



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

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**Committee:** Financial and Audit Oversight Committee ("FAOC")

**Members:** Representative Larry Romero (Chair)  
Representative Emma Acosta  
Representative Courtney Niland  
Representative Carl Robinson

**Non-Members:** Dr. Mark Sutter, Chief Financial Officer  
Bertha Ontiveros, Assistant City Attorney

**Staff Assignee:** Edmundo S. Calderon – Chief Internal Auditor

**Meeting Date/Time:** Monday, October 27, 2014 – 1:05 P.M.

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

Chair Larry Romero called the meeting to order at approximately 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 September 03, 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 September 03, 2014.

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

**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 2014. During the update on the Human Resources Payroll 2<sup>nd</sup> Follow-Up Audit, Representative Acosta asked about what "In Progress" means in to which Mr. Calderon, Ms. Irene Morales, Director of Insurance & Benefits and Mr. Enrique Martinez, Interim Director of Information Technology were available to answer questions. Representative Robinson also wanted additional information in

regards to Representative Acosta's question and would like Mr. Martinez to look into the variables of Military Pay and other systems that may be out there and to look at both inside and outside of Texas. Mr. Calderon then continued to review restitution figures, training information and the total of hours that were completed by the Internal Audit staff.

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 Acosta asked if this Charter was the same as last year and Mr. Calderon stated yes, with the only change being the new City Manager.

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

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

**5. Discussion and Action on the FY 2015 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. Chair Romero inquired about how many complaints we receive through the Ethicsline and how many hours are put in. Mr. Calderon stated that the hours set aside for the Ethicsline are correct. Representative Acosta inquired about cyber security. Enrique Martinez, Information Technology Director, was present to answer questions. Representative Robinson asked about P-Cards and alert notifications. Mr. Calderon stated that we do have notifications and fraud alerts. Mr. Calderon went on to review the rest of the audit plan.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the FY 2015 Annual Internal Audit Plan.

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

**6. Discussion and Action on HOT Audits Update. [Internal Audit, Edmundo Calderon, (915) 212-1365]**

Mr. Calderon provided an update on a request for information for Hotel Occupancy Tax during the last committee meeting. Mr. Calderon explained the results of the comparison data between El Paso and other cities. Representative Acosta inquired about which department should monitor the funds received. Denise Grizzle, Comptroller, was present to explain further. Representative Robinson inquired about the number of audits conducted. Mr. Calderon stated that the City Manager instructed Mr. Calderon to begin the process of a Request for Qualifications bid for an outside firm for assistance. Additional questions were addressed by City staff. Mr. Calderon then proceeded to discuss the rest of the presentation.

No action was taken on this item.

**7. Discussion on PeopleSoft update. [Dr. Mark Sutter, Comptroller, (915) 212-1145]**

Dr. Mark Sutter, Chief Financial Officer, explained that Mr. Enrique Martinez will be present to discuss item #7. Mr. Luis Ortiz, Treasurer, will be present to discuss item #8 and Denise Grizzle, Interim Comptroller, will present item #9 and #10.

Mr. Martinez explained that gaps were identified and a scope of work was developed to address several issues. Mr. Martinez then went on to explain processes that will be done to get Information Technology up to date. Representative Acosta requested for I.T. to provide a list of departments that are and not using the PeopleSoft programs. Mr. Martinez acknowledged the request.

No action was taken on this item.

**8. Discussion and Action on the City's Investment Policy for FY 2015. [Denise Grizzle, Interim Comptroller, (915) 212-1170]**

Mr. Luis Ortiz, Treasury Services Coordinator, was present to provide an explanation. Mr. Ortiz began by discussing a background from the Texas Government Code and explained that a policy regarding the investment funds must be reviewed on an annual basis and must be approved by the FAOC Board. Mr. Ortiz then went on to explain proposed changes to the policy. Representative Niland had some questions about some of the changes which Mr. Ortiz was able to provide explanation.

