

Audit and Finance Committee (AFC) Meeting Transcript – 10/27/2021

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[9:01:03 AM]

>> Alter: Good morning. My name is Alison alter and I am chair of the audit and finance committee. Joining me on the dais and virtually this morning is councilmember tovo, councilmember pool and councilmember Kelly. Mayor Adler has not yet arrived. It is 9:01 A.M. On October 27th and I will call this committee meeting to order. We initially chose to start early at 9:00 A.M. Because we wanted to accommodate an annual pensions briefing. That item we will postpone in a few minutes at staff's request due to another transaction that they need to take care of this morning. So I'm hoping we'll be able to end the meeting early and give folks some time back in their day. So we are going to begin with public communication and then approve the minutes, postpone the pension briefing and then move into executive session for discussion of our appointments for the pensions and come back to

[9:02:04 AM]

finish the rest of the agenda. As is our custom right now, executive session will be virtual, so I will need a minute and councilmember tovo will need a minute to get up to our offices to do that. So I would like to call for public communications. We had two folks signed up. I want to confirm that Vanessa de la valle does not want to speak, is that correct? Okay. Great. And then the second person signed up was Paul Robbins. Paul, would you like to join us and speak, please? You will have three minutes. Good morning.
>> Good morning, council. Last night the Austin Sierra club endorsed the concept of repurposing money from poorly performing conservation programs run by Texas gas service to more

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productive activities. Texas gas service proposed conservation budget will waste about \$1.8 million a year for the next three years for a total of \$5.5 million in money that could be spent for other programs. Tankless water heater rebates make up over half of this misspending. Their costs are quite high. They require maintenance, which can reduce or eliminate energy savings. And their lifetime may be exaggerated. Some people claim that tankless units last 50% longer than normal storage tank units, but when I looked at actual receipts from this year, I found at

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least 116 tankless rebates issued by the gas company are to replace existing water heaters, existing tankless water heaters. How can you claim there are energy savings when you are replacing an energy savings tankless unit with another tankless unit? And I should add that these 116 rebates create little or no savings while they cost ratepayers \$89,000 in imprudent expenditures. Your gas dryer rebate has a pay back of 248 years for an appliance that lasts 13 years. Central furnace savings will not generally pay back in southern climates. Their economics are

[9:05:06 AM]

conducive to northern states that are four to five times colder. So I'm proposing, council, let's take this \$5.5 million and spend it on assisting the poor or research and development on alternative renewable gas technologies or reducing bills or split that money up and do all three. I appreciate your attention. This kind of waste has been going on for a long time and even though Austin's -- Austin does not specifically manage this program, council

[9:06:07 AM]

does regulate it. Have a great day.

>> Alter: Thank you, Mr. Robbins. I understand that my staff has a meeting with the sustainability office and --

[buzzer]. I understand that my staff has a meeting with the sustainability office today and the gas question is one of the issues on their agenda.

>> Um, I will provide council with a any information I can.

>> Alter: Thank you. Do we have any other speakers who signed up late? Okay, great. Thank you. I will now entertain a motion to approve the minutes? Anyone want to? Councilmember tovo moves approval. Do we have a second? Councilmember Kelly seconds. I would just ask that when we pass there that there are a couple of tiny grammar

[9:07:08 AM]

edits, apostrophes and's if we can approve the minutes. Contingency on that I think it would be councilmember tovo's with an apostrophe S and then in another item there's an extra comma that changes someone's title. Nothing major. So if we can pass it with those changes, are there any objections? Seeing no objections, we pass those minutes. We will now move to item 2, which I mentioned earlier we are going to postpone at staff's request. It's the pension briefing. So if -- councilmember tovo.

>> Tovo: [Inaudible].

>> Alter: Okay. Councilmember tovo moves postponement. Do I have a second? Councilmember pool seconds. Seeing no objections, that will pass. We are now going to move to closed session and I will read the script for that. Again, we will be virtual for closed session. We will take whatever time is necessary for us to review with city staff the

[9:08:10 AM]

candidates for the coaers and aprs board and come back out here. So the committee will go into closed session to take up one item pursuant to section 551.074 of the government code. The committee will discuss personnel matters related to item 3, pension system coaers, aprs trustee candidates evaluations and recommendations. Is there any objection to going into executive session on the item announce? Hearing none the committee will now go into executive session. So I will see you in a few minutes. Thank you.

