

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE  
MEETING MINUTES  
MARCH 16, 2021 at 10:00 AM  
VIDEOCONFERENCE**

<b>Committee Present:</b>	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Ana Sandoval, <i>District 7</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Judy Treviño Citizen Member Priscilla Soto
<b>Staff Present:</b>	Maria Villagomez, <i>Deputy City Manager</i> ; Carlos Contreras, <i>Assistant City Manager</i> ; David McCary, <i>Assistant City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Steve Whitworth, <i>Assistant City Attorney</i> ; Tina J. Flores, <i>City Clerk</i> ; William P. McManus, <i>Chief of Police</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Jesus Saenz, <i>Director, Aviation Department</i> ; Debra Ojo, <i>Director, Risk Management</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Razi Hosseini, <i>Director, Public Works</i> ; Michael Garnier, <i>Chief Budget and Administration Officer, Aviation Department</i> ; Rick Riley, <i>Assistant Director, SAPD</i> ; Renee Frieda, <i>Interim Director, Human Resources</i> ; Melanie Keeton, <i>Assistant Finance Director</i> ; Victoria Roeder, <i>Controller, Finance Department</i> ; Michael Sindon, <i>Assistant Director, Economic Development Department</i> ; Nancy Cano, <i>Office of the City Clerk</i>
<b>Others Present:</b>	Angela Dunlap, <i>Partner, BKD CPAs &amp; Advisors</i>

**CALL TO ORDER**

Chairman Courage called the meeting to order at 10:00 am.

**1. Approval of minutes from the Audit and Accountability Committee meeting on January 19, 2021.**

Councilmember Perry moved to approve the Minutes of the January 19, 2021 Audit and Accountability Council Committee Meeting. Councilmember Sandoval seconded the motion. The motion carried unanimously.

**Public Comment**

None.

**CONSENT AGENDA**

**Pre-Solicitation High Profile Items**

2. Voluntary Vision Insurance [Ben Gorzell, Chief Financial Officer; Renee Frieda, Interim Director, Human Resources]
3. Airport Electronic Video Information Display System [Carlos Contreras, Assistant City Manager; Jesus Saenz, Director, Aviation]
4. Annual Contract for Landscape Maintenance & Irrigation Repair Services [David W. McCary, Assistant City Manager; Jorge A. Perez, Director, Building and Equipment Services]
5. Annual Contract for Poured in Place (PIP) Rubber Playground Safety Surfacing Application [David W. McCary, Assistant City Manager; Homer Garcia III, Director, Parks and Recreation]
6. On-Call Building Commissioning Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
7. District 4 Heritage Community Center [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
8. On-Call Facility Programming Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
9. On-Call Professional Services for Real Estate Appraisal Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

#### **Post-Solicitation High Profile Items**

10. On-Call Construction Inspection Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

#### **Final Internal Audit Reports**

11. AU20-034 Audit of Public Works Equipment Inventory Management
12. AU20-013 Audit of San Antonio Fire Department Overtime Administration
13. AU20-F03 Follow-Up Audit of Office of Risk Management Liability Claims Process
14. AU21-031 Audit of Information Technology Services Department Security Training Awareness Program

Councilmember Perry moved to approve Items 2-14. Councilmember Sandoval seconded the motion. The motion carried unanimously.

#### **ITEMS FOR INDIVIDUAL CONSIDERATION**

15. Results of the FY 2020 External Financial Audit and Presentation of Related Reports [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Deputy Chief Financial Officer Troy Elliott stated that the independent external audit was performed in partnership with independent auditor BKD, LLC (BKD). He noted that the external audit was required under the City Charter and provided a true and fair view of the City's financial position. Mr. Elliott stated that the external audit covered the following communications:

- Comprehensive Annual Financial Report
- Financial Report on Federal and State Grants and Other Reports
- Financial and Compliance Report on Passenger Facility Charge Program
- Report on Internal Controls (Management Letter), when applicable

Mr. Elliott reviewed the history of previous external audits which resulted in high number of findings between 2006 and 2012. He noted that the City had received fewer or no findings since refining and adopting internal policies. He added that the City has had no findings since 2018 and he thanked staff for their efforts and hard work on departmental policy and procedural improvements.

Angela Dunlap with BKD reviewed the scope of the internal audit. She stated that BKD had completed the audit deliverables to include:

- City of San Antonio Comprehensive Annual Financial Report
- Single Audit Uniform Guidance
- Single Audit under State of Texas Uniform Grant Management Standards
- Passenger Facility Charge Report
- Texas Commission on Environmental Quality Agreed Upon Procedures Report

Ms. Dunlap reported that the result of the audit as follows:

- Unmodified "clean" opinion to be issued
- No scope limitations
- No unresolved audit issues
- Open and effective communication with City management

Ms. Dunlap stated that there were three Federal Programs. Highway Planning and Construction Cluster, HOME Investment Partnership Program and the Coronavirus Aid, Relief and Economic Securities Act Program, tested that had findings. However, those findings were below the reporting threshold criteria. She reported that no major issues were identified, and any minor clarifications were immediately addressed.

