

**Performance Audit  
Annual Governance Assessment**

October 2005

**City Auditor's Office  
City of Kansas City, Missouri**

October 25, 2005

Honorable Mayor and Members of the City Council:

We conducted this audit of governance practices of boards and commissions under the authority of Article II, Section 13 of the city charter, which establishes the Office of the City Auditor and outlines the City Auditor's primary duties. City code requires the City Auditor to administer a governance assessment checklist to boards and commissions and to report the results by November 1 each year. The audit intends to help the Mayor and City Council understand and evaluate the governance practices of the city's boards and commissions.

The audit focuses on Kansas City boards and commissions with control over major city resources and programs. In 2004, boards and commissions spent over \$300 million in public funds. Like elected officials, boards are responsible for allocating public resources and overseeing the provision of services. Unlike elected officials, boards and commissions are not directly accountable to the voters for their actions. It is important that boards and commissions follow good governance practices and report on these practices to the City Council.

We met with members of boards and commissions identified in the city's 2003 Comprehensive Annual Financial Report as component units of the Kansas City Municipal government and the Board of Parks and Recreation Commissioners. We asked them questions about their governance practices and discussed the practices. We based this audit on those discussions.

We identified some governance strengths and some areas where governance could be strengthened. We make recommendations to the City Manager intended to strengthen governance through increasing accountability for executive directors; providing policy direction; establishing internal audit functions; offering training; and discussing the future roles of the Downtown Minority Development Corporation and the Maintenance Reserve Corporation. The City Manager's response is appended.

We appreciate the courtesy and cooperation extended to us by the boards and commissions that participated in the assessment. The audit team for this project was Sharon Kingsbury and Michael Eglinski.

Mark Funkhouser  
City Auditor

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# Annual Governance Assessment

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## Introduction

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### Objectives

We conducted this audit of governance practices of boards and commissions under the authority of Article II, Section 13 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the City Auditor's primary duties.

A performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.<sup>1</sup>

This report is designed to answer the following questions:

- Did the boards and commissions submit information as required by the City Code?
- Based on the information we received, what are the governance practices of boards and commissions?

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### Scope and Methodology

Our review focuses on Kansas City boards and commissions with control over major city resources and programs; namely, city component units<sup>2</sup> and the Board of Parks and Recreation Commissioners. We selected eleven boards and commissions to include in this year's review.

In March 2005, we sent letters to the Board of Parks and Recreation Commissions and the component units identified in the city's 2003 Comprehensive Annual Financial Report. All eleven of the boards and

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<sup>1</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office 2003), p. 21.

<sup>2</sup> According to Governmental Accounting Standards Board (GASB) Statement No. 14, a component unit of a primary government is an organization that is legally separate from the government but for which the primary government is financially accountable because the government officials appoint a majority of the organization's governing body and either the government is able to impose its will on that organization or there is a potential for the organization to provide specific benefits to, or to impose specific financial burdens on, the primary government.

commissions responded, and we held interviews with representatives of all eleven organizations. This audit reflects the boards' and commissions' self-reported information. We did not verify their responses to our questions.

We conducted this audit in accordance with generally accepted government auditing standards. No information was omitted from this report because it was deemed privileged or confidential.

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## **Background**

### **Legislative Authority**

City code requires certain boards and commissions to complete and submit checklists annually about their governance practices. The City Auditor is responsible for developing and distributing the checklist and must report to the Mayor and City Council by each November 1.<sup>3</sup>

This is the fourth year for this report. Instead of distributing a checklist to boards and commissions, this year we held personal interviews with representatives of boards and commissions and addressed the checklist questions.

### **Kansas City Boards and Commissions**

Appointed boards and commissions oversee many functions and activities in Kansas City—maintenance of parks and recreation activities, the delivery of police and ambulance services, the use of development incentives, and other governmental services. Like elected officials, boards are responsible for allocating public resources and overseeing the provision of services. In 2004, boards and commissions spent over \$321 million in public funds. (See Exhibit 1.) Unlike elected officials, boards and commissions are not directly accountable to the voters for their actions. It is important that boards and commissions follow good governance practices and report on these practices to the City Council.