[9:46:58 AM]

>> Alter: In closed matters we took up matters about trustee candidates. We had a very qualified pool. I would like to now motion that we move to approve Michael granoff as the appointee for the aprs board and dick Levine for the coaers board for when those seats are open. And I would ask as part of my motion that staff work to get this appointment -- these appointments on one of the November agendas in and advance it as fast as possible. Do I have a second? Councilmember tovo seconds? All those in favor? It's unanimous on the dais with mayor Adler absent.

[9:47:58 AM]

Staff, do you have any questions or concerns with that motion? It's fine? Okay. Great. Thank you. So we will now move on to item 5, which is discussion and possible action regarding the city technology purchases audit.

>> Great. Thank you. So -- can y'all hear me okay.

>> Alter: We can.

>> Excellent. And so this audit was managed by Patrick Johnson. Henry katuma was the lead auditor, and we have Andrew Scoggin who I think is there in front of you. I can't always see the full room. He's right there and going to do our presentation this morning. I'll turn it over to Andrew.

>> Hi, good morning. As corrie mentioned my name is Andrew Scoggin and I'm a member of the team on this audit. We appreciate your time this morning as we tell you more

[9:49:00 AM]

about our project and how the city buys technology. First on the next slide here here, just some background on the city's process. This chart is a simplified version of the one that appears on page 2 of our reports. First, one of the city's many departments, plans and technology purchase, they then send a purchase request to the city's communication and technology management department or ctm, which then does financial and technical reviews. The city's purchasing office then does its review before the request gets final approval and is delivered. On the next slide here we had one finding in our report which was that the city's process to buy technology isn't working effectively to meet city needs. In the rest of this presentation, I'll go into more detail about the areas highlighted here on the right in terms of oversight

[9:50:01 AM]

planning, reviewing and tracking, and getting around the process. On the next slide on oversight we found overall that the city's oversight of technology is not effective. As shown here, the city does not know what technology it owns, nor how much it spends. We also found that key I.T. Roles are unclear and governance is not operating effectively to ensure purchases align with city goals. The city lists three groups that oversee technology, but only one is currently functioning. There also doesn't appear to be

any group fostering collaboration between departments. The next slide on planning we found that departments generally do this on their own using their own processes. Information on their decisions that are made during planning such as a justification for why they need the technology is generally not tracked in a central place for viewers to

[9:51:01 AM]

see. We also note here that many purchases don't consider long-term needs. We interviewed staff in 13 departments as part of the '78 and over 30% said that the city doesn't understand its technology needs. Also staff said that city technology doesn't keep pace with changes in the industry. Additionally there's a lack of coordination between departments and city-wide when planning for purchases. We saw examples of purchases where the city could have made better use of its resources. On the next slide here on reviewing and tracking we found that the city's reviews of technology purchases and its tool for tracking and purchase requests aren't working as intended. Reviews are meant to make sure that technology is secure and will work with what the city already uses. However the review isn't

[9:52:02 AM]

done regularly and isn't documented. This puts the city at risk for buying technology that is unnecessary, doesn't work as expected or may make the city vulnerable. More specifically on security reviews these are optional and not always done and no one department appears to take responsibility for doing them. We talked to some of the larger departments with their own I.T. Staff who reported doing their own security reviews. Also the tool that is used to track purchase requests, which is called service now, doesn't include all key information, particularly from the planning and purchases. Finally, this slide here about bypassing the process, we note some ways that people can get around the city's process for buying technology. In our department staff survey, about 60% said it takes too long to go through the city's process. This may cause staff to buy pass the process altogether.

[9:53:03 AM]

Staff noted that there's no way to make sure that all purchases that should go through this technology-buying process actually do. And two ways that we know here that the process can be bypassed are by using city purchase cards and signing up for free trials. We made four recommendations as part of our audit, two on the left here to the city manager and to the right to the city's chief information officer. Management agreed with these recommendations. That's the end of our presentation. We're happy to answer any questions. I also think that staff is here as well. Thank you.
>> Alter: Thank you. Is someone from ctm or someone --

[9:54:09 AM]

>> I think yes, sir Stewart and assistant -- I think Chris Stewart and assistant city manager Arrellano are on.
>> Alter: Thank you. I don't know, we can't hear you, Mr. Arrellano, if you are speaking.
>> Can you hear me now?
>> Alter: Yes, we can.
>> Thank you. Good morning, chair alter and committee members. I just wanted to say on behalf of the city manager's office obviously technology purchasing and investment decisions are something that we need to be able to coordinate in an enterprise-wide level and I appreciate the auditor's look into how we

can identify the gaps meant for us to be able to take actionable steps towards closing those gaps. We have started -- we agreed with the recommendations of the auditor's office and in fact have started working with the city manager's

[9:55:13 AM]

office which includes Chris Stewart our chief information officer, first of all to really pin down and decide upon the role of the chief information officer for the enterprise. From there then it flows all the other things in terms of governance and how we make technology investments and on a separate, but parallel track certainly will be how to best track our investments. So with those comments I'll pass it to Chris to see if he has any comments as well.

