

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

August 11, 2009

5:15 PM

Chairman Sullivan called the meeting to order.

The Clerk called the roll.

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

Messrs: L. Sorenson, H. Ntapalis, W. Sanders, D. Cornell, T. Clark, K. Buckley, M. Boldin

Chairman Sullivan addressed item 3 of the agenda:

3. Department travel/conference summary report submitted as follows:

- Stephen J. Adams, Jr., (Airport) American Association of Airport Executives Annual Conference and Exposition, Philadelphia, PA. (June 12, 2009 through June 18, 2009)

On motion of Alderman Lopez, duly seconded by Alderman M. Roy, it was voted to accept the travel/conference summary report.

Chairman Sullivan addressed item 4 of the agenda:

4. Communication from Lisa Sorenson, Financial Analyst, submitting Finance Department reports as follows:

- a) Department Legend
- b) Accounts Receivable summary
- c) Open Invoice report over 90 days
- d) Open Invoice report for interdepartmental billings
- e) Open Invoice report all invoices due from the School Department only
- f) Listing of invoices submitted to City Solicitor for Legal Determination

On motion of Alderman M. Roy, duly seconded by Alderman Ouellette, it was voted to discuss this item.

Alderman Lopez stated the big one here is from the School Department. What is the status? They don't want to pay us?

Ms. Lisa Sorenson, Financial Analyst, replied there is one outstanding invoice for the School Department.

Alderman Lopez asked how much?

Ms. Sorenson replied \$98,995.

Alderman Lopez asked what is that for?

Ms. Sorenson replied it is for worker's comp.

Alderman Lopez asked how about Harry comes and talks about that? I want to get it off the table. This is charged back to the School Department, I would presume.

Mr. Harry Ntapalis, Solicitor's Office, stated you are correct, Alderman. The School Department is charged back. Essentially, the lion's share of it is from a bill for excess worker's compensation. About \$79,000 worth of this \$98,000 bill is for excess comp that the City pays above and beyond its self-insured program. What that does is protect you in the event that you have a catastrophic loss or multiple injury type case or so forth. The School District has been included in this for a number of years. That portion of the bill was not paid for the fiscal year of 2009, which was based on 2008 actuals that we looked at. The coverage was in place so they were protected. The over all bill is about \$140,000 for the City. Based on the schools' payrolls, which hover around \$90 million, they make up about 54% of that total bill and that's the formula we use. That's the lion's share of that bill. What was communicated to me was that they didn't have the money available to pay that fiscal year bill. The balance of the Enterprise departments have either been paid or will be paid by August 15th. The only outstanding bill is the \$98,000 bill.

Alderman Lopez stated maybe that would be a question for the Finance Officer. Let me back up. Harry, when you charge back do you have a written agreement with the School Department?

Mr. Ntapalis replied we do. We talk with them each and every year. What they will do is copy us with an understanding. The most recent, Alderman, was a meeting we had preparing the fiscal year for the 2010 budget. I was called sometime in April to meet with their finance committee. The committee members queried me as to what is going to be entailed for their budget: what kind of money for administrative fees and money for premiums that are going to be prorated that they are going to have to set aside. With that understanding, there was a confirmation from Karen DeFrancis who is their Business Officer with the School District via email going over the dollars that we understood going

forward. However, during that same meeting in April, it was asked, I believe it was Committeeman O'Sullivan who pressed the issue on this one piece, why is fiscal year 2010 going to be so expensive to budget and do we need it, what did we pay in the past, etcetera. The simple answer is that they hadn't paid it in the past. It was an oversight on my part. I was actually billing them more conservatively. This was an outstanding balance that at some point was going to be addressed. It was addressed and there was this budgetary issue for the FY09 not able to be met. Going forward, I have been reassured that they are going to be able to do so in fiscal year 2010.

Alderman Lopez asked Mr. Sanders, how do we address the financial shortfall of \$98,000?

Mr. William Sanders, Finance Officer, replied this would be related to the fiscal 2009 year. That's when the invoice was issued so if the amount was deemed uncollectable, we would reduce the revenues for the fiscal year 2009 by the \$98,000 that is the issue. The result would be an additional draw down on the rainy day fund.

Alderman Lopez asked Harry, is it an obligation on workmen's comp that the agency pays?

Mr. Ntapalis replied the arrangement that we have had goes back to 1977, Alderman. It has been a self-insured program so everyone who is covered in it, including not only the General Fund departments, the Enterprise departments and the School District, knew and know that they are protected by this particular coverage. Anything above and beyond that the City fathers adopted, such as the excess worker's comp piece, which for an organization of our size, is well warranted. It is a known entity. It is something that is prudent to prevent a catastrophic financial exposure to the City.

Alderman Lopez asked they are going to pay in 2010? Is that what you said?

Mr. Ntapalis replied that is correct.

Alderman Lopez asked they won't pay in 2009?

Mr. Ntapalis replied I have, for all the Aldermen who are here tonight, a copy of an email that I received from the School Committee if you would like to see it. You'll see first hand the response on the 2009 question.

Alderman M. Roy stated looking at page D-4 of our package, there is a Water Works charge with the same charge code, Manchester Airport with the same charge code, and Manchester EPD with the same charge code at the bottom of the right hand side of page D-4, which is page four of the interdepartmental by customer type invoice by agency. Is that the same item?

Ms. Sorenson replied yes, it is.

Mr. Ntapalis stated we're not charging them for the full amount for the excess worker's comp. However, it is a bill that is an ongoing type of bill. It is something that we put in place back in the 1980s. When the bill came in as an extra charge to them they probably had some difficulties with the amount of money. That doesn't preclude the fact that it is a coverage that they know that they need to pay for. It is their share, their prorated share.

Alderman M. Roy stated I'm not just talking about schools; I'm talking about the other three entities that are on that other page. The schools are naturally the highest at \$98,000, but there are three others that total roughly \$15,000, \$13,000 and \$8,000. We're talking about a considerable sum of money from our Enterprise Department. Were any of them aware of these totals when they built their budgets for fiscal year 2009? Did they build them on lower numbers?

Mr. Ntapalis replied remember that when they build the budgets, Alderman, I am always asked to help form budgets probably six months out, basing it on actual trends that I have provided to the Board in the past. Usually, I use five year trends of what the billing is going to be. You do the best you can. Most years, you are pretty much on with what you are asking them to pay. Some years you are going to get mid-year premium increases that are unbeknownst to you because the underwriters haven't fully processed the application information. They may think risks are higher, or premiums come in higher than what was anticipated. To compound things a little bit more, we use, as a matter of rule, for fiscal year 2009 actuaries and audit figures that were completed for fiscal year 2008, the preceding year. What's going to happen, the same way I am using 2009 numbers, is craft the fiscal year 2010 budget. More often than not, we are right on the money. This particular year there may have been some deviations, but that's the rationale why the balance bill is off.

