

Development and History of COMPASS Independent Audit Program

In March of 2011 Charity Doyle was in the process of getting petition signatures for City Council. One particular constituent, who was a CPA and had worked on external audits for Rapid City expressed some concerns about inefficiencies at City Hall, offered to meet with Doyle to discuss. Doyle invited Alderman Jordan Mason who had expressed similar concerns to meet with them. Many ideas were discussed. Mason shared with Doyle his attempts to get the Council to adopt an internal control program that never gained any support. He shared his ideas with Doyle in the hopes that she could get it off the ground.

They met again and Mason shared some of his past research. Doyle told him that should she do her own research and deem it viable, she would run with it to eliminate any connection to the reasons of the past that Mason's internal controls proposal failed. Mason concurred.

Doyle began researching and soon realized that the City needed an independent program, not an internal one. The idea evolved as did the research and the program was born.

Doyle was elected in June 2011 and seated July 5, 2011. Three weeks into her term, she was meeting with Mayor Kooiker and he was having difficulty with his first year's budget claiming that he knew what needed to be done but there wasn't enough time to do it. Doyle told him that she had an idea that could ultimately lead to a smoother budget process by virtue of up to date information for decision makers, as well as opportunities for efficiencies and cost savings, and proceeded to pitch the program. The Mayor became quite excited and asked Doyle if the program could be ready to present two days later. Since Doyle had already worked on it for roughly four months, she agreed.

As Doyle put the finishing touches on the presentation the only thing missing was a pet name for the project. She recruited the help of Council President Dave Davis and the name COMPASS was the result.

[Doyle presented](#) (item #42) to the full Council on August 1, 2011 and COMPASS received unanimous support.

The process of writing the ordinance began. A Steering Committee was created comprised of predominately Alderwoman Charity Doyle, Council President Dave Davis, City Attorney Joel Landeen, Finance Director Pauline Sumption, and Human Resources Manager Tammie Krumm, among others. Several discussions and brain-storming sessions were held as per the following time-line.

—TIME-LINE—

COMPASS Steering Committee Meetings and Significant Dates

- August 26, 2011—first meeting to initiate first draft of ordinance
- September 8, 2011—discussion centered around refining content of draft ordinance
- September 21, 2011—Mayor Kooiker made a call to Doyle to request a mayoral appointment to the COMPASS committee. Request was denied on the grounds that having an appointment from the executive branch of government didn't make any sense, said branch being the subject of any and all future audits. Program was designed to be independent and for that independence to be maintained from the branch of government being audited, it was imperative that the Mayor be allowed no influence. He was not in agreement and stated that the issue was not over.
- September 23, 2011—met with HR and Legal to discuss process for recruiting citizen candidates for COMPASS committee, necessary qualifications of applicants, and what level of background check would suffice for the purposes and content of this committee
- October 3, 2011—[City Council](#) Meeting where second reading of [COMPASS ordinance](#) was passed. The first ever program under the legislative branch of government in Rapid City was adopted.
- October 11, 2011—discussion regarding progress updates for committee applications
- Oct 21, 2011—progress updates—total of four citizen applicants for three at-large committee positions
- December 19, 2011—Mason, Doyle, and Davis interviewed all four applicants, one withdrew due to interest in chief auditor position, the remaining three were put forward for paperwork and background checks. Council Leadership recommended Alderwoman Doyle and Alderman John Roberts to be the Council appointees to the committee.
- December 28, 2011—[Special Council Meeting](#) where motion was made by Mason, seconded by Petersen, and carried to confirm appointment of Charity Doyle, John B. Roberts, Bill Waugh, Coleen Schmidt and Peter Wernicke to the Compass Committee.

