

Performance Audit

**PITTSBURGH  
CITY  
COUNCIL**

Report by the  
Office of City Controller

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December 23, 2008

To the Honorables: Mayor Luke Ravenstahl  
and Members of Pittsburgh City Council:

The Office of City Controller is pleased to present this performance audit of *Pittsburgh City Council* conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter. This audit was requested by the President of Council and is the Controller's first performance audit of City Council.

### **EXECUTIVE SUMMARY**

City Council is the legislative branch of City government, comprised of nine members elected by district for staggered four year terms. Council members elect a President who appoints chairpersons to committees that correspond to City departments and functions. Council legislates by ordinance or resolution. Council's other duties include approving the annual operating and capital budgets and directing grants to various groups and projects through the Neighborhood Needs program and Community Development Block Grant program.

The City Clerk's Office coordinates and schedules all City Council public meetings and hearings and keeps a record of the meetings and legislation. This audit assesses Council's spending practices and internal controls, staffing, operation during budget years 2006 and 2007 and organization and compliance with Act 47 Recommendations.

### **Findings and Recommendations**

#### City Council Salary Account

**Finding:** Each Council member's budget is allocated equally but rates of pay for Council staff vary. Some Council members had fewer employees at higher pay rates. In 2006 and 2007, hourly rates ranged from \$8.00 to \$20.75 an hour and \$8.00 to \$27.23 an hour, respectively.

**Finding:** Ten percent (10%) of 2006 and 2007 time cards were not verified by Council member signatures.

**Recommendation:** Payroll cards should be properly signed and approved by the appropriate Council Members before they are processed for payment.

### Pre-Encumbrance of Funds

In the City's accounting system, a pre-encumbrance is used to hold funds for a specific requisition, usually a commodity, until it's approved by Purchasing and encumbered for payment. The pre-encumbrance is liquidated as soon as a purchase order is cut.

**Finding:** There is also a second class of pre encumbrance that is used to carry over a departmental cash balance from one fiscal year into the future. This money is tied up until it is expended, sometimes for years. Council is still drawing on funds originally budgeted for 2001.

The use of pre encumbrances as a requisition tool is a generally accepted accounting practice. But its use as a rainy day or wish-list fund weakens budgetary controls, causes accounting presentation and recording problems, reserves money that should be returned to the General Fund, and is generally a poor financial practice.

**Recommendation:** The practice of creating pre encumbrance accounts by resolution to carry over annual surpluses for general purposes should be eliminated City-wide as soon as realistically possible, and current balances should be expended or liquidated.

### City Council Miscellaneous Services Accounts

**Finding:** The miscellaneous services account is utilized primarily by City Council for part-time office staff, consultant fees, community service grants, and out of pocket office reimbursements, but is included in the City Clerk's budget. City Council was responsible for 67% of the miscellaneous funds spent (\$139,000 - \$67,000) during the audit period.

Many miscellaneous account expenses that could have been charged to City Council were instead internally assigned as City Clerk expenditures. While having no effect on the overall budget figures, it shows a lack of internal control in properly assigning the expenditures.

**Recommendation:** A separate City Council account for miscellaneous services should be set up so its expenditures can be accounted for in a consistent manner, preventing any unintended intermingling of City Clerk and City Council spending.

**Finding:** Some Council Professional Services forms omitted some of the required information. Some community service invoices lacked any form of receipt. One invoice was split into two payments to avoid the \$1,000 threshold and the legal requirement of entering into a contract.

**Recommendation:** Any incorrectly or partially filled out form, including Professional Service forms, should be returned to the appropriate Council Member by the City Clerk's Office until it is fully completed.

**Recommendation:** Community organizations that receive a professional services fee from City Council should provide City Council with a statement of the service to be rendered prior to the award.

**Recommendation:** City Council Members should utilize existing City contracts for their needs whenever possible instead of splitting invoices.

### Vehicle Use/Reimbursement

Until Ordinance 2 of 2008 was passed in June, Council members could collect a maximum of \$150 per month in mileage reimbursements without providing a detailed accounting. Ordinance 2 has eliminated mileage reimbursement for elected officials.

### Neighborhood Needs Program

The Neighborhood Needs (NN) Program was started in 2000 when each Council district was allocated \$1,000,000 of General Fund monies for neighborhood investment. The program's original intent was to pay for smaller community based capital projects not included in the City's Capital Budget, but funds were increasingly directed to community organizations and services.

**Finding:** As of 12/31/2007, \$666,354.76 of Neighborhood Needs funds were still unspent, with 88 Neighborhood Needs projects still active. Funds had been partially expended for 42 of these projects, several of which had balances under one dollar (\$1). Funds for the other 46 projects had yet to be drawn upon.

**Recommendation:** The City Council Budget Office should examine the current Neighborhood Needs accounts and liquidate the completed and cancelled projects that are still being shown as active. The freed funds should then be directed into a general account dedicated to the appropriate district to be reapplied in that district.

**Finding:** Neighborhood Needs fund balances are determined by PeopleSoft query, and the report generated is not always up-to-date because of reporting lags. The reporting gap may be several weeks, and may be longer if pre-encumbrances are involved.

**Recommendation:** The Mayor's Budget Office should prepare an in-house spreadsheet to keep the Neighborhood Needs account balances current.

Additionally, the Council and Mayor's Budget Offices should prepare an annual report for City Council Members and the Controller's Office, tracking the progress of current Neighborhood Needs projects and showing the district's remaining available funds for future projects.

## Community Development Block Grants – Unspecified Local Options

Community Development Block Grants (CDBG) are federal funds for use in projects targeted at low income areas. Non-CDBG areas are eligible to receive this funding if the grant is used to administer a food bank, senior center, adult daycare center, battered spouses shelter or children's home.

**Finding:** There is a lack of coordination between City Planning, City Council and individual community groups regarding the remaining balances of allocated funding. . Once the community group is awarded the funding, there is no time limit on disbursement of the funds. The auditors found that \$1,195,076.14 was unspent, with some funding dating back to 1994. Eliminating funds that may be on hold for current projects, there remains a balance of \$577,107.90 in unused funds dating prior to 2006.

**Finding:** There is no minimum amount for allocation. The Status of Accounts report received from City Planning shows the smallest awarded amount to be \$500 and the largest at \$119,000, with a number of awarded projects awarded between \$750 and \$1,000. The administrative and audit costs remain approximately the same no matter what the value of the contract, making larger grant awards more cost-effective..

**Recommendation:** To promote cost effectiveness, project impact and to streamline the system, City Council should place a minimum allocation amount of \$2,500 or more per individual CDBG project. Smaller amounts can be awarded through Neighborhood Needs program.

**Finding:** Several groups have not spent budgeted funds awarded in the past, but continue to be allocated more CDBG money. For example, one organization has a balance of \$20,839.95, \$1,339.95 of which dates back to 2002, \$6,500 back to 2004, \$4,000 back to 2005, \$5,000 back to 2006, and another \$4,000 from 2007.

