

**AUDIT COUNCIL COMMITTEE MEETING  
MINUTES  
TUESDAY, JUNE 11, 2013  
2:00 PM  
MEDIA BRIEFING ROOM**

<b>Committee Present:</b>	Council Member W. Reed Williams, <i>District 8, Chair</i> Council Member Ivy R. Taylor, <i>District 2</i> Council Member Rey Saldaña, <i>District 4</i> Citizen Member Donald R. Crews Citizen Member Stephen S. Penley
<b>Staff Present:</b>	Sheryl Sculley, <i>City Manager</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Leticia Vacek, <i>City Clerk</i> ; Troy Elliot, <i>Finance Director</i> ; Mark Bigler, <i>Audit Manager</i> ; Buddy Vargas, <i>Audit Manager</i> ; Christopher Moreno, <i>Auditor</i> ; Gloria Hurtado, <i>Asst. City Manager</i> ; Bernadette McKay, <i>Deputy City Attorney</i> ; Cynthia Hicks, <i>Auditor</i> ; Hugh Miller, <i>Director ITSD</i> ; Kevin Goodwin, <i>Asst. Director ITSD</i> ; Patsy Boozer, <i>ITSD</i> ; Christina Liguori, <i>Auditor</i> ; Matt Howard, <i>Auditor</i> ; Mike Frisbie, <i>Director CIMS</i> ; Di Galvan, <i>Director Communications/Public Affairs</i> ; Paula Stallcup, <i>Asst. Director Communications/Public Affairs</i> ; Bruce Coleman, <i>Auditor</i> ; Doug Francis, <i>Auditor</i> ; Jim Mery, <i>Interim Director Downtown Operations</i> ; Chris Zaldivar, <i>Contract Coordinator, Downtown Operations</i> ; Carl Wedige, <i>Deputy Fire Chief</i> ; Sandra Paiz, <i>Audit Manager</i> ; Edward Belmares, <i>Assistant City Manager</i> ; Lianna Patterson, <i>Executive Assistant, City Managers Office</i> . Rebekah Jamison, <i>Sr. Executive Secretary</i> .
<b>Others Present:</b>	Grace White, <i>Reporter Fox 29</i> ; Ben Lira, <i>Rio SA Cruises</i>

**CALL TO ORDER**

Chairman Williams called the meeting to order.

**I. Approval of minutes from the April 16, 2013 meeting**

Committee Member Penley moved to approve the meeting minutes of April 16, 2013. Committee Member Crews seconded the motion. Motion carried unanimously.

**II. Final Reports to be Discussed**

**a. Project No. AU13-005 - Audit of Downtown Operations Department, Rio San Antonio Cruises Contract Revenue Reporting**

Kevin Barthold reported that the purpose of the Audit was to determine if the City and Rio San Antonio Cruises were in compliance with revenue contractual terms and if the Contract is being monitored appropriately by Downtown Operations.

Mr. Barthold reported that the City of San Antonio (City) Contracts with Rio San Antonio Cruises (Rio Cruises) and grant the exclusive rights to Rio Cruises to provide River Barge services throughout San Antonio's River Walk. Rio Cruises offers a variety of services (dining/cocktail cruises), and merchandise sales. He noted that the Contract was awarded for a 10 year period beginning on September 1, 2005 and is due to expire on August 31, 2015.

Mr. Barthold reported that the City earns commissions on all ticket and merchandise sales generated through the contract. For the seven year period of September 2005-August 2012, Rio Cruises earned over \$70.1 million in sales revenue, while the City Collected over \$36.2 million in commissions. He noted that Downtown Operations Department Staff monitors the contract.

Mr. Barthold reported that the City and Rio Cruises are compliant with key contractual terms and conditions. He noted the valuation of complimentary tickets and verification of safety training and state licensing as areas in which Downtown Operations Department monitoring efforts could be improved.

Mr. Barthold reported that his office recommended that the Downtown Operations Director ensure that contractual terms and conditions as they relate to complimentary tickets, safety training, and state licensing are appropriately monitored in accordance with city policy. Downtown Operations Management concurred with the recommendations and developed a corrective action plan.

Committee Member Penley moved to accept Audit AU13-005 as presented, by the Auditor. Committee Member Crews seconded the motion. Motion carried unanimously.

