

AUDIT/FINANCE COMMITTEE

September 12, 2017

Draft Minutes

After determining that a quorum is present, the Audit/Finance Committee of the City of Denton, Texas, met in a regular meeting on September 12, 2017, at 9:30 a.m., in the City Hall Conference Room, at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items were considered:

PRESENT: Mayor, Chris Watts; Mayor Pro Tem Sara Bagheri; Council Member, John Ryan

STAFF PRESENT: Bryan Langley, Deputy City Manager/COO; Mario Canizares, Assistant City Manager; Chuck Springer, Director of Finance; Antonio Puente, Assistant Director of Finance; Craig Hametner, City Auditor; Cody Wood, Assistant Controller; Randee Klingele, Treasury Services Specialist; Karen Smith, Purchasing Manager; and Kristy Odom, Recording Secretary.

OTHERS PRESENT: John Manning and Kent Willis with Patillo, Brown, & Hill L.L.P.

The following items were considered:

OPEN MEETING:

1. Hold a discussion and appoint a Chairperson for the Audit/Finance Committee.

Mayor Pro Tem, Sara Bagheri made a motion to appoint John Ryan as Chairperson. Mayor, Chris Watts seconded the motion. Motion carried unanimously.

2. Consider approval of Audit/Finance Committee minutes of March 7, 2017.

Mayor, Chris Watts made a motion to approve the minutes. Mayor Pro Tem, Sara Bagheri seconded the motion. Motion carried unanimously.

3. Receive a report, hold a discussion, and give staff direction regarding the FY 2016-17 external financial audit to be conducted by Patillo, Brown & Hill L.L.P.

John Manning and Kent Willis with Patillo, Brown, & Hill L.L.P, gave an overview of the audit process and what they will review during the audit. Willis identifies some test of controls; such as cash disbursement, payroll, procurement cards, utility billing, and federal and state grants. Discussed GASB 77 which replaced GASB 68. Manning presented a questionnaire in regards to fraud to be filled out by council members. This questionnaire will be emailed to all council members.

4. Receive a report, hold a discussion, and give staff direction regarding the City's membership in coalitions related to rate filings by Atmos Energy Corporation and Oncor Electric Delivery Company.

Antonio Puente, Assistant Director of Finance discussed the different coalitions of Atmos and Oncor. The City is currently a member of ATM on the Atmos side, and AOC on the Oncor side, which are represented by the legal firm of Herrera and Boyle. The City of Denton reached out to the City of Dallas and at this time they have no interest in joining a coalition. The City of Denton asks for direction in which coalition to be a member of.

Mayor Chris Watts made a motion to recommend taking the Coalition Membership listing to City Council for full approval. Mayor Pro Tem, Sara Bagheri seconded the motion. Motion carried unanimously.

5. Receive a report, hold a discussion, and give staff direction regarding updates to the City Council Travel Policy.

Puente explains the travel policy changes being requested. These changes include same day meals to be added and parking reimbursement. Mayor, Chris Watts discussed a possibility of a flat rate fee for parking. Deputy City Manager / COO, Bryan Langley, explains that Council can have a separate policy from the city employees.

Mayor Chris Watts made a motion to recommend taking the Travel Policy to City Council for full approval. Mayor Pro Tem, Sara Bagheri seconded the motion. Motion carried unanimously

6. Receive a report, hold a discussion, and give staff direction regarding the Vendor Master File Audit.

Craig Hametner, City Auditor, presents the findings of the audit. He discussed the policies and procedures, gaps found, vendor information being duplicated, and access rights for proper approvals for updating the vendor master file.

7. Receive a report, hold a discussion, and give staff direction regarding the FY 18 Annual Audit Plan.

Hametner presents the annual audit plan and asks for direction of plan continuation.

Mayor Chris Watts made a motion to recommend taking the FY 18 Annual Audit Plan to City Council for full approval. Mayor Pro Tem, Sara Bagheri seconded the motion. Motion carried unanimously

8. Receive a report, and hold a discussion regarding a review of select City cash handling locations.

Puente, explains that the cash handling locations have been reviewed. Settled on ten locations across the city and assessed the processes and documentation. Majority of items have been

complete and corrected, with some areas still outstanding, that we will continue to address. There have been some changes made to documentation due to implementation of new equipment. At this time the Treasury division does random spot checks, an average of two a year per department.

9. Receive a report, and hold a discussion regarding the renewal of franchise agreements with Atmos Energy and CoServ Gas.

Puente, discussed the franchise agreements are currently expired but there is an agreement with the companies that they will continue to pay the franchise fees per quarter. The new contract is at a standstill at this time while waiting on Atmos to get a new attorney. Once the new contract is complete with Atmos, it will be used as a baseline for the CoServ Gas contract.

10. Under Section 551.042 of the Texas Open Meeting Act, respond to inquiries from the Audit/Finance Committee or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting

AND

Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks congratulations or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

With no additional business to be addressed, the Committee adjourned at 10:55 a.m.

JOHN RYAN
COMMITTEE CHAIR
CITY OF DENTON, TEXAS

KRISTY ODOM
RECORDING SECRETARY
CITY OF DENTON, TEXAS