

AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
AUGUST 18, 2020 at 10:00 AM
VIDEOCONFERENCE

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Ana Sandoval, <i>District 7</i> Councilmember Clayton Perry, <i>District 10</i>
Committee Absent:	Citizen Member Judy Treviño Citizen Member Priscilla Soto
Staff Present:	Maria Villagómez, <i>Deputy City Manager</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Liz Provencio, <i>First Assistant City Attorney</i> , Tina Flores, <i>Acting City Clerk</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; William P. McManus, <i>Chief of Police</i> ; Razi Hosseini, <i>Director, Public Works</i> ; Lori Steward, <i>Director, Human Resources</i> ; Homer Garcia, <i>Director, Parks & Recreation</i> ; Troy Elliott, <i>Deputy Chief Financial Officer</i> ; Jeff Coyle, <i>Director, Government & Public Affairs</i> ; Alejandra Lopez, <i>Director, Economic Development</i> ; John Jacks, <i>Director, Center City Development & Operations</i> ; Wanda Heard, <i>Assistant Director, Human Resources</i> ; Christie Chapman, <i>Assistant Director, Public Works</i> ; Mark Bigler, <i>Audit Manager</i> ; Gabriel Trevino, <i>Audit Manager</i> ; Mark Triesch, <i>Senior Risk Analyst</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	None

CALL TO ORDER

Chairman Courage called the meeting to order.

1. Approval of the Minutes from the Audit & Accountability Committee Meeting on June 16, 2020.

Councilmember Sandoval moved to approve the Minutes of the June 16, 2020 Audit and Accountability Council Committee Meeting. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

CONSENT AGENDA

Post-Solicitation High Profile Items

2. Fully Insured Health Plans for Medicare Eligible Retirees [Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]
3. Seeling Channel Phase 3 [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

4. River Walk Improvements Phase 6 [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
5. Underground Storm Drain Video Inspection Program [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
6. On-Call Construction Inspection Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]
7. On-Call Architectural Services [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works]

Final Internal Audit Reports

8. AU19-022 Audit of Parks & Recreation Summer Youth Programs
9. AU19-F03 Follow-up Audit of CCDO Downtown Parking Operations

Councilmember Perry moved to approve Items 2 through 9, save and except for Item 6, which was pulled by staff and not addressed. Councilmember Sandoval seconded the motion. The motion carried unanimously by those present.

PUBLIC COMMENT

WRITTEN TESTIMONY

Public Comments have been submitted through the ecomment system and are attached to the Minutes.

LIVE TESTIMONY

Ellen Berky spoke on Item 7. She stated that \$6.4 million dollars for 8 architectural service contracts sounds like a lot of money, especially when one realizes that this would result in ten times that value in construction contracts. She noted that this Committee's review of professional service awards was intended to be a safeguard prior to forwarding city staff recommendations to the full city council. She stated that no comparable safeguard was in operation as the San Antonio Water System Board of Trustees (SAWS) awards millions of dollars of service contracts to engineers, contractors, and even manufacturers. She stated that the No-Bid commitment of public funds will be considered soon by the SAWS Board of Trustees, three out of seven of whom will be brand new appointees in September. She noted that she was compelled to ask that the Committee request a status report on the San Antonio Water System public utility contracts from Public Utility Supervisor Ben Gorzell, which was his job, and was your right and duty as the contract watchdog for the San Antonio City Council.

Chairman Courage noted that the Committee did not hear Ms. Berky's remarks regarding Item 7 prior to voting on Consent Agenda Items 1 through 9. He requested that Ben Gorzell address some of Ms. Berky's questions or concerns regarding Item 7. Mr. Gorzell stated that Troy Elliott and

Razi Hosseini would discuss some of the architect projects and contracts. Mr. Elliott stated that Item 7 was a statutory procurement, a Request for Quote (RFQ), which was typically used for professional services such as Architects and Certified Public Accountants (CPAs). He reported that the City received 28 responses. He explained that their licensures were verified through the Texas Board of Architectural Examiners by the Procurement Department and Public Works Department to ensure all were licensed and registered architects.

