

# City of San Antonio



## Minutes

### Audit Committee

2023 – 2025 Council Members

Chair: Phyllis Viagran, Dist. 3

John Courage, Dist. 9 | Marc Whyte, Dist. 10

Citizen Representative Judy Trevino and Philip M. Harris

Tuesday, October 10, 2023

10:00 AM

Council Briefing Room at  
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:** 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 September 12, 2023 Audit Committee Meeting

Councilmember Courage moved to Approve the minutes of the September 12, 2023 Audit Committee meeting. Citizen Member Trevino seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Trevino, Harris

**Absent:** Whyte

### Public Comments

### ITEMS FOR INDIVIDUAL CONSIDERATION

## **Pre-Solicitation High Profile Briefings**

2. **Briefing on the release of a solicitation for one contract to deploy an integrated technology platform to enhance collection operations for the Solid Waste Management Department in the estimated total value of \$6,400,000 for five years with three, two-year options to renew.** [David McCary, Assistant City Manager; David Newman, Director, Solid Waste Management Department]

Nicholas Galus, Assistant Director of the Solid Waste Management Department (SWMD), provided background on the solicitation including scope, outreach methods, evaluation scoring criteria, evaluation committee members and the timeline for the solicitation.

Chair Viagran opened the discussion by commenting on technology improvements in our City but expressed concern about on street parking inhibiting the movement of the trucks. SWMD Director David Newman stated that if a resident was parked in violation, they would be cited by SAPD or Code Enforcement but the focus of this would be turn-by-turn navigation and improved assurance that missed collections would be reduced.

Item was for briefing only so no action was taken.

## **Post-Solicitation High Profile Briefings**

3. **Approval to proceed with scheduling three contracts for City Council consideration to provide the Public Works Department with On-Call Traffic Engineering Services to support signal retiming and traffic calming program efforts in the estimated total value of \$5,000,000 for three years with two, one-year options to renew.** [Roderick Sanchez, Assistant City Manager; Razi Hosseini, Director, Public Works Department]

Razi Hosseini, Director of Public Works, provided background on the solicitation including scope, outreach methods, evaluation scoring criteria, evaluation committee members, and the timeline. Hosseini stated that 14 firms submitted their qualifications and he recommended the top three ranked vendors.

Chair Viagran recommended considering the previous experience and quality of work from the firms even though the Small Business Economic Development Advocacy (SBEDA) and Local Preference points were not included.

Councilmember Courage asked if any of the 14 firms had worked with the City before and did not get selected. Hosseini stated that there was only enough work for three firms so the top ranked firms were selected regardless of whether they had previously worked for the City.

Councilmember Courage expressed concern that SBEDA, local and Veteran's preferences were not allowed under Federal Law and suggested including this in the legislative agenda. Elliott explained that local and Veteran's preference could be applied on a case-by-case basis with permission by the grantor.

Councilmember Whyte expressed concern that the current contracts expired October 1, 2023 and this was not scheduled for City Council approval until November 2023. Hosseini stated that there would be no gap in services.

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

**Aye:** Viagran, Courage, Whyte, Trevino, Harris

### **Staff Briefing**

#### **4. Acceptance of the Office of the City Auditor Report AU22-019 Audit of SAFD Hazardous Material Inspections [Kevin W. Barthold, City Auditor]**

Councilmember Whyte moved to Approve. Councilmember Courage seconded the motion. The motion carried by the following vote:

**Aye:** Viagran, Courage, Whyte, Trevino, Harris

#### **5. Acceptance of the Office of the City Auditor Report AU23-011 Audit of EDD Prosper West Contract [Kevin W. Barthold, City Auditor]**

Audit Manager Buddy Vargas reported that the Economic Development Department (EDD) was not adequately monitoring contract compliance, quarterly reports were not accurate, city funds were not kept in a separate account or adequately monitored, independent audited financial statements were not provided, insurance requirements were not in compliance, inadequate matching funds were collected and grants were made to ineligible applicants.

