AUDIT COUNCIL COMMITTEE MEETING
MINUTES
TUESDAY, NOVEMER 5, 2013
2:00 PM
MEDIA BRIEFING ROOM

Committee Present:	Council Member Ivy Taylor, *District 2, Chair* Council Member Ray Lopez, *District 6* Council Member Ron Nirenberg, *District 8* Citizen Member Donald R. Crews Citizen Member Stephen S. Penley
Staff Present:	Sheryl Sculley, *City Manager;* Erik Walsh, *Deputy City Manager;* Kevin Barthold, *City Auditor*; Leticia Vacek, *City Clerk*; Troy Elliott, *Finance Director*; Hugh Miller, *Chief Technology Director*; Ben Gorzell, *Chief Financial Officer;* Kevin Goodwin, *Asst. Director, ITSD;* Mark Bigler, *Audit Manager*; Melody Woosley, *Interim Director Human Services;* Gloria Hurtado, *Asst. City Manager;* Bernadette McKay, *Deputy City Attorney*; Ted Murphree, *Asst. City Attorney;* Gabriel Garcia, *Asst. City Attorney;* Jonathan Kaplan, *Asst. City Attorney;* Christopher Moreno, *Auditor*; Sandra Paiz, *Audit Manager;* Buddy Vargas, *Audit Manager;* Lianna Patterson, *City Managers Office;* Rebekah Jamison, *Office of the City Clerk*

CALL TO ORDER

Chairperson Ivy Taylor called the meeting to order.

I. Approval of minutes from the October 1, 2013 meeting

Councilmember Ron Nirenberg moved to approve the meeting minutes of October 1, 2013. Committee Member Penley seconded the motion. Motion carried by those present.

II. Final Reports to be Discussed

A. Project No. AU13-009 - Audit the Department of Human Services, Delegate Agency Contract Monitoring

Mr. Buddy Vargas reported that the purpose of the Audit was to determine if processes were in place to ensure effective monitoring of delegate agency contracts.

Mr. Vargas reported that the Department of Human Services (DHS) is responsible for approximately 67 delegate agency contracts that govern more than 100 human service related programs in San Antonio. In FY 2013, DHS implemented a new, centralized monitoring process to improve accountability over invested resources. DHS's Contract Monitoring (CMD) and the Fiscal Division share responsibility for monitoring delegate agency contracts.

Councilmember Ray Lopez entered the meeting.

Mr. Vargas reported that DHS had developed a framework for contract monitoring that allows for a risk based approach to monitoring delegate agency contracts. Additionally, the process includes scheduled monthly, quarterly and annual monitoring efforts to verify that key contract requirements are met.

Mr. Vargas added that the monitoring processes are not applied consistently and do not include procedures for verifying key financial components outlined in the contract. Additionally, documentation and management oversight of monitoring efforts are not adequate to ensure effective monitoring of delegate agency contracts.

Mr. Vargas recommended:

- Develop uniform standards for assessing compliance with contract requirements and ensure that monitors are trained to apply standards consistently.
- Ensure that monitors retain sufficient documentation of work performed, so that conclusions regarding agency compliance are properly supported and update DHS's Monitoring protocol to include minimum requirements and guidance for documenting work performed.
- Implement processes to verify that contract requirements pertaining to financial stability, program income, administrative costs, and suspended/debarred principals are met.
- Ensure that oversight is adequate to provide assurance that monitoring processes are performed in accordance with contract requirements and/or Departmental policies and procedures.

Mrs. Woosley agreed with the Audit Findings and thanked the Auditor's Office for their assistance. She stated that a corrective action plan is in place for each recommendation.

Councilmember Nirenberg asked how many agencies were at risk. Ms. Woosley replied that 7 to 10 agencies and they would be monitored quarterly. If these agencies cannot show all matched documentation they would be reviewed at a higher level until they do. Councilmember Nirenberg asked of the percentage of funding for the 10 agencies. Mrs. Woosley replied that she did not know but would find out and send that information to the Committee.

Chairperson Taylor asked how many agencies were receiving technical assistance. Mrs. Hurtado said that San Antonio Economic Foundation has developed training on Financial Management and have made that referral as assistance to several organizations. Chairperson Taylor stated that staff needs to be trained to provide that referral.

Committee Member Penley moved to accept Audit AU13-009 as presented. Councilmember Nirenberg seconded the motion. Motion carried unanimously.

B. Project No. AU13-F05 –Follow up Audit of Information Technology Services Department, IT Contingency Planning

Mark Bigler reported that the purpose of the follow-up audit was to determine if the Information Technology Services Department (ITSD) had effectively implemented sufficient contingency action plans.

Mr. Bigler reported that ITSD had effectively implemented all the recommendations with the exception of the assignment of the Business Continuity Manager Responsibilities.

Mr. Bigler reported that the Chief Technology Officer (CTO) and the City Manager's Office (CMO) facilitated the creation of a CoSA-wide contingency program that includes an IS Contingency Plan (ISCP), Business Continuity Plan (BCP), and a Disaster Recovery Plan (DRP). In collaboration with City Departments, the CTO also developed an Application Inventory System identifying critical/sensitive and non-critical information systems. Finally, although ITSD has filled all IT Positions within the IT Security Group, the Business Continuity Manager (BCM) position has not been established or filled.

Mr. Bigler recommended that the Chief Technology Officer establish and fill the BCM role to oversee the CoSA-wide Contingency Program.

Mr. Hugh Miller concurred with the recommendations and has developed a corrective action plan. He noted that additional information was provided on said item.

Councilmember Nirenberg asked who would be responsible for maintenance of the plan if the City does not have a BCM. Mr. Miller responded that IT and the Department of Emergency Management.

Mr. Gorzell added that IT would lead the effort on the Contingency Plan and both IT and Office of Emergency Management will update same as necessary.

Councilmember Nirenberg moved to accept Audit AU13-F05 as presented. Committee Member Penley seconded the motion. Motion carried unanimously.

C. Project No. AU13-011 – Audit of Information Technology Services Department, Microsoft Exchange Email Security Controls

Said item was addressed in Executive Session.

III. FY 2014 Audit Plan Schedule

Mr. Barthold reported that they are starting with the 2014 Audit Plan. He noted that the Home Depot Purchasing Card would be replaced with an audit of the COSA Procurement Card Process.

IV. Executive Session

Chairperson Taylor recessed the meeting into Executive Session at 2:21 pm to deliberate the following:

A. Deliberate the security audit pertaining to the Information Technology Services Department, Microsoft Exchange Email Security controls, pursuant to Texas Government Code Section 551.076 (deliberation regarding security devices or security audits).

B. Discuss legal issues related to an audit of cable franchise and Public Education and Government access fees pursuant to Texas Government Code Section 551071 (consultation with attorney).

Chairperson Taylor reconvened the meeting at 2:40 pm and announced that no action had been taken.

V. Consideration of items for future meetings

It was reported that the next Audit Committee Meeting would be held December 3, 2013 at 2:00 pm.

VI. Adjourn

There being no further discussion, Chairperson Taylor adjourned the meeting at 2:45 pm.

ATTEST:

Ivy R. Taylor, Chairperson

Leticia M. Vacek, TRMC/MMC
City Clerk