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<sup>3</sup> Code of Ordinances, Kansas City, Missouri, Section 2-722, Governance Assessment Checklist.

## Exhibit 1. Boards and Commissions FY 2004 Expenditures

Organization	Expenditures
Kansas City Board of Police Commissioners	\$146,354,409
Board of Parks & Recreation Commissioners	49,198,676
Tax Increment Financing Commission	47,201,831
Metropolitan Ambulance Services Trust	30,496,726
Land Clearance for Redevelopment Authority	32,634,796
Port Authority of Kansas City, Missouri	7,092,141
Economic Development Corporation & EDC Loan Corporation	6,545,480 <sup>4</sup>
American Jazz Museum	1,844,175
Maintenance Reserve Corporation	68,371
KCCID Charitable Fund	53,705
Kansas City Downtown Minority Development Corporation	Unavailable <sup>5</sup>
<b>Total</b>	<b>\$321,490,310</b>

Sources: Audited Financial Statements 2004, and Adopted Budget 2005.

### Participating Boards and Commissions

**Kansas City, Missouri Board of Police Commissioners.** The Governor appoints four members of the board, and the Mayor serves by virtue of her office. Under state statutes the city must provide funding to the board amounting to at least 20 percent of the city's general revenues. The board cannot levy taxes or issue bonded debt, powers that are held by the city, to the benefit of the board. The board is therefore fiscally dependent upon the city and the city is financially accountable for the board.

**Board of Parks and Recreation Commissioners.** The Mayor appoints the Commissioners to the five-member board. The board oversees the department's management of all parks, parkland, facilities and boulevards within the parks system. The commissioners frequently meet with the Mayor and City Council.

**Tax Increment Financing Commission.** The Mayor with City Council approval appoints the six-member Board of the Tax Increment Financing Commission. The commission recommends to the Mayor and City Council the use of tax increment financing for development projects.

**Metropolitan Ambulance Services Trust (MAST).** The Mayor appoints the nine-member board of trustees for MAST. The city's Health Director, the medical director of the Emergency Management System, and the Budget Officer of Kansas City, Missouri, serve as ex officio members of the Trust. The city annually provides significant

<sup>4</sup> The expenditures include those of the EDC and the EDC Loan Corporation.

<sup>5</sup> The auditors, who contracted to do the audited financial statement, have been unable to complete the work because financial records have been unavailable.

operating subsidies to MAST. The board is responsible for overseeing the ambulance service and for charging and collecting fees.

**Land Clearance for Redevelopment Authority (LCRA).** The Mayor appoints the Commissioners to the Land Clearance for Redevelopment Authority. The goal of the LCRA is to redevelop blighted areas. The board accomplishes this by encouraging, initiating, and assisting in the revitalization of designated urban redevelopment areas. The board's meetings are open to the public, and staff members attend neighborhood meetings.

**Port Authority of Kansas City, Missouri.** The City Council created the Port Authority of Kansas City, Missouri in 1977 to promote the general welfare of citizens of Kansas City, to encourage private capital investment, and to increase the volume of commerce. Currently, the Port Authority is focused on developing the Riverfront and the former Richards-Gebaur Airport. The City Council appoints board members. The board meets with the Mayor and City Council regularly.

**Economic Development Corporation (EDC).** The EDC is a business and economic development organization that staffs affiliated agencies, which are also component units of the city—the Tax Increment Financing Commission, the Land Clearance for Redevelopment Authority, the Port Authority, and the KCCID Charitable Fund. The EDC Loan Corporation, also a component unit of the city, has its financial statements incorporated into the EDC's financials in the city's Comprehensive Annual Financial Report (CAFR). The EDC board is large – in 2004 there were 43 members – and includes city officials, elected officials and members of the business community. The city provides a subsidy to the EDC annually to support its activities.

