

**PERSONNEL, PERFORMANCE, AND AUDIT REVIEW COMMITTEE**  
**DECEMBER 4, 2012**  
**3:50 P.M.**

Councilwoman Scott, Chairman, called the meeting of the Personnel, Performance, and Audit Review Committee to order with Councilmen Rico, Ladd, Gilbert, Robinson, McGary, Benson, Berz and Murphy present. City Attorney Michael McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Larry Zehnder, Johnny Feagans, Dan Johnson, Chief Kennedy, Chief Flint, Danny Thornton, Stan Sewell, Boyd Patterson, John Bridger, Fire Marshall Whitmire, Frank Hamilton, and Chief Dodd.

**On motion of Councilman Rico, seconded by Councilwoman Berz, the minutes of the previous meeting were approved.**

**AUDIT PROCESS/STAN SEWELL**

Chairman Scott turned the meeting over to Stan Sewell to go over how they selected their audits. He explained that the Staff notices things during the year and gain knowledge; that they look at audits of other local governments, and they also ask for input from management, including department heads and the Council. There are also special projects and hot lines. They set their audit agenda and can add during the year. They go over their agenda with the Audit Committee, with conferences and engagement letters. Field work consists of getting management on board to make necessary changes. A draft report then goes out. "Hot Line" special projects are initiated by the Internal Auditor or by request. He mentioned problems with petty cash and a particular incident where they looked deeper and found serious problems and inappropriate activity, and a long-time employee had to resign. He mentioned a request by Councilman Gilbert to look into information on companies owned by one individual. Hixson Water Co. was audited for Finance. Special requests can be less formal. In looking at hot line reports, this sometimes can result in investigations, and the conclusion goes to management. Some reports are invalid and some are not made public. In cases of harassment, copies of the City Code are sent, which holds true for employee grievances—they do not investigate personnel matters.

Councilman Benson stated that Mr. Sewell was doing a great job, mentioning a situation that had been investigated, and the court case had been going on for eight years. He wanted to know who audits the auditor and keeps political retaliation from taking place? Mr. Sewell responded that hot line issues go to the Audit Committee; as to retaliation, they had to have enough information and had to have specifics; as to who was looking at the Auditor—it is the Audit Committee.

Councilman Rico wanted to know about the person mentioned who had resigned—was it at a level to prosecute? Mr. Sewell responded that the Audit Report is on the website; that hot line issues are not public; that if they saw fraud, theft, and reasonable documentation, it was reported to the State and the DA. The State Comptroller can't prosecute; that it goes to the Audit Committee and management can take appropriate action.

### **AMENDMENTS TO THE CITY CODE/FIRE AND POLICE MATTERS**

Bill Robinson, Attorney for the Fire and Police Pension Board, was present to go over the changes to the City Code pertaining to the Fire and Police Pension Fund and the Fire or Police Department. He explained that **Ordinance (a)** was a housekeeping amendment that was a result of change in Federal Law called the "Heart Act"—Pension Funds are to provide benefits to those on active duty overseas—if they are killed overseas, it is treated as if they are back in the Police Dept.

**Ordinance (b)** amends the City Code relative to age of employees of the Fire or Police Dept. and deals with refunds of contributions; if an individual comes back to work, they must re-pay contributions with interest—this is causing problems, and they would like to have more flexibility. This amendment allows individuals in the Fire and Police Pension Fund to pay back contributions, if they want to, in a lump sum. If they don't want to pay, then they come back as a new hire. There were loopholes to be closed, and the definition of a surviving spouse was clarified.

Chairman Scott had questions of Daisy Madison and Mike McMahan. Mr. McMahan provided two common situations—a person employed by the Police Dept. goes to Saudi Arabia and then comes back to work for the Police Dept. and then a situation where under a disciplinary hearing the employee needs money and takes it out of his pension, and then is re-instated and must pay it back. Chairman Scott wanted to know if it was the City's obligation to supply funding to the Pension Plan? Ms. Madison explained that if one comes back, they have to put the matching portion back in—there is no additional money from the City, and this would be in a lump sum.

Chief Dodd spoke to the age 40 limit—the average age is 27—that a person at 27 could continue to work 13-15 years, using the City as a home place, and then leave the City and later want to return to City service and at 65 years of age could be patrolling the streets; thus the need for the age 40 limit. He went on to say that a lot of people will retire and go overseas—they leave and come back at age 40, and the Police Dept. would be fine with that and would want to bring them back. Age limit for new hires would be 35. People coming back could either pay in a lump sum or they could be treated as a new hire. Chief Dodd stated that he was fine with the Ordinance as written.

Chief Flint added that they had had a few to leave and come back at age 40 and not able to pay the money back—they would be treated as a new hire.

Chief Dodd summarized that they would have to pay the day they come back or be treated as a new employee.

This meeting adjourned at 4:30 P.M.