>> Thanks, ray, good morning, Chris Stewart, chief information officer. Like ray said, we are underway with really trying to find what the roles and responsibilities are and that's probably the first recommendation from the audit is to have a clear definition of roles, responsibilities. I think what we see is it hasn't been clearly defined so a lot of departments were doing what they could to get their work done, get their work accomplished. Everyone was doing what they thought was their responsibility, but this is going to make it very clear

[9:56:15 AM]

where the responsibility lies, we'll work with our departments, work with purchasing, of course, cmo in that definition. And from the ktm side -- ctm side it is recommendations on what we do offer, what are standards. So they have a good understanding of what's available to us. So instead of going off and if I need something I just go find it, the first place I go it to ctm. I go to a centralized place and.

>> Hayden-howard:, what do we have and that will make -- and say hey, what do I have? That will help us control things and then a governance process on top of that. So we're underway in a lot of that work. We're excited to get that work done and to move forward.

>> Alter: Thank you. Ms. Morgan dorks want to speak -- Ms. Morgan, did you want to speak as well?

>> I'm here to support Chris and ray. Thank you for jumping on.

[9:57:15 AM]

I couldn't agree more. I'd be so happy to have Chris Stewart helm of ctm now and he's really taken a lead and a clear and direct focus to have this be top and center and I'm looking forward to do a better job of coordinating throughout the city. So I appreciate his work.

>> Alter: Thank you. So just before we jump into discussion I want to remind those who are watching that this is one of several audits that this committee and the council have requested with respect to technology. We have been focused in particular on cybersecurity. We have audits in our plan, also with respect to cloud computing and have been asking a lot of questions to understand how we can do better with respect to the delivery of technology. This is not a particularly flattering audit. And I think we need to acknowledge that. My hope is that it will be

[9:58:16 AM]

useful in highlighting the governance questions that need to be resolved and that need to be resolved at a high level and then communicated out throughout the whole organization with the end goal hopefully of making it easier and faster and more productive for us as we -- as we navigate how changing technology and how to do things. This audit I think covers to some degree, you know, the hardware, the

software and the cloud pieces. We also have another audit coming up on the cloud, but there's a lot of work to be done. Avenue I'm going to open it up for my colleagues who want to make comments or questions and then I have some questions. Colleagues, do you okay.

[9:59:17 AM]

Since nobody seems to have questions, I'll ask mine. Okay. So we had for a little while a chief technology officer, and what is the status of that? That is potentially one role that could be helpful in this governance structure. What is the status of that position and the roles that were supposed to be performed by that person?

>> So we did take a good look when I got here at the executive structure and we restructured into deputy cios, chief of staff. We did change some of the titles and the structure of the executive team to make it more clear. A lot of the functions have been split up into the deputies

[10:00:20 AM]

and most of it relies in the cio role. Instead of splitting it out, really wanted to centralize that into one person who was managing the department.

>> Thank you. I don't know. I'm hoping one of you can answer this but we have recently had discussions about an update to our procurement policy more generally. I wanted to get an idea of how the technology improvements would be connected to the overall technology procurement update.

>> One of the things we're doing at ctm is we're going to create a contract management team. Previous audit determined that the management of contracts for city wide or enterprise wide I-t contracts should be managed at c-10. That's a new function. We're working with the

[10:01:21 AM]

performance management group and city of Austin to determine what are the roles there, what size team do we need, who are the right team, right titles to do that. We want to make sure the contract management is working well and then of course the understanding of what we have, what we're buying the governance around that is really important, so all the governance that we need to do -- that's definitely on our road map to get done.

>> This is Patrick. We did speak with James. I think just the structure that management has laid out does align with some of the changes that the purchasing office is trying to move forward, so -- and I know the purchaing officer will be involved in the recommendations of redesigning opportunities for improvement and getting those implemented.