**American Jazz Museum.** The board is responsible for monitoring the renovation and maintenance of the Jazz Hall of Fame, the GEM Theatre, and the Negro Baseball Hall of Fame, and the Museum. The city appoints a voting majority of the governing body and provides an annual subsidy to support the organization's activities.

**Maintenance Reserve Corporation (MRC).** The MRC board consists of four city employees appointed by the City Manager. The organization was created in the 1970s, with the goal of providing long-term home maintenance assistance to low and moderate income residents of Kansas City, Missouri. The administration of the program was managed, until recently, by the Housing and Economic Development Corporation. Management moved into City Hall.

**Kansas City Corporation for Industrial Development Charitable Fund (KCCID Charitable Fund).** The organization was created as a non-profit corporation to promote and enhance community and economic development, specifically in the Paseo West area. The organization began with donations from area foundations. The KCCID Charitable Fund has received significant federal grants through the city. The board meets on an as needed basis.

**Kansas City Downtown Minority Development Corporation (KCDMDC).** The KCDMDC was formed for civic and social welfare purposes and is to operate for the benefit of the people of Kansas City. The organization's goal is to assist low and moderate-income residents and help new and existing minority businesses to locate or expand in the Central Business District. The five-member board has four members who are appointed by the Mayor with City Council approval. The fifth member of the board is the City Manager, or his designee. The board has not met regularly over the past year.

### **What is Good Governance?**

Governance is the exercise of authority, direction and control by a governing board. Governance deals with *what* an organization is to do and is focused on planning, setting goals and objectives, and developing policies to guide the organization and monitor its progress toward implementation of its plans. The primary focus of governance should be on the long-term – the organization's mission, values, policies, goals, objectives, and accountability.<sup>6</sup>

A key to good governance is asking good questions. Governing bodies should hold staff accountable for providing accurate answers to their questions. Governing board members should require staff to provide the right information, and to perform as directed. Board members should question management – and one another – to exercise authority, and to provide direction and control.

Adhering to good governance practices can improve the effectiveness of board activities and result in boards that are accountable to the public and elected officials. We identified and recommended good governance practices for Kansas City boards and commissions in our August 2001 special report, *Good Governance Practices for Boards and Commissions*. We will briefly review those practices here.

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<sup>6</sup> Guy LeClerc, W. David Managh, Jean-Pierre Boisclair, and Hugh R. Andson, *Accountability, Performance Reporting, Comprehensive Audit – An Integrated Perspective*, (Ottawa, CCAF-FCVI, Inc.).

**Leading the organization.** Boards and commissions should develop a mission statement and communicate the mission statement to management and the public. Boards and commissions should define the overall goals designed to fulfill the organization's mission.

**Setting policies delineating management responsibilities.** Boards and commissions should adopt policies that clearly define board and management roles and responsibilities. Boards should set policies and goals, set the organizational structure, and ensure that adequate resources are available to implement their goals.

**Ensuring management compliance with board directives.** Boards and commissions should require regular reporting by the chief executive officer (CEO) to ensure management's compliance with board policies, laws, goals, and ethical standards. Boards should adopt policies defining what progress the CEO must report on and when. The board should provide performance criteria to compare with the CEO's reports.

The board should establish an audit committee and an independent internal audit function. The internal auditor should report to the CEO, be independent of the accounting and finance functions, and have direct access to the board's audit committee. In addition, boards should provide for regular external audits of the organization's financial statements.

**Ensuring accountability for achieving organizational goals.** Boards should continually monitor progress towards accomplishing its mission and evaluate whether goals are relevant. Boards should hold the CEO responsible for progress toward achieving goals and should assess the CEO's performance in terms of goal achievement. Boards should also seek information on goal achievement from sources independent of management's reports, such as surveys, focus groups, outside experts, the public, and constituents.

