

Audit and Finance Committee Meeting Transcript – 4/25/2016

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>> Tovo: Good morning. I'm mayor pro tem Kathie tovo and I chair the audit and finance committee and we now have three councilmembers so we're going to get started. It is 9:08 and we're meeting in the boards and commission room. We have three citizens signed up. Our first is panoki gosh. You will be followed by Dell flat. Gist make -- just make sure when you are ready to speak you hit the button and that will transmit you. >> I'm ready. I don't know if Ms. Tovo is ready or not. >> Tovo: Sorry? >> I don't know if you are ready. >> Tovo: Absolutely. Whether you begin. >> I was commissioner for a commission called cttc. I just resigned to protest against some corruption and because there is -- and it has to do with audit and finance. I would like to bring a few things in front of you today.

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And slide number 2, our commission was in charge of something called gtops. It is a fund of 200k which we give away every year. It was designed not to be put into the city bylaws so that if we -- so city staff can go behind our back and change the Numbers and things like that. But the bigger thing is our good thing about the cttc was it's a purely pay to play. It means if you have to speak in the commission, you have to pay to the chairman of the commission. And I would show you an example. This is an example. This email came out yesterday where the chairman of the commission was actually asking for sxsw tickets along with some of the other female -- for their female colleagues. This is a government email in order for somebody to speak in the commission. This is the same commission which manages the G tops funding and I resigned because it is not audited. We are giving millions of dollars which is never being audited. I requested, I requested for audits and the city -- the employees send me some of the application forms and there was never any audit. By the way, there are also ad hoc payments. Like some I have given you example. Example number 2, everybody has a handout. The first handout is the email from Mr. Williams where he is asking for actually -- asking for graft. In federal government we call it graft and people go to jail for this. And then in the second email you will see in the second there is ad hoc payment. And we are talking about hundreds of thousands of dollars. And these never get audited. But also then the next slide is when we allow these to

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continue, then what happens. So we have one employee, a full-time employee managing a 200k grant, a full-time employee. Then by the way, I requested under pir the travel request for this department. A department of four or five people or six people had nine conference visits in 2015. Nine. Outside

[inaudible] And this doesn't include the ones in city of Austin. So and you will see in the last exhibit the cost of those conferences and like a group which doesn't do a single line of coding is going to code for America, et cetera. As a citizen, I mean I'm not a commissioner anymore -- and the good news is I was called and asked why I am doing the pir and I do not know how that news went out. So as a citizen, I'm just requesting all of you when you are spending my money, it's my money, then please at least have the audit -- if you are getting a million dollar. That's all I have to say. >> Tovo: Thank you, Mr. Gosh. Our next speaker is Mr. Flat. You will be followed by pat palstreass. >> Good morning, committee members and thank you for the opportunity to speak. My name is detail flat. As a retired city of Austin employee who worked with the public safety as a member of the Austin fire department for 28 and a half years I can speak with some authority about how the city works. I would publicly like to acknowledge the members of the audit department for their work over the many years to bring to light issues within the Austin code department. I have in the past seven years been critical of how code department does business. I strongly believe [inaudible] is needed within reason. With the 2016 audit as well as

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the 2010 audit, the 2012 audit and the Zucker systems report make very clear we continually have the same issues that never seem to be resolved. The 2016 audit has brought to light an issue that keeps being buried by the city departments which is how the city of Austin continues to do work on its own buildings without proper permits and subsequent inspections. Departments submitted documents estimated by the code department and building services [inaudible] The problems had been addressed. They lied to the add it members and you as councilmembers and the ringleader is Carl Leon smart, director of Austin code. It is not the 1950s any longer. Anyone can view the city's codes, go online, report issues, track their progress and keep and arrange files on a computer and more importantly go online to see if unpermitted work has been permitted and inspected. It's much like peeling a government. What becomes clear is government records are being tampered with and in some cases deleted. All traces are removed from data bases to protect the city from having to comply with its own codes. They should have considered with a computer it's easier to capture screen shots and store them in off site cloud storage. Tampering with a city record can be a class a misdemeanor. Corruption is not just within the Austin code department, it spreads through building services, the purchasing department and how contracts are awarded. Carl smart misled, he lied to audit members. We have reached out to the Texas rangers and state legislators to discuss corruption within the city of Austin. You will be surprised just how far up it goes and the lengths some administrators will go to. In the coming weeks you will hear more about this.

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If you want to get ahead of the media curve, I will be more than happy to meet with you and your staff to bring you up to speed. Thank you. >> Tovo: Thank you. Ms. Palstreass. >> Would it be possible to put this up? >> Tovo: Sure. >> Thank you mayor pro tem and thank you councilmembers. I'm here to speak about the animal services donations fund. That is what is up on the screen. As you can see there's a lot of Numbers there, but I'm only going to be speaking to a certain part of it. I am wanting to address the lack of transparency of the donations fund. What are the rules for creating the budget for the donations fund? I don't know what they are and I'd like to ask is the animal services director able to create a budget toker the donations fund without any oversight by either the animal advisory commission or by city council or without any citizen input. It certainly looks that way and if that's the case I'm here to request that that be changed. For example, at the beginning of 2016 the unclaimed spay-neuter deposits fund had a cash balance of \$104,000. That's the first at the top

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where it's circled, that's the cash balance of \$104,000. That \$104,000 was generated by people who paid a deposit to take their animal out of the shelter without be spayed or neutered but then did not get their animal spayed or neutered. The animal services director took \$72,000 out of these unclaimed spay-neuter deposits and transferred it to be spent on budget items that are not spay-neuter. That's what the arrow shows, going into where the transfer occurred. Then that 72,000 goes into the \$345,000 budget for items that are not spay and neuter. I would like to see city council require that spay-neuter deposite it's unclaimed be used for spay-neuter. There are no performance measures for these funds. When you look at the animal services operating budget this summer, you are going to be looking at some performance measures related to the \$11 million budget or thereabouts. So, for example, there's \$125,000 being spent on specialty veterinary care. How many animals is that helping? How much are veterinarians being paid to perform those expensive surgeries, and although I have no problem with spending money to save an animal's life, I'm wondering why we're spending so much on specialty veterinary care and so little on spay-neuter when that would help so many more. So those are my requests. How many animals are helped by the \$345,000 budget, can we get the spay-neuter unclaimed deposits be dedicated specifically for spay-neuter. Thank you. >> Tovo: Thank you. Okay. That is our last individual

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signed up for citizens communications. Let's go back to number 1. Would someone like to move approval of the minutes of the audit and finance committee of April 11, 2016. Councilmember pool does so. >> Pool: Yes, with one correction. >> Tovo: Is there a second? Troxclair seconds it. >> Pool: Councilmember pool's motion to approve amendments with deletion of item D limiting the number of members with land development expertise to three. That -- it's a little misleading. Colleagues, as you remember, the change that was in the -- that was in the updated bylaws was to strike three and insert five. So I think that my edit is a little more descriptive of the action we took. >> Tovo: That makes sense to me. I'm happy to second that amendment. Is there any concern about that amendment? Okay. All in favor of the minutes as amended? That's unanimous on the dais. Okay. We are going to move on to the number 3, which is our comprehensive annual financial audit. Welcome. >> Good morning mayor pro tem and members of the could. My name is Diana Thomas, Tracy from deloitte & touche and Blaker Rogers with deloitte & touche to present the results of the fiscal year 2015 comprehensive financial report. The controller's office is a division of the financial services department and is

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responsible for the presentation. My office works closedly with the city's external auditor to obtain the independent audit of this report as required by city charter. This is what the car looks like. You will get your copy shortly, probably another week or so. At the bottom of the slide with a cover also has the web address where the car is available online. So you might wonder what is a car. The comprehensive annual financial report is a set of financial statements for the government that report the balance sheet and income statement or net position and statement of activities of the government. The financial statements include important information at the governmentwide level which is governmental activities versus business-type activities or enterprise operations. Individual fund financial statements like for the general fund, Austin energy and support services. Budget to actual reporting for certain funds and footnotes that are an integral part of the report. Much of the document is admitted, specifically the

financial and combining sections with the exception of management discussion and analysis, but some parts of the report are not audited and the remaining sections are reviewed by the auditor. So then you might ask what is a financial add it and how is it different -- financial audit. The key take-aways is an audit is conducted by a firm independent from the organization. The auditor provides reasonable assurance but not a guarantee that the financial statements are materially correct. Materiality is the process of deciding when a reasonable reviewer's decisions would be impacted by an error or misstatement, ie a investor would decide to buy or not to decide to buy a bond. Why do we have a financial

