



# City of San Antonio

## Agenda Memorandum

**File Number: 18-3383**

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**Agenda Item Number: 8.**

**Agenda Date: 5/15/2018**

**In Control: Audit and Accountability Committee**

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### AUDIT COMMITTEE SUMMARY

**May 15, 2018**

**Audit of the City Attorney's Outside Legal Counsel Expenditures**

Report Issued November 9, 2017

#### Audit Objective

Determine if outside legal expenditures are properly authorized and properly supported.

#### Background

The City Attorney's Office (CAO) performs a wide variety of legal services including prosecuting misdemeanor offenses, defending the City in civil lawsuits, and preparing the many required agreements, legal documents, and ordinances for the City.

The litigation division of the CAO represents and defends the City in civil lawsuits such as motor vehicle accidents & civil rights violations. Additionally, lawyers in this division file civil lawsuits to protect the City's interests and enforce the City's contracts and regulations. There are occasions, however, where it is necessary to engage outside counsel on certain matters. These occasions fall into two categories which are transactional and litigation.

Outside legal counsel for transactional matters is utilized if the matter requires expertise in a specific field. Outside legal counsel for litigation matters is engaged to avoid a potential conflict of interest by having the City Attorney's Office represent one of the City's employees. The City Attorney's Office utilizes the ProLaw system to maintain all documents, invoices, recordings, and case notes. Outside legal counsel expenditures were approximately \$2,360,000 for fiscal year 2016.

#### Audit Scope and Methodology

The audit scope was from October 1, 2014 through April 2017. We reviewed CAO case monitoring processes and procedures. We reviewed a sample of cases to determine if reporting requirements, invoice review and approval, and charges were compliant with the Outside Legal Guidelines. We also reviewed the ProLaw system for appropriate user access.

#### Audit Conclusions

Expenditures for outside legal counsel are not properly authorized or properly supported.

We identified overpayment of hourly rates and payment for unauthorized personnel assigned to cases. In addition, we were unable to determine the accuracy of invoice payments due to lack of engagement letters on file. Finally, there is a lack of periodic monitoring of case activities from the inception to conclusion of cases.

We made recommendations to address the issues. The City Attorney concurred with the recommendations and developed positive corrective action plans.