

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
MARCH 17, 2020 at 10:00 AM
MUNICIPAL PLAZA BUILDING**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Adriana Rocha Garcia, <i>District 4</i> Citizen Member Priscilla Soto
Committee Absent:	Citizen Member Judy Treviño
Staff Present:	Carlos Contreras, <i>Assistant City Manager</i> ; Lori Houston, <i>Assistant City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Ed Guzman, <i>Deputy City Attorney</i> ; Mark Triesch, <i>Assistant City Attorney</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Craig Hopkins, <i>Chief Information Officer</i> ; Lori Steward, <i>Director, Human Resources</i> ; Melanie Keeton, <i>Assistant Finance Director</i> ; Victoria Roeder, <i>Controller, Finance Department</i> ; Christie Chapman, <i>Assistant Director, Public Works</i> ; Shuchi Nagpal, <i>Interim Assistant Director, Economic Development Department</i> ; John Stevens, <i>Assistant to Director, Center City Development Operations</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	Brad Kaufman, <i>Vice President, Transwestern</i> ; Angela Dunlap, <i>Partner, Grant Thornton</i> ; Ellen Berky, <i>League of Independent Voters, District 1</i>

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on February 18, 2020.

Councilmember Rocha Garcia moved to approve the Minutes of the February 18, 2020 Audit and Accountability Council Committee Meeting. Councilmember Treviño seconded the motion. The motion carried unanimously by those present.

CONSENT AGENDA

Pre-Solicitation High Profile Items

2. On-Call Environmental Remediation [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

3. Underground Storm Drain Televising Program [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

4. **District 9 Senior Center** [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Post-Solicitation High Profile Items

5. **Financial Consulting Services** [Carlos J. Contreras, Assistant City Manager; Jesus Saenz, Director of Airports, Aviation]
6. **Public Safety Notification System** [María Villagómez, Deputy City Manager; William P. McManus, Chief of Police]
7. **Texas Certified Lead Abatement Contractor Services** [Lori Houston, Assistant City Manager; Verónica R. Soto, AICP, Director, Neighborhood & Housing Services Department]

Final Internal Audit Reports

8. **AU19-008 Audit of City Attorney's Office Dangerous Assessment Response Team (DART)**
9. **AU20-024 Audit of Parks and Recreation Municipal Golf Association - San Antonio**

Councilmember Rocha Garcia moved to approve Items 2 through 9. Citizen Member Priscilla Soto seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

10. **Results of the FY 2019 External Financial Audit and Presentation of Related Reports** [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Melanie Keeton stated that the External Financial Audit was required under the provisions of the City Charter and State Statute and was conducted as close as practical to the close of each fiscal year. She noted that an independent audit was made of all accounts by an external independent auditor to ensure the City's records were properly maintained, free from material misstatement, and complied with established concepts, principles, and accounting standards.

Angela Dunlap provided the results of the 2019 External Financial Audit based on the findings of the independent external auditor, Grant Thornton, LLP. She reported that no exceptions were noted in the category Areas of Significant Risks. She added that several new accounting standards were implemented in the category of Other Areas of Focus. She stated that audits were conducted on two Federal award programs, four State award programs, and the Passenger Facility Charge Program. She reported of a single audit finding of control deficiency within one State award program wherein for five of forty cash seizures selected for testing, the San Antonio

Police Department did not deposit the funds within the required 15 days, per the Interlocal Agreement (ILA). She noted that Program management and staff acknowledged the finding and reported that changes would be made to the ILA accordingly.

Ms. Dunlap stated that a review of Prior Year Findings determined that two corrections were made in the current year resulting in the auditor's unmodified opinion on compliance. She stated that no matters of concern were identified in the category Other Required Communications.

Melanie Keeton stated that the City publishes a Comprehensive Annual Financial Report (CAFR). She noted that over the years, staff has put processes in place to improve the quality and timeliness of reporting stated. She reported that there were no findings in the External Financial Audit for 2019 and no CAFR adjustments were recommended.

Ben Gorzell congratulated the entire Finance Department for their tremendous accomplishments in achieving audit results of no findings and no CAFR adjustments for two consecutive years in a row.

Councilmember Rocha Garcia moved to accept the results of the FY 2019 External Financial Audit External. Councilmember Treviño seconded the motion. The motion prevailed by the following vote:

AYES: Courage, Treviño, Rocha Garcia,

ABSTAIN: Citizen Member Soto

ABSENT: Citizen Member Treviño

11. Biannual High Profile Procurement Report [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Troy Elliott reported that 25 high profile projects were identified for the second six months High Profile Forecast update for April 2020 through September 2020. He stated that high profile contracts were defined as: 1) Discretionary Contracts valued at \$1 million or more; 2) Contracts with a high level of community interest or other exceptional interest; and 3) Contracts which were highly complex or technical in nature, or contract terms and conditions which were non-standard or complex. He gave a brief review of the 38 high profile projects for the 1st Six Months Forecast.