[10:02:22 AM]

>> Thank you. One of the things that I was struck with -- I think it was in the audit and not just in the briefing that I had -- was some of the technology that was purchased and not really usable by the department, and I've been focusing in on sort of digital equity programs and one of the issues we have is, you know, access to technology. And so also been active in Austin climate equity program. I want to see how they intersect and/or the retirement of still-usable hardware.

>> I can speak to that. That program is run through telecommunication regulatory affairs. We work with them closely and have for years now. The tech recycling program -- we make sure our technology at the city refreshes each year, goes through that program.

[10:03:22 AM]

They have brought in interim level people to learn about refreshment, getting them ready for the community and there's a program they use to support local charitable organizations, and I believe they even had some direct through another charity, especially with the kids going home last year. We refreshed some of your computers for that use. There's been a program a few years. It's very successful. >> When we redo the governance I want to make sure we don't forget that piece. It's not -- I think to deploy the hardware and anything else you can redeploy for equity somehow needs to be in this governance cycle. We talk about if you're looking

[10:04:24 AM]

at sustainability you have to plan it into your life cycle. Here we have the opportunity to deploy this for folks who don't need as sophisticated machines but for whom that machine will work, so I would ask you come along with your governance system that there's a step that's part of the conversation appropriately.

>> Absolutely.

>> So I have a question for the auditor. When I read this through it seemed hardware focused. That may have been by bias of what technology means, but I also understand there's been situations where vendors may have delivered applications that didn't work or we had outsourcing failures, and I really didn't see that sort of reflected in here. And I'm wondering if you can speak to those things and what you learned.

>> Sure.

[10:05:26 AM]

Go ahead. Yeah and I think with this audit we started to get into specific examples -- found there wasn't a lot of information available to be able to do that. We even stepped back at a higher level, getting at the governance piece and seeing what needed to be fixed there -- we didn't dig in as deep on specific pieces of the process.

>> So as you're thinking about the audit it is much more on the higher level governance piece as opposed to diving into specific instances of waste.

>> I think we looked at the governance. We looked at the high-level process, at not any particular instance at the process. We looked at instances. We just didn't go as deep on some of those instances.

>> Okay. There was discussion of these

[10:06:28 AM]

oversight groups. The chief information officer's counsel and department directory advisory's counsel, and it sounds like those are defunct. Is that accurate?

>> Yeah, I think -- so the cio counsel -- I'm not sure when the last time they met. I think the department advisory counsel met in 2019. Chris might be more familiar with that aspect.

>> Yeah. The -- it's not happened for a while where directors got together to talk about top technology needs. Since then we've focused on a refresh of equipment, and that's where a lot of our cip dollars are going, just programs of maintaining what we have. The CIOC -- its function has changed significantly from its

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inception. We're taking a look at that. It's going to start with the I-t steering committee -- it's really where we started the conversations around the whole of the cio. Once we have that determined that's going to help us determine the top-down governance approach. One of those is we're going to make sure we're looking at what there is now. There are lots of pockets of governance. We need to make sure there's structure. We need to make sure there's authority to these teams as they make decisions that they can make decisions, that they're empowered, that the overall strategy is taken into account so we have an I.T. Strategy for the city of Austin.

>> Thank you. As part of that strategy and as part of we do this inventory of technology and -- I want to

[10:08:31 AM]

underscore the need to seize this opportunity to optimize our technology and how we can be efficient and safe as we modernize our technology. That can help us do our jobs better and serve Austin better. As you approach the next steps, you know -- I've had an opportunity to talk with you Chris, and I understand this is how you think about things but I don't want to take something that's an audit and present it in audit speak and miss the opportunity to think about optimizing our technology and the use of it. You know, and not get lost in that -- not get lost in the governance and forget that piece because I think it's super important and, you know, the hope of these series of audits is to get us to a better place, recognizing that we're not where we need to be and to

[10:09:33 AM]

chart that course, which involves the governance but it also means that we have to understand that we can do better in delivering that technology and that governance or lack of governance is an obstacle to achieving those milestones with respect to technology usage. Colleagues, does anyone else have questions? Okay. I will entertain a motion to approve the audit. Council member tovo, moves for approval or acceptance -- not sure which we're doing today. Council member pool seconds it. Any objections? Okay. With that, the audit is approved thank you so much. Appreciate everyone being here and look forward to updates on this process moving forward.

[10:10:34 AM]

Thank you. So the next item is item 6, which is actually discussion of possible action regarding the proposed draft audit plan. This is the discussion for that item, the November meeting in two weeks will include an item for recommendation to the full council, unless we wanted to do something today I'll invite Ms. Stokes to introduce that and as part of that if you can make the next step clear with respect to technology that's also part of this plan.

