

AGENDA
Fiscal Committee

Tuesday, September 6, 2011

***4:30 PM
Carnegie

Town Hall

235 West

10th Street

***Committee Meeting will start immediately following the adjournment of the 4:00 p.m. Informational Meeting

1. Call To Order

2. Approval of Minutes

A. Monday, July 18, 2011

3. Reports and Updates

A. Discussion on Sewer/Water Rate Increase Freeze for Elderly and Low Income Families

B. Discussion on Sewer/Water Rate Increase Cycle of 3 or 5 years

C. Fraud Hotline Protocol/Policy

D. Land Management and Financial Management Software Project Update by Tracy Turbak, Director of Finance

4. Open Discussion

5. Adjournment

Date: 2011-09-06
SIRE Meeting ID: 1550
Meeting Type: Committee Meeting
Subtype: Fiscal Committee
YouTube:<https://youtu.be/HTk3aYhlqIo>
Agenda Item: Not Assigned
Item ID: 59700

The following document(s) are public records obtained from the
City of Sioux Falls.

Note: This document is considered DRAFT until they are approved at the next committee meeting.

MINUTES

Monday, July 18, 2011

Fiscal Committee

* 5:50 PM

Carnegie Town Hall
235 West 10th Street



Members Present: Vernon Brown, Sue Aguilar, Greg Jamison , and Dean Karsky

Members Absent: None

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

Guests: Tracy Turbak, Chad Huwe, Dean Borchardt, Scott Russ, Don Kearney, Mike Cooper, Cheryl Rath, Kenny Anderson Jr., Jeanne Gerken, Jonathan Ellis, Rich Oksol, Dave Pfeifle, Michelle Erpenbach, Jim Entenman, and Rex Roling.

1. Call To Order

Committee Chair Brown called the meeting to order at 5:50 p.m.

2. Approval of Minutes

A Tuesday, July 5, 2011

A motion was made by Council Member Sue Aguilar and seconded by Council Member Dean Karsky to approve the minutes.

Brown called for a voice vote on that motion and all members voted yes.

Motion Passed.

3. Reports and Updates

A Discussion of the authorization of city contracts (SDCL9-1-5 and Sec. 34 1/2-1).

Brown said that the first order of business is to decide which draft the committee desires to work from and on a threshold amount. Karsky recommended that the language be "state bid limits" instead of setting specific dollar amount. Owen said that there are some contracts that aren't subject to state bid law limits. Discussion followed.

The consensus of the group was ordinance version 3.3 which states a \$25,000 threshold amount. Brown asked Debra to explain the additional change he asked her to make. Owen said that a change was made to Section 34 1/2-2 to add "All manuals relating to the procedures for administering the budget shall be subject to council approval by resolution per city charter section 5.09. The change was not substantitive.

Tracy Turbak, Finance, urged the committee members to reconsider using the city attorney's version of the ordinance.

Brown spoke about an email he received from Mark Cotter, Director of Public Works and asked if Dean Borchardt could address the issue. Borchardt explained how this proposal will impact the processes in the Public Works department. Chad Huwe spoke about the informal contract process and how it will be affected.

Scott Rust, Finance, shared his concerns about per vendor/per calendar year issue. Brown reminded Rust that the contracts would be placed on the consent agenda and approved with one vote. Rust believes the city attorney's draft version of the ordinance is a better option because of the efficiency it provides. Karsky asked for the number of contracts at a threshold of \$250,000 and Rust replied approximately 70 contracts. If you lower that that \$50,000, the council would see about 150 contracts and if that threshold amount is lowered to \$25,000, the council would see over 200. By following the city attorney's version, the council would see all contracts over the bid limit prior to it going out to bid. Brown said that he would like to see that step add regardless of any decision made on the contract authorization ordinance.

