

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES
DECEMBER 15, 2015 at 11:30 AM
CITY HALL, MEDIA BRIEFING ROOM**

Committee Present:	Council Member Rey Saldaña, <i>District 4, Chair</i> Council Member Alan E. Warrick II, <i>District 2</i> Council Member Shirley Gonzales, <i>District 5</i> Citizen Member Tom Nichta
Staff Present:	Erik Walsh, <i>Deputy City Manager</i> ; Peter Zanoni, <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> ; William McManus, <i>Police Chief</i> ; Charles Hood, <i>Fire Chief</i> ; Troy Elliott, <i>Director of Finance</i> ; Xavier Urrutia, <i>Director of Parks & Recreation</i> ; David W. McCary, <i>Director of Solid Waste Management</i> ; Lori Steward, <i>Director of Human Resources</i> ; Chad Tustison, <i>Interim Director of Management & Budget</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Hollis Young, <i>Deputy City Attorney</i> ; Anthony Treviño, <i>Deputy Police Chief</i> ; Carl Wedige, <i>Deputy Fire Chief</i> ; Chris Hebner, <i>Assistant City Attorney</i> ; Jim Kopp, <i>Assistant City Attorney</i> ; Steven Baum, <i>Assistant Police Director</i> ; Kevin Holmes, <i>Assistant Director of ITSD</i> ; Wanda Heard, <i>Assistant Director of Human Resources</i> ; Norbert Dziuk, <i>Assistant to Director of Finance</i> ; Sandy Paiz, <i>Audit Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Mark Bigler, <i>Audit Manager</i> ; Doug Francis, <i>Auditor</i> ; Bruce Coleman, <i>Auditor</i> ; Cecilia Gonzalez, <i>Auditor</i> ; Derek Roberts, <i>Chief of Staff, District 2</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 October 20, 2015 Meeting of the Audit Committee

Councilmember Warrick moved to approve the Minutes of the October 20, 2015 Audit Council Committee Meeting. Citizen Member Nichta seconded the motion. The motion carried unanimously.

Item 5 was addressed at this time.

5. AU15-026 Audit of Solid Waste Management Department Organics Recycling Program

Mr. Kevin Barthold explained that the objective of the Audit was to determine if key components of the Organic Recycling Program are accurately monitored, supported, and reported. He noted that the scope

of the Audit was from January 2014 through April 2015. He stated that there were no Audit Findings or subsequent recommendations. Mr. David McCary recognized City Staff for their work.

Citizen Member Nichta asked for detail regarding the Recycling Process and costs of the Program. Mr. McCary stated that organics collected were turned into compost and sold to local stores. Mr. Nichta asked for clarification regarding the costs of the Program. Mr. McCary explained that the payment process was based on a Pay-As-You-Throw Model which provides incentives to recycle material in order to reduce fees associated with landfills.

Councilmember Warrick asked for clarification regarding Organic Materials. Mr. McCary stated that Organic Materials included outdoor yard waste such as grass clippings and tree trimmings, as well as Household Materials such as coffee grinds, banana peels, and shredded paper. Councilmember Warrick asked for detail regarding mining landfills. Mr. McCary reported that there were no plans to mine landfills at this time.

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

2. AU15-F04 Follow Up Audit of San Antonio Fire Department Drug Inventory Management

Ms. Sandy Paiz reported that the objective of the Follow Up Audit was to determine if Action Plans had been successfully implemented based on recommendations made in the Audit of the San Antonio Fire Department Drug Inventory Management on October 23, 2012. She explained that the Follow Up Audit concluded that Action Plans were successfully implemented and serving as effective controls for the management of the Department's Drug Inventory. She noted that duties were appropriately segregated and that policies and procedures were fully implemented and in line with Drug Enforcement Administration Documentation Requirements. She stated that there were no subsequent recommendations. Chief Hood stated that the Fire Department now carried over 30 medications for immediate deployment in the field. He explained that the Department previously carried only 9 medications.

Councilmember Warrick asked how City Auditors were audited. Mr. Barthold reported that per Government Auditing Standards, an audit is conducted at least once every three years by the Association of Local Government Auditors which includes Audit Directors and Managers from other local governments. He noted that the most recent Audit was performed in September of 2014 and resulted in no findings.

Citizen Member Nichta asked for detail regarding the administration of the Fire Department's Drug Inventory. Chief Hood explained that documentation is conducted by Fire Personnel, Hospital Staff, Pharmacists, and monitored by the Drug Enforcement Administration.

