

**Audit Subcommittee Meeting
Minutes**

Wednesday, June 11, 2008

12:30 PM

City Hall Basement Conference Room

Members Present: Councilmember John Clamp, *Chair, District 10*
Councilmember Delicia Herrera, *District 6*

Staff Present: Sheryl Sculley, *City Manager*; Sharon De La Garza, *Assistant City Manager*; Frances Gonzalez, *Assistant City Manager*; Leticia Vacek, *City Clerk*; Michael Bernard, *City Attorney*; Park Pearson, *Interim City Auditor*; Ben Gorzell, *Finance Director*; Paula Stallcup, *Downtown Operations Director*; Edward Belmares, *Human Resources Director*; Barry Lipton, *Deputy City Auditor*; Martha Sepeda, *1st Assistant City Attorney*; Bernadette McKay, *Deputy City Attorney*; Jed Maebius, *Mayor's Office*; Brandon Smith, *Office of the City Clerk*

Chairman Clamp called the meeting to order.

I. Approval of minutes from the April 2, 2008 Meeting

Chairman Clamp moved to approve the minutes from the April 2, 2008 Meeting. Councilmember Herrera seconded the motion. Motion carried unanimously.

II. Items requiring individual briefing(s)

A. Introduction of Interim City Auditor Park E. Pearson

Presented by Councilmember John Clamp, District 10

Chairman Clamp introduced Interim City Auditor Park Pearson and welcomed him on behalf of the Committee. Mr. Pearson acknowledged that the Office of the City Auditor had an excellent team. He informed the Committee that his primary focus was: 1) The Audit Plan for the next fiscal year; 2) To review Audit Subcommittee Procedures and provide recommendations; and 3) Review the Audit Reporting Protocol. Chairman Clamp stated that he was pleased with Mr. Pearson's approach and requested that public notification efforts be increased by providing press releases of audit findings through the Communications and Public Affairs Department. Councilmember Herrera directed staff to place said directive on the next Audit Subcommittee Agenda.

B. Final Reports Issued Since Last Meeting

Presented by Park E. Pearson, Interim City Auditor

Barry Lipton reported that there were no conflicts with subcontracting or overcharges to the City regarding the Wrecker Services Contract. Councilmember Herrera noted that Police Chief William McManus was present at the April 2, 2008 Audit Subcommittee Meeting to address any concerns regarding said contract.

Mr. Lipton also provided the report on the Lease Management Divisions of the Asset Management and Downtown Operations Departments and concluded that the City is receiving a fair market rental rate; however, \$91,718 was not accounted for in the restoration at the Alameda Theater Complex. Paula Stallcup informed the Committee that the issue had been corrected. Mr. Lipton noted that the City did not enforce all reporting requirements for the Master Lease and Funding Agreements with Centro Alameda and that the City pays a fair market rate for leased office space.

C. Status Report on In-Process Audits

Presented by Park E. Pearson, Interim City Auditor

Mr. Pearson presented a brief overview of the In-Process Audits. Councilmember Herrera requested that future status reports include the origin of each audit to the Audit Plan List.

D. Status Report on Fiscal Year 2008/2009 Audit Plan

Presented by Park E. Pearson, Interim City Auditor

Mr. Pearson reported that the current Audit Plan was composed of audits that were carried over from the 2007 Fiscal Year, audits that commenced during the current fiscal year, and audits that have no scheduled start date. He proposed that they be prioritized in the Fiscal Year 2009 Audit Plan.

E. Discussion on New Audits or Reports

Presented by Park E. Pearson, Interim City Auditor

Mr. Lipton reported that the objective of the Fleet Maintenance and Operations Audit was to determine the propriety of payments for fuel and fuel usage. Sheryl Sculley noted that the City paid a blended rate of approximately \$3.50 per gallon. She noted that there were many fueling stations throughout the City covering approximately 400 square miles.

Mr. Lipton reported that the objective of the City-wide Audit regarding Purchasing Cards was to determine if the Purchasing Card Program was administered properly and if prior audit recommendations were successfully implemented. Chairman Clamp suggested that staff evaluate the risk level of said audit and consider an audit with a higher risk level. Mr. Pearson stated that the scope of work for said audit was narrow and primarily focused on follow-up of prior audit recommendations.

III. Executive Session

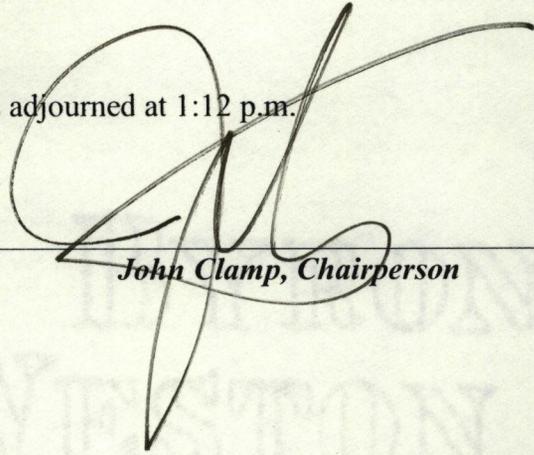
Not held.

IV. Consideration of items for future meetings

Councilmember Herrera requested that the recommendation to provide a press release approach of audit findings be placed on the next Committee Agenda.

V. Adjournment

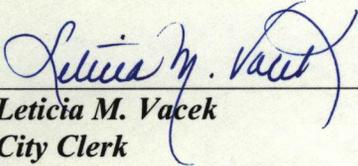
There being no further discussion, the meeting was adjourned at 1:12 p.m.



A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

John Clamp, Chairperson

ATTEST:



A handwritten signature in blue ink, appearing to read 'Leticia M. Vacek', written in a cursive style.

Leticia M. Vacek
City Clerk

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