

**AUDIT COUNCIL COMMITTEE MEETING  
MINUTES  
OCTOBER 25, 2016 at 11:30 AM  
CITY HALL, MEDIA BRIEFING ROOM**

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| Committee Present: | Councilmember Rey Saldaña, <i>District 4, Chair</i><br>Councilmember Shirley Gonzales, <i>District 5</i><br>Citizen Member Tom Nichta   |
| Committee Absent:  | Councilmember Alan E. Warrick II, <i>District 2</i>   |
| Staff Present:     | Erik Walsh, <i>Deputy City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer &amp; Director of Finance</i> ; Andy Segovia, <i>City Attorney</i> ; William McManus, <i>Chief of Police</i> ; Hugh Miller, <i>Chief Technology Officer</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Martha Sepeda, <i>First Assistant City Attorney</i> ; Anthony Treviño, <i>Assistant Chief of Police</i> ; Debra Ojo, <i>Assistant Director of Finance</i> ; Jose R. Correa, <i>Assistant Director of Building and Equipment Services</i> ; Michael Rodriguez, <i>Assistant to the Director</i> ; Ron Griego, <i>Facilities Administrator</i> ; Buddy Vargas, <i>Audit Manager</i> ; Mark Bigler, <i>Audit Manager</i> ; Sandra Paiz, <i>Audit Manager</i> ; Tina Flores, <i>Compliance Auditor</i> ; Christopher Moreno, <i>Auditor</i> ; Reina Sandoval, <i>Auditor</i> ; Gabriel Trevino, <i>Auditor</i> ; Natasha Leach, <i>Auditor</i> ; Cecilia Gonzalez, <i>Auditor</i> ; Ryan Evans, <i>Contract Coordinator</i> ; Rebecca De La Garza, <i>Office of the City Manager</i> ; Alexander Pytel, <i>Office of the City Clerk</i> |
| Others Present:    | Santos Fraga, <i>Padgett-Stratemann</i> ; Michelle Hyde, <i>Padgett-Stratemann</i>  |

**CALL TO ORDER**

Chairman Saldaña called the meeting to order.

It was noted that Councilmember Warrick was in Namibia on City Business and would not be able to attend the meeting.

**1. Approval of the Minutes from the September 20, 2016 Meeting of the Audit Committee**

Citizen Member Nichta moved to approve the Minutes of the September 20, 2016 Audit Council Committee Meeting. Councilmember Gonzales seconded the motion. The motion carried unanimously by those present.

**External Auditor Items to be Discussed**

## **2. Required Communications with the Audit Committee for the Fiscal Year 2016 Audit**

Mr. Santos Fraga highlighted the history of Padgett-Stratemann and discussed the recent merger with RSM US LLP (RSM), which made the company the fifth largest in the State of Texas. He mentioned that there would be no changes in the way the company conducted business and that the City would retain the same team. He reported that the reason for the merger was based on the demands of large government entities. He stated that RSM was part of the Project and had provided IT Specialists and Auditors to help review highly technical systems such as SAP. He added that the objective of the Audit Services provided was to ensure that Federal and State Grants were being applied properly and in compliance with standards. He noted that not every invoice was inspected; although a threshold was used to determine the significance of an amount, transaction, or discrepancy. He indicated that internal controls and compliance were a part of the Audit and that any gaps identified would be provided to the Committee. He highlighted Audit Reports issued by the Office of the City Auditor which would be included in the Risk Assessment.

Ms. Michelle Hyde reported that the company would issue an opinion on the City's Comprehensive Annual Financial Report (CAFR) and the required Management Letter. She highlighted the Audit Plan and noted that several areas of focus would include revenues, bonds and bond ratings, purchasing and accounts payable, and self-insurance. She indicated that compliance of laws and regulations would be examined in order to ensure that Investment Officers retained the required training. She discussed review of the Procurement Process as well as Federal and State Grants. Mr. Fraga provided a timeline which was consistent with prior years and mentioned that findings would be presented to the Audit Committee in March 2017.

Chairman Saldaña asked how external audits were determined. Mr. Kevin Barthold replied that the Contract contained provisions for additional services. Mr. Gorzell added that the provision allowed the City to negotiate new audits. Chairman Saldaña asked if the CAFR would be incorporated into Padgett-Strateman's Review. Mr. Fraga confirmed that the CAFR would be examined as it included many types of financial information.