**Ensuring a high level of board performance and effectiveness.** Boards should define board activities and prescribe how business is conducted. Boards should regulate their behavior through by-laws, job descriptions, and a code of ethics. Boards should conduct orientation for new members and implement ongoing board training. Boards should enforce attendance/absenteeism policies and regularly self-evaluate their performance. Boards should set the agenda and lead rather than react.

**Representing the public.** City boards and commissions are to represent the people of Kansas City. Boards are to make decisions that will manifest the best interests of the public. While boards work with many interest groups, the board as a whole must act based on the need to

promote the general welfare. Boards should seek to enhance the credibility of their organizations and communicate and cooperate with other organizations in the government to understand how their organization fits within the big picture.

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## Findings and Recommendations

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### Summary

Based on interviews with board members, we identified strengths among Kansas City's municipal boards. The members we interviewed showed enthusiasm and commitment for their organizations' missions and goals. Several of the boards use annual retreats to work on strategic planning. The four boards that employ executive directors – the Police Board, MAST, the Parks Board, and the American Jazz Museum – make efforts to hold their directors accountable for achieving the organization's goals. Some of the board members we interviewed expressed interest in further training and development.

Based on interviews with board members, we identified some weaknesses in governance practices among boards. Some boards set procedural rather than outcome-based goals. A good governance practice is to set outcome-based goals to lead the organization.

Kansas City's municipal boards that are staffed by the Economic Development Corporation do not employ executive directors. Good governance practices require that a governing body have the ability to hold directors accountable through an employment relationship.

Several board members we interviewed noted the need for policy guidance from the City Council. In prior audit work, we have recommended the City Manager develop policies on development incentives. Kansas City's municipal boards need clear policy guidance to help them set organizational goals. Good governance practices require independent information to help ensure management compliance and to ensure that organizations achieve their overall goals. Kansas City's municipal boards do not have internal audit functions, which would help them obtain independent information.

Finally, we interviewed board members for the Downtown Minority Development Corporation and the Maintenance Reserve Corporation who expressed concerns about the relevancy of these agencies.

We make recommendations to the City Manager intended to strengthen governance through increasing accountability for executive directors; providing policy direction; establishing audit functions; offering training; and discussing the future roles of the Downtown Minority Development Corporation and the Maintenance Reserve Corporation.

## **Boards Showed Governance Strengths in Several Areas**

Representatives of boards and commissions that we interviewed showed governance strengths in several areas. Representatives were enthusiastic about their organizations' missions and goals. Planning and retreat sessions for some boards are established practices. Some boards evaluate their chief executive based on performance and achievement of the organization's goals. Some have developed a board orientation process and board manuals. Several board representatives said that they would like to have more board training and are interested in establishing a board self-evaluation process.

### **Board members we met showed enthusiasm and commitment.**

The board and commission representatives we interviewed showed enthusiasm for their organizations' missions and goals. They seek information from the public about their performance. Board representatives described their board work as exciting or rewarding.

Several board members reported that their boards include a broad range of backgrounds, which gives them perspective. Their commonality is their commitment to the goals and success of their organizations. Most boards described themselves as high performing, with clear roles and expectations for members.

### **Some boards use annual retreats to work on strategic planning.**

When asked how they ensure a high level of board performance and effectiveness or about organizational goals, some representatives mentioned their annual board retreats. Board retreats give members an opportunity to identify weaknesses in knowledge and obtain tutorials from staff in areas where they may need it. Several representatives described a process which begins on a Saturday; with the board spending a number of hours focusing on the board's past performance and plans for future activity. Some boards have engaged in planning with goals and objectives.

**Boards generally evaluate the chief executive's performance.** The Board of Police Commissioners, the Board of Parks and Recreation Commissioners, the MAST Board, the Economic Development Corporation Board, and the American Jazz Museum Board evaluate the chief executive's performance based on achievement of the organization's goals. Chief executives regularly report to these boards on progress and activities. The boards generally review monthly financial reports and each agency is required to perform an outside independent audit annually.

