

The Minutes of the City Audit Advisory Board held Wednesday, April 6, 2011 at 2pm

Call to Order

The meeting of the Audit Advisory Board was called to order by Michael Justus, Board Chair, at 2pm. This meeting was held in Conference Room 303, which is located on the third floor of the City/County Building.

Attendance

Present: Don Herz, City Finance Director; Jamie Phillips, Assistant to Don Herz; Peggy Tharnish, City Controller; Marcee Brownlee, Assistant City Attorney; Board Members: Michael Justus, Barbara Arendt, Todd Blome, Jim Mastera, Gerry Finnegan, Jason Christenson.

Others Present: Bob Walla, Assistant Purchasing Agent; Greg MacLean, Director of Public Works; Roger Figard, City Engineer for Public Works, Thomas Shafer, Design/Construction for Public Works; Adam Hornung, City Council Member.

Note Open Meetings Law

Michael made note of the Open Meetings Act posted on the wall of the conference room.

I. Approval of March 23rd, 2011 board minutes

Michael asked for a motion to approve the minutes from the February 9th meeting. Gerry moved approval, which was seconded by Todd. AYES: Barbara, Gerry, Jim, Todd, Michael, and Jason. NAYS: None. Motion carried, 6-0.

II. Begin the review and discussion of City Council resolution A-86267 requesting a Performance Audit of the Engineering Services Division of Public Works and a review of the use of Impact Fees by Public Works.

The Audit Board asked City Council member Adam Hornung to attend today's meeting to give a brief description of what the City Council is exactly looking for with their newly adopted resolution. They also asked Public Works Engineering to attend today's meeting to give a brief overview of their department and to help answer any questions that the board may have.

1. Discussions from City Council member Adam Hornung

City Council Member Adam Hornung addressed the group to explain the City Council adopted resolution A-86267. He explained that there are two parts to this resolution that are completely separate from each other. The first part is the Performance Audit of Engineering Services, and the other part is the Review and/or Audit of the use of impact fees. Todd asked if the City Council is okay with two different RFP's for these items to keep them separate, and Adam said that would be fine.

Adam explained that the City Council wants reassurance that the impact fees are being collected, going to the right place, and being used for the right infrastructure projects. He said they know the impact fees are suppose to go to separate pots; however, they would like to know if they are sitting in one big pot getting interest or if they are sitting in separate ones. They would just like the reassurance that it is all being used correctly.

Don explained that with impact fees, they have to be used in certain geographic areas. So the group would need to make sure that those expenditures charged to that geographic area, is the correct one. Don said the main question of the board is probably if they want a certified CPA to review this, or if the board would like to review it themselves. Greg MacLean said they just completed their annual audit, which is all covered by ordinance, and there were no findings. He said he could provide that to the board if that would help with this process.

Adam told the group to be reasonable with their timeframe and how far back they would review. Roger Figard stated that the impact fees were imposed back in 2003, so the group suggested looking into going back eight years.

Todd said he personally would prefer to have this done by an outside group because it doesn't sound very expensive. He said with an Agreed Upon Procedures Engagement done by a CPA firm, they could pinpoint exactly what the group wants them to do, to look at, and to keep it within their set time frame.

2. Discussions with City Engineer Roger Figard from Public Works

Roger Figard introduced himself as the City Engineer for the Public Works Department. He gave a brief overview of Engineering Services and explained many things in detail, such as: the services they provide, their operations, their overhead rates, the Lincoln Municipal Code explaining their responsibilities, and how they are funded. Roger also gave handouts to help explain these topics. He then answered questions of the board regarding the sources of funding from the Engineering Revolving Fund and also regarding their overhead rates.

III. Continued discussion regarding the City Council's resolution to perform an operational review of the City's bus system (StarTran)

The board continued their discussion on the StarTran RFP. They decided to walk thru the draft RFP point by point and discuss their comments and if they had any changes. Several changes and additions were made throughout the RFP. They asked Jamie to make those changes to the draft by tomorrow so they could send them to the StarTran Advisory Board to review.

IV. Set the next Audit Advisory Board meeting

It was suggested that the next two board meetings be scheduled. The group agreed on Wednesday, April 20th at 1:30pm for their next meeting and then Wednesday, May 18th at 2pm for the next month's meeting.

V. Adjournment

Michael called for a motion to adjourn. Gerry moved approval, which was seconded by Todd. AYES: Barbara, Todd, Gerry, Jim, Michael, and Jason. NAYS: None. Motion carried, 6-0.

The meeting was adjourned at 4:16pm.

Minutes submitted by: Jamie Phillips