

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES**

**SEPTEMBER 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>
Committee Absent:	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> ; Troy Elliott, <i>Director of Finance</i> ; Rod Sanchez, <i>Director of Development Services</i> ; Melody Woosley, <i>Director of Human Services</i> ; Frank R. Miller, <i>Director of Aviation</i> ; Hugh Miller, <i>Director of ITSD</i> ; Lori Steward, <i>Director of Human Resources</i> ; Leticia Y. Saenz, <i>Deputy City Clerk</i> ; Richard Keith, <i>Assistant Director, Human Services</i> ; Mike Shannon, <i>Assistant Director, Development Services</i> ; Loyce D. Clark, <i>Assistant Director, Aviation</i> ; Debbie Sittre, <i>Assistant Director of TCI</i> ; Norbert Dzuik, <i>Assistant to Director</i> ; Buddy Vargas, <i>Audit Manager</i> ; Mark Bigler, <i>Audit Manager</i> ; Sandra Paiz, <i>Audit Manager</i> ; Rebecca Moulder, <i>Auditor</i> ; Reina Sandoval, <i>Auditor</i> ; Doug Francis, <i>Auditor</i> ; Lorenzo Garza, <i>Auditor</i> ; Marc Druck, <i>Compliance Auditor</i> ; Alma Martinez-Jimenez, <i>Sr. Special Projects Manager</i> ; Kimberly Bianco, <i>Contract Administrator</i> ; Melissa G. Castillo, <i>Executive Assistant</i> ; Rebecca De La Garza, <i>Executive Assistant</i> ; Alexander J. Pytel, <i>Office of the City Clerk</i>
Others Present:	Adriana Contreras, <i>San Antonio Education Partnership</i>

CALL TO ORDER

Chairman Saldaña called the meeting to order.

1. Approval of the Minutes from the August 18, 2015 Meeting of the Audit Committee

Councilmember Warrick moved to approve the minutes of the August 18, 2015 Audit Council Committee Meeting. Councilmember Gonzales seconded the motion. The motion carried unanimously.

2. AU15-007 Audit of the Department of Human Services Contract Compliance and Monitoring of the San Antonio Education Partnership

Mr. Kevin Barthold reported that the objective of the Audit was to determine if the Department of Human Services (DHS) and the San Antonio Education Partnership (SAEP) are in compliance with the Contract. He explained that the goal of SAEP is to create a more educated population by supporting

students through graduation from high school as well as enrollment in college. He noted that SAEP operates Café College where students can receive assistance with completing financial aid forms, college entrance exam preparation, and applying for scholarship programs. He added that the Audit examined data from Fiscal Year 2014 but included data from Fiscal Year 2015 as part of the analysis.

Mr. Barthold stated that contract compliance is being managed, but did note two areas where improvements were needed: 1) Computer Security; and 2) Performance Measures. He explained that the City of San Antonio operates 25 City-owned computers that students and parents can utilize. He added that security and virus protections were not in place and were not being performed. He reported that the Audit recommendation was to implement an agreement with Information Technology Services Department (ITSD) in order to address cyber security vulnerabilities.

Mr. Barthold noted that Performance Measures addressed activity rather than outcomes. He explained that although measurements were being tracked; they did not adequately detail the progress being made. Additionally, he mentioned that certain events were being counted as multiple Performance Measures which created confusion as to the efficiency of the Program. He stated that both the DHS and the San Antonio Education Partnership had agreed with the Audit Recommendations.

Ms. Melody Woosley reported that DHS concurred with the recommendations of the Audit to improve the security of City computers and to develop more meaningful outcome measures for the Program. She stated that new computers had been ordered and would be installed by October 1, 2015. She added that the Audit Report was helpful in developing new Performance Measures which would be benchmarked against the general population of high school students as well as State and National trends. She mentioned that DHS, ITSD, and the San Antonio Education Partnership had entered into a new Service Level Agreement as part of the Fiscal Year 2016 Contract.

Dr. Adriana Contreras reported that the San Antonio Education Partnership concurred with the findings of the Audit Report. She noted that partner schools have over 50,000 students which entailed a need to examine trend data from other peer organizations, in order to guarantee success in the future.

Chairman Saldaña asked for clarification regarding the role of Café College in relation to the San Antonio Education Partnership. Dr. Contreras reported that SAEP has managed Café College for the last five years and that services were integrated between the two organizations. She mentioned that Café College provides college access services which SAEP performs in 25 local high schools. She highlighted the role of academic advisors who work with high school counselors and focus solely on providing college access. She stated that many first generation college students benefit from the City's academic services offered by Café College.