**Finding:** Neighborhood organizations seeking funding are supposed to fill out an application for funding and submit to its district council member. Council Members often fund groups without first receiving an application for funding. This results in funds sitting in a "dead" line item because no address or contact information is on file to begin the award process.

**Recommendation:** Council members must require all community organizations to complete applications before funds are encumbered.

**Finding:** According to City Planning, multiple Council Members will sometimes allocate funding to the same organization. There is no review or coordination for this funding. This is not cost effective or efficient because Planning must send multiple contracts to the same organization and process multiple allocations instead of just one.

**Finding:** City Council and its Budget Office have no process or system in place to reprogram money that has not been expended. Consequently, some money that could be

redistributed is encumbered year after year. However, it should be noted that 80-90% of grantees do expend their money on a timely basis.

**Recommendation:** Council's Budget Office should advise Council Members as to which groups have not expended their funds. Grantee organizations should be notified that if the money is not expended by a certain date, the awarded funds will be reallocated. This will allow a systematic method to reprogram money from any "dead" projects to active line item accounts and allow the Council Member to follow the progress of the project. The monthly reports should also be provided to the City Controller's accounting section for reconciliation of their financial records.

#### City Council Organization and Staffing

**Finding:** Council's primary role is legislative, and several of its ordinances require action by a City department or board within a certain time span to become legally binding. Sometimes these actions are delayed for a variety of reasons. The legislation then becomes invalid, and is dropped or has to be reintroduced and enacted a second time.

**Recommendation:** City Council should consider creating a position in the City Clerk's Office for a legislative tracker, who would be responsible for scheduling the required actions for legislation and following the responsible department/board to make sure that they are performing their obligations in a timely manner.

#### Comparable City Councils Survey

**Finding:** Using the three cities with 9 Council Members - Newark, Cincinnati, and Buffalo - as a benchmark, a Pittsburgh Council Member's salary is lower by 7.5% (\$55,029 to \$59,471) but staffing is quite similar with about three aides per Council member. Pittsburgh's total Council budget is midway between that of Buffalo and Cincinnati. (Newark's council budget is larger than that of Pittsburgh, Cincinnati, and Buffalo added together due to its salary structure and entirely self-contained costs.)

Pittsburgh appears to generally fit within the parameters of pay, staff, and budget for a Council of its size as set by similarly sized municipalities.

#### Council Use of Credit Cards

**Finding:** Council members utilized the American Airlines (AA) credit card again three times in 2007. The auditors could not find a written policy regarding the use of the credit card. Some Council Members and Council/Clerk staff members were under the impression that the cards were still available for use while others thought that they had been cancelled.

City Council's AA credit card policy is not clearly nor formally communicated. This could lead to potential misuse of the card and shows a lack of internal control, which is always problematic with credit use, especially without pre-trip approval.

**Recommendation:** City Council should eliminate use of the American Airlines credit card and any others, and use the standard draw-down travel expense procedures utilized by most City employees.

#### City Clerk's Transcription and Video Function

**Finding:** When a taxpayer or interested party requests a copy of a City Council meeting, the archived recording must be transferred from the Cable Bureau's master tape to a regular VHS tape and then re-recorded, a time-consuming and cumbersome process.

**Recommendation:** CIS should provide both the master tape and a master DVD of the City Council meetings to the Clerk. DVDs should be used as both a way to provide the public with meeting archives and a storage media.

#### Act 47 Requirement to Combine City Council and the City Clerk's Office in the Budget

In the Recovery Plan, recommendation EL02 states "The City shall combine the budgets of the City Council and the City Clerk beginning in FY 2005."

**Finding:** Act 47 has never relieved Council of the obligation to combine with the City Clerk, although the oversight process has tacitly allowed the Offices to be separately budgeted during the past two fiscal years. Both the Home Rule Charter and City Code describe the City Clerk's Office as a support function of City Council.

Combining the Offices would provide a somewhat more streamlined financial presentation, while separate budgeting of both salaried and non-salaried accounts would provide for stronger internal controls and public transparency

**Recommendation:** If the budgets of City Council and the City Clerk remain separate, the miscellaneous service account of City Council should be kept apart from that of the City Clerk. This will result in greater internal control, as previously recommended.

We are pleased that the Council President and City Clerk agree with many of our recommendations and would like to thank them for their cooperation with this audit.

Sincerely,

Michael E. Lamb  
City Controller

## **INTRODUCTION**

This performance audit of City Council was conducted pursuant to section 404(c) of the Pittsburgh Home Rule Charter. Generally accepted government auditing standards established by the federal General Accounting Office were followed. The audit was requested by the President of Council.

## **OVERVIEW**

City Council is the legislative branch of City government. It consists of nine members elected by district for staggered four year terms.

Council members elect one member as President of Council on the first Monday of January following each municipal election, who can be removed by a 2/3 majority vote in the event of misfeasance, malfeasance or nonfeasance, after due notice and an opportunity to be heard. The President of Council appoints chairpersons to committees that correspond to City departments and functions. The business of that department must be introduced to Council by its chairperson.

City Council carries out its duties in accordance with the Home Rule Charter (HRC). It legislates by ordinance or resolution. According to the HRC (Chapter 310), City Councils other powers include:

- Employing or retaining its own staff, clerk, consultants, and an attorney,
- Conducting investigations in accordance with the HRC,
- Approving appointments as provided by the HRC,
- Exercising the power of removal as needed,
- Overriding the veto of legislation by the Mayor by 2/3 vote of all the members,
- Calling meetings with the Mayor,
- Authorizing the sale of City services,
- Fixing the salary of all elected officials by resolution,
- Exercising the other powers granted by the HRC.

The members also must approve both the City's operating and capital budgets and may incur debt on behalf of the City. They have the power to levy taxes.

City Council holds regular public meetings on Tuesdays, at 10 o'clock. It holds standing committee meetings every Wednesday. There are also various types of legislation and various civic concerns that require a public hearing.

At the first Council meeting in April every third year, City Council elects a City Clerk and an Assistant City Clerk to serve for a term of three years. The majority of the City Clerk's duties regard City Council matters, although it also serves other City departments.

The City Clerk's Office coordinates and schedules all City Council public meetings and hearings. It keeps a record of the meetings and legislation. The Office also provides payroll, front desk, accounting and archival services to Council.

City Council and the City Clerk's office were combined as a single entity in the City budgets of 2005 and 2006, following the recommendation of the Act 47 team. Since 2007, the two Offices have been budgeted as separate units, although City Council shares the City Clerk's non salary accounts.

In addition to its budgeted accounts, City Council directs grants to various groups and projects through the Neighborhood Needs program and Community Development Block Grants in the capital budget.

The powers, duties, and protocols of City Council are contained primarily in the Home Rule Charter, Article 3 – "Legislative Branch"; the City Code, Article 5 – "Legislative", Chapters 151: Council & 153, City Clerk; and the City of Pittsburgh Rules of Council.

## **OBJECTIVES**

1. To assess the spending practices and internal controls of City Council.
2. To assess the spending practices and internal controls of the “Neighborhood Needs” program and the “Community Development Block Grant – Unspecified Local Option” grant program.
3. To assess City Council’s compliance with Act 47 recommendations.
4. To assess City Council’s compliance with the Home Rule Charter and City Code.
5. To assess City Council’s staffing, operation, and organization.
6. To make recommendations for improvement.

