

**CITY COUNCIL AUDIT COMMITTEE MEETING
Minutes**

**March 3, 2009
12:00 noon
Media Briefing Room**

Committee Present:	Councilmember Delicia Herrera, <i>District 6, Chair</i> Councilmember Louis Rowe, <i>District 9</i> Mr. Manuel Long, <i>Sol Schwarts and Associates</i>
Committee Absent:	Councilmember Philip Cortez, <i>District 4</i> Mr. Stanley Blend, <i>Oppenheimer Bland Law Firm</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> ; Brian Williams, <i>City Auditor's Office</i> ; Charles Pruski, <i>Assistant Health Director</i> ; Mona Gamez, <i>City Manager's Office</i>

CALL TO ORDER

Chairperson Herrera called the meeting to order.

I. Approval of minutes from the meeting of February 10, 2009

Councilmember Rowe moved to approve the meeting minutes of February 10, 2009. Mr. Long seconded the motion. Motion carried unanimously by those present.

II. Items Requiring Individual Briefing(s)

Presented by Park Pearson, Interim City Auditor

A. Final Report issued since last meeting

Project AU07-014 San Antonio Metropolitan Health District Food Establishment License Fees

Mr. Brian Williams reported that said audit focused on the billing and collection of the license fees from FY 2007. He stated that their scope included reviewing processes for collection of license fees and if the department collected the license fees accordingly. He stated that in order to determine the payment history; staff reviewed payment history from 2004-2007. He stated that also reviewed customer accounts to determine the amount to be collected. He added that they reviewed 50 establishments. He reported that their findings included recommended improvements in internal controls to include: 1) Policies and procedures, proper late fee calculations and to include identifying, tracking, and monitoring requirements in its information systems; 2) A formalized policy, which provides for when, if ever, establishments are exempt from the fee; and 3) Consulting with the Information Technology Services Department to assign appropriate access controls to staff.

Mr. Charles Pruski stated that it was worth the audit to determine that a compounded amount can be assessed to a late fee. He explained that regarding exemptions, the city has never charged schools a license fee. It was also noted that within the city churches are charged a license fee but if in the county – license fees are not charged. The fees were reported as a range from \$679 to \$1,000 dependent upon the number of workers in the establishment.

Ms. Sculley stated that charging schools a license fee after 30 years would need to be a policy decision by the Council. She stated that the city should proactively clarify if now the policy decision is to charge schools a fee.

Chairperson Herrera stated that her concern is with the schools that are already challenged and also concerned with their tight budgets. She indicated that said item would be presented to the Governance Committee as the next step.

B. Status Report on In-Process Audits

Mr. Barry Lipton referenced the listing of audits. In particular, he reported that item 3 – Health Department Audit; was discussed today while item 4 – Aviation Audit; was expected to be released and stated that the other audits listed were in progress.

C. 2009 Draft Audit Plan

Mr. Pearson reported that the plan had not changed and if approved by the Committee then it would go before the full Council for approval.

He noted two additional projects that had been added to the report. The first was assisting the City Clerk with disputed Elections Costs dating back to 2003. He stated that the project did take the proper steps for approval via Chairperson Herrera.

Ms. Vacek stated that the City Manager's Office has been working with the County on several Interlocal Agreements. In doing so, the County contends that there are monies that are outstanding on the city's part that date back to 2003 relative to Election Services. She added that Election Services are contracted to the County. She reported that the city had paid what had been approved in the contracts but that if there were monies owed; the City had not been invoiced. Due to the cost dispute to year 2003; it was decided that the charges be reviewed for the most contentious contract being the 2005 General and Run-off Elections. Ms. Vacek reported that the County alleges that \$84,000 is due for all elections dating back to 2003. It was also stated that an internal auditor would facilitate the review of the documents at no charge. It was also reported that the County Auditor had assigned an auditor to work on the matter with the city.

Mr. Pearson noted that the second project was the "Fees in Lieu" of which a Developer pays in lieu of dealing with drainage improvements. He stated that this special project could be worked on with Councilmember Rowe. He also stated that the City Manager's Office was looking into same. Ms. Sculley stated that the city adopted a policy and the city collects a fee that goes into a fund for regional drainage improvements. She stated that the city has not undertaken many of

these projects. She noted that on-site drainage retention is needed per development. She expressed that the developer should cover that requirement. Councilmember Rowe stated that the City and the County were working on regionalization of same. He asked how the city keeps track of these fees and how the city would address projects on a regional basis. Ms. Sharon De La Garza proposed that the Audit Staff work with Majed Al-Ghafry to determine the projects and in order to keep track of same. It was stated that Mr. Al-Ghafry asked that the Audit Committee not take action until he has had time to review the process in place. The consensus of the Committee was to wait until Mr. Al-Ghafry provided input.

Mr. Long moved to approve the audit plan as presented. Councilmember Rowe seconded the motion. It was stated that the next step would be to take said item before the Governance Committee and eventually to the full Council.

D. General Update
Audit Committee Orientation Follow-Up

Mr. Pearson referenced the Audit Committee Orientation presentation survey and stated that it was a manner to obtain feedback.

III. City Auditor Search Update
IV. Executive Session

A. Review Process for Internal Auditor

Chairperson Herrera announced that the committee would go into executive session at 1:00 pm to discuss the City Auditor position and provide an update pursuant to Texas Government Code section 551.071 – consultation with attorney.

Chairperson Herrera reconvened the meeting at 1:30 pm at which time she stated that no action was taken.

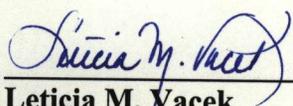
V. Consideration of items for future meetings

The committee had no items for the next meeting.

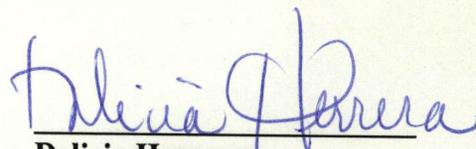
VI. Adjourn

There being no further discussion, the meeting was adjourned at 1:31 pm.

ATTEST:



Leticia M. Vacek
City Clerk



Delicia Herrera
Chairperson