

**CITY COUNCIL AUDIT SUBCOMMITTEE MEETING  
Minutes**

**September 3, 2008**

**12:30 p.m.**

**Basement Conference Room**

Council Present:	Councilmember John Clamp, <i>District 10, Chair</i> Councilmember Delicia Herrera, <i>District 6</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; A.J. Rodriguez, <i>Deputy City Manager</i> ; Sharon De La Garza, <i>Assistant to the City Manager</i> ; Michael Bernard, <i>City Attorney</i> ; Leticia Vacek, <i>City Clerk</i> ; Park Pearson, <i>Interim City Auditor</i> ; Barry Lipton, <i>Deputy City Auditor</i> ; Mandy Milam, <i>Office of the City Clerk</i>

**CALL TO ORDER**

Chairman Clamp called the meeting to order.

**I. Approval of minutes from the meeting of August 6, 2008**

Councilmember Herrera moved to approve the minutes of August 6, 2008 as submitted. Chairman Clamp seconded the motion. The motion carried unanimously.

**II. Items Requiring Individual Briefing(s)**

Presented by Park Pearson, Interim City Auditor

**A. Final reports issued since last meeting**

Mr. Pearson noted that no final reports had been issued since the last meeting.

**B. Status report on in-process audits**

Mr. Pearson noted that three audits were in process, the reports had been issued in draft form, and the department was waiting on comments from management. He stated that the City-wide Cash Handling draft had been issued August 12 and that the Contract Template Clauses Audit had just been received by the Office of the City Attorney and was in the process of being issued. Both would be ready for discussion at the next meeting. Mr. Pearson highlighted the Hotel/Motel Occupancy Tax Audit noting that the draft had been issued in May and the department had since met with Management. He added that the Audit would interact with pending litigation and suggested reviewing same in Executive Session.

**C. Changes/Additions to 2008 Audit Plan**

Mr. Lipton noted that the City of Austin had been able to recoup \$1 million after the audit of Time Warner as it related to franchise fees. He stated that audit staff had met with Finance to establish the background and transition of the contracts from previous City oversight to current State oversight of franchise fees. He added that they also met with the City Attorney's Office regarding whether or not city staff had access to the records. He explained that they also met

with the City of Austin's audit Staff to review the process they had used for their audit. It was stated that Austin's audit took one year but with their example San Antonio's should take less time.

Councilmember Herrera asked of the time period encompassed in the Audit. Mr. Lipton stated that the time period would be from January 1, 2006 to the present. He added that they would start with the most current year and work backwards.

Chairman Clamp inquired of the manpower needed for the Audit. Mr. Lipton stated that it would take two to three full time employees. Councilmember Herrera asked how much it would cost to employ them. Mr. Pearson replied that they would utilize current employees and reprioritize work flow. Chairman Clamp asked for a plan of action for said audit to forward to the Governance Committee, including an estimate of time, manpower, and a newly prioritized list of Audits.

**D. Mayor's Ad-Hoc Committee on the Office of the City Auditor**

Mr. Pearson noted that the next Committee Meeting would review a proposed ordinance clarifying the role of the City Auditor and the Audit Sub-Committee. Chairman Clamp reported that the Mayor's Ad-Hoc Audit Committee agreed that the Sub-Committee for Audit add three additional members, one to be a councilmember and two from outside the City with financial expertise.

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

After discussion, it was decided that the Committee would review the 2009 Audit Plan in November for approval by the full City Council. Mr. Pearson noted that ideally, this would be done sooner, but with the potential changes to the Audit Sub-Committee, it would be best to wait until November.

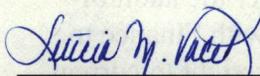
**III. Executive Session**

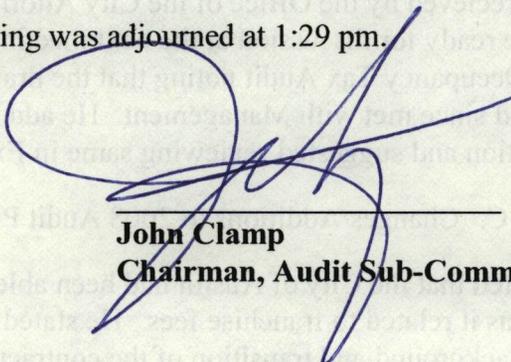
Chairman Clamp recessed the meeting into Executive Session at 12:50 pm to discuss Attorney-Client Privilege and pending litigation as it relates to audits. Chairman Clamp reconvened the meeting at 1:29 pm and stated that no action would be taken.

**V. Adjourn**

There being no further discussion, the meeting was adjourned at 1:29 pm.

**ATTEST:**

  
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**Leticia M. Vacek**  
City Clerk

  
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**John Clamp**  
Chairman, Audit Sub-Committee