## **SCOPE**

The audit scope will examine budget years 2006-2007, except for the examination of Act 47 Recovery Plan compliance. It will cover the years 2005 – 2007, the span of Act 47's budgetary oversight of the City.

## **METHODOLOGY**

The audit staff met with the President of Council, the City Clerk, and Council's Budget Director, along with the City Clerk's Internal Accounts Monitor and a representative from the City Council Finance Chair's office.

The auditors examined and tested a sample of the General Fund Operating Accounts of City Council through its accounting records and the spreadsheet records of the City Clerk. The accounting procedure was also tested for compliance with applicable controls and guidelines. A 10% random sample was used, with special testing for items that in the estimation of the auditors required further examination after the initial testing.

Payroll was also tested. To record the administrative employees for each Council Member, the auditors chose one pay period for the year 2006 and 2007 for their list. Using a random selection of seven pay periods for the years 2006 and 2007 (a 27% sample size), the auditors selected two Administrative Assistant employees per Council District for these pay periods. The auditors tested Council's payroll by comparing the two-week, handwritten payroll cards to the computerized Ceridian payroll sheets. The hours worked were verified along with hourly pay rate and proper authorizations.

The records of the Neighborhood Needs program and CDBG – ULO Capital Fund grant program, kept by the City Controller's Office, the City Council Budget Office, the Mayor's Office of Management and Budget, and City Planning were tested and their controls examined.

A web-based survey of selected municipalities was undertaken to compare Pittsburgh City Council's organization, staffing, budgeting, and compensation with other similar jurisdictions.

An examination and assessment of City Council's compliance with Act 47 Recovery Plan recommendations, Home Rule Charter mandates and City Code requirements was undertaken by the auditors.

## FINDINGS AND RECOMMENDATIONS

### City Council Salary Account:

City Council's current budget consists of only salary accounts. In 2006, a Council member earned \$53,687 and had an administrative/research aide account of \$77,001 which was used to fund staffing in any configuration the Council Member preferred.

In 2007, the budgeting was changed somewhat. The Council member's salary increased 2.5% to \$55,029, and two full time positions were designated for each district, Chief of Staff (\$38,135) and Executive Assistant (\$27,349). The allowance for part-time staff aides was reduced to \$15,367. The staff wages increased 5.0% overall, to \$80,851.

A Council Member, as an elected official, has a unique status as an employee. They are considered to be on 24-hour call and do not have to account for their working hours. They are eligible for health and pension benefits, but not vacation, personal, or sick time. Council Members are also ineligible for unemployment compensation. The auditors have not been able to discover a statutory or other basis for this status. It appears to have evolved over time into its current state.

Staff members are designated full-time or part-time upon hire. Full time employees receive the City benefit package, while part-time employees work for only an hourly wage.

At the end of every pay period, the staff members must turn in time cards, signed and approved by their Council member, to the City Clerk, who enters the time on the Ceridian time system.

The Deputy City Clerk is responsible for verifying payroll records for all City Council staff. There are approximately 40 employees. Every two weeks an e-mail message goes out to all council employees requesting their time cards. The information on the time cards is entered into the Ceridian payroll software system by the Deputy City Clerk on Friday and completed by the 2 PM deadline the following Wednesday. The time cards require the signatures of the employee and Council Member.

**Finding:** For 2006, a total of 136 personnel records were examined for the position of Administrative Assistant. One time card was not in agreement with Ceridian's computerized sheet. The time card showed 83 hours worked that included 3 hours compensated time to Ceridian's 80 hours. The Council Members' signature was absent on eight time cards. All employee signatures were present. The hourly rate ranged from a low of \$8.00 to a high of \$20.75. Each Council member's budget is allocated equally and they set the rate of pay for their staff. Therefore, some can have more employees that earn a lower rate of pay or fewer employees that earn a higher rate of pay.

For 2007, a total of 147 personnel records were examined for the position of Administrative Assistant. The hourly rate ranged from a low of \$8.00 to a high of \$27.23. All the time cards were in agreement with Ceridian computerized sheets. The Council members' signatures were absent on fifteen time cards. All employee signatures were present, and the supporting documentation was included. The auditors determined that the errors were procedural and that payroll procedure provides adequate controls if properly followed.

**RECOMMENDATION NO. 1:**

The payroll cards should be properly signed and approved by the appropriate Council Members before they are processed for payment.

City Council Pre Encumbrance Account:

City Council utilizes pre-encumbrances, which are unspent funds set aside from one fiscal year to another for future unspecified use by resolution. In 2007, City Council pre encumbered \$39,900, giving it a carry-over balance of \$139,900 in pre encumbrances reserved for future professional services.

**Table 1**  
**CITY COUNCIL PRE-ENCUMBRANCE ACCOUNT**  
**As of 12/31/2007**

<b>Resolution</b>	<b>Pre-Encumbrance</b>	<b>Fund</b>	<b>Organization</b>	<b>Sub-Class</b>	<b>Year</b>
Res. 0707 of 2007	39,900.00	1000	101200	150	2007
Res. 0805 of 2006	10,000.00	1000	101100	150	2006
Res. 0961 of 2003	6,383.03	1000	101200	120	2003
Res. 0961 of 2003	12,290.97	1000	101200	140	2003
Res. 0961 of 2003	6,326.00	1000	101200	400	2003
Res. 0888 of 2001	65,000.00	1000	101200	150	2001

**Finding:** In the City's encumbrance accounting system, a pre encumbrance is used to hold funds for a specific requisition, usually a commodity, until it is approved by Purchasing and encumbered for payment. The pre encumbrance is liquidated as soon as a purchase order is cut.

There is also a second class of pre encumbrance that is used to carry over a departmental cash balance from one fiscal year to the next for more general purposes by resolution.

Pre encumbrances used for requisitions are not carried on the City ledgers and are liquidated as soon as the order is placed and any remaining balance cleared by the user department. The money carried over by resolution, however, is tied up until it is expended. This sometimes covers years, not days. As the table above shows, Council is still drawing on funds originally budgeted for 2001.

The use of pre encumbrances as a requisition tool is a generally accepted accounting practice. But its use as a rainy day or wish-list fund weakens budgetary controls, causes accounting presentation and recording problems, reserves money that should be available to the General Fund, and is generally a poor financial practice.

### **RECOMMENDATION NO. 2:**

The practice of creating pre encumbrance accounts by resolution to carry over annual surpluses for general purposes should be eliminated City-wide, and current pre encumbered balances should be expended or liquidated as soon as possible.

#### **City Council Miscellaneous Services Account:**

City Council and City Clerk maintained separate budgets until 2005, when the Act 47 Recovery Plan mandated that the two Offices combine. Until that time, City Council had kept its own education/training, equipment, and miscellaneous services accounts. Now, while still used by City Council, they are part of the City Clerk's budget.

The description of miscellaneous services is broad and allows for great leeway in City Council spending, with major categories used being part-time staff, community services, postage, reimbursements and seminars/consultation. City Clerk spending was generally on office operating costs, postage, and archival/recording services.