Mr. Ortiz then went on to discuss the GFOA best practices changes. Representative Acosta also had questions on borrowing of funds and the monitoring of funds. Mr. Ortiz explained further the cash management pool system. Dr. Sutter explained that the comptroller's office monitors the funds and City Council would have to decide if they would like to loan money out of the cash reserve and other provisions. Representative Acosta asked if the charter should be referenced in the policy. Dr. Sutter said they would work with legal to discuss the reference. Representative Robinson asked for an explanation of some of the wording for approval of the cash flow approvals. Dr. Sutter explained that the process highlights the importance of coordinating the information flow with the Deputy City manager and projects and not having one person making the decisions.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the City's Investment Policy for FY 2015.

AYES: Representative Niland, Representative Acosta, Representative Romero and Representative Robinson

NAYS: None  
ABSTAIN: None  
ABSENT: None

**9. Discussion and Action on the City Debt Management Policy for FY 2015. [Denise Grizzle, Interim Comptroller, (915) 212-1170]**

Ms. Denise Grizzle, Interim Comptroller, was present for this item. Ms. Grizzle stated that she will be explaining the revisions to the City's Debt Policy for FY2015 including grammatical changes and major proposed changes. Ms. Grizzle explained that the purpose of a debt policy is to set forth parameters to issue new debt and guidelines; it also makes sure that City is managing current outstanding debt properly. Ms. Grizzle provided figures of debt that the city currently has. Representative Niland inquired about the energy efficiency notes. Ms. Grizzle stated that it is for the Johnson Controls. Dr. Sutter stated that he would provide a synopsis of the debt and provide the entire picture. Ms. Grizzle went on to explain the rest of the changes.

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the City Debt Management Policy for FY 2015.

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

**10. Discussion on update of development of City Fund Balance Policy. [Denise Grizzle, Interim Comptroller, (915) 212-1170]**

Ms. Denise Grizzle, Interim Comptroller, was present for this item. Ms. Grizzle stated that she will be providing an update of where they are, what they're looking at in regards to the Fund Balance Policy and if the FAOC board would like to see anything in the policy. Ms. Grizzle discussed the purpose of Fund Balance Policy, some of the GFOA best practices for the Fund Balance Policy, the ICMA financial indicators and what the transition plan is to get to a Fund Balance Policy. Ms. Grizzle stated that this policy applies solely to the general fund. Representative Acosta inquired if we used the expenditures as the measure of our fund balance or the revenues as a measure for fund balance. Ms. Grizzle stated that we do not have a Fund Balance Policy and it is Ms. Grizzle and staff's recommendation that in the policy a level would be set in regards to the fund balance that was based on expenditures due to monthly consistent expenditures from month to month. The length of the fund balance was discussed. Representative Acosta stated for staff to bring back the policy with the time lengths incorporated as well as the plan to implement such a policy.

Maria Urbina, First Southwest Company, was present with a PowerPoint presentation to further discuss the city's credit and rating process. Representative Acosta recommended for Ms. Urbina to be present for the entire council to hear the importance of this issue. Representative Robinson asked about the debt management as related to the bond rating and wanted know at what point the credit rating would be jeopardized as related to the debt. Ms. Urbina stated the rating is made up of different factors and stated that the credit rating would not be jeopardized due to factoring all the important factors to prevent a negative impact.

Representative Acosta stated that she would like Ms. Urbina to come back to a Legislative Review Committee Meeting to further discuss.

Representative Romero left at approximately 2:48 p.m.

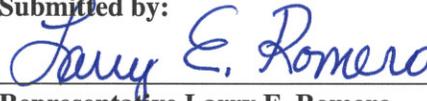
Representative Niland left at approximately 3:02 p.m. which disbanded the quorum.

No action was taken on this item due to no quorum.

## 11. Adjournment

Meeting adjourned at approximately at 3:07 P.M MST but no motion taken due to lack of quorum.

Submitted by:



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



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