ITEMS FOR INDIVIDUAL CONSIDERATION

Pre-Solicitation High Profile Briefings

10. Employee Benefits Consultant [Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]

Lori Steward reported that Item 10 was a solicitation and a Request for Proposal (RFP) for a nationally experienced benefits consulting firm with a proven track record to consult in the areas of actuarial services, cost analysis, and evaluation of benefit programs. She stated that the \$2.2 million contract would have a five-year term with 2, one-year renewal options. She added that the current contract would expire on March 3, 2021. She the cited evaluation criteria and noted that a Goal Setting Committee recommended some data points. She provided timeline information with a City Council consideration date of January 14, 2021 and a contract start date of March 4, 2021.

Councilmember Sandoval asked if any of the respondents qualified for Small Business Economic Development Advocacy (SBEDA) points. Ms. Steward replied that 5 points were given for Minority and Women-Owned Business Enterprises (MWBE) and 5 points were given for Small Business Enterprise (SBE). Mr. Elliott explained that vendors interested in City solicitations registered with the National Institute of Governmental Purchasing (NIGP) codes they were interested in through the City's centralized Vendor Registry and were notified when suitable projects in that category became available. He stated that staff went above and beyond to ensure outreach was as extensive as possible by also going through the Small Business Administration (SBA) database for any veteran-owned small businesses. He added that staff also consulted with the State to search for targeted vendors to invite to register and propose.

Councilmember Sandoval moved to approve Item 10. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

11. Occupational Health Services [Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]

Ms. Steward reported that Item 11 was a solicitation and an RFP for an occupational health services medical facility in the downtown area and satellite locations where employees and applicants could go for pre-employment services and during employment for Occupational Health Services. She added that the facility would provide testing for pre-employment drug and physical fitness screenings; and for City employees to undergo random testing for primary drivers, post-accident screenings, and commercial driver's licensed screenings. She noted that vaccination services would also be provided at the facility. She stated that the \$3.6 million

contract would have a three-year term with 2, one-year renewal options and the current contract would expire in February 2021. She reported that two different NIGP codes were applied to the solicitation. She added that 38 potential vendors were identified in the City's Vendor Registry and extended outreach was made to additional targeted vendors. She cited vendor, voting member, evaluation criteria and solicitation requirements. She provided timeline information with a City council consideration date on January 14, 2021 and a contract start date of March 1, 2021, when the current contract would expire.

Chairman Courage referenced the City's solicitation process and the City's Vendor Registry site and noted that no outreach was made to the local Chambers of Commerce. He spoke of missed opportunities and recommended that solicitations be sent to local Chambers for posting to their bid boards. Mr. Elliott stated that procurements were forwarded to local Chambers in the past and staff would do so. He added that the City's Annual Procurement Guide would be added to the City's website and forwarded to local Chambers of Commerce.

No action was required for Item 11.

Post-Solicitation High Profile Briefings

12. State Legislature Representation Services [Carlos Contreras, Assistant City Manager; Jeff Coyle, Director, Government & Public Affairs]

Jeff Coyle reported that the selection and evaluation process had been completed for the hiring of consultants to help develop and advance the City's prioritized agenda items for the upcoming 87th Texas Legislature and the 117th United States Congress, which are scheduled to meet on January 12, 2021 and January 3, 2021, respectively. He stated that the consultants would develop a Legislative Agenda publicly and transparently with the Intergovernmental Relations Committee; thereafter, the proposed Legislative Agenda would be forwarded to the City Council for consideration.

Mr. Coyle reported that due to COVID-19, the upcoming Legislatures would most likely have revised COVID-19 protocols that may not allow for City Leaders and Staff to be present at the Capitol on a day-to-day basis; therefore, the Sessions would take on an even more greater reliance on consultants. He added that the request for qualifications called for consultants in Austin that had direct lines of communication to the 181 members across the House and Senate.

