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Southeastern  
Economic  
Development  
Corporation

T 619.527.7345  
F 619.262.9845

www.sedcinc.com

## Memorandum

Date: February 18, 2009  
To: Chair and Members of the Audit Committee  
From: Brian L. Trotier, Interim Chief Administrator *BUT*  
Subject: ***Follow-up to Audit Committee Meeting of January 26, 2009***

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### Background

On September 8, 2008, the Office of the City Auditor issued a performance audit report on Southeastern Economic Development Corporation's (SEDC) operations. Macias Consulting Group conducted the audit. The audit report made 33 recommendations, of which, six recommendations were directed at the City and 27 recommendations directed at SEDC. On November 24, 2008, the SEDC Board Chairman formally responded to the audit and addressed their concurrence with the audit recommendations. On December 16, 2008, the City Auditor met with Mr. Brian Trotier, SEDC's interim chief administrator to discuss the audit response and SEDC's planned approach for addressing the audit recommendations. On December 29, 2008, SEDC provided a revised response to recommendation #17. On January 7, 2009, the City Auditor reported to this committee essential concurrence on all but 4 of the 27 items directed to SEDC for response. These were items 14, 15, 16, and 17. This Committee heard from the City Auditor and D. Cruz Gonzalez, SEDC's Board Chair, on this matter on January 12, 2009. Further discussions by this Committee were held on January 26, 2009 with Brian Trotier, SEDC's interim chief administrator and this Committee requested this follow up memorandum on the aforementioned 4 items from SEDC for its next scheduled meeting on February 23, 2009.

### Summary

#### **Recommendation #14: SEDC should ensure that the SEDC Board of Directors approves all policies**

In its initial response to this item, SEDC's Board indicated its desire to reserve the right to delegate approval of non-material policies and procedures to the President or CFO of SEDC. Based on the input from this Committee and further discussions with the City Auditor, SEDC is now willing to require its Board to approve all policies adopted by SEDC and to reserve the right to delegate the creation and implementation of procedures implementing the Board policies to the President and/or CFO. SEDC believes this is consistent with the recommendation made and with generally accepted business practices. This modification also eliminates the issue of materiality as it relates to the adoption of SEDC policies by requiring all policies to be approved by the Board.

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**Recommendation #15: SEDC should amend its consultant policy and lower the threshold that would trigger SEDC Board of Director approval for professional and technical contracts/letters of agreement to \$10,000**

SEDC has already agreed to amend its consultant policy to require Board approval of all consultant contracts which, alone or in the aggregate, total more than \$25,000 in any fiscal year and to require the CFO to report to the Board on the status of all consultant contracts no less than quarterly.

**Recommendation #16: SEDC should eliminate the authority provided to the SEDC President to implement agency policies at her discretion**

In response to issues with its original response to this recommendation, SEDC has revised its response to Recommendation 14 (above) and incorporates those changes herein by reference. Further, based on the discussions with this Committee and the City Auditor, SEDC now agrees the authority of the President or any officer of SEDC to selectively implement policies of the agency should be eliminated. The Board of SEDC also agrees to review policies annually to insure the President and officers of SEDC are following all policies put in place by the Board.

**Recommendation #17: The Office of the CFO should review and approve of SEDC's newly-developed fiscal policies and procedures prior to their finalization**

SEDC concurs with the City Auditor and the IBA that the Chief Financial Officer of the City be allowed to review and comment on or provide input to SEDC on fiscal policies and procedures developed by SEDC prior to approval by SEDC's Board.

BLT:kk

c: Mayor Jerry Sanders  
Council President and Members of the City Council  
Chair and Members of the SEDC Board of Directors  
Jay M. Goldstone, Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Eduardo Luna, City Auditor  
Jan Goldsmith, City Attorney  
Andrea Tevlin, Independent Budget Analyst