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audit? We have -- here I've listed four of the requirements. We have city charter requirements, financial policy requirements and debt agreements that have requirements, the city is in compliance with all of these. Deloitte is an independent certified public accounting firm. This is the eighth consecutive year deloitte has provided add it services for the city. The car was published March March 28 and deloitte is here 28 days after the issuance of the report. This is a list of some of the users of the comprehensive annual financial report. This report has a wealth of information that's useful to various users. In addition to the traditional balance sheet, income statement and footnotes, the cafr has 10-year trend history in the statistical section and on many topics including property taxes, property tax rates, it lists all bonds authorized but not issued, comparative financial data to show trends in the city's finances and the transmittal letter and analysis provide information about the city's economic outlook and its finances. So as I said earlier, management is responsible or the controller's office is responsible for putting this report together. This slide shows some of the key responsibilities for management, including preparing the financial statements, developing estimates and selecting the independent auditor. The auditor is selected by a come pelt pet -- competitive process. A request is issued at least every five years. And this is the -- the fy 15 audit is the third year of a five-year agreement with deloitte. Finally I would like to say thank you to the mayor and councilmembers for your continued support of the city's goal of excellence in

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all aspects of financial reporting. To the city manager, executive team and department correct directors for your support and the controller's office and excellent financial management. City staff especially the staff in the controller's office for their many hours of dedicated service toward completion of this report which includes many late hours and weekends and to deloitte for the professional and thorough manner in which they conducted the audit. Now I will turn it over to Tracy Cooley from deloitte for her presentation. >> Thanks, Diana. There it is. Okay. Good morning, I'm Tracy Cooley, director with deloitte and Blaker Rogers is here, he's the senior manager involved with the audit. And we have some required communications that we would need to cover with the committee and then we'll take questions throughout the process so if you have anything, please stop me and we'll move forward. As Diana mentioned we completed our audit of the car in March and we do -- actually do our audit in accordance with generally accepted auditing standards and government standards. The city receives quite a few dollars for federal and state awards so we do a separate compliance audit so we need to make sure audit is in compliance with government auditing standards in that we are following the right training programs. There's some additional dependents requirements so our audit is conducted under both sets of standards. We issue an unmodified pen, a clean opinion, the good opinion you want on your financial statements. So we issued that. And the opinion that we have, there's two separate references in the opinion that I wanted to cover. One relates to the fact that we -- our firm does not audit two of the city's

discreet component units, the Austin

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berg strong land host enter surprises and the Austin convention enterprises. We basically refer to the audits done by the other audit firms. The second item is we call it an emphasis of matter paragraph. Whenever there is significant change in account accounting in the report we put it front and center to let the readers know. This year what we had was the city adopted GASB and it relates to pension, both pension related. The change is -- you've always had some disclosure in the car related to pensions and the liability associated with pensions for the benefit of the three plans that the city has, the fire plan, police plan, city employees plan. Basically with a few tweaks that liability disclosed in the financial statement has been pulled on to the balance sheet. You will see a large change and we've restated the beginning fund balance or net position and you will see that there is a large net pension liability now that's reported in the balance sheet. This standard was adopted by all state and local governments so this isn't a city of Austin specific item so you will see that change -- pick a city in Texas. If they adopted it, which they should have, so this is a standard change in government financials. >> Can I ask a really quick question based on that? Am I to understand what you are saying is it simply is a report -- it's just reported in a different location? Did you notice any -- when you say there's substantial liability, which we knew there were concerns previously and that's why the city had entered into an agreement with, for example, the employee retirement system to try to get us back to the actuarial Numbers we need to

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be. Do you look at any of that? Is that part of your discussion here today? >> Somewhat, yes. You are correct, before this new standard that we're talking about, the way the liability was reported, it was a funding sort of deficit. The actuary is telling you, city, you need to contribute X. If you are not contributing X, that's there -- there was a funding shortfall. With the adoption of the standard it's really a different take on how the liability is calculated. There's two pieces to it. So you have the actuaries for each plan will determine what's going to be the payout. We know the makeup of the plan and the participants. You look at mortality tables, you would look at the participants in the plan, you would have to estimate what are pay raises going to be, those types of things. So it's an actuarial analysis which the plans have their actuaries that determine this. Our actuaries look at those assumptions to make sure they are reasonable. We didn't have any -- >> Pool: You found them to be reasonable and predictable? >> Absolutely. Even though the liability is looked at differently, we involved our actuaries and the actuaries the plans are using seem to follow the new guidance as they should have. >> Pool: Great. Thank you. >> Uh-huh. Other reports to be issued, we always have to issue an agreed upon procedures report for the Texas commission on environmental quality. That was issued the same time as the car and that's just because the city has a landfill so there are requirements there. And to be issued, as Diana mentioned, we'll be back in the summer to talk about the conclusions of our federal and state audits which is the compliance audits. Basically we had the financial side of the house that we've taken care of and now we're going to focus on the compliance audits. This is the state and local government -- I mean the federal and state grants and then also the passenger facility charges. Which is a compliance audit in how the city is spending passenger facility money.

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That will be completed may and we'll report back to the committee with those results. From required communications standpoint, our job as Diana mentioned, stole a little of my thunder is report whether

in our opinion the financial statements are materially stated basically. So we do audit with a concept of materiality. The other thing that I wanted to put on this slide is the internal control aspect. When we're looking at internal control as part of our audit. We are looking at the controls -- what are the controls that are in place that would prevent a material misstatement from appearing on the financial statements. You know, basically the accounting records. We don't look at it from an operational standpoint as far as what the controls should be but how those are impacting the financial statements. We do audit procedures on the different cycles, payroll, treasury, as part of our audit. And to the extent that we have any gaps in controls or see some controls should be improved we have a couple of those that we'll mention a few slides back, but there were a couple items we noted that could have improvement this year. Next item, significant accounting estimates. Just about any set of financial statements we would audit, there would be some sort of estimate involved. Diana mentioned this a little bit and I would say that the significant accounting estimates we've noted would be pensions. The city has an other post-employment benefits plan. There was no change, accounting change to that plan. The oped plan is rolling as it has in the past. There will be a change in a few years to how that liability should be calculated but it's status quo this year. The last estimate would be the accounting for regulatory operations for Austin energy and Austin water. This is basically the deferrals in the balance sheets in that the rates are set on the cash basis so there are some deferrals that will be caught up with rates in the future. The accounting policies and estimates, there's been no change that we noted other than pensions, so the city has basically not changed any of their accounting policies this

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year. Other items to note, we actually asked management to include a management representation or to sign a representation letter to us at the end of our procedures. And basically it's Elaine and Diana will represent to us we've been provided all books and records, that the controls are in place. It's attached in your packet. We wanted to make sure you knew what management was signing to us so that's actually attached in your packet. I'm seeing no significant changes to the ones you probably would have seen in prior years. The other item Diana mentioned there are some items in the car that are marked as unaudited. Our responsibility to those unaudited is read those to make sure there's no inconsistency into what is reported as audited and what we know from our process to be true from a city standpoint. Next item adjustments. Any time we're doing an audit and looking at the evidence and we may come up with a different number than our clients would have, we would call that an audit adjustment. There were no material audit adjustments booked by management. From a immaterial or uncorrected statements. From time to time we do find items that are immaterial and what we do is we collect those, meet with management periodically and if those don't rise to anything that is material management would then decide, you know what, we're not going to reflect it in the car, which is fine if it's an insignificant item. Our job is just to report that to you guys so we have in the rep letter there's an attachment that has the uncorrected statements so the audit committee is going to be aware of what wasn't booked in the car. I'll turn it over to Blaker now that can talk about the deficiencies and internal control items that we noted through this year's audit. >> The slide in front of you,