The miscellaneous service account is used by City Council primarily for part-time office staff, consultant fees, community service grants, and out of pocket office reimbursements. The account's use is capped at approximately \$8,000 per Council member and monitored internally. It's also used by the City Clerk's Office for general operating, office, and meeting related expenses.

The fund is sometimes augmented by transfers from other accounts, which must be approved by City Council and expended by the end of the year.

**Finding:** The miscellaneous services account is utilized primarily by City Council, but is included in the City Clerk's budget. Only the salary account for City Council and its staff are included under its own budget. City Council was responsible for 67% of the miscellaneous funds spent (\$139,000 - \$67,000) during the audit period, as shown on Graph 1 below.

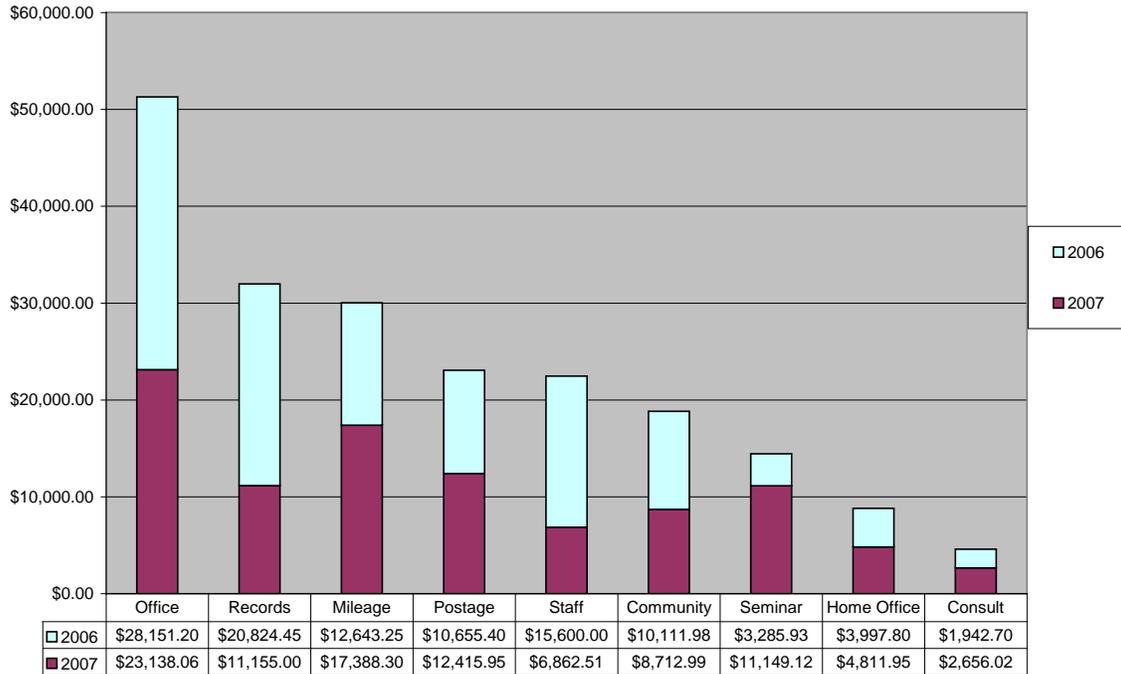
**Graph One:  
Miscellaneous Spending 2007-2006  
City Council/City Clerk Costs**



The auditors also examined the expenditures by category. The major expenditures were for office-related supplies and services, and transcription/printing/ad costs for the Clerk’s Office. Other expenses included mileage reimbursements, office, and travel reimbursements, postage, part time staff, community services, and consultants.

The expenditures by classification are shown on Graph 2 on the following page.

**Graph 2: Miscellaneous Services 2007-2006 By Category**



**Finding:** City Council and the Clerk’s Office share one miscellaneous services account, and the expenditures are all assigned within that one account. During testing the auditors observed that many expenses that could have been charged to City Council were instead internally assigned as City Clerk expenditures. While having no effect on the overall budget figures, it shows a lack of internal control in properly assigning the expenditures.

**RECOMMENDATION NO. 3:**

A separate City Council account for miscellaneous services should be set up so its expenditures can be accounted for consistency. Each Council District would continue to be internally monitored for miscellaneous office expenses, and separate accounts would help prevent any unintended intermingling of City Clerk and City Council spending.

**City Council Professional Services:**

Since 2006, City Council has utilized a Professional Services Invoice sheet with the bills it presents to the City Clerk for payment. The sheet includes vendor information and approval of the submitting Council member and the President of Council before it is presented to the City Clerk for processing. Bills incurred by the City Clerk’s Office do not require the Council President’s approval, only that of the City Clerk.

According to the Rules of Council XVII, a part-time employee paid from the professional services account must sign a contract upon reaching \$10,000 in wages. Likewise, an entity or person earning over \$1,000 to provide a professional service or act as a consultant must enter into a contractual arrangement with City Council.

**Finding:** The Professional Service form provided to City Council, if fully completed, includes all the information required by the Rules of Council, proper authorizations and control. Several mistakes were found that were minor errors of omission.

**Finding:** Testing discovered that some Council Professional Services forms were not completely filled out, omitting some of the required information. Some community service invoices were found to lack any form of receipt. The auditors also found one invoice that was split into two payments to avoid the \$1,000 threshold and the necessity of entering into a contract.

#### **RECOMMENDATION NO. 4:**

Any incorrectly or partially filled out form, including Professional Service forms, should be returned to the Council Member by the City Clerk's Office until it is fully completed.

#### **RECOMMENDATION NO. 5:**

Community organizations that receive a professional services fee from City Council should provide City Council with a statement of the service to be rendered prior to the award.

#### **RECOMMENDATION NO. 6:**

City Council Members should utilize existing City contracts for their needs whenever possible.

#### **City Council Contracts:**

City Council, through the City Clerk's Office, enters into various contracts for CDBG allocations, Neighborhood Needs grants, professional services over \$1,000 in value and temporary staff members that earn over \$10,000 annually.

**Finding:** In years prior to the audit scope, City Council contracts for CDBG and Neighborhood Needs grants were properly processed through city channels, but professional service and temporary help were often paid by invoice.

During the audit period of 2006-2007, all grants, services, and help that were supposed to be contracted were properly documented and the contracts processed according to City protocol.

The auditors strongly urge City Council to continue to diligently contract professional and staffing services and to process them through City channels to prevent any payments without proper documentation, as sometimes happened in prior years.

#### City Council Vehicle Use/Reimbursement:

City Council once had two City cars reserved for its exclusive use, and until the early 1990s, were provided with drivers for the cars. They were released to a Council Member upon signature, and were to be used solely for City business.

In 1998, the City Council President established rules that eliminated the cars specifically set aside for City Council use. If a Council Member needed a vehicle, he or she would now have to go through the usual City procedures to get one from the City motor pool.

Along with eliminating City Council's vehicles, the City Council President simplified the reporting rules for mileage reimbursements. City Council members no longer had to keep a daily travel log, but could collect a maximum of \$150 per month in mileage reimbursements without providing a detailed accounting.

