

**COMMITTEE ON ACCOUNTS, ENROLLMENT AND  
REVENUE ADMINISTRATION**

**November 25, 2008**

**6:15 PM**

Chairman Sullivan called the meeting to order.

The Clerk called the roll.

Present: Aldermen Sullivan, DeVries, M. Roy, Ouellette

Absent: Alderman Lopez

Messrs.: G. Beloin, S. Wickens, T. Avampato, C. DePrima, K. Buckley

Chairman Sullivan addressed item 3 of the agenda:

3. Department travel/conference summary reports submitted as follows:
  - Jay Minkarah, Kate Benway, (MEDO) International Council of Shopping Centers (ICSC), Boston, MA.  
(July 9, 2008 to July 10, 2008)
  - Kevin A. Sheppard, (Highway) American Public Works Association, Public Works Congress & Exposition, New Orleans, LA.  
(August 16, 2008 to August 20, 2008)
  - Jay Minkarah, (MEDO) Aerospace manufacturing firm and renewable energy firm. Toronto, Canada.  
(September 3, 2008 to September 4, 2008)
  - Stephen J. Adams Jr., (Airport) F. Russell Hoyt National Airports Conference, Reno, NV.  
(September 5, 2008 to September 11, 2008)
  - Jay Minkarah, (MEDO) Northeast Economic Developers Association (NEDA), Buffalo, NY.  
(September 21, 2008 to September 23, 2008)

- Thomas I. Arnold III, (City Solicitors) AAAE Basics of Airport Law Workshop and 2008 Legal Update, Chicago, IL.  
(September 21, 2008 to September 23, 2008)
- Guy Beloin, Maureen Cail, Lisa Sorenson and Kim LeBlanc, (Finance) Northeast HUG (NEHUG) Education Conference, Warwick, RI.  
(October 8, 2008 to October 10, 2008)
- John Hagopian, (Airport) AAAE Eight Annual Airport Noise Mitigation Symposium, San Antonio, TX.  
(October 12, 2008 to October 14, 2008)
- John Hagopian, (Airport) FAA New England Region 2008 Conference, Bedford, MA.  
(October 28, 2008)

Alderman Ouellette moved to accept the reports as submitted. Alderman DeVries duly seconded the motion.

Alderman M. Roy asked does anyone track what each individual conference costs? Some are to Nashua and some are to Reno, Nevada.

Mr. Guy Beloin, Finance Department, stated we don't track specific conferences but we could look it up in the department's accounts. If we wanted to we could probably put something together.

Chairman Sullivan stated my feeling is that each department has a line item that is in their budget and they can play with it as they see fit.

Alderman Ouellette stated that was my question because I am very familiar with how the School District handles professional development conferences and they have line items too.

Chairman Sullivan called for a vote. There being none opposed, the motion carried.

Chairman Sullivan addressed item 4 of the agenda:

4. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for the four months ended October 31, 2008.

Alderman M. Roy moved to accept the City's monthly financial report for the four months ended October 31, 2008. Alderman DeVries duly seconded the motion.

Alderman M. Roy asked if Mr. Sanders is available by the end of this meeting if he can touch on that report in case there are any questions that would be great.

Mr. Beloin answered if you want I could probably give you a summary of what we do have here. At this point we have the four months ended October 31. This is for the first four months of FY2009. The benchmark left for the unobligated budget balance should be about 67% and overall it seems to be at that. There are a few departments that are better and some have deficiencies but overall there is no need at this point to have any concerns. Some of these have the usual deficiencies like Information Systems and Building Maintenance and Elderly Services. The bulk of that is that they have encumbered expenses for the whole year and expended their line items for the year. There is no need to be concerned about that at this point.

Chairman Sullivan asked are there any departments where you see some red flags that we should be watching closely?

Mr. Beloin replied Building Maintenance might be one because they are showing 58% or 59% left of their budget and I believe that Barbara Connor did mention some concern that it would be very tight. I think the Police Department also is concerned about their budget due to severance pay outs, which affect the Police and Fire Departments heavily.

Chairman Sullivan asked are we expecting a situation like we had last year where we got slammed at the very end with a number of severance payments coming due all at once?

Mr. Beloin answered this is done pretty much throughout the year. Last year we were keeping track of it and this year we haven't yet but I would imagine it will probably be at the same level as last year. We could start to track that.

Chairman Sullivan stated I am sure you will be hearing from our colleague from Ward 4. This is an initiative he has been very outspoken on.

Alderman M. Roy asked Guy could you please start tracking that because I know late last year it was getting to be a significant number so possibly...what departments did you track last year?