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these are strict textbook definitions that we wanted to provide you with background between the difference of three different categories. A deficiency is a -- definitely the most minor and it works up to material weakness and you don't have any material weaknesses we identified this year. We did have a couple of items we wanted to bring to your attention. Significant deficiency we felt merited the attention of the audit committee so we wanted to bring a few of those in front of you today. The first

related to accounting for capital assets and specifically with Austin water. There were a couple of transactions this year that the city identified in review processes this year but they related to transactions that should have been recorded many years ago. One was an annexation, a limited annexation of a municipal utility district or a mud. So that was captured by the city and recorded and corrected in the current year. As well as there was some double counting of some developer contributed assets in the Austin water and that was also identified by the city and corrected this year. So we are pointing to the controlled deficiency there that related to those transactions being caught now as opposed to in the past when they occurred. The second bullet point in the middle really is the financial reporting. Financial statement issues, addressing the financial statements and getting those ready for the format that they are required to be in for gap, there's some allocations that have to occur to do that and to comply with gap and one of those is to get some expenses into the correct functional area especially in the general fund so there's a change in budget process that made that a little different this year that the city corrected in the financial statement presentation this year. The other was presentation of debt transactions, specifically refunding transactions and the statement

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of cash flows. Last but not least there were some issues with some housing loans that were not recorded on the financial statements and those were corrected -- those were not corrected but rather turned out to be immaterial this year, but the control was missing to get those recorded properly. And management has -- we've discussed these findings with management and they have concurred with the recommendations we have in order to get those things corrected going forward. If, also note that these are significant deficiencies related to the audit. We're still working on the compliance audits related to grants or the single audit so any issues or findings that come out of that will be discussed with you this summer. >> This is somewhat small, but we have -- [no audio] Significant impact like pensions, but these are something that the city is certainly well aware of and they know -- and working on the impact of that going forward. And then we just have our appendices which I'll skip over. We're happy to take questions. >> Tovo: I think we have a few. Vice chair Troxclair. >> Troxclair: So on the slide where you talked about the material audit adjustments and corrected mistakes, what is the difference -- how do you determine if something is material or immaterial? >> That's a good question. Basically we have -- the way that the car is laid out, we have what we call opinion units. For example, like the general fund is its own opinion unit. For each opinion unit we have to set materiality for each of

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those different items. It's tipped based on maybe a percent of expenses or fund balance depending on the fund. So we set it and it's a lot of judgment involved on our side. It's not something that the city sets, it's something that we set from a materiality standpoint. You know, what level of misstatement can we absorb to make sure that the financials are not materially misstated. So our kind of -- I don't want to say governing body, but the AICPA, basically sets a lot of standards for us so our standard setter would give us information and input on how to set that materiality so it's going to be different kind of for each fund. >> Troxclair: Okay. And then I guess a couple of slides later when you talked about internal controls and compliance and the things that were identified as deficiencies, and this may be later in the pack somewhere, but when you talked about the Austin water double reporting of developer contributions, what was -- can you tell me more about that? >> Yes, I can. Diana -- I can start if you want to jump in. Basically what -- the water department is doing something in the controller's office is doing something else to record these. Basically this happened when there were service extension requests, where there was developer putting in some sort of pipe to a neighborhood and the city would say, well, you only

need X pipe, if you would just increase it a little bit we wouldn't have to go back and do it. It was kind of that extra, that charge to that extra pipe that would be paid to the developers that was being double counted. It wasn't an entire system, it was just kind of pieces that were being double counted by the service request could actually -- it would be recorded as revenue there and then -- or the expense there and recorded twice. I don't know if you want to add a little more. >> Troxclair: And then -- so

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is there -- so there are changes being done within management to fix the things that are identified here? I guess including -- I was also going to ask about the housing loan program. >> Sure. I can speak to the water directly. What they've done is they've started a review process where all of the ser projects are reviewed by accounting staff at Austin water. And then that's compared against the developer contributions to make sure that we don't wind up double counting those assets going forward. So going forward we'll be able to clearly identify any of those that might have been double counted in the past. >> Troxclair: Okay. >> And for housing. >> Tovo: Would you like to hear from the director of housing? >> Troxclair: Sure. >> Good morning, Betsy Spencer. Yes, it was determined through the audit there were several -- we either have downpayment assistance or home repair loan program loans that we utilize a loan system called norich and there were several loans that had not been logged. There was a transition on staff. Through the audit we were able to determine we need a check and balance with the wr2 report, so we now have a control in place we will double place the loans staff enters against the pr2, if that makes any sense. >> Troxclair: I guess this is for the -- for deloitte. Were there any things that were reported last year in this kind of section that were reported again this year that were found again this year to be deficiencies? >> No. I mean we've had issues in the past on capital assets, not these particular issues, so no, these weren't repeat findings from fiscal year 14. >> Troxclair: Okay. Thanks.

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>> Tovo: Okay. Other questions? Yes, we likely need a motion to accept the financial audit. No, we don't. Okay. Thanks, Ms. Hart. Next up with the transportation effectiveness audit. And I believe we have both a report from the audit and presentation that our transportation department would like to present as its response. >> Good morning. The transportation effective Ness audit -- this transportation effectiveness audit was managed by Patrick Johnson. I have to remember to use the clicker. If I may -- >> Tovo: I neglected while we are had our external auditor and staff to say congratulations to all the staff for such a successful audit. I think it shows really the soundness of our financial practices and the strength of our staff throughout our city of Austin. So thank you. Apologies to the city auditor. >> Our objective was to evaluate whether the city effectively manages transportation system planning and balances safety and flow concerns. The scope of our audit was three fiscal years, 2013 to 2015. And I probably don't need to tell you that Austin is growing fast. I think we're all pretty aware of that. We grew by 14% in the 2010 to 2015 period so looking at that six-year period looking at the larger metropolitan statistical area, we grew by 16%. And during that same time

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period satisfaction with traffic flow based on external survey conducted on behalf of the city, satisfaction decreased from 27% satisfied down to 17% satisfied in 2015. Certainly many entities are involved in transportation efforts within the city. There are several departments, six departments that are involved in some way in transportation activities. Then there are are external entities as well as I have some of those listed here. The capital area metropolitan planning organization or campo, capital

metro, central Texas regional mobility authority who represents multiple other local jurisdictions such as cities and counties within the region, then there are also community organizations focused on mobility and transportation. I will say kind of to start us off that one thing that was really our perspective throughout this audit was from the public perspective or citizens perspective ethics commission doesn't really matter who is doing what, what really matters is the citizen wants to get from point A to point B as efficiently and possible and safely as possible. That's really the lens through which we conducted this audit looking at not so much who does what but really how those -- how we're working together to be able to have a seamless -- basically a seamless approach to transportation. And you'll see in our report and the reason there are puzzle pieces at the top of this slide, we kind of likened this to a puzzle, we have lots of people with the pieces and the goal is have the pieces fit together in a way so you can't really tell they are individually -- individual pieces. So with that intro, our first finding really focused on coordination. We found that the city is not effectively coordinated either internally among city departments or externally with our various transportation partners. Here what we did, we started off with a survey basically of

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internal and external stakeholders and asked them about how effective communication was related to transportation issues. Our external stakeholders rated us about a five and a half on a ten point scale and our internal about a three and a half on a ten point scale. There were several challenges that we think kind of flow out of those or contribute to those communication ratings. First, we noted the entities are largely using a silo operational approach where each entity is kind of operating within their own realm but not seeing things from a perspective that involves multiple entities. One example of that I think -- example we have multiple traffic management centers in the city and we're looking for a new one and, you know, that could be an effort that could be done more as a collaborative effort rather than individually. One thing we heard along these lines is when we have special events, for example sxsw, those are examples where all of the partners really work together to address those for that event, but that that wasn't happening on a year-round basis. Another thing we noted was roles and responsibilities weren't fully defined or understood. There was a lot of confusion about maybe who was responsible for something within the city, which department you would go to, some concerns about maybe one department providing advice and another department providing different advice. And then also when key people in the city left losing the connection either between departments or from an outside entity to the city. And the last piece really had to do with the transportation system itself not being fully connected and so there be coordination challenges either within the mode where maybe the sidewalk network is not complete or between modes. For example, if you want to switch from the road to transit or from a bicycle to transit or to a road,

