

# AUDIT COUNCIL COMMITTEE MEETING MINUTES

JUNE 21, 2016 at 11:30 AM  
CITY HALL, MEDIA BRIEFING ROOM

Committee Present:	Councilmember Rey Saldaña, <i>District 4, Chair</i> Councilmember Shirley Gonzales, <i>District 5</i> Citizen Member Tom Nichta
Committee Absent:	Councilmember Alan E. Warrick II, <i>District 2</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Martha Sepeda, <i>Acting City Attorney</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Director of Finance</i> ; Jorge A. Perez, <i>Director of Building &amp; Equipment Services</i> ; John Jacks, <i>Interim Director of Center City Development &amp; Operations</i> ; Vincent Nathan, <i>Interim Director of Metro Health</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Lisa Biediger, <i>Assistant City Attorney</i> ; Michael Sindon, <i>Assistant Director of Economic Development</i> ; Tina J. Flores, <i>Compliance Auditor</i> ; Mark Bigler, <i>Audit Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Danny Zuniga, <i>Auditor</i> ; Lorenzo Garza, <i>Auditor</i> ; Doug Francis, <i>Auditor</i> ; Shuchi Nagpal, <i>SBO Manager</i> ; Norbert Dziuk, <i>Procurement Lead</i> ; John Peterek, <i>Assistant to the City Manager</i> ; Rebecca De La Garza, <i>Executive Management Assistant</i> ; Alex Perkowski, <i>Office of the Mayor</i> ; Katherine Howell, <i>Office of the Mayor</i> ; Laura Cantu, <i>Office of the City Council</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 May 31, 2016 Meeting of the Audit Committee

Councilmember Gonzales moved to approve the Minutes of the May 31, 2016 Audit Council Committee Meeting. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

### 2. AU16-007 Audit of City Council Expenses

Mr. Buddy Vargas reported on the Audit of City Council Expenses. He stated that the City Council District Offices were budgeted \$394,000 in Fiscal Year (FY) 2015 and that the Mayor's Office was budgeted \$416,000. He noted that expenses were used for staffing, office rent,

printing, and office supplies. He explained that the Objective of the Audit was to determine if City Council District Expenses are properly managed, authorized, and supported. He highlighted the Audit Scope which included expenditures from FY 2014, FY 2015 and the first quarter of FY 2016 for all 10 City Council Districts and the Mayor's Office. He noted that the Audit concluded that City Council District Expenses were properly managed, authorized, and supported and that there were adequate controls for the Approval Process. He mentioned that as the Audit was a clean audit; there were no recommendations.

Mr. John Peterek thanked the City Auditor's Staff for their work.

Mr. Kevin Barthold noted that a Councilmember had requested the Audit and would be provided the Audit Report.

Mr. Tom Nichta asked for more detail regarding City Council District Personnel. Mrs. Sheryl Sculley replied that City Council Aides were not considered City Employees. She noted that City Administrative Staff were City Employees. Mr. Nichta asked about the Contract Negotiation Processes for City Council Aides. Mrs. Sculley stated that Councilmembers negotiate the Contract Terms and that District Budgets were proportionally distributed throughout the year. Mr. Ben Gorzell added that appropriations could carry over if approved by the Governing Body. Mrs. Sculley added that the City Council District Offices were the only offices capable of carrying over funds.

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

### **3. AU15-019 Audit of Metro Health Immunization Division**

Mr. Buddy Vargas reported that the mission of the Immunization Program was to prevent and control transmission of vaccine-preventable diseases. He stated that Metro Health funds for purchase of vaccines for the Immunization Clinic come from a variety of grants, as well as the City's General Fund. He explained that the Audit Objective was to determine if processes within the Immunization Division were effective, efficient, and adequately controlled. He noted that the Audit concluded that processes were not effective or adequately controlled. He mentioned that there was a lack of controls to ensure records were accurate and that existing controls were not being utilized when there was a request for Immunization Records. He added that the Audit included specific recommendations to address the findings and that Metro Health Management had developed corrective Action Plans.

