AUDIT COUNCIL COMMITTEE MEETING
MINUTES
TUESDAY, APRIL 16, 2013
2:00 PM
MEDIA BRIEFING ROOM

Committee Present:	Council Member W. Reed Williams, *District 8, Chair* Council Member Ivy R. Taylor, *District 2* Council Member Rey Saldaña, *District 4* Citizen Member Donald R. Crews Citizen Member Stephen S. Penley
Staff Present:	Erik Walsh, *Deputy City Manager;* Chief William McManus, *SAPD;* Kevin Barthold, *City Auditor*; Leticia Vacek, *City Clerk*; Troy Elliot, *Finance Director*; Ben Gorzell, *Chief Financial Officer;* Brian K. Williams, *Audit Manager*; Mark Bigler, *Audit Manager*; Buddy Vargas, *Audit Manager;* Tony Bosmans, *Director 311;* Gloria Hurtado, *Assistant City Manager;* Bernadette McKay, *Deputy City Attorney*; Cynthia Hicks, *Auditor*; Christina Liguori, *Auditor;* Matt Howard, *Auditor;* Dr. Thomas Schlenker, *Director of Health;* Melanie Seale, *Asst. Director, Finance;* Andre DeLeon; *Controller;* Laura Davis, *Special Projects Manager;* Mary Hammer, *Interim Director, Sustainability;* Tina Flores, *Assistant City Clerk;* Carri Wiggins, *Program Manager;* Sandra Paiz, *Audit Manager;* Edward Belmares, *Assistant City Manager;* Lianna Patterson, *Executive Assistant, City Managers Office.* Rebekah Jamison, *Sr. Executive Secretary.*

CALL TO ORDER

Chairman Williams called the meeting to order.

I. Approval of minutes from the February 5, 2013 and March 5, 2013 Meeting

Committee Member Penley moved to approve the meeting minutes of February 5, 2013 and March 5, 2013. Committee Member Crews seconded the motion. Motion carried unanimously.

II. Final reports to be discussed

a. Project No. AU13-018 - Audit of the San Antonio Police Department, Property and Evidence Room

Mark Bigler reported that the purpose of the audit was to determine if the Police Department's Property and Evidence Room's chain of custody and evidence preservation controls were adequate.

Mr. Bigler stated that the Property and Evidence room staff is responsible for taking in and managing thousands of items of property and evidence every year. Typical property and evidence items include firearms, narcotics, currency, blood/biological samples, sex crime kits, clothing,

bicycles, back packs, eight-liners, etc. The Property and Evidence Room staff is also responsible for maintaining an accurate chain of custody over evidential items and must ensure that items taken in remain secure, intact and free from alteration and contamination in order to preserve their forensic and intrinsic value.

Mr. Bigler stated that the Office of the City Auditor performed an audit of the SAPD Property and Evidence Room in 2006 at the request of Chief McManus. SAPD Management made two major operational changes to the Property and Evidence Room function since then. A new $112K property/evidence management system was implemented to replace an older, primarily manual system and a new $8.7M property warehouse was acquired to replace an older one which had reached its capacity.

Mr. Bigler reported that overall, SAPD had implemented adequate controls to ensure the chain of custody and preservation of property and evidence. SAPD Management has implemented an automated inventory management system (FileOnQ) which utilizes barcodes to streamline the inventory process. Also, a property warehouse facility was acquired and equipped with new security and ventilation systems to protect and preserve property and evidence.

Mr. Bigler stated that even though controls were adequate overall, they observed that:

- Access to the property and evidence warehouse was not being reviewed. Mr. Bigler noted that 10 to 57 employees had inappropriate card reader access to the property and evidence warehouse. One of the 10 also had access to sensitive areas which included the firearms vault, narcotics vault, and the currency vault. Additionally, security and alarm systems had not been tested and key pad access codes to sensitive areas had not been changed since moving to the property and evidence warehouse in 2010.
- FileOnQ user password setting and access review security was weak. Mr. Bigler noted that it was determined that FileOnQ Password settings did not require users to have strong passwords and that they should have at least 8 character passwords.
- The currency vault held a large amount of cash. Mr. Bigler stated that the total cash in the currency vault was about $1.4 million about the same as reported in the 2006 Audit. All currency kept by the property room for criminal evidence is kept intact until its disposition is ordered by the courts or approved by an SAPD officer. Mr. Bigler stated that they found that when booking currency as evidence, SAPD officers are not consistent indicating if the currency needs to be held for court, or if it can be deposited immediately. There is no field in the FileOnQ System that alerts property room personnel that the currency being booked is to be held for court or alternatively, is to be deposited.
- Inventory purging was not keeping pace with intake. Mr. Bigler stated that retention periods were not consistently being entered into FileOnQ System database for all evidence and recovered items.