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et cetera, safely and seamlessly. So we issued a recommendation for this really focusing in on the transportation director working with these internal and external partners to implement mechanisms that support that continuous communication and coordination, including all key stakeholders basically having everybody at the table and making sure that everybody has the same information and has input. Especially for key decisions. And management concurred with that recommendation and they will be speaking to you later about their response. Our next finding indicated that the city's transportation activities have been largely reactive and we also cited -- or we heard resource challenges cited pretty regularly from various stakeholders. Those resource challenges affecting both ability to kind of stay up with industry guidance and to proactively rather than reactively address issues. More specifically, we

looked at kind of the concept of reactive maintenance, specifically related to our traffic signals, which is something our citizens have a lot of interface with. We saw that the transportation activities are requests driven initiated for example by complaint to 311 or other mechanism. We saw we weren't really meeting the industry guidance in terms of signal maintenance or signal retiming. In terms of maintenance, the industry guidance is that we should go out and we have over 1,000 signals so we should go out to every signal once per year to do maintenance. We saw we were doing that once every three and a half or 3.3 years. Similarly on timing the guidance would be once every three years for every signal and we're getting to every signal or on a schedule once over six or 6.2 years. Within that I will say too that the way that that information is collected we weren't sure that we were getting even to every signal

[9:52:08 AM]

once over 6.2 years because there could be one signal that received retiming or maintenance more frequently than once a year. Then the last piece we noted, and there's more information in our report on this, that signal staffing was lower than industry guidance for this area. We saw some other resource challenges besides just the -- getting to the signals, kind of more broadly we saw there were multiple technology tools used for transportation management, not always compatible by the various entities, not just the city. They weren't always compatible and we weren't always leveraging all the functionality. We saw there was similar data on transportation collected by multiple entities, but not analyzed effectively. I think one example of that was an intersection so several entities have information about activities at our intersections and that could be either collected once or perhaps reviewed collectively rather than individually kind of referencing back to the silo approach to managing. The last piece we saw that transportation planning and stakeholders reported transportation planning and priority models were out of out date. Several issues, one, identifying and addressing gaps between needs and resources, exploring opportunities to leverage resources a regional basis and conducting periodic analysis of those planning priority -- prioritization models to make sure they are up to date and reflect current conditions. Again, management concurred with this and we'll be talking to you more later. The last finding relates to crash information. So we found that the city is not fully utilized crash information to improve traffic safety. The reported number of crashes over the period that we were looking at has been fairly consistent. But fatality crashes, as you all know, have increased with

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2015 being the highest number of fatality crashes on record. What we saw is while those fatality crashes are analyzed in detail and that information used to make adjustments, the remaining crashes that aren't fatal, which is obviously the vast majority of them, is not being analyzed and we think that analyzing that information could help identify targeted engineering solutions, opportunities for increased enforcement, perhaps increased opportunities to educate people about ways to be safer. And we saw that also one last thing, the inconsistent crash notifications among the entities really limited their ability to respond to those in a coordinated manner. Basically to effectively respond to crashes. So for this we issued a recommendation to put the transportation director and the police chief indicating that the city should ensure that they capture and analyze all relevant crash data, not just within the city but also data from external entities and to identify issues that could lead to targeted engineering, enforcement or education. Our last finding is really a positive finding. We noted obviously there's a lot going on in this area and mobility has been a key issue over the last few years, and a lot is being done to address some of the issues that we identified. Some of the things we noted that the city has been expanding resources for oversight of transportation activities, updating guidance documents, implementing engineering

solutions, for example, the pedestrian crossings that you see around town is an engineering solution, encouraging behavioral changes. There's been a lot in terms of reducing distracted driving and focusing on that. And fostering partnership to implement solutions. These are both with the entities I've list understand terms of external partners but also with other research organizations or research and analysis organizations.

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So with that, I'm happy to take any questions you might have. >> Tovo: Do we want to hear from the transportation staff first and then ask followup questions of either our audit staff or transportation staff? I think that might be a good way to proceed. So I should just say I did not see any speakers signed up on any items other than citizens communications. If you have signed up since before the meeting started, just flag me because I've closed down my speaker sign-up system. Mr. Spiller. >> Thank you. I'm rob spiller. I'm the transportation director here, have been for almost eight years now when we formed the transportation department. I'm joined by Anthony, my chief financial officer for the department and so we're here to talk about the audit findings. A little bit of review stuff since some of you guys are new to the city this year. The Austin transportation department is unique. It's committed to providing the most safe, official, cost effective roadway, bike way, multimodal system, but we don't have all the pieces, we don't manage all the pieces of the transportation portfolio and we'll talk a little about that. What we do is we focus on strategic multimodal operations mind, operations of the signal, of the systems. We help Austin be regionally engaged. We help many of the councilmembers on various committees and we try to be publicly transparent because that's very important in the way of transportation. Some of the things we do range from parking management, signals, transportation improvements for pedestrians. We also play a significant role in special events and then some of the more fun things like street banners and local area traffic management where we interact with specific neighborhoods which can be also fun. Follow the markings and

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legends on the street are done by our folks which we are actively improving as we go forward. And then also we work on partnerships so you will hear me talk about the other regional agencies involved with transportation. That's a major piece of our work doing planning, long-term planning whether it be on the regional system or our own city roadways, we both coordinate and also initiate that ourselves. So the >> So the effect of this audit, as Corey said, we did concur with all of the findings. I wanted to talk a little bit about each of these findings, though. In terms of audit number -- recommendation number 1, to improve communications, I think the auditor adequately said it's sort of like herding cats across agencies and departments. Everyone is very involved, both from a personal mission and a conviction perspective. And so one of the things we're going to do, we've actually started this with Austin police department for some time, is to start holding probably bimonthly coordination meetings so we can get things out on the table and make sure we're all on the same page. Also, I'd like to add pard to this as well. Because they're talking about -- parks department, because they're talking about a major improvement potentially along the water front that will look very transportation-oriented and so clearly we interact with them on everything from parking, management. Facebook, we will continue to reach out through our social networks. We have over 4,000 weekly sun sscribers right now but we anticipate that to increase as we roll out the strategic mobility plan process over the next year, as well as

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hazardous wastes. There's gonna be a lot of interesting issues that I think will attract even greater Numbers of people to our following. And then in terms of the smart city challenge, I wanted to answer -- put that in there. A major piece of the smart cities is about collaboration so that's really opened our eyes into how you can both compete and collaborate at the same time so I think some of those lessons we'll bring back. I just got back from scandinavia and one of the presentations was by an architecture firm that found new ways to communicate to the citizens, really going out into the streets, something we're using already as part of the financial discussions, but I think we can learn stuff from that trip as well as, how to get information and how to observe information. Recommendation number 2 was really about working with internal and external partners in terms of how to move forward in terms of addressing the gaps as well as planning and prioritizing improvements. Again, we concurred with that. We will be seeking -- this should be no surprise. I'm sure you're hearing this from everyone. We'll be seeking additional mobility fund to go deal with the challenges. We've been financially independent since last year, and that has really given us the ability to better target funding towards our mission elements and so you'll continue to see requests and informations on that. Also through the smart cities challenge as well as before that we've been talking with our regional partners about moving to a one systems approach, and that sounds very good in title. It's a lot of work to get there. And what I mean by one system is imagine, as was mentioned, we have multiple transportation management centers. Imagine an overarching transportation operations

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management center where the different agencies come together and cooperate in terms of managing the freeway system, arterial system, transit system to meet common goals. There's a lot of interest in our partners from that, both txdot, capital metro and ourselves reason talking weapon we think the regional affordability will be a partner as well as that and we really have the opportunity through the challenge to coordinate with university of Texas and have them help us with more of the advanced technologies. We're also proposing working forward on the strategic mobility plan and, again, that will give us a lot of opportunity to coordinate with community. And then lastly, recommendation number 3, to expand enforcement and reduce traffic-related fatalities. That's obviously a very big concern this year. Last year, nationwide, traffic fatalities increased. That's probably due to the fact that people are traveling more, and so after you come out of a long recession and when people start to have financial capability to travel, then more people are exposed to dangers. And so here in Austin, we're not immune to that. Bed a significant spike this last year. So one of the things we're working with A.P.D., Austin police department right now, to figure out how to expand enforcement for mobility and safety-related issues. And how to coordinate that with traffic operations. We're look for creative ways do that. One of the ways we've done that is vision zero action plan. You know, a lot of accolades need to go to the planning department for getting that started but we have adopted and wrapped our arms around that, and I believe that that is a way forward. As you know, we are addressing the five most critical intersections in town as of last year. We now have a process that

