit the Finance Department we already have an external audit contract that comes in and does that every year and we have the IRS and everybody else looking at us. But audit is what was driving us. There was an original proposal to just take auditing and give it to the Mayor. And we said well

we disagree that it should be in the Mayor's Office we think it should be with the legislative committee. That is where it should be but if you want to separate out the audit function there are other administrative functions that need to be put together that could be handled more efficiently like central accounting or data processing. If you look at the State, for example, there is a Department of Administration. In the Department of Administration there is accounting, financial reporting, personnel, data processing, HR, all of those things that are administrative to every other department and they are all consolidated so that you do not have all of this duplication. If you want to take a look at consolidating an administrative department then fine. If you want to take a look at the Finance Department to see if we are doing a good job which is what you just said I do not see the point of that because we already have external auditors…

Alderman Lopez stated I did not say that you did not do a good job. I am saying that you presented these names so that people…you have testified that do not take my word for it let these people come in and say yes they are doing the greatest job in the world and that is the way everything should be done because it is checks and balances. It is not to audit you.

Mr. Clougherty stated I did not say that you come in and say we are doing the best job in the world in other words audit my performance and say I am doing a good job.

Chairman Hirschmann stated what I read it is the structure if they agree how he structures.

Mr. Clougherty stated and could you consolidate some of these structures because that is where you are going to get some value is if you decide to take a different organizational approach more than just Finance but a whole administrative area. You have to take a look at all of those. What I said was that by having these people come in who are independent they can take a look at the other administrative functions in other places and say what should be consolidated. If you want to consolidate all these functions then yes it may make sense as you consolidate into a department of administration to have a separate auditor. If you are not going to consolidate the administrative functions to go through that exercise to just separate out auditing does not make much sense.

Alderman Lopez stated but we do not know at this point. Who is going to make this recommendation if these people that you recommend do not come in and do it.

Mr. Clougherty stated again as I said, if you want to take a look at changing your path to be more efficient to consolidate and make a commitment to doing that. Then that is a group that could help you with that. If you want to go down that path then that is a process to do that.

Chairman Hirschmann stated I read your letter and in no fashion or anywhere in that letter did it talk about consolidations because the republican leadership of this board has been dying to consolidate departments in this City for a long time and if you want to do that as a personnel chairman I am right behind you.

Alderman Lopez stated I do not know that is the situation in reference to this…

Chairman Hirschmann stated it was never mentioned in that letter.

Alderman Lopez stated on this particular subject I am agreeing with the Finance Officer that he selected these people or the State selected and it would be a good idea to come in and say you guys should not have seventeen business officers out there. I do not know if that is true. Kevin, you said people are not going to take my word for it. So why not have these professionals come in and say there is nothing wrong…to take a look at the whole structure…that is all I am saying.

Mr. Clougherty stated the only issue I had, Alderman, is that when this ever comes up it is always to take a look at the Finance Department. It really is not Finance it should be the administrative structure. If that is what you want to do is have these people come in that are eminently qualified and Kevin could perhaps grab some of data and do some of the legwork and you get it done. If that is what you want to do. But you have to understand that it may result in some consolidating…to do it right you are going to have to consolidate some departments. You have some positions out there that you will have to eliminate to make it work and that is where you are going.

Alderman Thibault asked here we go with another review and what would a review like this cost off the top of your head.

Chairman Hirschmann replied nothing.

Alderman Thibault asked to have these people come in here and examine the whole City. They will do this for nothing.

Mr. Clougherty replied Alderman, you would get these people into…we would make the offer to have them come in and talk with you and they would probably lay out a scope and see what they say. They may say to you alright it is going to take us "x" number of hours to do this and if they are willing to commit the volunteer time they might say okay who is going to have their…can we have someone like Kevin that will pull together information for us if we need to know for example how many accountants are there in the City somebody is going to have to pull through that.

Alderman Thibault stated I am sure there will be a cost to that.

Mr. Clougherty stated but that is something we might be able to do internally and have him do or have somebody else provide…

Alderman Lopez stated Mr. Chairman, I just felt that it should be resurfaced because it died in both committees for the wrong reason. We were not looking at an audit and we tabled it, received and filed that we have enough audits. That was not the issue. I have

talked to Kevin and Wayne was right there when I talked to you and you agreed with me that this is the procedure that you recommended.

Mr. Clougherty stated I would recommend if you want to take a look at restructuring the administrative form of government this is an appropriate starting point because you will be able to take a look at it first blush and say this makes sense and let's pursue it or they may look at it and say you guys are okay the way you are.

Chairman Hirschmann stated we have wanted to do that for a long time so all the power to you.

Alderman Lopez asked I hope you are not discouraged here, Mr. Buckley, but how many projects are you working on now.

Mr. Buckley replied I have about six things that I am prepared to move on any minute.

Alderman Lopez asked has this board directed them all.

Mr. Buckley replied some of them are leftover from the last auditor and this board has directed some of them.

There being no further business to come before the committee, on motion of Alderman Thibault, duly seconded by Alderman Levasseur, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee