



College Station, TX

City Hall
1101 Texas Ave
College Station, TX 77840

Meeting Agenda - Final - Amended City Council Workshop

Thursday, December 18, 2014

3:30 PM

City Hall Council Chambers

1. Call meeting to order.
2. Employee Recognition, Recognition of Employee of the Year nominees and Reception.
3. Executive Session will be held in the Administrative Conference Room.

Consultation with Attorney {Gov't Code Section 551.071}; possible action. The City Council may seek advice from its attorney regarding a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. Litigation is an ongoing process and questions may arise as to a litigation tactic or settlement offer, which needs to be discussed with the City Council. Upon occasion the City Council may need information from its attorney as to the status of a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

Litigation

- a. The City of College Station v. Star Insurance Company, Civil Action No. 4:11 CV 02023, In the U.S. District Court for the Southern District, Houston Division
- b. Patricia Kahlden, individ. and as rep. of the Estate of Lillie May Williams Bayless v. Laura Sue Streigler, City of College Station and James Steven Elkins, Cause No. 11 003172 CV 272, In the 272nd District Court of Brazos County, Texas
- c. Deluxe Burger Bar of College Station, Inc. D/B/A Café Excell v. Asset Plus Realty Corporation, City of College Station, Texas and the Research Valley Partnership, Inc., Cause No. 13 002978 CV 361, In the 361st Judicial District Court, Brazos County, Texas
- d. Margaret L. Cannon v. Deputy Melvin Bowser, Officer Bobby Williams, Officer Tristan Lopez, Mr. Mike Formicella, Ms. Connie Spence, Cause No. 13 002189 CV 272, In the 272nd District Court of Brazos County, Texas
- e. Bobby Trant v. BVSWMA, Inc., Cause No. 33014, In the District Court, Grimes County, Texas, 12th Judicial District

f. Robyn Taylor, et al vs. Boomfit, Carlos Lima and Alicia Lima and Lincoln Recreational Center, Cause No. 13 003118 CV 85, In the 85th District Court of Brazos County, Texas

g. Juliao v. City of College Station, Cause No. 14-002168-CV-272, In the 272nd District Court of Brazos County, Texas

Legal Advice

a. Legal Advice on Contract No. 11-046 for use of HUD funds.

Personnel {Gov't Code Section 551.074}; possible action - The City Council may deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer. After executive session discussion, any final action or vote taken will be in public. The following public officer(s) may be discussed:

a. City Manager

b. Self Evaluation

5:30 P.M.

4. Take action, if any, on Executive Session.

5. Presentation, possible action and discussion on items listed on the consent agenda.

6. [14-847](#) Presentation, possible action, and discussion concerning the Dependent Eligibility Audit, the Employee Reimbursement Audit, and the Itemized Receipts Audit reports.

Sponsors: City Auditor Elliott

Attachments: [Dependent Eligibility Report.pdf](#)
[Employee Reimbursements Audit.pdf](#)
[Itemized Receipts Audit Report.pdf](#)

7. [14-881](#) Presentation and discussion on Project HOLD.

Sponsors: Mashburn

8. [14-885](#) Presentation, possible action, and discussion regarding capital project needs.

Sponsors: Gilman, Harmon and Schmitz

9. Council Calendar - Council may discuss upcoming events.

10. Presentation, possible action, and discussion on future agenda items and review of standing list of Council generated agenda items: A Council Member may inquire

about a subject for which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.

11. Discussion, review and possible action regarding the following meetings: Animal Shelter Board, Arts Council of Brazos Valley, Arts Council Sub-committee, Audit Committee, Bicycle, Pedestrian, and Greenways Advisory Board, Bio-Corridor Board of Adjustments, Blinn College Brazos Valley Advisory Committee, Brazos County Health Dept., Brazos Valley Council of Governments, Bryan/College Station Chamber of Commerce, Budget and Finance Committee, BSWMA, BVWACS, Compensation and Benefits Committee, Convention & Visitors Bureau, Design Review Board, Economic Development Committee, Gigabit Broadband Initiative, Historic Preservation Committee, Interfaith Dialogue Association, Intergovernmental Committee, Joint Relief Funding Review Committee, Landmark Commission, Library Board, Metropolitan Planning Organization, Parks and Recreation Board, Planning and Zoning Commission, Research Valley Partnership, Research Valley Technology Council, Regional Transportation Committee for Council of Governments, Sister Cities Association, Transportation and Mobility Committee, TAMU Student Senate, Texas Municipal League, Twin City Endowment, Youth Advisory Council, Zoning Board of Adjustments, (Notice of Agendas posted on City Hall bulletin board).

12. Adjourn

The City Council may adjourn into Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion.

APPROVED



City Manager

I certify that the above Notice of Meeting was posted at College Station City Hall, 1101 Texas Avenue, College Station, Texas, on December 15, 2014 at 3:30 p.m.



City Secretary

This building is wheelchair accessible. Handicap parking spaces are available. Any request for sign interpretive service must be made 48 hours before the meeting. To make arrangements call (979) 764 3517 or (TDD) 1 800 735 2989. Agendas may be viewed on www.csbx.gov. Council meetings are broadcast live on Cable Access Channel 19.



Legislation Details (With Text)

File #: 14-847 **Version:** 1 **Name:** Audit Reports
Type: Presentation **Status:** Agenda Ready
File created: 11/11/2014 **In control:** City Council Workshop
On agenda: 12/18/2014 **Final action:**
Title: Presentation, possible action, and discussion concerning the Dependent Eligibility Audit, the Employee Reimbursement Audit, and the Itemized Receipts Audit reports.
Sponsors: Ty Elliott
Indexes:
Code sections:
Attachments: [Dependent Eligibility Report.pdf](#)
[Employee Reimbursements Audit.pdf](#)
[Itemized Receipts Audit Report.pdf](#)

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion concerning the Dependent Eligibility Audit, the Employee Reimbursement Audit, and the Itemized Receipts Audit reports.

Relationship to Strategic Goals:

Financially Sustainable City

Recommendation(s): The audit committee met on December 1, 2014 and accepted all three audit reports. These three audit reports contained a total of five audit recommendations and management concurred with all of the recommendations.

Summary:

Dependent Eligibility Audit: The scope of review included employee dependents enrolled in the City’s Blue Cross Blue Shield (BCBS) health care plans as of August 12, 2014. At the time of the audit, there were 415 employees with 935 dependents within the scope. Based on the audit, several employees’ dependents were identified for removal from the City’s health care plans; resulting in an estimated savings of \$67,250 for fiscal year 2015.

Employee Reimbursement Audit: The scope of review included all non-payroll checks issued to employees in fiscal year 2014. In a typical organization, some of the transactions most at risk of being fraudulent are non-payroll checks issued to employees. The city’s purchasing card program in combination with effective policies and procedures has significantly lowered this risk for College Station. While this audit did find some instances where support documentation was insufficient or supervisor review was inadequate, this only accounted for \$9,584 in fiscal year 2014.

Itemized Receipts Audit: The scope of review included all receipt documentation for purchasing card

transactions with a fiscal year 2014 post datepost date. From a statistical sample of 374 transactions, this audit determined that only 6% of transactions within the sample lacked sufficient documentation and 4% were missing receipt documentation.

Attachments: Dependent Eligibility Audit, Employee Reimbursement Audit, Itemized Receipts Audit



November 3, 2014

Honorable Mayor and Members of the Audit Committee:

An audit of eligible dependents on the City’s health benefit plans was conducted in accordance with the fiscal year 2014 audit plan. The audit was completed by HMS Employer Solutions. The scope of review included employee dependents enrolled in the City’s Blue Cross Blue Shield (BCBS) health care plans as of August 12, 2014. At the time of the audit, there were 415 employees with 935 dependents within the scope.¹

Background: Dependent eligibility audits usually consist of a third-party vendor asking employees to provide documentation that proves their relationship to the dependents enrolled on their employer’s health benefit plan. Once documentation has been received, the vendor verifies that the relationship meets the definitions of eligible dependents under plan guidelines. Nationally reported average health care costs for each dependent range from \$2,000 to 3,500 each year. The typical ineligible rate for dependents audited ranges between 3% and 12%. Therefore, these audits can yield significant savings.

The City has two self-funded health care plans for employees and their dependents, a high deductible health care plan (HDHP) and a preferred provider organization (PPO) plan, both managed by BCBS. Because these plans are self-funded, the City can choose to be more generous than what is required by federal statutes in determining who to cover. Currently, covered dependents under both plans are as follows: (1) an employee’s spouse, (2) a child² of an employee who is under the age of 26, or (3) a grandchild who is an employee’s dependent for federal income tax purposes at the time application for coverage of the child is made.

Audit Results: Employees voluntarily removed 10 dependents from the City’s health care plans. Employees did not submit documentation for 19 dependents and submitted insufficient documentation for 15 dependents. Table 1, below summarizes these results.

Table 1: HMS Dependent Eligibility Audit Results

Result Category	Dependents	Percentage
<i>Verified</i>	879	94.0%
<i>Voluntary Removal</i>	10	1.1%
<i>No Documentation</i>	19	2.0%
<i>Insufficient Documentation</i>	15	1.6%
<i>Removed from Scope³</i>	12	1.3%
Total Dependents	935	100%

¹ Not included in the scope were dependents only enrolled in the City’s vision plan.

² A child means the employee’s (a) natural child; or (b) legally adopted child; or (c) stepchild; or (d) an eligible foster child; or (e) grandchild that is a dependent for federal tax purposes; or (f) dependent child by legal guardianship based on IRS tax rules.

³ During the audit several employees were terminated, resulting in 12 dependents being removed from the scope.

Audit Impact: There were 44 dependents identified for removal from the City’s health care plans by HMS, and they reported that the City would realize an annual savings of \$154,000 per year due to the audit. However, these savings make the following two assumptions: (1) these dependents would remain on the plan in perpetuity if the audit was not conducted and (2) an average annual cost per dependent of \$3,500 a year. However, it is difficult to determine how many of these dependents would have been removed voluntarily during open enrollment if employees were not asked to provide supporting documentation. In addition, as noted earlier, reported average health care costs per dependent range from \$2,000 to 3,500 each year.

Some employees’ family situations were complex; therefore, providing adequate documentation demonstrating dependent eligibility in a timely manner proved difficult. I fully expect that some of these employees will be able to submit the required documentation for their dependents during open enrollment in November. In addition, there were some dependents that will age out of the plan by January 2015. As a result, a more conservative estimate of the number of dependents that will be removed from the plan as a result of the audit is 31 rather than 44.

I also decided to use a more conservative estimate of \$2,750 annual cost per dependent in calculating potential savings rather than the \$3,500 figure HMS used—resulting in 2015 potential savings of \$85,250. If we reduce this amount by HMS’s fee of \$18,000, the estimated savings for 2015 would be \$67,250.

Table 2 below compares the adjustments I made to the savings calculations put forth by HMS.

Table 2: 2015 Potential Saving Resulting from the Audit

Result Category	Savings Identified by HMS Dependents		More Likely Dependents	
	Removed	Savings	Removed	Savings
Voluntary Removal	10	\$ 35,000	9	\$ 24,750
No Documentation	19	\$ 66,500	17	\$ 46,750
Insufficient Documentation	15	\$ 52,500	5	\$ 13,750
Total Dependents	44	\$ 154,000	31	\$ 85,250

Audit Recommendations: Based on (1) the results of the audit conducted by HMS and (2) a review of current city policies, procedures, and processes; Human Resources (HR) should consider the following recommendations:

1. A comprehensive plan to effectively communicate to city employees dependent eligibility requirements on an ongoing basis should be implemented. During the open enrollment process, the following should occur: (1) clear guidelines identifying who is and who is not eligible should be communicated to employees, (2) employees should be required to annually acknowledge eligibility of each dependent, and (3) employees should be informed that they will be subject to disciplinary action, which may include termination, if they are found to knowingly enroll an ineligible dependent.

Management Response: Management is in agreement with this recommendation. Human Resources has already modified the communications for new employees and for any employees adding dependents, to include the requirement for certifying dependent eligibility before being added to the City's Health Plan.

2. For the 2016 plan year, the City should consider changing its dependent criteria to "children for whom the employee is the legal guardian".

The greatest population of employees that would be affected by this change would be grandparents who would be required to seek legal guardianship in order to continue to cover their grandkids. Other dependents such as step children may also be affected by this change. For example, step children of an employee that live in another state and do not rely upon the employee for primary support can be covered under current plan rules.

Management Response: Management will take this into consideration. Current Health Plan policy, and other organizational practices, both locally and nationally include alternative legal documents for consideration. There is agreement that documentation should be required.

3. For the 2015 plan year, a process for verifying the dependents of employees not included in the scope of the audit should be implemented. This would include dependents of new hires and those who are solely on the City's vision plan.

The process utilized by HMS should be considered in guiding HR in the creation of this process. However, HR may not need to retain verification documents in order for the process to be adequate. For example, employees could be required to present acceptable documents evidencing dependent eligibility to HR. HR would then examine the documents to determine whether the documents reasonably appear to be genuine and record the document information on an eligibility form to be retained in the employee's file.

Management Response: Management is in agreement with this recommendation, and this practice is already in place.

The HMS report and management's responses to the audit recommendations are attached. I look forward to discussing this work during our audit committee meeting scheduled for November 17, 2014. If you have any questions prior to then, don't hesitate to contact me.

Sincerely,



Ty Elliott
City Internal Auditor

November 17, 2014

Honorable Mayor and Members of the Audit Committee:

An audit of non-payroll checks made to employees was conducted in accordance with the fiscal year 2015 audit plan. The scope of review included all non-payroll checks made to employees with an invoice date of October 1, 2014 to September 18, 2014.

Background: The city issues non-payroll checks to employees for a variety of reasons. Table 1 below shows the reasons checks were issued during fiscal year 2014.

Reason	Total Amount	Percentage	Count
Mileage Reimbursement	28,836	50.8%	188
Education Reimbursement	8,487	14.9%	17
Lodging	4,281	7.5%	11
Registration Fee	2,659	4.7%	6
Certification/Membership	2,631	4.6%	21
Item Purchases	2,196	3.9%	22
Coaching/Secondary Job	1,882	3.3%	3
Food	1,829	3.2%	48
Airfare	1,666	2.9%	6
Insurance Premium Refund	775	1.4%	2
Taxi/shuttle/rental car	581	1.0%	8
Parking/tips/tolls	465	0.8%	24
Miscellaneous Services	271	0.5%	9
Gas	232	0.4%	6
Grand Total	\$ 56,791	100.0%	371

The vast majority of these non-payroll checks are to reimburse employees who used personal funds for business-related purchases or activities. Generally, the reimbursement process occurs as follows:

1. An employee retains any receipts or other documentation recording the details of the transaction that needs reimbursement.
2. The employee submits the documentation to the supervisor for approval.
3. After approval an employee within the department creates a field purchase order in the financial system for the reimbursement.
4. In the financial system, the supervisor (or a designee) approves the field purchase order.
5. The accounting department reviews the approved field purchase order then issues the reimbursement.

Audit Results: In a typical organization, some of the transactions most at risk of being fraudulent are non-payroll checks issued to employees. The city's purchasing card program in combination with effective policies and procedures has significantly lowered this risk. For example, approximately \$2,347,000 in purchasing card transactions were made in fiscal year 2014 compared to the \$56,791 in checks issued to employees.

High levels of reimbursements are not concentrated around any specific employees. We found that only 15 employees had \$1,000 or more in reimbursements in fiscal year 2014, and no employee's reimbursements made up more than 5 percent of the total reimbursements.

We did find instances where support documentation was insufficient or supervisor review was inadequate. However, this only accounted for \$9,584 of the \$56,791 in non-payroll checks issued to employees (see Appendix A). All of this points to a very low risk of material fraud within the scope of our review.

We did, however, identify one material control deficiency regarding the vendor master file. This and our other findings are discussed in more detail below.

Employees as vendors: When employees are to receive non-payroll checks they are set up as vendors in the city's financial system. This set-up opens the city to fraud risk because accounts payable fraud is among the top methods used by individuals to steal money from organizations, and getting on the vendor master file is often the most difficult part of committing the fraud. In the city, this issue is further magnified by the fact that it is often difficult to differentiate employees from actual vendors in the vendor master file.

Document submissions: Documentation for reimbursements were found to be sufficient in most cases. In the situations where documentation was insufficient, we found that it was for one of three reasons: (1) documentation was missing, (2) receipts were not itemized, or (3) the form of documentation was deficient.

Missing documentation. We found that a total of \$51 were reimbursed without supporting documentation. With the exception of one reimbursement that involved a missing meal receipt, it appears that most undocumented reimbursements involved parking/tips/tolls. Currently, employees may be reimbursed up to \$10 for parking/tips/tolls without receipts. However, in these instances employees were reimbursed for more than \$10 on parking/tips/tolls without receipts.

Non-itemized receipts. When employee reimbursements are based on non-itemized receipts, it becomes easier for employees to receive reimbursements for inappropriate purchases since the inappropriate purchases can be hidden among appropriate purchases. We found 12 non-itemized receipts that were reimbursed for a total of \$260. On a related note, we found requests for mileage reimbursements, totaling \$576, which did not state the destinations of each trip. Like non-itemized receipts, this deficiency makes it difficult to determine whether all of the trips were appropriate.

Deficient documentation. We found twenty-five instances, totaling \$3,078, where supporting documentation was included, but a receipt was not included. While some documentation is better than nothing, receipts are preferable because receipts show how much money was *actually* spent regardless of any discounts or other changes that may occur after invoicing but before actual payment.

Supervisor approvals: Before an employee can be reimbursed, that employee's supervisor should be reviewing the reimbursement request to ensure that amounts are reasonable and that the item being reimbursed for is appropriate. In our review of reimbursements, we found that all reimbursement amounts appeared reasonable, but that the city is inconsistent in determining the types of purchases that are appropriate for reimbursement. Additionally, we found some lapses in the controls on who and when approvals may be made, as well as the forms that are used for reimbursement.

Departmental inconsistency. We found that departments are not consistent with each other on what can be reimbursed. For example some departments will only reimburse for meetings mandatory to the job. Other departments will reimburse for non-mandatory meetings, so long as there is some relationship to the city or job. In total, *at least* \$3,522 were reimbursed that would not have been reimbursed by some departments. In order to ensure consistency throughout the city, the city may want to update written policies to go into greater detail regarding the types of purchases and activities that may be reimbursed.

Who may approve. We found sixteen instances, totaling \$2,863, lacking a proper supervisory signature accompanying the documentation. Twelve lacked a signature, two were signed by the payee, and two were signed by a subordinate. However, it should be noted that while the signatures may have been insufficient, thirteen of these sixteen reimbursements were approved by a proper supervisor within the financial system. Therefore only \$373 completely lacked proper supervisor approval. We do not believe any of these reimbursements to be illegitimate, nevertheless, these reimbursements should not have been paid until after proper supervisory approval was obtained. Some of these deficient approvals may be caused by a lack of understanding regarding who may approve reimbursements. All checks to employees should be approved by the employee's supervisor. Department directors should have their checks approved by the City Manager's Office. The city manager, city internal auditor, city attorney, and city secretary should have their reimbursements approved by the mayor.

When to approve. We found four instances, totaling \$594, where the reimbursement was approved before the transaction occurred. The fact that some supervisors are preapproving but not post-approving runs the risk that employees could add inappropriate items for reimbursement after the supervisor approves.