Councilmember Gonzales moved to accept the Audit. Citizen Member Nichta seconded the motion. The motion carried unanimously.

3. AU15-024 Audit of the San Antonio Police Department Alarm Permits

Mr. Buddy Vargas reported that residents and businesses were required by City Ordinance to obtain an Alarm Permit when monitored alarm systems are installed. He stated that alarm permits are processed and managed by SAPD in the False Alarm Management System (FAMS). He noted that SAPD originally intended to outsource the process but was unsuccessful due to the vendor's inability to secure proper bonding.

Mr. Vargas stated that the objective of the Audit was to determine if SAPD alarm permit issuance, monitoring, and revenues are appropriately managed. He explained that the Audit concluded that alarm permit issuance, monitoring, and revenues are not appropriately managed. He noted that inaccurate rates were charged, renewal application fees were not being processed properly, and there was not active monitoring to clear outstanding credits. He explained that recommendations were made to address issues identified in the Audit and that SAPD had created Action Plans to address said issues. Mr. Steve Baum highlighted increased supervisor involvement and noted the addition of an Accountant to ensure that credits are refunded. He detailed software issues related to unassociated logs which incorrectly identified addresses and added that most personnel were Temporary Employees.

Citizen Member Nichta asked for information regarding the billing procedure and software. Mr. Troy Elliott explained that Finance Department Personnel work in conjunction with SAPD through Shared Services. Mr. Ben Gorzell added that in the future, additional software would be integrated in order to consolidate the administrative process and address the needs of multiple City Departments.

Councilmember Warrick asked for information regarding alarm fee waivers for victims of domestic violence. Mr. Barthold stated that the Audit was conducted before the relevant ordinance was passed and noted that a follow up Audit would be scheduled in the future.

Chairman Saldaña asked for information regarding the privatization of the Alarm Permitting Process. Chief McManus reported that there was a lack of capable vendors. Mr. Baum added that many cities had outsourced the billing and management of data but retained collection of fees, processing of payments, and response to false alarms due to the remote location of vendors and the need for a local office.

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

4. AU15-021 Audit of Parks and Recreation Department Contracts

Mr. Vargas reported that the Parks and Recreation Department offers the use of approximately 250 City Facilities for public use which resulted in approximately \$800,000 revenue generated in 2013 and \$900,000 generated in 2014. He noted that the Parks Department also enters into agreements with outside nonprofit organizations such as the YMCA, Boys & Girls Clubs, and local sports organizations to lease Park Land. He explained that the Audit Scope covered Facility Usage Contracts from October 2013 to March 2015 and that the objective of the Audit was to determine if Department Contracts with users of City Recreation Facilities are properly managed. He stated that the Audit concluded that Parks and Recreation Department Contracts are properly managed with effective controls over the Reservation Process and adequate monitoring to ensure that organizations were in compliance with the contract. He highlighted areas for improvement including the need for established policies and procedures for the

award of City Contracts and Fee Waivers. He mentioned the need for an online reservation and payment system. Mr. Xavier Urrutia stated that the Department concurred with the recommendations made in the Audit. He noted that policies and procedures had been established for the selection of contract awards.

Citizen Member Nichta asked for information regarding the Parks Fee Structure. Mr. Urrutia explained that the Fee Structure is approved by the City Council and highlighted various fees associated with different sports activities and use of facilities.

Councilmember Warrick asked for clarification regarding selection criteria for contract awards. Mr. Urrutia reported that an initial Request for Information is issued, followed by a Request for Qualifications. He explained the Scoring Matrix which examine experience, background, affiliation, current plan, and services offered.

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

6. FY 2016 Audit Plan Status of November 30, 2015

Mr. Barthold reported that 8 Audits were issued for the current fiscal year to date. He highlighted AU16-029 Audit of the Advanced Transportation District and noted that the Audit was nearing completion.

No action was required for Item 6.

7. Consideration of Completed High Profile Solicitations

Mr. Troy Elliott reported that the High Profile Solicitation Process has been completed for Occupational Health Services for the Department of Human Resources. He explained that services would include drug and pre-employment testing. He noted that there were four respondents with a contract value of \$1.1 million. He stated that the Finance Department had completed the Due Diligence Process and had not encountered any findings. Mr. Barthold added that there were no findings encountered in the Auditor's Review.

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

ADJOURN

There being no further discussion, Chairman Saldaña adjourned the meeting at 1:02 pm.

ATTEST:

Rey Saldaña, Chairman

*Leticia Y. Saenz, TRMC
Deputy City Clerk*