Mr. Coyle reported that the \$1.35 million contract would have a one-year term with 2, one-year renewal options and the current contract expired on September 30, 2019. He cited vendor, voting member, evaluation criteria and solicitation requirements. He stated that in February 2020, 75 firms were solicited and 8 proposals were received. He stated that the soliciting period was extended due to COVID-19 and in July 2020, the Evaluation Committee narrowed down the list to 6 firms and interviews were conducted. City Auditor Barthold added that the Finance and Audit Departments conducted a Due Diligence Review and reported No Findings and no issues with the top five respondents.

Councilmember Sandoval asked of additional information the Intergovernmental Relations Council Committee (IGR) would receive to help inform their selection of the consultants. She asked of the number of firms that were women-owned and if they qualified for SBEDA points. Mr. Coyle stated that staff would provide a briefing and introduction of each of the firms to include their prior experiences with the City, and other cities and past issues that aligned with the City's anticipated agenda. He stated that the proposed firms would have the opportunity to provide specific recommendations and answer any questions. Mr. Coyle stated that two of the eight firms that bid were wholly or partially owned by women and two of the firms had independent lobbyists to their teams to ensure diversity. Alejandra Lopez clarified that SBEDA points were limited only to women-owned businesses local to San Antonio, as a designated metropolitan statistical area (MSA).

Councilmember Sandoval asked if State Lobbyists only worked during the Legislative Session. She noted that the current consultant contract expired at the end of June 2020 but due to COVID-19, there was heavy activity at the State level. She asked if a contingency plan could be developed to maintain representation at the State level when needed, even if there were no legislative session. Mr. Coyle stated that it was crucial for Lobbyists to be engaged in advance of the Session to assist the IGR to evaluate particular issues and noted the delay was beneficial because a special session would follow the regular session to utilize U.S. Census data for State redistricting which occurred every 10 years; therefore, the proposed consultant contracts would be structured to a 12-month term with a final 2 months of the contract to be floating in anticipation of a special session being called. He replied that smaller contracts were executed in the past on an as-needed basis with consultants. He noted that consultants were typically accessible even during interim periods as they understood the value of keeping staff informed in order to maintain a long-term relationship. He added that one firm, Focused Advocacy, assisted staff during COVID-19 to coordinate Re-Open Texas efforts for the City.

Councilmember Perry voiced concern that CPS Energy and SAWS were both owned by the City, but each had their own Legislative Agendas and their own hired consultants. He stated that the utilities should engage in shared efforts with the City and needed to be held more accountable to the City. He added that the City should also combine joint Legislative efforts with other cities. He recommended that the City revert back to year-round contracts for State Representative services so that City Leaders and Staff could have full access to their consultants over the entire calendar year. He asked if the proposed contract had flexibility to make changes. Mr. Coyle stated that it was a funding issue more than anything that called for a June to July contract with a final two months that floated. He noted that the proposed contract provided maximum flexibility. He stated that funding for a year-round contract could be addressed in next year's Budget.

Councilmember Sandoval moved to approve the procurement and selection process for Item 12 and forward it to Intergovernmental Relations Council Committee for consideration, to include the review of women and minority-owned respondent firms, and to forward its final recommendation to award contracts to the top five (5) highest ranked respondents to the full City Council for consideration. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Final Internal Audit Reports to be discussed

13. AU20-029 Audit of SAPD Off-Duty Employment

City Auditor Barthold reported that security for City-owned facilities, such as the Alamodome and the Convention Center, was provided by off-duty SAPD Officers. He noted that an Administrative Office staffed primarily by uniformed SAPD Officers managed the off-duty employment process which included determining the number of security detail required, scheduling, billing, invoicing, and payroll. He noted that the detail operated at a loss because of the significant personnel costs. He reported that the detail had a \$893,000 loss in FY2019 and an \$800,000 loss in FY 2018. City Auditor Barthold stated that the primary Audit recommendation was to staff the Administrative Office with civilian personnel or with a majority of civilian personnel as opposed to uniformed SAPD Officers only. He added that the recommendation would be the best use of the City's resources but noted that the detail and its process was governed by the current San Antonio Police Officers Association (SAPOA) Collective Bargaining Agreement (CBA) which would expire on September 30, 2021; therefore, the Audit recommendation to civilianize the detail would be included in the list of negotiable items. He emphasized that there would be no decrease in off-duty service provided and the service would be performed more effectively at a lower cost.