The vehicle rules for City Council remained unchanged until June, 2008, when Ordinance 2 of 2008 went into effect, replacing City Code section 181.06 and eliminating all elected employees from collecting mileage reimbursements for their private vehicles.

City policy still allows cars from the City motor pool to be used by City employees for City business, including City Council Members and staff.

**Finding:** Over the two-year audit period, City Council collected \$30,031.55 in mileage reimbursements, nearly 15% of the total miscellaneous services expenditures. 198 monthly claims were presented by City Council and staff, and 183 were for the full \$150.

Under the simplified filing rules of City Council in effect for the past decade, there were no controls on mileage reimbursement, not even basic approval by anyone other than the City Council Member that presented the reimbursement form to the City Clerk. Council Members were not required to submit itemized billings and so there was no method in place to verify that the mileage claimed was accurate.

Ordinance 2 of 2008, as mentioned above, is now in force and has eliminated mileage reimbursement for elected officials.

### City Council Neighborhood Needs Program:

The original Neighborhood Needs Program was begun in 2000 when each Council District and the Mayor's Office were allocated \$1,000,000 in General Fund monies to use for neighborhood investment. In 2001, \$125,432 was added to each account from bond repayment funds. This is known as the "Neighborhood Needs Supplement 2001." The funding from these two sources can be used for either capital or operating projects.

The original intention of the Neighborhood Needs grants was to pay for smaller community based capital projects that were not included in the City Capital Budget. But because 2003 was the final year for "Grants and Donations," a popular neighborhood funding account, to be awarded from the City Budget, Neighborhood Needs awards were increasingly directed towards community organizations and services.

The fund was increased once again in 2003 with the "Community Needs of 2003" allocation of \$102,691 per Council account. This money is from bond funds, and can only be used for capital projects. The three funding sources were one time revenue sources, amounting to \$1,228,123 per Council district. When the funds are spent, the program will be completed unless a new, future revenue source is dedicated to it.

The funding is directed by the Council Member to whichever projects he or she deems to be in the interests of their district. The funding is considered a part of the Capital budget, and a specific process must be followed to award the grant.

Council either awards or adjusts funding by its own criteria, and begins the funding process through the Council Budget Office, which will determine if a project is eligible and whether there are available funds for it.

The Council Budget Office will give a project number and prepare a resolution to amend the appropriate Capital budget to include the award/adjustment and encumber funds for the project.

If the award is to a community group, the Council Member should prepare an award letter to the group, requesting a scope of services. City Planning is also notified of the award and will prepare a contract for the organization.

If the award is for a general works project rather than directed towards a group, Planning will determine if it should be done in-house, by B-contract, or by bid and proceed with the appropriate City protocols.

**Finding:** The Neighborhood Needs funds available to each Council District as of 12/31/2007, according to the Controller’s Office Accounting section (the Mayor’s Budget Office uses the same PeopleSoft query to determine the balance), are:

Council District #1)	\$ 19,327.68
Council District #2)	\$ 19,412.49
Council District #3)	\$ 91,117.68
Council District #4)	\$119,738.86
Council District #5)	\$ 37,662.76
Council District #6)	\$ 45,579.59
Council District #7)	\$ 92,922.34
Council District #8)	\$ 79,092.50
<u>Council District #9)</u>	<u>\$161,500.86</u>

Remaining Funds: \$666,354.76

The remaining balance represents approximately 6% of the total Neighborhood Needs funds. The auditors found 88 Neighborhood Needs projects still active as of 12/31/2007. Of those projects, 42 had been partially expended, several with balances of under \$1, and 46 had yet to be drawn upon (4 of those projects had pre-encumbered funds.)

The City Council Budget Office updates the individual Council Members of the status of the Neighborhood Needs funds available to their district periodically or upon request.

The City Council Budget Office has in the past gone through the active accounts and liquidated several projects, reapplying the funds to a general, district-wide account for the Council Members to use for other projects.

**RECOMMENDATION NO. 7:**

The City Council Budget Office should examine the current Neighborhood Needs accounts and liquidate the completed and cancelled projects that are still being shown as active. The freed funds should then be directed into a general account dedicated to the appropriate district to be reapplied in that district.

**Finding:** Neighborhood Needs fund balances are determined by PeopleSoft query, and the report generated is not always up-to-date because of reporting lags caused by the transfer of project funds, approval of resolutions, liquidation of funds and removal of encumbrances. The reporting gap may be several weeks, and may be longer if pre-encumbrances are involved.

**RECOMMENDATION NO. 8:**

The Mayor’s Budget Office should prepare an in-house spreadsheet to keep the Neighborhood Needs account balances current.

**RECOMMENDATION NO. 9:**

The City Council and Mayor’s Budget Offices should prepare a formal, annual report for City Council Members and the City Controller’s Office, tracking the progress of current Neighborhood Needs projects and showing the district’s remaining available funds for future projects.

**Community Development Block Grants – Unspecified Local Options:**

The Capital budget has traditionally set aside a portion of its annual CDBG funding in the Unspecified Local Option (“ULO”) section for City Council and the Mayor to award to deserving community projects. The CDBG funds are available for award every year, and their procedures are covered under Council Rule XVIII.

The majority of the awards are to community projects. There are some city-wide initiatives that City Council as a group funds annually. Each council member decides which groups can receive the funding. Once a project is selected, it becomes a part of that year’s Capital Budget.

City Planning receives applications for these projects and forwards the proposals to City Council. Members may elect to fund new projects or adjust the amounts awarded to other projects by amending the budget through resolution.

The awards are funded by the federal Department of Housing and Urban Development (“HUD”) and must meet with its approval before funding is released. Once approved, Planning will prepare a contract for the project. These funds are administered through a reimbursement process where a community group must first submit an invoice to City Planning’s Community Development office before receiving the allocated funds.

This sometimes causes the unintended consequence of delaying or entirely stopping a project because many community groups lack the expertise or financial ability to initiate a project on its own. In other cases, projects are delayed or stopped because of a change in the group’s mission, management, or leadership.

According to the Assistant Director of Community Development, non-CD areas are eligible to receive this CDBG funding if the organization administers a food bank, senior center, adult daycare center, battered spouses shelter or children’s home. The majority of the organizations receiving funding are either senior centers or food banks.

These funds are monitored by HUD and City Planning and are under strict oversight by both agencies.

**Finding:** There is a lack of coordination between City Planning, City Council and individual community groups regarding the remaining balances of allocated funding. Many of the grants appear to be “fund and forget” awards. Once the community group is awarded the funding, there is no time limit on disbursement of the funds. The auditors found that \$1,195,076.14 was unspent, with some funding dating back to 1994. Eliminating funds that may be on hold for current 2006-07 projects, there still remains a balance of \$577,107.90 in unused funds dating prior to 2006.