>> I think I may have missed the last -- the next piece of what we'll be looking at from an I.T. Perspective?

>> Yes.

>> I can do that. So if we can actually pull up the PDF document, that's the easiest way I think to talk through this. So just a couple of things. I know most of you know but for

[10:11:34 AM]

the public and anyone else -- not this one. This is the PDF for the audit plan. This is for item 7. Okay. So y'all know this but for everybody else, certainly there are requirements in city code in section 23 and

several places related to the audit plan so I present the audit plan to the audit and finance committee, and the audit and finance committee makes a recommendation to council for full approval. That's how it's laid out in the plan. The way we do this is we collect ideas for what should be on the plan throughout the year. Those come from citizens, from audit staff, from other interested parties throughout the city. We collect that information and try to prioritize. We also survey news sources and try to prioritize a risk-based list. We start with a longer list and from there we whittle it down,

[10:12:35 AM]

prioritize it based on impact, timing, coverage. So that adds -- what you hopefully see in front of you or will see in front of you soon -- or maybe some of you already have it in front of you as a back-up for this item. But -- so then we -- from there we go and discuss with council offices and city management and try to come up with draft list with the reflecting -- kind of support for projects but also as I mentioned, you know, are we considering timing, are we considering impact, are we considering audit coverage. So for the draft list, as council member alter mentioned, we bring that to you and ask for the full council recommendation can you see the draft list at this point?

>> It is not on the screen. I have it in front of me.

[10:13:36 AM]

>> Ctm -- can you help me out here?

>> We're trying to get it up. It's not loading at the moment.

>> Okay. So I think in the interest of time, I'll just walk through the sections real quick. Hopefully most of you can see it in front of you as back up for the item. The main thing is -- so we remind you of what is already underway so we don't put things on the plan that we're already doing, so that's kind of the first section, things that are coming soon and this kind of overlaps with our last item where we talk about upcoming items, but we do expect to have work completed on our disaster response audit for the November meeting. We also have -- are completing work related to economic recovery terms. Also our lobby compliance work which we're required to do

[10:14:36 AM]

annually -- coming soon. We have a couple of other things you'll see this calendar year. It won't be just those two audits and those things from our cost savings initiative which is on going but specific projects come out of that. When we complete that we present them to you. Examples this year were the software and pagers work. There will be more from that most likely. Then we have follow-up projects. Those -- we do follow-up projects throughout the year. As you may recall we started in 2021. We're really trying to bring our follow up kind of in more chunks of information, and then the -- so that's all kind of what's happening. As council member alter mentioned we have a cyber security series so we're always proposing -- perfect timing.

[10:15:37 AM]

We have a cyber security series so we're always proposing work in that. We have a project we've started related to cloud computing so we'll be -- that will be carry over, which means pleing it by the end of the year. We have projeks on data reliability -- a spin off -- that's a project we felt needed more time and attention that we're working on. In addition to the three carry overs what you get to is the blue list, which is the rest of the thing we're proposing for next calendar year. It says fiscal year -- didn't notice

that until this morning but this is a plan we're shifting to the calendar year audit plan, and so this list -- I won't go through them one by one, but this is the list of projects that we anticipate doing. You'll see on there the cyber

[10:16:37 AM]

security series is continuing. That's one where we feel like there's always a topic we need to look at doing there. We'll assess just like with the cloud computing. We will assess what makes the most sense going forward. And then another -- along the same lines, the cost savings initiative, city finances in general -- lots of pressure on city spending. We want to keep that series up and we have some topics we're laying out as potential topics for that initiative. Right now it looks like a broad initiative. We'll have more specific projects that come out of that. So -- and then there's always -- we try to keep a page two. There is a page two, which is possible projects to consider. Right now what I'm proposing to you guys is this list here as our audit plan for calendar year '22.

[10:17:40 AM]

>> Thank you. Colleagues, do you have any questions, comments?

>> I do.

>> Go ahead, council member pool

>> Pool: Great. Thanks. Corey, thanks so much for the list of audits. It's a really strong list. I mean, it always is. On page 2 for the possible alternative if we have time you'll see animal services on it. I had a conversation with the city auditor and my team and we talked about how we might be able to tee that audit up for 2023 because we have follow up on previous animal services audits listed on the follow-up audits on page 1. So I think doing the follow-up audit on animal services will get us in a good place for

[10:18:48 AM]

deciding an animal service audit. I think we need to focus on the follow ups, take the information and follow up on it. My thanks to Corey and her team.