Alderman M. Roy stated Harry, I appreciate that answer, but I'm just looking for a simple yes or no. When they built their 2009 budget, was the number that is included here the number that was given to them or was it increased after the appropriation?

Mr. Ntapalis replied there was a slight increase after the appropriation.

Alderman M. Roy stated unlike Water Works, Airport and EPD that have up and down revenue sources and ongoing revenue sources, the taxpayer in Manchester, although they pay those other fees, pays the bulk of what the School District has been appropriated by the Board of Mayor and Aldermen. If it is not included or an adjustment isn't planned on, then if they spend their budget the way we administer their budget, or they administer their budget and we appropriate it, then they wouldn't have these dollars unless they didn't spend them somewhere else. Would you agree with that?

Mr. Ntapalis replied most of them have indicated, including the School District, that the information that was sent to me they had planned and put aside above and beyond a contingency amount for insurances, knowing that there is that fluctuation. Specifically, I did get an email from the school's business people for FY09. Again, the lion's share is from the money that is sometimes used to deal with litigation or potential litigation for unforeseen legal bills. I think Alderman Ouellette recalls that, having been on the School Board. They build in a contingency. Evidently, this bill was a little bit more than the contingency they built in. The remaining Enterprise departments, although they added some revenue to us to help offset increased premiums and administration, they were able to handle it. Collectively, we did gain the money that we needed, but individually, these particular departments weren't strapped with a bill as high as the School District's. The School District, and I have to emphasize this again, bases worker's comp on salaries. They are the lion's share of the salaries so they took the biggest hit on the proration.

Alderman M. Roy asked when did the invoices go out to the Enterprise Departments?

Mr. Ntapalis replied I believe I started working on it around April 28th or 29th and they went out shortly thereafter, giving them time. I billed them with my cover letter on May 13, 2009, with an explanation and a detailed report of how they stack up with other departments.

Alderman M. Roy asked roughly with 45 days left in the fiscal year?

Mr. Ntapalis replied roughly.

Alderman Ouellette stated Harry, when you billed them in May, is that generally the practice that you send those bills out in May? Or do you do it earlier normally?

Mr. Ntapalis replied usually what I do is wait for the actuaries to be done. They are being done right now. There is a round of audit information that is provided. I'm working with a year in arrears. The bills usually go out the first week in October. Again, we are well into the fiscal year. This was a unique year because I was conservative and one of those pieces had been missed. It was a premium that was brought to light during the school financial meeting with the FY10 questioning that particular line of coverage going forward being expensive. It was pretty much uncovered that it was missed for 2009.

Alderman Ouellette asked basically, you are telling this Committee that we should forgive the School District because it was our oversight? Is that fair to say?

Mr. Ntapalis replied it was my oversight. The lion's share of that \$98,000 you're looking at is \$79,000 of excess worker's comp that generally would have gone to them in the month of October.

Alderman Ouellette asked they would have had more notice?

Mr. Ntapalis replied they would have had more notice. Nonetheless, that would have been the amount that they owed. There was nothing paid on that line. Evidently, the money may have been consumed in other areas. I'm not sure what the case may have been. This is all related to worker's comp, that \$98,000 in total.

Alderman Ouellette stated it was a hiccup in the process.

Mr. Ntapalis replied yes. To answer your question Alderman, we usually don't bill in May. It is usually October.

Alderman DeVries stated Harry, you've been around a long time. Is this the first time you have seen this occur where there has been a bill not reimbursed?

Mr. Ntapalis replied it is the first time in my recollection. Usually we have contingency money built into everyone's budget, knowing that there is no exact science for me to budget going forward for insurance.

Alderman DeVries stated I realize it is a sign that the budgets are getting cut. The numbers that were adopted in this year's budget, you mentioned that last year's numbers were conservative. Do you feel you also put forth conservative numbers this year?

Mr. Ntapalis replied in FY09 I don't believe I was as conservative. In all honesty, I have been conservative in the past and probably for good reason. It was not because we had a stronger economy or anything along those lines, but there is a fine balance where if you were to build a school district or enterprise apartments, more excessively than you needed to, you could fragment the risk pool and reduce or diminish the buying power of the City as a whole. What I always wanted to do was make sure that I was billing everyone fairly, but at the same time, when I would see difficulties in budgets with departments trying to make ends meet, I had a tendency to lend a conservative hand. I do know that in the past the Aldermen have pointed that out to me that my billing and invoices may be a bit conservative. I've tried over the years to bring it more in line with the economic picture.

Alderman DeVries stated I appreciate that answer. I think my question was looking for an easier answer. Can we expect this again next year at this time? Do you anticipate that you have budgeted conservatively and there will be the need to request something that they may or may not have in reserves at the department level?

Mr. Ntapalis replied it is always hard to say. I can box myself into a corner and say that in two months when I bill everyone that I am going to have billed them 100% accurately, but I think it is going to be a lot tighter in October. I don't believe I have that need to balance bill them next year.

Alderman DeVries asked maybe yes, maybe no?

Mr. Ntapalis replied maybe yes, maybe no, but I would hope not.

Alderman Lopez asked you said you had written documentation that they were going to pay it in 2010?

Mr. Ntapalis replied yes, because that budget has been forwarded to them of what they owe for 2010. The actual bill will be going to them the first week in October, which will be inclusive of the School District's share of their excess comp premium.

Alderman Lopez asked they have agreed they will pay the worker's comp?

Mr. Ntapalis replied I haven't had any indication that they would disagree from the finance committee meeting that I attended in April.

Alderman Lopez stated I want to make sure that come next year we don't get another letter like this.

Mr. Ntapalis stated I don't foresee that happening.

Alderman Lopez stated I keep saying that any agreement with the School Department is supposed to be in writing.

Mr. Ntapalis stated I'll revisit that topic with him in case there is something that is a surprise for October, but I don't anticipate it, Alderman.

Alderman Lopez stated a note to the City Solicitor: It seems to be getting to be a problem when every time you turn around there is a Supreme Court ruling that any charge from the School Department has to be in writing. That is an area that we should take a look at to make sure we are complying so we don't get another letter like this.

Alderman M. Roy asked did all of the City departments receive a change or just the School District and the Enterprises?

Mr. Ntapalis replied I may have a copy for all of you if the Clerk wants to give out the breakdown of what I did provide to each of the Enterprise departments so you can see how they bump up against the rest of the City. I had done that. I have a spreadsheet, but I don't have a lot of copies.

Alderman M. Roy stated you mentioned comparison against City departments, but my concern is if other City departments had a change after the budget was appropriated.

