

## Minutes of City of Dunkirk Finance Committee held on January 22nd, 2013

**Present:** Councilman Mike Michalski, Chairperson  
Councilwoman Stacy Szukala, Member  
Councilwoman-at-Large Stephanie Kiyak, Member  
Rich Halas, FAO  
Mark Woods, City Treasurer  
AJ Dolce, Mayor  
Ron Szot, City Attorney  
Steve Neratko, Development Director  
Tim Gornikiewicz, CDBG Administrator  
Guests: Gib Snyder (Observer), Tina Zbot (WDOE)

**Opening:** Chairman Michalski opened the meeting at 4:00pm.

### **Meeting Content:**

The following letter represents the above meeting content. It is the draft version of the city's response to the NYS Comptroller's audit of the CDBG program & is not the final version submitted to the Comptroller's office:

*City officials have reviewed the Community Development Block Grant Management (CDGB) Examination and the findings are very disturbing. The Mayor, Common Council and city officials accept the findings and take corrective action for the deficiencies that were cited.*

*Our mission is to implement policies and procedures which would protect the integrity and purpose of the program, and also prevent these deficiencies from occurring in the future.*

*Listed below is the action plan that has been adopted regarding the nine findings:*

***1. Council should establish formal procedures to monitor the performance and administration of the CDBG program, including a review of periodic status reports on grant activity.***

*Monthly Integrated Disbursement & Information System (IDIS) reports and a quarterly financial report, which will be tied into the draw downs of the CDBG program, will be presented to the Economic Development Committee for review & discussion on a monthly basis.*

*The minutes of the Economic Development Committee meetings, in addition to the above reports, will be presented to the Common Council as an agenda item during its meeting, ensuring the entire council is aware of status reports on CDBG activity.*

***2. Council should enter into a written agreement with the DLDC that clearly establishes the responsibilities of both parties including the work to be performed, a schedule for completion, and a budget. These documents should be in sufficient detail to allow the Council to monitor performance. Further, the agreement should specify the records the DLDC must maintain and the reports that must be submitted to the Council, including dates for submission.***

*Sub recipient agreements (see attached) will establish responsibilities of all involved parties. The city has contracted the services of Harry Sichertman & Associates to draft new agreements and to further address this issue.*

***3. The Council should authorize all transfers of CDBG funds to the DLDC only after ensuring they comply with the Council approved Plans. Funds should not be distributed in excess of the Council's express authorized limit.***

*A detailed list of all approved budgetary line items will be integrated into the main software program (KVS). The itemized CDBG fund allocations will remain separate from the City's Department of Development / DLDC budgetary allocations.*

*Any transfer of CDBG funds to the DLDC will be initiated by submitting a Purchase Order to the Fiscal Affairs Officer. The Purchase Order will detail the request for that particular line item. The amount will only pertain to the progress for that particular time period. All documentation will be attached to a Purchase Order with the proper Fund Account and Purchase Order identification number.*

*The Fiscal Affairs Officer will check the system for the remaining balance. This balance includes all prior encumbrances. Once approved, the Purchase Order along with the supporting documentation will be submitted to the Mayor for a secondary review and approval. The Purchase Order will then be returned to the Fiscal Affairs office. The Purchase Order will be attached to the check voucher. The check voucher will once again have to be signed off by the Fiscal Affairs Officer prior to the check being written.*

*A summary list of all transfers and/or encumbrances will be submitted to the Mayor, Common Council, and the DLDC via e-mail by the Fiscal Affairs office each month. This list should be used as an independent check of the submittals produced by the DLDC.*

***4. The Council should ensure that the DLDC has effective control procedures in place to adequately safeguard grant moneys.***

*The financial management system of the DLDC will be monitored by a representative(s) of the city, who are independent of the DLDC and will monitor all sub recipients with a checklist on an annual basis (see attached). Upon completion, the checklist will be presented to the Economic Development Committee and Common Council for review (see response #1 above).*

*In addition, the DLDC will maintain a Policy & Procedures sub-committee to review procedures & make sure controls are followed.*

***5. The Director of Development should inspect the DLDC's loan files to ensure adequate documentation is on file prior to providing the DLDC with grant funds for this purpose.***

*A loan documentation checklist (see attached) which mirrors HUD underwriting standards pertaining to financial, proper use, cost and collateral documentation will be maintained by the Director of Development for each DLDC originated loan file.*

***6. The Council and Mayor should require documentation sufficient to support all claims against the City's CDBG funds to demonstrate how moneys are being used to meet the program's objectives.***

*The CDBG Administrator, Director of Development, Mayor, City Treasurer and Fiscal Affairs Officer will all sign-off on any drawdown requests. This process will provide a system of checks and balances regarding required documentation between the Department of Development and city officials before any disbursements are made. A draw down request report (see attached) will also be implemented and presented to the Economic Development Committee and Common Council (see response #1).*

***7. The Council should discuss with the City Attorney whether the City could require the DLDC to recover unauthorized payments made to the DLDC Chairman and DLDC Treasurer.***

*This is an ongoing investigation involving the city Attorney's office, Department of Development and city officials.*

***8. Council and Mayor should establish formal procedures for selecting grant recipients through an open, competitive process that helps ensure all local businesses have an equal opportunity to apply and be considered for grants.***

*Appropriate guidelines will be established based on each particular program. Public announcements and advertisements will be published in order to provide a fair & open competition for grant monies to the public.*

***9. The Director of Development should ensure all façade grant projects and recipients comply with the City's program guidelines.***

*While the current façade program has been eliminated, future programs will comply with future program guidelines under the guise of the Director of Development while being made available to the general public in a fair & open manner.*

**Meeting adjourned 5:10pm**