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[www.klc.org](http://www.klc.org)

January 26, 2010

Dear members,

It has been a little over a month since the Kentucky League of Cities (KLC) staff and Executive Board received the report from the Kentucky State Auditor's Office regarding the operation, management and financial practices and policies of KLC. Since that time, several steps have been taken to make KLC a better organization, and I would like to provide an update on the events and progress that have occurred. In addition I would like to announce a series of [member listening sessions](#) scheduled in nine locations in Kentucky during the month of February.

Many of the report's findings were already addressed in a [series of organizational reforms](#) implemented by the KLC Executive Board. An initial review by KLC staff indicates that at least 70 percent of the auditor's recommendations have been addressed and the remaining recommendations have been assigned for review to a board task force. Since July 2009, four task forces made up of Executive Board members have examined the finances, operations and guidelines of KLC to develop stronger policies that improve transparency and accountability. All of the recommendations have been or are in the process of being reviewed by one or more of the task forces. Some of the most significant changes in business and operational practices include:

- KLC credit cards are no longer used by staff (including executive management) for travel. Credit cards may only be checked out to pay for meeting-related expenses and other operational purchases with approval by executive management.
- The KLC Finance Task Force meets monthly to provide an ongoing review to approve or disapprove of all expenditures, including those related to travel, meeting policies, credit card purchases, expense reports, corporate sponsorships, membership and other spending practices. Furthermore, the Executive Board has adopted strict documentation requirements for all reimbursements that comply with the state auditor's standards.
- A comprehensive travel and meeting expense reimbursement policy is in place to greatly reduce expenses related to meal costs, mileage, transportation, airfare and baggage fees and lodging. For example:
  - o KLC now follows the federal per diem guidelines for meal reimbursement.
  - o Employees are only eligible for a per diem reimbursement during overnight travel.
  - o KLC no longer pays for family member/guest/spouse travel.
- All KLC staff and board members must complete a conflict of interest/financial disclosure statement annually and provide updates throughout the year. KLC has also adopted a code of ethics policy.

- KLC executive staff members are no longer assigned cars. More stringent policies for documenting mileage have been implemented.
- A procurement policy is now in place that will ensure KLC is receiving the best services and products while guaranteeing that all vendors are treated in a fair and equitable manner. Guidelines for the disposition of KLC property have been created to ensure that KLC gets a fair price.

These examples are just a sampling of the recent changes at KLC. You can find all of the [newly adopted and updated policies](#) on the KLC website.

On January 12-13, the Executive Board conducted a retreat to fully vet the outstanding issues from the auditor's report, as well as discuss the legal status of KLC, establish Executive Board goals for the remainder of the fiscal year and establish the procedure for the hiring of the KLC executive director. [A summary of actions](#) taken during the retreat is available on the KLC website. Member cities will continue to receive periodic updates regarding the progress made toward addressing the report's recommendations.

Currently, we are conducting a thorough review of the under-documented expenses reported by the state auditor's examination of KLC expenditures. This review will help identify the purpose of the expenses that lacked proper documentation by the state auditor's standards. Any previous expense found to be outside the boundaries of legitimate business practices will be presented to the Finance Task Force for evaluation. It's important to note that KLC now requires extensive documentation for all reimbursements.

The Kentucky League of Cities is ultimately accountable to our 383 member cities from across the state, including the two cities that recently joined the League. Member cities have 80 staff members working every day to answer legal questions, represent city interests during the legislative session, and provide training and other member services that save city governments time and money. The Kentucky League of Cities exists to help city officials better serve the citizens of Kentucky.

To address any questions you might have regarding the new changes in place at KLC, nine member listening sessions have been scheduled throughout the state during February. The Kentucky League of Cities is your membership association and the Executive Board makes decisions on the future of the organization based on your needs. Please send at least one representative from your city to provide feedback and input on the future direction of KLC. [Visit the KLC website](#) for additional information regarding the dates and locations of the member listening sessions.

We know that we have significant work to do to restore the faith and trust in our organization. The new policies in place, coupled with the work underway to address the outstanding issues in the state auditor's report, are excellent steps toward resolving the concerns of transparency and oversight that have recently come forth.

I hope that this update has demonstrated the monumental progress we have made toward becoming a stronger organization. Please feel free to contact me or other staff members with questions or feedback regarding the Kentucky League of Cities.

Sincerely,



Neil Hackworth

P.S. - Now more than ever, it's critical that city officials present a united front in Frankfort. Please plan to attend [City Day and City Night](#) on February 3 in Frankfort. Please contact your legislators to let them know you would like to meet them in Frankfort for this important event.



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