

**AUDIT COUNCIL COMMITTEE MEETING  
MINUTES  
MARCH 10, 2016 at 3:00 PM  
CITY HALL, MEDIA BRIEFING ROOM**

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| Committee Present: | Councilmember Rey Saldaña, <i>District 4, Chair</i><br>Councilmember Alan E. Warrick II, <i>District 2</i><br>Citizen Member Tom Nichta   |
| Committee Absent:  | Councilmember Shirley Gonzales, <i>District 5</i>   |
| Staff Present:     | Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Leticia M. Vacek, <i>City Clerk</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Martha Sepeda, <i>Acting City Attorney</i> ; Troy Elliott, <i>Director of Finance</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Debbie Racca-Sittre, <i>Assistant Director of TCI</i> ; Melanie Seale, <i>Assistant Director of Finance</i> ; Tina J. Flores, <i>Compliance Auditor</i> ; Mark Bigler, <i>Audit Manager</i> ; Rebecca De La Garza, <i>Executive Management Assistant</i> ; Alexander J. Pytel, <i>Office of the City Clerk</i> |
| Others Present:    | Santos Fraga, <i>Padgett Stratemann &amp; Co.</i> ; Marc Sewell, <i>Padgett Stratemann &amp; Co.</i> ; Teri Britts, <i>Britts &amp; Associates, LLP</i> ; Robert J. Williams, <i>Williams &amp; Associates</i> ; Chris Carmona  |

**CALL TO ORDER**

Chairman Saldaña called the meeting to order.

Item 2 was addressed at this time.

**2. Results of the Fiscal Year 2015 External Audit and Presentation of Related Reports**

Councilmember Warrick entered the meeting at this time.

Mr. Troy Elliott reported that the City is required by Charter and State Statute to have an independent third-party audit. He explained that results of the External Audit are communicated through several documents including the Comprehensive Annual Financial Report (CAFR), Letter on Internal Control (Management Letter), and Report on Conduct of Audit (SAS Report).

Mr. Santos Fraga provided an overview of the Audit Engagement Teams. He reported that the City achieved a good report and stated that the Audit included a Financial and Compliance Component which resulted in a Clean Opinion, consistent with prior years.

Mr. Marc Sewell reported that 11 major programs were evaluated with no current year findings. He added that there were two prior year findings which were still in progress. He explained that the prior year findings related to Procurement and Program Income.

Mr. Fraga highlighted the Auditor's responsibility, significant Accounting Estimates, and Financial Statement Disclosures. Mr. Sewell noted a single unrecorded Accounts Payable Misstatement and reported that there were no Material Weaknesses or Significant Deficiencies. He added that there was a single Control Deficiency related to allowance for Uncollectable Accounts.

Citizen Member Nichta asked of funding of pensions. Mr. Elliott replied that there are multiple pensions for uniformed and non-uniformed personnel, which are Statutory in funding.

Mr. Elliott reported that the CAFR has been issued increasingly quickly and provided an overview of CAFR Findings since 2006. He highlighted CAFR Adjustments and Single Audit Findings since 2006.

Councilmember Warrick asked of possible consequences if the City remained at 2006 Ratings. Mr. Elliott reported that Bond Ratings would have suffered as well as the Public Trust. Mrs. Sheryl Sculley highlighted corrective actions taken from the 2006 External Audit.

Chairman Saldaña asked how the results of the External Audit would impact future applications for Federal and State Grants. Mr. Gorzell noted lower interest rates, allowing greater application for grant funding.

No action was required for Item 2.

### **1. Approval of the Minutes from the February 16, 2016 Meeting of the Audit Committee**

Councilmember Warrick moved to approve the Minutes of the February 16, 2016 Audit Council Committee Meeting. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

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| <b>High Profile Contract Subcommittee Items</b> |
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### **3. Financial Advisor (Finance) and On-Call Environmental Remediation Services (TCI)**

Mr. Elliott reported that there were 8 respondents for the Financial Advisor Contract with a total value of \$2.3 million. He noted that interviews were conducted with all 8 respondents and that the Selection Committee would be providing recommendations. He added that there were no Due Diligence Findings. Mr. Kevin Barthold confirmed that the City Auditor's Review revealed no findings.

Mr. Elliott added that the On-Call Environmental Remediation Services Contract received 2 respondents, both of which were being recommended for award. Ms. Debbie Racca-Sittre reported that there were no Due Diligence Findings. Mr. Barthold added that there were no findings in the City Auditor's Review.

Citizen Member Nichta moved to forward the Item to the full City Council for consideration. Councilmember Warrick seconded the motion. The motion carried unanimously.

**ADJOURN**

There being no further discussion, Chairman Saldaña adjourned the meeting at 4:00 pm.

**ATTEST:**

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*Rey Saldaña, Chairman*

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*Leticia M. Vacek, TRMC/CMC/MMC  
City Clerk*

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