

CITY COUNCIL GOVERNANCE COMMITTEE MEETING

June 3, 2004

12:00 p.m.

Municipal Plaza Room 6, Main Plaza

The meeting was called to order at 12:00 p.m. by Chair, Mayor Ed Garza, with the following members present: Council members Perez, Hall and Schubert Absent: Castro

Staff: Patricia Major, Peter Zaroni, Erik Walsh, Yolanda Ledesma

I. Status of audits in progress.

Ms. Pat Major, City Auditor introduced additional new staff members. She then spoke to the RK Audit and the meeting with RK Management Venture and their legal counsel. She stated they were determining if a letter would be submitted on the funding, discussions were taking place to figure the amount to be paid to the City based on the date of the report. She stated that they were finishing up the report, and that if no letter was prepared, a report would be made to denote usage of dollars and other issues. She stated Governance Committee could consider the vendor issues during the A Session/Executive Session.

In response to Mayor Garza regarding two separate reports, Ms. Major stated that on one report, the issues of the vendor could be addressed. Ms. Major added that the report from the vendor may be final, as they want it resolved quickly due to the timeline of the RFP.

In response to Councilman Schubert regarding the opportunity for response from vendor, Ms. Major stated it would be Monday morning.

With respect to two other projects, Ms. Major spoke to the bond proceeds that the audit was halted but that it would resume work and its completion very soon. She then cited outstanding construction projects and that some were not closed out and were open for a long period of time. She stated they were at 1994, and that there were four different series to review still, however that a draft report would be made in August, 2004.

Ms. Major also addressed the Property Tax audit, noting that it would be a problem to finish in 60 days because there was a delay at the Appraisal Office due to the large number of protests filed.

With regard to the PGA issue, Ms. Major stated she received a copy of the Quarterly report, noting there had not been much activity reported. She recommended that a Risk Assessment be included for future reports, however it was not mandatory.

In response to Councilman Schubert regarding the requirements of the contracts, Ms. Major stated the audit clauses could be confusing, such as with the catering contract and whether these would be annual audits.

II. Briefing on the information at the National Association of Local Government Auditors Conference.

Ms. Major stated it would be good for the City's Audit Office to be involved, and have a peer review every three years. She stated the group would review City staff's audits to see how staff evaluates the audit process. She added that the last review was done in 2001.

III. Additional information related to the budget process.

Ms. Major stated she was looking at the revenue reports, however needed clarification on certain procedures with the budget process.

In response to Councilman Hall regarding completion of the report, Mr. Erik Walsh stated there were 40 projects, and that a memo would be forwarded to the City Council.

Ms. Major stated she would continue to work and provide policy process, noting that budget audits must be completed with audit plan. She stated she would present the report to Governance.

In response to Councilman Schubert regarding policy and its relation to budget assumptions, Ms. Major cited such issues as the staffing, overtime, inventory of services, and that more information was needed. She stated the greatest area of risk is the overtime and its control or the unfilled positions. She cited the petty cash handling procedures that were reviewed by the Quality of Life Committee.

Councilman Schubert expressed concern on the 40 items and the related costs, and the Council priorities.

Mr. Peter Zaroni, spoke to the report on the goals and reductions.

Ms. Major stated they would review the 40 items on the list in developing a risk assessment model, adding they were studying other cities, analysis and data.

June 3, 2004
Page 3

In response to Mayor Garza regarding the budget schedule, Mr. Walsh stated that meetings would be held with the departments at the end of June and July. He also noted that departments were working on re-estimates. With respect to timeline of presentations, he stated one was tentative for June 16.

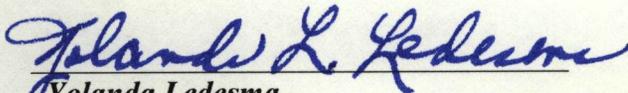
IV. Consideration of scheduling items for future meetings.

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Meeting was adjourned at 12:40 P.M.



Mayor Edward Garza, Chairman



Yolanda Ledesma
Yolanda Ledesma
Acting City Clerk