

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES**

**FEBRUARY 16, 2016 at 11:30 AM
CITY HALL, MEDIA BRIEFING ROOM**

Committee Present:	Councilmember Rey Saldaña, <i>District 4, Chair</i> Councilmember Alan E. Warrick II, <i>District 2</i> Citizen Member Tom Nichta
Committee Absent:	Councilmember Shirley Gonzales, <i>District 5</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Martha Sepeda, <i>Acting City Attorney</i> ; Charles Hood, <i>Fire Chief</i> ; Troy Elliott, <i>Director of Finance</i> ; Lori Steward, <i>Director of Human Resources</i> ; Hugh Miller, <i>Director of ITSD</i> ; Jorge Perez, <i>Director of Building & Equipment Services</i> ; Felix Padron, <i>Director of Culture & Creative Development</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Michael Shannon, <i>Assistant Director of Development Services</i> ; Natalie Balderrama, <i>Assistant Director of Human Resources</i> ; Debra Ojo, <i>Assistant Director of Finance, Risk Management Division</i> ; Mark Bigler, <i>Audit Manager</i> ; Sandy Paiz, <i>Audit Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Rebecca De La Garza, <i>Executive Management Assistant</i> ; Alexander J. Pytel, <i>Office of the City Clerk</i>

CALL TO ORDER

Chairman Saldaña called the meeting to order.

1. Approval of the Minutes from the January 19, 2016 Meeting of the Audit Committee

Councilmember Warrick moved to approve the Minutes of the January 19, 2016 Audit Council Committee Meeting. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

2. AUD15-F03 Follow-Up Audit of San Antonio Fire Department New Building Fire Inspections

Mr. Mark Bigler reported that the Office of the City Auditor completed an audit of the San Antonio Fire Department's (SAFD) New Building Fire Inspection Process in August 2014. He stated that the objective of the Audit was to determine if controls over the New Building Fire Inspection Program were adequate to ensure timely inspections. He explained that the Audit concluded that controls over the New Building Fire Inspection Process were not adequate.

Mr. Bigler reported that the objective of the Follow-Up Audit was to determine if SAFD had effectively implemented action plans in response to recommendations made in August 2014. He mentioned that the Audit Scope included recommendations made in the original report and corresponding action plans implemented between October 2014 and July 2015. He stated that the Follow-Up Audit concluded that SAFD had made progress implementing action plans to address prior Audit Recommendations. He noted that implementation of one action plan involving Employee Performance Evaluations was still in progress and added the recommendation for the Fire Chief to continue to implement SAFD Fire Prevention Division Employee Performance Evaluations.

Chief Hood reported that 23,000 Fire Prevention Inspections take place annually. He noted that 8 additional positions had been added to the Department and that performance measures are being implemented.

Citizen Member Nichta asked for clarification regarding the implementation of Employee Performance Evaluations. Mr. Erik Walsh replied that Fire Department Inspections utilize Development Services Department mechanisms for tracking evaluations. Chief Hood explained that Performance Metrics for Uniformed and Civilian Employees were distinct.

Chairman Saldaña asked how feedback would be communicated regarding implementation of Audit recommendations. Chief Hood replied that issues and constituent concerns would be communicated to City Council Offices and the City Manager's Office. Mr. Walsh added that the Fire Department participates in a monthly Development Services Task Force Meeting in order to discuss any issues related to development within the City.

Citizen Member Nichta moved to accept the Audit. Councilmember Warrick seconded the motion. The motion carried unanimously by those present.

3. AU15-013 Audit of Finance Department Workers' Compensation Fund and Program

Mr. Kevin Barthold reported that the City of San Antonio is a self-funded Workers' Compensation Organization. He stated that the City contracts with TriStar Risk Management to manage Workers' Compensation Claims and that TriStar utilizes Argus Services Corporation to review all requested medical treatments and to verify that costs are appropriate. He explained that the objective of the Audit was to determine if the Workers' Compensation Fund and Program are managed appropriately and in compliance with State Regulatory Requirements. He noted that the Audit concluded that the Workers' Compensation Fund and Program are appropriately managed and in compliance with regulatory requirements. He highlighted effective management of the following Workers' Compensation Areas:

- ❖ Accurate calculation and Payment of Claims
- ❖ Appropriate approval and denial of Claims
- ❖ Contract Compliance with TriStar Risk Management
- ❖ Workers' Compensation Fund review and reconciliation
- ❖ Workers' Compensation Program oversight

Mr. Barthold mentioned the Audit Recommendation that the City should continue to pursue a Certified Health Care Network to save on costs while maintaining the same quality of service. Mr. Troy Elliott

added that the City had developed a Request for Proposals for consideration by City Council in the future.

