

**MINUTES
SPECIAL SESSION
MAYOR and COMMON COUNCIL
Of the
TOWN OF CAMP VERDE
395 S. Main Street, Room 206-207
Thursday, May 22, 2008
3:00 p.m.**

1. Call to Order

Mayor Gioia called the meeting to order at 3:05 p.m.

2. Roll Call

Mayor Gioia, Vice Mayor Hauser, and Councilors Elmer, Garrison, German, Kovacovich, and Smith were present.

Also Present:

Town Manager Scannell; Accountant Elliott, Court Supervisor Daughety, and Town Clerk Barber

3. Presentation by Lisa Lumbard of Lumbard and Associates, PLLC updating Council regarding single audit for the fiscal year ended June 30, 2007, followed by discussion and possible direction to staff.

Ms. Lumbard was late, arriving at 3:35 p.m. prior to her arrival, Council discussed the Condition – Weakness in Controls over Disbursements as listed on page 51 of the audit. Garrison expressed her lack of trust in the process, noting that Council had been told several times that they could trust an independent audit. German asked if there would be ‘spot checks’ to ensure these issues do not occur in the future. Scannell explained the audit process and advised that corrective measures had already been taken to ensure a clean audit the next time. He noted that the accounting standards were changing and becoming more stringent. He advised he expected to have some ‘dings’ on the next audit, but this would be taken as constructive criticism and an opportunity to take corrective action.

Smith noted that this audit did not uncover the chaos that was expected under the previous Finance Director. He said that at best, the Town had a sloppy Finance Director, not a criminal one. He said that he was elected to serve our citizens and he asked Scannell how he felt about the audit and how this could have been avoided.

Scannell explained that it was critical to rotate auditors every two years. He explained that the Town had a long-term relationship with the previous auditors and that it was easy to become complacent. He suggested that Council periodically go to RFP for audits to avoid cozy relationships. In answer to Garrison’s concerns, he advised that though it has been a challenge, it is his daily goal to improve credibility and restore trust. He said that when he came here, the credibility bank had been depleted for Council, for staff, and for the community. He said that each day, we endeavor to improve the deposits to the credibility bank, but it is a tall order, noting that the fear here was palpable. He advised that he had spoken with Mrs. Roberts of Heinfield & Meech, our consulting CPA firm, about developing a “Whistle Blower Policy” that would have an outside investigation team.

Gioia said that he was aware of the depletion and it had taken Council several years to get to this point. He said that they have confidence that they are now heading in the right direction.

Scannell advised that it is a team effort and we strive for continuous improvement.

Lisa Lumbard presented the audit, covering the document page-by-page. She explained that the 'findings' were the result of an entire suite of new accounting standards. She noted that if the Town could not draft their own financial statements, it would be a significant deficiency. She referred to the Manager's response on page 53 and noted that management has been a pleasure to work with. She advised that management is progressively responsive and they do not argue, but rather ask, "What can we do to fix it?" She said that sufficient training could alleviate many of the issues and that the Town had made an excellent choice in bringing in Heinfeld & Meech. She said it would have been too difficult for a new Finance Director to concentrate on finding and correcting the issues in a short time. She commended staff on their proactive involvement in the process.

Lumbard answered Council questions.

4. Adjournment

On a motion by Hauser, seconded by German, the meeting was adjourned at 4:15 p.m.



Deborah Barber, Town Clerk

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING, minutes are a true and accurate accounting of the discussion of the Mayor and Common Council of the Town of Camp Verde during the Special Session of the Town Council of Camp Verde, Arizona held on the 22nd day of May 2008. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 19 day of June 2008



Deborah Barber, Town Clerk