

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES**

**TUESDAY, APRIL 3, 2012
2:00 PM
MEDIA BRIEFING ROOM**

Committee Present:	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 Stephen S. Penley Citizen Member Donald R. Crews
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Michael Bernard, <i>City Attorney</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Troy Elliott, <i>Finance Director</i> ; Hugh Miller, <i>Chief Technology Officer</i> ; Kevin Goodwin, <i>Assistant Information Technology Director</i> ; Mike Walker, <i>Assistant Information Technology Director</i> ; Bernadette McKay, <i>Deputy City Attorney</i> ; Melanie Seal, <i>Assistant Finance Director</i> ; Mark Bigler, <i>Audit Manager</i> ; Brian Williams, <i>Audit Manager</i> , Andre DeLeon, <i>Audit Manager</i>
Also Present:	Oscar Leos, <i>Shelton & Valadez</i>

CALL TO ORDER

Chairman Williams called the meeting to order.

I. Approval of minutes from the March 6, 2012 Meeting

Committee Member Penley moved to approve the meeting minutes of March 6, 2012. Committee Member Crews seconded the motion. Motion carried unanimously by those present.

II. Final reports to be discussed

a. Project No. AU10-010 Audit of ITSD Contingency Planning

Kevin Barthold stated that Mark Bigler would present the report. Mr. Bigler reported that the original objective of the audit was to determine if controls were in place to minimize the risk of unplanned interruptions to IT Services and provide recovery of critical operations. He stated that due to a significant overlap in planned tests for the original objective and tests previously performed for the Information Security Program Audit Report issued May 13, 2010, Audit Staff modified the objective to determine if Information Technology Services Department (ITSD) Management implemented sufficient contingency action plans. He noted that ITSD had not implemented contingency planning actions as stated in its response to recommendations made in the Information Security Program Audit. He added that ITSD had begun the process of identifying and categorizing COSA Systems and Applications with respect to their criticalness and sensitivity in order to facilitate contingency and disaster recovery (DR) plans. Additionally, he stated that ITSD had not assigned Continuity Manager responsibilities or filled open security

positions. He provided an overview of recommendations to the Chief Technology Officer to include the following:

- ✦ Work with the City Manager's Office to develop a City-Wide contingency program
- ✦ Develop the contingency program to include IT contingency, incident response, and disaster recovery plans
- ✦ Assign continuity management responsibilities to an appropriate ITSD staff and expedite the filling of all open related IT positions

Mr. Bigler stated that ITSD management concurred with the recommendations and developed a positive corrective action plan.

Councilmember Saldaña asked of the protocol followed after the Riverview Towers Fire. Hugh Miller stated that staff assessed employees and areas of concentration impacted by the fire. He noted that facilities and remote access were leveraged to get the system back online. He added that no equipment was lost and the process was seamless. Sheryl Sculley stated that primary IT equipment was not located at Riverview Towers.

In response to Councilmember Saldaña, Mr. Miller responded that a similar incident at the Frio Street Data Center would have had the greatest impact and noted that those systems were back up at the Brooks Data Center. He explained that an overall contingency plan was currently in place and that a documented form was being developed. Councilmember Saldaña asked of the status of filling open IT positions. Mr. Miller stated that Patsy Boozer was hired as the Chief Information Security Officer and that staff was working on filling additional positions.

Chairman Williams expressed concern that the diagram of control categories were not being addressed as scheduled and that a contingency plan had not yet been finalized. Ben Gorzell stated that there have been significant changes in approach since the audit was completed several years ago. He noted that ITSD was advancing and that Continuitive Operational Plans for key critical business areas will be in place. He added that staff was committed to the timeline and aggressively moving in that direction.

Council Member Taylor moved to accept Audit AU10-010 as presented. Committee Member Penley seconded the motion. The motion carried unanimously.

b. Project No. AU12-001 Audit of Animal Care Services Drug Inventory Management

Kevin Barthold stated that Andre De Leon would present said item. Mr. De Leon reported that the objective was to determine if Animal Care Services (ACS) was adequately managing its drug inventory. He stated that ACS Management had not implemented adequate controls to ensure drug inventory. He noted the following recommendations to ACS Management: a) Establish written policies and procedures for all processes related to the management of drug inventory; b) Comply in full with State and Federal Regulations; c) Establish a format due diligence process for relief Veterinarians that will ensure their licenses are current and they are authorized to handle controlled substances; and d) Work with appropriate personnel to explore Chameleon's reporting potential and require ACS personnel to record data that would be necessary to produce useful management reports. He added that ACS concurred with said recommendations and had developed a positive corrective action plan.

In response to Committee Member Crews, Mr. De Leon stated that he could not conclude that there had been any abuse; however, he could not attest to that given the documentation. He confirmed that the drugs could be used for recreational purposes.

Joe Angelo thanked Kevin Barthold and staff for their work on said audit. He stated that staff requested said audit be accelerated due to challenges identified last summer and provided an overview of the following issues:

- ✦ Draft policies are currently in place and scheduled to be finalized by the end of the month
- ✦ ACS has hired a full-time Staff Veterinarian with potential for a Chief Veterinarian in queue by Summer 2012
- ✦ ACS is now a DEA Certified Shelter and can order DEA certified drugs that can be dispatched through another DEA certified Veterinarian if necessary
- ✦ ACS is in the process of updating all log books in accordance with DEA and State Regulations
- ✦ Proactively complied with all DEA and State Requirements
- ✦ ACS has signed contracts with all Veterinarians and is in the process of conducting background checks
- ✦ Working with ITSD to integrate Chameleon with SAP

In response to Councilmember Saldaña, Mr. Angelo responded that Veterinarians previously contracted with ACS can return once signatory to the contract and include a background check. Mr. Angelo explained that until Chameleon can be integrated with SAP, staff will input data into both systems. If integration cannot be implemented successfully, ACS will explore use of another system. He noted that dual entry was necessary for DEA compliance until the issue can be resolved.

Chairman Williams spoke in support of ACS efforts toward compliance. He asked if there would be a follow up audit. Mr. Barthold stated that a follow up audit would be included in the 2013 Audit Plan.

Council Member Saldaña moved to accept the report as presented. Committee Member Penley seconded the motion. The motion carried unanimously.

III. Audit Plan Status Update

Mr. Barthold reported that 11 audit reports had been issued with an annual goal of 20 reports. He stated that the percentage available time devoted to audits was 78% and percentage of audit staff with at least one professional audit related certification. He noted that some audits had to be adjusted to remain on schedule.

Chairman Williams asked of the amount of unallocated audit hours. Mr. Barthold stated that there were approximately 500-600 unallocated hours.

IV. Executive Session

There was no Executive Session.

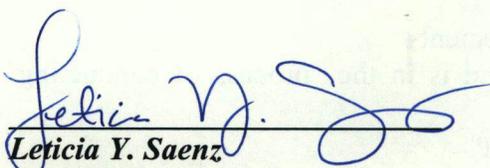
V. Consideration of items for future meetings

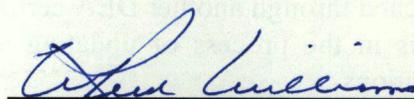
It was noted that the next Audit Meeting was scheduled for May 1, 2012.

VI. Adjourn

There being no further discussion, Chairman Williams adjourned the meeting at 2:50 pm.

ATTEST:


Leticia Y. Saenz
Deputy City Clerk


W. Reed Williams, Chair