Don Kearney, Parks and Recreation, said that their department completes approximately 20-30 capital improvement projects each year and the majority would fall into the \$25,000 threshold amount. He said that the current contract approval process is too slow. He spoke about the Park Board approval requirement process and said that the Board currently approves the management agreements and gifting agreements but they do not approve any bid awards or procurement type contracts. He explained the timing difficulties in getting the items approved by the Park Board and then the City Council. Brown stated that there wasn't a change made to the Park Board requirement in the 3.3 version. Discussion followed.

Mike Cooper, Planning & Building Services, asked for clarification on Section 34 1/2-1.1 Contracts involving public facilities and prior to contract negotiations, the city council will be given notice by administration in writing. The intent was that the council gets notice that the contract is up for renewal and that an RFP will be completed. He suggested changing the language "Prior to contract negotiations" to "Prior to request for proposal".

Kenny Anderson Jr. commended the committee for their work on this process. He explained his frustration with contracts in that the Council has been asked to approve the contract one year but not the next. He believes transparency is a critical part of this process.

Huwe spoke briefly about the loss of construction time and gave the example: if they weren't able to meet the agenda deadline for May 16, then item wouldn't be on an agenda until June 6 which would cause a delay of 2 weeks. He asked for clarification on effective dates and

publication dates on resolutions. Owen replied that the effective date of a resolution is 20 days after publication. Huwe asked how a \$6000.00 change order would be addressed. Brown responded that it would only come before the council if the change order to the contract is in excess of \$25,000. Huwe asked about emergency decisions and Owen explained that the emergency provision would be one of the exceptions to the process and a written determination would be provided to the city council within seven days of that contract.

A motion was made by Council Member Greg Jamison and seconded by Council Member Dean Karsky to forward this proposed ordinance draft 3.3 to the full council for their consideration with changes to include setting the threshold limit in Section 34 1/2-1 to \$25,000; changing language "Prior to contract negotiations" to "Prior to Request for Proposal" in Section 34 1/2-1.1; adding "All manuals relating to the procedures for administering the budget shall be subject to council approval by resolution per city charter section 5.09" to Section 34 1/2-2.

Brown called for a voice vote on that motion and all members voted yes.

Motion Passed.

4. Open Discussion

Jamison asked about the items from the last meeting: water rate freeze proposal and the water rate study discussion and Brown stated they will be the first two items on the September agenda.

5. Adjournment

A motion was made by Council Member Greg Jamison and seconded by Council Member Dean Karsky to adjourn at 6:25 p.m.

Brown called for a voice vote on that motion and all members voted yes.

Motion Passed.

Jamie L. Palmer, CMC
Assistant City Clerk

Date: 2011-09-06
SIRE Meeting ID: 1550
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YouTube:<https://youtu.be/HTk3aYhlqIo>
Agenda Item: Not Assigned
Item ID: 59720

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SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Fraud Policy

NUMBER: 4:37

This policy does not displace policies surrounding academic misconduct.

1. Definitions

A. Fraud shall be defined to include the following for purposes of this policy:

1. Conduct within the scope of employment, or conduct apparently within the scope of employment, and representations to the Board, or any of the institutions governed by it or any affiliated organizations that constitutes:
 - a. Intentional or deliberate act to deprive the State of South Dakota, the Board, any of the institutions governed by it or any affiliated organizations or students of something of value (property, money, services, or opportunities).
 - b. Deception, false representation of fact by either conduct or other communication, or concealing what should have been disclosed, or made when the actor knew or should have known that the other party relied upon his or her representations, leading to injury of the State of South Dakota, the Board, any of the institutions governed by it or any affiliated organizations or students.
 - c. Examples of a fraudulent act include but are not limited to:
 - i. Embezzlement
 - ii. Misappropriation, misapplication, destruction, removal, or concealment of property
 - iii. Alteration or falsification of documents
 - iv. Theft of any asset (money, tangible property, etc.)
 - v. Authorizing or receiving compensation for goods not received or services not performed
 - vi. Authorizing or receiving compensation for hours not worked
 - vii. Misrepresentation of fact

- B. Suspected fraud is defined as a reasonable belief or actual knowledge that fraud has occurred or is occurring.