Dr. Vincent Nathan reported that Metro Health Management agreed with the Audit Findings and that the Department was in the process of implementing corrective action plans. He stated that the current database of record was the SAIRS System which was being replaced by the Netsmart System and that Standard Operating Procedures had been established to identify eligible recipients of Immunization Records. He added that Metro Health Staff had received Cash Collection Training and that an Internal Financial Audit had revealed no findings related to the Department's Cash Handling System.

Councilmember Gonzales asked for more detail regarding Immunization Services provided by Metro Health. Dr. Nathan replied that services had been provided for many years and that anyone was eligible to receive services. He added that there were numerous Immunization Clinics around the City. He noted that Immunization Records were previously available at the San Antonio Public Library Branches as well as the Office of the City Clerk, but were consolidated due to HIPAA Regulations. He mentioned that Immunization Rates had doubled in the last three years. Mr. Vargas stated that the Audit had reviewed operations and HIPAA Compliance but did not review trends.

Citizen Member Nichta asked for information regarding the Netsmart and SAIRS Systems. Dr. Nathan responded that past immunizations could not be entered automatically into the Netsmart System and required manual input. He noted that the System would be fully operational by December 2016. Citizen Member Nichta asked if it was possible to incorporate prompts for the Netsmart System. Dr. Nathan confirmed that prompts were incorporated.

Chairman Saldaña asked for clarification regarding the removal of Immunization Records from the Branch Libraries. Dr. Nathan replied that the Branch Libraries did not have access to Metro Health's extensive historical background database.

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

#### **FY 2016 Audit Plan Status**

##### **4. FY 2016 Annual Audit Plan as of May 31, 2016**

Mr. Kevin Barthold reported that 20 Audit Reports had been issued to date. He provided personnel updates and noted that some Audits were scheduled to begin as personnel changes were finalized.

No action was required for Item 4.

<b>High Profile Contract Subcommittee Items</b>
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#### **Select High Profile Pre-Solicitation Briefings**

##### **5. River Barge Fabrication (CCDO)**

Mr. John Jacks provided an overview of the River Barge Fabrication (CCDO) Solicitation and noted that the Request for Competitive Sealed Proposals was valued at over \$1 million with an estimated contract value of \$3.9 million. He reported that the Contract was proposed for a period of 9 months and highlighted the history of the Solicitation. He stated that the Panel Jury selected three finalists out of the 12 designs submitted and that MetaLab was in the process of constructing a prototype to be rendered in early July or late August. He noted that delivery was anticipated in October 2017 and that a solicitation for a new Barge Operator would take place in

September. He mentioned that the City would receive monthly payments from the Barge Leases as well as a percentage of sales.

Mr. Jacks stated that there would be 43 new River Barges, measuring 27ft and 4in in length. He added that this was the maximum size allowable for access to the River North Area. He highlighted the utilization of electric Lithium Batteries. He mentioned that the Batteries would have an 8 hour charge time. He provided an overview of the Solicitation Criteria and added that there were no requirements for SBEDA or Audited Financial Statements as the Project was so unique it would be difficult to find vendors that satisfy the requirements. He discussed Outreach and Advertising Efforts. He detailed the composition of the Project Evaluation Committee and the Advisory Committee. He highlighted the Project Timeline and reported that the Request for Proposals would be due in September 2016 and that the Item was scheduled to go before City Council for final consideration on November 17, 2016. He noted that the Barge Prototype would be tested prior to deployment.

Citizen Member Nichta asked for more detail on the River Barges. Mr. Jacks reported that the Lithium Batteries would come with a Three Year Warranty and that subsequent replacements would be paid by the City. He added that there were Operation and Maintenance Requirements in place to ensure that battery life is maximized. He noted that the Solicitation would replace only the Tourist Fleet; not the boats utilized by Park Police.

No action was required for Item 5.

