

City of San Antonio



Minutes Audit and Accountability Committee

2021 – 2023 Council Members

Chair: John Courage, District 9
Mario Bravo, District 1 | Manny Pelaez, Dist. 8
Citizen Representative Judy Trevino and Philip M. Harris

Tuesday, May 9, 2023

10:00 AM

City Hall Complex

The Audit and Accountability Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 10:02 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: John Courage, *Chair*
Mario Bravo, *Member*
Manny Pelaez, *Member*
Philip Harris, *Citizen Member*

Members Absent: Judy Trevino, *Citizen Member*

Approval of Minutes

1. Approval of minutes from the April 26, 2023 Audit and Accountability Meeting

Councilmember Harris moved to Approve the minutes of the April 26, 2023 Audit and Accountability Committee meeting. Councilmember Bravo seconded the motion. The motion carried by the following vote:

Aye: Courage, Bravo, Harris

Absent: Pelaez, Trevino

Public Comments

There were no Public Comments.

CONSENT AGENDA

Final Internal Audit Reports

2. Acceptance of the Office of the City Auditor Report AU22-F01 Audit of Aviation Facilities Maintenance Follow-up. [Kevin W. Barthold, City Auditor]

Councilmember Harris moved to Accept the Report. Councilmember Bravo seconded the motion. The motion carried by the following vote:

Aye: Courage, Bravo, Harris
Absent: Pelaez, Trevino

ITEMS FOR INDIVIDUAL CONSIDERATION

Post-Solicitation High Profile Briefings

3. Approval to proceed for City Council consideration for the Finance Department for the establishment of a Financial Underwriting Pool comprised of firms to be utilized for the selection of underwriting syndicates for financial transactions effectuated by the City for an initial period of three (3) years with one (1), two (2) year option to renew. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Deputy Chief Financial Officer Troy Elliott provided an overview of the Item noting that the City used financial underwriters to market and sell bonds to potential investors. Elliott explained that the firms were evaluated within the following three categories based on net excess capital: 1) Small Firms were defined as having a net excess capital of less than \$20 million; with six out of eight applicant firms being recommended for the pool; 2) Medium Firms were defined as having a net excess capital ranging from \$20,000,000 to \$500,000; with seven out of nine applicant firms being recommended; and 3) Large Firms were defined as having a net excess capital greater than \$500 million with seven out of thirteen applicant firms being recommended.

Elliott reported that a total of 33 proposals were received on time, one was late, one was deemed nonresponsive for making a prohibited political contribution and two firms did not meet the proposal requirements.

DISCUSSION:

Chair Courage requested background information on the applicants including whether any were new firms. Elliott stated that 14 of the firms were repeats.

No other members had questions regarding the Item.

Citizen Member Harris moved to Recommend and Forward the Item to the full City Council for consideration. Councilmember Pelaez seconded the motion. The motion carried by the following vote:

Aye: Courage, Bravo, Pelaez, Harris
Absent: Trevino

Staff Briefing

4. Results of the Fiscal Year 2022 External Financial Audit and Presentation of Related Reports. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Assistant Finance Director Melanie Keeton provided background on the City Charter and State Law requirement to conduct an external audit annually. Keeton stated that the external audit was conducted by FORVIS, and included an annual comprehensive financial report, a single audit report on Federal and State grants and an evaluation of internal controls. Keeton reported only two findings in the single audit and noted that despite moving partially to remote work, and implementing a new lease tracking and reporting system, monthly financial reports for FY2023 were timely and accurate.

Amanda Eaves, FORVIS representative, provided the results of the 2022 Financial Statement Audit, including required communication. Eaves reported that the firm had issued an unmodified opinion on the Financial Statements with no findings on internal controls. She also issued an unmodified opinion regarding the Single Audit with only two findings; deficiencies in the Head Start Federal Grant and the State Tuberculosis Prevention and Control Grant. FORVIS identified some minor adjustments and immaterial uncorrected statements.

DISCUSSION:

Chair Courage asked if changes proposed to SAP could impact our financial management stability in the future and could be a difficult implementation. Elliott noted that the Finance Department Team and ITSD Team had experience in managing Enterprise Resource Planning (ERPs) and thought this would make the transition smoother.

Councilmember Pelaez asked if the Port Authority had been audited as they were not listed on the partner slides. Eaves noted that FORVIS had audited the Port Authority.

Councilmember Pelaez asked about potential implementation and impact of the leasing standard. Elliott stated that though it was difficult, it was implemented in 45 days.

Chief Financial Officer Ben Gorzell recognized the staff and the Audit Team and noted that audits were extremely challenging because of the diverse operations of the city and its diverse funding sources which made auditing the City a complex task and congratulated the team for having no significant findings in this audit and over the past five years, no material internal control issues.

Councilmember Pelaez thanked staff for their work and suggested that this audit was a way to provide transparency and commented that this good news deserved the attention of the press for doing such a great job and keeping our city in excellent financial condition for the benefit of our community.

City Attorney Andy Segovia commented that many private companies would love to be able to tell their shareholders they had no audit findings. Councilmember Pelaez agreed. Chief Financial Officer Ben Gorzell stated that he would work with the Communications and Engagement Department.

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

Aye: Courage, Bravo, Pelaez, Harris
Absent: Trevino

Consideration of items for future meetings

Next Scheduled Meeting Date: June 13, 2023

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 10:37 a.m.

Approved

John Courage, Chair

Debbie Racca-Sittre, City Clerk