

**CITY COUNCIL AUDIT SUBCOMMITTEE MEETING
Minutes**

October 1, 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> ; Sharon De La Garza, <i>Assistant 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> ; Ben Gorzell, <i>Finance Director</i> ; Theresa Cameron, <i>Audit Manager</i> ; Brian Williams, <i>Audit Manager</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 September 3, 2008

Councilmember Herrera moved to approve the minutes of September 3, 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 two reports had been issued. Ms. Cameron presented the Audit of Contract Clauses and Mr. Lipton presented the Cash Handling Phase I.

Ms. Cameron noted that the final report had been issued on September 4, 2008. She stated that the City used contracts for a variety of projects and that not every contract template had been reviewed. Instead, four clauses that could have the greatest potential financial impact on the City were chosen: 1) Audit, 2) Changes in Work, 3) Liquidated Damages, and 4) Delay. She added that the scope included clauses that were in use in February 2008. Ms. Cameron stated that contract templates from the City Attorney's Office (CAO) were compared with contracts obtained from other sources of government. She added that Audit and CAO collaborated on potential enhancements. She then reviewed proposed enhancements to be made to each of the clauses.

Councilmember Clamp asked of the standardization of contracts. Mr. Bernard stated that there were many different types of contracts, but they were as standardized as they could be in their respected fields.

Mr. Lipton stated that twelve departments representing \$220 million in revenues had been selected for this audit. He noted that the objective of the audit was to affirm that adequate cash handling controls were in place. He added that previous recommendations had been implemented and nothing had come to their attention that would suggest any money was missing.

Councilmember Herrera referred to a previous Cash Handling Audit and asked if this was a separate audit or if this was an audit that would be performed yearly. Mr. Lipton stated that the City Manager had requested a Cash Handling Audit be performed annually in an abbreviated format. Councilmember Clamp asked what time frame was covered in the audit. Mr. Lipton responded October 2006 through January 2008. Councilmember Clamp spoke to the importance of the audit.

Mr. Gorzell thanked the Audit staff for their work in the Cash Handling Audit. He stated that some improvements to be made had been identified such as Fiscal Planning Managers, who report to Finance, but are assigned to specific departments, were being retrained. He noted that they were also asked to report gaps in procedures and the Administrative Directive. Ms. Sculley added that this was done to compile departmental processes and standardize them throughout the City. It was noted that there were twenty-two Fiscal Planning Managers.

B. Status Report on In-process Audits

Mr. Pearson stated that the release date for Phase II of the Cash Handling Audit would be November or December. He noted that the Hotel/Motel Occupancy Tax Audit had been discussed previously and would be dropped from the list. He added that the Convention, Sports, and Entertainment Facilities Audit had been postponed for October 2, 2008 due to Final Four Representatives being in town.

Councilmember Clamp asked if an audit on sales tax had ever been done or if one was being planned for the future. Mr. Gorzell stated that an audit on sales tax had not been done because sales tax was self-reporting by the State. He added that there may be boundary issues. Mr. Williams stated that the City of Austin had attempted to conduct an audit on the tax allocation from the State and met resistance from the State Comptroller's Office. He also noted that Austin was leading the way to reverse legislation preventing cities with over 100,000 residents from obtaining sales tax records. Councilmember Clamp stated that San Antonio should join Austin, not for the purpose of conducting an audit, but to open the door.

C. Changes/Additions to 2008 Audit Plan

Mr. Pearson stated that no changes had been made to the 2008 Audit Plan. He suggested including the Time Warner Audit at the beginning of next year's Audit Plan.

D. General Update

Mr. Pearson spoke on four topics: 1) He stated that the Ad Hoc Audit Committee had met the day before and a discussion was held to include citizens on the Audit Subcommittee; 2) He

reported that he was meeting with Council Members in regards to the Audit Plan and Risk Assessment; 3) Audit Office, as well as the City Manager's Office, were investigating Performance Measures and how to drive the management of the business and its measurement; 4) Lastly, the Auditor's Office was leading the United Way Campaign with the highest percentage increase over their goal.

Councilmember Clamp reported on the status of the Ad Hoc Audit Committee. He reported five members would most likely be on the Audit Subcommittee, three councilmembers and two citizens. It was also noted that some changes had been made to the Charter of the Audit Committee. Councilmember Clamp noted that the next Ad Hoc meeting was to be determined, but the new Audit Subcommittee should be established by November or December.

III. Executive Session

No items were addressed.

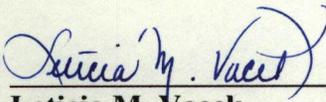
IV. Consideration of items for future meetings

No items were addressed.

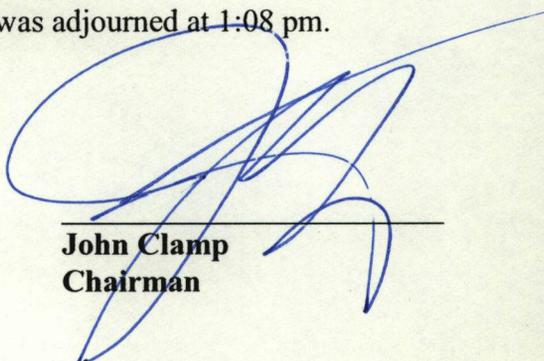
V. Adjourn

There being no further discussion, the meeting was adjourned at 1:08 pm.

ATTEST:



Leticia M. Vacek
City Clerk



John Clamp
Chairman