**b. Project No. AU13-F01 – Follow-up Audit of Animal Care Services, Drug Inventory Management**

Buddy Vargas reported on the follow up-audit to an initial Audit of Animal Care Services (ACS), drug inventory management performed in March 2012 which prescribed recommendations as a result of said Audit. He noted that the objective of the follow-up audit was to provide a report on the implementation of Action Plans developed to address said recommended changes. He stated that the initial Audit found that adequate controls to ensure proper drug inventory management were not in place and noted that said Action Plans were developed to address all seven recommendations made in the March 2012 report. He stated that said Action Plans called for the development and implementation of policies and procedures for contingency planning, licensed Veterinarians, and guidance on the daily use and review of controlled substances and daily log books. He stated that in addition, requirements were implemented for due diligence procedures to be accomplished prior to allowing relief Veterinarians to provide services on behalf of ACS, and requiring that said Veterinarians establish a contract with the City. He noted that update was recommended for Chameleon Software, which is the point-of-sale system utilized by ACS which tracks animal treatment. He stated that supporting documentation of said Action Plans were reviewed and recommendations made were addressed.

Committee Member Crews moved to accept Audit AU13-F01 as presented. Committee Member Penley seconded the motion. Motion carried unanimously by those present.

**c. Project No. AU12-016 – Audit of San Antonio Fire Department, Fleet Management**

Mark Bigler reported that the purpose of the Audit was to determine if the San Antonio Fire Department (SAFD), specifically the Fleet Maintenance Division is efficiently and effectively managing its Fleet. Mr. Bigler stated that due to a lack of established policies and procedures, Performance Measures, FASTER system controls, data reliability, emergency vehicle certifications, and management of the Fuel Card Program, the fleet had not been efficiently and effectively managed. Mr. Bigler noted that without the appropriate controls in place, SAFD was unable to successfully measure and manages operations.

Mr. Bigler made the following recommendations:

- Ensure that “FASTER” users do not have inappropriate privileged access rights. Additionally, validate that all users are assigned unique “FASTER” User IDs.
- Define and document key operational standards and performance measures for Fleet Personnel that can be effectively monitored and tracked by management. Resulting measures should be incorporated into Employee Performance Evaluations.
- Ensure that Fleet Personnel are trained and correctly record all necessary data into “FASTER”. Additionally, the Chief should ensure that every work order is reviewed for accuracy and approved by a supervisor prior to closing.
- Define and formally document a controlled process for handling new, modified, and terminated “FASTER” User Access. Also, develop procedures and perform periodic reviews to ensure that no terminated employees have access.
- Require all technicians/mechanics to become EVT and/or ASE Certified.
- Ensure that the Valero Fuel Card Program’s key administrative duties are appropriately segregated, fuel charges are properly monitored, and anomalies are investigated.

Chief Hood stated that SAFD agrees with the findings and policies and procedures have been implemented. He highlighted the Valero Card findings and stated that no fraudulent activity was found to have occurred. He noted that a policy would be instituted for the management of Fuel Cards on a weekly basis.

Chief Hood reported that a Consultant was hired to ensure that SAFD possessed state of the art equipment for the new building, and have policies and procedures in place for SAFD Employees as they move into new building. Councilmember Saldana asked why a consultant was required.

Chief Hood stated that the consultant would assist with logistics and warehousing to ensure that best practices were utilized in the warehousing process. He noted that a training room was available for training of employees on a regular basis.

After a brief discussion, Councilmember Saldana moved to approve Audit Number-AU12-016 as presented by the Auditor. Councilmember Taylor seconded the motion. Motion carried unanimously.

**d. Project No. AU12-020 – Audit of Customer Service/311, CRM System**

Kevin Barthold reported that the purpose of the Audit was to determine if the Customer Service/311, Customer Relationship Management (CRM) System workflow was effective and if

the results were accurately monitored and reported. He noted that the 311 Customer Service receive about 405,000 call requests per year.

Mr. Barthold reported that the Customer Service Request Workflow is effective and that the CRM System correctly interfaces with the other City Departmental work order systems and users are properly trained. However, results were not accurately monitored and reported. Specifically, the Service Level Agreement (SLA) performance percentage calculation was incorrect due to canceled and reassigned service requests. Additionally, a system error existed in FY 2012 that incorrectly calculated business day SLA due dates. This system error was corrected during the audit; however, the overall level of impact on the accuracy of SLA Reporting due to the system errors could not be determined.