## **6. Public Artist and Art Professional (DCCD)**

Mrs. Debbie Racca-Sittre reported that Open Calls for artists have been issued since 2012. She noted that currently there were 146 artists working with the City and that 57 would carry forward to 2017. She stated that the Review Panel examines each submission and that final selections are made by the San Antonio Arts Committee. She mentioned that the contracts are authorized through the City Council and include local and national artists that are pre-qualified to work on Capital Projects. She added that funding is included in the Capital Budget for professionals and businesses that can execute installation and restoration to art pieces. She highlighted the Evaluation Criteria to include:

- ❖ Knowledge of local culture and community
- ❖ Relevant experience
- ❖ Collaborative partnerships & resources
- ❖ Portable artworks

Mrs. Racca-Sittre stated that Outreach Efforts included postings on PublicArtist.org and calls for Artist Hosting, as well as newsletter advertisements. She detailed the Selection Panelists and Project Timeline. She mentioned that the Item was scheduled for City Council consideration on December 8, 2016.

Chairman Saldaña asked of displaying art on Public Property. Mrs. Racca-Sittre replied that there was an established process with the San Antonio Arts Commission to ensure that the piece meets the qualifications of public art.

Councilmember Gonzales asked for detail regarding art designed as part of Capital Projects. Mrs. Racca-Sittre replied that said projects were often executed in conjunction with the architect or engineer as well as the contractor responsible for construction. She noted that the artist would provide the design and if the item is included as part of the Capital Budget; it can be considered as a separate line item in the overall contract.

Citizen Member Nichta asked for detail regarding term amounts. Mrs. Racca-Sittre stated that contracts are entered into on an annual basis.

No action was required for Item 6.

### **Select High Profile Post-Solicitation Briefing**

#### **7. Art Agency Funding (DCCD)**

Mrs. Debbie Racca-Sittre provided an overview of the Solicitation including Project Background, Purpose, and Services. She reported that funding is provided for Arts Agencies and that guidelines are designed to follow Best Practices for the purpose of promoting arts and cultural experience to San Antonio and Visitors. She stated that Pre-Solicitation took place in February 2016 and that applications were due on April 1, 2016. She noted that evaluations were completed on May 31, 2016 and that agencies were provided an opportunity to address the Evaluation Committees on June 4, 2016. She highlighted Funding Guidelines and Solicitation Requirements and specified that SBEDA or Preference Points were not applicable for the Solicitation. She detailed the requirements for Operational Funding:

- ❖ Must not be a Recreational Organization
- ❖ Must have a two year history of providing arts to the community
- ❖ Must attend an Art Funding Workshop
- ❖ Must only apply in a single category

Mrs. Racca-Sittre detailed the composition of the Project Evaluation Committee and noted that there were 5 total Panels with seven members each. She reported that 236 attendees were present at the Pre-Submittal Conference and that 84 responses had been received. She noted that 3 responses were deemed non-responsive and that reviews for Proof of Insurability and Contract Disclosure Forms were still taking place. She added that if any issues arose; they would be presented to the Audit Committee.

No action was required for Item 7.

## **Other**

- 8. Annual Contract for Generator Maintenance Citywide (Fire)**
  - On-Call Electrical Repairs (DSD)**
  - Financial Underwriting Services (Finance)**
  - Broker/Dealer Services (Finance)**
  - Depository, Lockbox, and Merchant Banking (Finance)**

Mr. Troy Elliott reported that approximately 15 firms would be recommended prior to selection. He stated that the Financial Underwriting Services Solicitation would be in the form of a Request for Qualifications. He noted that the Depository, Lockbox, and Merchant Banking Solicitation would require a vendor to have a San Antonio address. He added that all items were in the Pre-Solicitation Phase.

No action was required for Item 8.

- 9. On-Call HVAC Services (BESD)**
  - Temporary Electrical and Plumbing Services for CSF (CSF)**
  - Employee Voluntary Vision Insurance (HR)**

Mr. Troy Elliott reported that there were no Due Diligence Findings. Mr. Barthold added that there were no issues identified by the City Auditor's Review. Mr. Elliott stated that two firms were deemed non-responsive due to a lack of all required pricing proposals.

Citizen Member Nichta asked for detail regarding communication with non-responsive vendors. Mr. Elliott replied that vendors are notified via a written notice that is provided in conjunction with the City Attorney's Office.

Councilmember Gonzales moved to forward the Item 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 12:55 pm.

## **ATTEST:**

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*Rey Saldaña, Chairman*

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*Leticia Y. Saenz, TRMC*  
*Deputy City Clerk*