

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES
TUESDAY, DECEMBER 3, 2013
2:00 PM
MEDIA BRIEFING ROOM**

Committee Present:	Council Member Ivy Taylor, <i>District 2, Chair</i> Council Member Ray Lopez, <i>District 6</i> Citizen Member Donald R. Crews Citizen Member Stephen S. Penley
Committee Absent:	Council Member Ron Nirenberg, <i>District 8</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Leticia Vacek, <i>City Clerk</i> ; Troy Elliott, <i>Finance Director</i> ; Hugh Miller, <i>Chief Technology Director</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Jeff Coyle, <i>IGR Director</i> ; Rene Dominguez, <i>EDD Director</i> ; Christine Wright, <i>Sr. Management Analyst</i> ; Mark Bigler, <i>Audit Manager</i> ; Alex Lopez, <i>EDD</i> ; Gloria Hurtado, <i>Asst. City Manager</i> ; Kimberly Weber, <i>Auditor</i> ; Gabriel Trevino, <i>Auditor</i> ; Doug Francis, <i>Auditor</i> ; Bernadette McKay, <i>Deputy City Attorney</i> ; Buddy Vargas, <i>Audit Manager</i> ; Sandra Paiz, <i>Audit Manager</i> ; Lianna Patterson, <i>City Manager's Office</i> ; Rebekah Jamison, <i>Office of the City Clerk</i>

CALL TO ORDER

Chairperson Ivy Taylor called the meeting to order.

I. Approval of minutes from the November 5, meeting

Committee Member Penley moved to approve the meeting minutes of November 5, 2013. Councilmember Lopez seconded the motion. Motion carried by those present.

II. Final Reports to be Discussed

A. Project No. AU13-007 – Audit of the Economic Development Department, Small Business Economic Development Advocacy (SBEDA) Contract Compliance Monitoring.

Buddy Vargas reported that the purpose of the Audit was to determine if contracts with SBEDA requirements adequately monitored for compliance. He stated that the Economic Development Department (EDD) was in the process of developing and implementing a monitoring process for contracts with Small Business Economic Development Advocacy (SBEDA) Program requirements. The SBEDA Program was detailed to include EDD reporting process. It was reported that the monitoring process would be adequate once fully implemented. However, areas of improvement included:

- CCMS users had inappropriate access

- Subcontractors are not confirming payments received from prime contractors in a timely manner
- CCMS users have not received the appropriate training

Mr. Vargas recommended the Director of EDD:

- Continue working toward completing the development and implementation of the SBEDA monitoring process.
- Develop formal procedures to review user roles in the City Contract Management System (CCMS) at least annually.
- Continue outreach and training for subcontractors and consider revising current procedures to ensure subcontractors are confirming payments received.
- Require training for all departmental users of CCMS. Additionally, EDD staff should retain evidence of trainings attended by users.

Rene Dominguez agreed with the Audit Findings and commented that the audit had proved to be very helpful as it would improve the monitoring process. He reported that EDD had worked diligently to implement the recommendations, including phased-in compliance monitoring. It was noted that the Department had increased outreach efforts which resulted in the reduction of unconfirmed subcontractor payments.

Chairperson Taylor asked of the subcontractor notification process. Mr. Dominguez detailed the process and noted that the Department's web based verification system was integrated with the City's SAP System. Ms. Alex Lopez highlighted the functionality of the system and stated that there was a button to click if they were not paid the amount noted. She added that EDD would be providing training. Mr. Dominguez said that the goal was to have everyone trained.

Councilmember Lopez moved to accept Audit AU13-007 as presented. Committee Member Crews seconded the motion. Motion carried by those present.

B. Project No. AU13-010 –Audit of the Intergovernmental Relations Department, Lobbyist Organization Contracts

Sandy Paiz reported that the Intergovernmental Relations (IGR) Department was responsible for monitoring State and Federal Government activities, developing Legislative Programs approved by the Mayor and City Council, and managing the City's Federal and State Consultants. She noted that the purpose of the audit was to determine if adequate monitoring of contracts between the City and Lobbyists organizations were in place and that the scope of the audit included all federal and state legislative activities for the period of May 2010 to September 2013. It was reported that IGR was responsible for the monitoring of six lobbyists contracts during this time period valued over one million dollars.

