



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Monday, March 16, 2009

5:00 PM

Huntington Building

Special Called Meeting

1. Call To Order

Mayor Perrin was also in attendance.

Present 5 - Ann Williams; Jim Hargis; John Street; Darrel Dover and Mikel Fears

2. New Business

COM-09:032

Findings from Alexander Thompson Arnold (ATA) accounting firm

Attachments: [ATA findings](#)

Mayor Perrin explained Mr. Michael Hewitt from Alexander Thompson Arnold (ATA) has recommendations concerning the City's finances. He noted Mr. Hewitt recommended an in-depth audit over the past several years that covers the entire City to provide beginning balances for the Finance Department. He further explained it is going to take longer than he expected to fix the problems because they are looking at correcting items that are five or six years old.

Mr. Hewitt stated they have completed the work on the chart of accounts and will be providing the Council with a report by the end of the week. He explained the City has too many funds, which has made the accounting system more complex than it needed to be. He discussed their research into the accounts and recommended getting rid of half the accounts the City currently has and rolling it into the General Fund. He further explained the City has funds that no one knows how they were created and are not connected to any state law. Mr. Hewitt then discussed Springbrook. He stated Springbrook is very comprehensive, but the staff was not trained in the software. He added there is a more current version of Springbrook than what the City currently has. He recommended upgrading to the newer version if the City decides to stay with Springbrook. He expressed concern over the number of audits the City expects to have this year. He stated if the City can be patient, then the information provided by the previously discussed special audit will be provided through other audits during the year. He also noted the City has not properly reconciled the most used bank account since 2007, but that did not need to be audited by a formal auditor; rather, the City can hire a CPA firm to reconcile it. He recommended getting the City get it done before Legislative Audit comes in.

Mr. Hewitt noted the State auditors are requiring the City go to the modified accrual basis of accounting for the 2008 financial year, which will give them a much better picture of where the City stands. He added the State auditors do not want to do it for the City since they will be auditing the City's finances. He explained the City has

some internal control issues that the Council will need to decide how to handle. He recommended the City not having multiple advisors; rather, the City should look at someone to get the bank accounts straightened out and fix the problems from last year's financial statements instead of relying on Legislative Audit to do it. He noted when he spoke with Legislative Audit they expressed some frustration at having to do that over the past few years. Mr. Hewitt stated a complete internal control study needs to be done, but if the City fixes the problems first they will probably discover the internal control issues along the way. He also recommended going to a GAAP (Generally Accepted Accounting Procedures) financial statement. He then recommended the City have just one audit with financial statements on a GAAP basis. He stated the City should have one audit over the bank accounts that will also include a federal compliance audit. He noted the Legislative Audit doesn't cost anything, but does require two sets of auditors.

Councilman Dover questioned whether ATA handles the recommendations Mr. Hewitt just discussed. Mr. Hewitt answered yes, but there would be an issue with independence if the City hires them to do work for the 2008 financial year. He stated he spoke with Legislative Audit and they had the same problem with independence also due to the number of journal changes they've done in the past.

Mr. Hewitt explained Legislative Audit will be here in May.

Councilman Dover questioned if the contract would include everything or would the City do each item separately. Mayor Perrin explained ATA was highly recommended and that is why he contacted them. He added he recommends staying with one firm during the whole process. He also stated he would like to hire a firm that could do the scope of work and provide some type of time frame for work.

Councilman Hargis asked how the City compares to other cities with regards to staffing in the Finance Department. Mr. Hewitt stated the City is two degree'd accountants short. He added there are accounting clerks in the Finance Department that are doing redundant record keeping, but if they would not keep two sets of records they could work on other items. Councilman Hargis questioned if that means the staff is not properly trained. Mr. Hewitt answered no, they just don't trust the central record keeping so they do it themselves.

Mr. Hewitt stated the project monitoring module is one of the best he has seen for small government accounting software, but it needs to be used correctly. Mayor Perrin explained he has asked the Vice-President of Springbrook to give a presentation on the status of correcting Springbrook at the Council meeting tomorrow.

Councilman Mikel Fears questioned if Mr. Hewitt was recommending an upgrade of Springbrook. Mr. Hewitt answered no, the version of Springbrook the City has will work just fine, but Springbrook has a newer version that does a few things better. Councilman Fears asked if the City needs the newer version. Mr. Hewitt answered yes. Mayor Perrin explained Mr. Jack Turner was trained on the new version while at Springbrook. He added Mr. Turner has corrected some of the accounts since returning from training. Mr. Hewitt stated Springbrook is very good software, but it is very comprehensive.

Councilman Dover asked Mayor Perrin if he would recommend another RFP or to renegotiate with ATA. Mayor Perrin stated he would like for Mr. Hewitt to compile a list of the cost, time frame, and the sequence of what needs to be done.

Discussion was held concerning staffing in the Finance Department.

Mr. Barksdale stated he has put together a proposed new organizational chart for the Finance Department. Councilman Hargis asked if the committee has seen the chart. Mr. Barksdale answered the committee has seen a preview of the chart, but not the final product. He added he was waiting on handing out the final product until ATA gave the report.

Mayor Perrin explained they have interviewed a CPA that has done work for the City. He stated if they hire him it would take 3 weeks for the person to start. Mr. Barksdale explained he has interviewed additional CPAs with governmental accounting experience.

Councilman Darrel Dover moved, seconded by Councilman Mikel Fears, to proceed with hiring two additional degree'd accountants per the recommendation of ATA. All voted aye.

Councilman Darrel Dover moved, seconded by Councilman John Street, that the Mayor proceed with ATA and report back to Council the scope of work and the order the work is to be completed in. All voted aye.

This item was Read.

3. Adjournment

A motion was made by Councilman Darrel Dover, seconded by Councilman John Street, that this meeting be Adjourned. The motion CARRIED by a Voice Vote.

Aye: 4 - Jim Hargis; John Street; Darrel Dover and Mikel Fears