Citizen Member Nichta asked of Health Insurance Portability and Accountability Act (HIPAA) Regulations. Ms. Debra Ojo reported that Workers' Compensation was exempt from HIPAA Regulations.

Councilmember Warrick asked for information regarding the number of approved claims. Mr. Elliott reported that claims are tracked by Fire, Police and Civilian Departments. He stated that average approval rates are 93% for Fire and Police Departments, and 85% for Civilian Departments.

Councilmember Warrick moved to accept the Audit. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

4. FY 2016 Audit Plan Status as of January 31, 2016

Mr. Kevin Barthold provided an update to the status of the Audit Plan. He stated that 11 Audit Reports had been completed to date. He noted that the AU16-A01 SAPD State Reporting Audit would not entail a full report as the Audit had been provided to State Agencies. He added that the Audit had no findings.

High Profile Contract Subcommittee Items

5. FY 2017 Art Funding

Mr. Felix Padron reported that the Arts Funding Process is conducted annually in order to support Art Agencies and Operations. He stated that the Art Funding Process is supported by the Hotel Tax at 15% allocated to Art Funding. He noted that additional funding is provided by the Texas Commission for the Arts to support programs that are not eligible for funding from the Hotel Tax. He detailed approximately \$6 million of strategic investment to support cultural partners, art agencies, and events such as the International Accordion Festival, Diwali, and Cine Festival. He explained that no changes were made to the 2014 Adopted Guidelines set forth by City Council. Mr. Padron highlighted the Competitive Process and detailed the Funding Recommendation Criteria including scoring and award size based on organizational budget. He added that the Communication Black-Out Period begins with the opening of the application and ends when the Funding Recommendations are submitted to City Council.

Councilmember Warrick asked of community engagement expectations and performance measures. Mr. Padron replied that community engagement was reported regularly as a performance measure. He added that past events demonstrated increasing attendance and noted that City support helped galvanize private investment in the arts. He noted that the City provides technical assistance and access to alternative funding sources for artists.

Citizen Member Nichta asked for clarification regarding funding. Mrs. Sheryl Sculley explained that past City Councils had established the policy of City Funding being supplementary funding, rather than primary funding, for artists. She noted that the idea was to ensure that Art Agencies could thrive without reliance on City Funds.

Chairman Saldaña asked for information regarding the process utilized by other cities. Mr. Padron provided an overview of other Texas Cities.

No action was required for Item 5.

6. On Call Contract Plumbing (BES), Benefits Consultant (HR), Assistance with the Edwards Aquifer Protection Program (TCI)

Mr. Ben Gorzell noted that the following items were part of the Consent High Profile Agenda, as routine High Profile Contract Items: On Call Contract Plumbing, Benefits Consultant, and Assistance with the Edwards Aquifer Protection Program. Mr. Elliott added that there were no Due Diligence Findings. Mr. Barthold stated that the Auditor's Review showed no issues.

Councilmember Warrick moved to approve and move the Items to the full City Council. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

EXECUTIVE SESSION

Chairman Saldaña recessed the Audit Committee into Executive Session at 12:46 pm to deliberate the Security Audit pertaining to the Information Technology Services Department Network Security Access Controls Audit pursuant to Texas Government Code Section 551.076 (Deliberation regarding Security Devices or Security Audits).

Chairman Saldaña reconvened the meeting at 1:05 pm and announced that no action was taken in Executive Session.

Chairman Saldaña recessed the meeting at 1:05 pm to deliberate the Duties and Evaluation of the City Internal Auditor pursuant to Texas Government Code Section 551.074 (Personnel Matters).

Chairman Saldaña reconvened the meeting at 1:27 pm and stated that no action was taken during the Executive Session.

Councilmember Warrick moved to forward the results of the City Internal Auditor's Evaluation to the full City Council for consideration. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

ADJOURN

There being no further discussion, Chairman Saldaña adjourned the meeting at 1:27 pm.

ATTEST:



Lencia Y. Saenz, TRMC
Deputy City Clerk



Rey Saldaña, Chairman