Mr. Ntapalis replied as you recall, through the general fund part of the budget we don't bill those departments. I think everyone is aware of that. There is a total amount, but the question you raised in the paperwork that you received by Enterprise, and rightfully so, is how do we stack up against all other cities? Of course, in order to arrive at the numbers that I did for the School Department and Enterprise, I had to crunch numbers for every other department, as though they were being billed and assign them percentage. I only have one copy of percentages and payrolls here, but I can share that with you. Feel free to ask questions of what was just handed out to you. It is a handwritten worksheet of mine. As you see, excess work for fiscal year 2009, these are proportions based on 2008 actuals, which has billings in arrears.

Alderman M. Roy stated if I am reading this correctly, in column 12, Projected FY Audit, the number \$838 paid by the City: is that the difference or is that the total? Explain the projected versus the charge for coverage.

Mr. Ntapalis replied let me take a look. That's a small amount, \$838, after we are dealing with big numbers. I believe \$838 over and above the figure you see for change of coverage, or in other words Enterprise totals of \$22,994, the City ended up eating \$838 of what it should have been. In other words, \$838 should have been built into the \$22, 994 and for some reason or another it had not been so I was reflecting that as a projection.

Alderman M. Roy stated I understand the premium, but the audit in actuarial time? Who is that and who is that paid out to? What is that based on?

Mr. Ntapalis replied the audit in actuarial time, as some of you may recall, is a policy that we deal with in the City of Manchester. Many of them are subject to annual audits. In other words, even they don't have a full understanding with a very thorough application being given to an underwriter, whether we are going to be high or low on our claims, what that might entail. They make adjustments at the end of the insurance year and they either return money to us or we have to pay an audited amount. Those audits are passed on to all departments in Enterprise and the School District. The actuarial amount is something that we have to do an actuarial for each and every year. The Labor Department looks for that report and it is shared with the Finance Department for their auditors. Basically, we pass costs administratively along as well there. That gives you a typical administrative cost scenario that also goes into the figure along with a straight premium.

Alderman M. Roy asked is that an outside agency? I'm looking for whom?

Mr. Ntapalis replied they are usually the insurance carrier and outside agencies. Yes, you are correct.

On motion of Alderman Ouellette, duly seconded by Alderman DeVries, it was voted to accept the reports.

Chairman Sullivan addressed item 5 of the agenda:

5. Communication from William Sanders, Finance Officer, submitting the City's Financial Report (unaudited) for the year ended June 30, 2009.

Mr. William Sanders, Finance Officer, stated very quickly I can go through the letter that I sent. These are the results for fiscal year 2009. The year ended June 30th. These are unaudited. The auditors are on the premises so we're working our way through them a second time. Hopefully, we'll be ready with an audited number in the next couple of months. In summary, from the expenditure point of view, if you exclude health insurance, worker's comp and insurance, the general fund underspent its budget on the expenditure side by about \$2.2 million. That's good news. That's a savings against what was originally appropriated by the Aldermen. I should point out, however, that our health insurance spending was about \$1.9 million over budget, worker's compensation was about \$1.2 million and the general liability was about \$115,000. All three of those cost categories do have reserve accounts that have been established over the years and those overspending amounts will be charged to those reserves. In summary, the expenditure side came out pretty well for the year, with a \$2.2 million surplus. The revenue side from what we've been reporting for many months now, and you're aware of the significant shortfall, totaled \$5.1 million for all of fiscal 2009. I should point out that the biggest number in there was the state revenue sharing of \$1.9 million. You're all aware from the budget process from this last spring, the state legislature and the governor eliminated revenue sharing for towns, municipalities and cities and we lost \$1.9 million out of our fiscal 2009 revenue number from that. If we had collected the \$1.9 million, just to play make believe for a moment, we would have only had a deficit of \$3.2 million on the revenue side. With our \$2.2 million surplus on the expenditure side we would have actually only had a \$1 million deficit for the entire year. If you can remember where we thought we were back in the winter in the November/December time frame, we were looking at deficits well in excess of \$1 million. Once again, I would like to commend department heads and City management, including the Aldermen, for the work that was done on the expenditure side. If we had some help from Concord we would have done pretty well. In summary, we will end the year, subject to the auditors, which I think they will be pretty close to these numbers, with about \$2.9 million operating deficit in the general fund. We will be charging that to the rainy day fund. The rainy day fund before that charge has about \$9.2 million so we'll have a balance remaining in the reserve of about \$6.3 million after that charge. I'd be glad to answer any questions.

Alderman Ouellette stated that looks like it is a 30 to 35% hit on the rainy day fund. When do we reach the point where we run the risk of that affecting the City's bond rating?

Mr. Sanders replied we're probably approaching that. I think the establishment of reserves and the maintenance of reserves is a proved financial benchmark of maintaining

AA bond ratings. However, I would say that it has been raining for the last year. The City of Manchester is very fortunate that they had a rainy day fund and that we have been able to sustain the City and use that rainy day fund. I commend my predecessors and the Board of Mayor and Aldermen and others in setting up that reserve. We still have reserves left. I think we have some good things to tell the rating agencies in that regard, but it really speaks to this upcoming year. I'm hopeful that we will be able to report that our revenues are stabilized and we're not going to have to dip into the rainy day fund in the near future and possibly be able to establish additional reserves as the years go on.

Alderman Ouellette asked where do our insurance reserve accounts stand?

Mr. Sanders replied after these charges, we'll have about \$1.2 million in the health insurance reserve, about \$1.2 million left in the worker's comp reserve and about \$400,000 left in the insurance reserve. We also have the special revenue account, but I'm forgetting the balance. It is probably about \$6 million. It might be a little higher than that. I'm getting a basic concurrence with what I just said. Overall, I think our reserve balances, in the current environment where many cities are in much worse conditions than Manchester is, are good. I wouldn't refer to them as excellent. I don't think any city, town or municipality in the state of New Hampshire is dealing with strong reserve situations. We've had to use reserves.

Alderman Sullivan asked it's not good, but not a crisis.

Mr. Sanders stated exactly, and hopefully it stops raining.

Alderman Lopez stated I just wanted to thank Mr. Sanders for pointing that out. I think the bond rating people will look at this as a global problem, especially in the northeast. There is no other city that has a rainy day fund like we have. They will look at all the factors and I think we're going to fair pretty well.

On motion of Alderman Lopez, duly seconded by Alderman M. Roy, it was voted to accept the City's unaudited Financial Report.

Chairman Sullivan addressed item 6 of the agenda:

6. Communication from the Board of Assessors submitting the Abatement and Overlay account update.

On motion of Alderman Lopez, duly seconded by Alderman M. Roy, it was voted to discuss this item.

Alderman Lopez stated I want to look at the balances you have for 2006, 2007, and 2008.