Mr. Bigler stated that the recommendations were:

- To develop a security policy requiring the periodic: 1) testing of all alarm systems, and 2) changing of key pad access codes to sensitive areas.

- Implement application and user access controls that are in alignment with AD 7.6 Security and Passwords and AD 7.8 User Access Management.
- Require SAPD Officers to designate currency being booked as either "hold for court" or "deposit". Also, develop a policy requiring timely deposits of currency items in the City's Trust Account.
- Instruct SAPD Officers to respond to Property and Evidence Room reports requesting approval to dispose items held in inventory.
- Require FileOnQ's offense code and retention code fields be populated prior to processing evidence for storage. Additionally, Property Room Management should periodically run reports to identify critical missing data.

Chief McManus stated that SAPD concurred with all the recommendations and has developed a corrective action plan.

Councilmember Williams asked what happens to the evidence. Chief McManus replied that they have to keep property for thirty days and then the evidence is destroyed. Councilmember Williams asked what the City was allowed to sell; Chief McManus responded that jewelry, stereos, vehicles, etc. are sold via online auctions.

After a brief discussion, Committee Member Penley moved to accept Audit AU13-018 as presented. Councilmember Saldaña seconded the motion. Motion carried by those present.

b. Project No. AU12-018F03 – Follow-up Audit of the San Antonio Metropolitan Health District, Vital Statistics Division and the Office of Customer Service/311 System, Community Link Service Centers

Sandra Paiz reported that a Follow-Up Audit of recommendations made in the initial audit of the San Antonio Metropolitan Health District, Vital Statistics Division (VSD) and the Community Link Service Centers (Link Centers) was conducted. She noted that the audit report was dated November 1, 2011.

Ms. Paiz stated that the objective of the audit was to review controls over cash handling, payment processing, and safeguarding of sensitive documents. The objective for the follow-up audit was to determine if prior audit recommendations were successfully implemented and working as intended.

The initial audit noted issues with reconciliations of certificate paper, reporting of voided certificates, required proof of identification of applicants, retention of applications, physical access to bank note paper, and user access to system applications.

In total there were four recommendations made to the Vital Statistics Division. Two of those four were also applicable to the Link Centers. From these recommendations, management developed 17 action plans to address weaknesses. Ms. Paiz reported that seven of the twelve actions plans developed by Vital Statistics were not implemented. Metro Health's controls over cash handling, payment processing and safeguarding of sensitive documents were not adequate.

Ms. Paiz reported that the Vital Records Division has moved under the direction of the Office of the City Clerk (OCC). She noted that she had discussed the report with both Metro Health Management and the City Clerk. She stated that Metro Health Management concurred with the conclusions and had developed a positive action plan to address the issues noted.

Gloria Hurtado, Assistant City Manager, stated that she was ultimately responsible even though she was not over the Health Department at the time of the Audit. Ms. Hurtado stated that there had been significant staffing changes within the Vital Statistics Division under Metro Health. She reported that staff had been employed for a long time and had since left creating a void of institutional knowledge, even though it may have been bad, staff moved to achieve these action plans did not do a good job. She stated that there had been a lot of activity but not a lot accomplished.

Councilmember Williams asked if all the functions had been transferred and if any or all had been implemented.

Leticia Vacek, City Clerk, replied that all functions were transferred and all had been implemented. Tina Flores, Assistant City Clerk reported on each of the action plans.

- Item A1- The Local Registrar Should Maintain Accurate and Complete Document Security. Ms. Flores reported that a Document Security Log (DSL) report now accounts for each sales transaction and Bank Note Paper associated with each sale. The purpose of daily reconciliation of the DSL is to verify the sale and sequential numbering of the Bank Note Paper.

- Item A2-The Local Registrar should report voided certificates to the State on a monthly basis. Ms. Flores reported that the OCC Vital Records Program Manager reports voided certificates to the State on a monthly basis and now maintains a scanned copy of the voided records for the required three year retention.