Citizen Member Nichta asked for information regarding the Texas Commission on Environmental Quality. Mr. Fraga replied that Environmental Quality was a new requirement from regulatory agencies and that the State required a Financial Insurance Report to document the City's status.

No action was required for Item 2.

### **Final Reports to be Discussed**

## **3. AU16-C03 Audit of Finance Department Delinquent Property Tax Collection Services Contract**

Mr. Buddy Vargas reported that Linebarger Goggan Blair & Sampson, LLP provided Tax Collection Services for the City and were required to maintain a 98% Collection Rate. He stated that additional performance services included assisting taxpayers and issuing Demand Letters for Code Compliance Violations. He noted that the Finance Department was responsible for Contract Monitoring and that the Audit Objective was to determine if the City and the Contractor were in compliance with key terms of the Contract. He concluded that the Audit determined that the Finance Department had adequate controls in place to ensure compliance with key contractual terms and that there were no recommendations.

Mr. Troy Elliott thanked the City Auditor and his team for their work and mentioned that the Audit was requested by Staff in order to provide additional assurance of compliance.

Councilmember Gonzales asked if the money collected was added to the General Fund. Mr. Ben Gorzell replied that the funds were divided between the General Fund and Debt Service. Mr. Elliott stated that the Contract would expire December 31, 2018 with one Five-Year Renewal Option.

Citizen Member Nichta asked if Bexar County could provide the same service. Mr. Elliott reported that the County did retain Collection Services. He stated that Linebarger provided Tax Collection Services to the City, County, and School Districts. Citizen Member Nichta asked for details regarding the Tax Payer Assistance Program. Mr. Elliott mentioned that Linebarger facilitated Payment Plans or ways to assist Tax Payers. He clarified that Linebarger provided only technical assistance rather than financial assistance.

Chairman Saldaña asked why the City outsourced Tax Collection Services. Mr. Elliott replied that there was a period of time where the City and County jointly pursued collection. He stated that penalties and interest would accrue from February to July 1<sup>st</sup> when accounts were provided to Linebarger. He reported that interest would increase every month until July 1<sup>st</sup> and that there were opportunities to pay the outstanding amounts. Mr. Gorzell noted the City received 100% of delinquent tax if paid before Linebarger begins collection efforts on July 1<sup>st</sup>.

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

#### **4. AU16-024 Audit of San Antonio Police Department Crisis Response Team Operations**

Mr. Erik Walsh provided an introduction and stated that the Audit started from a survey completed last year.

Ms. Sandy Paiz presented an overview of the Audit which was requested by City Management. She provided background on the SAPD's Crisis Response Team (CRT) which provided services to victims of family violence. She reported that the Audit objective was to determine if the CRT was in compliance with policies and procedures and is effective in meeting the needs of the community.

Chief William McManus reported that the action items identified in the Audit were all completed by October 1, 2016 and that the Department was now in full compliance. He stated that Performance Measures had been standardized across the Department. Assistant Chief Anthony Treviño noted that some of the Substations were not tracking assistance they provided to citizens but were now tracking Protective Orders, Perpetrator Management and Visits, and Community Outreach. Ms. Sandy Paiz reported that the auditors had provided examples of the higher-performing Substations and suggested that Best Practices be implemented.

Chairman Saldaña asked for detail on the interactions of the Crisis Response Team (CRT) and the community. Chief McManus replied that the CRT Members would contact residents and follow up with victims or complainants of reports. He noted that the Team would continue involvement if there was evidence of continuing family violence. Mr. Treviño noted that the involvement was a standard procedure and that one of the issues identified in the Audit was Officers generating reports that were not being delivered to the CRT. He added that the issue had been addressed through the development of a Program that automatically provides the Reports to the CRT.

Councilmember Gonzales asked for detail regarding how community needs are reflected. Chief McManus reported that CRT Activity was generated by 9-1-1 Calls and follow up was conducted by the CRT Members. Mr. Walsh added that citizen communications with the CRT would be reflected in Community Outreach measurements. Councilmember Gonzales asked when the next briefing was scheduled. Mr. Walsh noted that the Committee could direct Staff to provide six months of data to the Criminal Justice, Public Safety, & Services Council Committee. Mr. Kevin Barthold indicated that six months was enough time to review the process and that a motion would have to be made.

