



**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 (Left at approximately 2:20 p.m.)
Representative Eddie Holguin Jr. (Not Present)

Non-Members: Joyce Wilson, City Manager
Dr. Mark Sutter, City Comptroller

Staff Assignee: Edmundo S. Calderon – Chief Internal Auditor

Meeting Date/Time: Monday, October 14, 2013 – 1:08 P.M.

1. Call to order and introductions.

Representative Courtney Niland called the meeting to order at approximately at 1:08 P.M. MST.

It was determined that there was a quorum.

2. Approval of Minutes for the Financial and Audit Oversight Committee meeting of May 23, 2013. [Internal Audit, Edmundo Calderon, (915) 541-4402]

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 May 23, 2013

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

After the motion passed, Representative Romero inquired on the timeline and how often the FOAC Board meets. Edmundo Calderon, Chief Internal Auditor went on to explain that the FOAC meets at the end of every quarter. Representative Acosta then requested for Edmundo Calderon to explain the city amendment that established the FOAC meetings, the purpose and the functions of these meetings. Sylvia Firth, City Attorney, also went into additional detail in regards to the functions of the FOAC Board.

3. Election of FAOC Chairperson.

Summary:

Representative Niland made a motion to nominate Representative Larry Romero as Chairman for the FOAC Board which was seconded by Representative Acosta. Edmundo Calderon turned over the meeting to Chairman Romero as soon as the motion was approved.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to elect Representative Romero as Chairman of the FOAC.

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

4. Discussion and Action on the City Investment Policy for FY 2014. [Dr. Mark Sutter, Comptroller, (915) 541-4014]

Summary:

Dr. Mark Sutter, Comptroller, presented a PowerPoint presentation on the City Investment Policy for FY 2014. Dr. Sutter explained that the City is required to annually complete a review of the Investment Policy that goes before City Council for approval and look for changes that occurred during the legislative level regarding the Public Funds Investment Act Section 2256 of the Texas Government Code. Dr. Sutter stated that there weren't any changes to propose this year but the policy still needed to be taken before council for approval even without any changes. Dr. Sutter then stated that the City Attorney's office brought attention to the some changes in the Public Funds Collateral Act and Representative Romero also brought to Dr. Sutter's attention that there should be consideration of option regarding possible inclusion of provision for limited investment in Certificates of Deposit offered by local banks that provide loans meeting specific economic development goals and provided an example with the City of Chicago. Dr. Sutter requested for action from the FOAC Board to take this item to council for approval.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to send the City Investment Policy for FY 2014 as is to City Council for approval.

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

5. Discussion and Action on the City Debt Management Policy for FY 2014. [Dr. Mark Sutter, Comptroller, (915) 541-4014]

Summary:

Dr. Mark Sutter, Comptroller, presented a PowerPoint presentation on the City Debt Management Policy for FY 2014. He stated that there are changes that need to be made in regards to the language that comes primarily with discussions between the CFO and the City's Bond Counsel. Dr. Sutter then stated that this is not a final review, which needs to take place with City Attorney's office before this item is taken to Council for approval. Dr. Sutter explained the changes in the language that will take place this year. Dr. Sutter recommend for

this item to be sent to City Council for approval upon final review with the City Attorney's Office.

Motion made by Representative Romero, seconded by Representative Niland and unanimously carried to send the City Debt Management Policy for FY 2014, upon final review with the City Attorney's Office, to City Council for approval.

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

6. Discussion on May 23, 2013 FAOC Agenda Item 4: System and mechanism utilized in recording actual checks received for specific projects and recording actual expenditures in the month in which they occur and the ability to provide accurate and complete information. [Financial Services, Dr. Mark Sutter, (915) 541-4014].

Summary:

Dr. Mark Sutter, Comptroller, provided an update and presentation on this item. He explained how the Financial Services Department is accounting for special projects funds such as "Movies in the Park". A proposal was worked out in regards to a lump sum fund that would be broken apart. Each district would have their own fund and provided a way to track special projects through these funds. Dr. Sutter then stated that more generally, this proposal has an application across the city and therefore a pilot project was implemented. Dr. Sutter then went on to explain and provide the update on the pilot project. Representative Acosta provided comments and questions for Dr. Sutter in regards to this item. Both Dr. Sutter and Representative Acosta emphasized the importance of the need for education, training and communication for this program to succeed.