Approval forms. The city use two standard reimbursement forms: one for travel expenses, the other for educational reimbursements. Additionally, there are a variety of department-specific reimbursement forms. It appears that the lack of a standard reimbursement form for non-travel, non-education has occasionally led to departments using inadequate reimbursement forms, or none at all. It is noteworthy that many of the reimbursements lacking approval signatures also lacked a reimbursement form. Therefore, the city may want to consider developing a third catch-all reimbursement form, and then requiring all reimbursement requests include a standard reimbursement form.

Missing file: There is one instance where the payment file was missing from the records and therefore the documentation could not be reviewed. This missing file documented a \$126 payment.

Audit Recommendation:

Although there were a few instances where documentation and approval procedures could have been done better, the \$9,584 at risk is not a material amount. The cost of ensuring that fraud risk is completely reduced almost always outweighs the benefit. Therefore, we found that the city’s policies and procedures regarding employee reimbursements to be sufficient.

However, the city should avoid mixing employees with regular vendors on the vendor master file. Some employers accomplish this by reimbursing employees through the payroll system. If the city decides to continue to reimburse employees through the accounts payable system, internal controls should be enhanced. A system should be in place to easily identify who is an employee and who is an actual vendor. Also, procedures should be enhanced to ensure that only current employees are active in the system.

Management Response:

Management concurs with the recommendation. As the new ERP system continues to be implemented we will determine what options may be available to reimburse employees through the payroll system rather than the Accounts Payable System. Management has put a process in place to ensure that employees are inactivated in the accounts payable system when they terminate employment with the City.

Appendix A: Audit Results

Level of Risk	Area of risk	Amount	Amount overlap	Total Risk
High	Missing Files	\$ 125.77	\$ -	\$ 125.77
	Missing Documentation	\$ 51.25	\$ -	\$ 177.02
	Insufficient Supervisor Approval	\$ 372.54	\$ -	\$ 549.56
	Insufficient Approval Documentation	\$ 2,490.34	\$ 20.00	\$ 3,019.90
	Non-itemized Receipts	\$ 260.09	\$ -	\$ 3,279.99
	Preapproval Only	\$ 593.54	\$ 10.00	\$ 3,863.53
	Deficient Documentation	\$ 3,078.00	\$ 735.00	\$ 6,206.53
Low	Department Inconsistency	\$ 3,522.53	\$ 144.66	\$ 9,584.40
Total at Risk:				\$ 9,584.40

November 18, 2014

Honorable Mayor and Members of the Audit Committee:

An audit of itemized receipts was selected based on results from the 2015 Non-Payroll Checks Audit in which multiple instances of insufficient documentation such as non-itemized receipts and missing receipts were found. Also, the audit presented us with the opportunity to review implementation of audit recommendations from the 2008 Purchasing Card Audit in which a high number of non-itemized receipts were previously found.

The scope of review included all receipt documentation for purchasing card transactions with a post date of October 1, 2013 to September 30, 2014. At the time of the audit, 14,533 transactions occurred within the scope, and a statistical sample of 374 transactions were reviewed.

Audit objective: Are city employees providing sufficient documentation to account for business purchases according to the City's purchasing card program policies and procedures?

Audit Results: The City of College Station's current policy for cardholder purchases maintains that an "itemized sales receipt should be retained and must be scanned and attached to the transaction in Paymentnet showing the cardholder purchases." In fiscal year 2014, 336 purchases were submitted with sufficient documentation, and 22 purchases were submitted with insufficient documentation. Table 1 summarizes the results below:

Table 1: Statistical sample results

Results Category	Dollar Amount	Occurrences	Percentage of occurrences
Sufficient Documentation	57,278.49	336	89.84%
Insufficient Documentation	610.63	22	5.88%
Missing Documentation	1,786.68	16	4.28%
Grand Total	\$ 59,675.80	374	100.00%

Based on the results, we found the majority of purchasing card purchases were accompanied by an itemized receipt, and most employees are adhering to current purchasing card policies.

However, there were 22 instances of insufficient documentation submission totaling \$610.63. The amount of missing documentation totaled \$1,786.68.