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looks not just at fatalities but also serious incidents and looks for engineering ways to correct those. Many of those -- I'll give you warning, may be unpopular in the future because a lot of them have to do with blocking left-turn access to big driveways. But we know from data where we can address that and fix that. We're also working with the police department, like I said, to get more traffic enforcement out on the road. That may take the form of a contract between Austin transportation and the police department. It may also take a -- the form of you seeing the transportation department actively

advocating for items that are important to A.P.D. Austin police department, yes. So, oh, finding number 4, didn't think I needed to respond to that but of course we concur, it was all good news. So there you go. >> Tovo: Thank you very much, Mr. Spillar. >> Yes. >> Tovo: Questions about the audit or the response? Councilmember Renteria, you look like you have a few. >> Renteria: I just have a -- my question is, do y'all coordinate with the parks when -- I mean, like, when we have special events like the ms150, I got stuck in traffic one weekend there and it seemed lining no one was coordinating the lights at all. The light turned green and there was no traffic at all going in either direction because it was blocked off. And yourselves just wond -- I was just wondering do y'all work with the parks department or whoever is in charge of these special events to coordinate the lights during the weekends? >> So the short answer is yes. We need to continue to improve that capability. Often, depending on the type of event, if the event is a moving event, we often don't change the lights, knowing that we're inconveniencing a few folks. Simply because of the amount of effort it would take to

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switch the lights and switch them back after the crowd moves through. But for larger events, especially stationery events, we do -- our signal management program is part of the special event coordination plan, and we do try to address that. >> Renteria: Do y'all have to manually go out there and change the signals or -- >> Well, we can do it from our central control center, our transportation control measure for most signals, especially down here in the central area, we absolutely can do that remotely. But it still -- right now the state of the art where we are, that still requires a lot of effort to make those changes but we're completing the investment in our traffic management capabilities. It's portable, so as we think about moving to one system, we'll be able to do that. And I think one sort -- sort of a 1-system approach is critical to that because, again, you know, even -- during south by southwest coordination still happens over a phone many times between us and the department of public safety, the troopers on ramp closures and so forth. So as we move to a more aggregated system, I think we'll have improvement there. >> Renteria: Thank you. >> Mm-hmm. >> Tovo: Councilmember pool. >> Pool: I have a couple of questions for our auditor. >> Mm-hmm. >> Pool: Thanks, Mr. Spillar. I'm looking at slide 9, it was finding two -- finding number 2. It talked about the maintenance of the signal, the industry guidance wants for maintenance once a year, once every three carriers for retiming and we're not meeting that industry guidance. Do we know what the frequency is in other cities, where we fall on the continuum? >> I don't believe -- well, I don't believe so. Patrick Johnson is the manager of this. >> I know we did look at trying to compare Austin to

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other cities but just looking at them and I think discussing with the transportation department management that each city kind of does it differently, they're organized differently, and so just the different amount of resources didn't make that really feasible. We did kind of a little test along at -- and, I think, most of the cities that had more people obviously were doing more. But that's the extent to which we looked at other cities. >> Pool: And -- >> We fell back just on the guidance. >> Pool: Thanks. Maybe it does pop over to Mr. Spillar. >> Sure. Thank you. Well, two things to keep in mind. The industry guidance has been similar industry guidance for the last eight years. >> Pool: This is asto guidance? >> It might be, yes, or trb, transportation research board. >> Pool: Okay. >> But mind you they're looking over systems that are antiquated as well as ones that are modernized and I would argue that the city of Austin's transportation system, control system, management system of the signal is fairly advanced across the country. I like to think it's one of the smarter systems in the U.S. And so we've used technology to do checks externally and warnings. Clearly we're understaffed right now and we're still

working on that. Whether that's the industry standard that we need to get to or somewhere in between because of the technology investments we've made it's still to be seen so we'll be doing that gradually, adding people over the next several budget cycles to try to achieve a better response. >> Pool: I remember when council, previous council, back in the mid2000s, I think, first installed the smart traffic signal system. >> Mm-hmm. >> Pool: When was that? Or -- >> So, actually -- >> Pool: I seem to remember councilmember Slusher was really instrumental in pushing that forward. >> Right. I believe that the first investment was in the mid

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'90s. The problem is after we made that investment we didn't make reinvestments for a number of years. So in 2005, 2006, we moved forward with a -- I think those are the right times. Please don't hold me to that -- don't hold me to that. We rebuilt our traffic management center so now I think we're on pace again to be able to keep up. But any time you replace a electrician, remember -- legacy system, remember we essentially had a 10-year-old computer system. I like to liken it to peeling an onion. When you take back a layer, you uncover another underlying challenge so you start to fix that and, you know, you continue to find it. So we are on a process of continuous improvement, and I know it can be frustrating when you're stuck at a signal. But we're consistently getting better. Our biggest challenge right now is actually in the vehicle detection area. We have in the past had a number of detectors that had been done because of lightning, because of large vehicle breakage. When we detected that, we're actually moving to focus on a new technology, which is camera detection of vehicles that are left susceptible to some of the natural disasters we have or natural events we have here in Austin. >> Pool: I'd like to say I hope we can continue to achieve a balance between technology and people because I -- very often technology will result in the loss of jobs. >> Yes. >> Pool: And these are good jobs that the city of Austin has and so I'd like to try to maintain as good a balance between the two so we can benefit from both of them. >> Mm-hmm. >> Pool: Because I don't think one will trump the other. >> Absolutely. >> Pool: Just a personal opinion. >> Yes, thank you. In fact in our industry, the number of people in the industry is actually shrinking so we actually are dependent on technology to keep up. >> Pool: We need to have a new

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wave of engineers coming up through the system. >> Everything. >> Pool: Just a couple more questions. And rather than assign it to somebody I'll us -- assigning it to somebody, I'll put it out there. Finding two we're talking about similar data collected by multiple entities but not analyzed effectively. My note is it would be helpful to have shared information that taps into our staff's professional expertise and creativity to kind of open up the ability for that cross-departmental discussion. I think we may tap into some creative solutions that maybe if we're just staying within the silos wouldn't be available. >> Agreed. >> Pool: A question on what we've found finding three on crash information. Last year we were reminded every time he -- reminded every time we had a fatal and that number was high -- I think historically high. Do we know what percentage of crashes those fatalities were? What was the universe of crashes of which fatalities was a subset? >> Not off the top of my head. >> We have information in the report and I can't tell you percentage-wise because my morning math is slow. I can say that the number of -- the total number of crashes has been pretty consistent at about 14,000 for the last three years so it's a very large number. Now, those aren't ranked in any way, this is a significant versus a fender bender, all crashes was about 14,000. The fatalities when it peaked in 2014 was just over a sound it's a very small percent of the total number of crashes, which is in part why we say we'd like to see more analysis of these other crashes just because there may be solutions waiting to happen in those. >> Right.

