CITY CLERK DEPT.
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Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report

Committee:	**Financial and Audit Oversight Committee ("FAOC")**
Members:	Representative Larry Romero (Chair) Representative Courtney Niland Representative Carl Robinson (arrived @ 1:24 pm) Representative Svarzbein
Non-Members:	Dr. Mark Sutter, Chief Financial Officer Bertha Ontiveros, Assistant City Attorney Juan S. Gonzalez, Assistant City Attorney
Staff Assignee:	Edmundo S. Calderon – Chief Internal Auditor
Meeting Date/Time:	Monday, September 21, 2015 – 1:07 P.M.

1. **Call to order and introductions.**

   Chair Larry Romero called the meeting to order at approximately 1:07 P.M. MST. It was determined that there was a quorum.

2. **Approval of Minutes for the Financial and Audit Oversight Committee meeting of April 22, 2015. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

   Motion made by Representative Niland, seconded by Representative Romero and unanimously carried to approve the minutes for the Financial and Audit Oversight Committee ("FAOC") Meeting of April 22, 2015.

AYES:	Representative Niland, Representative Svarzbein, and Representative Romero
NAYS:	None
ABSTAIN:	None
ABSENT:	Representative Robinson

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

   Mr. Edmundo Calderon, Chief Internal Auditor, went over the completed audits, pending audits and projects for the 4th Quarter of fiscal year 2015. During the update on the Parking Meter Collection Internal Control Review Audit, Representative Niland expressed her concerns about areas that have not been audited and inquired about the staffing levels of the Internal Audit Office. Representative Niland requested that Mr. Calderon prepare a listing of

outstanding areas/functions that are still pending an audit. Representative Robinson requested that a Physical Security Audit be added to the list. Representative Svarzbein expressed his concerns about the recent changes to the "Concealed Carry" law and employee safety. During the update on the Tax Office Refund Review Project, Representative Romero inquired about the Tax Office account; Mr. Calderon was able to answer his question. Mr. Calderon then continued to review restitution payments, training information and the total of hours that were completed by the Internal Audit staff. During the update on Restitution Payments, Representative Robinson inquired about the unpaid Empowerment Zone loans; Mr. Calderon explained that the Internal Audit Office does not track the Empowerment Zone loans but would inquire and report back to him.

No action was taken on this item.

4. **Discussion and Action on the City of El Paso Internal Audit Charter. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Calderon explained that the Charter must be reviewed annually and then proceeded to discuss the Charter and its components which included the mission and scope of work of the Internal Audit Office, Accountability, Independence, Responsibility, Authority etc. Representative Robison asked if this Charter was the same as last year and Mr. Calderon stated yes.

Motion made by Representative Svarzbein, seconded by Representative Niland and unanimously carried to approve the City of El Paso Internal Audit Charter.

AYES:	Representative Niland, Representative Svarzbein, Representative Romero and Representative Robinson
NAYS:	None
ABSTAIN:	None
ABSENT:	None

5. **Discussion and Action on the FY 2016 Annual Internal Audit Plan. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Calderon stated that he provides an audit plan every year based on risks which is determined by Mr. Calderon. Mr. Calderon then went on to explain the standards that the Internal Audit Office abides by. He then went on to review the audit plan, how it's developed, audits that are selected to be audited and a mix of other audits. During the review of audits scheduled for the Fourth Quarter, Mr. Calderon commented to Representative Robinson that during the scheduled City Facilities Maintenance Program Audit, Facility Security can be incorporated into the audit. During the review of the Internal Audit Office's "5 Year Audit Plan", Mr. Calderon explained to Representative Niland that the plan identifies the areas that have not been audited by the Internal Audit Office. Mr. Calderon went on to review the rest of the audit plan.

Motion made by Representative Niland, seconded by Representative Svarzbein and unanimously carried to approve the FY 2016 Annual Internal Audit Plan.

AYES:	Representative Niland, Representative Svarzbein, Representative Romero and Representative Robinson
NAYS:	None

ABSTAIN: None
ABSENT: None

6. **Discussion on Client Surveys. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Calderon provided a brief summary on the surveys and results received as well as provided the 4th quarter data.

No action was taken on this item.

7. **Discussion on FY14 Management Letter. [Dr. Mark Sutter, CFO, (915) 212-1145]**

Dr. Mark Sutter, Chief Financial Officer, introduced Ms. Patricia Degman, the City of El Paso's new Comptroller. Ms. Degman introduced Mr. David Coleman, BKD Partner, and Ms. Rachel Ormsby, BKD Manager whom were present to answer questions regarding the Management Letter. Ms. Ormsby went over the deficiencies and non-compliance reported in the Management Letter. Representative Niland expressed her concerns about the new reporting requirement that the Police and Fire Pension fund be included in the City of El Paso's financial statements as an unfunded liability. Mr. Coleman explained that BKD conducts audit steps to ensure that the figures audited by Police and Pension Fund External Auditors can be relied upon before they are placed on the City of El Paso's financial statements.

Representative Niland expressed her concerns regarding the grant findings. Representative Robinson inquired about the City's Compliance function and commented that he made the recommendation approximately five years ago that the City establish a Grant Compliance function. Mr. Calderon went over the City's plan to centralize the grants staff and establish a compliance function. Representative Robinson requested that he be provided with an action plan for grants compliance.

Motion made by Representative Niland, seconded by Representative Svarzbein and unanimously carried to approve that the Management Letter be presented to the entire City Council.

AYES: Representative Niland, Representative Svarzbein, Representative Romero and Representative Robinson
NAYS: None
ABSTAIN: None
ABSENT: None

8. **Discussion and action on Ambulance Transport Billing and Collection Policy. [Fire, Samuel Pena, (915) 485-5605]**

Ms. Nicole Cote, Fiscal Operations Administrator, was present to provide an explanation. Mr. Ortiz began by providing an overview of the ambulance billing revenue drivers and performance and explained the highlights of the policy. Mr. Cote then went on to explain that the policy will enable the Fire Department to use a 3rd party collection agency for accounts not paid within 180 days.

Representation Robinson and Representative Romero inquired about placing liens on delinquent accounts. Ms. Cote explained that it was not possible in the past because of HIPAA (Health Insurance Portability and Accountability Act) restrictions but that she would look into to it again.

Motion made by Representative Svarzbein, seconded by Representative Robinson and unanimously carried to approve the Ambulance Transport Billing and Collection Policy.

AYES:	Representative Niland, Representative Svarzbein, Representative Romero and Representative Robinson
NAYS:	None
ABSTAIN:	None
ABSENT:	None

9. Adjournment

A motion to adjourn was made by Representative Peter Svarzbein. The motion was seconded by Representative Carl Robinson.

Meeting adjourned at approximately at 3:04 P.M MST.

Submitted by:

Representative Niland
Chair, Financial and Audit Oversight Committee

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

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