

City of San Antonio



Minutes

Audit Committee

2023 – 2025 Council Members

Chair: Phyllis Viagran, District 3

John Courage, District 9 | Marc Whyte, District 10

Citizen Representative Dr. Judy Trevino and Philip M. Harris

Tuesday, June 11, 2024

10:00 AM

**Council Briefing Room at
City Hall Complex**

The Audit Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 10:05 AM. City Clerk, Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Phyllis Viagran, *Chair*
John Courage, *Member*
Marc Whyte, *Member*
Judy Trevino, *Citizen Member*
Philip Harris, *Citizen Member*

Members Absent: None

Approval of Minutes

1. Approval of minutes from the May 14, 2024 Audit Committee Meeting

Councilmember Whyte moved to Approve the minutes of the May 14, 2024 Audit Committee meeting. Councilmember Courage seconded the motion. The motion carried by the following vote:

Aye: Viagran, Courage, Whyte, Trevino, Harris

Public Comments

There were no public comments.

CONSENT AGENDA

Final Internal Audit Reports

2. Acceptance of the Office of the City Auditor Report AU23-019 Audit of Human Resources Recruiting and Hiring [Kevin W. Barthold, City Auditor]

Councilmember Courage moved to Approve on the Consent Agenda. Citizen Member Trevino seconded the motion. The motion carried by the following vote:

Aye: Viagran, Courage, Whyte, Trevino, Harris

3. Acceptances of the Office of the City Auditor Report AU24-036 Audit of Public Works Advance Transportation District [Kevin W. Barthold, City Auditor]

Councilmember Courage moved to Approve on the Consent Agenda. Citizen Member Trevino seconded the motion. The motion carried by the following vote:

Aye: Viagran, Courage, Whyte, Trevino, Harris

4. Acceptance of the Office of the City Auditor Report AU23-029 Audit of SAPD Property and Evidence Room [Kevin W. Barthold, City Auditor]

Councilmember Courage moved to Approve. Citizen Member Trevino seconded the motion. The motion carried by the following vote:

Aye: Viagran, Courage, Whyte, Trevino, Harris

ITEMS FOR INDIVIDUAL CONSIDERATION

Pre-Solicitation High Profile Briefings

5. Briefing on the release of a solicitation for up to five contracts to provide the Public Works Department with On-Call Cultural Resources Consulting Services related to federal transportation, bond funded, and other City projects, located citywide in the estimated total value of \$15,000,000 for three years with two, one-year options to renew. [John Peterek, Interim Assistant City Manager; Razi Hosseini, Director, Public Works]

Luis Maltos, Assistant Public Works Director presented an overview of the Request for Qualification (RFQ) to hire up to five firms that would ensure compliance with Federal, State, and local cultural historic and cultural resources laws, rules, and regulations. He stated that the RFQ was for \$600,000 per contract annually and would begin in November 2024. Maltos reported that 445 vendors would be notified. He listed the evaluation panelists and the evaluation criteria and noted that the City's Small Business Economic Development Advocacy (SBEDA) Program would not apply, and neither would the Veterans, nor the local preference programs. As a part of the Federally funded National Environmental Protection Act (NEPA) process, the Federal Disadvantaged Business Enterprise (DBE) Program would apply. Maltos provided a timeline.

DISCUSSION:

Chair Viagran noted that we often thought about buildings and structures as far as cultural resources but asked if trees could be considered culturally significant as well as creek ways and acequias and areas around the missions. Maltos stated that the RFQ was seeking cultural archaeologist and staff could ask for specific subject matter expertise.

Councilmember Courage noted that the estimated value was \$600,000 per contract for \$15 million total which could be for 25 projects over five years. He asked how you would book a \$15 million commitment in the Budget. Elliott stated that the money was not booked until there was a task order and funding was appropriated for each project through the Capital Improvement Program Budget. Maltos stated that there could be a combination of State, Federal and City funding.

Chair Viagran noted that the Item was for briefing only so no action was taken.

Post-Solicitation High Profile Briefings

6. **Approval to proceed with scheduling one contract for City Council consideration to provide the Information Technology Services Department with System Integration Services for SAP Success Factors in support of HR for an estimated total value of \$3,470,000 for a two-year term with two, one-year renewal options from go-live date.** [Ben Gorzell Jr., Chief Financial Officer; Craig Hopkins, Chief Information Officer, Information Technology Services Department]

Craig Hopkins, Chief Information Officer provided an update on the SAP Enterprise Resource Planning (ERP) upgrade which was intended to include hybrid cloud capabilities, innovative business solutions, and re-engineered operational business processes. He noted that the Information Technology Services Department (ITSD) solicited proposals for an experienced SAP Success Factors System Integrator to oversee the implementation of SAP Success Factors.

