

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE  
MEETING MINUTES  
OCTOBER 17, 2017 at 9:30 AM  
CITY HALL, MEDIA BRIEFING ROOM**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Tom Nichta
Committee Absent:	None
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Andy Segovia, <i>City Attorney</i> ; Leticia Vacek, <i>City Clerk</i> ; Ben Gorzell, Jr., <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer &amp; Director of Finance</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Russ Handy, <i>Aviation Director</i> ; Jeff Coyle, <i>Director of Government and Public Affairs</i> ; Debra Ojo, <i>Director of Risk Management</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Melinda Uriegas, <i>Assistant City Clerk</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; Melanie Keeton, <i>Assistant Director of Finance</i> ; Paula Stallcup, <i>311 Senior Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Mark Bigler, <i>Audit Manager</i> ; Gabriel Trevino, <i>Auditor</i> ; Amy Barnes, <i>Auditor</i> ; Nastasha Leach, <i>Auditor</i> ; Douglas Francis, <i>Auditor</i> ; Danny Zuniga, <i>Auditor</i> ; Lorenzo Garza, <i>Auditor</i> ; Christopher Moreno, <i>Auditor</i> ; Sheryl Wardashki, <i>Auditor</i> ; Lauron Fischer, <i>Executive Management Assistant</i> ; Patrick Steck, <i>Special Projects Manager</i> ; Trey Jacobson, <i>Office of the Mayor</i> ; Derek Roberts, <i>District 9</i> ; Paul Jimenez, <i>District 10</i> ; Cecily Hope Pretty, <i>Office of the City Clerk</i>
Others Present:	Andres Peña, <i>Kaufman &amp; Killen, Inc.</i> ; Amanda Weber, <i>WOAI/KABB</i> ; Pablo Cavazos, <i>WOAI/KABB</i>

**CALL TO ORDER**

Chairman Courage called the meeting to order.

**1. Approval of the minutes from the September 14, 2017 meeting of the Audit and Accountability Committee**

Councilmember Treviño moved to approve the Minutes of the September 14, 2017 Audit and Accountability Council Committee Meeting. Citizen Member Nichta seconded the motion. The motion carried unanimously by those present.

## **2. Approval of the minutes from the September 19, 2017 meeting of the Audit and Accountability Committee**

Citizen Member Nichta moved to approve the Minutes of the September 19, 2017 Audit and Accountability Council Committee Meeting. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

### **Final Reports to be discussed**

#### **3. AU16-012 Audit of Finance – Citywide Inventory**

Mr. Buddy Vargas stated that the objective of the audit was to determine if capital assets and tracked property were managed in accordance with department policies and accounting procedures. He noted that the department oversees capital assets, reporting, tracking, and maintenance of a master file listing capitalized property of land, buildings, machinery, and equipment, and tracked non-capitalized inventory under \$5,000. He stated that the audit was conducted during Fiscal Years 2015 and 2016 and reviewed processes for reporting and tracking in SAP as well as inventory management. He reported that the inventory was managed in accordance with department policies and there were effective controls for capitalized purchases over \$5,000. He noted that deficiencies were identified in inventory management for tracked property and the accuracy of data in the master file. He stated that management agreed with the recommendations for improvement and implemented an action plan.

Councilmember Perry entered the meeting at this time.

Citizen Member Nichta asked of the \$5,000 threshold for capitalization and the benefits of tracking non-capitalized property. Mr. Troy Elliott replied that the threshold was benchmarked against other cities and based on the number of assets held by the department. He added that they would re-examine the capitalization policy but some departments tracked non-capitalized property due to grant requirements. Mr. Ben Gorzell noted that some tracking was done for insurance purposes and the associated Administrative Directive would be amended by December 2017 to provide further guidance to departments.

Councilmember Treviño moved to accept the audit. Councilmember Perry seconded the motion. The motion carried unanimously.

Item 5 was addressed at this time.