The chart below shows the outstanding balances for each year the CDBG-ULO funds were allocated from 1994 to 2007:

**TABLE 2  
YEARLY CDBG-ULO FUNDS  
OUTSTANDING BALANCES**

<b>BUDGET YEAR ALLOCATED</b>	<b>UNUSED BALANCE</b>
1994	\$69,713.50
1995	\$64.66
1996	\$12,528.67
1997	\$9,841.34
1998	\$1,000.26
1999	\$115.50
2000	\$32,713.72
2001	\$21,522.55
2002	\$132,070.14
2003	\$81,069.80
2004	\$105,525.76
2005	\$110,942.00
2006	\$211,967.15
2007	\$406,001.09
<b>TOTAL</b>	<b>\$1,195,076.14</b>

**Finding:** City Planning provides the Council Budget Office with monthly cost-control reports that itemize the status of each project funded by Council. Information includes the project groups’ name, amount budgeted, amount expended to date and remaining balance.

**Finding:** There is not a minimum amount for allocation. The Status of Accounts report received from City Planning shows the smallest awarded amount to be \$500 and the largest at \$119,000. There are a number of awarded projects of \$750 and \$1,000. The

administrative and audit costs are estimated to remain the same no matter what the value of the contract, making larger grant awards more cost-effective..

**RECOMMENDATION NO. 10:**

To promote administrative cost effectiveness, project impact and to streamline the system, City Council should consider having a minimum allocation amount of \$2,500 or greater per individual CDBG project, with smaller amounts awarded through Neighborhood Needs grants.

**General City Council Grant Concerns:**

**Finding:** Some Neighborhood Needs money is unused, sitting in “holding accounts” such as “District 4 Equipment” and “City Clerk’s Office Modernization”. As of May 21, 2008, these accounts had balance of \$5,210.25 and \$112,500.00, respectively. These accounts are not eligible for CDBG fund expenditure and their purpose appears to hold funds for transfer to future Council projects.

**Finding:** A few groups have not spent budgeted funds awarded in the past, but continue to be allocated more money. For example, one organization has a balance of \$20,839.95, \$1,339.95 of which dates back to 2002, \$6,500 back to 2004, \$4,000 back to 2005, \$5,000 back to 2006, with another \$4,000 from 2007.

**Finding:** The neighborhood organizations seeking funding are supposed to fill out an application for funding and submit to its district council member. Among other provisions, the application lists mailing address and contact information. Council Members often fund groups without first receiving an application for funding. This results in funds sitting in a “dead” line item because no address or contact information is on file to begin the award process.

**RECOMMENDATION NO. 11:**

Council members must require all community organizations to complete applications before funds are encumbered.

**Finding:** According to City Planning, multiple Council Members will sometimes allocate funding to the same organization. There is no review or coordination for this funding. This is not cost effective or efficient because Planning must send multiple contracts to the same organization and process multiple allocations instead of just one.

**Finding:** City Council and its Budget Office have no process or system in place to reprogram money that has not been expended. Consequently, some money that could be

redistributed is encumbered year after year. However, it should be noted that 80-90% of grantees do expend their money on a timely basis.

**RECOMMENDATION NO. 12:**

Council's Budget Office should advise Council Members as to which groups have not expended their funds. Grantee organizations should be notified that if the money is not expended by a certain date, the awarded funds will be reallocated. This will allow a systematic method to reprogram money from any "dead" projects to active line item accounts and allow the Council Member to follow the progress of the project. The monthly reports should also be provided to the City Controller's accounting section for reconciliation of their financial records.

**City Council Organization and Staffing:**

During the 2006-2007 audit period, City Council and the City Clerk consisted of 39 full time positions. 27 were for City Council, with each district being represented by a Council Member, Chief of Staff, and Executive Assistant. Each district is also allotted \$15,751 for part time staffing. The City Clerk's Office has 12 full time positions, including the Council Budget Office.

The City Council and Clerk's Office were budgeted as one unit in 2006, with a budget of \$1,626,111. They were budgeted separately in 2007, with City Council allocated \$1,205,596 and City Clerk \$559,383, for a combined budget of \$1,764,979.

Council is charged with the legislative responsibility of operating the City as outlined in the HRC. The City Clerk provides administrative support to Council.

**Finding:** City Council's primary role is legislative, and several of its ordinances require action by a City department or board within a certain time span to become legally binding. Sometimes these actions are delayed for a variety of reasons. The legislation then becomes invalid, and is dropped or has to be reintroduced and enacted a second time.

**RECOMMENDATION #13:**

City Council should consider creating a position in the City Clerk's Office for a legislative tracker, who would be responsible for scheduling the required actions for legislation and following the responsible department/board to make sure that they are performing their obligations in a timely manner.

### Comparable City Councils Survey:

The auditors selected nine cities to survey that were similar in population to Pittsburgh in order to compare overall organization, staffing, and cost of the respective legislative bodies.

The cities selected by the auditors ranged from Cleveland, Ohio with 478,403 residents to Buffalo, New York with a population of 292,648. Although all but one city was a Home Rule Charter municipality, the range of representation was considerable.

Five cities elected Council Members by district or ward, three used a hybrid district/at large system, and one had an at-large system. One city (Saint Louis) had 28 full time Aldermen while another (Wichita) had six part-time Council members.

The average salary of a full-time Council Member was \$64,266. When the part-time members are included, the average salary drops to \$47,366. Six of the cities provided their Council Members with full time aides while three others used shared staff.

At least four City Councils augment the City Solicitor's opinion with the ability to draw upon outside legal representation if needed. Three cities budget the City Clerk and City Council as one functional unit, although in all cases the two Offices shared duties in regard to Council matters.

The survey results appear in Table 3 below for both years 2006 and 2007 where applicable:

**TABLE 3  
COMPARABLE CITY COUNCIL SURVEY  
2006 – 2007**

<b>CITY</b>	<b>SIZE</b>	<b>FORM OF Gov't</b>	<b>CITY BUDGET (General Fund)</b>	<b># Council People</b>	<b>Office Term PT/FT</b>	<b>ANNUAL COUNCIL Salary</b>	<b># Staff per Council PT FT</b>	<b>INDIVIDUAL COUNCIL BUDGET</b>	<b>TOTAL Council Budget</b>	<b>LEGAL REP</b>
Pittsburgh PA	334,563	Charter	\$427,501,378 2006 \$425,657,607 2007	9 by district	4 yr	\$55,029	1 2	\$80,851 – 2007 \$77,001 – 2006	\$1,205,596 – 2007 \$1,489,786 – 2006	City Solicitor
Cleveland OH	478,403	Charter	\$501,600,000 2007 Not found 2006	21 by ward	4 yr	\$69,768	0 1 (+ 11 FT shared)	\$14,400/yr. per member	\$6,621,241 – 2007 \$5,906,124 - 2006 includes city clerk	Own plus City Solicitor
Minneapolis MN	382,618	Charter	\$327,934,000 2007 \$318,473,000 2006	13 by ward	4 yr	\$73,152	0 2	Not itemized.	\$7,476,712 – 2007 \$7,405,331 – 2006 + clerk, elections	Not confirmed
St. Louis MS	348,189	Charter	\$425,300,000 2007 \$416,400,000 2006	28 by ward	4 yr.	\$32,000 \$81,000 for President	1 0 + 1 FT staffer shared	\$4,000/yr. per member	\$2,450,000 – 2007 \$2,400,000 - 2006	Own plus City Solicitor
Wichita KS	344,284	Council-Manager	\$412,612,575 2007 \$390,080,545 2006	6 by district	4 yr PT	\$33,190	0 3	Not itemized	\$647,610 – 2007 \$622,470 – 2006	Own plus City Solicitor
Newark NJ	281,402	Charter	\$665,185,063 2007 \$650,459,941 2006	5 by ward 4 at large	4 yr	\$64,766 President \$71,375	0 4 + 3 Leg. Aides	Not itemized	\$4,304,653 – 2007	Not Confirmed
Cincinnati OH	331,285	Charter	\$545,392,460 2007 \$521,797,770 2006	9 at large	2 yr	\$60,645	0 2	\$96,110 + \$7,930 office	\$1,482,170 – 2007 \$1,481,540 – 2006	Not Confirmed
Raleigh NC	367,995	Charter	\$513,638,733 2007 \$557,066,589 2006	5 by district 3 at large	2 yr PT	\$12,000 plus line items	staffed by City manager and clerk	Not itemized	\$168,932 – 2007 \$175,212 – 2006	City Solicitor
Toledo OH	313,619	Charter	\$247,578,871 2007 \$234,312,215 2006	6 by district 6 at large	4 yr	\$27,500 + \$4,500 for President	share 1 aide for 2 members	Not itemized	\$1,465,591 – 2007 \$1,389,484 – 2006	Council d Mayor use Solicitor
Buffalo NY	292,648	Charter	\$412,489,428 2007 \$406,222,537 2006	9 by district	2 yr	\$52-57,000 \$62,000 for President	0 2	Varies by member	\$1,085,740 – 2007 \$1,119,079 – 2006	Not confirmed

**Finding:** Using the three cities with 9 Council Members - Newark, Cincinnati, and Buffalo - as a benchmark, a Pittsburgh Council Member's salary is lower by 7.5% (\$55,029 to \$59,471) but staffing is quite similar with about three aides per Council member. Pittsburgh's total Council budget is midway between that of Buffalo and Cincinnati. (Newark's council budget is larger than that of Pittsburgh, Cincinnati, and Buffalo added together due to its salary structure and entirely self-contained costs.)

Pittsburgh appears to fit within the standards of pay, staff, and budget for a Council of its size as set by similarly sized municipalities.

#### President of City Council's Additional Duties:

The HRC Section 306 specifies the powers of Council President. The President presides over Council meetings, establishes all Council committees and Chairs, schedules and presides over public hearings, adapts Council rules, and performs other duties, such as personally overseeing all miscellaneous expenses of Council, serving in a dignitary role for distinguished visitors, serving a Council representative for normal business – such as this audit – and other duties as necessary.

**Finding:** The survey taken by the auditors show that 4 cities (44%) increase the Council President's salary because of the added duties of the office. None of them except Newark (1 extra aide) give the President additional staff. The President of Council receives no added remuneration or staffing in 56% of the cities surveyed by the auditors. In Pittsburgh, the only perk given to the President of Council is a larger office.

#### City Council Legal Advisor:

Under Section 310 (a) of the HRC, City Council is empowered to employ its own staff and consultants, including an attorney who may act as legal advisor and represent council as a body in legal proceedings. The only limitation placed on council's attorney is that he or she may not represent the City, as that is the sole duty of the City Solicitor.

Historically, after the HRC was adopted, City Council allocated funds for legal fees as a line item in the budget. In 1984, a resolution calling for a Council attorney passed, but was rescinded the following year. In 1988, another resolution providing for counsel was passed, but then Mayor Richard Caliguiri vetoed it.

In 1999, the idea of Council representation again surfaced when City Solicitor Jacqueline Morrow refused to file a suit against the County as directed by City Council. In 2006, Councilmember Tonya Payne introduced a resolution calling for counsel after the dismissal of City Solicitor Susan Malie.

City Council may utilize the City Solicitor's Office for representation and opinions regarding City-related business, but as a result of its "checks and balances" role, it sometime perceives the Solicitor's Office as conflicted and may prefer independent, arms length counsel to advise it.

**Findings:** City Council spent \$4,598.78 on legal advice and professional testimony during the audit period from its miscellaneous service account. The HRC foresaw the need for City Council to have its own legal representation, but was not specific as to what form it should take.

City Council legal representation can take these forms:

- Occasional legal advice can be funded through the miscellaneous services funds, as directed by an individual Council Member and as is currently done;
- Legal expenses can be listed as a separate line item in the budget, as was done in the 1980's;
- The City Solicitor's Office can be utilized, as has been historically done;
- A full-time Solicitor can be added as a shared member of City Council's staff;
- A full-time Solicitor can be part of the City Solicitor's staff and solely represent City Council and its interests;
- A full-time Solicitor can be hired, either on a per-case or retainer basis, to represent City Council.

The survey undertaken by the auditors suggests that most City Councils rely primarily on City legal staffs for advice with the capability to utilize outside representation as needed.

#### Council Use of Credit Cards:

City Council has a long standing agreement with American Airlines to provide post-trip billing and credit cards for the airfare of traveling employees. City Council used this agreement until 2004, when travel was eliminated as a budget line item and, with it, the need to use the card.

**Finding:** Council members utilized the American Airline's credit card again three times in 2007. The auditors could not find a written policy regarding the use of the credit card. Some Council Members and Council/Clerk staff members were under the impression that the cards were still available for use while others thought that they had been cancelled.

**Finding:** City Council's policy concerning American Airline's credit card is not clearly communicated. This could lead to potential misuse of the card and shows a lack of internal control, which is always problematic with credit use, especially without pre-trip approval.

Additionally, the auditors could not locate a current contract authorizing use of American Airlines as an official City travel agent. City Council hasn't decided whether or not to continue use of the cards, and they are "on hold" in the City Clerk's Office until a policy is determined.

**RECOMMENDATION NO. 14:**

City Council should eliminate use of the American Airlines credit card and any others, and use the standard draw-down travel expense procedures utilized by most City employees.

**City Clerk's Transcription and Video Function:**

The HRC does not specifically state that the City Clerk must keep a verbatim transcript of meetings, although it is a traditional part of the legislative process and considered the starting point for statutory research. The Clerk is to also, according to City Code Section 153.02 (h) "Keep accurate minutes of all actions of the committees to which he or she shall be Clerk and (l) To furnish all transcripts, orders and certificates called for by any person, and authenticate the same by his official signature under his or her seal."

As late as 2003, there were a pair of stenographers compiling verbatim City Council meeting and hearing minutes. These stenographers were included in the City Clerk's budget with a total salary of \$67,530. The cost was then shifted to miscellaneous services. In 2006, verbatim transcription services were eliminated completely to meet Act 47 budget requirements.

The City Clerk now publishes minutes, agendas, bills and codified legislation, available on the City web site and as hardcopy. It no longer provides verbatim transcripts of City Council meetings. There are no verbatim records taken of public hearings either, unless a third party requests a stenographer and picks up the cost.