An overview of the audit process was detailed. It was noted that the scope of the audit included interviewing IGR staff, verifying that payments made to contractors, and reviewing internal controls associated with the execution and monitoring of the six contracts. In addition, there was a review of other pertinent contractual terms as determined by a risk assessment, specifically: scope of work performed, SBEDA Program participation, insurance coverage, and compliance with federal and state requirements pertaining to active lobbyist.

Ms. Paiz stated that IGR had adequate controls in place to monitor its contracts between the City and lobbyist organizations, specifically:

- IGR maintains effective communication with its lobbyist consultants in order to effectively achieve Mayor and City Council approved federal and state legislation program goals and objectives.
- IGR manages federal and state consultant's performance by ensuring that they are meeting performance measures documented within the contract's scope of work sections.

Ms. Paiz noted there were no recommendations made to IGR Management.

Councilmember Lopez moved to accept Audit AU13-010 as presented. Committee Member Penley seconded the motion. Motion carried by those present.

C. Project No. AU13-017 – Audit of the San Antonio Fire Department, Emergency Medical Services (EMS) Billing and Collections Contract

Mark Bigler reported that the purpose of the audit was to determine if the Fire Department was properly managing the EMS billing and collections contract. Mr. Bigler stated that the Audit scope was from January to December 2012 and provided an overview of the audit process which included that interviewing of appropriate personnel; review of contracts, policies and procedures, reports, City Ordinances, Federal Laws and Business Associate Agreements. Mr. Bigler noted that the Audit Department recalculated charges and payments reported by Business & Professional Services (B&P) and reviewed internal controls associated with the execution and monitoring of the billing contract. He stated that the Audit Department also reviewed billings, insurance claims, and refunds B&P issued to patients or insurance companies.

It was reported that overall SAFD was properly managing the EMS billing and collections contract; however, they observed several compliance related improvements SAFD could make.

Mr. Bigler Recommended the SAFD Chief:

1. Execute a Business Associate Agreement with the South Texas Regional Advisory Council (STRAC) that meets new HIPAA requirements.
2. Work with the Office of the City Attorney to structure a new Business Associate Agreement with B&P (SAFD's billing partner) that embodies all requirements of the new HIPAA rules.
3. Implement ePCR controls that prevent billable calls from being closed out as non-billable.
4. Bill patients for all EMS services rendered, including "aid-only" services provided at the San Antonio Airport. Alternatively, the SAFD Chief should obtain approval from the City Council via ordinance to waive "aid-only" fees for incidents occurring at the San Antonio Airport.

Chief Hood concurred with all the recommendations and stated that all have been completed.

Councilmember Lopez asked if the airline requested this service or made medical calls on behalf of travelers. Chief Hood stated that typically a traveling passenger that was sick, became ill, or stumbled on the escalator was charged for aid while passengers in route were not charged. Chairperson Taylor asked how the department kept up with the HIPAA requirements,

especially, as requirement changed. Chief Hood said that the City was in the process of hiring a Consultant to help manage HIPAA requirements. Mr. Walsh reported that HIPAA compliance was a function of the Human Resources Department and City Attorneys' Office and that the City relied on both the these Departments regulate HIPAA compliance.

Chairperson Taylor asked of the expectations for collections. Chief Hood reported that 53% of billings were paid by insurance, 17% by Medicaid, and 37% by Medicare.

Committee Member Penley moved to accept Audit AU13-017 as presented. Councilmember Lopez seconded the motion. Motion carried by those present.

III. FY 2014 Audit Plan Status Update

Mr. Barthold reported that five reports were issued year-to-date and provided a status report of the 2013 Audits.

IV. Executive Session

Chairperson Taylor recessed the meeting into Executive Session at 2:34 pm to deliberate the following:

- A. Deliberate the duties and evaluation of the City Internal Auditor, pursuant to Texas Government Code Section 551.074 (personnel matters)

Chairperson Taylor reconvened the meeting at 2:53 pm and announced that no action had been taken.

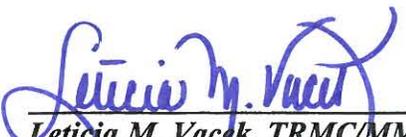
V. Consideration of items for future meetings

It was reported that the next Audit Committee Meeting would be held January 7, 2014

VI. Adjourn

There being no further discussion, Chairperson Taylor adjourned the meeting at 2:55 pm.

ATTEST:


Leticia M. Vacek, TRMC/MMC
City Clerk


Ivy R. Taylor, Chairperson