Mr. Beloin answered we tracked all of them in the general fund and I think last year from my recollection the general fund paid out well over \$1 million in severance pay and the year before it was similar.

Alderman M. Roy asked could we have something for our next meeting?

Mr. Beloin answered yes.

Alderman M. Roy stated maybe you could give us last year, to date or the year and then year-to-date and what is expected if you want to send something out to department heads. I know a number of officers have put in and they will be hitting in the next four to five weeks.

Alderman DeVries asked could we also hear maybe from the HR department on the tracking because we have a hiring freeze in effect and maybe get a better feel for what conditions are being overridden?

Mr. Beloin replied I am not exactly sure what you want.

Alderman DeVries stated I am just looking for an explanation from...it is my understanding that the Mayor would be releasing new positions and I am just trying to get a feel for what is being left open and what is being filled and how it relates to budget balances in that particular department so this Committee has a better handle on the big picture of where we are with employees as well.

Alderman Ouellette stated I just wanted to comment on the Police Department. It is my recollection that when we were going through the budget process the Police Department was going to be rather tight in terms of their salary line item and that is something I think every member of the Board said they would look at and give them some help. That is not a surprise to me.

Chairman Sullivan stated I have one final question about fuel costs. That has been...back during the budget process that was a huge concern and it looks like right now that has stabilized a little bit and even come down somewhat. Who knows how long that is going to last but is that having an effect one way or another?

Mr. Beloin responded honestly I haven't tracked that but we could get that through the Highway Department.

Chairman Sullivan replied yes Highway and Police and Fire as well.

Alderman M. Roy asked did you touch on the revenues because I had a question regarding our interest income? In the letter, Bill Sanders states that \$652,000...

Mr. Beloin interjected the budget that you see here for the revenues reflect the \$1.7 million decrease that the Finance Officer implemented to accommodate the tax rate setting. The interest income was originally \$1.9 million. It was lowered by \$400,000 so it is now \$1.5 million. Some other big adjustments were building permits for one. Those were decreased by \$300,000. False alarm fees through the City Clerk's Office were decreased by \$200,000. The risk reimbursements were decreased by \$250,000. Auto registrations were decreased by \$350,000.

Alderman M. Roy asked is that something you could get out to us – all of those adjustments?

Mr. Beloin answered sure. I can do it by department also. I can give you a total by department. It is sort of that way but I only have one grand total here.

Alderman M. Roy responded if you could break it down by departments...

Mr. Beloin interjected do you want this before the next meeting?

Alderman M. Roy replied yes.

Chairman Sullivan called for a vote on the motion to accept the report. There being none opposed, the motion carried.

Chairman Sullivan addressed item 5 of the agenda:

5. Communication from Sharon Wickens, Assistant Director of Treasury, submitting Finance Department reports as follows:
  - a) Department Legend;
  - b) Open Invoice report over 90 days by fund;
  - c) Open Invoice report over 90 days but less than one year;
  - d) Open Invoice report all invoices for interdepartmental billings only;
  - e) Open Invoice report all invoices due from the School Department only;
  - f) Listing of invoices submitted to City Solicitor for Legal Determination; and
  - g) Accounts Receivable summary.

Alderman DeVries moved to accept the reports as submitted. Alderman M. Roy duly seconded the motion.

Alderman M. Roy stated on Page 5B-1, State of NH Treasurer...

Ms. Sharon Wickens, Assistant Director of Treasury, interjected that is the meals and rooms tax and that comes in in December every year.

Alderman M. Roy stated that is a large number to leave sitting out there.

Ms. Wickens responded yes, it is a receivable that we put in at the end of the year...the fiscal year so it is actually out there for 6/30 but it doesn't actually come in until December.

Alderman M. Roy asked so would we normally...once that comes in do we gain interest on that?

Ms. Wickens answered no, it is a receivable that needs to be recorded at the end of the prior fiscal year but we don't receive it until December and no interest is earned on that.

Alderman M. Roy asked Sharon, what are you seeing over last year in trends? I know the economy is not helping. It seems we are seeing a lot more parking permits and...

Ms. Wickens interjected I see a big lag in payments and parking permits is a good example. People aren't necessarily paying within the 30 days. It is going out to 60 and sometimes 90 days. You have the habitual offenders who are not going to pay anyway but even the ones that are paying are having a hard time.

Alderman M. Roy asked how long do we let some of these go before they are shut off?