Additionally, CRM Users have inappropriate access roles that allow them to change SLA due dates and suspend service requests. Mr. Barthold reported the following recommendations:

- Develop procedures to identify and track service requests that affect the accuracy of the SLA performance percentage calculation. This should include canceled and reassigned service requests.
- Consult with Lagan, the software vendor, to determine the feasibility of enhancing system controls associated with SLA due dates.
- Periodically monitor user profiles to ensure roles are current and access is still required.
- Develop written procedures for all essential CRM Processes.
- Obtain and maintain documented SLA Approvals for the Development Services and CIMS Departments. In addition, documented approvals should be maintained for any SLA changes or updates.

Mr. Barthold noted that as of June 1, 2013, the Customer Service/311 Department has transitioned under the direction of Di Galvan with the Communication and Public Relations Department.

Di Galvan stated that she agreed with the findings and has developed a corrective action plan.

Councilmember Saldana asked if there were any outstanding issues with the transition to the Communications and Public Relations Department. Ms. Galvan responded that there were no issues.

After a brief discussion, Committee Member Penley moved to accept Audit AU12-020 as presented. Councilmember Saldana seconded the motion. The motion carried unanimously.

**e. Project No. AU13-003 – Audit of Capital Improvements Management Services, Web Portal (PRIMELink) Security and Application Controls**

Buddy Vargas reported that the purpose of the audit was to determine if the Capital Improvements Management Services Department (CIMS) had successfully implemented security and application controls within its Portal System to effectively manage the department's risks as they relate to issues that could adversely affect the ability to record, process, summarize and report data.

Mr. Vargas stated that CIMS had successfully implemented security and application controls within its PRIMELink Portal System. CIMS has a process in place to ensure that external users have the appropriate system access. The system also generates automatic control logs that can be used as a monitoring tool to review external and internal user activity. PRIMELink includes several automated functions that serve as controls to mitigate the risk of inaccurate and incomplete data being transmitted via interfaces from the SAP System. In addition, a manual control exists for ensuring the accuracy of invoice dates.

Mr. Vargas noted that although security and automated controls are effective for the PRIMELink System, he noted the following recommendations:

- Ensure that User Access requests, including user roles, are approved by the requestor's manager and that authorizations are documented and maintained.
- Continues working with ITSD to capture the record date for the interface to eliminate the manual process of reconciliation invoice dates between the PRIMELink and SAP Systems.

Mike Frisbie said that they went live one year ago; and requested the audit. He added that they concurred with the findings and that they were working on implementing the changes. Committee Member Penley asked if the PRIMELink System could do a budgetary comparison.

Debbie Sittre stated that PRIMELink interfaces with the City's Budget System which is SAP; so it pulls in the information from SAP so that Project Managers can see all the information they need all in one place.

Council Member Saldana moved to approve Audit AU13-003 as presented. Council Member Taylor seconded the motion. The motion carried unanimously.

### **III. FY 2013 Audit Plan Amendments**

Mr. Barthold requested that three audits be added to the FY2013 audit plan.

- 1) Culture and Creative Development Department - To determine if they are adequately monitoring Arts and Cultural Agency funding and performance measures of agencies receiving funding.
- 2) HR/Finance - To determine if the payroll process is in compliance with relevant Administrative Directives and if payroll wage and deduction calculations accurate and properly supported. This will exclude both Fire and Police Departments.
- 3) Citywide – To determine if development of continuous monitoring processes to assess key financial and operational data. Mr. Barthold added that related to paid items; the auditing would include access to databases of the systems.

Council Member Williams stated that the 3<sup>rd</sup> Audit was too general and asked that the Auditor bring it back more defined. Mr. Barthold agreed.

Committee Member Penley moved to add the first two Audits to the plan and bring back the third item. Committee Member Crews seconded the motion. Motion carried unanimously.

**IV. FY 2013 Audit Plan Status Update**

Kevin Barthold reported that there were 21 audit reports issued year to date out of a target of 25 audit reports. He noted that there were no audits in particular to highlight.

Council Member Williams thanked Mr. Barthold and Mrs. Sculley for the continuing improvements throughout the City.

**V. Executive Session**

Executive Session was not held.

**VI. Consideration of items for future meetings**

It was reported that the next Audit Committee Meeting was scheduled for August 6, 2013 at 2:00 pm.

**VII. Adjourn**

There being no further discussion, Chairman Williams adjourned the meeting at 3:05 pm.

**ATTEST:**

  
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Leticia M. Vacek, TRMC/MMC  
City Clerk

  
for \_\_\_\_\_  
W. Reed Williams, Chairman