

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

September 18, 2018

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, September 18, 2018 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, James Cawley, Tina Byles Williams (*via telephone*), Michael Karp (*via telephone*), Robert A. Dubow (*ex officio*), and Chelsea Guzowski (*ex officio, alt. for Randy Albright*).

Staff: Harvey M. Rice, Gus Tsakos, and Daniel Esposito.

Invited Guests: S. William Richter, Esq. Reed Smith, LLP (*via telephone*); Anna Adams, Office of Budget and Program Evaluation; Jackie Dunn, Office of the Director of Finance.

Call to Order

Mr. Vaughan called the meeting to order at 12:15 p.m.

Approval of Minutes

Mr. Cawley made a motion to approve the minutes from the meeting of July 25, 2018. Mr. Karp seconded the motion. The motion passed by a vote of 5-0.

Executive Director’s Report

Mr. Rice stated that PICA staff issued the following reports, included in the Board’s binders: three revenue reports (for June, July, and August) and the Staff report on the City’s QCMR for the fourth quarter of FY2018. Also included in the Board’s binder was the current appeals report; monthly overtime report; and PICA’s investment report, showing a 2.37 percent yield.

Mr. Rice stated that PICA’s fall conference is scheduled for October 25, 2018 and the topic of discussion will be Data-Driven Solutions for 21st Century City Governments. The conference will be held at the Federal Reserve Bank of Philadelphia. Email invitations to this event will be sent out later today.

Mr. Rice notified the Board that as part of the staff’s continuing evaluation of the City’s overtime costs, inquiries were made of certain departments to discuss their exceeded overtime allocations and

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strategies to manage overtime costs in the current fiscal year. From those inquiries, five departments were chosen to meet with PICA staff to further discuss their overtime costs, one of which is the Sheriff's Department.

Mr. Rice stated that Ms. Kim Richardson, a long-time, original PICA employee—having spent over 26 years at PICA—retired. Mr. Rice acknowledged gratitude for her lengthy service with PICA.

Mr. Rice added that a replacement for this position, which will include expanded duties, will begin employment on October 1, 2018.

Mr. Rice also stated that office renovations are going smoothly and should be completed shortly. Mr. Karp emphasized with appreciation that rent was only \$500 on this month's treasurer's report.

Mr. Rice further stated that the annual financial statement audit is nearing completion with the expectation that PICA will once again meet the City's target date of October 1, 2018.

Treasurer's Report

Mr. Rice stated that PICA's salary and benefits expenditures are higher than the previous fiscal year, primarily due to an additional pay period in the month of August. Mr. Rice also emphasized that going forward, PICA may exceed the budget for employee benefits due to an incorrect adjustment made by the Commonwealth last fiscal year, which was applied in the formulation of PICA's FY2019 budget.

Resolution No. 2019-04 – Consulting Services for Police-Court Overtime Study

Mr. Rice stated that due to the Board's continued interest in Police Court Overtime costs, it was decided to pursue an outside study on this issue. As such, PICA issued a Request for Proposal (RFP). The RFP was published in the Philadelphia Inquirer, on PICA's website, and emailed to over 40 accounting firms and [A1] chambers of commerce for solicitation. The RFP was open for three weeks and PICA received two proposals. A selection committee was convened to evaluate and rank the proposals and to hear presentations. During this time, one of the bidders withdrew their proposal. The firm selected met the committee's criteria, proposed a well-developed plan and approach and have relative experience on this subject matter. Therefore, the selection committee is confident in this selection.

Mr. Karp inquired if there was buy-in from the City on this study. Mr. Rice responded that the City supports the study and offered a representative from the Managing Director's Office to be a liaison between the City and the firm. Mr. Rice added that the cost of conducting this study could be beneficial to the City given the potential outcome of savings.

Mr. Kessler added that this could be the first step or phase to performing similar studies citywide.

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Mr. Karp inquired as to whether the Courts are cooperating with PICA on this study. Mr. Rice stated that when PICA staff met with the Court's administrators, they expressed their concern with the overtime costs as well and assured us of their cooperation.

Mr. Karp added that the firm should explore types of software which the city could purchase to assist in containing overtime costs, and that PICA could help with the related costs. He also mentioned that the firm should provide a write-up of how the system is currently working.

Mr. Cawley inquired if PICA was concerned with having received only one proposal. Mr. Rice pointed out that the chosen firm met each criterion set forth in the proposal and has ample experience with studies of this type.

The motion passed unanimously in a voice vote.

Bank Reconciliation Update from City

Mr. Dubow provided an update on the City's bank reconciliation efforts. He stated that the outside auditing firm is going through the remaining outstanding transactions, one by one, until they are resolved.

Currently, of the 8,000 disbursement transactions being evaluated, 780 were unmatched (meaning the accounting records do not match the bank records). Of these 780, 400 have been resolved, 240 are almost resolved, and the remaining 140 are in the early stages of being resolved. Of the 18,000 revenue transactions, 1,200 are unmatched. Of these 1,200, 500 have been resolved while the remaining 700 are in the early stages of being resolved. Therefore, the task force is confident that they will reduce the unreconciled amount shortly. Mr. Dubow explained that [A2]the primary issue involved debt service payments, which the bank detailed individually while the accounting system had them posted as a monthly, lump sum figure.

Mr. Kessler inquired as to whether the task force is delaying providing PICA the details of its efforts.

Mr. Rice indicated that the Task Force meetings are going well and are very informative. He added that corrective action has already been taken to address most issues.

Mr. Dubow stated that they are in the process of hiring a deputy treasurer who will be responsible for the bank reconciliation process and have hired two additional staff members to build up the department. He added that they are making systematic changes, such as recording debt service payments individually to establish a paper trail, rather than lumping transactions together in the accounting system.

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Mr. Kessler stated that PICA should be informed of the progress being made by the task force, as we are all on the same team and not in an adversarial position. The board takes its responsibilities seriously and members are happy to hear that progress is being made.

New Business

None.

Public Comment

None.

Adjournment/Recess

Mr. Cawley made a motion to adjourn. Mr. Kessler seconded the motion. The motion passed 5-0. Adjourned at 12:43pm.