Ms. Dunlap stated that no audit issues were identified for State Programs under single audit testing to include the Local Park Grant Program, Child Care Services, Highway Planning and Construction Programs, Hurricane Laura, and STD Prevention Programs. She also noted that all pending items from 2019 had been addressed and corrected.

Ms. Dunlap reported that the external audit resulted in no findings for the Federal, State and PFC programs and that an unmodified opinion on compliance would be issued for all categories. She added that the audit identified no issues related to accounting policies and practices and required

communications. She noted minor discrepancies related to GASB statement reporting but that management was addressing.

Citizen Member Pricilla Soto asked if the Comprehensive Annual Financial Report or any other part of the audit reports would be made available to the Audit Committee. Mr. Elliott stated that the report was available electronically (<https://www.sanantonio.gov/Finance/bfi/annual-report>) and could provide paper copy if needed.

Councilmember Sandoval moved to approve Item 15. Councilmember Sandoval seconded the motion. The motion carried unanimously.

**16. FY 2021 Biannual High Profile Report Update [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]**

Mr. Elliott reported on the first six month forecast of Fiscal Year 2021 dating from October 2020 through March 2021 related to high profile contracts. He noted that high profile contracts were categorized as follows:

- Discretionary contracts valued over \$1 million
- High level of community interest or other exceptional interest
- Highly complex or technical in nature, or contract terms and conditions that are non-standard or complex

Mr. Elliott noted that contracts could be briefed to the Audit and Accountability Committee and/or the City Council at B Session meetings. He stated that there were select high profile contracts criteria that required B Session presentation and were categorized as follows:

- Financial Impact (valued over \$25 million)
- Policy/Public Safety Implications
- Professional Judgment
- Contract Term (10 years or more)
- Community/Stakeholder Impact or Interest

Mr. Elliott noted that there were 34 high profile projects identified during the first six-month period with five recommended to be briefed at B Session and twenty-nine recommended to be briefed at the Audit and Accountability Committee level. He added that of those presented to the Audit and Accountability Committee, twelve were briefed as individual items and seventeen were presented as consent agenda items.

Mr. Elliott provided an update on contract statuses and whether they were at pre-solicitation, post-solicitation or completed/awarded. He added that staff identified 21 additional high-profile items for the next six-month period of FY 2021. He noted that three were recommended to be forwarded to the B Session, 18 to be forwarded to this Committee, 11 to be placed on the consent agenda, and 7 to be briefed individually.

Councilmember Sandoval asked for timeline specifics related to the Housing and Homeowner Funding gap contract. Mr. Elliott stated that he would provide report with specifics.

No action was needed for Item 16.

### **Pre-Solicitation High Profile Briefings**

#### **17. Self-Insured Workers' Compensation Third Party Claims Administrator Services [Ben Gorzell, Chief Financial Officer; Debra M. Ojo, Director, Office of Risk Management]**

Debra Ojo, Director, Office of Risk Management, provided a brief on the Request for Proposals (RFP) solicitation for Self-Insured Worker's Compensation Third Party Claims Administrator Services. She noted that the contract would be for a three-year period with two, 1-year options with an estimated value of \$5.5 million. She added that the current contract would expire on December 31, 2021.

Ms. Ojo reviewed the evaluation voting members, the RFP point system, and outreach to be performed for perspective respondents. She added that the contact would be presented to City Council in September 2021.

No action was needed for Item 17.

### **Final Internal Audit Reports to be discussed**

#### **18. AU20-028 Audit of San Antonio Police Department Alarm Permits**

City Auditor Kevin Barthold provided a brief on the audit of the San Antonio Police Department Alarm Permits process. He noted that the San Antonio residents were required to renew alarm permits on an annual basis and obtained the permits from the San Antonio Police Department (SAPD). He stated that the scope timeframe focused on was for FY 2018 and FY 2019.

Mr. Barthold noted that the audit found that all permits were processed, revenues were collected appropriately, but some administrative areas needed improvement. He noted issues with the collection and monitoring of outstanding service fees, fees changed to false alarm incidents, cash handling procedures, and enforcement of penalties of excessive false alarm incidents.

Mr. Barthold noted that the department had worked with the audit team during the process and began to address identified items and remedies. He stated that a follow-up audit would be scheduled to assure that all items were addressed.

Councilman Courage requested information on the specific alarm fees. Chief McManus provided specifics on the different alarm fees and stated that he would provide a report on all associated fees.

Councilmember Sandoval moved to approve Item 18. Councilmember Perry seconded the motion. The motion carried unanimously.

## **Adjourn**

There being no further discussion, Chairman Courage adjourned the meeting at 11:03 am.

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***John Courage, Chairman***

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***Aurora Perkins, Office of the City Clerk***

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