

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
SEPTEMBER 15, 2020 at 10:00 AM
VIDEOCONFERENCE**

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| Committee Present: | Councilmember John Courage, <i>District 9, Chair</i> Councilmember Ana Sandoval, <i>District 7</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Judy Treviño Citizen Member Priscilla Soto |
| Staff Present: | Andy Segovia, <i>City Attorney</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Kristine Duff, <i>Assistant City Attorney</i> ; Shreya Shah, <i>Assistant City Attorney</i> , Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Razi Hosseini, <i>Director, Public Works</i> ; Lori Steward, <i>Director, Human Resources</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Alejandra Lopez, <i>Director, Economic Development</i> ; Christie Chapman, <i>Assistant Director, Public Works</i> ; Melanie Keeton, <i>Assistant Finance Director</i> ; Nancy Cano, <i>Office of the City Clerk</i> |
| Others Present: | Angela Dunlap, <i>Partner, BKD CPAs & Advisors</i> ; Erica Brown, <i>Manager, BKD CPAs & Advisors</i> ; Shekita Rawls, <i>Manager, BKD CPAs & Advisors</i> ; Chris Carmona, <i>Partner, Schriver, Carmona, Carrera</i> ; Robert J. Williams, <i>CPA</i> ; Craig Hoffman |

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on August 18, 2020.

Councilmember Sandoval moved to approve the Minutes of the August 18, 2020 Audit and Accountability Council Committee Meeting. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Public Comment

None. Chairman Courage acknowledged receipt of an email comment on a topic unrelated to the Agenda that was forwarded to the Audit & Accountability Council Committee earlier this morning.

CONSENT AGENDA

Pre-Solicitation High Profile Items

2. On-Call Construction Inspection Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Post-Solicitation High Profile Items

- 3. Annual Contract for Meal Preparation Services for Senior Nutrition Program** [Colleen M. Bridger, MPH, PhD, Assistant City Manager; Melody Woosley, Director, Human Services]
- 4. Basic Life and Accidental Death and Dismemberment, Voluntary Supplemental Life, and Dependent Life Insurance** [Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]

Final Internal Audit Reports

5. AU20-F01 Follow-Up Audit of DHS After School Challenge Program
6. AU19-026 Audit of ITSD - Public Safety Radio System Contract

Citizen Member Treviño moved to approve Items 2-6. Councilmember Sandoval seconded the motion. The motion carried unanimously.

ITEMS FOR INDIVIDUAL CONSIDERATION

- 7. Required Communications for the FY 2020 External Audit** [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]

Melanie Keeton reported that external audits served to ensure that City records were properly maintained, free from material misstatement, and complied with established concepts, principles, and account standards. She stated that external audits provided a true and fair view of the financial statements of the City and were required under the provisions of the City Charter and by State statute.

Ms. Keeton reported that internal audits were performed to insure financial and fiscal compliance and to perform other audits as directed by the Audit and Accountability Council Committee. She stated that internal reviews tended to be more programmatic and specific in nature and were required under the provisions of the City Charter.

Ms. Keeton reported that the City entered into a \$4.5 million contract with Grant Thornton as the prime for a three-year contract with two, one-year extensions in 2017. She stated that in 2020, Grant Thornton assigned its rights, title and interests in public sector clients to BKD CPAs & Advisors (BKD). She added that City Council approved the first one-year extension and assignment to BKD in June 2020. She noted that part of staff's recommendation to extend the contract was due to BKD acquiring the former partner and manager on the City's engagement from Grant Thornton, as well as retaining the subcontractors originally included in the contract.

Ms. Keeton identified the external audit prime and subcontractors by shares of the total value of the external audit contract, as follows:

- BKD LLP (Prime): 52%

- Britts & Associates, LLP (Sub): 15%
- Schriver, Carmona & Carrera, PLLC (Sub): 15%
- Robert J. Williams, CPA (Sub): 10%
- Schriver, Carmona, & Carrera, PLLC (Sub): 15%

Angela Dunlap reviewed the responsibilities of the external auditors and those with governance and management responsibilities. She stated that the final phase of the external audit and the audit deliverables would be accomplished from December 2020 through March 2021.

Erica Brown reported that materiality was the magnitude of an omission or misstatement which likely influenced a reasonable person's judgment. She stated that materiality was ordinarily evaluated against relevant financial statement benchmark(s).

Ms. Dunlap reported that BKD Information Technology (IT) Specialists would perform procedures over security access controls and general management. She reviewed qualitative risks factors and other areas of focus within the audit scope. She identified major programs for single audit testing which were determined based on a preliminary schedule of expenditures of Federal and State awards. She identified \$230 million of CARES Act Federal funding as the most significant funding received by the City which would be included in the Federal funding perspective. She reported that the Government Accounting Standards Board (GASB) issued Statement 95 which would postpone several audit standards for FY 2020 due to COVID-19.

Councilmember Sandoval asked of the process for single audit testing regarding Highway Planning and Construction (HPC). Ms. Dunlap reported that there were 14 basic compliance requirements prescribed by Federal and State agencies. She added that audit procedures would be applied to six basic Federal compliance requirements for the HPC cluster to examine compliance with any Federal laws and regulations under the grant agreement as prescribed by the particular Federal agency.

Councilmember Perry referenced the City Tower & Garage Buildings and City Hall renovation projects and requested that both large construction projects and any other associated large projects, be placed on the Committee's schedule to further discuss the financing, operations, maintenance, and construction formatting and costs.

Adjourn

There being no further discussion, Chairman Courage adjourned the meeting at 10:31 am.

John Courage, Chairman

Nancy Cano, Office of the City Clerk