The four independent boards staffed by the Economic Development Corporation—the Tax Increment Financing Commission, the Land Clearance for Redevelopment Authority, the Port Authority, and the KCCID Charitable Fund – have input into the evaluation of their executive directors. These agencies do not, however, have direct control over the employment and compensation of their executive directors. There are two boards that do not hire staff – the Kansas City Downtown Minority Development Corporation and the Kansas City Maintenance Reserve Corporation.

**Board members are interested in training and development.** Board representatives we interviewed recognize the value of board training and development. Some boards have developed a board orientation process and board manuals. Several board representatives said that they would like to have more board training and are interested in establishing a board self-evaluation process. We recommend that the City Manager explore board training options and make training available to boards and commissions.

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## **Governance Weaknesses Can Be Addressed**

City boards and commissions should develop outcome goals that will lead them to achievement of organizational goals. Outcome goals address the broader mission of the organization – the reason it was created. Boards should also strive to adhere to the delineations they have established between board and management roles.

The current structure for the EDC to staff the independent economic development agencies results in lack of accountability. The present structure is contrary to governance models, which are based on the board holding the chief executive accountable for achieving the organization's goals. The independent boards should hire, compensate and evaluate their chief executive officer.

Policy guidance from the city could help boards lead their organizations and represent the public interest. The City Manager should develop an economic development policy to guide the boards and commissions and assist the agencies in developing a more coordinated strategy for the application of development incentives.

Boards and commissions need independent information about performance to ensure that management complies with directives. Boards need financial, as well as non-financial, performance and program information that can be verified independent of staff reporting.

Establishing communication structures independent of staff will allow boards to more readily measure their accomplishments.

City boards with significant public expenditures and oversight responsibilities should establish internal audit functions. Because the Police Department deals with significant public resources, the City Manager should ask the Board of Police Commissioners to establish an internal audit function.

Two boards expressed concern about the relevancy of their agency's roles. The City Manager should meet with the boards of these organizations to discuss their future roles.

**Boards should set goals to lead the organization.** Several board representatives talked about procedural goals, or goals related to specific projects or activities. One board representative said that some goals are written down—those that are procedural, but other goals are not. Another board member said that the goal was “to keep the organization alive.” Still another board member talked about updating accounting systems. While these goals are important, they do not address the broader mission of the organization—the reason the organization was created.

Boards are responsible for leading their organizations. Boards provide a strategic perspective, plan for the long-term, and articulate the vision for the organization. Setting outcome goals—focusing on the changes organizations should make in the lives of citizens—is one way a board leads the organization.

City boards should re-evaluate goals to be certain that they are relevant to their mission. When developing and reassessing the organization's strategic plan, the city boards should develop outcome goals that will lead them to achievement of the organization's mission.

**City boards should clearly delineate the role of management to strengthen accountability and effectiveness.** There was some confusion among board members we spoke with about who sets the agenda for boards and commissions – staff or board? Sometimes the agenda is both staff and board directed. Some board representatives were very clear that their role is to establish goals and monitor staff's implementation of those goals. For other board members the roles were not as clear. Board members should strive to adhere to the delineations between board and management roles.

**Economic development boards should directly employ chief executives.** The City Planning and Development Department contracts with the Economic Development Corporation to provide staff support to the independent development agencies. However, the city has no direct connection with the EDC with regard to hiring staff, nor do the independent boards that are supported by staff hired by the EDC.

This current structure is contrary to governance models that we have researched, which are based on the board holding the chief executive accountable for achieving the organization's goals. Boards should employ, compensate and evaluate their chief executive officer based on performance.

Board representatives noted that EDC staff are sometimes pulled in different directions, as their time is split between serving the independent agencies and the EDC. One board member remarked that there is no formal process to make sure that the goals of the EDC and those of the independent agencies all mesh and work as a unified plan.