>> Pool: I agree. I think that granularity would be really helpful. >> If I can add some context here. Our tools have not been as supportive as we would like of

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engineering analysis, in other words, you can't say computer tell me build the high crash corridors are, so forth, but we're improving those tools. We actually now have access to the state capabilities that do provide some of those geographic tools. In previous years we've been very dependent on a very few staff resources to be able to do that. Now that's been enabled through technology and so our engineers can get actual access. We've also added a lead engineer in my transportation group that's sole responsibility is on traffic. He was previously the lead for Toronto's program, which is very successful -- or maybe it's Calgary, I think it's Toronto, but identifying not just fatalities but where serious incidents occur so we can prevent fatalities. I don't want to be accused of waiting for, you know, how many people have to die before do you something. We're moving towards, okay, but we can look at serious incidents and come to some conclusion as well. >> Pool: That's another area where that cross-departmental and cross-literal agency sharing of information could help us. >> Absolutely. And the coordination with txdot is critical. >> Pool: Yeah. >> They get a lot of the information. >> Pool: Those are all of the questions that I had. Thank you. >> Thank you. >> Tovo: I've got a few questions. >> Sure. >> Tovo: I want to go back to page 12 of the audit. And talk a little bit about the stakeholder work. As I understand the auditor audits -- auditor's office reached out to those on the vision zero task force and got some information about their -- the really important work that they're doing in determining what some of our next steps might to be try to get to zero. One thing that was noted is that the stakeholders indicated that stronger measures such as vehicle impoundment may be needed to discourage or prevent these drivers from being on the

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roadways, those are drivers, I should say, with invalid licenses who are now getting a citation and release and I'm not sure to whom I should direct this question, but what kind of level of change -- is that something that we as a council could change? Or is that a -- something that would require a change in state law. >> I think A.P.D., which I don't think they're here, would probably speak to that. >> Tovo: Okay. >> Much better. I think what we had heard was there were some impediments for them to change it themselves. I think that the information that we got was just historically it was site release and I think there was a state issue at some point. >> Tovo: Thanks. >> Councilmember, I believe that was brought by Austin police department to the safety -- public safety commission and so I think it's been in the discussion pieces. >> Tovo: That seems like a very easy remedy if the stakeholders have identified that as an issue that might make a difference in preventing Veen lar deaths. >> For council you would also need to consider is this a disproportionate impact to one community or particular community so I think that's the issue that needs to be vetted. >> Tovo: Is that the -- do you believe that we have the data that would allow us to see? >> I would think so. >> Tovo: Thanks. >> Again, you would need to talk to Austin police department. >> Tovo: Thank you. We will follow up with A.P.D. Two, I think -- I appreciate the comment that -- from the stakeholders where they've identified -- they've identified how we could better encourage individuals who are impaired to take other forms of alternative -- other forms of transportation home but I also appreciate that they are also noting that drivers and pedestrians are ultimately responsible for their own objections -- their own actions. I don't want that piece to get lost in all our conversations, about the need to provide for alternative means and have parking meters that extend to the next day and others.

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I think that we always need to be remind willing people, you know, make -- that they need to make better choices, you know, whether or not we have solved all of these other yours. And I anticipate that that's part of what the vision zero task force is doing when they're talking about education and I hope that they will also consider what the state of existing education programs are, including and especially among our youth in our community so that we can see where those -- where some of those education efforts need to be strengthened. Is that the sort of thing they're doing under that education piece of --

>> I know my department in the new budget is proposing some specific public education outreach. One of the ahas I had this year is, you know, I've been asking for this for several years but I've been asking our public involvement group, and it finally dawned on me this year with help some some smart people that public involvement focuses on reactive sort of things that you really need a public educator, a marketing kind of approach, and so I'm going to try to address that this year and bring in a different set of staff that has a different mission. My public involvement staff is very good so I didn't say that right. I want to make sure. But it's a different focus. One is putting out fires and one is really for thinking -- forward thinking and putting education out there. We plan to do that. I have budget proposed for that.

>> Tovo: That's great. I really look forward to seeing that. That seems like a really critical element. Again, I would reiterate that I think it's critically important that those programs be targeting youth as well and there may not be a need. Perhaps, you know, our schools are doing a fine job on that and they don't need additional resources but that is, you know, one of the things that -- within the school I grew up in, I think our school did very well. We had outside organization that's provided very good education about that and I really want to make sure that that's happening throughout our schools. >> Right. And so -- >> Tovo: Because that's really the -- that's really the time to make sure that -- before

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they start drinking or as they are -- well, before they start drinking or have access to alcohol that, you know, they're really forming good thoughts about how to balance that with safe rides home. >> Yes, ma'am. And that's one of my soapboxes that I -- you know, every school, middle school, unfortunately, now, not just high school, should have a crash car in their front yard going this is what happens when you drink and drive. >> Tovo: Right. >> I think we've done some pretty great stuff as a community in the past and I think we need to reach back to some of that tradition and bring it forward and, you know, the best way to address that is to start to have a conversation publicly about it. And to say that this is not acceptable. So -- >> Tovo: Great. Thank you for your efforts in that area. Then I just want to talk a little bit about -- you know, I appreciate that you talked -- you made reference to the smart city grant because as I read the audit and even the briefing that we received last week, so many of the comments really get back to resource challenges and so in some ways this is really an ideal time to have this audit and to have this conversation because it really does point to the wonderful opportunity we would have if we were fortunate enough to receive the smart city grant because it will help us address the very resource challenges identified here so thank you for mentioning the ways in which already the grant process has helped improve collaboration within the city of Austin but also with partners even in other countries. So -- >> Right. To understand that many of the other big cities that we're compared to and the -- in the direction finder have the same problem, that some of them have left the direction finder survey because it doesn't reflect big city challenges as well as I think it could. But the camaraderie to, find out that other cities are facing the same issue is refreshing because, I think, again, we can learn stuff from our sister cities. >> Tovo: Mr. Spillar, is my assumption correct that where

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there are resource challenges identified in here that the smart city grant would provide an opportunity to address some of those? >> I think the smart cities grant will help address in a demonstration format what the future might look like in terms of smart corridors or improved transit or automated vehicles or the ability to reach communities that need new ladders of success to be defined for them. So, yes, I think that will be an opportunity to address. Again, it's an experimental process. We're demonstrating something. We think we have some great ideas that are hard to get money for otherwise, and so to have the U.S. Department of transportation actively providing money for trying things is pretty innovative, I think. >> Tovo: Great. Thank you. And I think -- you know, I know we didn't spend much time talking about it but that fourth finding about the multiple initiatives you have going on is also exciting. We have a lot of great things going on in the city of Austin. Again, thank you to you and your staff for your work and to the audit staff for their helpful audit. I would entertain a motion for acceptance. Councilmember pool moves to accept the audit. Councilmember Renteria seconds that. All in favor? And that is unanimous. I am going to suggest that we move on. I know that we'll conclude in time but councilmember pool does have another item of city business that's going to cause her to leave -- her time is a little more limited today so I would like to get to item 6 next and then we'll circle back to five. >> Pool: I appreciate that, mayor pro tem. You'll remember the last time we met betook up this item, and I asked for a postponement of our action to this meeting so that I could have some conversations with implementation members and staff and get my questions

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answered, and I am happy to report that we had good conversations and I have come back with some suggested changes but I have some questions first to make sure that I'm clear on a couple other things. There was interest in the conversations that I had with members of the planning commission and the zoning and planning commission over the last two weeks. One was to reconstitute the C.I.P. Committee. C.I.p. Is the capital improvement percentage not the comprehensive plan implementation. Is that right? >> Correct, councilmember. That is correct. >> Pool: Can you give us real quick a little bit of background. We used to have a C.I.P. Committee and it was done away with or what happened? What happened to the C.I.P.? >> Jerry rusthoven, planning and zoning. I believe you're correct there was at one point a separate C.I.P. Subcommittee at some point they decided to roll that duty into the comprehensive planning committees functions and so at this time they're the ones that handle the C.I.P. Function within the planning commission. >> Pool: There's some interest on those two groups, two commissions to pull that back out and have a separate entity to look at that work. And the C.I.P. Looks at capital improvements by way of bonds. Is that right? >> Yes. >> Pool: So this is all kind of planning in advance, which is different from the bond oversight commission? >> Correct, which is after the fact. >> Pool: After the fact. I don't know and I don't know if I've got a -- any legal staffing here today who can tell me whether I can add a recommendation along those lines into this ordinance, but I'll just put that out there at this point. And then I'll just talk a little bit about the content of the conversations that I

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had with planning commission and zoning and platting commission. I was concerned over two things when last we met. One was that the number of land use professionals which can run the gamut from attorneys to real estate agents or brokers and developer agents, people who make a living from development in our community, that there were more than the one-third number that's in our city charter on -- that had been appointed and recognizing how that can happen, last year, just to revisit a little bit of our history, when we were all -- making all our appointments, a lot of it came in large waves

and there really wasn't the opportunity to look to see if we were maintaining the balance that was required in some cases. Not all commissions have constraints on them. Mr. Lloyd, Brent liquored from -- Brent Lloyd from our law department had given us a memo last fall that said even though we had more of a majority -- we should only -- >> Tovo: Do you want to talk about a legal memo? Probably not. >> Pool: At any rate, jumping to the conclusion it's not an irreversible error to have more land use professionals on these committees and so I think since that is the discretion of council, we just need to be mindful of when we do make appointments going forward, as things change change with councilmember terms and natural attrition we may be able to get back and I hope and encourage us all to be very mindful of what the charter requires and we can move back to having one-third of the membership being land use professionals. So that then touched on the creation of these sun groups and because we have a majority of land use professionals on

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these commission it's was hard to get fewer than a majority on these smaller groups. In the conversations that I had with the chairs of both zap and planning commission, they have recognized this as a personal responsibility at their end and will make -- and will be intentional in how they themselves volunteer for these sub group committees going forward so that we can have a good diversity, not only of profession, but also dispersion around the city. There's one thing that we know from 10-1, is that we are really looking for diversity and for the voices that are coming to the table at the city and advising us. In all of these matters. And our land use commissions are really, really crucial to how the city -- how the city acts in our community. So having had those conversations, there were some other things that came up in the group discussions that I think we have some more work to do that I'll take on. There's some process and procedure questions that because these joint committees have been formed and we don't have -- this is new. It's fairly novel imitation of our land use committees formally. The reporting back procedures had some gaps in them. The bottom line is, though, if you have a joint committee of zap and planning commission and maybe I can have Mr. Lloyd come up and do a better job of explaining this than me, any action -- recommendation would have to flow back through the parent commission, that the subcommittees, joint committees and work groups, do not report directly to council but rather that he come back through their parent commissions. Mr. Lloyd? Thank you. >> Brent Lloyd, assistant city

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attorney. I think that's the most workable approach and, you know, ultimately I think what's gonna happen is there's gonna be an ordinance that will codify this so we can state that in the actual code section. But under the charter, as well as under the city code, planning commission has some [indiscernible] That zap doesn't have with respect to recommending code amendments as well as under the charter comprehensive plan amendments. And so I think since this joint committee would be -- since these joint committees would be doing things related recommending amendments to general development standards as well as comprehensive planning issues, I think that it should report to the planning commission but obviously it would include representatives from zap as well. >> Pool: And so this is an area for additional future work, not in front of us today, but we surfaced some procedural issues that will get worked out. And I really appreciate staff's quick response last week when some of the questions came up and we were looking at it late on a Friday afternoon for what do we do next? Where do we go? So I've handed out a two-pager, front and back, that has the agenda item at the top and mission statements for the different joint committees. They are -- they were written by the members of the committees -- commissions that were meeting with me last week from planning and zap. They put this together. You'll read the mission statements are fairly straightforward, and much of

what's in there that's different is just the name of the committee, if I'm looking at this carefully. So I don't know. Colleagues, if you want to just think about the mission

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statements for now and we can go ahead and move forward on adopting the ordinance and then add this in later or if this is something that you'd like to act on today. We're all looking at it. Right now. And, therefore, they're mission statements for codes and ordinances joint committee, comprehensive plan joint committee, and I guess it's just the two. And it sets forth the four members and the three members. >> Troxclair: So our options either passing the agenda item as it is and adding this in later or doing them both together right now? >> Pool: Maybe I could have Mr. Rusthoven helped me out here, Mr. Lloyd. >> The item before you today is to refer to the full council the creation of the subcommittees and unique makeup of having them from both the zap and PC and I guess we could incorporate the mission statements into the ordinance. >> Pool: So the difference would be just in reading the mission statements if that's fine with y'all today, you just want to move forward with that, and then we can -- or we can bring it later. But you have the mission statements in front of you and they were written by members of those commissions. >> I think it won't be fine. I've had a chance to read them before the meetings and I think it matches what the subcommittees do so I'm fine with y'all doing it today. >> Troxclair: These mission statements are going to be included in city ordinance? >> Yes. I think if the committee votes to forward this to the council we would then take this and put it into ordinance form. Some of this language may change a little bit just to make it fit into the context of an actual code section, but I think the substance of what you've provided here and, frankly, most of the wording as well, would just be put directly into the ordinance that would go to council.

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>> Troxclair: And is the city code the appropriate place for something like a mission statement? >> Well, I wouldn't call it a mission statement, but generally when we have -- we have a section of the city code that deals with joint committees, and it will describe generally what the function of that committee is. So it won't be a mission statement, per se, but it will definitely sort of provide some guidance as to what the purpose of the committee is, and we can draw from this mission statement in drafting that. >> Pool: Colleagues, if you'll look at the other handout that I gave you, it's the ordinance here and it's turned to page subsection -- purpose and applicability of the permanent joint committees of the boards. So this is the section that would be amended to add in mission statement. I circled 201, economic and capital budget joint committee, just to make sure -- and this goes back to my first question, which was the C.I.P. Committee, I wanted to make sure that that one was different from this one. So I'm prepared to make a motion to go ahead and move this forward, having had all of my questions answered. I will note we have some additional questions, but they were good process questions. We surfaced some areas that we need to provide some additional direction on, and we'll work through those with the law department and staff at a later time, including I'll bring forward some action to recreate the C.I.P. That was a specific request from the folks with planning commission and zap so I will make that motion. >> Troxclair: Okay. Is there a second? Thank you for all the work that you've done on this. It looks to me, based on

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handout that you've passed out, that you've done a good job of encapsulating the purpose of the agenda item and addressing some of the concerns that were raised. I just -- I don't know. I might need --

I don't know that I'm fully understanding the distinction that this -- amendment is making. So, I mean -- or that this -- >> Pool: The mission statements? >> Troxclair: I'm not understanding what the concrete difference is or -- >> Councilmember, the only addition, the makeup of the committees is what is requested of you by both the PC and so the only thing additional here is the so-called mission statements. >> Troxclair: Okay. And why are they necessary? Or what is -- what is different about -- is this mission statement portraying something different than what would be done by the joint committees without the mission statements? I'm not understand -- >> I think this clarifies what the purpose of the subcommittees are. I think that it pretty much encapsulates what they already do but I think this -- councilmember pool just seeks to have that codified so it's clear what the purpose of both committees is. >> Troxclair: Okay. And does that address a concern? What concern does having this encapsulated address? >> Pool: The commissions themselves had advised that they weren't entirely clear based on the language that is currently in the code, what their responsibilities were. So after meeting about them last week, different members of the groups went back and crafted these mission statements and then ran them through law department to make sure that they were appropriate. So these are basically coming from the people who are on the commissions. >> And I think that the bigger picture here is just when -- when the planning commission -- zap and planning

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commission basically perform the same functions when it comes to regulatory approvals like subdivisions, recommendations on zoning cases, conditional uses. But for things like general amendments to the land development code or comprehensive planning amendments, only the planning commission under the charter and under our ordinances plays a role and the creation of these committees would provide a way for zap men's to participate in that process -- members to participate in that process as well and that's fundamentally what these would do. >> Pool: And I'll also say -- I just was advised by my staff, the mission statements don't necessarily have to be added into the document. They are explanatory so it does show intent. It doesn't hurt to have them in there but if you don't want them in there, if it feels awkward, that's fine too. >> We always, in creating any commission or joint committee, it always includes a statement as to their function and purpose so that they have some parameters. I think when we prepare the ordinance we will definitely use a lot of what you've provided in the mission statement. >> Tovo: Councilmember, I heard that -- I apologize that I had to step out. I heard that you had made a motion. Can you clarify what that motion is? >> Pool: Right. It's to adopt the clays to the ordinance that were proposed in -- changes to the ordinance that were proposed in agenda item 6. >> Tovo: Very good. Vice chair troxclair seconds that. >> Pool: Thank you. >> Tovo: Is there any other discussion on this item? Thanks for your extra work on this with the commission members. That's really valuable and thank you to staff for continuing to work through this issue. All right. All in favor? And that's unanimous on the dais. Thank you very much. So that brings us to -- >> Pool: Thank you. >> Tovo: That brings us to item 5, which is staff briefing on the fiscal year 2016 activities of the auditor's integrity office.

