

CITY COUNCIL AUDIT COMMITTEE MEETING MINUTES

Tuesday, December 1, 2009

10:00 a.m.

Media Briefing Room

Committee Present:	Councilmember Philip A. Cortez, <i>District 4, Chair</i> Councilmember W. Reed Williams, <i>District 8</i> Stanley Blend, <i>Oppenheimer Blend Law Firm</i> Manuel Long, <i>Sol Schwartz, & Associates</i>
Committee Absent:	Councilmember Jennifer Ramos, <i>District 3</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; A.J. Rodriguez, <i>Assistant City Manager</i> ; Sharon De La Garza, <i>Assistant City Manager</i> ; Peter Zaroni, <i>Interim Assistant City Manager</i> ; Michael Bernard, <i>City Attorney</i> ; Leticia Vacek, <i>City Clerk</i> ; Park Pearson, <i>City Auditor</i> ; Ben Gorzell, <i>Finance Director</i> ; Martha Sepeda, <i>1st Assistant City Attorney</i> ; Janie Cantu, <i>Purchasing Director</i> ; Maria Villagomez, <i>Interim Budget Director</i> ; Ed Davis, <i>Economic Development Assistant Director</i> ; Denis Cano, <i>City Auditor's Office</i> ; Brian Williams, <i>City Auditor's Office</i> ; Kevin Barthold, <i>City Auditors Office</i> ; Mark Bigler, <i>City Auditor's Office</i> ; Bernadette McKay, <i>Deputy City Attorney</i> ; Lisa Biedeger, <i>Assistant City Attorney</i> ; Brandon Smith, <i>Office of the City Clerk</i>
Others Present:	Kevin Barker, <i>Project Quest</i> ; Bobby Perez, <i>Shelton & Valadez</i> ; Mary Pena, <i>Projects Quest</i>

CALL TO ORDER

Chairperson Cortez called the meeting to order.

I. Approval of minutes from the November 3, 2009 meeting

Committeemember Blend moved to approve the meeting minutes of November 3, 2009. Councilmember Williams seconded the motion. Motion carried unanimously by those present.

II. Items Requiring Individual Briefing(s)

Presented by Park E. Pearson, City Auditor

a. Final reports to be discussed

i. Project AU09-007 Audit of Workforce Development – Project QUEST

Kevin Barthold reported that Project Quest was effectively meeting its program objective. He noted that controls over payments to Project Quest needed improvement, in addition to the

monitoring of program performance and compliance. He provided the following recommendations:

- Request reimbursement of approximately \$88,000 from Project Quest for overpayment during FY's 2008 and 2009
- Closely review requests for reimbursement from Project Quest
- Clearly define reimbursable costs for the Quest Center in the next contract cycle
- Review the accuracy of Project Quest reported performance results on a quarterly basis

ii. Project AU08-008 Audit of Purchasing and General Services Department – Purchasing Card Program

Brian Williams reported that management should not expand the Purchasing Card Program until internal controls were improved and operating effectively. He stated sufficient personnel resources were not assigned to the Program and that P-card holders had not been provided adequate training and support on the use of the WORKS System. He provided the following recommendations:

- Appropriate number of staff be assigned to the P-card Program
- Assign staff with adequate system knowledge to instruct cardholders on use of the WORKS System
- Include WORKS information and the City's policies and procedures in the Users Manual
- Periodically survey cardholders to determine satisfaction with training and support services
- Ensure that purchasing agents/employees with responsibility to purchase or contract do not have a financial interest in City contracts

Janie Cantu indicated that all recommendations had been implemented.

iii. Project AU08-011 Audit of Office of Management & Budget – City Usage Fees

Mr. Williams reported that cost recovery methodology was not consistently used to set usage fee rates and that at this time there was no practicable method to determine the extent to which costs were recovered. He stated that staff's recommendation was that the Office of Management and Budget work with City Management and Departments to develop a comprehensive usage fee policy and take into account the Consumer Price Index as a basis to increase usage fee rates when appropriate.

b. Audit Plan Status Update

i. Status Report on FY 2009 Audit Plan

Mr. Williams reported that draft reports had been issued to City Management for comment and that Project AU09-015 Grants Monitoring and Administration/Federal Grant Management had been suspended for a review by City Management.

c. Status of FY 2010 Annual Audit Plan

Park Pearson stated that staff was meeting with the Mayor, Councilmembers, City Management, and the Executive Leadership Team to finalize the 2010 Audit Plan.

III. Executive Session

Chairman Cortez recessed the meeting into executive session at 10:46 a.m. to discuss pending litigation pursuant to Texas Government Code section 551.071 – consultation with attorney.

Chairman Cortez reconvened the meeting at 10:57 a.m. at which time he stated that no action had been taken.

IV. Consideration of items for future meetings

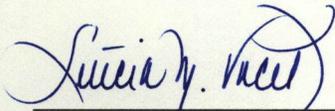
a. Next Meeting Tuesday, January 5, 2010

Ms. De La Garza stated that the thus far, the January Meeting had been scheduled for the 5th.

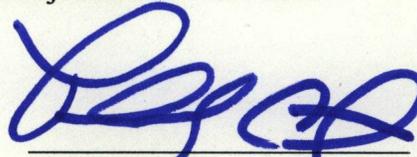
V. Adjourn

There being no further discussion, the meeting was adjourned at 10:58 a.m.

ATTEST:



Leticia M. Vacek
City Clerk



Philip Cortez
Chairman