Ms. Wickens answered it is supposed to be 90 days...well before they are shut off it really is up to Parking. Sometimes they make an arrangement with the person. I have noticed that some departments are not necessarily doing payment plans but are trying to work with people to get them to pay. So they may not shut it off right away but it is supposed to be 90 days. That is the absolute longest it is supposed to be out there before it is shut off and goes to collections.

Alderman M. Roy asked in the case of say Page 5B-4, the bottom list...

Ms. Wickens interjected that is extra detail.

Alderman M. Roy asked do we actually have the ability to have the Building Department shut down anything?

Ms. Wickens answered the Building Department probably wouldn't shut down something on extra details.

Alderman M. Roy stated but the same companies that aren't paying the details are coming in to get their next set of building permits.

Ms. Wickens stated here is a good example. We had a company that made several drop offs at the Highway Drop Off facility and they didn't pay their bill and they owed quite a bit of money and the Building Department gets a copy of this report and caught them at the window and said no you need to straighten this out with Highway. We are not going to issue a building permit. Well it ended up...this guy if he can't get a building permit he can't work and then he can't pay his bills so it is kind of like a Catch-22. We made sure that he set-up a payment plan with a collection company and made a payment and we issued the permit anyway because otherwise he is not going to get any money to pay us back. We are trying to work with people and this is hard circumstances for a lot of the companies out there.

Chairman Sullivan stated I think there are some companies who seem to have a history of gaming the system. There are some who have been doing it for a couple of years you can see right here. I have raised the question before but is there a way we can stop them from hiring a detail like freezing their ability to hire details if they have a couple dozen of these delinquencies?

Ms. Wickens responded if they have a permit no we can't.

Alderman M. Roy stated once they have the permit, if we don't fill the detail and they are allowed to go forward with the construction using flag officers, which is less costly than doing a detail.

Chairman Sullivan responded so we would be doing them a favor indirectly.

Alderman M. Roy replied exactly.

Chairman Sullivan stated well I don't know what the solution is but it is something we are going to have to...

Ms. Wickens interjected I asked Deputy Chief Simmons to be here tonight, he may be in the other meeting.

Chairman Sullivan stated well probably not tonight because it is a short meeting but at some point when we have a little bit more flexibility on the schedule let's get him in here.

Alderman M. Roy stated I think we are just looking at the same people month after month and then they end up on the write-off list, which again becomes uncollectible.

Chairman Sullivan called for a vote on the motion to accept the reports. There being none opposed, the motion carried.

Chairman Sullivan addressed item 6 of the agenda:

6. Discussion relating to the Write Off List for the Accounts Receivable module.

Ms. Wickens stated Parks & Recreation is here and Police is in the other room and Airport was one that you had questions on last time and I see that Theresa is here if you have questions.

Chairman Sullivan stated let's go with Airport first because I have been fussing about that for six months. The question I have had time and time again is every time we look at this we see a number of rental car companies. That is the one that jumps out at me like Enterprise and whatever the other ones are. There seems to be a constant lag in their paying. Is there something with their contracts?

Ms. Theresa Avampato, Airport, responded Hertz had some issues because they had a new controller so we had some issues with them and Alamo there was a reconciliation credit that we were working with them on with our Properties Department. Overall, our receivables are in excellent shape. We have less than 1% outstanding and we are working with them.

Chairman Sullivan stated it may look like a bigger deal than it is when you see several line items.

Ms. Avampato replied if you look at our budget we have a \$58 million budget.

Chairman Sullivan stated there were some items on here that were from airlines that I know no longer exist at least as a functioning airline. I know Independence is on there and I don't know who else is in bankruptcy this week as things seem to change moment to moment but where do we stand with our ability to collect on some of those?

Ms. Avampato responded actually we were just talking about this today. The only one that we have outstanding in our 90 days as of now is Independence Air and the reason we have them on the books is approximately \$50,000 but it was pre-bankruptcy money so they are periodically making us a payment of \$1,200 every couple of months so that is why that one stays on the books.

Chairman Sullivan asked so that one is being recovered slowly?

Ms. Avampato answered yes, very slowly.

Chairman Sullivan asked so that was a pre-bankruptcy filing?

Ms. Avampato replied yes.

Chairman Sullivan asked do you anticipate any other problems with any of the other airlines that may be...

Ms. Avampato interjected we are watching it closely with the state of the airport economy right now. If we see them starting to go astray we will contact them.

Alderman M. Roy asked the Airport revenues, from everything that is there like the non-airport property, the space rental, FAA reimbursements, that is all non-taxpayer dollars correct?

Ms. Avampato answered correct.