Chairman Courage asked what the estimated cost savings was if the detail was fully civilianized. City Auditor Barthold stated that given the pay structure and benefits for uniformed SAPD Officers, the reduction in personnel costs would be significant and estimated the costs savings to be 30%-40%. Deputy City Manager Maria Villagómez reported that the City added civilian employees to the detail several years ago, but SAPOA filed a grievance against the City and won in arbitration. She stated that the detail was currently staffed by 7 uniformed SAPD Officers and 3 civilians. She noted that should the uniformed positions be reassigned to neighborhood patrol or other operations, it could potentially add cost to the City Budget.

Councilmember Sandoval asked of the total number of staffing hours and how much was collected in administrative fees. She recommended that administrative fees be increased to recover some of the loss. Deputy City Manager Villagómez reported that for FY 2019 there were 462 events staffed by 910 off-duty SAPD Officers and the off-duty Officer compensation paid was \$2.6 million. Chief McManus reported that an administrative fee of \$1.50 for each hour worked by off-duty Officers was retained by the City. City Auditor Barthold clarified that the \$2.6 million in off-duty SAPD Officer compensation was paid by event organizers and did not come out of the City Budget, nor the General Fund. Deputy City Manager Villagómez reported that the administrative fees generated only \$175,000 for the City.

Councilmember Perry asked for the reason that SAPOA filed a grievance and why did the City lose the arbitration. Deputy City Manager Villagómez reported that it was the position of SAPOA that the City did not have the management rights to appoint civilians to serve in the same capacity as uniformed SAPD Officers, in accordance with terms of the CBA with the City, and the arbitrator sided with SAPOA. Deputy City Attorney Ray Rodriguez added that the City was specifically allowed to perform some accounting, financial, and clerical tasks which was subject to the interpretation of the CBA.

Councilmember Sandoval recommended that the Audit Report include the estimated cost savings gained if the detail was fully civilianized. Deputy City Manager Villagómez stated the data would be added to the Audit Report.

Councilmember Perry expressed concern that CBA negotiation recommendations at this Committee were premature as full City Council would need to discuss and develop a prioritized list of negotiable CBA items.

Chairman Courage noted that anytime the City Auditor recognized an opportunity for the City to save money that his recommendations should be brought forward to inform the City Council for future actions.

Councilmember Sandoval moved to approve Item 13 and forward it to the full City Council for consideration. Chairman Courage seconded the motion. The motion prevailed by the following vote:

AYES: Courage, Sandoval

NAYES: Perry

14. AU18-019 Audit of Aviation Police Operations

City Auditor Barthold reported that the Aviation Police Operations were a standalone law enforcement agency and was staffed by 53 personnel, comprised primarily of licensed Police Officers that provided all law enforcement functions at the airport, to include traffic control. He added that the Officers assisted Transportation Security Administration (TSA) as needed, and assisted with any other matters that called for a law enforcement presence. He stated that the Audit reviewed such administrative functions as volunteer training, equipment inventory, physical and system access to various components and the handling of complaints. He reported that the Audit found the training of Police Officers and K-9s were not current and not consistently documented in the areas of mental health, body camera usage, and handgun certification for some Officers. He stated that the inventory of the police department was not accurate and cited old uniforms being housed that no longer belonged in inventory and old radar units that were not included in inventory and consequently were not calibrated annually.

City Auditor Barthold reported that the handling of complaints filed by citizens against Aviation Police Officers was insufficient. He stated that user access controls were insufficient, with users having access to the body camera system, documented shared drives, and physical access to the body camera system.

City Auditor Barthold reported that documentation for volunteers in policing was insufficient and included incomplete or non-existent personnel files that were missing applications and background checks. He added that standard operating procedures were not up to date and the Audit recommended that standard operating procedures and personnel files should be reviewed on an annual basis. He stated that all recommended actions were completed or implemented. He noted that a Follow-Up Audit was proposed for early next year.