Chair Viagran requested to hear from the department as to how they would correct the issue including expectations moving forward and staffing needs. Brenda Hicks-Sorensen, Director of EDD, stated that earlier this spring the department transferred a position to focus on contract compliance and monitoring and recently hired a new person to manage this and all Business Development Organization (BDO) and other partner contracts. Hicks-Sorensen stated that two additional positions would be added to manage and monitor contracts.

Hicks Sorensen stated that her team had met with the Executive Director for Prosper West to rectify these findings. She noted that in addition, the department would bring new BDO contracts to the Economic and Workforce Development Committee (EWDC) to ensure that they were strong and clear.

Councilmember Courage expressed concern with the lack of oversight of the contract but was hopeful that EDD had developed a plan to improve contract compliance. He was also concerned about the financial mismanagement related to grants and matching funds. Hicks-Sorensen stated that the agency had provided documentation related to matching funds but the staff were working

through issues related to grant match and a pause had been put on grants and loan funding this year while Prosper West corrected the identified deficiencies.

Councilmember Whyte was disappointed with the audit report and suggested that there were likely more contract compliance issues and hoped that moving forward, there was a good plan in place to monitor the use of taxpayer dollars.

Chief Financial Officer Ben Gorzell noted that the City had thousands of contracts citywide and the expectation was that all contracts have a contract administration plan, sometimes, we did not get it right but the benefit of having an internal audit was to identify the gaps and fix the issues. City Auditor Kevin Barthold commented that they reviewed the SBEDA Program, the Economic Incentive Program and other contracts noting that this was not reflective of the department as a whole.

Councilmember Whyte recommended an expanded effort to monitor the use of public funds when allocated to outside agencies.

Chair Viagran also requested an update to the Audit Committee.

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

**Aye:** Viagran, Courage, Whyte, Trevino, Harris

**6. Staff presentation on the FY 2024 Annual High Profile Forecast Report [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]**

Troy Elliott, Deputy Chief Financial Officer, presented a detailed forecast of the FY 2024 High Profile solicitations.

He stated that the High Profile definition included discretionary contracts valued over \$1 million, contracts with high level of community interest or other exceptional interest, highly complex or technical in nature, or contract terms and conditions that were non-standard or complex. Elliott noted that low bid procurements were excluded from the definition.

Chair Viagran requested that local preference points be moved from the Consent Agenda to the Audit Committee including those for vacant lot, mobile mental wellness, immunization vaccine hesitancy and marketing collaboration. She also suggested that Animal Care Services (ACS) was of great enough interest to be brought before the City Council at B Session instead of the Audit Committee only.

Citizen Member Trevino clarified that the 25 contracts recommended for consent were not low bid. Elliott agreed that these were more routine contracts, not low bid. Citizen Member Trevino asked whether the City Councilmembers knew that the Audit Committee did not see Items that would be brought before the City Council at B Session.

Elliott confirmed that the B Session would be almost exactly the same presentation as today. Gorzell noted that the Ethics Code requirements were triggered for all high-profile contracts regardless of whether they were reviewed by the Audit Committee, heard at B Session or were brought straight to the City Council.

Councilmember Courage commented that any Item placed on the City Council Agenda, even on the Consent Agenda, should be reviewed by the Councilmembers and could be pulled for discussion by any Councilmember. Councilmember Courage agreed to add the local preference Items to the Audit Committee.

Chair Viagran stated that she would talk to staff about keeping the ACS Item on the Audit Committee agenda versus the B Session agenda. Gorzell clarified that this was a discussion on procurement and contracting processes rather than policy related to the scope of work.

### **Final Internal Audit Report**

### **Consideration of items for future meetings**

Next Scheduled Meeting Date: November 14, 2023

### **ADJOURNMENT**

There being no further discussion, the meeting was adjourned at 11:11 a.m.

**Approved**

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*Phyllis Viagran, Chair*

*Debbie Racca-Sittre, City Clerk*