#### **5. AU17-019 Audit of ORM – Risk Safety Program**

Mr. Kevin Barthold provided an overview of the duties of the Office of Risk Management including inspections, training, and evaluation of program safety. He stated that the objective of the audit was to determine if safety programs were effectively managed to minimize loss. He reported that overall, the program was properly managed but noted the follow areas for improvement:

- Ensuring employees complete safety trainings
- Ensuring city facilities are inspected regularly and follow ups are performed

- Ensuring accuracy in preventable automobile accident points assessed by the Accident Review Board (ARB) versus those entered in SAP
- Ensuring accuracy in reconciliations between VOS & SAP for subrogation payments

Mr. Barthold stated that management agreed with the recommendations and implemented a corrective action plan.

Ms. Debra Ojo stated that the audit was performed during the program's implementation process and the majority of findings had already been addressed. She noted that each city facility was assigned a rating based on various factors to ensure a thorough and consistent inspection process.

Mr. Gorzell stated that the city had a goal of zero preventable accidents by 2019 and department leadership performance reviews would now include a Balanced Score Card with departmental safety data.

Councilmember Perry asked of San Antonio's safety performance compared to other cities. City Manager Sheryl Sculley replied that comparative information had been compiled during this year's budget process and she would provide it to the Committee.

Citizen Member Nichta asked of collaboration with other cities. Ms. Ojo replied that she was part of the Public Risk Management Association (PRIMA) and attended annual roundtable discussions with other Risk Managers to encourage consistency in process development across municipalities. Mr. Nichta asked of training customization for different occupation types. Ms. Ojo replied that all administrative staff received the same online training and field positions received department-specific safety training. Mr. Nichta asked if ARB points affected employee performance reviews. Mrs. Sculley replied that they were a factor and employees were subject to discipline up to termination based on points assessed.

Councilmember Perry moved to accept the audit. Mr. Nichta seconded the motion. The motion carried unanimously.

Item 4 was addressed at this time.

#### **4. AU17-F01 Audit of Aviation – Concessions Contracts Follow-up**

Mr. Kevin Barthold stated that the follow-up findings were positive and that the department addressed the following:

- Implementation of a Contract Administration Plan to review financial contract components (i.e. fees, payments, insurance, bonds)
- Verification of gross sales as reported by concessionaires
- Improvement of maintenance and safety inspection processes

Mr. Barthold noted that a Street Pricing Policy had not been implemented at the time of the follow-up but had since been put in place.

Chairman Courage asked how many concessionaires were examined in the audit. Mr. Russ Handy replied that there were 40 food, beverage, and retail concessionaires. Chairman Courage asked of City Council guidance regarding Street Prices for products. Mr. Handy replied he was not aware of direct City Council involvement but that values were determined based on a comparative local survey and future contracts would allow pricing at a maximum of Street Pricing plus 10%.

Citizen Member Nichta moved to accept the audit. Councilmember Treviño seconded the motion. The motion carried unanimously.

## **6. AU17-009 Audit of 311 – Customer Service Call Center**

Mr. Barthold stated that the audit objectives were to determine if staffing was adequate and appropriately scheduled, if the workflow was effectively designed, and if IT system controls were effective. He stated that the audit was conducted over a 15-month period and provided an overview of 311 services and processes. He noted the following findings:

- Inaccuracy of information provided in Knowledge Base
- Difficulty in navigating the department website and mobile application
- Lack of documentation of complaint resolution
- Inappropriate staff scheduling in response to historic call volume information
- Limited use of performance measures for goal-setting
- Excessive user access

Mr. Barthold stated that management agreed with the findings and implemented a corrective action plan.

Chairman Courage expressed concern regarding misdirected inquiries and lack of communication when issues were resolved. Ms. Paula Stallcup replied that the upcoming system upgrade would allow departments to notify 311 directly when misdirection or inaccuracies occurred. Mr. Erik Walsh added that the upgrade would include status updates, resolutions, and the staff involved in closing requests. Chairman Courage asked of calls regarding SAWS and CPS. Ms. Stallcup replied that they accounted for 6% of 311 calls and the automated menu had touch tone options to connect callers directly with SAWS or CPS.

