

# MINUTES

Wednesday, August 4, 2010

Fiscal Committee Meeting 4:00 PM  
Sioux Falls City Council Carnegie Town Hall  
235 West Tenth Street

**Members Present:** Committee Chair Vernon Brown, Sue Aguilar, Greg Jamison, and Rex Roling

**Members Absent:** None

**Staff Present:** Debra A. Owen, City Clerk/Chief of Council Operations, and Jamie L. Palmer, Assistant City Clerk

**Guests:** Rich Oksol, Gail Eiesland, Jim Entenman, Beth Wischmeyer and David Pfeifle (arrived at 4:07 p.m.)

## 1. Call To Order

Committee Chair Brown called the meeting to order at 4:00 p.m.

## 2. Approval of Minutes

### A. Tuesday, July 6, 2010

A motion was made by Jamison and seconded by Roling to approve meeting minutes dated Tuesday, July 6, 2010.

Committee Chair Brown called for a voice vote on that motion. All members voted yes. **Motion Passed.**

## 3. Reports and Updates

### A. Draft ordinance regarding Budget Transfers by Debra A. Owen, City Clerk/Chief of Council Operations

[proposed revision](#)

Owen spoke about this item and said that it is for discussion only and no action will be taken today. Owen reviewed the proposed changes and gave a brief explanation. She stated that Internal Audit is currently performing an audit on the

Capital Budget and these recommendations come from the Internal Auditors. The first recommendation is to remove “development driven” from subsection (1). She stated that subsections (4) and (5) are new and read the proposed changes which are outlined on the attached document. She stated that Tim Buseman is the Internal Auditor assigned to perform the Capital Budget audit. Owen shared that there was a discussion about specifying a threshold amount for subsection (4). She stated again that this is for discussion only and she would ask for input from Finance and the City Attorney's office before this item moves forward.

Jamison asked if this proposed change would affect the timeliness of projects. Owen explained that a discussion occurred about specifying a threshold amount for that reason. Jamison expressed concern about the "shall not be altered" and "all land and building acquisitions" language. Rolfing shared some of the same concerns as Jamison, regarding the proposed language. He said that timeliness of projects must be taken into consideration. Owen shared that in her research she found that a majority of all municipalities in the surrounding area require Council approval for contracts over a specified amount. Discussion followed.

Aguilar asked about "wholly completed projects" language and asked for clarification if that is currently being done. Owen replied that capital funds are transferred whether they are completed or not. Eiesland stated that transfers are discussed in Charter Section 5.07 Subsection D and she read the section. Discussion followed.

Brown asked about the difference between what is approved initially and what is changed later in the CIP budget. Owen responded that it would be difficult to quantify. She continued to state that there are a fair amount of transfers that occur within a budget year, and often money is transferred before a project even begins. Owen stated that the field work is being completed on this audit so she recommended waiting to for the audit findings. Brown asked what the auditors are looking for when conducting a CIP audit. Oksol replied that there are several things such as amount of changes from year to year, how efficiently the department reallocates money, compliance with Charter, internal controls, and how costs are monitored. Oksol shared that in their initial observation, there seems to be a lot of changes, which results in a very different plan each year than the original approved 5 year plan. He stated that the report will tentatively be complete by the end of the year.

Brown asked if there has been enough discussion about intent that should be included within an ordinance change. Owen stated she understands the committee to want to add language about a threshold of change. Jamison stated that a threshold dollar amount isn't necessarily important. It is their intent is to protect projects that the Council approves and supports. Aguilar said the language must specify something quantifiable. Rolfing stated there are really only two options to

capture their intent: accept that changes will occur and specify a threshold or require that all changes come before Council.

Brown stated he would like Finance to attend the next Fiscal Committee meeting on September 7, 2010 to get their input and feedback on this discussion.

**B. Contract/Agreement report format by Rich Oksol, Lead Internal Auditor**

[Documents](#)

Brown invited Rich Oksol, Lead Internal Auditor to talk about this item which was previously discussed at the July 6<sup>th</sup> Fiscal Committee meeting. Oksol was asked to develop a simple reporting mechanism for contracts/agreements. Oksol shared a copy of an example report form for Contracts/Agreements and City-Owned Facilities documents for discussion. Brown asked for input from Audit Committee members Jamison and Entenman. Jamison stated that he envisioned a spreadsheet of some sort on all facilities, not necessarily all city contracts. He suggested some information to be included such as: terms of contract, approval by council, budget amount, contact person, and verification of insurance. Jamison stated that it would be helpful to include in the spreadsheet the date of the last audit and if items were resolved. Brown asked that only problem information should be shared with the Council or even direct that information to the Audit Committee. Discussion occurred that outside entities and the follow up on those contracts are the primary concern. Rolfing asked if it would be beneficial to include union contracts renewal date just so the Council is aware that they are coming due.

Owen stated that the proposed spreadsheet will assist the Council in knowing which contracts they approve and which they don't. She added that governing bodies normally approve contracts.

Oksol stated that this item will be placed on the next audit agenda for additional discussion.

**C. Examine compliance of Audit contracts (No Action)**

**Jamison left the meeting at 4:49 p.m.**

Aguilar asked how follow-up is completed on audit recommendations or if it is discovered that money is owed to the city. Oksol stated that he could discuss this with the Audit Committee to develop a more formal way of conducting follow-up on their Audit recommendations. Oksol stated that they are required by Professional Audit standards to report to their governing body which they do by presenting to the Council.

Jamison returned briefly and interrupted the meeting to state that he was being called away to attend a press conference regarding a significant sewer failure.

**Jamison left the meeting at 4:51 p.m.**

**D. Audit Committee members ordinance by Debra A. Owen, City Clerk/Chief of Council Operations**

Rolfing had a concern about "majority of members" language. The discussion will continue at a later date because the meeting was adjourned.

[Ord1210](#)

[Item D Leg. Audit](#)

[Item D Web Article](#)

[Item D Article](#)

**4. Open Discussion**

There was none.

**5. Adjournment**

A motion was made by Council Member Aguilar and seconded by Council Member Rolfing to adjourn at 4:55 p.m.

Committee Chair Brown called for a voice vote on that motion. All members voted yes.  
**Motion Passed.**

Jamie L. Palmer

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Assistant City Clerk