Mr. David Cornell, City Assessor, stated for the number of abatements we have outstanding, currently we have about 107 BTLA cases. Six appear in court cases and 430 local cases. If you add all those up, it is about \$700 million as far as the total abatements. If you look at the reserves that we have for each year set aside in the abatement account, currently it is about \$1.7 million.

Alderman Lopez asked is that the total for the three years?

Mr. Cornell replied the \$1.7, yes. Actually, the way the system is broken out, it goes back to 2003, and it is basically all in one account, but if you add up the funds in the accounts it is a little over \$1.7 million.

Alderman Lopez stated I want to be clear. We gave you \$1 million for 2008.

Mr. Cornell replied for the next coming year those figures would not be included here.

Alderman Lopez stated that's my point. What's that total? If you have \$1.7 million does that mean it was counted or not counted?

Mr. Cornell replied when the tax rate is set in November, we will receive additional funds into the overlay account.

Alderman Lopez stated so that's really \$2.7 million that you have because you have a million in advance.

Mr. Cornell replied right. Essentially, we'll have a million more coming into our overlay account in November, but then in November we'll also get another slew of abatements.

Alderman Lopez stated I wanted to clear that up because there was a discrepancy when I asked a question today. If you don't do any abatements by November you will have \$2.7 million.

Mr. Cornell replied that's correct.

Alderman Sullivan asked what did we give you in 2008? I see that the balance now is \$250,000, but where did you begin that process?

Mr. Cornell replied I believe we started with \$1.6 million. One of the reason that figure is so low is as soon as the money hit that account, we had to move money back to some previous years that needed a fund balance.

Alderman DeVries stated David, you have some statutory obligations for the abatement fund balance. I know from budget discussions that you spoke about that. Are you comfortable that we will be able to cover the \$700 million in abatements?

Mr. Cornell replied yes. We feel that right now we have an adequate amount of revenue in the funds to properly compensate for the abatements that we have.

On motion of Alderman Lopez, duly seconded by Alderman Ouellette, it was voted to accept the Abatement and Overlay account update.

Chairman Sullivan addressed item 7 of the agenda:

7. Communication from Kevin Buckley, Independent City Auditor, submitting the audit plan for the City's June 30, 2009 Comprehensive Annual Financial Report.

On motion of Alderman DeVries, duly seconded by Alderman Lopez, it was voted to receive and file this item.

Chairman Sullivan addressed item 8 of the agenda:

8. Communication from Kevin Buckley, Independent City Auditor, submitting an update on audits.

Alderman DeVries stated if I could quickly, before Mr. Buckley starts, ask a question of the Solicitor. Just recognizing that we are dealing in a personal manner, I hope that you could advise us on how we as a Board should be handling this, asking questions, or how much of this should be in public sessions and how much should not be.

Mr. Tom Clark, City Solicitor, it is tough to say at this point. Obviously, there is an exception in 91A for matters that might affect a person's reputation who is not a member of this Committee. However that person should also be given the opportunity to have it conducted in public. I'm not aware if he is here tonight or if what is actually being discussed is going to impugn anybody's reputation. It's tough to answer the question at this point.

Alderman DeVries stated Mr. Chairman, I guess I am hoping that the Solicitor would feel privileged to intervene if something is asked that he feels could jeopardize any situation for us as Aldermen and something that should be handled in non-public. If something is questioned, will he be automatically jumping in to advise us?

Alderman Sullivan replied if we start to venture into an area where there are questions of confidentiality, by all means, I would hope that the Solicitor would raise the red flag. If that is the case, we'll take the appropriate action at that point. If it is a matter of basic policy, that doesn't affect a specific person's situation, my inclination would be to keep going forward in public session.

Mr. Kevin Buckley, Independent City Auditor, stated this is an audit that was done in response to a request to look into an allegation against an employee as being a no-show employee. What I did was look at the entire internal control structure at the Department of Youth Services to determine if there was something to this before I started my investigation. When I determined there might be something to this allegation, I started the audit, looked at internal controls, and tested some controls to see if there was anything in place that would prevent the allegation from happening. The controls over that position were almost non-existent so I had nothing to look at and there was no way I could figure out how many hours that individual or any individual in that position could be working. I talked to many people in the Youth Services Field and the outreach workers. Both of them provide a great service and reach individuals in the City that really need help. If you talk to the kids and the people who work with the kids, they'll say that these people do a fine job and their job is invaluable to helping children in the City. Again, I couldn't tell how many hours they actually worked. If you look at Observation One, there is a material weakness in the control system over the outreach workers. These are people who don't have regular hours. It is the nature of their job to not have regular hours. They do not go to the office and they don't report in, but there is no mechanism to tell who they were talking to, what the outcomes were, or what kind of services were being rendered. None of this performance data was being taken into consideration, which is not to say they weren't doing them, but there was no one watching to make sure that they were doing this or evaluating how well the programs at this department were working or if they were working at all. I considered this a material weakness in the system.

Alderman Lopez asked can you elaborate on that a little bit?

Mr. Buckley replied a material weakness is a deficiency in internal control or a combination of deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably and on the generally accepted counter principles. Therefore, there is a more than a remote likelihood that a misstatement of the entity's financial statement, that is more than inconsequential, will not be prevented or detected. I felt that particularly the combination of Observation One and Observation Two presented a material weakness through the department. Observation Two had to do with the overall financial monitoring of the department and their lack of a true accounting professional to manage the financial affairs of the department. The Finance Department handles most of these duties, but they don't have an intimate knowledge of the workings at OYS. They are in separate buildings across town from each other. Because of this, some of the other observations that you see further on in the report, while they are minor,

were allowed to go undetected. The other issue was a deficiency in the cash reconciliation process, where the person who records the cash on one document never reconciles it to the deposit. I did a number of reconciliations between the two and there weren't any problems, just that someone in management should be looking at those two things to make sure the deposit and the initial receipt of revenue match. Observation Four is a compliance issue with on-call pay. There are three employees at OYS who receive pay for on-call. They bring a pager home in case of an emergency having to do with alcohol or drug problems with people in the City, so if they are needed they can be reached right away. The problem is that the ordinances seem to not allow this type of thing at OYS. It is in conflict with what they are doing. It needs a slight ordinance change, I feel, in order to allow this. The last observation is the expenditure testing errors where there were just some very minor errors that I noted from testing expenditures that were corrected later on when I was there. Observation Six is on the outreach workers, which talks about how their hours were not accounted for and that kind of thing.

Alderman Sullivan asked is it correct to say that Observation Six and One dovetail and overlap?

Mr. Buckley replied they do.

Alderman Sullivan asked it comes back to a lack of structure?

Mr. Buckley stated correct, but all that has been corrected. They are taking care of all of that. The procedures that they have are much tighter and they are tracking all that information. That was done before I got over there. As soon as they were made aware of the situation, they immediately rectified it.