The City Manager should explore options to ensure that economic development boards hire, compensate, and evaluate their chief executives.

**Policy guidance from the city could help boards lead their organizations and represent the public interest.** One board member told us that the City Council needs to set policies; but, in the absence of policy, they (boards) will act anyway.

Policies set by the City Council provide a mechanism to ensure boards represent the public interest and provide a framework for boards to lead their organizations. A lack of policy is of special concern to the independent development agencies because they are involved in decisions that have long-term financial implications for the city.

Previously, we have recommended that the City Manager set financial policies and policy on development incentives.<sup>7</sup> The interviews conducted for this report reflect a continuing need for a formal City Council adopted policy on economic development incentives. The City Manager should develop an economic development policy for City Council review, which incorporates the incentives available to all the agencies.

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<sup>7</sup> *Review of the Submitted Budget 2006*, March 2005, Memorandum from City Auditor Mark Funkhouser to Councilman Evert Asjes and Members of the Finance and Audit Committee, January 27, 2003; *Review of the Submitted Budget 2002*, February 2001; *Review of the Submitted Budget 2001*, March 2000.

**Boards need independent information about performance to ensure management complies with directives.** City boards get a lot of their information on how the organization is performing from management. Some boards seek input from citizens. While boards review annual audited financial statements, more independent non-financial, performance and program information helps ensure management complies with board direction and that the organization is meeting its goals.

City board members often place a great deal of trust in the integrity of staff. Board members should also, however, establish an organizational structure that allows them to independently verify information and measure the performance of staff.

**City boards could use an internal audit function to help them govern.** In order to ensure compliance, boards should establish an audit committee and an independent audit function. The internal auditor should report to the chief executive, be independent of accounting and finance, and have direct access to the board's audit committee. The City Manager should require that boards with significant public expenditures and oversight responsibilities establish internal audit functions. Because the Police Department also deals with significant resources, the City Manager should ask the Board of Police Commissioners to establish an internal audit function.

**Board relevancy should be evaluated to ensure that organizations represent the public interest.** Two boards' representatives expressed concern about the relevance of their agency's roles. Board representatives of the Kansas City Downtown Minority Development Corporation and the Maintenance Reserve Corporation reported that their mission and purpose is no longer clear. These organizations were created 30 years ago or more, and the environment in which they function has changed significantly. The City Manager should meet with the boards of these organizations to discuss their future roles.

## **Recommendations**

1. The City Manager should explore options to ensure that economic development boards hire, compensate, and evaluate their chief executives.
2. The City Manager should develop an economic development policy for City Council review, which incorporates the incentives available to all the independent economic development agencies.
3. The City Manager should require boards with significant expenditures and oversight responsibilities to establish an internal audit function.
4. The City Manager should ask the Board of Police Commissioners to establish an internal audit function.
5. The City Manager should explore board training options and make board training available to boards and commissions.
6. The City Manager should meet with the boards for the Downtown Minority Development Corporation and the Maintenance Reserve Corporation to discuss their future roles.

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## **Appendix A**

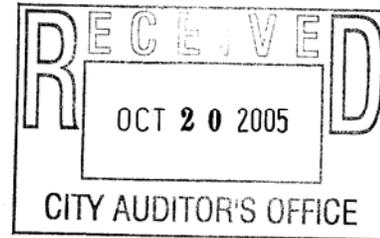
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### **City Manager's Response**



## Interdepartmental Communication

**DATE:** October 18, 2005  
**TO:** Mark Funkhouser, City Auditor  
**FROM:** Wayne A. Cauthen, <sup>W.A.C.</sup> City Manager



**SUBJECT:** Response to the Annual Governance Assessment Audit

I have read and considered findings and recommendations resulting from the draft audit on *Governance Assessment*. Please find my responses to each recommendation below.