Mr. Elliott outlined the following criteria for the "Select" high profile procurement category:

- Financial impact (value over \$25 million)
- Contract term (over 10 years)
- Policy/public safety implications
- Community/stakeholder impact or interest
- Professional judgement

Mr. Elliott stated that pre-solicitation and post-solicitation briefings for the following 3 high profile projects would be presented to City Council at B Session:

Department	Project Name	Detailed Description	Proposed Term of Contract	Estimated Value
Aviation	Terminal A/B Travel Retail Prime Concessionaire	Prime concessionaire to provide travel retail in six locations within Terminal A & B	9 years	\$16.8 million
Department of Housing Services	Homeless Strategic Plan Funding	Solicitation to fund agencies to address identified gaps in the homeless system	1 year	\$560,000
Public Works	Hemisfair Civic Park	May include improvements of urban plazas, water features, promenades, open green spaces and courtyards	Project Duration	\$21 million

Mr. Elliott provided an overview of 22 high profile projects selected for consideration before the Audit & Accountability Committee, with 16 items of a routine nature recommended for consent and 6 recommended to be heard as individual items for consent.

Chairman Courage asked if all the high profile projects were anticipated to go forward as presented in light of the current COVID-19 conditions. Mr. Elliott replied that the City's intention was to move forward with the solicitations and in the event of a need to delay, a determination would be made at that time.

Councilmember Rocha Garcia moved to recommend and forward the Second Six Months High Profile Forecast to City Council on March 18, 2020. Citizen Member Soto seconded the motion. The motion carried unanimously by those present.

Pre-Solicitation High Profile Briefings

12. Temporary Staffing Services [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Mr. Elliott reported that a pre-solicitation briefing on Temporary Staffing Services was presented to the Committee in January 2020; thereafter, expenditures of Federal Funds on upcoming contracts were identified and the Committee was briefed on the Federal Office of Management and Budget (OMB) Super Circular guidelines for Federally funded City contract. He stated that said guidelines prohibited the use of geographical preferences in awarding contracts and restricted the application of the City's Local Preference Program. He reviewed the current five temporary staffing firms of which four were local companies headquartered in San Antonio and he provided the following recommended approach in compliance with OMB guidelines:

- When a combination of Federal and non-Federal Funds are utilized, recommend one solicitation be issued without the application of the City's Local Preference Program

- Implement recommended approach for: Temporary staffing services, and for future discretionary solicitations where both Federal and non-Federal Funding would be utilized

Councilmember Treviño stated that it would be best to decrease the utilization of temporary employees and reduce the amount of staffing service mark-up fees. Mr. Gorzell stated that staff was in the process of completing an in-depth staffing analysis of each department.

Chairman Courage requested that staff consider the different benefits each staffing service offered when developing solicitations.

Councilmember Treviño moved to recommend and forward the temporary staffing solicitation recommendations to City Council with the understanding that staff would be providing the Committee with an in-depth staffing analysis of the usage of temporary staffing services. Councilmember Rocha Garcia seconded the motion. The motion carried unanimously by those present.

13. Citywide Security Systems Installations, Maintenance, and Services [Ben Gorzell, Chief Financial Officer; Craig Hopkins, Chief Information Officer, Information Technology Services]

Craig Hopkins presented a solicitation overview of security system integration contractors to provide premises access control, video surveillance, intrusion alarm system installations, preventative maintenance, service, and support at approximately 120 City facilities. He stated that the estimated value of the contract was \$23 million with a proposed term of three years with 2, one year renewal options. He cited vendor, voting member, evaluation criteria in accordance with OMB guidelines, and the solicitation requirements. He provided timeline information with a City Council consideration date of September 10, 2020 and a contract start date of October 1, 2020 when the current contract would expire.

Chairman Courage expressed concern about solicitations during the COVID-19 crisis and requested flexibility in the solicitation process, to include possible delays. He requested that the Committee be kept informed of any issues. Mr. Gorzell stated that the Committee would be informed of any issues that arose during the process on a case by case basis and noted that to the extent the City could financially manage the proposed contract, it would be of benefit to different sectors of the local economy.

Councilmember Rocha Garcia asked if the contract allowed for extension dates and she noted opportunities to create local preference. Mr. Hopkins stated that this contract was more restrictive as it required a licensed provider with local ability to resell equipment. Mr. Gorzell stated that local preference would be applied to solicitations not subject to Federal OMB guidelines.

No action was required for Item 13.