Alderman M. Roy stated just so everyone at home is clear even though it is sitting on the Airport's books and it is a good sum of money, it is not anything that will affect the tax rate either this year or next year.

Ms. Avampato responded correct.

Ms. Wickens stated the reason you asked Parks & Recreation to be here was because there was a receivable open for ice skating rentals at one of the arenas. I don't know if you are all set with that.

Chairman Sullivan replied there was that and there were some football team rentals over at Gill that seemed to be...the Manchester Devils kept popping up. Has someone been talking to those guys?

Mr. Charles DePrima, Interim Parks, Recreation & Cemetery Director, responded we are talking to them now and we sent the rest to collections.

Alderman Ouellette asked are they still in existence?

Mr. DePrima answered I don't know.

Chairman Sullivan stated there is always a team there and I suspect it is always the same guys but they change their names every few years.

Alderman DeVries asked was that the team that was coming in and using the field and then Parks & Recreation caught up with them and asked about a permit?

Mr. DePrima answered I am not sure about that. They rented Gill Stadium. It was an adult league.

Chairman Sullivan stated it is a semi-pro team. They are guys out of college but not good enough to take it to the next level.

Chairman Sullivan addressed item 7 of the agenda:

7. Communication from Kevin Buckley, Independent City Auditor, submitting the P-Card Program Performance Audit.

Kevin Buckley, Independent City Auditor, stated this audit that you have before you is the performance audit on the purchase card program. The program was started in 2007. It was designed to replace the purchase order cycle, which generates tons of paperwork and tons of time to purchase relatively small dollar items that we were continually purchasing. In general, the purpose that the purchasing cards were started for has gone very well. It is a more efficient manner of making these small dollar purchases, but in my opinion the program was put together and instituted very quickly in order to take advantage of the rebate program as quickly as they could. You have to remember that the program is really in its infancy so it was a good time for me to go in there. I was able to note a number of internal controls deficiencies and some program deficiencies where it is not living up to the expectations they were hoping it would and it probably will never make the rebate target they were hoping for because of some problems they have encountered with utilities not being able to accept the cards. I do think it will eventually make their projection of the number of transactions they were hoping to put through to eliminate the purchase order transactions.

Alderman DeVries stated somewhat disturbing in the report Kevin is it looks like it was a good idea that didn't have the proper oversight and in too many instances it could become our next unwanted scenario for misuse of City dollars. From

what I gathered from your report, one of the solutions that would need to occur is greater training.

Mr. Buckley responded yes, because the program was put together so quickly the training at the beginning was minimal.

Alderman DeVries asked has anybody looked at this program though to balance the additional cost for whatever grade the individual might be and I assume that would be in the Finance Department, to hold numerous training sessions and factor that in to the proposed cost savings that we were supposed to see by going down this road over a purchase order system? If that is one of the deficiencies, I have to assume that the Finance Department is looking to increase the amount of training.

Mr. Buckley answered I believe they are and they have already instituted a lot of changes to clear up a number of these deficiencies. They have all either been completely cleared up or are in the process of being cleared up. As far as a cost analysis on how much the training was going to cost versus how much they were saving, I don't believe that has been done.

Alderman DeVries stated well I bring it up just because I think part of the initial findings were that the program really hadn't generated the kind of savings that had been projected.

Mr. Buckley responded yes, it hadn't generated the revenue that they were hoping for.

Alderman DeVries asked if it is costing us more in employee hours to manage this effectively at some point we have to decide if it really is a worthwhile program for the City.

Mr. Buckley answered I would agree that eventually that decision is going to have to be made. Again, it is in its infancy. They are still working out a lot of things and trying to work things out with the Bank of Montreal who is running the card program for them. They have already go the bank to drop their rebate program to a more reasonable level for the City and there are a few other things they are looking into that will help the program.

Alderman DeVries asked are we going to have a follow-up on your observations?

Mr. Buckley answered I could do that and it would probably be a good idea because of the numerous observations in this report but I would like to give them another year to straighten things out.

Alderman DeVries stated but in the meantime they could become tomorrow's front page news.

Mr. Buckley responded I think the internal control problems have been taken care of. I could go in earlier if that is the wish of the Committee. That is not a problem.

Alderman DeVries stated it would be my opinion that we need to if we already aren't very sensitive to audits that are coming up and telling us that we have deficiencies and lack of oversight over the way City dollars are being utilized. Yes, this Alderman would very much like to hear back from you that the highest priority observations have been addressed in an interim report as we are looking at critical potential violations.

Chairman Sullivan asked do you want to put a date on that or leave it up to Kevin's discretion.