COMPASS Committee Start-up Sessions

- [January 9, 2012](#)—first work session with newly established committee, City Attorney Joel Landeen, and HR Manager Tammie Krumm; chair and vice-chair were elected and lots were drawn to determine who would get the 1-, 2-, and 3-year terms. Future assignments are on a three-year basis. Doyle took personal notes and formatted them as minutes just in case, once official meetings began, she would have to be the recording

secretary. Peter Wernicke was designated as chair, Coleen Schmidt as Vice-chair. Bill Waugh received the 1-year, Peter Wernicke the 2-year, and Coleen Schmidt the 3-year term.

January 16, 2012—Chief Auditor position directed to be advertised.

February 21, 2012—work session to discuss progress of job advertising for Chief Auditor

March 26, 2012—work session to discuss applicant pool

March 29, 2012—work session for committee to conduct interviews of best candidates for Lead Auditor. Narrowed down to three potential candidates.

April 2, 2012—second round of interviews held. Narrowed down to a unanimous first-choice and instructed HR to extend the job offer.

April 23, 2012—work session to discuss starting salary of Chief Auditor as well as address the Mayor's request to send out an update in his weekly newsletter. Committee decided not to allow any correspondence about COMPASS to be sent out of the Mayor's office so as not to give the public any impression that the Mayor has influence over the program. Committee asked Doyle to address this issue with the Mayor. Doyle did and Kooiker agreed not to send anything out regarding COMPASS.

April 24, 2012—Kooiker's weekly update went out containing an announcement against the wishes of the committee:

· The Lead Auditor has been hired for COMPASS – the offer is contingent on a successful background screen. There will be an announcement coming from the committee soon. The staff auditor position has been posted. The COMPASS program reports to the council and not the Mayor. The COMPASS committee is a recommending committee to the City council and is not a final decision making body. Committee meetings are open to the public and will be posted. The goal of the COMPASS committee will be to find cost savings and efficiencies. This is to assist us with improving operations, and to find cost savings. Learn more at: <http://www.rcgov.org/Community-Resources/compass-committee.html>.

There were two immediate issues with this disregard of the committee's decision: 1) One of the applicants was local and had not yet been notified that the job had been offered to another pending the background check, putting the committee in an awkward position considering the spouse of said applicant was a City employee; and 2) the committee learned that the Mayor had directed a COMPASS web page to be created without any knowledge of or consent by the committee. For obvious reasons, the committee didn't want any COMPASS information being routed through the Mayor's office or independence could be compromised. Consequently the routing of the website was changed from being through the Mayor's

office to through human resources until COMPASS staff could take over the duties.

April 25, 2012—work session called to discuss contract issue brought to Doyle’s attention by Journey Museum board member, Alderman Ritchie Nordstrom. Mayor Kooiker had instructed Legal to insert a “right to audit” clause in a memorandum of understanding between the City of Rapid City and the Museum Alliance of Rapid City management board. Since City departments and interests were told from the onset that the Mayor had no jurisdiction over COMPASS, there were concerns. Doyle called upon the committee members to discuss how to handle since there was no established protocol because it was way too early in the process for any contract language to be going out considering the program was not staffed yet. The language in concern also led one to believe that COMPASS had a further reach than that which would be legal. Committee wasn’t sure how to handle since Committee did not have the authority to instruct City Attorney’s Office to negate the wishes of the Mayor. It was agreed to take it to Council President Dave Davis and he addressed matter with Kooiker. The language was removed until which time the experience of qualified staff could be drawn upon to draft contract language that clearly explained the bounds of the program’s reach.

April 27, 2012—Mayor Kooiker sent out an email accusing the committee of conducting secret meetings in response to concerns addressed by Dave Davis on behalf of the committee. Following is the text of the aforementioned email with footnoted commentary from the committee:

It has come to my attention that a special session of COMPASS was called this week – without public notice and apparently without minutes taken, to discuss an accusation that I was trying to subvert COMPASS¹. I am simply trying to help Compass be successful. Unfortunately this issue has festered all week without me even knowing there was a problem².

I realized long ago that actions take even with the best of intentions can be misunderstood. So I thought good communication had taken place already (see below email from March 16) and that we were on the same page that as contracts are being negotiated, they would include language referencing COMPASS³.

