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**Council Audit & Finance Committee
Minutes**

09/21/09

10:30 a.m. - 12:00 p.m.

Council Attendees: Mayor Doug Hutchinson, Mayor Pro Tem Kelly Ohlson, Councilmember Ben Manvel

City Staff Attendees: Darin Atteberry, Mike Freeman, Chuck Seest, Tom Vosburg, Jim O’Niell, Kraig Ecton, Heather Shepherd

Others: John Knezovich, citizen

Approval of the Minutes from the August meeting.

Ben Manvel moved to approve the August minutes and Doug Hutchinson seconded the motion. The minutes were approved unanimously.

Staff Response to McGladrey & Pullen

Doug Hutchinson stated this is the most detailed response the Committee has received from an Auditor so far.

John Voss reviewed City staff responses related to Auditor’s findings.

Tom Vosburg addressed the findings specifically related to Management Information Systems and responded to Committee questions.

Annual Update on Purchasing Activity

Kelly Ohlson joined by conference call. Jim O’Neill gave an update on the progress made one year later after changing some purchase order policies. These changes included increasing mini order limits from \$2000 to \$5000, raising bid limits from \$30,000 to \$60,000, and increasing the threshold for items requiring Council approval from \$100,000 to \$200,000.

Kelly Ohlson asked what can be concluded from this data, and Jim O’Niell said that based on the small decrease in the number of items presented to Council over the last year, it can be concluded the dollar amount of over \$200,000 is an appropriate threshold that works for the organization.

Mike Freeman stated that the number of transactions and dollar volume are also two factors that have helped determine this amount.

Mike Freeman also stated that the first level of our own internal auditing related to Purchasing Cards was to learn about the appropriateness of the transaction. Purchasing found no significant problems with that. Next items to add to the Purchasing Card audits are issues such as proper level of card limits, and tax exemption, etc. This past summer the Coloradoan highlighted some transactions at CSU that had been charged tax, when as a governmental entity, CSU should never be charged tax as is the case with the City.

* Ben asked what is included in the \$600 million spent via the purchasing department over the last year. (i.e. it does not include salaries, etc.) Staff will prepare data for Council members. Also add a discussion on the bid process comparing it to the RFP process, etc. for next month's meeting agenda.

Action Item: Committee Approval to Renew the Audit Contract

Kelly Ohlson asked how much the costs have increased each year of this five year contract for McGladrey & Pullen. In 2008, the contract cost was \$81,000 and in 2009 it will be \$83,000. Ben Manvel moved to approve the audit contract for 2009 and Kelly Ohlson seconded. The motion passed unanimously.

Preview of Investment Discussion Items for October 19th Meeting

Chuck Seest advised the Committee that next month the agenda topic will be focused on investment items, and specifically the Securities Lending Program. This is important because if a revised lending program won't work with the City's investment policy, staff will not bring it forward for consideration and end the program.

John Knezovich asked how the new Open Book system is progressing so far and how much staff response time to questions has been spent. Darin Atteberry said visits to the site have been high. There have been three Service Area requests so far.

* Staff will prepare a summary of exact numbers, visits to page, included the FAQ page, and Service Area Request stat for a future meeting.

John K. said that once he could see Open Book he was surprised on how much the Library District spent on legal fees. He indicated that he would follow-up with his board.

* Indicates an action item for staff members.