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Finance Committee

Minutes

August 7, 2013

The Finance Committee of the DeKalb County Board met on Wednesday, August 7, 2013, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stephen Reid called the meeting to order. Members present were Anthony Cvek, Misty Haji-Sheikh, Paul Stoddard and Ruth Anne Tobias. Charles Foster and Julia Fullerton were absent. Gary Hanson, Jim Scheffers, Peter Stefan, Joan Hanson, Chris Arms, Mark Wilson and Fred Lantz were also present.

APPROVAL OF THE MINUTES

It was moved by Mrs. Tobias, seconded by Mr. Stoddard, and it was carried unanimously to approve the minutes from the Finance Committee meeting of June 5, 2013.

APPROVAL OF THE AGENDA

Chairman Reid asked to amend the agenda to switch item #4 with #5.

It was moved by Mrs. Haji-Sheikh, seconded by Mr. Cvek, and it was carried unanimously to approve the amended agenda.

IMO SECURITY AUDIT PRESENTATION

As a follow-up to the FY2012 audit presentation from the June 5th Finance Committee meeting, Mark Wilson of Sikich LLP presented the results of the Information Management Office (IMO) security audit.

Mr. Wilson went through a power point presentation that covered what type of security that was looked at, how the IMO Department was viewed by the organization, end point controls, dilemmas that the IMO Department faces and recommendations that Sikich provides to better protect the county from any potential threats to the network or any IT devices.

The consultant, Mr. Wilson, challenged the county and proper administration to get together and make a decision about what the risk tolerance is for the county and to start to develop a strategic

plan. Mr. Cvek also agreed and re-emphasized the same point. The presentation is Attachment #1 to these minutes.

CHAIR'S COMMENTS

Chairman Reid asked Mr. Jim Scheffers, Director of FMO, to explain the committee why some of the contracts that FMO has did not go out for bid for or they have signed on with a contract for a longer amount of time than outlined in the Purchasing Policy and Award of Contract Policy.

Mr. Scheffers explained contracts like they have with Gordon Flesch for copier services is because payments are spread out for the machines over a five year period, along with the machines comes maintenance contracts that provide cleaning, repairs and toners which have been of great service.

The cleaning company the county uses is also another type of contract Mr. Scheffers talked about. The company is DeKalb based and has been in business for 10 years and even through financial hardships, the company has held a very fair price for the county. They also provide other specialty services which FMO have used and have provided great results.

Mr. Cvek discussed that the Purchasing Policy was not mandating that FMO had to go out for bid with these contracts, just that prior approval was needed.

Chairman Reid made it aware that this discussion was taking place because of questions that other Finance Committee Members had regarding these contracts due to the length or reasoning.

Mr. Hanson announced that when the committee gets more in depth with the policy the waiver process will be discussed with exceptions regarding certain contracts.

PURCHASING & AWARD OF CONTRACTS POLICY

Mr. Peter Stefan, Finance Director, presented a revised policy that will replace the existing Purchasing Policy with a combined Purchasing and Award of Contracts Policy effectively implemented on October 1, 2013.

Mr. Stefan went through the highlights of the draft policy with the committee members. Some key points discussed included six different exceptions that would require Board approval: sole source procurement is allowed with approval of the Finance Director, Appointed Department Heads and not to award any contracts within 120 days of the end of their tenure, legal contracts are under the purview of the State's Attorney, contracts for departments that operate under the direction of autonomous Boards are subject to the rules of those Board with the caveat that they cannot obligate the County financially beyond the approve budget and/or tax levy, the Financial Director shall establish and maintain administrative procedures to carry out the policy, an annual listing of contracts will be provided in conjunction with the budget process, and quarterly reports will be submitted to the Finance Committee summarizing the prior quarter's contract activity.

Mr. Cvek asked what the determining criteria for the sole source procurement with an example of computer software and again with Director of FMO, Jim Scheffers, asking for the sole source purchase specific to Bobcat equipment.

Mr. Hanson answered that if Jim was able to explain to Mr. Stefan why the equipment has to be Bobcat, such as because of universal parts or other very logical reasoning, then it would make sense to allow that purchase.

Mr. Stefan announced for informational purpose that he counted 112 contracts for the county, 15 of which are over \$30,000 and about 17 contracts that are for longer than 3 years.

Mrs. Haji-Sheikh asked where there is an explanation of a waiver or where there would be any type of waiver for exceptions or a type of catchall for particular situations.

