

**CITY OF MINNEAPOLIS
REVIEW OF FILINGS OF THE STATEMENT OF ECONOMIC INTEREST
CALENDAR 2006**

APRIL 2007

**INTERNAL AUDIT
CITY OF MINNEAPOLIS
ROBERT BJORKLUND, DIRECTOR OF INTERNAL AUDIT**

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Review of Filings of the Statement of Economic Interest
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In compliance with Minnesota Statute 10A.09, Internal Audit has reviewed the filings of the Statement of Economic Interest (SEI), and related documents, for calendar year 2006. The statute, as it applies here, stipulates the SEI document is to be filed: (1) within 60 days of accepting employment as a public or a local official in a metropolitan governmental unit; (2) within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective local office in a metropolitan governmental unit.

Statements are filed by appointed officials as well as candidates and elected officials in a metropolitan government unit. In addition to the City proper, governmental units under review include Park & Recreation Board, the Minneapolis Public Library Board and CPED. Also, since the City revised its ethics ordinance in 2003, this resulted in several additional positions being defined as local officials and includes Mayoral and City Council appointees to certain boards and commissions. These include appointees and reps from the City Planning Commission, Metropolitan Sports Facilities Commission, Minneapolis Public Housing Authority, Bassett Creek Watershed Management Commission, McKnight Family Housing Fund and the Shingle Creek Watershed Management Commission. Finally, the Minneapolis School Board was added in 2004 to those maintained by Elections.

The City's Elections Office conducts the coordinating and centralized processing, collection and retention of the SEI statements. All individuals required to comply with this filing were sent SEI material, reminders sent to those that did not respond, plus followup via phone calls or emails were also made. This summary report will ultimately be forwarded to the State Auditors Office.

The reviews conducted here sought first to verify that the appropriate form was on file, signed by the individual, dated and had the requested information. Also, this year, Internal Audit selected three City employees who have "signature authority" to review their SEI listed holdings/investments in more detail to determine if there was the potential for conflict of interest. None of the three reviewed had any investments or holdings come to light which may have been construed as a potential conflict of interest with their City employment.

However, during this phase of the SEI review, it was noted that the individual holding the Contract Administrator position (Pam Fernandez), with a reporting structure of Contract Administration > Purchasing > Finance, has signature authority but is currently not required to complete a SEI. Internal Audit recommends the Contract Administrator position be required to complete an annual SEI form.

The city of Minneapolis has sixteen elected positions which are required to file the SEI document on an annual basis. Additionally there are another 115 appointed positions, when fully staffed, which require the SEI filing (currently the filled number of positions filing is currently at 106 for 2007). After initially reviewing available SEI documentation in the Elections Division, Internal Audit allowed Elections an additional ten days to review and conduct follow-ups on those SEI's not yet accounted for. At the time of the final count, Internal Audit noted the following exceptions.

NOTE: The exceptions cited here fall into three categories –

- 1) No SEI form, those employees who were in their positions 1/1/06 – noted by a *
- 2) No SEI form, those employees who came into their SEI required position during 2006 – Noted by a **, and
- 3) Individuals who used symbols for stocks/mutual funds owned rather than the required full listing of the company/stock/fund – noted by a ***.

- A) CPED – Elizabeth Ryan – *
- B) Mayors Office – Sherman Patterson, Janna Hottinger **
- C) MPD – Donald Harris, Robert Allen **
- D) Regulatory Services – Ricardo Cervantes, Janine Ryan **
- E) Public Works – Greg Goeke **
- F) Finance – Chuck Elliot ***
- G) Assessments – Valerie Thompson ***
- H) Park Board – Jon Olson *
- I) Bassett Creek Watershed Management Commission – Lisa Goddard *
- J) City Planning Commission – Theodore Tucker*, Walid El-Hindi* , David Motzenbecker*, Lauren Huynh**, Lara Norkus-Crampton**
- K) Public Housing Authority – Elizabeth Ryan* (previously mentioned in “A” above), and Dawn Stanton**,
- L) Sports Facilities Commission – LoAnne Thrane*, Paul Rexford Thatcher Sr,**, Timothy Rose**.

According to Minnesota Statute 10A.09 Subd 7 and 8: Late filings or failure to file can lead to subsequent fines and/or suspension. The Elections Office continues to followup on these and Internal Audit will continue to monitor.

Since the Minneapolis Park & Recreation Board is not technically subject to City filing requirements the process used here for 2006 was to send individuals a certification sheet which asks whether there were any changes from the previous filings. If Elections does not hear back from them, they will assume there were no changes. After a review of these by Internal Audit only one form (Olson) was not returned. The Minneapolis Public Library has seven members elected at large who file SEI forms. Again, as with the Park Board, the certification sheets were sent out for 2006 and if not returned it is assumed there were no changes. After review, all forms were returned by the Library Board. The school board has seven at-large members. All of those seven had been returned.

One problem that continues within the SEI process is the communication flow between Human Resources and Elections. This occurs primarily when an individual goes into a position during the year that requires an SEI to be completed, as Elections is not always informed. Currently there is a temporary fix in place, however, ideally, Elections would like to have expanded access to HRIS. This area is still in the discussion stage and Internal Audit will remain in the loop and be involved in the on-going dialogue.

The Ethics Officer, in conjunction with Internal Audit, the Elections Office and Finance, is in the process of reviewing the current list of positions requiring the filing of a SEI. Pursuant to Minneapolis City Ordinance section 15.80 (a)(3), City Council approval will be sought if any changes are proposed to this list.

RECOMMENDATIONS:

- The Elections Office should continue to followup on those required City SEI forms not yet accounted for. Additionally, the Contact Administrator position should be added to the list of those required to complete an SEI form;
- The Elections Office, Human Resources and Internal Audit should continue to discuss available communication options in order to further development a reporting process whereby the Elections Office is sufficiently informed regarding position changes involving SEI filings;
- The Elections Office, Internal Audit, Finance and the Ethics Officer should review the current list of positions requiring the filing of a SEI. City Council approval will be sought should any changes are proposed to this list.