

# City of Independence

## MEMORANDUM

DATE: February 25, 2022

TO: Zachary Walker, City Manager

FROM: Michael Veit, Stay Well Committee Chairman

SUBJECT: Stay Well Committee February 2022



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The Stay Well Committee made the following recommendation: The Stay Well Committee recommends to the City Manager to have a Comprehensive Financial Audit of the Stay Well Fund conducted by a third party CPA firm and reported to the Audit and Finance Committee for the following term of January 1, 2016 through December 31, 2021 with a scope of work to include a traditional Comprehensive Financial Audit as well as payment of claims and the changes to the healthcare plan over the last 5 years with an emphasis on looking at alternative funding measures to pay for the audit other than the Stay Well Fund.

### Background Information:

Back on January 18, 2022, a resolution was presented and approved at the City Council meeting to conduct an external forensic audit of the StayWell Fund. The Stay Well Committee had no prior knowledge of this being pursued and had not issued a formal recommendation for the audit. As the Stay Well Committee Chair, I presented this resolution to the Committee in our January 2022 Committee meeting for a deeper analysis.

The Stay Well Committee held a special meeting on February 16, 2022, to review the analysis and it was determined that a forensic audit was a form of litigation that would require depositions and further legal proceedings according to GASB (Governmental Accounting Standards Board), that we felt was not warranted at this time. The Committee determined that a Comprehensive Financial Audit would be a more accurate representation of the information that was being requested with the additional scope of work to include payment of claims and the changes to the Healthcare plan over the last 5 years.

One other major concern to the Committee was the funding of the audit. In keeping with past practices, the fund being audit typically paid for the audit. The Committee feels that with the financial hardship the fund is experiencing, it would not be fiscally responsible of us to recommend paying for the audit out of the Stay Well Fund. We have asked that alternative methods of paying for the audit be examined.

If you have any additional questions on the recommendations from the Stay Well Committee, please contact me.

Thank you,

*Michael Veit*

Michael Veit, Chairman  
Stay Well Committee – 816-547-3783