Alderman Lopez asked in Observation Four, on-call pay, in the second paragraph, no mention was found in City Code of Ordinances for on-call, section 33, stand-by duty pay. Every third week an employee gets \$210, which you said in the first statement. The third statement sets the amount of \$10 per day. How do we figure that out?

Mr. Buckley replied the Ordinance for stand-by duty, if I understand what they are doing for on-call pay and the Ordinance for stand-by duty, it appears to be the same job. The Ordinance sets the amount of stand-by pay at \$10 per day and \$20 per day during weekends and holidays. These amounts change depending on what bargaining unit they are in. For employees who are non-union, that is what stand-by pay is set at.

Alderman Lopez stated I can understand that, but every third week they would get \$210 if I'm reading this correctly.

Mr. Buckley stated right, but it rotates between three employees. Every week a different employee gets \$210.

Alderman Lopez asked so that only adds up to \$10 stand-by? Is that what you are saying?

Mr. Buckley replied no, I'm saying that the Ordinance allows for \$10 per day, which is less than the \$210 a week.

Alderman Lopez stated that's \$50.

Mr. Buckley stated but, they hang on to it for seven days, with the two days on the weekend and they get \$20 per day.

Alderman Lopez stated I noticed one thing about the Advisory Board. I only bring this up because it was brought up to the Planning Board Advisory Board about signs. We were made to have a standard operating procedure of the Advisory Committee of that Board. Are you indicating that there are no procedures for the Advisory Board?

Mr. Buckley replied I don't understand the question.

Alderman Lopez stated the Advisory Board that you mentioned in here, the OYS

Mr. Buckley asked Observation Four?

Alderman Lopez replied yes. I think it is Observation Four.

Mr. Buckley stated I think I mentioned an Advisory Board...

Alderman Lopez interjected do they have an Advisory Board at OYS?

Mr. Buckley replies yes.

Alderman Lopez asked is there any written procedures for that Advisory Board? The only reason I bring it up is because we were told by the City Solicitor that even though we were an Advisory Board we still had to have some type of procedures in place. Tomorrow morning we are going to approve all the procedures for the Advisory Board.

Mr. Buckley replied I'm not sure if they do have written procedure.

Alderman Lopez asked they don't have any written procedures?

Mr. Buckley replied they may, I'm just not aware of it.

Alderman Lopez stated maybe that is something the department head wants to talk to the City Solicitor about because we have to do the same thing with Planning tomorrow.

Alderman Sullivan asked Alderman, are you referring to a separate set of procedures for the Advisory Board and the department itself?

Alderman Lopez replied yes. I want to know what those advisory people do. Just to elaborate and add contents, we have eight members on the Advisory Board and if four members decided on something and then it was appealed, we wouldn't have any written procedures. That's what I'm talking about.

Alderman DeVries stated I'd like to back us up to Observation Four. It looks like that was a budget measure that was implemented in a prior aldermanic year back in the 1995-1997 eras. I'm looking at the audit response. It was suppose to save the City money because previously they were paying for the services that are now handled in that on-call position by Manchester Mental Health. It was costing more money so they found a more expedient or less expensive way to handle that. Can you explain to me some of the differences between on-call versus overtime? If I understand the hour law there is a certain response time. If it is greater than twenty minutes, I don't know if that is current, but if their response time is over that they don't have to be paid by federal wage and hour law for on call. If it is even more restricted, then it has to be considered overtime. Did you look at that at all?

Mr. Buckley replied no, I didn't. These are salaried employees so they don't get overtime. The on-call is to just to have the pager with you. You get that whether or not you get called. Even if you are hourly and you get the call, you get \$10 per night for having the pager with you. Once you get called in, you are guaranteed three hours of overtime for the call in.

Alderman DeVries asked you didn't make any effort to confirm whether this was saving the City money as part of your audit?

Mr. Buckley replied no, I didn't, but I did see that it was very rarely used. They don't get that many calls in. Between December 1, 2008 and May 21, 2009 there were a total of 20 messages paged out, so less than one message per week.

Alderman DeVries stated so the real question for the HR Committee would be if the pay structure, including the \$210 every three weeks, is overly liberal or is it still similar to other social worker positions.

Mr. Buckley stated I didn't look at that. I was more concerned that it seemed to be in violation or at odds with the Ordinance.

Alderman DeVries stated I'm sure they will be looking to see if this is still a cost effective way for us to be handling this scenario for the City.

Alderman O'Neil asked would they be the only salaried employees in the City who don't get compensated for being called in?

Mr. Buckley replied they are the only ones that I know of.

Alderman O'Neil asked the actual \$210 per week may actually reflect some level of compensation if they get called up, correct?

Mr. Buckley replied I agree with that.

Alderman O'Neil stated the number may not be out of whack. Other employees around the City get called in and they get paid for it.

Mr. Buckley stated right and if you factor that in, it may be in line.

Alderman O'Neil asked do you happen to know if at one time there was the employee assistance pager as well as the OYS hotline? I don't know if they are on the same or on a separate pager. Do you know?

Mr. Buckley replied they have two different numbers.

Alderman O'Neil asked so they are usually carrying two pagers?

Mr. Buckley replied only the Employees' Assistance person carries that EAP pager.

Alderman O'Neil asked you are absolutely 100% sure of that? I don't think that's a true statement. I think the others have been known to back up the EAP program. It was assigned to Youth Services specifically for that reason. We should confirm that they are actually providing two services for seven days a week. You said in a certain time period it averaged out to less than one phone call a week. This is probably not a fair question to you and it is probably more of a statement by me, but if they save one life the call has more than paid for itself.

Mr. Buckley stated yes, I would agree with that.

Alderman O'Neil stated we shouldn't really get into a numbers game, although it does paint a picture. If they save one life in the entire program, it is worthwhile.

Mr. Buckley stated you should correct the Ordinance though.

Alderman O'Neil stated I understand that. That's worth it as far as I'm concerned. I also know that at least two of the three people involved give out their direct phone numbers and cell phone numbers so young people who have had problems before have direct

numbers. The pager number might not truly reflect all the calls they take in the evenings or on the weekends. You would not have had that info.

Mr. Buckley stated no, I would not have.

Alderman O'Neil stated in my opinion the number is actually higher. I do know that they give out cell phone numbers and that's how the young people and sometimes the employees reach them. I hope that we don't try to mess around with that program. I think you are right that we need to clean it up. We need to understand why it is structured the way it is, because they may be the only employees who don't get compensated when they get called out. You mentioned in Observation One the controls over the outreach workers. Were there other observations about other worker in Youth Services?

Mr. Buckley replied no. When I looked at the controls in place for the other workers, they were all submitting more detailed time sheets than the outreach workers were.