2. Responsibilities

- A. Each university and special school shall designate a contact for employees to report suspected or known fraudulent acts.
- B. Employees of the South Dakota Regental System shall read and understand this policy. Additionally, suspected or known fraudulent acts shall be reported to their respective supervisor or to the Director of Internal Audit of the Board Office.
- C. Supervisors shall 1) communicate the provisions of this policy to all staff, 2) take no action without consulting the designated contact at the respective university or special school, 3) recommend appropriate temporary disciplinary action when there is evidence of wrong-doing, and 4) if suspension or termination is recommended, consult with a campus representative.
- D. The designated contact at the respective university or special school shall communicate the suspected or known fraudulent act to the Director of Internal Audit of the Board Office. The designated contact shall initiate internal investigative actions of the suspected or known act.
- E. Director of Internal Audit shall investigate suspected or known fraudulent acts in cooperation with the designated contact at the respective university or special school.
- F. Recognized fraudulent acts will be reported to the appropriate law enforcement authorities by the Director of Internal Audit or the designated contact at the respective university or special school.

2. Prevention

Each university and special school shall maintain an internal control environment to protect the university or special school from loss or other damages as a result of a fraudulent act.

3. False Allegations

False allegations of suspected fraud with the intent to disrupt or cause harm to another will be subject to disciplinary action according to procedures in place for their respective employment classification.

4. Corrective Actions and Discipline

Appropriate and timely action will be taken against those proven to have committed a fraudulent act. These remedial actions may include, but are not limited to:

- A. Disciplinary action (up to and including termination of employment),
- B. Restitution for all losses, including investigation and legal expenses,
- C. Forwarding information to the appropriate authorities for criminal prosecution,
- and
- D. Institution of civil action to recover losses.
- E. Where an institution elects to take corrective or disciplinary action, it will proceed under the procedures in place under Board policy or under any collective bargaining agreement for the respective employment classification.
- F. An institution may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct.

5. Other

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will be revealed when required in conjunction of the investigation or legal action.

SOURCE: BOR, June 2002

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SAMPLE FRAUD POLICY

BACKGROUND

The corporate fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against ABC Corporation. It is the intent of ABC Corporation to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with ABC Corporation (also called the Company).

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Company.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to _____, who coordinates all investigations with the Legal Department and other affected areas, both internal and external.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Company
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities

SAMPLE FRAUD POLICY

ACTIONS CONSTITUTING FRAUD

- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the company
- Accepting or seeking anything of material value from contractors vendors or persons providing services/materials to the Company. Exception: Gifts less than \$50 in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct

OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct, should be resolved by departmental management and Employee Relations of Human Resources rather than _____ .

If there is any question as to whether an action constitutes fraud, contact _____ for guidance.

INVESTIGATION RESPONSIBILITIES

The _____ has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the _____ will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

SAMPLE FRAUD POLICY

CONFIDENTIALITY

The _____ treats all information received *confidentially*. Any employee who suspects dishonest or fraudulent activity will notify the _____ immediately, and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see **REPORTING PROCEDURE** section below).

Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation Unit will have :

- Free and unrestricted access to all Company records and premises, whether owned or rented; AND
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will *contact* _____ *immediately*. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Investigations Unit or the Legal Department. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

SAMPLE FRAUD POLICY

REPORTING PROCEDURES

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Legal Department or _____.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the Legal Department and, if necessary, by outside counsel, before any such action is taken. The _____ does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the _____ believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

ADMINISTRATION

The _____ is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

APPROVAL

(CEO/Senior Vice President/Executive)