Since the results on the previous page are based on a statistical sample, we can project our findings onto all 14,533 transactions within fiscal year 2014 using the percentage of occurrences from the sample of 374. The results are summarized in Table 2 below:

Table 2: Results for all transactions within fiscal year 2014

Results Category	Percentage of occurrences	Margin of error	Relevant population is between	Relevant populations dollar amount is between
Sufficient Documentation	89.84%	±3.02	86.82% - 92.86%	\$2,074,369 - \$2,218,681
Insufficient Documentation	5.88%	±2.35	3.53% - 8.23%	\$84,341 - \$196,637
Missing Documentation	4.28%	±2.02	2.26% - 6.30%	\$53,998 - \$150,524

The population of 14,533 transactions amounted to \$2,389,275 of expenditures. We are 95% confident that between 86.82% and 92.86% of transactions have sufficient documentation; therefore, we are 95% confident that between \$2,074,369 and \$2,218,681 of fiscal year 2014 purchasing card transactions have sufficient documentation.

Relevant to insufficient documentation, we are 95% confident that between \$84,341 and \$196,637 of fiscal year 2014 purchasing card transactions are at risk; therefore, there is a higher risk that these transactions could be for illegitimate business purposes.

Relevant to missing documentation, we are 95% confident that between \$53,998 and \$150,524 of fiscal year 2014 purchasing card transactions have missing documentation; therefore, there is a higher risk that these transactions could be for illegitimate business purposes.

Audit Recommendation:

As stated before, current policy dictates that an itemized receipt is required as evidence of a legitimate business purchase. Without an itemized receipt, it is difficult to differentiate between purchasing types. For example, an alcoholic beverage (for which city policy prohibits) could be disguised within a meal transaction if only a non-itemized receipt is submitted. Therefore, we recommend Finance consider stricter enforcement of the policy by requiring employees to reimburse the City when sufficient documentation is not provided. In cases of non-payroll checks, reimbursements of expenditures should be withheld when the same circumstances arise.

The risk of implementing such a policy is that it could affect employee morale. An employee may feel they were unjustly dealt with if they indeed made a legitimate purchase on behalf of

the City, yet they are unable to claim the expense as legitimate because of stricter controls. In this case, city management must weigh the risk of illegitimate business purchases against policy affects on employee morale.

Management Response:

Staff concurs with the recommendation that stricter enforcement of the purchasing card itemized receipt process be considered. Staff will review the policy to determine whether the employee should reimburse the City for transactions made on the purchasing card and/or withhold non-payroll check reimbursements when there is insufficient itemized documentation provided. The risks identified in the report will be considered as decisions regarding the p card reimbursement policy are made.



Legislation Details (With Text)

File #: 14-881 **Version:** 1 **Name:** Project HOLD
Type: Presentation **Status:** Agenda Ready
File created: 12/1/2014 **In control:** City Council Workshop
On agenda: 12/18/2014 **Final action:**
Title: Presentation and discussion on Project HOLD.
Sponsors: Sherry Mashburn
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Presentation and discussion on Project HOLD.

Relationship to Strategic Goals:

- Good Governance

Recommendation(s): None

Summary: Councilmember Schultz requested a workshop item on Project HOLD to discuss the purpose of Project HOLD, how to use it, subject matter, etc. The workshop is to be informational/educational in nature.

Budget & Financial Summary: None

Attachments:



Legislation Details (With Text)

File #: 14-885 **Version:** 1 **Name:** Capital Project Needs
Type: Presentation **Status:** Agenda Ready
File created: 12/2/2014 **In control:** City Council Workshop
On agenda: 12/18/2014 **Final action:**
Title: Presentation, possible action, and discussion regarding capital project needs.
Sponsors: Chuck Gilman, Donald Harmon, David Schmitz
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion regarding capital project needs.

Relationship to Strategic Goals:

- Core Services and Infrastructure
- Improving Mobility

Recommendation(s): Staff recommends that the City Council receive the informational presentation.

Summary: The presentation is to provide information regarding capital project needs.

Budget & Financial Summary: N/A

Attachments: N/A