

**CITY COUNCIL AUDIT SUBCOMMITTEE MEETING
Minutes**

January 16, 2009

8:30 a.m.

Media Briefing Room

Council Present:	Delicia Herrera, Chair, Councilmember District 6 Philip Cortez, Councilmember District 4 Louis Rowe, Councilmember District 9 Stanley Blend, Citizen Member, Oppenheimer Blend Law Firm Manuel Long, Citizen Member, Sol Schwartz and Associates
Staff Present:	Sheryl Sculley, City Manager Park Pearson, City Auditor Michael Bernard, City Attorney Leticia Vacek, City Clerk Sharon De La Garza, Assistant City Manager Ben Gorzell, Finance Director Barry Lipton, Deputy City Auditor David McCary, Solid Waste Mgmt. Director Jim Mery, Convention, Sports & Entertainment Interim Director Nikki Ramos, Interim Human Resources Director Teresa Cameron, Audit Manager Mike Bigler, Audit Manager Dennis Cano, Audit Manager Sarah Casarez, Management Assistant

CALL TO ORDER

Chairperson Herrera called the meeting to order.

I. Approval of minutes from the meeting of October 1, 2008.

Councilmember Cortez moved to approve the minutes of October 1, 2008. Mr. Blend seconded the motion. Motion carried unanimously.

II. Items Requiring Individual Briefing(s)
Presented by Park Pearson, Interim City Auditor

A. Audit Committee Update-Post Ordinance (Orientation)

Mr. Pearson recommended that an orientation for the new board members be scheduled within the next month. Ms. Vacek distributed a copy of the city charter and the most recent ordinance outlining the duties of the City Auditor.

B. 2009 Draft Audit Plan

Mr. Pearson briefly highlighted the draft audit plan. He noted that he had met with the City Council, City Manager and Department Directors to obtain input and an overview of the high risk areas of the city in developing the draft audit plan. Councilmember Cortez advised to wait until the next meeting to adopt the audit plan. Councilmember Rowe asked how the delay would impact the audit deadlines. He felt that the 2008-2009 items needed a timeframe for completion. After due consideration, Councilmember Rowe moved to approve and authorize the following audits from the draft FY 2009 Annual Audit Plan: 1) Aviation – Construction Contracts; 2) Citywide – Cash Handling; 3) Planning & Development Services – Building Permits; 4) Downtown Operations – Parking; and 5) Finance – Revenues -Telecommunications Providers. It was noted that said audits would be sufficient to be able to utilize staff as it relates to available staff hours.

Mr. Bernard reported that ultimately, the entire proposed audit plan will formally be adopted by the City Council.

C. Final reports issued since last meeting.

Project AU08-004 Convention, Sports and Entertainment Facilities Department Temporary Utilities Contract Audit

Project AU08-001 Solid Waste Management Department Waste Fees billed by CPS for City of San Antonio

The Convention, Sports and Entertainment Facilities Department Temporary Utilities Contract Audit was presented by Ms. Cameron. She reported that they checked for the contactor's correct licenses, permits and insurance and all were in compliance. She indicated that in the reporting of revenue; it was found that \$18,000 was recovered due to under reporting of receipts and for unauthorized discounts. She also noted the recommended improvements and controls for the future monitoring of the license agreements. Mr. Blend asked if the under reporting was inadvertent. Ms. Cameron stated that they were not refunding for what was not used; and have agreed to refund the event holder.

The Solid Waste Management Department Water Fees billed by CPS for the City of San Antonio Audit was presented by Mr. Bigler. Ms. Sculley noted that said department is operated as an Enterprise Fund. She added that the audit is viewed as a check with a system in place. Mr. Bigler stated that the City pays CPS for billing on behalf of the city. He added that the calculations and billing were reviewed. He stated that CPS' calculations and collection for residential customers was appropriately done. However, he reported three exceptions to the billings/collections that were found: 1) Residents in newly annexed areas; 2) Residents who live in gated communities – overbilled; and 3) Residents in other cities. With regards to the newly annexed areas; CPS undercharged residents by \$16,850 and overcharged others \$3,221 in one test month. CPS also overcharged exempt neighborhood residents \$21,268 as well as overcharged residents on other cities by \$2,276 in the one test month. Mr. Long verified the findings were for one month. Mr. Bigler replied that was correct. Mr. Bigler recommended that the billing errors be corrected and improvements be made in monitoring future billings. Mr.

Blend asked if a follow-up was necessary by the external auditors. Mr. Gorzell replied that no follow-up was necessary from the external auditors.

D. Status report on in-process audit

Mr. Pearson referenced the Status Report for In-Process Audits and made note of each of their expected release date.

E. General Update Peer Review Results

Mr. Lipton reported that every three years a Peer Review is conducted to ensure that the Office of the Auditor is in compliance with the Governmental Auditing Standards (GASB). He reported that the Peer Review Team recognized a number of areas in which they believe that the office excels in such as the relationship with the City Council, the improvement in the quality control system, and the completion of substantive audits that are contributing to improvements in City Programs and the high quality of the staff. Mr. Blend stated that the peer review was a great tool with regards to the observations and expressed excellence to the City Auditor and staff.

F. Executive Session

Chairperson Herrera recessed the meeting at 9:35 am to go into executive session under Texas Government Code Section 551.074, personnel matters relating to the hiring of a City Auditor. Chairperson Herrera reconvened the meeting at 9:45 am at which time she noted that no action had been taken.

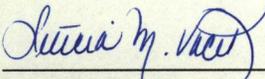
G. Consideration of items for future meetings

It was agreed that the Audit Committee would meet every first Tuesday of the month at 12:00 noon. The next meeting of the Audit Committee will be held on February 10, 2009 at City Hall.

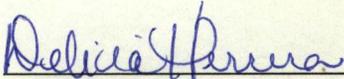
H. Adjourn

There being no further business to conduct, Chairperson Herrera adjourned the meeting at 9:45 am.

Attest:



Leticia M. Vacek
City Clerk



Delicia Herrera
Chairperson