Alderman O'Neil asked do you happen to recall if the other employees worked traditional hours of nine to five?

Mr. Buckley replied no, everyone over there works...

Alderman O'Neil interjected was that reflected in the reporting? When they work at night or if they work the weekend or something?

Mr. Buckley replied I believe so, yes.

Alderman O'Neil stated you mentioned that you got involved in this based on a complaint on one employee.

Mr. Buckley replied yes.

Alderman O'Neil stated you said that you determined that an investigation of the allegations was justified. Who determined to include the second employee in the investigation?

Mr. Buckley replied I did because I wanted to compare the two jobs together. They had the same job description. It gave me a mechanism to see how both of them worked. It turned out that they do vastly different functions.

Alderman O'Neil stated if you were asked to investigate a police officer would you investigate all 190 patrolmen in the City?

Mr. Buckley replied the investigation had to do with the internal controls working or not working, which was part of the test area. I would include more than just that officer.

Alderman O'Neil stated that's what happened here. The second person got involved just because he happens to have the same job description. My personal opinion is that that's not a good way to conduct an investigation. If you use that same thought process, if you were asked to investigate an officer at the Police Department, theoretically you would investigate 190 patrolmen because they all have the same job description.

Mr. Buckley replied if I had an internal control problem like I had here, that looked like there was a possibility that all 190 patrolmen could be involved in, I would take a sample of the patrolmen and test my sample.

Alderman O'Neil stated my point is that I don't think that was handled well. I spoke to Kevin earlier about this so it isn't new information. My point is that I don't think this is a good way to do it. If you had three people with the same job description...the issue was with one person. My opinion is that's how it should have been handled, not because someone has a similar job description and one doesn't do anything. Their jobs aren't similar at all. Through the bureaucracy of HR they have to have the same job title with the same description even though they don't do the same work. Is that a true statement?

Mr. Buckley replied that is true, but they both fell under the same internal control weakness because they both lacked control.

Alderman O'Neil stated I think the problem with this is that it has created some bad feelings. I will close, Mr. Chairman, by saying that Mr. Buckley's conclusion that inadequate controls need to be addressed is correct. You do not believe there were inadequate controls or were not adequate controls in place for the entire OYS?

Mr. Buckley replied no, I do not.

Alderman O'Neil asked what about tracking conferences or being away from the office for the others?

Mr. Buckley replied when they go on conferences, they have to run them by the director and it shows up on the leave slip or on their time sheets.

Alderman O'Neil asked to the best of your knowledge, everything is in order compared to other City departments? There were no issues with travel or conferences?

Mr. Buckley replied not that I saw.

Alderman Sullivan stated Alderman, I think what we saw here was a situation where there was one specific set of controls that broke down or didn't exist. It didn't seem to be a department-wide problem.

Alderman O'Neil stated I was pleased with Mr. Buckley's statement that it was clear that both outreach workers interact with at risk youths on a regular basis and provide a valuable service to the City of Manchester. I appreciate that statement.

Alderman DeVries stated Kevin, I'd like to ask a couple questions because it wasn't clear to me from your report that one of the pagers you were commenting on in Observation Four was an EAP pager.

Mr. Buckley replied no, it is a separate pager.

Alderman DeVries stated I thought I understood from the interaction with Alderman O'Neil that it was an EAP pager.

Mr. Buckley replied no, it is for its own program.

Alderman O'Neil stated unless it's changed, it is my understanding that if one employee is covering EAP he or she is also covering the hotline. I don't know that for sure.

Mr. Buckley replied I'm not sure of that myself.
stated if t

Alderman O'Neil hey are on call, they are usually on call for both of them. It makes sense.

Alderman J. Roy asked you said that there were inadequate controls for the outreach workers, not for the whole department?

Mr. Buckley replied correct.

Alderman J. Roy asked how long was that going on?

Mr. Buckley replied since the beginning of the program.

Alderman J. Roy asked and that was years ago?

Mr. Buckley replied in the seventies.

Alderman J. Roy stated I can't remember if it was the seventies or eighties. In your report under Observation One, some of the things that disturbed me were...Is this the first time this situation has been reported? Have there been concerns brought forward before?

Mr. Buckley replied yes, there have.

Alderman J. Roy asked and nothing was done about it?

Mr. Buckley replied from what I understand, this is from before I was here, they did look into it. I just know they looked into it, but I don't know the outcome.

Alderman J. Roy asked no report was developed?

Mr. Buckley replied no.

Alderman J. Roy stated essentially, nothing was done. In Observation One, it says, and I agree that these people reach a lot of youth and are doing a good job, but during the evening and weekend hours it says that they are seeing people. It also says that they are transporting people to functions in their private vehicles.

Mr. Buckley replied that's correct.

Alderman J. Roy asked that's a pretty substantial risk for that employee and for the City, isn't it?

Mr. Buckley replied I agree. Yes, it is.

Alderman J. Roy asked at the same time you're saying that these rides weren't documented.

Mr. Buckley replied no, they were not.

Alderman J. Roy asked there was no second employee with the first employee in case there were charges brought forward to rebut any charges?

Mr. Buckley replied that's true, but these kids have trust issues and they trust this one person. The outreach worker feels that...

Alderman J. Roy interjected I'm looking at the liability on the City and to the worker. If you don't have another person with you, the other person can accuse you of doing something you didn't do and you're in the soup. During the evening and weekends, what were their functions? Did you get into where they went and all that?

Mr. Buckley replied again, it is just the one employee, both of them to a certain extent, but they will give rides to functions. These are kids that have no other means of

transportation. They would bring them to a basketball game or bring them out to eat where they could talk in a neutral environment. Things like that.

Alderman J. Roy stated these are our City's at risk youths in our school system. That is the target we are looking at, that they are taking care of. Is that correct?

Mr. Buckley replied yes.

Alderman J. Roy stated I'm going to go to Observation Six because it ties in with One. At the bottom, it says it does not appear appropriate for an outreach worker to count time working for another entity. Apparently, this individual was working at a basketball camp and charging the City at the same time. At best, I would say that this is double dipping.

Mr. Buckley replied it is more complicated than that because this individual would take some very at risk kids who normally would be on the street and he would get them scholarships to this basketball camp. He would pick them up, bring them to the camp and work with them. At the same time, I'm sure he is working with other kids as well as these, but he felt that he could charge it because he was working with the kids he was working with for OYS at the basketball camp.

Alderman J. Roy stated it is a great service to pick them up and get them involved, but the reality of a basketball camp is that you are not with one camper the whole way through. They go on to different functions and drills so that individual wouldn't be with them 100% of the time. Is that correct? And he is getting compensated by the university at the same time as he is being compensated by the City of Manchester?