The Television Production unit of the City Information Systems (CIS) broadcasts City Council meetings live on the City Channel. Recordings of the meetings are made by the City Cable Bureau for archival purposes and purchase by the general public.

The audio and video taping of City Council meetings, along with live cable-casting, are required by Resolution 208 of 1993. The bill calls for a three month storage of the audio and video tapes, although the tapes have been archived since the City Channel began airing the City Council meetings.

The City Clerk's Office has introduced a Legislative Information Center on the City web site, providing bills, agendas and minutes of City Council sessions for any

interested parties. It is an excellent resource and the City Clerk's Office is to be commended for providing the information in such an easily accessible format.

**Finding:** While it is possible to get a verbatim set of minutes from a videotaped reel, it is preferable to have a written transcript of the meeting available for the public. Likewise, the medium of VCR recording is being replaced by DVD recording. Now when a taxpayer or interested party requests a copy of a City Council meeting, the recording must be transferred from the Cable Bureau's master tape to a regular tape between two different machines.

#### **RECOMMENDATION NO. 15:**

While verbatim transcription records are not specifically mandated by the HRC, they are typically kept by many legislative bodies. The City Clerk should investigate other more affordable methods of transcription along with CIS such as overnight or web transcription services, and negotiate with the oversight boards for its funding as a line item in future budgets.

#### **RECOMMENDATION NO. 16:**

CIS should provide both the master tape and a DVD of the City Council meetings to the Clerk. The City Clerk should investigate the possibility of converting the archived VHS tapes to DVD. The auditors find the permanent storage of meeting tapes to be reasonable, and recommend the use of DVD media to facilitate future storage, especially as several meetings can be stored on one disk.

#### **Act 47 Requirement to Combine City Council and the City Clerk's Office in the Budget:**

The Act 47 Coordinator has made a pair of recommendations regarding the operation of City Council. In the Recovery Plan, recommendation EL02 states "The City shall combine the budgets of the City Council and the City Clerk beginning in FY 2005." This was added after the public comment period, when City Council requested the combination for budgetary purposes.

In 2004, the City Council and City Clerk budgets were entirely separate. In 2005 & 2006, the budgets were combined. In 2007 & 2008, the appropriations were again separate, with City Council's budget consisting of salary alone. All non-salaried City Council expenses were carried as part of the City Clerk's budget.

The HRC Section 510 states that "No contract shall be entered into or executed directly by council or any committee of council." City Council interprets that language to mean that it should maintain its non-salaried accounts in the City Clerk's budget, so that all contractual arrangements would be handled by the City Clerk.

**Finding:** Act 47 has never relieved Council of the obligation to combine with the City Clerk, although the oversight process has tacitly allowed the Offices to be separately budgeted during the past two fiscal years. Both the Home Rule Charter and City Code describe the City Clerk's Office as a support function of City Council. City Code Section 197.04 (e) (3) states that "Members of Council are employers of their personal staffs, the City Clerk and all City Clerk employees."

Although primarily an adjunct of City Council, the City Clerk's Office has, by precedence, been a stand alone unit of government during much of its existence. There are no serious accounting issues with the two units either remaining separate or being unified as one Office.

Budgetary combination of the Offices would provide a somewhat more streamlined financial presentation, while separate budgeting of both salaried and non-salaried accounts would provide for stronger internal controls and public transparency.

**RECOMMENDATION NO. 17:**

If the budgets of City Council and the City Clerk remain separate, the miscellaneous service account of City Council should be kept apart from that of the City Clerk. This will result in greater internal control, as stated in recommendation #3.

**Act 47 Budget Mandate for City Council:**

The second Act 47 recommendation was EL03, which states "The newly combined Council/Clerk budget shall be reduced by at least 15% from FY2004 levels..." It suggested targeting administration/research costs and miscellaneous services expenditures, but stopped short of requiring the cost reduction be taken specifically from those two areas. The Intergovernmental Cooperation Authority report recommended adding another 10% to that reduction, which would make the total budget cut 23% of the 2004 baseline figure.

**Finding:** The City Council/Clerk's Office reduced actual expenses in 2005 by 23% from the 2004 final budget baseline figures, which put it in compliance with the oversight recommendations. Salary increases were anticipated in following budgets after an initial two year wage freeze.

All appropriations must be reviewed and approved by both Act 47 and the ICA during the budget process, which assures expenses will fall within oversight parameters.

**TABLE 4: COUNCIL & CLERK BUDGET/SPENDING 2004-2007**

2004:	\$2,212,173	Baseline (Budget)
2005:	\$1,712,000	-23% (Budget)
2005:	\$1,697,000	-23% (Actual)
2006	\$1,684,013	-24% (Budget)
2006	\$1,626,111	-27% (Actual)
2007	\$1,764,979	-20% (Budget)
2007	\$1,724,791	-22% (Actual)

*(sources: Operating Budget/Five-Year Forecast/CAFR)*

**Public City Council Meetings with the Oversight Representatives:**

Ordinance 6 of 2004, among other things, changed the City Code by adding Chapter 152.01 “Special Meetings with the Act 47 Coordinator and Oversight Committee Board – Financial Status Report.” It states that City Council, the Mayor and the City Controller are to meet with the representatives of Act 47 and the Intergovernmental Cooperation Authority at a minimum of every five weeks. Attendance is compulsory for the City officials and voluntary for the oversight officials. The meetings are to be scheduled and chaired by the President of Council, held in City Council Chambers and televised.

**Finding:** The public meetings are not held as mandated in the City Code. Periodic private meetings are held among Council, the Administration, and the oversight representatives. These meetings may forward the City’s financial agenda, but they do not satisfy the intent of the Chapter, which is to “give the public as much access as possible...”

It should be noted that City Council has completed a series of “town hall” meetings in every Council district to discuss the 2009 budget, which may satisfy the spirit, if not the letter, of Chapter 152.01.

**RECOMMENDATION NO. 18:**

The President of Council should either schedule televised meetings in accordance with the City Code Chapter 152.01 every five weeks or amend the Chapter by Ordinance if City Council considers the public meeting requirement satisfied in some other manner.

Home Rule Charter Conduct of City Council Business:

Section 315 of the HRC states that “Council shall conduct and hold meetings at which legislation may be introduced and passed at least 50 weeks during the calendar year.” The commentary section of the HRC reads “The City’s business requires frequent council meetings without long intervals between meetings. Members are expected to stagger their vacations so that a quorum will be present at all meetings.”

**Finding:** City Council has met the required 50 times in both 2006 and 2007.

City Council Public Hearings:

Sections 319 and 320 of the HRC mandate when a public hearing is required to be held by City Council. The reasons include budget adoption, appropriations, land and zoning issues, taxation, creation of an authority or agency, and public petition.

Citizens may also petition for a public hearing on any pending legislation by presenting the City Clerk with a petition signed by 25 qualified City voters no later than 3 days after notice of the legislation was posted.

**Finding:** City Council held 38 public hearings in 2007 and 40 in 2006. City Council has satisfied the requirements of the HRC in regards to holding public hearings.