**Recommendation #1:** *The City Manager should explore options to ensure that economic development boards hire, compensate, and evaluate their chief executives.*

**Response:** Agree in part. I currently engage in activities that address this recommendation. Of the eleven boards specifically highlighted in this audit, the city manager's office has direct control and interaction to influence or make decisions over one of them. Ensuring that the economic development boards as well as the public safety boards select and compensate chief executives is a process that I currently contribute to, and will continue to do so. The Kansas City Minority Downtown Development Council and the Maintenance Reserve Corporation are an extension of job functions, and the membership of those bodies is determined by the technicians holding specific positions of responsibility.

**Recommendation #2:** *The City Manager should develop an economic development policy for City Council review, which incorporates the incentives available to all the independent economic development agencies.*

**Response:** Agree. Fiscal accountability is of the highest priority to my office. The initial step of discussing the concept of a sound debt policy will be taken shortly. A retreat between the staff of the Economic Development Corporation and the City of Kansas City has been planned for November, 2005 to discuss economic development in Kansas City. Topics will include the use of incentive tools, and their impact on the city's debt. On the city side of the business, the Finance Department will coordinate the development and implementation of any policies borne out of the discussion. The next steps will be to ensure the beneficiaries of the city's economic incentives fully appreciate the intent and application of the policy. In addition, staff will make certain that the tools available are diverse and serve the mutual benefits of the city, the economic development community and the public.

**Recommendation #3:** *The City Manager should require boards with significant expenditures and oversight responsibilities to establish an internal audit function.*

**Response:** Agree. Most boards require a check and balance, and incorporate that function in their governance. However, the City of Kansas City should have some privilege to account for the expenditure of municipal monies that have been granted these agencies. The City Manager's Office would like to proceed in partnership with the City Auditor's Office to develop fair measurable tools for boards with significant expenditures to utilize. After such time as the tools are developed, the City Manager's Office in conjunction with the Finance Department will work with those boards to carefully and responsibly set up procedures and expectations to implement the internal audit functions.

**Recommendation #4:** The City Manager should ask the Board of Police Commissioners to establish an internal audit function.

**Response:** Agree. The Board of Police Commissioners receives a minimum of 20% of the city's general fund dollars, and as such is the recipient of the largest share of monies of the outside agencies. An internal audit function would identify discrepancies between the intent of usage of dollars and actual usage of dollars. The City Manager's Office would like to proceed in partnership with the City Auditor's Office to develop and implement a fair measurable internal audit function for the Board of Police Commissioners. The City Manager's Office has appointed a liaison who is responsible for monitoring challenges and seeking opportunities for improvement with the Police Department. Thus, there is a mechanism in place for the City Manager's Office to request the Board of Police Commissioners to establish an internal audit function, and to implement the audit function, in partnership with the Mayor's Office (Mayor Barnes is an ex-officio member of the Police Board of Commissioners).

**Recommendation #5:** The City Manager should explore board training options and make board training available to boards and commissions.

**Response:** Disagree. With the exception of the Maintenance Reserve Corporation, the position of City Manager does not participate in the formation, appointment, ratification or approval of any of membership of the boards included in this audit, or those who receive funds from the city. It is the burden of the body that creates and approves the members of the boards to ensure that the board membership possesses the skills, and has resources available to them to carry out the duties set before them to uphold the missions of the boards on which they sit.

The City Manager's Office will address the appropriateness of creating such options and training available to the Maintenance Reserve Corporation when all issues are taken in consideration to resolve the issues currently facing that body.

**Recommendation #6:** The City Manager should meet with the boards of the Downtown Minority Development Corporation and the Maintenance Reserve Corporation to discuss their future roles.

**Response:** Agree. The dissolution of certain community partners has changed the relationship between the Downtown Minority Development Corporation and the Maintenance Reserve Corporation and the city. The role and responsibility of these bodies is currently under review.

City staff is currently working in conjunction with these bodies to analyze funds, services and various impact scenarios to determine the best course to move forward with their service functions and activities.

Cc: The Honorable Mayor Kay Barnes