14. Security Officer Services [Ben Gorzell, Chief Financial Officer; Craig Hopkins, Chief Information Officer, Information Technology Services]

Craig Hopkins presented a pre-solicitation overview of security officer services at 52 designated City buildings, facilities, grounds and right-of-ways for approximately 274,000 hours annually. He stated that services provided included emergency response, access control, technology control station monitoring, mobile/foot patrol and other related security services. He noted that the estimated value of the contract was \$40 million with a proposed term of three years with 2, one year renewal options. He noted that the estimated value of the contract had increased significantly since the previous five year contract because of the newly acquired and renovated City Tower building, the newly renovated City Hall building, and the contractual capacity increase experienced by the Development Services Department. He cited vendor, voting member, evaluation criteria in accordance with OMB guidelines, and solicitation requirements. He provided timeline information with a City Council consideration date of September 10, 2020 and a contract start date of October 1, 2020 when the current contract would expire.

Chairman Courage requested that the Committee be kept informed of any issues and reiterated the need for flexibility in the granting of extensions or delays to ensure that respondents could provide accurate responses to solicitations.

No action was required for Item 14.

15. Comprehensive Property Management for City Tower [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development & Operations]

John Stevens presented a pre-solicitation overview of qualified commercial property management services contractors to provide building system maintenance, custodial services, tenant relations and brokerage services. He stated the estimated value of the contract was \$9.8 million with a proposed term of three years with 2, one year renewal options. He cited vendor, voting member, evaluation criteria in accordance with OMB guidelines, and solicitation requirements. He provided timeline information with a City Council consideration date of September 3, 2020 and a contract start date of October 1, 2020.

Chairman Courage asked if the management team would be responsible for managing building repairs and upkeep. Mr. Stevens replied that the management team would be responsible for identifying tenants, tenant improvements, custodial services, and would coordinate all needs for repair and maintenance of the building and delivery of those services.

Councilmember Rocha Garcia asked of the process for selecting Goal Setting Committee Members. Shuchi Nagpal stated that the two citizen members were appointed at-large, by City Council, through the Economic & Workforce Development Committee application process. Ms. Nagpal added that the two at-large Citizen Members vote on all projects above \$3 million, to include High Profile Projects which met the \$3 million threshold.

Councilmember Treviño asked how custodial services would be evaluated. Mr. Elliott replied that each respondent would be asked to submit proposed custodial wages, benefits and leave packages which would be forwarded to the Evaluation Committee for consideration.

No action was required for Item 15.

Final Internal Audit Reports to be discussed

16. AU19-013 Audit of Finance Vendor Master File

Kevin Barthold provided the results of the Audit of the Finance Vendor Master File (FVMF). He stated that the objective of the audit was to determine if internal controls were in place to ensure data was reliable and disbursements were accurate. He stated that FVMF was critical to the accounts payable process because any payments made by the City were housed in the FVMF. He added that the FVMF contained data relating to over 28,000 active vendors. He stated the conclusion of the audit found that the vendor process was handled very well with a good process in place to deactivate inactive vendors. He noted that one area of improvement was the change management process and the approval process for the change management process. He reported that some duplicate vendor records were detected and that some types of vendors needed to be corrected. He reported that there were excessive users (5) with access to the FVMF, which was corrected. He stated that the Finance Department agreed with the findings and recommendations and took corrective actions with some issues already having been addressed.

Chairman Courage asked when FVMF would be reviewed again to determine if all findings were resolved. Mr. Barthold stated that the target date for a final audit review would be in September to allow ample time to resolve all issues. He added that the audit would be repeated every three years because of the critical nature of the data.

Mr. Barthold reported that the Financial Operations Division had adequate internal controls to ensure new vendor records were supported with proper documentation. He noted that there was an adequate process in place to identify and block inactive vendors on an annual basis. He stated there were opportunities to improve the change management process. He noted that adequate documentation to support vendor record changes was not maintained and potential issues with vendor records such as blank required fields and duplicate vendor records were identified. Mr. Barthold noted that user access was not appropriate for users with access to vendor maintenance roles. He stated that recommendations were made to address the opportunities and management agreed with the recommendations and developed positive corrective action plans.

Councilmember Rocha Garcia asked when inactive vendors were deactivated from the FVMF. Mr. Elliott replied that vendors were deactivated after a year of inactivity.

Councilmember Rocha Garcia moved to accept the results of the Audit of Finance Vendor Master File. Citizen Member Soto seconded the motion. The motion carried unanimously by those present.

Executive Session

17. Deliberate the following Information Technology Services Department security audit pursuant to Texas Government Code Section 551.076, deliberation regarding security devices or security audits:

- AU19-020 Audit of ITSD Data Loss Prevention

Upon consensus of the Committee Members present, Item 17 will be addressed at the next Audit and Accountability Council Committee Meeting as an Executive Session item due to its IT security considerations.

Consideration of Items for Future Meetings: There were no items considered for future meetings.

Next scheduled meeting date: April 21, 2020

Adjourn

There being no further discussion, Chairman Courage adjourned the meeting at 11:24 am.


John Courage, Chairman


Nancy Cano
Office of the City Clerk