No action was taken on this item.

7. Discussion and Action on the City of El Paso Internal Audit Charter. [Internal Audit, Edmundo Calderon, (915) 541-4402]

Summary:

Edmundo Calderon, Chief Internal Auditor, provided background information on how the Internal Audit Office operates under two sets of professional standards. The first set of professional standards is *the International Standards for the Professional Practice of Internal Auditing* which is issued by Institute of Internal Auditors. The second sets of professional standards are the *Generally Accepted Government Auditing Standards* which are issued by the Federal Government of Accountability Administration. Edmundo Calderon stated that this year the Internal Audit Office will have the triennial External Quality Assurance Assessment Review by a team of other internal auditors contracted by the Association of Local Government Auditors. He then went on to explain the process of this audit and presented the Internal Audit Charter and explain the purpose, functions and arrangement of the Internal Audit Office. Mr. Calderon stated that there are no changes to this year's Internal Audit Charter and this charter is approved through the FOAC Board.

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

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

8. Discussion and Action on the FY 2014 Annual Internal Audit Plan. [Internal Audit, Edmundo Calderon, (915) 541-4402]

Summary:

Edmundo Calderon, Chief Internal Auditor, stated that every fiscal year he is required to provide an Internal Audit Plan. He then went on to explain that the Audit Plan contains audits/projects that are going to be audited every year in quarterly segments. Mr. Calderon then explained that an analysis of staff is also provided that is broken down by hours and working days. Questions were answered by the FOAC Committee. Mr. Calderon went over some of the audits/projects that will be worked on during the current fiscal year as well as some reoccurring audits/projects and also audits/projects that did not make it on the audit plan this fiscal year. Mr. Calderon then spoke about the Ethicsline and provided an update on statistics and how the program is currently functioning.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the FY 2014 Annual Internal Audit Plan.

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

9. Discussion on Audit Plan Updates. [Internal Audit, Edmundo Calderon, (915) 541-4402].

Summary:

Edmundo Calderon, Chief Internal Auditor, provided an update on the 3rd and 4th quarter of the FY13 Audit Plan. He stated how the audit system works and emphasized the importance on the quality of the audit work. A list of pending, current and completed audits were shown to the FOAC Board. Representative Niland left at approximately 2:20 p.m. and the quorum ceased. Mr. Calderon continued with the update and speaking about audit hours and how it is broken down by audits. It was stated that 13 audits, follow-ups and 24 separate projects for a total of 37 engagements were completed for the past year. Representative Romero and Acosta complimented Mr. Calderon on his excellent work for the city.

No action was taken on this item.

10. Discussion and Action on the Sun Metro Lift Operations Data Audit. [Internal Audit, Edmundo Calderon, (915) 541-4402]

Summary:

Edmundo Calderon, Chief Internal Auditor, stated that at the request of City Council, an audit was conducted of the Lift operations at Fred Wilson which is part of Sun Metro but is currently being operated by MV Transportation. He then stated that the objective of the audit was to review the monthly Para Transit Service Reports that are presented to the Mass Transit

Board every month. Mr. Calderon stated that questions arose in regards to the data being accurate and factual and Mr. Calderon stated that they were able to come up with 3 findings. He then went on to explain the findings, presentation of charts. Data and answered questions by Representative Romero and Acosta. Julio Perez with Sun Metro spoke on how data/complaints are recorded in the Trapeze system to present to the Mass Transit Board. Representative Acosta stated that data that is misreported should be stated and made aware of. City Attorney Sylvia Firth reminded everyone that there will not be any action taken on this item due to a loss of quorum. John Eger spoke during public comment and thanked everyone who was a part of the audit. He also asked Representative Acosta if he can set up a meeting with her office to discuss first hand information from Julie Gussins.

No action was taken on this item.

11. Adjournment

No motion was taken due to lack of quorum.

Meeting adjourned at approximately at 3:00 P.M MST.

Submitted by:



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



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