

Draft Committee Minutes

Minutes of the Operational Audit Advisory Committee Meeting
February 8, 2007

Committee Members: Patricia Basti, David Crowley, Leslie Ghiz, David Raasch, and Jim Tarbell

The Operational Audit Advisory Committee held its first meeting of 2007, at 9:30 a.m. in room 169, City Hall. All Audit Committee members were present. Also in attendance was Christine Zimmer from the Law Department, Acting Finance Director Joe Gray, and John Boudinot, Pension Fund Manager. David Crowley chaired the meeting. The Internal Audit Manager, Mark Ashworth, served as recording secretary.

Chairperson Crowley called the meeting to order at 9:32 a.m. Mr. Crowley opened the meeting by recognizing Ms. Carol Sigman. Ms. Sigman, pending mayoral and city council approval, will become the newest member of the Audit Committee. She was welcomed by the committee and gave a brief overview of her professional background.

Mr. Crowley opened discussion on the election of the 2007 Chairperson. He stated that it was his intent to designate a citizen member to become the next committee Chair. Discussion ensued between Ms. Basti and Mr. Raasch. The committee then voted unanimously to make Ms. Basti the 2007 Chairperson. A pre-committee meeting would be arranged between Mr. Crowley, Ms. Basti and Mr. Ashworth prior to the April Audit Committee meeting.

Approval of the minutes from the last meeting was next on the agenda. After noting an attendance change to the minutes, the minutes were approved and filed.

Mr. Ashworth asked that item number 9, the "Pension Audit Briefing" be advanced. Mr. Ashworth gave a brief introduction and overview of the findings contained in the audit and introduced John Boudinot, the Pension Fund Manager.

Mr. Boudinot addressed the committee and discussed the implementation of the audit recommendations. He spoke about his office strengthening the documentation needed for adding dependents. He offered his opinion on who should qualify for health care coverage among the retired members. Mr. Tarbell asked what the pension system's obligation was to cover dependants. Mr. Boudinot explained that coverage currently was up to the age of 24. He stated that there are a number of changes they were reviewing in this area including redefining the eligibility of dependents. He did caution the committee that any changes to the system would have to be presented to the retirement board for approval.

The committee had further discussion about eligibility and the cost to the system by committee members. Under the current retirement plan members can have virtually no out-of-pocket costs associated with health care. The current membership is declining. The City has 3,300 active members and 4,500 retired members. About 10 years ago the number of active members was equal to the retiree numbers. Mr. Boudinot did stress the system is a very strong plan when compared to other systems throughout the country. With no further questions from the committee, Mr. Crowley thanked Mr. Boudinot for his presentation. Mr. Ashworth said he would transmit the audit report to the City Manager, Mayor and City Council.

The next issue was a discussion on the IAD budget and staffing. Mr. Ashworth gave an overview of his efforts to assemble and present the budgetary requirements for his office. He informed the committee that City Council voted to reverse the budget cut that had been recommended by the City Manager and increase the office budget by approximately \$80,000. He discussed the internal mechanics needed in order to move forward with the hiring of two internal auditors. Mr. Ashworth hoped the hiring process would be underway by the next committee meeting. Equally, he indicated that with this increased budget he would bring forth the 2007/2008 proposed audit projects at the April meeting.

Item 8, the Street Sweeping Follow-up and Update was next discussed. Mr. Ashworth presented the committee with handouts and presented the accomplishments that have occurred in the street sweeping operation. A new GPS system and mapping system had been installed. The GPS system will enable Public Services to begin routing and tracking sweeping operations in a manner that will improve the overall operation significantly. Mr. Ashworth felt that this effort should be shared with the committee; it demonstrated a solid commitment by Steve Bailey, the Acting Director of Public Services, to improve the services and efficiency of his department. Mr. Bailey submitted a follow-up/status report and Mr. Ashworth wanted to publicly acknowledge Mr. Bailey's efforts and accomplishments. The committee had several questions about the status of the RFP for street sweeping operations along with the status of the lease on the equipment. Mr. Ashworth discussed the pending equipment lease and the timing of the lease and the RFP. A lengthy discussion ensued.

The committee had a short discussion about the remaining vacancy on the board. Mr. Crowley asked that committee members forward any names of potential candidates to him for consideration.

Mr. Crowley asked Mr. Ashworth to give the committee his update on the two active audits. Mr. Ashworth discussed the status and issues involved in the Risk Management Audit and Police Overtime Follow-up Audit. Both audits will be issued and discussed at the April meeting. The Fire Overtime follow-up was discussed. Mr. Ashworth stated that the main issue in the audit was the FMLA usage and its continued increase in the Fire Department. Discussion

ensued about individual experiences in the committee members companies and how FMLA is treated. Mr. Ashworth informed the committee that he would arrange a meeting with the Human Resources Director to discuss this matter.

Lastly under new business, Ms. Basti stated that the IAD website was outdated and that committee meeting minutes are not current. She asked that the meeting dates for 2007 be posted. Mr. Ashworth agreed to review the site and make the necessary updates and corrections. Mr. Crowley indicated that he would contact the Mayor's office regarding the approval of Ms. Sigman to the committee. He thanked the members for their participation and commitment to the committee and its work.

The next meeting is scheduled for April 12, 2007 at 9:30 in room 169. With no further business before the committee, the meeting was adjourned at 11:00 a.m.