

Emails: City's financial restructuring efforts - Herald-Times (Bloomington, IN) - August 14, 2014

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A review of emails between two of Bloomington's top officials show that a restructuring of financial responsibilities within city government took on increased urgency following the firing of longtime public works employee Justin Wykoff.

The emails, covering six months beginning in January, were between former controller Sue West and deputy mayor John Whikehart.

The city was shaken in March when federal authorities charged Wykoff for embezzling \$800,000 from the municipality over several years. The arrest pushed the administration to investigate its financial controls and determine where the system had broken down. West and Whikehart, who joined the city less than three months before Wykoff's arrest, had been tasked with authoring a financial policies manual that would create stronger fiscal controls and ensure no other employee could follow in the footsteps of Wykoff.

The Herald-Times requested all email communication between Whikehart and West from Jan. 16 to June 12 — the date the request was sent — and recently received more than 450 documents under Indiana's open records law. Much of the communication dealt with implementing new controls over city finances and restructuring departments, especially those touched by the Wykoff scandal.

The emails give no indication why West resigned June 2, but there are a handful of messages that provide context to the new approach to its finances that the city began implementing this year. In the midst of shuffling employees between departments, the city also lost **city engineer** Adrian Reid, who cited turmoil within public works in his resignation letter.

"At a time when we need compassion, understanding and healing, more rigorous controls on our processes create substantially more work and are implemented without our input," Reid wrote in the letter, dated April 14.

All of the changes took place after Wykoff was fired Feb. 24, but the city administration maintains there are no dots that connect that case with departmental restructuring. However, it is clear from the emails that the pace of change accelerated after Wykoff's dismissal.

Six months of emails

Communication between West and Whikehart in January and February consisted mostly of setting up meetings and introducing Whikehart to city policy. Whikehart started his position Jan. 16.

In March, the emails increased as the two communicated about the city's financial policies manual,

which outlines a segregation of duties among employees to prevent fraud. The city administration has stressed that the manual was in progress prior to Wykoff's firing and arrest, but there's no mention of it in the emails until March 1, when West warned against shutting off city credit cards.

"It's my opinion that there is no way we can just shut off credit cards without considerable backlash," West wrote.

Consolidating credit card use is part of the financial policies manual, although the city moved forward with eliminating the cards before the new guide was officially drafted. The city also had been criticized in past state accounting reports for its loose credit card policy.

On March 3, two days after West's cautionary note, Whikehart sent an email to West titled, "FPM," which is referred to in later emails as the "Financial Policies Manual." He wrote, "move quickly" and asked if it was possible to identify staff members within the various departments who could be trusted to serve on an ad hoc team to move things forward.

On March 5, West sent an email to department heads referring to the financial policies manual that had been discussed in the cabinet meeting two days earlier. (Mayor Mark Kruzan has "cabinet meetings" the first Monday of every month with department heads. The meetings are closed to the public.)

A week later, on March 12, federal prosecutors announced they were charging Wykoff in connection with losses by the city of about \$800,000. That day was the first day the public was aware of the scandal, although Wykoff had lost his job with the city about three weeks earlier.

The restructuring of the controller's office wasn't publicly introduced to the Bloomington City Council until April 23, but the topic was mentioned in emails as early as March 10, when Whikehart wanted to set up a meeting with West and human resources director Doris Sims to discuss job descriptions and pay ranges for the controller's office.

At the April 23 council meeting, city department heads sat behind Kruzan and Whikehart as they made a presentation on the financial policies manual and staff changes in the controller's office. Whikehart had emailed the department heads April 17, telling them to plan to attend the meeting. Kruzan assured the council that department heads already were discussing the new manual with their staffs.

However, it wasn't until April 28 that West sent department heads an electronic copy of the manual, asking them to distribute and discuss it.

The council unanimously approved the legislation May 8. A few days later, Whikehart sent West a message asking whether there had been a staff meeting with the public works department, which would be losing assistant director Andrea Roberts as a result of the reorganization.

"We told council it would happen now that ordinance passed," Whikehart wrote.

West wrote back that the meeting hadn't happened because she and deputy controller Donna Slater hadn't been able to coordinate. Whikehart pressed West to schedule it as soon as possible.

When West hadn't responded by May 20, Whikehart emailed her again, telling her to have the meeting before Slater left for a scheduled vacation.

"It is critical for council credibility and for transition," Whikehart wrote. West replied that the meeting had already occurred, and another one had been scheduled.

West proceeded with the annual budget advance meeting May 28 with the council and Kruzan, giving no indication that she wouldn't be completing work on the 2015 budget.

Less than a week later, West announced she would be leaving city government.

Emails continued in June between West and Whikehart, but communication was less frequent, mostly consisting of housekeeping topics such as how much funding the city had for vehicles and if any open-ended projects required attention.

West, whose last day was June 13, declined comment for this article.

In the meantime, the city heads into 2015 budget sessions without a controller, the city's chief financial manager. Slater had been selected to succeed West, but announced her resignation a week after West said she'd be leaving. The city has contracted with Crowe Horwath LLP to assist with 2015 budget preparation instead.

It's unknown what impact the financial policies manual and new procedures will have, but if Reid's letter is any indication, the changes haven't always been viewed positively among city staff.

Through all the departmental restructuring, Kruzan has said it's all part of change — not everybody is going to like it.

"Change is always hard," Kruzan said to the council in April. "Some will adapt better than others."

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