- Item A3-The Local Registrar should require proof of identification from all applicants. Ms. Flores reported that the OCC implemented an additional requirement for proof of relationship.

- Item A4- The Local Registrar should retain all applications for three years. Ms. Flores reported that the OCC retains applications and supporting documents for the required three year retention period.

- Item B1- Ensure that physical access to Bank Note Paper is limited. Ms. Flores reported that the Bank Note Paper is secured in a room with video camera surveillance. The Program Manager and two supervisors have a key when access is needed.

- Item B2- Ensures that daily reconciliations are being accurately performed. Ms. Flores reported that the Program Manager reconciles the Bank Note Paper daily with the DSL while the Assistant City Clerk verifies bank note sheets issued are accounted through sales, voids, or returns.

- Item B3-Ensure that tracking procedures (i.e. checking header and trailer security numbers, physically verifying the document security numbers of the sheets, and recording documents security numbers of paper placed in the printer) are accurately performed. Ms. Flores reported that the Program Manager ensures all tracking procedures are accounted for daily.

- Item B4- Ensure that quarterly inventories are being accurately performed to monitor and account for all paper. Ms. Flores reported that the Program Manager has completed the 1st

Quarter of FY2013 Inventory of Bank Note Paper and reconciled with the electronic count. The purging of electronic records that have met retention via Vital Point of Sale (VPOS) has been submitted to ITSD for electronic destruction.

- Item C1-Limit access to VPOS, BIRX, LINK, and the State Remote Site System to current COSA employees who require access Program Managers should perform quarterly reviews of user access. Ms. Flores reported that access is now limited to VPOS, BIRX, LINK and the State Remote Site System to current COSA Employees who require Access. The Program Manager and Assistant City Clerk grant and remove access to VPOS, BIRX, and the State System via an ITSD work order.

- Item D1- Ensure that VSD follows the Administrative Directive 8.1 and that any necessary deviations should be approved by the Finance Department (Mail In Requests). Ms. Flores reported that the OCC follows Administrative Directive 8.1 Cash Handling. A request for approval was submitted to the Director of Finance on February 14, 2013 for deviation exceeding a $5.00 cost to be applied to postage. Currently, a $2.00 deviation is utilized but many mail-in requests require refunds of overages up to $4.00.

- Item D2- Ensure that VSD follows best business practices when handling cash. Ms. Flores reported that the Program Manager and assigned staff members sign the mail log of processed orders while ensuring that Cash Handling rules are applied.

Ms. Flores added that all items had been implemented. Additionally, OCC had trained staff with the Link Centers and conducted biweekly meetings.

Committee Member Crews asked how many Birth Certificates were issued daily. Ms. Flores responded that they process approximately 300 Birth Certificates and 75 Death Certificates daily.

Councilmember Saldaña asked what had transpired with transferring Vital Statistics from Link Centers to the Libraries.

Ms. Vacek reported that there had been a discussion at the Budget Session last year in offering the birth issuance remote sites at the Libraries. She stated that they have found that utilization of the remote site would require permission from the State in order to add additional users. Ms. Vacek noted that Library staff would only issue local birth certificates.

Ms. Flores added that they were currently working on a plan to propose to the State Registrar to move forward with the Sale of Birth Records at four Library locations which are Mission, Cortez, Thousand Oaks, and Great Northwest.

Councilmember Saldaña stated that he understood the process and to keep the council informed.

Councilmember Saldaña moved to accept Audit AU12-018F03 as presented. Committee Member Penley seconded the motion. Motion carried by those present.

III. FY 2013 Audit Plan Status Update

Kevin Barthold introduced Buddy Vargas as the new Audit Manager. Mr. Barthold reported that there were 15 audit reports year to date and that they were all on schedule and there were no

issues. Audit number AU13-001 (Aviation/CIMS Capital Projects) was being canceled due to the city coming to an agreement with the contractor.

Councilmember Taylor moved to cancel Audit Number-AU13-001. Committee Member Crews seconded the motion. Motion carried unanimously.

IV. Executive Session

There was no Executive Session

V. Consideration of items for future meetings

It was reported that the next Audit Committee Meeting was scheduled for June 4, 2013 at 2:00 pm.

VI. Adjourn

There being no further discussion, Chairman Williams adjourned the meeting at 3:20 pm.

ATTEST:

W. Reed Williams, Chairman

Leticia M. Vacek, TRMC/MMC
City Clerk