CITY COUNCIL AUDIT SUBCOMMITTEE MEETING
Minutes

October 25, 2007
2:00 p.m.
Basement Conference Room

Council Present:	Councilmember Kevin Wolff, *District 9, Chair* Councilmember Delicia Herrera, *District 6* Councilmember John Clamp, *District 10*
Staff Present:	Sheryl Sculley, *City Manager*; Leticia Vacek, *City Clerk*; Pete Gonzales, *City Auditor*; Sharon De La Garza, *Assistant to the City Manager*; Barry Lipton, *Deputy City Auditor*; Mark Bigler, *City Auditor Staff*; Leticia Callanen, *City Manager Staff*; Francisco Salinas, *City Manager Staff*; Phillip Jimenez, *Aviation*
Others Present:	Weston Martinez

CALL TO ORDER

Chairman Kevin Wolff called the meeting to order.

I. Approval of minutes from the meeting of October 2, 2007

Councilmember Clamp moved to approve the minutes of October 2, 2007 as submitted. Chairman Wolff seconded the motion. The motion carried unanimously.

II. Items Requiring Individual Briefing(s)

A. Utility Relocation Contract Audit; Presented by Pete Gonzales, City Auditor

Said item was postponed to the next Audit Subcommittee Meeting.

B. Status on Current Audits; Presented by Pete Gonzales, City Auditor

Mr. Gonzales reported on the status of several Current and Completed Audits. The Planning and Community Development Department Audit, relating to annexed properties and Preservation of Tax Exemptions, was completed in August with no issues. The Procurement to Pay Process Audit to review SAP Procurement Controls under the Purchasing and Finance Departments was completed in October with no issues. Mr. Lipton reported that the San Antonio River Authority Audit was in process with the following issues: Improving controls, Tracking Information, and How costs are shared. Mr. Lipton stated that there was no provision in their contract and SARA was charging 80% overhead. With regards to the Public Work's Contract Administration Process Audit, he reported that one project had been split to circumvent the ordinance. Mr. Gonzales stated that they were still in the planning stages of the City-Wide Cash Handling Audit with focus on automation, structure, and adequate cash handling controls for revenue receipts.

Ms. Sculley noted that it was a routine audit that the City needed help with. She requested the audit to focus on technology to realize cost savings.

Mr. Lipton continued with the UCR Reporting Audit at SAPD. He stated that the Police Department had a positive corrective plan and a team of Sergeants to review offence reports. It was reported that there had been a one day review by two FBI Agents and one DPS Trooper. Mr. Gonzales added that the SAPD was doing reasonably well as far as implementing changes. Mr. Lipton noted that the SAPD was rated by the FBI on offenses and there were sixteen errors; receiving the best rating possible on August 8, 2007.

Mr. Bigler stated that the Mainframe computer system was an issue. He noted that the program was written in 1982 and that it was hard-coded and needed to be replaced.

Mr. Gonzales concluded discussion on the UCR Reporting Audit by noting that the FBI reported positive trends and that the SAPD staff was very cooperative.

As far as the Selected Aspects of Asset Management Audit, he reported that it was still in the planning stages.

Regarding the Wrecker Service Contract, Mr. Gonzales noted that they were in the process of determining which areas to review. He noted that it was a $26-27 million contract. It was stated that they were looking at the legitimacy of billing and fair share to the City. Mr. Gonzales noted that in this contract there was a provision to provide annual financial statements.

Chairman Wolff stated the importance of "crossing the T's and dotting the I's," on all audits.

Councilmember Clamp asked staff to consider the contracts for the Bond Program.

Ms. Sculley noted that there is a Contracts Division under the Purchasing Department and that every contract is different. She spoke of the Bond Program, noting that a contracting consultant had reviewed the contracts and made positive changes with the help of engineers' feedback. She added that it was the Contracts Division's responsibility to review contracts and if there were any unresolved issues, they can look to the Auditor for help.

Ms. Sharon De La Garza added that it was the Compliance Unit of the Contracts Division that monitors contracts. She suggested additional training relating to contract standards for the contracts administrators.

Chairman Wolff asked what the City was doing on an overview of contracts for the City. He stated that he was glad to hear that there was a Compliance Unit. Chairman Wolff then spoke of the general language that needed to be written in contracts and asked of boiler plates and standard language.

Mr. Gonzales stated that his department was working with the Legal Department to better write contracts.

Mr. Lipton reported on HOT/Motel Occupancy Tax Audit. He stated that the purpose of this audit was to ensure that proper collection by the City was taking place. Lastly, Mr. Gonzales spoke of the Health Department REV/COL Audit, noting that it would focus on collecting, controlling, and reporting service fee revenues. Lastly, the discussion of the Utility Relocation Contract audit was postponed.

Chairman Wolff asked Mr. Gonzales to meet with all Councilmembers to get feedback on the recommended Audit Plan.

It was the consensus of the Committee to forward the Audit Plan to the entire Council for consideration.

Chairman Wolff requested that the Process for Audits be placed on the next agenda for action. He commented that audits for consideration also follow the five-signature memorandum request which would come before the Audit Subcommittee for review and approval then be forwarded to Governance and finally the entire Council; if necessary.

The Committee also requested information on the External Auditor's Contract.

III. Consideration of items for future meetings

Discussion ensued and the Committee decided that the next meeting would be held on November 28, 2007.

IV. Adjourn

There being no further discussion, the meeting was adjourned at 2:55 pm.

ATTEST:

Kevin Wolff
Chairman

Leticia M. Vacek
City Clerk