Alderman M. Roy stated Kevin is saying he will go back in in a year, which I think is too long but it is also not Kevin's job to fix anything. I would look to, if we are talking a date for another audit, I would look at a date of six months but what I would like to do is then switch the focus on fixing his observations so when he goes back in in six months the problems are adjusted.

Chairman Sullivan stated right and if there are still deficiencies we can turn the focus on the...

Alderman M. Roy interjected the P-Card Administrator. A number of the things you talk about in the report, Kevin, are very unsettling and as Alderman DeVries said this could be our next City scandal. Twenty-five active card holders and six of seven had purchase limits noted on the application but none with the Bank of Montreal which means that that cardholder could go and spend whatever. Is that correct?

Mr. Buckley replied right up to their monthly limit but they could do it in one purchase.

Alderman M. Roy stated and then the 282 active cards, that seems far greater than the numbers we were talking about prior to them implementing this. Do you remember that number at all?

Mr. Buckley responded no I don't remember that number. The problem I have with the 282 cards is that so many of them were either not being used or under utilized. Again, you have an exposure out there that is unnecessary.

Alderman DeVries stated there was also the employees that had been terminated and how long it took to regain control over the active cards. So there is obviously some sort of lag time.

Mr. Buckley responded there was a bit of a disagreement on that because I would want them to terminate the card the day notice was given even if the employee was still going to be there another two weeks but the departments had outstanding bills and they wanted to or were waiting for credits to come through on that card and wanted to keep the card active until they had everything cleared up on the card.

Alderman M. Roy stated but there is a difference between active and in possession. If a department head is letting someone go, that card should be the first thing laid in that department head's hands. Isn't that the policy?

Mr. Buckley replied no but that should be the policy.

Alderman DeVries stated maybe that could be part of the exit interview at HR.

Alderman M. Roy stated just because we have six minutes before our next meeting starts, I would ask that this audit be forwarded to the P-Card Administrator and table this right now and have that person come back with solutions to all of the observations. We obviously don't have time tonight.

Mr. Buckley responded I believe she has given you their revised P-Card Program Guide which will show that many of the things in my report have been corrected. I scanned it quickly and can see where some of the stuff has been changed or actually a lot of the stuff has been changed.

Chairman Sullivan stated we still need some time to digest this.

Alderman M. Roy asked if this is the revision, my accolades to them getting this done but can we table this?

On motion of Alderman M. Roy, duly seconded by Alderman Ouellette, it was voted to table the audit on the P-Card Program.

Chairman Sullivan addressed item 8 of the agenda:

8. Update from Kevin Buckley, Independent City Auditor, on the status of the Policy and Procedure manuals for each department.

Mr. Buckley stated I was asked to send an e-mail out on the Policy and Procedures Manual and I have done that and gotten feedback from a few departments asking questions about it so it appears that people are actually working on it. Alderman Lopez also...he had a question on the current status of fire observation and that is the next thing on my agenda. I am putting together a sheet for the people who still have outstanding observations.

Alderman M. Roy asked can you get a Policy and Procedures Manual update to us at our next meeting. Those who responded can you have them give you a date on when they will be done and those who didn't respond, can you get a response for our next meeting?

Mr. Buckley answered okay.

#### **TABLED ITEMS**

9. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the VISTA program and updating the committee on the status of pending and future audits.  
*(Note: Tabled 2/4/08 Copies of the audit and supporting documentation previously sent to the BMA and Committee members; Remained tabled 3/4/08; Updated communication between Kevin Buckley, Internal Auditor, and Janice Lopilato, State Program Specialist of the Corporation for National & Community Services attach; Tabled 3/11/08; Internal Auditor to present the attached Business Expense Policy as amended.)*

This item remained on the table.

10. Communication from Kevin Buckley, Independent City Auditor, listing audit observations and recommendations from all internal audits since  
*(Tabled 3/11/08; Retabled 7/07/08)*

This item remained on the table.

11. Copy of a communication from Alderman Lopez to Committee on Community Improvement requesting the Board of Mayor and Aldermen to ask the Finance Officer, City Solicitor and Bond Counsel (if needed) to review the possibility of using Rooms and Meals Tax money in the future for Storm Water Utility/Sidewalks/Streets.  
*(Tabled 09/25/2007 pending further information from the Finance Department. Retabled 7/07/08)*

This item remained on the table.

12. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the Office of the City Clerk, Business License and Enforcement Division.

This item remained on the table.

There being no further business, on motion of Alderman DeVries, duly seconded by Alderman M. Roy, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee