Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report

Committee:	**Financial and Audit Oversight Committee ("FAOC")**
Members:	Representative Larry Romero (Chair) Representative Emma Acosta Representative Courtney Niland Representative Eddie Holguin Jr.
Non-Members:	Carmen Arrieta-Candelaria, CFO Dr. Mark Sutter, City Comptroller Sylvia Firth, City Attorney
Staff Assignee:	Edmundo S. Calderon – Chief Internal Auditor
Meeting Date/Time:	Monday, April 28, 2014 – 1:05 P.M.

1. Call to order and introductions.

Chair Larry Romero called the meeting to order at approximately at 1:05 P.M. MST. It was determined that there was a quorum.

2. Approval of Minutes for the Financial and Audit Oversight Committee meeting of February 24, 2014. [Internal Audit, Edmundo Calderon, (915) 212-1365]

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the minutes for the Financial and Audit Oversight Committee ("FAOC") Meeting of February 24, 2014.

AYES:	Representative Niland, Representative Acosta, Representative Romero and Representative Holguin
NAYS:	None
ABSTAIN:	None
ABSENT:	None

3. Discussion on Audit Plan Updates. [Internal Audit, Edmundo Calderon, (915) 212-1365]

Summary:
Mr. Calderon went over the completed audits and projects for the 2nd Quarter of fiscal year 2014. The Internal Audit Office completed a total of six (6) audits and projects. Representative Acosta inquired about the Employee Hotline. Mr. Calderon explained that the hotline is for employee use only and when citizens call they are referred to the 311 system.

Mr. Calderon explained the process of how City employees are notified of the hotline. Representative Acosta had concerns about the Information Technology – POD Purchase Contract Audit findings. Mr. Calderon stated that the department has agreed that going forward that they will be reviewing their quotes and invoices. Ms. Arrieta-Candelaria stated that the asset management system is being updated in the Comptroller's Office. Mr. Calderon explained that a follow-up audit will be performed on this audit in the next fiscal year to ensure compliance. Representative Romero had some concerns and questions about the travel review in the City Development Department. Mr. Calderon explained the categories of violations in reviewing the trips and the oversight and approval process. Ms. Firth explained the employee discipline process for travel violations and Ms. Arrieta-Candelaria explained the reimbursement process. Representative Acosta had some concerns and questions on the Fire Department Auto Part Purchases Audit. Mr. Calderon stated that the department has had some staffing changes and has had to change the way they purchase auto parts. Mr. Calderon explained that a follow-up will be conducted to ensure that the controls have been strengthened. Ms. Arrieta-Candelaria explained the purchasing process and commented that the problem was that the personal purchases were under the $3,000 threshold so they were able to be conducted at the department level without having to go through a central review.

Mr. Calderon went over the pending audits and projects. Representative Romero had questions about the Friedman Recycling Contract and the Capital Improvement Program Audit. Ms. Arrieta-Candelaria provided an update on the Friedman Recycling Contract and Mr. Calderon provided an update on the audits.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to accept the Audit Plan Update to be advanced to City Council

AYES:	Representative Niland, Representative Acosta, Representative Romero and Representative Holguin
NAYS:	None
ABSTAIN:	None
ABSENT:	None

4. Discussion and action on Client Surveys. [Internal Audit, Edmundo Calderon, (915) 212-1365].

Edmundo Calderon explained how client surveys were executed in the past and informed the committee that the Internal Audit Office will be testing out Survey Monkey, an online survey process. Mr. Calderon explained how the surveys are utilized to help make improvements in the Internal Audit Office. Representative Niland commended Mr. Calderon on using this avenue.

No action was taken on this item.

5. Discussion and action on amending Title 3 (Revenue and Finance) of the City Code to conform with the City Charter. [Dr. Mark Sutter, Comptroller, (915) 212-1145]

Dr. Mark Sutter began by reading excerpts from the Standard & Poor's Rating report from last year. He then provided a PowerPoint presentation to the FAOC Committee.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve amending Title 3 (Revenue and Finance) of the City Code to align with the City Charter.

AYES:	Representative Niland, Representative Acosta, Representative Romero and Representative Holguin
NAYS:	None
ABSTAIN:	None
ABSENT:	None

6. Review of Investment and Debt Management Policies. [Dr. Mark Sutter, Comptroller, (915) 212-1145]

Dr. Mark Sutter stated that this was just a review that required no action. Dr. Sutter explained that the agenda item was just a reminder of the debt management and investments policies in which discussion and action took place in October.

Representative Romero requested an update on a recommendation that he had made regarding investing with financial institutions that have demonstrated a willingness to lend to start up, minority owned, and small business in the City of El Paso. Dr. Sutter stated that he has looked at the mechanics of the Chicago Program and the provisions in state statute that might put some parameters around a program in El Paso. Dr. Sutter explained that the City Treasurer, whom was leading the efforts, has retired and the program is currently in a transition stage. Dr. Sutter stated that he is anticipating that when he brings the investment policy back in the fall he will incorporate the changes or at least have discussion about it. Representative Niland inquired about how the program would run and inquired if it was legal. Representative Romero explained the way the City of Chicago ran their program and Ms. Firth stated that the legality would have to be researched. Dr. Sutter explained how he envisions the program to work and how it would support the banks that help the community. Ms. Arrieta-Candelaria explained that currently the banks that offer the highest return are selected for certificates of deposit investments but that they will now be looking into giving points to financial institutions that offer programs for businesses that were discussed.

No action was taken on this item.

7. Adjournment

A motion to adjourn was made by Representative Courtney Niland. The motion was seconded by Representative Emma Acosta.

Meeting adjourned at approximately at 1:47 P.M MST.

Submitted by:

Larry E. Romero

Representative Larry E. Romero
Chair, Financial and Audit Oversight Committee

Edmundo S. Calderon

Edmundo S. Calderon – Chief Internal Auditor, Internal Audit Office