Mr. Buckley replied that's the other thing. He didn't get a pay check for the basketball camp. He got a paycheck for coaching. He didn't get an extra paycheck for the basketball camp so he considered it volunteering for the basketball camp. At one point he had said that although it wasn't in his contract, it was understood that if he was working, he was to be coaching at the basketball camp.

Alderman J. Roy stated in your report you stated that in his employment at that university, it was understood that these coaches would work at this camp. Essentially, their pay for being a coach included their pay for working at that camp.

Mr. Buckley replied that may have been the understanding. I'm not sure of the whole understanding that they had with the university.

Alderman J. Roy asked during your investigation, did you find out that this employee worked for any other entity besides that basketball camp while working for the City of Manchester?

Mr. Buckley replied when he first started with the City he worked at West High School, six hours a day for three years and he worked at Hillside, six hours a day for one year. He worked at a school in Merrimack for a year.

Alderman J. Roy asked while he was being employed by the City of Manchester he was working at Merrimack as well?

Mr. Buckley replied for the one school season.

Alderman J. Roy asked what you're saying is that we don't have any way to prove that the hours overlap and there was inappropriate pay? Is that what you are saying to me?

Mr. Buckley replied correct. There are no records to tell.

Alderman J. Roy stated I don't believe that you can have a job in two places and serve two masters.

Mr. Buckley replied there is no way to tell how many hours he was putting in at each place. I can see by the records that he was putting in five or six hours every day in the Manchester School System.

Alderman J. Roy asked besides the five or six hours, which is about 25 hours per week at the school, he was putting in another 40 hours at OYS?

Mr. Buckley replied yes.

Alderman J. Roy asked but we have no way to prove that?

Mr. Buckley replied there is no record to show that.

Alderman Lopez stated these are complicated issues when you are working with youths. A question came up, Marty, as a counselor, are we protected by any state laws that protect us from liability from transporting youths or male versus female issues?

Mr. Marty Boldin, Director of Youth Services, replied it has to do with parental consent. If the parent consents for somebody to be with a young person, that establishes, I believe, all the protection that we need from a liability perspective. It is also important to understand that some of the young people we are talking about have relationships with these gentlemen that are very unique. OYS is designed to work with kids who don't work well with other organizations. Quite frankly, we're the last door between many kids and the juvenile justice system. We operate in a way that is very specific to the needs of the young people that we serve. I can't emphasize that enough. There are some people who call our outreach workers people who simply will not work with any other organization in

the City. It is a very rare and powerful gift to the young people in the community that we have these people working for us.

Alderman Lopez asked the point I want to make though, is it the parent that gives consent for you to take care of that youth?

Mr. Boldin replied yes.

Alderman Lopez stated I want to bring that out to show that it isn't a counselor jumping into a car with someone without approval.

Alderman J. Roy stated they do a great job, Marty, don't get me wrong. However, I'm still worried about the liability for the employee and the City. Even though the parent gives consent to be with them, how do you, especially in the past where there was no documentation, refute a false claim if you don't know when these people were in the car? You would be in trouble. Even if you know what night, and the kid says that this person did something to him, I don't care if you have parental consent. You are still in a pickle.

Mr. Boldin replied you are absolutely right, but what you are describing here is what I live with every day. Anybody who works with at risk youths in the most confided, protected, video taped environment in the world runs the risk of a young person making an allegation. In that situation, if we put all the protections in place that we would need to refute an allegation, the environment that we would work in would be very sterile. Those are exactly the kinds of environments that these young people will not work in. I really can't emphasize this enough. I understand the liability that we take on, but quite frankly, that is my job. My job at the end of the day is to assume that liability and make judgments about it the best I can. If I start thinking about how to protect all the contingencies that could happen for our employees, the effectiveness of what we do would be greatly diminished.

Alderman Sullivan stated this goes back to the financial oversight question. Now that you are putting in place more stringent reporting procedures to make sure people are working the hours they claim to be working, wouldn't that also help to alleviate some of the risks that could arise from someone making an accusation? If you have the documentation that says the outreach worker was with this individual on this day, there would be a paper trail if there was an accusation. Aren't you helping yourself to a greater extent now?

Mr. Boldin replied I believe that when the possibility of this situation was brought to our attention we responded very quickly as an entire department to try to improve some of the measures that are in place. I also want to say that that provides us with a blanket of protection that did not exist before, but I don't want to walk away giving you the illusion that a piece of paper is what we are going to need to protect us out there. The thing that protects us out there is the relationship that we have with the young people and the

families that we work with. I could talk about this for hours, but OYS is an incredibly unique and powerful tool for this community. One of the things that makes it so powerful is our ability to work in non-traditional ways with young people that really helps them get out of very serious problems. Some of the things that we do are not appropriate to be discussed at this level. I would be more than happy to talk to any of you in closed session about that, but they are things that can really save young people's lives. If we were another non-profit, we would not be able to do those things.

Alderman J. Roy asked is this the first time this has been reported to you?

Mr. Boldin replied no.

Alderman J. Roy stated then what you just said is misleading about responding very quickly to this accusation. If you knew about this before, that isn't the case because nothing was done.

Mr. Boldin replied I'm not sure how you got to that conclusion from what you just said.

Alderman J. Roy stated from what you just said. You said you responded very quickly to this to put this in place to better protect your employees. However, you knew about this before and nothing was done.

Mr. Boldin replied let me clarify my statement. When the Human Resources Department became involved in this, they, along with staff at the Office of Youth Services, devised a series of controls that were put into place that would help to find a paper trail to alleviate the perception of no-show employees. That's not the only action that we have taken. We have taken actions on this previously, but the actions that we took on this issue previously were not deemed appropriate by the Human Resources Department. That is a fuller clarification.

Alderman J. Roy asked you're saying that you heard about this before, you took action, but it didn't work?

Mr. Boldin replied what I'm saying is that the actions that we took before didn't satisfy what the Human Resources Department felt that we needed to have in place. It was our understanding that by having a joint meeting between ourselves and the Human Resources Department we could alleviate any further potential issues related to this by evoking a more stringent set of controls.

Alderman J. Roy asked how many times has this been reported to you before?

Mr. Boldin replied I couldn't speculate to any kind of justice. I can say that there are a couple of times that this conversation has come up at the Office of Youth Services.

Alderman J. Roy stated more than once. I guess my question is why didn't it get to this point prior to this?

Mr. Boldin replied I can say that the nature of their jobs and the work that they do does not fall within the regular parameters that most of the other workers at the Office of Youth Services does. As a result of that, documentation around that did not fit into something that was appropriate for Human Resources.

Alderman J. Roy stated it still doesn't help me because if someone believes someone isn't showing up to their job, I guess it should be the same for all employees and it should be pursued.

Mr. Boldin stated agreed.

Alderman J. Roy asked why didn't it get to this point?