Chairman Courage asked Chief McManus for his perspective on the Audit findings. Chief McManus stated that there were no excuses for the shortcomings found by the Auditors. He reported that corrective measures were taken prior to the Audit and afterwards, with corrective actions taken against 4 individuals. He stated that he appointed Captain Steve Trujillo to head a Field Inspections Unit and monitor all targeted areas of the Department.

Councilmember Perry noted the lack of leadership and looked forward to the results of the next Audit in January 2021.

Councilmember Sandoval asked of the formal complaint timeline for Aviation Police Operations. Chief McManus stated that a formal complaint timeline of 180 days would be implemented and would include the same requirement as that of SAPD.

Councilmember Perry moved to approve Item 14. Councilmember Sandoval seconded the motion. The motion carried unanimously by those present.

Audit Plan

15. FY 2020 Annual Audit Plan Status

16. FY 2021 Proposed Annual Audit Plan

City Auditor Barthold reported that the 2020 Annual Audit Plan and the proposed 2021 Audit Plan were impacted by COVID-19. He stated that 7 Audit staffers were deployed to other Departments to assist in the COVID response and included SAPD, City Manager's Office and the Finance Department. He stated that the Auditors assisted with accounting, coding, invoicing, and identified allowable or unallowable COVID-19 expenses. He noted that four remained deployed and would return to the Audit Department as soon as Departmental COVID-19 responses were stabilized. He reported that some Audits would roll into the FY 2021 Audit Plan formally, and other Audits would be postponed or delayed until a future date was determined. He stated that the Metro Health Department was very busy right now with the COVID-19 response and an Audit would be performed at such time that would be feasible.

Chairman Courage asked of the percentage of Audits estimated to be completed of the current 2020 Annual Audit Plan. City Auditor Barthold stated that 80%-90% of the 2020 Audits would be completed with some delay and five Audits could be postponed indefinitely, such as Metro Health.

City Auditor Barthold reported that over 2,000 City employees were working remotely due to COVID-19 and an Audit would be conducted to examine IP security issues and documentation security. He reported that SAPD was one of the most audited Departments in the City with many of its administrative functions reviewed, especially during the Budget Process and current discussions of police funding. He stated that approximately 1,000 Audit hours would be included in next year's Audit Plan in anticipation of additional requests from City Council or management.

Councilmember Sandoval asked for the status on the analysis of SAPD service calls. Deputy City Manager Villagómez reported that the City Manager requested a review of SAPD service calls at the City Council A Session on August 6, 2020. She stated that the goal of the request was to determine the types of calls that may not require SAPD response. She added that City Staff was in the process of reviewing the calls and the goal was to forward recommendations to full City Council for consideration by April 2021.

Councilmember Sandoval requested that CARES Act funding set aside for COVID-19 Emergency Response be included in the City Audit. City Auditor Barthold stated that all Federal funding was audited by the City's external auditors who would issue a formal opinion. Chief Financial Officer Ben Gorzell stated that the external auditors would issue a separate opinion or report on the CARES Act funding. He added that the City Auditor would provide more detail in the City's Audit to ensure that CARES Act funding was disbursed properly from Federal funding and from the City Budget, such as for the Workforce Development Plan.

Councilmember Sandoval moved to approve Items 15 and 16 with the recommendation that an Audit of the CARES Act funding set aside for COVID-19 Emergency Response be included in the City Audit Plan. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

Chairman Courage noted that Councilmembers occasionally requested that the Audit Department provide a reporting of information that did not require a formal Audit. He stated that one item he requested that the Audit Department consider was questions pertaining to the Vista Ridge Project and money allocated for a bridge loan. He noted that this issue was brought to the attention of this Committee by individuals who spoke to this Committee. He added that he asked the Committee Members at the time if they would be in agreement for him to meet with Chief Financial Officer Gorzell and City Auditor Barthold to discuss the matter approximately 8 months ago. He stated that City Auditor Barthold had prepared a draft report of his findings and would forward it to the Committee Members.

Adjourn

There being no further discussion, Chairman Courage adjourned the meeting at 12:17 pm.

John Courage, Chairman

Tina J. Flores, Acting City Clerk