

Special Meeting Minutes
Audit Exit Conference
February 15, 2011

Present were Spencer Bright, Assistant State Auditor; Casey Dwyer, audit Manager and Kristina Baylor, Assistant State Auditor; Council members Gilman, Seligson, Waterman, and Abel; and Director of Finance/City Clerk Debbie Mahler.

Audit Manager Casey Dwyer stated she was pleased to report that the accountability audit of the City for the period of January 1, 2009 through October 31, 2010 has been completed and there were no Findings. There were some areas noted in which the City's internal controls could be improved. These were put into a management letter.

Auditor Spencer Bright went through those recommendations with the Mayor and Council. They felt that the City did not have adequate controls in place for reviewing contract expenditures of the Building Official and that permit files did not always contain adequate documentation supporting how building fees were calculated. The City has already addressed this issue and the contract was terminated March 31, 2010 and the Building Official was hired as a part-time City employee. The City will make sure that each permit file has documentation as to fee calculations.

The second issue was that the City Council passed an Ordinance effective January 1, 2009 that stated the Mayor would be "deemed an employee" of the City. The Auditors found that the Council does not have the authority under law to make the Mayor an employee because he is an elected official. City management stated that it was not their intent to make the Mayor an employee, only to be treated as such for salary and benefit purposes. The audit also addressed citizen concerns that the Mayor took more vacation leave than earned. State law does not require elected officials to track leave. They recommended the City improve its review process for ordinances to ensure the intent is clearly written.

The Audit found that the City used hotel/motel taxes for maintenance of parks and trees and that this was not an allowable use of those funds. Debbie explained the City's position that those funds were used to keep the entrances to the City looking nice and to enhance parks that are used in many City events that draw tourists and that the administration had felt it was a valid and appropriate use of those funds. The City has re-appropriated those funds for 2011 for more direct tourism promotion uses.

The third issue was that the City did not follow its Whistleblower Policy and complete its investigation of an employee's letter of concern regarding perceived misconduct of another employee within the 30 period required in the policy. Debbie explained that this was the first whistleblower claim the city had ever received and the complaint addressed fifty-seven separate issues. The City replied to the employee within the thirty day period and explained that investigation of the complaints would take time. The employee was periodically updated on the status of the investigation until final completion which took

several months and could not have been completed within thirty days. The City will reword the language of its policy so that it allows enough time for a complete investigation.

The fourth and final recommendation was regarding minutes of Council workshops. The audit stated that minutes were not taken during regular workshop meetings as required by law. Debbie Mahler reported that a written record of every workshop was kept by the City and furnished to the Auditors. They were not formal minutes like the ones kept for regular City Council meetings, but did have a record of all discussions. This was done because a previous auditor several years ago had advised that formal minutes were not necessary at a workshop wherein no action was taken. State law requires that minutes be recorded of all meetings of the Council, but does not specify what format those minutes must be in or that they be formally approved. The City Council is no longer holding regular workshops, but in the future, formal minutes will be taken for any special workshop that is held.

The meeting was adjourned at 2:50 PM.

Respectfully submitted,

Debbie L. Mahler, Director of Finance/City Clerk