>> Thank you. Council member tovo, did you --

>> Tovo: Council member pool, I'd like to visit with you about that shift outside of the meeting. We've been in similar meetings and heard data about the level of -- to the volunteers on the animal commission. I'm not sure if that's within the scope of the update but it could be in the scope of the new one. In support of some of the requests community members have made about the resolution that you sponsored, I'm wondering if that shift is what we want to do now. Maybe you and I can talk about

[10:19:48 AM]

it -- we don't necessarily need to talk about it today unless you'd like to but before it comes to council I'd like to better understand your reasoning on that.

>> I would offer that there did not seem room to push it on to page one. I could not myself identify an audit that I would lower priority on to pull this one up. Seeing that it is listed for follow up on previous audits, I thought it would be a good idea to see where we are with previous recommendations, see how staff have responded to those and also to give the new committee on the animal advisory commission to kind of get their arms around the issue of data since we very clearly heard their concerns on that topic. So I agree, these are issues that are large and need our

[10:20:48 AM]

attention, and so in my attempt to fit it in with the other priorities and also recognizing some work that was already going to be happening in calendar '22, I thought -- there was a certain kind of sequence that sounded feasible, but of course we can certainly talk about that further. We would -- take things off the list in order to put this at a higher level

>> Tovo: That's the problem. And there may be needs to advance the data to be presented since you've done a resolution on that and it's been passed. That ought to be something we need to do further action on for it to happen. Thanks.

>> Just to clarify, council member pool, you were suggesting the on going follow up for recommendations for --

>> Pool: It's on the list for

[10:21:49 AM]

follow up and I did talk with the city auditor about prioritizing that follow up among the list of follow ups.

>> At the risk of wading into something I don't know as much as my two colleagues, would the data audit underway have anything to say about the issue with respect to animal services?

>> As currently scoped probably not. We're just getting ready to start that work, so it doesn't mean we couldn't. But I think it was more about public facing data. That's about city departments giving information to the commission and less what the city is putting forward for the public to see more broadly. I would say as currently scoped, no, it doesn't mean it's not something we can't consider.

>> I'm not sure council member tovo or pool who's familiar with the nitty-gritty

[10:22:50 AM]

here but maybe they can talk with the audit team so at the least they're aware of the concerns so that might raise concerns with that regard -- so not changing the scope of the audit but inviting a conversation if one of my colleagues wants to follow up on that. I had a question for the disaster response emergency shelters. When -- how is that being coordinated with the resilience hub work so that it is useful for that work and not -- I think we recognized that we've done a poor job in certain ways there, and I want to make sure that however we're structuring that it is useful for the work that we are launching with respect to the resilience hubs and not -- you know, just so that could be useful.

[10:23:50 AM]

>> I think so -- two things there. One, I think that's a question that we might should discuss after we present the disaster response work because part of that is an additional observation about emergency shelters and -- but we are aware of the resilience efforts and we are including those as part of our work. You know, we understand what's been passed by council and what's happened and that's a piece of what we're looking at as we do that work. So we are keeping that in mind and we are talking about to the folks involved in those efforts within the city. I think probably we could have a more fruitful discussion about that after we present the results of our disaster response work.

>> That's fine and I'm very much looking forward to that presentation but just wanted to make sure that we were thinking about how that audit could be more constructive in the context of the on going work

[10:24:51 AM]

because some of that may have been done or just -- there may be some opportunity where there's a particular piece of it that that group needs to understand better where the audit couldn't really move that work forward, which is implied in the question. I just want to make sure we're having those conversations.

>> Absolutely.

>> Okay. Council member Kelly, did you have any questions?

>> Kelly: I do not. I was able to review the plan with Corey and her team ahead of time and got my questions answered. Thank you for raising the points. I think it added to the conversation and I'm glad to have listened. Thanks.

>> Okay. So we do not need -- any other questions? Anything else you want to add?

>> No. We'll come back in November or at our next opportunity and ask for the recommendations of full council, but I think for today

[10:25:52 AM]

this is what we have.

>> Great. Thank you. We do not need to take action on item 6 this week. So we will move on to item 7 shg which is discussion and possible action on the homeless spending special request, and I'd invite Ms. Stokes to speak about this. This is on our agenda today at the request of council member Kelly and council member pool. We don't usually present finding some special request, and I think Ms. Stokes is going to clarify what a special request is versus an audit as well as share some of the findings that might have been of interest.