Citizen Member Nichta asked for detail regarding the Reporting Process. Mr. Treviño reported that differences between Dispatch Calls and Field Reports were possible. He noted that a Domestic Disturbance Call could end up being reported as Domestic Violence as an example. Ms. Sandy Paiz added that this issue had been discussed with the Chief as well as possible Grant Funding. Mr. Walsh noted that a Records Management System and a Case Management System would be coming online in Spring 2017 which Detectives would use as a follow up history. He stated that the CRT Members would have access to the Case Management System. Citizen Member Nichta asked for more information on Performance Reviews. Mr. Treviño replied that Annual Employee Performance Evaluations were conducted and that proper reporting was a measureable.

Citizen Member Nichta moved to accept the Audit and direct Staff to provide follow up information to the Criminal Justice, Public Safety, & Services Council Committee. Councilmember Gonzales seconded the motion. The motion carried unanimously by those present.

## **FY 2016 & FY 2017 Audit Plan Status**

### **5. FY 2016 Annual Audit Status as of September 30, 2016 FY 2017 Annual Audit Status as of October 1, 2016**

Mr. Kevin Barthold reported that the FY 2016 Annual Audit Plan was concluded and that 28 Audits Reports were issued within FY 2016. He stated that the 2017 Audit Plan was approved by the City Council in September and that the combined Plans would be presented at the next Audit Meeting scheduled for November. He noted that the Office of the City Auditor was fully staffed for the first time since January.

No action was required for Item 5.

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

#### **6. SA Tomorrow Regional Center / Community Planning**

Ms. Bridgett White reported that the solicitation would address the development of the SA Tomorrow Regional Centers and that the process would be initiated by the Planning and Community Development Department. She stated that the solicitation outlined the implementation of goals and policies to address additional population growth within and outside the Regional Centers. She reported that Chapter 17 of the SA Tomorrow Plan outlined components related to the Regional and Community Plans. She highlighted the solicitation criteria which the Goal Setting Committee unanimously approved. She discussed the composition of the Project Evaluation Committee and noted that the solicitation would return to the Committee after selection of the consultant and prior to City Council Consideration.

Citizen Member Nichta asked for detail regarding the Regional Centers. Ms. White replied that each area was a different size with the largest being Midtown, Downtown, the Medical Center, and UTSA. She added that the boundaries would be refined slightly based on neighborhood lines with a goal of focusing the growth of San Antonio based on infrastructure.

No action was required for Item 6.

### **Consideration of High Profile Solicitations for Release**

#### **7. On-Call Construction Inspection Services**

Ms. Christie Chapman presented an overview of the solicitation including Proposed Term, Monitoring and Traffic Control, Worker Safety, Compliance Monitoring, Project Design Plans, and coordination with utility companies. She highlighted the solicitation requirements and noted that past experience with the San Antonio Region would be considered. She reported that Outreach Efforts would utilize the Central Vendor Registry as well as newspapers. She detailed the Project Evaluation Committee members and the Project Timeline. She stated that the responses would be due by November 22, 2016 and were scheduled to return to the Committee in January 2017 with City Council Consideration scheduled for February.

Citizen Member Nichta asked what kind of construction projects would be covered by the solicitation. Ms. Chapman replied that only City construction projects would be covered.

No action was required for Item 7.

### **8. Executive Session**

Chairman Saldaña recessed the Committee Meeting into Executive Session at 12:58 pm to deliberate the Security Audit pertaining to the 911 Computer Aided Dispatch System, pursuant to Texas Government Code Section 551.076 (Deliberation regarding Security Devices or Security Audits).

Chairman Saldaña reconvened the Committee Meeting at 1:09 pm and announced that no action was taken during the Executive Session.

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

### **ADJOURN**

There being no further discussion, Chairman Saldaña adjourned the meeting at 1:09 pm.

### **ATTEST:**

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*Rey Saldaña, Chairman*

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*Leticia Y. Saenz, TRMC  
Deputy City Clerk*