

November 19, 2013

Special Project Recommendations Implementation Plan & Status

Overview/Recap

- Special project commissioned by the City Council in February 2013 to research certain City matters, including:
 - Early retirement program expenditures
 - Transfers to/from trust funds
 - Management's disclosure to Council
 - Potential civil or criminal liability based on their findings

Actions Taken To Date

- Concluded on August 20, 2013
- Report was distributed to the public on that same day
- Staff directed to immediately implement the recommendations identified in final report
- Letter sent to Attorney General on August 23

Recommendations' Update

Recommendation	Status
Code of conduct and provide training for that code	Policy exists, being revisited, training will be scheduled in early spring 2014 and ongoing
Ethics hotline allows for anonymous calls; immediately investigate reports	Ethics training began in 2006, ethics hotline established in 2008, on-line tutorial training provided in 2011, refresher training is scheduled for spring 2014. Communicated on 8/23 to all employees.

Recommendations' Update, cont.

Recommendation	Status
Increase retention period for emails from 60 days to one year	Completed on 8/23
Significant program decisions supported by sound financial analysis and supporting documentation	Completed with hire of new City Manager who operates and will continue to operate in this manner; all decisions made in light of five year forecast
Risk Management and Workers' Compensation trust fund boards should meet more than once per year	Beginning in 2012, meetings with the Risk and Worker's Compensation Trust Board occur at a minimum of twice per year. Additionally, quarterly reports on the status of claims and fund balances are provided to the Risk and Worker's Compensation Trust Board.

Recommendations' Update, cont.

Recommendation	Status
Update transfer of funds' policies	Staff is currently developing a transfer policy, subject to Council approval, based on the following: <ul style="list-style-type: none">• Report recommendations• Legal restriction including compliance with the City Charter• Best business practices• Transparency
Evaluate all trust fund expenditures, administrative costs and salaries to ensure appropriateness.	All trust fund expenditures are being made in accordance with the existing ordinance and quarterly financial reports are sent to the Risk and Worker's Compensation Trust Board. With any expenditure over \$50k, the board is also notified.

Recommendations' Update, cont.

Recommendation	Status
Premiums charged to departments should be based upon sound long term evaluations rather than short term cash needs	Completed as a part of the initial internal audit in 2012
Significant changes in trust fund premiums paid by departments should be authorized by the Council in advance	Currently in practice through the annual budget process. Additionally, staff intends to adopt a financial policy, subject to approval, addressing significant premium changes to protect the funds.
City Auditor reporting structure	Completed on June 25, 2013 by adoption of ordinance #2849. Reports functionally to Council and administratively to City Manager.

Recommendations' Update, cont.

Recommendation	Status
The City's external auditor should be engaged to perform at least an annual audit of internal controls	Complete, annual financial audit is completed yearly by code. Internal audit will continue regular audits of internal controls.
The City Attorney's Office will revise the City Charter and ordinances to require the notification and/or involvement of the City Attorney over all significant transactions	The City Charter establishes that the City Attorney represents all departments, officers, and employees of the city in all legal proceedings. Ordinances will be reviewed to insure compliance with the Charter. Any changes would be brought forward by end of fiscal year 2013-14.
Implement anti-fraud program. Conduct fraud assessment; identify areas vulnerable to fraud, waste, and abuse and/or employee misconduct	Anti-fraud program assessments are underway. Human Resources currently working on drafting policy for Council consideration in spring 2014.

Staff Initiated Actions

Recommendation	Status
Audit of items over \$50k to a single vendor in a single year	Draft report will be completed by December 2013
Follow up to the 2012 Risk Management Trust Fund Audit	Follow up will be completed in December 2013
Telecommuting activity (review/policy creation)	Currently under review and will be completed by spring 2014

Next Steps

- Staff will continue to implement the recommendations
- On a quarterly basis until all recommendations are implemented, staff will report the status of these to the Council in a workshop