



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, October 14, 2008

3:00 PM

Huntington Building

Special Called Meeting

1. Call To Order

Mayor Formon, Ms. Allison Whitley and Mr. Tony Thomas from the Mayor's Office were also in attendance.

Councilman Perrin left the meeting at 5:02 p.m.

Present 6 - Darrel Dover; John Street; Harold Perrin; Ann Williams; Jim Hargis and Judy Furr

2. New Business

COM-08:129

2007 Legislative Audit findings

Sponsors: Finance

Attachments: [2007LegisFindings](#)
[General Ledger Revenue Analysis](#)
[Reconciliation of cash fund for September 2008 \(general ledger\)](#)
[Reconciliation of cash fund for September 2008 \(street fund\)](#)

Finance Director Jim Barksdale explained the audit report is not the final draft, but he should receive the final copy in the next two weeks. He further explained the same findings that were written up in 2006 were also written up in 2007 with the exception of one less significant finding. He added the 2006 findings have been addressed.

Mr. Barksdale discussed item 1 of the audit findings. He explained there will be at least a two person review process of the financial records. He further explained one person will receive the cash and another person will receipt the cash. He added City Accountant Kortney White, City Collector Becky Sharp and himself have been reviewing the records. He stated the end of the month reports for reconciling the accounts has begun.

Councilman Jim Hargis asked which department Mr. Barksdale transferred an employee from. Mr. Barksdale answered one of the accounting specialists from the Collections Department was transferred to the Finance Department to help with data entry.

Councilman Hargis asked if the City's revenue for September was \$10 million. Mr. Barksdale answered it is cash. He explained he is trying to reconcile all the money that comes in as cash or checks and balance those with the bank statements and the City's accounting books. Discussion was held concerning the reconciliation of cash fund balances.

Councilman Dover asked if the City took in \$10 million dollars in various funds in September. Mr. Barksdale answered yes.

Councilman Harold Perrin asked if the \$5.3 million in the difference column is a payroll posting error. Mr. Barksdale answered it is a posting error. Ms. Sharp added the money was committed twice. Councilman Perrin asked if the City was paying bills twice. Mr. Barksdale answered no.

Councilman Dover asked if former employees could have access to the City's system from their computer at home. Mr. Barksdale answered no. Councilman Dover asked what is the significance audit findings of someone having an access code. Mr. Barksdale stated the audit finding for having access is concerning someone having access to every part of the system. He explained he has spoke with the department heads on whether or not their employees need access to certain areas and to document if the employee needs access. He added he suggested to IT Director Bill Jenkins that he keeps records of who has access to which areas. Councilman Perrin asked if the IT Department has a list of all the employees names. Mr. Jenkins answered that is correct and if an employee leaves, their access is removed. Councilman Perrin asked if policies or procedures were in place. Mr. Jenkins explained they are working on a policy and procedure manual. Councilman Perrin asked who will make the decision on who will be allowed access. Mr. Barksdale answered the department heads and the IT Department. Discussion was held concerning access being allowed.

Councilman Perrin asked if the IT Department has a policy and procedure manual. Mr. Jenkins answered the IT Department should have one by the end of the year. Councilwoman Judy Furr asked if the manual will cover all departments. Mr. Jenkins answered yes.

Mr. Barksdale discussed item 3 in the audit findings. He added all the other accounts have been reconciled.

Mr. Barksdale stated that item 5 in the audit findings deals with transfers. He explained when someone is out of the office there is no documentation taking place because his employees are not cross-trained. He further explained when the Finance Department does manual adjustments he is requiring 3 signatures on the adjustments. He stated the signatures include his, the person who wrote the voucher and the person who reviewed it. Councilman Perrin asked how many people can make adjustments to the ledger. Mr. Barksdale answered no one outside of the Finance Department should be able to make adjustments.

Councilman Dover asked how many accounts the City has. Mr. Barksdale answered approximately 500 accounts.

City Clerk Donna Jackson asked if Springbrook would ever be automated. Mr. Barksdale answered yes, it has to be.

Mr. Barksdale stated item 6 in the audit findings refers to requiring the Mayor's signature on every disbursement. He noted the Arkansas Code states it should either be the mayor or his designee.

Discussion was held concerning the other audit findings in the report.

Mr. Barksdale explained the internal audit findings had been addressed during the audit. Councilman Dover asked if it was state law to have the Mayor sign for things under \$2,000. Mr. Barksdale answered yes.

This item was Read.

Discussion concerning the cleanup ordinance

Mr. Barksdale stated the expenditures that exceeded the budget had been corrected in the 2007 cleanup. He added this problem will happen in the 2008 budget as well. He explained the appropriations weren't included in the preceding year's budget for capital improvements.