>> Absolutely. So the team on this included a manager and lead. Kathie will go into the findings of this -- or results, I should say. I'm back to tell you why we don't have findings. To kick us off -- I'm not seeing the presentation but

[10:26:54 AM]

y'all might see it. Is the -- here it comes. Okay. So to kick us off I want to talk a little before turning it over to Kathie about the difference between audits and special requests. You'll have seen audits. We just had one on technology preparation. Concept on audit -- we have rules on what we can and can't do within an audit. Audits are designed to answer whatever objective we set out to answer, to drop inclusions, to use our -- to collect evidence and use our professional judgment to drop inclusions and then to make recommendations to issues we're seeing, particularly the cause of issues we're seeing. We would probably have it anyway but to say, hey, here's the recommendation, what do you think we can do with this or what is your plan to address? That's the audit and mostly what you see from us.

[10:27:54 AM]

A special request is really way more focused. The idea is to get things done a little quicker and so we focus in, we get specific questions. We try to get the questions -- we can't answer 17 questions in a special request because we can't do it in a more timely manner than an audit, so we try to narrow it down. In this case we narrowed it down to a few questions and Kathie will talk about what those are. In a special request, we do not draft inclusions, we do not make recommendations. Because we don't make recommendations we're asking what are you going to do about this. It's a different format. It's designed to give -- to kind of create a process that leverages my team's expertise so our ability to look at

best practices, ability to collect information from throughout the city, ability to validate evidence. Those are all things I believe our team excels at. The special request format is

[10:28:57 AM]

designed to leverage that. Unfortunately -- and we're talking about this internally but special requests are often -- special requests are often confused with audits. This was a special request. We answered the questions we were asked. We did not do the other piece. It was not a deep dive though it took a while. We try to zero in to give you information faster that can help with policy making. That's the intent of the special request. One more thing -- the history of the work in the topic -- this is about homelessness spending from 2017 to 2019. We did four audits related to homelessness. We looked at policies, looked at assisted efforts, how the city allocates resources and contracts related to homelessness. We had numerous recommendations -- I think it was 10 out of those four

[10:29:58 AM]

audits. We had recommendations related to contract work -- they are social service tasks. We followed up in March 2021, so early this year. Concluded we made progress on many of the recommendations and some were on hold because of Austin public health's response to the pandemic. I'm laying that out there for this is not the only homelessness work we have done. We have had findings and recommendations and management is working on those. So that's my -- little bit long preface and I'll turn it over to Kathie to talk us through what we saw in this particular special request project. >> Thank you, Corey. Good morning. I'm the audit lead on this project and I'll be giving this presentation next slide, please. Next slide again, please.

[10:30:58 AM]

Thank you. This presentation will focus on the work completed to enter the three questions from council member Kelly and council member pool in regards to how homelessness -- next slide, please. To give some background, the city budgeted \$179 million for homelessness assistance from fiscal year 2019 to fiscal year 2021. There were about 15 city departments involved in the homelessness assistance efforts. During this time 93 per cent of homelessness spending was managed by Austin public health, housing and planning department and downtown Austin community court. We noted that Austin public health is the primary department responsible for homelessness assistance and in 2020 the city created the homeless strategy division and this department to coordinate

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efforts across departments and with community partners. In 2021 the city hired a homeless strategy officer to ensure there was a seamless approach and response. Next slide, please. First, council members asked which resolution or other direction from council relate to homelessness? City council issued 47 resolutions, ordinances and other direction related to homelessness in the last several years. Most resolutions are tracked by the relative city departments while some is tracked by the city manager's office. Next slide, please. Second, council members asked which agreements relate to homelessness. The city's management of homeless agreements is spread across multiple departments which means there is no single department responsible for

[10:32:59 AM]

tracking agreements related to homelessness assistance. Three city departments are responsible for managing most of the spending related to homelessness. We focused on agreements reached by these departments. We found they entered into at least 100 agreements over the last several years. However, we also found there's no complete inventory of agreed and associated spending and a number of the agreements cannot be located due to limitations with available data. Next slide, please. Third, council members asked how were funds spent and how does spending align with direction from city council or language and agreements. I'll discuss the first part of the question on this slide tanned second part on the next slide. The city budgeted \$179 million for homelessness assistance from fiscal year 2019 to fiscal year 2021.