Councilmember Perry expressed concern with the usability of the mobile application and response times. Mr. Walsh stated that he had already begun discussions with department leadership regarding service level adjustments. He noted that 311 had exceeded their FY 2017 goal of 65% of calls being answered within 45 seconds and the FY 2018 goal was 80%. Ms. Stallcup added that the 45-second goal included an initial 35 seconds of the touch tone menu.

Councilmember Treviño asked of the creation of a digital dashboard for public reference. Mr. Walsh replied that IT was working on a site upgrade where citizens could run individualized reports regarding 311 requests and responses.

Councilmember Perry asked of 311 operator training. Ms. Stallcup replied that the training program lasted three to four weeks and covered the organization, system use, services types, and

customer service. Councilmember Perry expressed concern that resources were not allocated to bring in professional customer service trainers.

Citizen Member Nichta asked of department service level agreement standards. Ms. Stallcup replied that every request type had an associated service level agreement and operators were instructed to advise citizens of that service response time. Mr. Nichta asked of the Knowledge Base. Ms. Stallcup replied that it was an internal search database for operators and City Staff with links to department websites and that it was currently being reviewed for accuracy on a monthly basis.

Councilmember Perry moved to accept the audit. Councilmember Treviño seconded the motion. The motion carried unanimously.

## **7. AU17-004 Audit of City Clerk – Passport Division**

Mr. Buddy Vargas stated that the objective of the audit was to determine if the Passport Division was effectively managed in accordance with Federal regulations and City policies and if performance metrics were appropriate and accurate. He provided an overview of Passport Division activities and noted that in FY 2016, it processed over 19,000 applications and generated \$537,000 in revenue with a customer satisfaction rating of 98%. He stated that the division was effectively managed, performance metrics were appropriate and accurate, and controls were in place to ensure applications were processed accurately and in accordance with guidelines and policies. He noted the need to strengthen fiscal controls to safeguard applicant information, inappropriate staff access to a department shared drive, and inaccurate submission of annual certification information to the Department of State. He stated that management implemented all recommendations prior to the conclusion of the audit.

Citizen Member Nichta asked of facility access. City Clerk Leticia Vacek replied that it was accessed through programmed employee badges and entry could be tracked electronically.

Citizen Member Nichta moved to accept the audit. Councilmember Treviño seconded the motion. The motion carried unanimously.

## **Other**

## **8. Office of City Auditor Independent Peer Review Results**

Mr. Kevin Barthold stated that the purpose of the audit was to determine if the Office of the City Auditor operated in accordance with Generally Accepted Government Auditing Standards, also known as Yellow Book. He noted that two documents were issued: (1) The Audit Report and (2) The Management Letter. He stated that the department passed the audit and was offered a Management Letter recommendation to file a formal document acknowledging the risks to City Auditor independence as a result of the services performed by the Compliance Auditor.

Councilmember Treviño moved to accept the report. Councilmember Perry seconded the motion. The motion carried unanimously.

Councilmember Perry exited the meeting.

Mr. Barthold addressed Items 9 and 10 concurrently.

## **FY 2017 & FY 2018 Audit Plan Status**

### **9. FY 2017 Annual Audit Status as of September 30, 2017**

### **10. FY 2018 Annual Audit Status as of October 1, 2017**

Mr. Kevin Barthold stated that as of the next Committee Meeting, Fiscal Years 2017 and 2018 would be combined. He noted that 37 audit reports had been issued for FY 2017 and three had been issued in the previous month. Chairman Courage asked of the FY 2017 goals. Mr. Barthold replied that they had exceeded their goal of 32 audit reports but went over their billable hour goal by 1%.

### **Consideration of items for future meetings**

Chairman Courage asked of the necessity to continue meeting biweekly. Mr. Barthold replied that the Committee would be caught up on Audit Reports after a month. Mr. Gorzell stated that High Profile Contracts were nearly caught up. Chairman Courage suggested returning to monthly meetings in January 2018.

## **ADJOURN**

There being no further discussion, Chairman Courage adjourned the meeting at 11:16 am.

## **ATTEST:**

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

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***John Courage, Chairman***