Councilwoman Furr asked why the CDBG amount exceeded \$100,000 more than actually came in. Mr. Barksdale explained the grants were not over because the amounts were not keyed into Springbrook. Councilwoman Furr asked if a grant is to be used in the year it is awarded. Mr. Tony Thomas explained there was a back log of projects and very little spent in those years. He added the money was then spent in a one year period and that there is a 3 year grace period. Councilwoman Furr asked if the money comes in a 3 year block. Mr. Thomas answered no, it comes in every year. Mr. Barksdale explained the way the City's chart of accounts are setup is causing the grant money to be placed in different accounts. Chairwoman Ann Williams asked if the City could be charged if a mistake is committed. Mr. Barksdale explained if the money being reimbursed is not being tracked then you are not getting to spend money on services because you don't know how much you have.

Discussion was held concerning the funding of the Grant Department.

This item was READ.

[COM-08:127](#)

2007 federal audit report

Sponsors: Finance

Attachments: [Federal Audit 2007](#)

Mr. Barksdale explained the difference between the federal audit and the annual report the City does for the grants. He further explained he is trying to tie the expenditures to the accounting books and the invoices. He added when the final report was issued the auditor recommended additional staff be hired to help correct the problems.

Mr. Barksdale stated he had received a phone call from the Department of Justice concerning compliance with some of the 2006 audit findings.

Councilman Hargis asked if the City reimburses a grant program if it is over the amount or if the City reimburses if it is under the amount. Mr. Barksdale explained if an expenditure is made the City will get reimbursed. Mr. Thomas explained every grant has a reporting period and those periods vary for each reward amount. He added with CDBG funds the City may be able to recover some of the funds but with other grants the City will not be able to recover the funds if the deadline has expired.

Discussion was held concerning grants. Mr. Barksdale noted they will get a formal copy of the audit findings.

Mayor Formon asked how Freeman and Company is selected. Purchasing Agent Steve Kent explained a while back RFQs were used for federal audits. He added Freeman and Company have the previous working papers and if the City wanted a new company to do the audit Freeman and Company will not give the new company their working papers. Mayor Formon asked if there is a contract with Freeman and

Company. Mr. Barksdale explained it is a 4 year contract and the contract is up for renewal. Chairwoman Williams explained the full Council has requested the Finance Committee to decide what the perimeters need to be. Councilman Dover requested everyone take the two audits home and compare them. He added he thinks they are identical. Mr. Barksdale explained his only problem with Freeman and Company is they do not issue a financial report on the grant program. He recommended if additional money is spent on an audit it include an audit for the grants.

This item was Read.

Additional staffing

Councilman Dover asked how many people Mr. Barksdale will need to get to the point of making recommendations concerning other areas. Mr. Barksdale explained he will need 3 people. He explained 1 position will be in the Collections area and 2 will be accounting specialists. Councilman Dover asked if the positions would be full time. Mr. Barksdale answered yes. Councilman Dover asked what an accounting specialist is. Mr. Barksdale explained it is someone who is an auditor or who is an accountant.

Councilman Perrin asked if the need for the positions is directly related to the problems with Springbrook. Mr. Barksdale answered no. Councilwoman Furr asked if Springbrook is directly related to the need for the positions requested. Mr. Barksdale answered yes.

Councilman Dover asked if the City purchased new software would the Finance Department still need additional staff. Mr. Barksdale explained yes. Mr. Jenkins suggested the City hire someone that has knowledge of the software that the City chooses to use.

Discussion was held concerning hiring someone to do the accounting for the Grants Department.

City Clerk Donna Jackson explained the auditors had a problem with contracts not being signed. She further explained the department heads are submitting a resolution with a contract in Legistar thinking that is the original contract and it isn't. She added the contracts are signed and put on file but sometime they do not match the original contracts in Legistar. Councilman Perrin asked why that happens. Ms. Jackson stated she use to require the original document to be signed by who the City was contracting with be submitted to her or the item did not go on the agenda. She noted the Federal Government will not sign the contract before it is passed.

Councilman Perrin left the meeting at 5:02 p.m.

Chairwoman Williams explained Councilman Perrin requested Mr. Barksdale make a list of priorities to be looked at by an outside audit.

Mr. Barksdale explained the emergency reserves should be approximately \$13 million . He further explained the City will have approximately \$28 million in the bank at the end of the year. He added the reserves are \$13 million, so when the reserves are subtracted the City has \$15 million to spend. He added the City needs to have financial policies and procedures in place. Chairwoman Williams asked who makes those policies and procedures. Mr. Barksdale explained for the Finance Department it will need to be the Finance Department who makes them.

Councilman Darrel Dover motioned, seconded by Councilwoman Judy Furr to undo the hiring freeze for one Accounting Specialist at Grade 14 for \$30,081.

All voted aye, except Councilman Jim Hargis voted nay. Councilman Perrin was absent for this vote.

3. Adjournment

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

Aye: 4 - Darrel Dover; John Street; Jim Hargis and Judy Furr

Absent: 1 - Harold Perrin