



CITY OF MONTPELIER, VERMONT

- THE SMALLEST CAPITAL CITY IN THE UNITED STATES -

Mayor Mary S. Hooper

City Council:

Tom Golonka
Andy Hooper
Sarah Jarvis
Jim Sheridan
Nancy Sherman
Alan Weiss

William Fraser,
City Manager
wfraser@montpelier-vt.org

Beverlee Pembroke Hill
Assistant City Manager
bhill@montpelier-vt.org,

MEMORANDUM

To: Mayor and City Council Members
From: William Fraser, City Manager
Re: Review of Financial Management Systems
Date: November 4, 2009

As we work our way through issues related to the Scott Construction situation, I formally request that the city engage a professional financial management firm to perform a review of the city's financial management systems and the payment of the Scott check.

It is, in my opinion, in the best interests of the public, the city council and city staff that an outside professionals offer comment and advice on our accounting processes, control systems and the like. Such a review will go a long way to address any lack of confidence which may exist and can potentially offer advice about even more improvements that we might make.

It is also my opinion that such a review should happen sooner rather than later so that the upcoming budget process and consideration is not tainted by possible lingering doubt over financial information. In that light, I recommend that we forego a formal RFP and bid process in favor of seeking quotes.

As you know, the city already uses the two leading municipal accounting firms in Vermont. Fothergill, Segale and Valley perform regular accounting and reconciliation services for us and Sullivan and Powers perform our annual audit. As such, neither would be able to perform this review work. If approved, I would seek quotes from firms who do this work in Vermont.

You or others may have additional questions or services to add but I recommend that we ask for:

- Review of our accounting systems – do they meet professional accounting standards?
- Review of our safeguards – are they adequate, do they meet the standards?
- Review of the Scott Construction payment – how did it happen, how could it have been prevented, how could it have been discovered sooner, have appropriate changes been made as a result of this incident?
- Review of audit management letter recommendations – have they been followed, were they appropriate and adequate?
- Are any process or systems changes or improvements recommended?

I am seeking to get a rough estimate of the cost of this type of review for the meeting tonight.