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>> Thank you. This is the first report I believe to this audit and finance committee regarding our integrity unit's activities. Going forward we want to do this about twice a year. In fact we've proposed code changes that require us to do it twice a year but since those are not yet required we are voluntarily presenting on our activities to date. Nathan is the chief much investigations and we'll be making our presentation this morning. >> Thank you, mayor pro tem, councilmembers. As Corey stated I'm Nathan, chief investigations for the city auditor's integrity unit and I manage the unit with the help of wonderful

team of investigators who many of which are sitting back here. So today's presentation I'm going to talk about the first six months of fiscal year 2016, walk through our process, and provide some of the key points associated with the process. So the first question that we asked ourselves is where do allegations come from? And to answer that, we went back and looked through our case-management system in which we log allegation that's come into our office. What we've found is 50% of what comes in comes in through what we call the hot line program, the primary reporting mechanism for folks who want to report allegations anonymously. So the hot line program includes an online form which anybody, employees, citizens, contractors, can fill out. As well as an anonymous telephone number that they can call in to and provide information. 40% of our allegations come from direct contact so that might be someone reaching directly out to one of our investigators or myself or sending us mail. And the final 10% come from department referrals. That could be corporate human resources or other departments as well as the auditors in our office. Sometimes they run across indication that's something may have occurred related to fraud, waste and abuse so they'll consult with us. So in the first six months of the fiscal year we had 142

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allegations. And one thing to keep in mind is that it's 142 allegations but these can consist of multiple issues so one allegation may contain a personnel-related question or concern as well as fraud, waste and abuse. So another thing to keep in mind is that over 50% of what we get is anonymous. And this is really an industry best practice to have an anonymous reporting program within a city or an entity. And research has shown it's really enabled the prevention and detection of fraud, waste and abuse. So the next question I'd like to answer is what types of allegations do we get? Well, the first question we ask when we get something is, is this fraud, waste or abuse? If it's not, it's not within our jurisdiction. I want to talk about the breakdown of those matters not within our jurisdiction that we receive. 48% includes personally-related concerns, this could be hiring and promotion. Additionally it could also be description, harassment and retaliation. 44% of the allegations are operational concerns or other so operational may be identifying to our office that an employee thinks there may be a better way of doing something that they're doing in the city. And so those matters are sent to departments. We also get calls from people inquiring about issues that are outside of our jurisdiction like county, state or federal concerns. And what we do in those situations is try and point them to the right place. So anything that comes into our office we're really trying to find the best home, even if it's not somebody who has an issue that we can look into. And the final 8% are criminal-related matters. So what happens when we get an allegation that's outside much our jurisdiction, we generally send out a referral to the appropriate authority so that can include corporate human resources. A fair number of our allegations actually go to the

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audit side for inclusion in the strategic audit plan or in ongoing audits for their consideration. And, finally, Austin police department for those allegations that are criminal-related. So for allegations that are within our jurisdiction, here's a rough breakdown. Really the key point I'd like to make here is that with several of these there are groupings. So with outside employment, misuse of city resources and conflict of interest we can often see that in a single allegation that comes to our office so it might be alleged that an individual has a second job, they're misusing city resources, and they could have a conflict related to it because their secondary job might be directly related to what they're doing for the city. Again, these can have multiple points. So for allegations that are within our jurisdiction, we conduct due diligence to determine if there's predication and what I mean by predication is, is there a

reasonable basis to believe that the allegation may be true? So a fair amount of work takes place at this point of the allegation. For those where we don't find predication we generally refer it out to a department or in some cases we close it out internally. For allegations that are reason our jurisdiction and we conduct due diligence and determine that there may be -- or there is predication, that is, we've found a reasonable basis to believe it's true, we open a case. And so for the first six months of this fiscal year we've opened 16 cases. So what happened to the cases in this -- the first half of the fiscal year? So we completed nine cases, three of which were substantiated. When we substantiate an allegation that's within our jurisdiction we issue a public report that goes directly to the city council and applicable departments as well as city management. On this slide, I have a

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summary of the reports that were issued within this fiscal year, so there were five, to were carry-overs from the previous fiscal year that we wished and on the right-hand column it says action. What this is is corrective action. So one of our key performance measures is what action, if any, a department or city management takes after we issue a report of fraud, waste and abuse that we've found. So while it's not necessarily something that's in our control, it's really measuring are we producing reports on things that matter and can be -- action can be taken on them? As you can see, in three of those cases, action was taken. And in the last two, action is pending but my understanding is that the departments are on their way to taking corrective action. So my last question that we does is, have we seen any trends in our data? So as I stated we went back and looked at our case-management system to see what we could find and what we've found is that there's been an 89% increase in the number of allegations we received from the same period two years ago. So additionally, the second half of the year tends to be -- have a higher intake of allegations related to the first half so we're anticipating that the second half of this year will remain the same. And this seems ton in line with -- to be in line with industry stats that allegations are going up across the board, across many different entities and we view this as a positive thing. Allegations coming up means that folks within the city and outside really have trust that allegations that they raise are going to be handled and as we've seen, even if it's not within our jurisdiction, that it will find an appropriate home and there will be some sort of Jude come. Outcome. Before I take questions I did want to point out that we worked on three other projects during the period. So city code revisions related to to the ethics review commission and the auditor and

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what our roles are and clearly defining those and y'all passed upon that and I believe it's currently with the city management, will come back to full council sometime shortly. We've additionally gone back to our case-management system and what we've found is there was a lot of useful information in there. We get 142 allegations in the first six months. There's something we can learn base on the that so we've been tweaking the system to extract that in a meaningful way to be provided to auditors and used for our work as well. And the last point is that we've really made our reporting, when we do issue public reports, more robust to contain adequate information for decision makers and the public. I'm happy to take any questions. >> Tovo: Thanks very much, and thank you to you and your team for all of your work. >> Thank you. >> Tovo: You're doing fabulous work. Others? >> Troxclair: So you said it was a -- you see it as a good thing that allegations are going up. >> Yes, ma'am. >> Troxclair: Because of the level of trust that means people have in the system. But is there -- but is there -- I guess, going past that how did we ensure that the number of substantiated allegations or the things that are actually not being done correctly is going down? What is the correct metric to use if it's not the number of allegations reported? >> Just wanted to note, we have been -- there have been some changes to the way we track

this informing internally, so we don't have great information on trends right now. But I do think that looking at that number of cases open is a good indicator of how many times we find something that we have a reasonable basis to believe could have occurred but then really if we can along at trends related to whether or not we substantiated the complaint I think that would tell us to what extent is this -- are the

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things that we're noting actually things that occurred and then we look at, as Nathan mentioned, the whether or not action is taken when we do find a violation, for example, of city code or of our fraud, waste and abuse bulletin? >> Troxclair: So having a high number of complaints but a low number of substantiated allegations is a good thing? Or could -- may mean that people are trusting the system but that there isn't a lot of fraud, waste or abuse actually happening? >> Right. I think focusing on that and going forward we can certainly present more information on this but on the kind of percentage substantiated based on the allegations that we get it's kind of a helpful indicator in that. I also would say that the allegations going up can alsoing tied to our outreach and marketing so the things that we're doing to get information out there about having the hot line may increase our allegations. But if it doesn't increase our substantiated cases then it doesn't mean that, you know, fraud is increasing in the city necessarily. But it does mean that more people are thinking to call us and to let us know when they're concerned about something. >> Additionally -- I'm sorry, go ahead. >> Troxclair: I was going to say I think there's perception sometimes if we have a high number of complaints but a low number of substantiated complaints were maybe this is more in reference to H.R. Discussions we've had recently. I think there's a per perception sometimes that the investigation is not being done fairly or that those corruption -- there's corruption in saying whether or not -- substantiating or not substantiating complaints. I don't know. I guess I was just curious about that. >> And something to note also is that while many allegations end up not being substantiated or open-ended case, what we can find is that roles and responsibilities in departments may not be clear. There may be risks that can be acted upon. So those will then be referred to the audit side and can also be referred to departments for

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their action. So it may be indicative that there's not necessarily fraud, waste or abuse or that -- but that some sort of clarification needs to take place. >> Tovo: Thank you very much. >> Thank you. >> Tovo: Let's see. This is just a briefing so we don't need to accept this report. Thank you again. Seeing no other business before us, we stand adjourned at 10:53. Thanks.