¹ No committee member made such an accusation.

² Proper channels were followed in order to prevent the issue in question from becoming a problem.

³ The committee understood that Mayor had no authority over COMPASS so although electronic communications had taken place, no one anticipated that the Mayor would act without Council authority and direction.

I didn't see the language that Wade wrote and didn't feel a need to see it. I trust the city attorney's office to be able to come up with good language and it seems pretty basic to me.

My main concerns are the following:

- 1. This issue could have been resolved with a phone call this week or by someone saying something in March that my direction was the wrong path⁴.*
- 2. Compass is not supposed to be a secret committee⁵. I thought it was going to be transparent, and the idea of a special unnoticed, secretive COMPASS meeting being called to address something like this in order to accuse me of wrongdoing is outrageous and wrong.*
- 3. This hurts the credibility of the entire program. COMPASS is not a decision making body. It was supposed to be a recommending body to the City Council. And although this program doesn't report to the Mayor, it isn't going to work if it operates in a vacuum. On a related note, there have been multiple meetings of COMPASS, and there are still no minutes posted for COMPASS since the beginning of the program^{6 7}. I trust that will also soon be corrected. There is a place on the City's website for it⁸. Jordan Mason's idea for this program was and remains an excellent one. And I appreciate Charity Doyle's hard work on this as well. I have diligently supported this program. It's not supposed to be a \$227,000 think tank or a \$227,000 venting mechanism. It is an investment to help us find real cost savings for our community. And speaking of the \$227,000, not all of it will be used this year because of the hiring time lines. It would be nice to be able to use some of that to fund the costs associated with the new Assistant City Attorney. That shouldn't affect the sovereignty of COMPASS as some have interpreted. The number for the funding was actually a number I suggested based on the reduction in the PILT charges to the enterprise funds last year during the budget. So how can reducing the \$227,000 be seen as an affront to COMPASS if only half of that or less will be used this year?*

Regarding the solution for the consternation regarding the contract language, I have asked Wade to contact the COMPASS chairman to have

⁴ Proper channels were followed and Council President Dave Davis addressed this with the Mayor to disclose that his direction was inappropriate.

⁵ No secret meetings were ever held.

⁶ Official meetings relating to audit work did not begin until June 18, 2012. Everything else was administrative and set-up. The City Attorney spoke with the Mayor explaining the role of these administrative work sessions in this context.

⁷ Time line shows what was discussed and the reasons minutes weren't kept for certain protected topics of discussion.

⁸ Mayor directed creation of this webpage without knowledge or consent of the committee.

an item added to a published, noticed meeting of COMPASS to discuss recommended contract language, and come up with a solution.

I hope this resolves the current issue.

Have a great weekend.

Sam

This is the chain of emails referenced in the previous email:

From: Kooiker Sam
Sent: Thursday, March 15, 2012 4:50 PM
To: Landeen Joel
Cc: Doyle Charity; Roberts John
Subject: Contracts

Joel,

I would like to make sure that all future contracts with 3rd party entities include clauses that allow Compass to review them. It might not be necessary under our ordinance, but just wanted to make sure so there are no surprises as Compass gets ramped up.

Sam Kooiker

From: Doyle Charity
Sent: Friday, March 16, 2012 8:02 AM
To: Kooiker Sam; Landeen Joel
Cc: Roberts John
Subject: RE: Contracts

I thought Joel had said once before that we already have the ability to do this? I could be wrong as I remember it from early on in the compass process.

From: Kooiker Sam
Sent: Friday, March 16, 2012 9:17 AM
To: Doyle Charity; Landeen Joel
Cc: Roberts John; Nyberg Wade
Subject: RE: Contracts

I think you are right, but as we redo leases it seems it would be best to include the language. Joel is out for a few days so I am including Wade on this.

