

Turner, Michele

Subject:

FW: Ord 2021-19-33 "Due Diligence" Audit for Nikiski Senior Center Inc.

From: "Bjorkman, Jesse" <JBjorkman@kpb.us>

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Included in this email are the members of the NSSA Board, NSC Inc. Board, NSC Director and book keeper, Borough Mayor, COS, Finance Director, and Assembly President

Hello Neighbors,

At the next Kenai Peninsula Borough Assembly meeting on January 18th an additional appropriation for \$5,000 from the NSSA fund balance is on the agenda. Ordinance 2021-19-33 is entitled "An Ordinance Appropriating additional Funds to Support Results of the Nikiski Senior Service Area FY2020 and FY2021 Due Diligence Audit or Review Cost Proposal".

I have some concerns with the request for an additional audit at this time and under these circumstances.

I am unaware of any specific triggers that exist in policy or past practice of the NSSA or NSC Inc. that require an audit of this type. If there are such, I would be glad to know of them.

When I spoke to finance director Harbaugh on 1/3/22 about this issue, she told me that an audit of this type had not been preformed since 2009 and that an expenditure of \$15,000 was a reasonable expense every ten years. However, at the Assembly meeting the following day it was revealed that a similar audit had been preformed in 2017. Also, in conversations with Ms. Harbaugh and in front of the Assembly she stated that she had no specific concerns about the finances of the NSSA or Nikiski Senior Citizens Inc. If there is to be an audit of this type in the future, I suggest that it be done on a predictable schedule which is stated in the operating agreement and at a time of the year when it is most convenient for the NSC Inc. staff. The request for this audit at this time is neither predictably scheduled nor is it manageable considering the time of year.

One of the whereas clauses in the ordinance 2021-19-33 states that the NSSA Board was provided the opportunity to comment on the increased expenditure request on Dec 13, 2021. I heard from at least one NSSA board member that this conversation did not

seem like an opportunity to comment in an official capacity as an advisory board. If that was the case, it is customary that a Service Area Board recommendation appear in an ordinance of this type - there is none provided. Instead, a message was delivered to the service area board at the meeting on 12/13 that this audit was inevitable and had to be done. If this recharacterization of what happened at that meeting is incorrect please let me know. If it is correct summary, then I have additional concerns as the inclusion of this particular whereas seems to imply tacit consent of the NSSA board in favor of the additional expenditure and the audit. From everything that I have heard from NSSA board members, the board is not in favor of this type of audit at this time and the insinuation that that is in favor of the audit would be an anathema to the public process.

A good solution to any tension between the practice of the NSC Inc and the operating agreement between NSC Inc and the KPB, if any exists at all, is likely due to the fact that the operating agreement has grown stale over three decades and needs to be refreshed to a standard that best enables excellent services to be delivered to Nikiski's Seniors. The review of this agreement should take place in the coming months. Also, if a compliance audit is needed to assure adherence to the operating agreement between NSC Inc. and the KPB the schedule of those audits should be laid out in the operating agreement.

For those that prefer a list of bullet points:

1. As stated by the KPB finance department, the request for this audit was not triggered by misfeasance or malfeasance.
2. The NSSA board feels they were not given the opportunity to support or not support the KPB administration's request for this audit.
3. With no credible allegations against NSC Inc or the NSSA Board, members of those boards feel that the KPB administration should provide less costly alternatives.
4. Clear financial reporting policies need to be put in place in the NSC Inc operating agreement that would meet the KPB financial "transparency" standards.

For these reasons, I will not support the additional expenditure of \$5,000 as requested by KPB administration unless presented with overwhelming evidence about why I and the rest of the the Assembly should support the audit at this time. The discrepancies and deviations have been dealt with as a result of the audit in 2017 as well as multiple ongoing annual audits and conversations at NSSA board meetings with the finance department.

Its time to put policies in place that avoid ad hoc action and give the staff at the NSC predictability, guidance, and support instead of accusations.

Have a great day,
Jesse J Bjorkman