

**AUDIT COUNCIL COMMITTEE MEETING
MINUTES
TUESDAY, FEBRUARY 5, 2013
2:00 PM
MEDIA BRIEFING ROOM**

Committee Present:	Council Member W. Reed Williams, <i>District 8, Chair</i> Council Member Rey Saldaña, <i>District 4</i> Citizen Member Donald R. Crews Citizen Member Stephen S. Penley
Committee Absent:	Council Member Ivy R. Taylor, <i>District 2</i>
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Leticia Vacek, <i>City Clerk</i> ; Michael Bernard, <i>City Attorney</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Bruce Coleman, <i>Auditor</i> ; Mark Bigler, <i>Audit Manager</i> ; Bernadette McKay, <i>Deputy City Attorney</i> ; Dawn Opperman, <i>Finance Compliance Administrator</i> ; Brian Williams, <i>Audit Manager</i> , Matt Howard, <i>Auditor</i> ; Danny Zuniga, <i>Auditor</i> ; Sandra Paiz, <i>Audit Manager</i> ; Kimberly Weber, <i>Auditor</i> ; Edward Belmares, <i>Assistant City Manager</i> ; Ellen Erenbaum, <i>Assistant Director of Aviation</i> ; Gloria Hurtado, <i>Assistant City Manager</i> ; Dr. Thomas Schlenker, <i>Director of Metro Health Department</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Laurence Trevino, <i>Emergency Management Officer</i> ; Fred Garcia, <i>Court Clerk</i> ; Kristie Blust, <i>Municipal Court Legal Administrator</i> ; Rebekah Jamison, <i>Office of the City Clerk</i>

CALL TO ORDER

Chairman Williams called the meeting to order.

I. Approval of minutes from the January 8, 2013 Meeting

Committee Member Penley moved to approve the meeting minutes of January 8, 2013. Council Member Saldaña seconded the motion. Motion carried unanimously by those present.

II. Final reports to be discussed

a. Project No. AU12-003 Audit of the Aviation Department, Rental Car Concession Fee Revenues

Mark Bigler reported that the purpose of the audit was to determine if rental car concessionaires were remitting proper fee amounts to the City. Mr. Bigler stated that overall, they found that rental car concessionaires were accurate in their reporting of gross revenues and remittance of the required fees and rents to Aviation. Aviation personnel monitored concessionaire remittances and made inquiries as necessary to resolve questions arising from the monthly reports. He noted that they had no recommendations to Aviation or the Concessionaires; consequently, no management responses were required.

Committee Member Penley moved to approve Audit AU12-003 as presented. Council Member Saldaña seconded the motion. Motion carried unanimously by those present.

b. Project No. AU12-006 Audit of the San Antonio Metro Health Department, Drug Inventory Management

Kevin Barthold reported that the purpose of the audit was to determine if Metro Health was adequately managing its drug inventory. He reported that the new policies and procedures are providing guidance to staff, reconciliations were being performed monthly, and inventory processes were segregated or had adequate compensation controls.

Mr. Barthold noted that Metro Health did not record in-kind drug inventory as it was received nor during the quarterly inventory counts. Total in-kind drug inventory exceeded \$1.5 million for fiscal year 2012. Additionally, he stated that they found that user access controls over the enhanced San Antonio Immunization Registry System (eSAIRS) could be improved to better protect patient data.

Mr. Barthold stated that recommendations were: 1) Ensure that in-kind drug inventory was recorded in SAP as it is received. Also, to ensure that the department had correct ending in-kind drug inventory balances; Metro Health should record adjustments in SAP during the quarterly counts. 2) Implement additional controls over eSAIRS user access, such as increasing the requirements for password resets and regularly monitoring user access.

Committee Member Crews asked who supplies the in-kind inventory. Mr. Schlenker replied that it was the State and Federal Government.

Councilmember Williams asked how the in-kind inventory was credited. Mr. Schlenker responded that it was credited in-kind and was debited from the inventory. Mr. Schlenker added the credit was a 1.5 million dollar value.

Mr. Barthold stated that Metro Health Management concurred with the recommendations and have developed a positive corrective action plan.

Committee Member Penley moved to accept Audit AU-12-006 as presented. Council Member Saldaña seconded the motion. Motion carried by those present.

c. Project No. AU12-018F01- Follow-up Audit of SAFD Office of Emergency Management, Homeland Security Reimbursements.

Brian Williams reported that the purpose of the audit was to determine if the Office of Emergency Management (OEM) had effectively implemented actions to address the prior audit recommendations.

Mr. Williams stated that OEM had partially implemented actions to address the prior recommendation. OEM improved grant asset tracking and inventory controls and had also developed policies and procedures for grants management. While OEM had implemented steps to improve its management of grants, excessive time still elapsed prior to OEM posting grant expenditures and requesting reimbursement from the State. He said that they determined that 18 of the 25 (72%) expenditures tested were submitted after the required 30 days. On average, four months elapsed prior to OEM submitting reimbursement requests for expenditures. Additionally, 6 out of the 25 (24%) expenditures

tested were posted to grants 60 days or later. Finally, not all OEM fiscal staff had received the appropriate training related to grants management.

Mr. Williams noted that they made the following recommendations:

1)The SAFD Fire Chief should implement and communicate procedures to ensure that all Fire Divisions submit Homeland Security grant expenditures and supporting documentation to OEM timely. 2) Ensure that all staff tasked with grants management receive the proper training.

Laurence Trevino stated that the Fire Department agreed with the findings and had developed a corrective action plan. Kevin Barthold stated that there was no need for a formal follow-up for this Audit.

After a brief discussion, Committee Member Penley moved to accept Audit AU12-018F01 as presented. Council Member Saldaña seconded the motion. Motion carried by those present.

III. FY 2013 Audit Plan Status Update

Kevin Barthold reported that the new audit software would be implemented by the end of the week and once installed the Audit process would be faster and smoother.

Mr. Barthold reported that the Audit plan was on schedule and indicated that the Economic Development SBEDA Audit had been moved up and that they had a meeting planned for February 12, 2013.

Councilmember Williams asked the status of the Economic Development Incentives Audit and Mr. Barthold replied that they were in the fieldwork stage.

IV. Executive Session

There was no Executive Session.

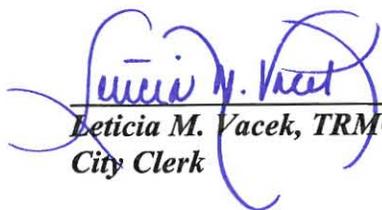
V. Consideration of items for future meetings

It was reported that the next Audit Committee Meeting was scheduled for March 5, 2013 at 2:00 pm.

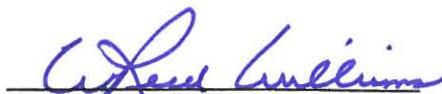
VI. Adjourn

There being no further discussion, Chairman Williams adjourned the meeting at 2:31 pm.

ATTEST:



Leticia M. Vacek, TRMC/MMC
City Clerk



W. Reed Williams, Chairman