From: Nyberg Wade
Sent: Friday, March 16, 2012 9:47 AM
To: Kooiker Sam; Doyle Charity
Cc: Roberts John; Landeen Joel
Subject: RE: Contracts

The ordinance does contain language that the Lead Auditor has authority to review all programs and subcontractors of the City. I don't think it's a bad idea to also include language in the contract

so contractors get notice each time they enter a new contract or renew that the Compass program includes them.

Overall, the biggest concern in the committee's effort to not release this information to the public at first was that it would embarrass the Mayor because of the fact that any direct influence by the executive branch over this council agency is a violation of the separation of powers necessary for this program to function.

April 28, 2012—committee chair was repeatedly contacted by Mayor to produce non-existent work session minutes.

April 30, 2012—committee met new hire, [Kelan Kelly](#)

May 16, 2012—After a personal meeting between Mayor Kooiker and Chairman Wernicke, Wernicke decided to take Doyle's work session notes to Human Resources for posting to the COMPASS webpage. At that time, Wernicke was informed that John Roberts had already provided Doyle's notes to the Mayor's office.

May 21, 2012—Kelan Kelly started with the COMPASS program.

COMPASS Committee Meetings

June 4, 2012—work session to discuss agenda for first formal meeting

June 6, 2012—Mayor requested to meet with Kelly; Kelly requested presence of Committee; Kooiker brought up "secret meeting" wherein the committee had discussed the contract concern.

June 18, 2012—1st official COMPASS meeting, minutes posted to website

July 9, 2012—work session to discuss agenda

July 16, 2012—2nd official COMPASS meeting, minutes posted to website

August 13, 2012—work session for setting agenda items

August 20, 2012—3rd official COMPASS meeting, minutes posted to website

October 15, 2012—4th COMPASS meeting, minutes posted to website

November 19, 2012—5th COMPASS meeting, minutes posted to website

December 10, 2012—work session to discuss potential audit topics for 2013/14 audit plan

December 17, 2012—6th COMPASS meeting, minutes posted to website

Other items of interest in the progress of COMPASS

August 20, 2012—[City Council](#) meeting wherein a mini-plan launching the first

COMPASS audit was approved to utilize the remainder of 2012. Also of note: Mayor Kooiker offered his [concerns](#) regarding the program during the first reading of COMPASS ordinance revisions.

August 29, 2012—[Legal & Finance](#) meeting

Item 69. Request for release to the Public of all Minutes and Meeting Notes on All Formation Meetings for COMPASS Program - Steve Laurenti, Bill Clayton, John Roberts

Aldermen Laurenti, Clayton, and Roberts attempted to have leadership removed from the committee which would remove Doyle, the creator of the program and the one person with the entire gamut of institutional knowledge of the program, its intent, and the efforts to influence it. Claims of transparency were cited as reasons for initiating this. They also requested that Leadership be removed from serving on the committee without citing any reasons as to why they felt as such. When that motion failed, Kooiker offered comments, claiming that the steering committee had promised him that leadership would be excluded from serving on the COMPASS committee. No such promise had ever been made and even if it had, it would not have been to the Mayor due to the fact that he was supposed to be removed from the entire process.

September 4, 2012—[Second Reading](#) of Ordinance 5861 passed unanimously; Revisions just cleared up language and process but didn't alter the overall intent of the program. Title "Lead Auditor" was changed to "Chief Auditor".

September 20, 2012—Letter from the Mayor to COMPASS Chairman Wernicke

December 11, 2012—Public Works [meeting](#) wherein Mayor Kooiker accuses COMPASS of discussing a council investigation into the conduct of an alderman at one of their work sessions.

December 13, 2012—KOTA radio interview wherein Mayor Kooiker accuses COMPASS of investigating the conduct of an alderperson. This was never brought forward by the committee nor was it voted on as an audit by the Council. In addition, personnel or public officer investigations do not fall under the purview of COMPASS.

EDITORIAL: Oversight committee meetings should be open

Today's topic

THE ISSUE: City council debates whether audit committee meetings should be open to the public.

