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**GOVERNANCE COMMITTEE MINUTES  
BUFFALO FISCAL STABILITY AUTHORITY  
WEDNESDAY, AUGUST 20, 2008**

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The following are minutes from the Buffalo Fiscal Stability Authority's Governance Committee meeting on Wednesday, August 20, 2008, at the Buffalo & Erie County Public Library's Central Branch.

**Directors Present:** Arthur, Kolkmeier & Townsend; Director Mertz also participated in the meeting

**Staff Present:** Kelly, Link, Mitchell and Mobley

The Buffalo Fiscal Stability Authority's Governance Committee was called to order at 12:32 pm by Committee Chair Alair Townsend. She called roll. Finding a quorum present, the meeting commenced.

Director Townsend explained that the meeting's agenda would address BFSA's internal controls framework. She requested that BFSA's Internal Control Officer, Principal Analyst Mike Kelly, provide a summary for the Committee.

**Report on Internal Controls**

Mr. Kelly made the following points:

- The Internal Controls Framework is completed and posted online.
- The separate framework components have been brought to the Committee for review. They include:
  - Procurement Guidelines;
  - Procurement Report;
  - Prompt Payment Policy;
  - Property Disposal Guidelines;
  - Whistleblower Policy; and
  - Ethics Policy
- The Whistleblower Policy was approved by Resolution 08-03, January, 2008. The Code of Ethics was approved September 2007 by Resolution 07-40. While neither is required to reaffirmed at present, they are presented for reaffirmation in order to have all internal controls documents presented simultaneously on an ongoing annual basis.

Director Arthur questioned whether or not the material presented had been altered from the previously approved format. Additionally, he sought clarification why previously approved policies were presented for reaffirmation.

Mr. Kelly explained that the material had not changed since approval. Certain of the material require annual reviews as mandated by the regulatory bodies. Director Townsend explained that addressing all of the policies in the same meeting will assist with continuity for BFSA's Internal Controls.

### ***Risk Assessment***

Mr. Kelly continued with the following points pertaining to Risk Assessment:

- BFSA's Internal Controls Risk Assessment is currently underway.
- Accounts Payables are the first area to be tested.
- Staff recommends that Risk Assessment be an annual undertaking, with the first round to be completed by June 2009.

Director Townsend requested a motion to send the Internal Controls documents to the full Board with a recommendation for approval.

Motion by Kolkmeier, second by Mertz. Approval 4-0 to send the material to the full Board with a recommendation for approval.

### **New Business**

Director Arthur opined that the current interim contract approval process has certain failings. While it is crucial that the City & Covered Organizations' business is addressed in a timely manner, he felt that the process has certain failings which do not allow for a dissenting vote. He recommended that the process be wholly reevaluated, with the potential for hearings by outside parties so that items in question may be openly discussed for greater understanding by the principals involved in the process.

Director Townsend felt that the term, "hearing" would need to be defined by the Committee. An openly public Committee meeting discussing the material has been the standard. However, opening the "Privilege of the Floor" to outside entities has never been done and would need to be thoroughly examined.

Chair Kolkmeier acknowledged Director Arthur's misgivings. He stated that staff is currently reevaluating the process and will disseminate suggestions to the full Board for consideration.

Director Arthur cited a contract which had been approved between meetings which he had questioned. He felt that the contract had been approved without his questions being satisfied.

Chair Kolkmeier stated that he was familiar with this incident. Staff felt they had followed the process per policy and prior practice. Going forward, staff will amend this procedure to ensure that any question asked by Directors is wholly satisfied before proceeding with the approval, while still processing the items on a timely basis.

Motion by Arthur to have staff create a list of recommendations to amend the process, second by Kolkmeier. Approval 4-0 to direct staff for this item.

### **Minutes**

Director Townsend requested a motion to approve Governance Committee Res 08-01, approving minutes and resolutions from September 24, 2007, and January 28, 2008. Motion by Arthur, second by Kolkmeier. Approval 4-0 to take effect immediately.

**GOVERNANCE COMMITTEE RESOLUTION NO. 08-01**

**APPROVING MINUTES AND RESOLUTIONS FROM SEPTEMBER 24, 2007 & JANUARY 28, 2008**

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meetings of September 24, 2007, and January 28, 2008, and ratifies and affirms resolutions that were approved on September 24, 2007, and January 28, 2008.

This Resolution shall take effect immediately.

**Adjournment**

Motion to adjourn by Arthur, second unanimously. The meeting adjourned at 12:54 pm.