Chairman Saldaña asked for detail regarding the types of Performance Measures that would best illustrate the goals of SAEP. Dr. Contreras responded that the presence of academic advisors in the 25 partner high schools compared to non-SAEP high schools would help illustrate the impact of SAEP services in evaluating Performance Measures. She stated that additional Performance Measures can be based on the number of students submitting a college application, the number eligible for scholarships, the amount of enrollment in the second year of college, and final graduation rates which represent the ultimate goal of SAEP.

Councilmember Warrick asked what efforts were underway to more efficiently allocate services in order to increase graduation rates. Dr. Contreras mentioned that a number of strategies were in place to increase the percentage of students completing college. Ms. Woosley stated that scholarship allocation was part of the ongoing discussion. Councilmember Warrick asked for detail regarding what resources are available for adult learners. Dr. Contreras stated that the services offered include Career Exploration, Academic Re-Tooling, and Career Planning Services. Councilmember Warrick asked if students were being directed to prime industries in demand. Dr. Contreras reported that a Science Technology Engineering and Math (S.T.E.M.) Committee had been formed in conjunction with some of the key initiatives of the City of San Antonio and the Alamo Colleges in order to further attract students into those academic and professional fields of work.

Chairman Saldaña asked if there was an income requirement for scholarship awards. Dr. Contreras responded that students must demonstrate financial need, achieve 95% attendance rates, and must attend 3 College Access Workshops. She noted SAEP partners with higher education institutions in order to support students as they complete their college journeys.

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

3. AU15-008 Audit of Development Services Demolition Services Contract

Ms. Sandy Paiz reported that the Audit was requested by City Management. She stated that the Development Services Department is responsible for ensuring the safety of structures in the City of San Antonio and that the Department can order demolition for dangerous structures. She mentioned that the City has a contract in place with J.R. Ramon & Sons, Inc. to perform demolition and other related services including waste and asbestos removal, abatements, and environmental surveys. She explained that the current agreement was approved by the City Council in 2014 for an annual maximum cost of \$2.4 million. She added that the objective of the Audit was to ensure that the Development Services Department was in compliance with the key terms of the contract. She noted that the scope of the Audit included 90 demolition projects and that the Audit found that both J.R. Ramon & Sons, Inc. and the Development Services Department were in compliance with the key terms of the contract.

Ms. Paiz identified two areas of improvement including the monitoring of contractor and subcontractor staff qualifications to address wage and labor requirements, ensure adequate insurance coverage, and retain file support for aforementioned items. Additionally, she noted that in some emergency cases, demolition permits were not being obtained after demolition had been completed. She explained that for Emergency Demolitions authorized by the Director of Development Services, permits are to be obtained after the demolition of a property. She highlighted 6 Emergency Demolition Cases that did not include the necessary permit on file. She stated that the permits were important because they ensure compliance with all the required Safety Codes.

Mr. Rod Sanchez stated that Development Services Department concurred with the findings of the Audit. He noted that a checklist had been added to the Demolition Process to ensure that Code Officers are actively retrieving demolition permits after Emergency Demolitions.

Councilmember Gonzales asked for more detail regarding the Emergency Demolition Process. Mr. Sanchez responded that Emergency Demolitions do not go before the Building Standards Board. He

noted that due to the urgency of the issue; the structure gets demolished immediately with a permit to be issued the following day. He explained that non-emergency situations go before the Building Standards Board and, if a demolition is warranted, a permit is pulled prior to the demolition taking place. He noted that the inclusion of a checklist in the Emergency Demolition Process ensures that Code Officers retrieve the permit prior to closing the file.

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

4. AU15-F05 Follow Up Audit of Transportation and Capital Improvements Right of Way Fees

Mr. Buddy Vargas reported that the Audit was conducted in June 2014 as a Follow Up Audit to determine if Transportation and Capital Improvements (TCI) Department had effectively implemented action plans. He noted that the scope of the Audit was related to the findings of the original report. He stated that the Audit found that TCI had successfully implemented action plans and created procedures and controls to ensure that invoicing was complete, accurate, and timely. He mentioned that prior to the current Audit, TCI had transitioned from Capital Improvements Management Services (CIMS) Department and had made significant improvements. He explained that there was no recommendation made.

Ms. Debbie Sittre stated that City Management had requested the Audit in 2014. She noted that consolidation of City Services under TCI facilitated the auditing process.