According to Hopkins, the services required would involve coordinating the project schedule, development, testing, execution, and delivery. Additionally, the Integrator would be expected to guide the City in adopting best practices to enhance Human Resources (HR) business processes and enable data-driven decision making in HR-related functions such as: employee management, employee benefits management, employee self-service, manager self-service, and organizational management, according to Hopkins.

Hopkins reported that there were four solicitations under the upgrade program including independent verification and validation partnership which was already underway. He noted that the RFP would be to hire a Success Factors System Integrator but there were two additional solicitations planned for the future of the total \$55 million system upgrade.

Hopkins listed the evaluation panelists and noted that out of 12 vendors that attended the pre-solicitation conference, two vendors responded to the Request for Proposals (RFP). He outlined the scoring and stated that the top ranked firm would be recommended to the City Council for approval.

DISCUSSION:

Chair Viagran asked if the upgrade was on schedule. Hopkins stated that it was on schedule.

Councilmember Courage commended the team for getting an Integrator noting that was an important component of any IT system project.

Staff Briefing

7. A presentation of the actuarial report and responses from the San Antonio Fire and Police Pension Fund as required under statutory regulation 801.1012 Texas Government Code. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]

Melanie Keaton, Assistant Finance Director introduced the Item noting that State Law required an independent actuarial review every five years for any pension fund with assets over \$100 million. She introduced representatives from Millman Consulting Delaney McDonough and Ryan Falls. Falls stated that the purpose of the review was to assure that the actuarial condition of the San Antonio Fire and Police Pension Fund (SAFPPF) was accurately measured, and to assess whether the level of contributions, together with the current assets, was sufficient to provide the benefits promised, as well as to satisfy an actuarial audit requirement under the Texas Government Code. Keaton noted that the scope of the audit was to focus on the January 1, 2023, actuarial valuation review inputs: demographic data, actuarial assumptions, and review outputs such as: liability calculations, contribution requirements, and the funding period.

Based on Millman's reviewed of the census data, experience study documents, liability documents, liability replications, and actuarial validation reports, Millman believed the January 1, 2023, actuarial valuation for SAFPPF was reasonable, based on reasonable assumptions and methods, and the report generally complied with the Actuarial Standards of Practice. Falls stated that Millman offered a series of observations and recommendations that they believed could further enhance the reporting and governance of SAFPPF going forward. According to Falls, the areas reviewed included actuarial liabilities, actuarial assumptions, funding, membership data, and the content of the actuarial valuation report. Millman's Report included nine recommendations for consideration by the retained actuary for SAFPPF in their next actuarial valuation report, according to Falls. Falls reported that SAFPPF had agreed to include or consider for inclusion these recommendations in future actuarial reports. None of the recommendations would result in a material restatement or adjustment to SAFPPF's actuarial valuation results, according to Falls.

DISCUSSION:

Councilmember Courage commended Millman for their work but expressed concern with the number of recommendations that had been made and requested a list of the nine recommendations. Falls referred Councilmember Courage to the Executive Summary and noted that the firm conducted a review rather than an audit, so the recommendations were more for enhancements but not "findings" or issues.

Councilmember Courage requested Executive Director of SAFPPF Warren Schott to take the recommendations to his board to ensure that they were reasonable and could be implemented.

Schott stated that his team had received the report and had responded and concurred with the recommendations which would be incorporated as enhancements to the program.

Chief Financial Officer Ben Gorzell commented that this was an excellent report and none of the recommendations would have a material impact on the fund and noted this was an actuarial review of some large complex models and noted that only nine recommendations were outstanding. He thanked Schott for his work.

Citizen Member Trevino commented that the team was doing a great job. Gorzell noted that the Item was going to the City Council for consideration on June 20, 2024, as required by State Law.

Chair Viagran thanked Schott for his work and was pleased that the SAFPPF was implementing the recommendations. Chair Viagran noted that the Item was for briefing only so no action was taken.

Consideration of items for future meetings

Next Scheduled Meeting Date: August 13, 2024

Chair Viagran announced that there would be no meeting in July.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 10:40 a.m.

Approved

Phyllis Viagran, Chair

Debbie Racca-Sittre, City Clerk