Mr. Hanson answered that the waiver was a way for the exception to be addressed to the County Board and they would grant the waiver.

After further discussion, the committee and Mr. Hanson decided for a section about waivers to be added to the draft under Administering the Policy, Section D.

It was moved by Mr. Cvek, seconded by Mr. Stoddard, and it was carried unanimously to forward the Purchasing & Award of Contracts Policy with the addition of the waiver paragraph to the full board for approval.

EMPLOYEE BONUS PROGRAM

In response to the Committee's request to review the current bonus programs in place, it was found that there are actually three, including, Employee Bonus Program, the Exempt Evaluation Policy – Bonus Plan, and the SUCCESS program. Mr. Stefan had announced the direction was that these policies were being brought back up for review although they have not been used much.

Mr. Cvek announced that the Employee Bonus Program is much like the one he had outlined with the exception the proposal that he outlined had made it more as the department as a whole but the one provided was good. His concern was that previous bonuses that have been granted do not fit any of this criteria listed in the program. Mr. Cvek had expressed that he would like to have a procedure that went in front of the full board. These plans, as they are laid out have some of the administrative oversight that he was looking for in a program. Mr. Cvek also mentioned that he would like to change the wording that reads the Rules Committee to Finance Committee, along with similar word changing and updates to the Exempt Evaluation Policy.

After further discussion on the different policies it was decided to put forth the policies with wording and title changes to the Employee Bonus Program including changing Rules Committee to Finance Committee and Administrative Aide to County Administrator.

It was moved by Mr. Cvek, seconded by Mrs. Tobias, and it was carried to forward the Employee Bonus Programs to the full board for approval.

FMO EQUIPMENT REQUESTS

Jim Scheffers, Director of FMO, spoke with Mr. Hanson and Mr. Stefan to request to add two pieces of equipment, a Bobcat Skid Loader and a Bobcat Utility Cart 5600, to the authorized equipment list for the Sycamore Campus and transfer the existing equipment to the Health Campus. He presented to the Finance Committee why these equipment purchases were necessary at this time and why he specifically is requesting the sole source Bobcat equipment.

Some key points that Mr. Scheffers made to the committee on why he would like to make these purchases now and why Bobcat is the equipment he wanted to use was, The Health campus is in need of heavier equipment for plowing and moving snow drifts, the gator that is used here in the Sycamore Campus area is tearing up the landscape more and does not have an adequate amount of hauling capacity for what is needed there, also he would like to specifically stay with Bobcat equipment because of the interchangeable parts that can be used on multiple different machines that FMO has and although, he requests to specifically stay with Bobcat, the bid for equipment would go out to any dealer who handles this brand.

Requested funding for the equipment will come by delaying the replacement of the 2003 Deere Gator from 2013 until 2019, delaying the 1999 Bobcat Skid Steer Loader from 2014 to 2019, delaying the replacement of the 2001 Ford Truck from 2013 until 2017, and utilizing existing replacement fund reserves.

It was moved by Mrs. Tobias, seconded by Mrs. Haji-Sheikh, and it was carried unanimously to forward FMO's Equipment Request to the full board for approval.

AUDITING SERVICES PROPOSAL

Mr. Stefan proposed the five-year contract with Sikich LLP for auditing services expired with the FY2012 audit. The proposal is for three years with two one year options. The county is currently paying a total of \$99,500 for all components of the annual audit. This proposal Mr. Stefan explained, calls for a 0.6% decrease for the 2013 audit, following by increases of 2%, and 3% in 2014, 2015, and 2016 respectively, and ends with a 0.1% decrease for 2017.

Mr. Stoddard asked why the proposal was for five years. Mr. Hanson said to lock in the price.

Mr. Lantz did reassure the Finance Committee that even though this is a five-year proposal, every year a new contract has to be signed with the company so the county isn't completely locked in for the full five years if they do not wish to be.

After further discussion, Mr. Hanson reminded the committee that the pricing with Sikich is very reasonable for the trust, confidence and credentials that Mr. Lantz has provided for DeKalb County.

Mrs. Tobias added that it is important to have a good partnership with a company like the county has had with Sikich LLP.

It was moved by Mr. Stoddard, seconded by Mrs. Tobias, and it was carried unanimously to forward the Fee Proposal to the full board for approval.

ADJOURNMENT

It was moved by Mr. Cvek, seconded by Mr. Stoddard, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Stephen Reid, Chairman

Tasha Stogsdill, Recording Secretary