Date

SAMPLE FRAUD POLICY

Corporate Fraud Policy Decision Matrix

Action Required	Investigatio Unit	Internal Audit	Finance/ Accounting	Executive Mgmt	Line Mgmt	Risk Mgmt	Legal	Public Relations	Employee Relations
1. Controls to Prevent Fraud	S	S	S	SR	SR	S	S	S	S
2. Incident Reporting	P	S	S	S	S	S	S	S	S
3. Investigation of Fraud	P	S					S		S
4. Referrals to Law Enforcement	P						S		
5. Recovery of Monies due to Fraud	P								
6. Recommendations to Prevent Fraud	SR	SR	S	S	S	S	S	S	S
7. Internal Control Reviews		P							
8. Handle Cases of a Sensitive Nature	P	S		S		S	S		S
9. Publicity/Press Releases	S	S						P	
10. Civil Litigation	S	S					P		
11. Corrective Action/ Recommendations to Prevent Recurrences	SR	SR		S	SR	S	S		
12. Monitor Recoveries	S		P						
13. Pro-active Fraud Auditing	S	P							
14. Fraud Education/Training	P	S			S			S	
15. Risk Analysis of Areas of Vulnerability	S	S				P			
16. Case Analysis	P	S							
17. Hotline	P	S							
18. EthicsLine	S	S					P		

P (Primary Responsibility) S(Secondary Responsibility) SR (Shared Responsibility)

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SIRE Meeting ID: 1550
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YouTube:<https://youtu.be/HTk3aYhlqIo>
Agenda Item: Not Assigned
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The following document(s) are public records obtained from the
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Financial and Land Management System Software Update

City Council Fiscal Committee
September 6, 2011

Why new systems?

Challenges related to the current environment:

- Outdated technology
- Workflow functionality
- Manual vs. automated processes
- Access to information
- Custom applications
- Integration



What Do New Systems Provide?

- Automated workflow
- Re-designed business processes
- System usability
- Real-time access to information
- Internal controls
- eBusiness
- Citizen access

What Has Been Completed?

- ✓ Fact-Finding Meetings
- ✓ Needs Assessment Report
- ✓ Functional and Technical System Requirements
- ✓ Needs Assessment Action Plan
- ✓ Issue Request for Proposals
- ✓ On-Site Demonstrations
- ✓ Completed Initial Evaluation



What Remains?

- **Select the RIGHT Software Solutions**
 - Two Financial Software Companies
 - Lawson
 - Tyler
 - Three Land Management Software Companies
 - EnerGov
 - MsGovern
 - Accela

What's Next?

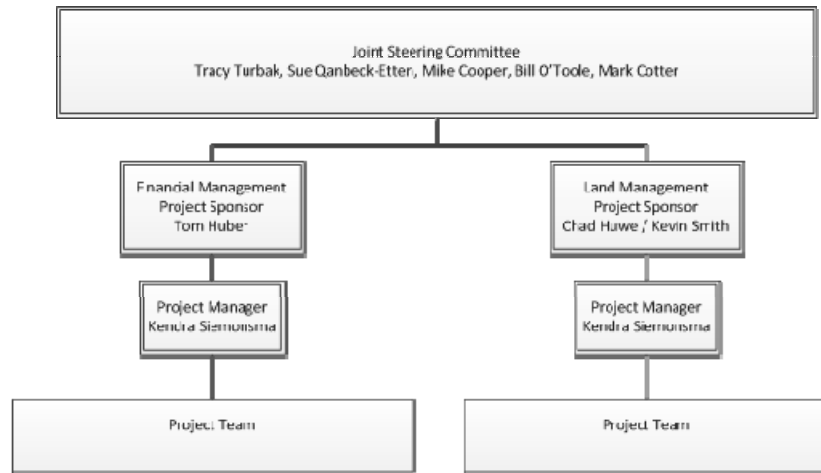
FINAL SELECTION

2011			
September	October	November	December
Site Visits	Final Evaluation	Contract Negotiation	Final Contract

TWO PROJECT PHASED IMPLEMENTATION

2012	2013	2014
Initial Module Implementation	Continue Implementation	Final Modules Implementation

Project Team Structure



7

How is this Funded?

- Technology Revolving Fund
 - Hardware
 - Software
 - Financial Management (TBD)
 - Land Management (TBD)
 - Document Management (SIRE)

Return on Investment

Robust and Flexible System
+
Re-engineered Business (Workflow)
+
Improved Access to Real-Time Information
=
More Effective and Efficient Government



Questions and Discussion

Thank You