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

5. AU14-005 Audit of Transportation and Capital Improvements On-Call Contracts

Mr. Buddy Vargas reported that the Audit was requested by City Management based on the City's utilization of On-Call Contracts to execute projects City wide on an as-needed basis. He noted that On-Call Contracts can include design work, maintenance and repairs, environmental studies, real estate appraisals, drainage works, traffic projects, and material testing. He stated that the objective of the Audit was to ensure that controls over all contracts for professional services are adequate. He mentioned that the scope of the Audit included Fiscal Year 2014. He added that the Audit concluded that controls are adequate but highlighted a few areas that needed improvement such as inconsistent use of support documentation that led to vendors being charged incorrect rates. He detailed that Contract Management had concurred with the Audit recommendations and implemented action plans.

Ms. Sittre highlighted the size of the Contract Program, with over 100 On-Call Contracts that are managed throughout the City. She noted that all City Departments can utilize these contracts for a multitude of services including environmental remediation, land surveying, and design consulting. She reported that TCI Department issued over 2,000 Task Orders during Fiscal Year 2014, totaling over \$67 million. She stated that the Department had already implemented one improvement and anticipated more to be completed by the end of 2015.

Chairman Saldaña asked for detail regarding the type of cases that utilize On-Call Contracts. Ms. Sittre responded that On-Call and Job Order Contracts are utilized for smaller projects, including work that needs to be completed quickly such as small renovations or material testing.

Councilmember Warrick asked for information regarding the role of Small Business Economic Development Advocacy (SBEDA) Program requirements in the utilization of On-Call Contracts. Ms. Sittre reported that incentive points are awarded for the satisfaction of SBEDA requirements in the Goal Setting Process. She added that the majority of vendors are SBEDA Program participants and usually have their own independent subcontracting goal.

Chairman Saldaña asked for clarification regarding incorrect rates being charged. Ms. Sittre responded that vendors had been paid over the amount specified in the contract provisions. Mr. Barthold added that the vendors had refunded the money to the City.

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

6. FY 2015 Annual Audit Plan as of August 31, 2015

Mr. Barthold reported that the Fiscal Year 2015 Annual Audit Plan was concluding with a few more Audits to be issued before the close of the Fiscal Year. He noted that preparation was underway on the FY 2016 Annual Audit Plan.

No action was required on Item 6.

7. Approval of the Minutes from the June 23, 2015 Meeting of the High Profile Contracts Council Committee

Ms. Martha Sepeda stated that the High Profile Contracts Council Committee had been reconstituted as a subcommittee of the Audit Committee. She noted that the Minutes to be approved were from the final meeting of the High Profile Contracts Council Committee.

Councilmember Warrick moved to approve the Minutes from the June 23, 2015 Meeting of the High Profile Contracts Council Committee. Councilmember Gonzales seconded the motion. The motion carried unanimously by those present.

8. Proposed High Profile Process

Mr. Ben Gorzell stated that both the High Profile and Audit Committees had been combined in order to help streamline processes and increase efficiency. Mr. Troy Elliot stated that the proposed High Profile Process would entail recommendations based on a monthly forecast of upcoming items. He explained that high priority items would be reviewed directly by the Committee while the remainder would be presented in the form of a memorandum. He added that Department Heads would be available to answer questions as items are presented in the memorandums. Mr. Gorzell reported that a forecast of upcoming items would be presented at the next meeting and that the Committee would be able to add items for further discussion and review. He explained that routine items would be grouped together and that subsequent findings would be presented directly to the Committee.

No action was required for Item 8.

9. Consideration of Completed High Profile Solicitations

Mr. Elliott highlighted the completed High Profile Solicitations:

- Central Utility Plant Preventative Maintenance (Aviation Department)
- Citywide Multifunction Device Contract (Information Technology Services Department)
- Retiree Health Insurance (Human Resources)

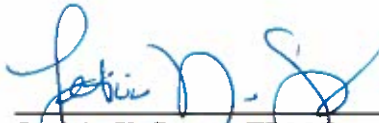
He stated that the solicitations had been vetted through the Solicitation Process and that a vendor had already been selected. He added that Department Heads would be available to answer any questions and mentioned that the items were awaiting City Council consideration. Mr. Gorzell noted that the list of Completed High Profile Solicitations would be provided to the Committee for Fiscal Year 2016.

Councilmember Warrick moved to forward the Solicitations to the full City Council for consideration. Councilmember Gonzales seconded the motion. The motion carried unanimously by those present.

ADJOURN

There being no further discussion, Chairman Saldaña adjourned the meeting at 12:49 pm.

ATTEST:



Leticia Y. Saenz, TRMC
Deputy City Clerk


Rey Saldaña, Chairperson