OUR VIEW: City oversight committee meetings should be open and documented. We agree in principle with the creation of an internal auditing committee for Rapid City, but the discussion of how much of its work should be open to the public is troubling. The Rapid City Council passed rules last week that define how the COMPASS program will be structured, but council members have disagreed over whether all COMPASS committee meetings should be open to the public and whether official minutes should always be kept.

In our view, the committee's meetings should be open to the public and minutes should be maintained to document the program's work. State law was only recently changed to say that state, municipal and local boards are presumed to be open to the public, and that specific reasons must be given to bar the public.

We are troubled by the revelation that COMPASS committee meeting minutes have not been kept from January until June of this year. The panel dubbed the meetings as "work sessions" to comply with state open meetings law.

Mayor Sam Kooiker has called for the COMPASS meetings to be open and fully documented. "I believe that sunlight is the best antiseptic for government. And this program, in order for it to function, should have the greatest level of transparency," Kooiker said. "I have concerns about the COMPASS committee having non-documented meetings. I think it puts the committee in an awkward position." We agree with Mayor Kooiker.

Calling COMPASS committee meetings work sessions or executive sessions is subterfuge to avoid public scrutiny. If committee members believe there are valid reasons for closing the meetings to the public, there are instances specified in state law that allow meetings to be closed.

The public has a right to know what public boards are discussing and acting on. The people are best able to provide oversight to the city's oversight committee.



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Office of the Mayor

300 Sixth Street

605-394-4110

Fax 605-394-6793

E-mail: mayor@rcgov.org

9/20/2012

Pete Wernicke, Chairman
COMPASS Committee

Chairman Pete,

This morning on KOTA I was asked about COMPASS, and the Rapid City Journal editorialized on the issue earlier this week. Since you may not appreciate my comments, I am going to be up front with you and give you a summary of what I have been saying and will continue to say.

Thank you for pointing out at the 9/4/12 council meeting your appreciation for my support of COMPASS. However, I am puzzled at your criticism for supposedly going about it "all the wrong way".

As Mayor, even though it's not my program and even though I don't make the appointments, the success or failure of the program still reflects on me. This debate over the unnoticed and undocumented COMPASS "work" sessions is not going away. People across the community and the state are asking about it, and it's becoming a big problem for the credibility of the program.

The minutes of the 1/16/12 COMPASS meeting indicate the meetings would remain open. And then the COMPASS committee decided to further research how Sioux Falls did business and then suddenly the open meetings stopped. But since the public testimony from the recent council debate shows the Sioux Falls committee is completely open, then where on earth is the basis to close the meetings?

Another aspect to this is Sioux Falls has a Home Rule charter, which allows them to do virtually anything state law doesn't specifically prohibit. In contrast, we have an aldermanic form of government – our municipal powers are inherent only in what state law specifically allows. Since there is not a specific enabling statute for Compass, our City Attorney recommended it operate 100% as a recommending body to help ensure its viability.

So how does a board make good recommendations when its deliberations could be in secret at any time for any reason or no reason? This is why the city attorney's original recommendation was to keep them open even though legally it would be possible to have "work sessions" to get around the law.



I will close with this: I want COMPASS to be successful. The program was implemented on the premise and the promise of finding significant cost savings for the taxpayers and to provide an important check and balance for city government. However, it must be transparent and accountable – not to me or the council, but to the community. Had the program been presented to the community last year as having such a glaringly secretive component to it, there would have been huge red flags. The flags are now waving in the deepest shade of crimson, and I encourage you and the committee to address this issue quickly.

In the interest of looking forward, the issue is this: Will the unnoticed and undocumented work sessions continue? The answer is either yes or no.

Sincerely,

A handwritten signature in blue ink that reads "Sam Kooiker". The signature is fluid and cursive, with the first name "Sam" being larger and more prominent than the last name "Kooiker".

Sam Kooiker
Mayor

Cc: Charity Doyle and John Roberts, Council COMPASS members