Mr. Boldin replied what I thought I was clear about was that we attempted to address it, we thought we addressed it, but it was not addressed in a way that met the measure of the Human Resources Department.

Alderman J. Roy asked you tried to correct it, but it didn't work?

Mr. Boldin replied essentially.

Alderman O'Neil stated I've tried to come up with another job type in the City that is somewhat similar to this and the only thing I can come up with is the police officer working the various drug units: task force, undercover, state police. They can work for 24 hour stretches because of the nature of the job. The bad guys don't have a clock and they don't work Monday through Friday, nine to five. It is a 24 hour business. What they do is get guns and drugs off the street. It is the same thing with these guys. The young people in trouble are not on an eight to five clock. They can be in trouble at one o'clock on Wednesday morning or nine o'clock on a Saturday night. It is a 24/7 business. I think it is clear, and Kevin points it out, that they are effective in what they do. They make a difference in this community. Do you both feel, and this is a yes or no answer, that the control mechanisms in place moving forward will prevent any future potential problems? Mr. Buckley replied I think the controls in place now give adequate documentation of these people in what they are doing and where they are going.

Mr. Boldin replied my answer is also yes.

Alderman O'Neil asked would you both agree that they do their jobs well and make a difference in the City of Manchester?

Mr. Buckley replied I would agree with that.

Mr. Boldin replied I concur.

Alderman O'Neil stated my conclusion, Mr. Chairman, would be that I think the corrections have been made. I know Alderman Roy has some frustrations that they weren't made quick enough, but I think they need to move forward and continue doing their job in serving the young people of our City.

Alderman M. Roy stated my first question was on the outreach workers and I'm glad both of your answers were yes. I'm glad that both of the employees are getting to the population that they need to. I'm going to limit my questions to the financial monitoring and ask the same questions of cash reconciliations. Kevin, in one of your recommendations it suggests hiring or training a new employee. Marty, I'm sure that you are aware of that. Is there someone on your staff that you can train to be proficient with that documentation?

Mr. Boldin replied no.

Alderman M. Roy stated that's not the answer I was looking for.

Mr. Boldin stated I'm sorry. To be fair, this is an issue that has been brought up for a significant period of time in a variety of venues. We will be talking about this more in the future. Just to take a second of your time, as the Office of Youth Services endeavors to bring more resources to the City, more grant funds, and as we endeavor to become slightly more complex than we were a few years ago financially, the need to have this kind of resource in our department is absolutely pivotal to us being successful. I also want to take this moment to thank the Finance Department. There have been a variety of them sitting behind me who have had us riding on their shoulders for the five years that I have been there. Frankly, we need a resource that we don't have right now. If we can get that resource, that will make us more effective at bringing more resources to the City.

Mr. Buckley stated I'd also like to point out that Marty has been very good about bringing grant money into his department. The more grant money he brings in there, the more complicated and messy this accounting is getting. We run the risk of running in to trouble with either the state or the federal government.

Alderman M. Roy asked could you as part of a letter to the Full Board show what that would entail? How many hours? What type of employee? Pay grade? Job Description?

Mr. Boldin replied I could do that, but one of the reasons we are here tonight is because I won't be able to be here next week for personal reasons. There is a detailed plan about

this. I do have a plan to help us find our way to where we need to get to on this, but I would like to wait until September.

Alderman M. Roy stated I'll retract that request until next week. It is your employee and your division we are trying to help so let's keep that on the front burner. Going back to the cash reconciliations, are both of you comfortable that all problems with the audit are now settled?

Mr. Buckley replied I am, yes.

Alderman M. Roy stated cash tracking, cross responsibility, double checks are all in place?

Mr. Buckley replied yes.

Mr. Boldin stated we are now advised in preparing ourselves for another audit in three years, which we expect to be no less stringent or direct. We will endeavor to come through the next audit without any kind of findings, whatsoever.

Alderman M. Roy asked Kevin, your Observation Five, expenditure testing errors. You sampled forty and three errors were found. How many for a department this size? Is that a normal sampling for you?

Mr. Buckley replied yes, it is.

Alderman M. Roy asked how many non-payroll items go through that department in a year?

Mr. Buckley replied most of them are very small. In my standard expenditure sample it is 60. Twenty of them were payroll, 40 were non-payroll.

Alderman M. Roy stated looking at this you found three out of forty. If there were 4,000 would you find 300?

Mr. Buckley replied because of the way my sample is designed, it is designed to catch things like this. You can't really do a one for one comparison. I'm looking for high dollar amounts. Most of the high dollar amounts I tested. Anything more would be small dollar ones and wouldn't add up to much.

Alderman M. Roy asked does the employee that we have talked about have some financial background that would potentially become their responsibility and potentially reduce the number?

Mr. Buckley replied yes, it would. I'm a little more worried about the grant accounting than this accounting. It will get real sticky real soon.

Alderman Lopez asked Marty, do you have your operational manual completed yet?

Mr. Boldin replied yes, I do, but we don't have one for the OYS Advisory Board and we will take that up in our meeting in September.

Alderman Sullivan stated I'd like to ask for a motion that we refer Observation Four to the Committee on Human Resources. That's the one that deals with the on-call employees. I suggest that should be something they should take care of in terms of an Ordinance change.

On motion of Alderman Ouellette, duly seconded by Alderman DeVries, it was voted to send Observation Four to the Committee on Human Resources.

Alderman O'Neil stated I know at one point Alderman Lopez had set up a Special Committee on Alcohol. That's where all of this originally came out of.

Alderman Sullivan stated the reason I suggest that we send it to HR is because this really doesn't deal with the nuts and bolts of alcohol abuse and the City's policy towards that. It is a Jane Gile issue. I think you need her input and we want that Committee to review it because that's what that Committee does. I would suggest that we send it there.

On motion of Alderman Lopez, duly seconded by Alderman DeVries, it was voted to accept the report from Kevin Buckley.

TABLED ITEMS

9. Update on the status of Policy and Procedure manuals for each department.
(Note: The Committee has requested that all manuals be completed by June. Tabled 1/06/09. Retabled 7/07/09.)

This item remained on the table.

10. Communication from Kevin Buckley, Independent City Auditor, submitting the P-Card Program Performance Audit.
*(Tabled 11/25/08 waiting for solutions to all of the observations)
On file for viewing with Office of the City Clerk, One City Hall Plaza.*

This item remained on the table.

11. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the Office of the City Clerk, Business License and Enforcement Division.
(Tabled 10/21/08)
On file for viewing with Office of the City Clerk, One City Hall Plaza.

This item remained on the table.

12. 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.)
On file for viewing with Office of the City Clerk, One City Hall Plaza.

This item remained on the table.

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

A True Record. Attest.

Clerk of Committee