

CLERK'S OFFICE
AMENDED AND APPROVED

Date: 2-16-10
IMMEDIATE RECONSIDERATION
FAILED 2-16-10

Submitted by: ASSEMBLY CHAIR FLYNN
Assembly Member Coffey
Reviewed by: Assembly Counsel
For reading: February 16, 2010

ANCHORAGE, ALASKA
AR NO. 2010-57

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO AUTHORIZE
THE ENGAGEMENT OF THE SERVICES OF AN INDEPENDENT FORENSIC
AUDITOR TO REVIEW FINANCIAL MATTERS REFERENCED IN REPORTS
PREPARED FOR THE ASSEMBLY BY THE MUNICIPAL ATTORNEY.**

WHEREAS, pursuant to Assembly Resolution 2009-241, approved September 29, 2009, the Municipal Attorney provided a report to the Anchorage Assembly dated November 18, 2009; and

WHEREAS, the Municipal Attorney provided a supplemental report to the Anchorage Assembly dated January 21, 2010; and

WHEREAS, both reports discuss a series of events, reports and communications between the Assembly and the Begich Administration; and

~~WHEREAS, both reports detail a series of alleged anomalies related to the financial well-being and the financial management of the Municipality, including alleged unreported revenue shortfalls, alleged inappropriate treatment of certain expenditures, alleged inaccurate fund balance reporting, alleged unauthorized forgiveness or deferral of loan payments, alleged overspending of appropriated funds and alleged overstated revenue budgets; and~~

WHEREAS, in both the original report and the supplemental report, the Municipal Attorney has recommended that the City conduct an independent forensic audit to definitively answer the specific issues identified in the reports; and

WHEREAS, as to the specific issues indentified in the reports by the Municipal Attorney, an independent forensic audit to confirm the facts and consequences flowing from those issues is outside the expertise of the Municipal Attorney's office; and

WHEREAS, the independent forensic audit requested by the Municipal Attorney shall constitute the Assembly's final investigative action with regard to **actions** financial activities of the Begich Administration as they relate to the financial matters set forth in the two reports from the Municipal Attorney. Any further actions with regard to these matters shall be limited to the consideration of appropriate amendments to the Municipal Code or potential referral to the appropriate authorities;

NOW, THEREFORE, the Anchorage Assembly resolves:

1. Because some or all of the referenced events contained in the reports may have violated the authority given by the Assembly and by law to the Administration and may have adversely affected the finances of the City, the Assembly authorizes a forensic audit of the matters set forth in both reports from the Municipal Attorney as more specifically described below.
2. The purpose of the audit is to definitively determine the nature and scope of the financial transactions and forecasts identified in both of the reports from the Municipal Attorney. The audit will also identify if actions taken were in conformance with prudent fiscal management and applicable government accounting standards.
3. The Internal Auditor, the Municipal Clerk and the Assembly Counsel are directed to prepare a Request for Proposal (RFP) for the services of an independent forensic auditor with appropriate municipal government accounting experience to provide an independent forensic audit and analysis of the specific issues identified in ~~to supplement~~ the two reports of the Municipal Attorney. The scope of the RFP shall be based on this Resolution. Upon completion of the RFP and prior to its release, the RFP shall be presented to the Assembly by way of an Information Memorandum (AIM) for review and comment.
4. The forensic auditor shall be selected by the Internal Auditor, the Municipal Clerk and the Assembly Attorney in a competitive solicitation managed by the Purchasing department consistent with the RFP.
5. After selection of the forensic auditor, the contract between the Municipality and the forensic auditor shall be subject to review and approval by the Assembly. Oversight of the audit process shall be by the Internal Auditor, the Municipal Clerk and the Assembly Attorney.
6. The Scope of the audit shall be limited to those issues set out in the two reports from the Municipal Attorney and shall not extend beyond those matters and shall include the following:

In reference to the Municipal Attorney's original report, the audit shall provide independent review and analysis of:

- The "on behalf" PERS revenue and expense journal entries for the FY 2008 budget and the flow-through of the PERS budget treatment to the departmental budgets;
- The alignment between revenues and appropriations, and alignment between expenditures, appropriations, fund balance and fund balance reserves and the timeliness of reporting shortfalls/over expenditures to the Assembly;

In reference to the Municipal Attorney's supplemental report, the audit shall:

- Independently determine if the transactions and the reports identified in the Municipal Attorney's supplement report had a material impact on the unappropriated fund balance;
- Identify if actions with regard to budgeting taken were in conformance with **applicable government accounting standards and provisions of municipal, state and federal law**, prudent fiscal management and applicable government accounting standards.

7. The forensic audit report shall detail the facts found by the auditor, the conclusions of the auditor and any recommendations that the independent forensic auditor may deem appropriate for further actions by the Municipality.

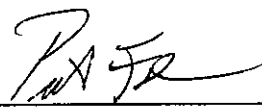
8. The forensic audit shall not be limited to the sources of information included in the two reports from the Municipal Attorney and shall include interviews with municipal staff, and as available, former staff, who have direct knowledge of the issues within the reports.

9.[8.] An amount not to exceed \$50,000 will be appropriated for the forensic audit.

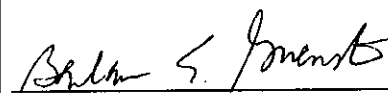
10. [9.] At the conclusion of the audit, the forensic audit report shall be submitted to the Municipal Audit Committee for comment and then to Mayor and to the Assembly.

11.[10] Upon receipt, review and acceptance of the audit, any further actions with regard to these matters shall be limited to the consideration of appropriate amendments to the Municipal Code or potential referral to the appropriate authorities.

PASSED AND APPROVED by the Anchorage Assembly this 16th day of February, 2010.


Chair

ATTEST:


Municipal Clerk