

**AUDIT/FINANCE COMMITTEE**  
**September 17, 2019**  
**MEETING MINUTES**

After determining that a quorum was present, the Audit/Finance Committee of the City of Denton, Texas, met for a regular meeting on September 17 2019, at 10:30 a.m., in the City Hall Conference Room, at City Hall, 215 E. McKinney Street, Denton, Texas.

**PRESENT:** Mayor Chris Watts, Council Member John Ryan, and Council Member Paul Meltzer.

**STAFF PRESENT:** Antonio Puente, Chief Financial Officer, Umesh Dalal, City Auditor, David Gaines, Director of Finance, Tiffany Thomson, Director of Human Resources, Madison Rorschach, Staff Auditor, Neerage Sama, Staff Auditor, and Theresa Jaworski, Recording Secretary.

**OPEN MEETING:**

Council Member and Committee Chair, John Ryan, brought the meeting to order at 10:30 a.m.

**1. ITEMS FOR CONSIDERATION:**

**A. Consider approval of the Audit/Finance Committee minutes of August 20, 2019.**

Council Member Paul Meltzer made a motion to approve the August 20, 2019, Audit/Finance Meeting Minutes. Mayor Chris Watts seconded the motion. Motion passed unanimously.

**B. Receive a report, hold a discussion and give staff direction regarding the 2019-20 audit plan.**

Umesh Dalal, City Auditor, introduced the 2019-20 audit plan adding that the plan is annually presented for City Council approval and is part of his responsibilities in providing assurance of: adequacy of internal controls, verify accountability over City operations and resources, the efficient use of resources, effective and equitable service delivery, and compliance with laws, regulations and policies, according to the City Charter.

Dalal followed with the details of the annual audit that includes approximately nine to ten projects scheduled this year, with the focus on major risks and their mitigation. The purpose is to provide assurance of whether or not the controls are adequate to the City Council. There have been significant changes in operations over the past year. As changes occur, the Auditor's Office will comb through the operations, make suggestions and provide preventive measures that will make the City better.

Dalal gave details for the annual audit's planned projects:

**Payroll Administration** - evaluation of internal controls.

Assessment of DME - evaluation of internal control, using the Government Accountability Office that sets out a framework of internal controls for government. This framework can be adopted to local governments, is published in their Green Book and includes standards for internal controls that helps an entity run its operations efficiently and effectively, reporting reliable information about its operations, and comply with applicable laws and regulations.

The Auditor's office has an understanding with the City Manager that the framework used for the DME assessment could be used as a model applied to study other areas in the organization. The ultimate goal is establishing an internal control framework for the City and also provides a baseline for management to evaluate the staff performance.

**Meter Reading** – Review of efficiency and effectiveness.

**Utility Easement** – Verification of compliance (Requested by Council Member Deb Armintor).

Watts noted that the City Auditor had an established a process for the annual audit plan and asked that the requested Utility Easement audit be moved from the Audit Plan In Detail to the Additional Options, for the City Council to consider and give direction.

Metzler asked for clarification on the audit projects and if there were categories such as a dollar value of the potential impact, rank order, or requests or a sort of rationale for being included in the list of audits being presented.

Watts agreed and asked about the process in determining the projects and if including the annual audit would be outside the additional request for the Utility Easement.

Dalal responded that the annual audit projects came from the risk assessment, then added the Utility Easement was a requested audit.

Dalal continued with the listed projects and details presentation.

**Health Insurance Fund** – verification of compliance.

**Facilities** – review of efficiencies and effectiveness.

**Fleet Services** – review of efficiencies and effectiveness.

**Grants Management** – compliance with grant conditions and regulations.

**Audit Follow-up** – verifying implementation of previous audit recommendations.

**Overflow Audit Work** – completion of capital project audit phase 2 and 3.

Dalal offered the list of **Additional Options**:

**HR compliance with laws - verify compliance.**

**Risk Management** – verify effectiveness and operation.

**Water Production and Distribution** – compliance and efficiency audit.

Metzler suggested that in taking this to City Council; as a framing mechanism, a reminder of the initial assessment of 200, the top 20 chosen from that group, the projects that have been completed and this next group, to put them in context.

Ryan added that last year, an approximate amount of hours were included. This information will be helpful if it could be added to the presentation as including additional projects to the already established plan will be considered before adding to a full workload.

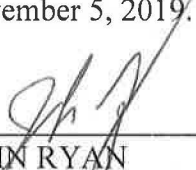
Metzler agreed adding that the estimates that total capacity should be considered before a swap or additional project requests by Council.


With no further questions or comments, Chairman Ryan confirmed the Committee's recommendation that the City Auditor bring forward the Annual Audit Plan to the City Council.

Ryan asked for any concluding comments.

With no further business to address, the meeting adjourned at 10:51 p.m.

The September 17, 2019, Audit/Finance Committee Meeting Minutes were approved on November 5, 2019.

  
\_\_\_\_\_  
JOHN RYAN  
COMMITTEE CHAIR  
CITY OF DENTON

  
\_\_\_\_\_  
THERESA JAWORSKI  
RECORDING SECRETARY  
CITY OF DENTON