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During this time on average 59 per cent of funding was from the city's general fund for largely social services or case management agreements. 27 per cent of funding was from federal and state funds that was mainly used for housing projects, and the remainder funding was from capital improvement program and enterprise funds. Also, we found that some agreements have mixed sources of funding and some departments contribute money to agreements that other departments manage. City staff expect to receive an increase in funding for fiscal year 2022 due to the federal covid-19 stimulus payments to the city. For the second part of the question we reviewed five resolutions from council and traced them to spending by Austin public health. Not all spending action can be

[10:35:02 AM]

directly traced to specific guidance from city council, Austin public health aligns with state priorities. No recommendations were issued since this was a special request. This concludes my presentation. I'm happy to answer any questions.

>> Thank you. Colleagues, any questions or comments? Council member Kelly?

>> Kelly: Thank you so much for taking this on to give us the information. I think it's very helpful for how the council will move forward if our policy making. I know there have been a lot of questions from the community, so I have two questions maybe you can address in regards to that. The first one is are you all aware of any future plan to track agreements in associated spending in regards to homeless spending in I know we brought on a homeless strategy officer so I wanted to know if that office specifically would be in

[10:36:04 AM]

charge of this moving forward.

>> I think that is a really great question. I believe that Diana gray is on site. Is that correct? I'm sorry.

>> Looks like she's on the screen.

>> This is Diana. I joined virtually. Sorry. Was a little slow there. We've been in conversation with -- first with our contract management unit within aph, and at aph we actually have within our partner grant system -- we can and do track those contracts via a reporting code. In order to get that city wide we need to have discussions with procurement about applying the code at the time the contracts are made and the deals are created. But we think that the majority

[10:37:07 AM]

of the contracts sit -- the next -- the other two departments are downtown Austin community court and HPD. Downtown Austin community court also uses partner grants. With that we get 85 per cent of contracts that we could generate reports from. We'll be working with them to see if we can get the code applied to their contracts which are quite fewer than aph soon. City wide is perhaps a longer process and need to have some kfrpgss with procurement -- conversations with procurement about whether that's something we can do going forward or whether any retro action is available. It's something we're working on.

>> Thank you for explaining that. My next question is for the auditor's office. In the report -- I need for more clarity around where you say not all spending can be traced from specific guidance from council. Someone not on council might

[10:38:07 AM]

not understand what that means. Could you give us more clarity or talk about that and what it means?

>> Absolutely. And so there is some guidance that is general or providing some type of instruction for city staff to do, and so that cannot be directly traced to any type of agreement. It's just really instructions or the next steps on then what they can do next.

>> Right. And it's my understanding not every single contract comes before council generally. If it aligns with council direction and is below a certain amount it can be tied to this type of spending, correct?

>> Correct.

>> Awesome. That's all I had. Thank you for all your work related to this. I appreciate it and know council member pool does as well.

>> You're welcome.

>> Council member pool

>> Pool: I wanted to thank

[10:39:08 AM]

the team for digging in and trying to trace back on the paperwork. A body as big as the city of Austin and the many years we've been in place and the complexity of the issues we work with, it is sometimes a challenge to keep track of every piece of paper and this gave us a really good sense of how well we are doing and where there may be some missing bits that we can now go back and find them and also to strengthen our commitment to ensuring we're always able to reach back and find documentation. I was also really heartened to know that the intentions of the council as being carried out by the staff are in alignment, and -- not that I ever wonder about that. I really don't question it. But this was another indication that we have really strong

[10:40:08 AM]

respect for and implementation activity behind the direction and guidance of council on our policies, and I wanted to reaffirm this was a special request asking three questions. It wasn't an audit. I know that some folks are talking about this as an audit, and I wanted to, like my colleague council member Kelly, reaffirm that this was three questions in a special project and we appreciate the auditor's office having the ability to take on these kinds of special projects because it's an objective office and they really have the tools and the expertise to dig in and understand what they're looking at. So my thanks as well and also for making the exception to make this presentation to everybody here today. Really appreciate it.

>> Thank you. Appreciate everyone being here as well. We will -- I don't think we need to take any action since

[10:41:10 AM]

this is special request. So we will -- take up the final item, identifying items to be discussed at future meetings.

>> Chair, I did have some.

>> I'm sorry.

>> -- More or less comments -- Kathie, I see you there. One thing that was curious -- I appreciate the information and thought it was useful. I think what -- when I initially saw it I was really struck by the calculations and wanted to point out that the 101 agreements -- my guess is likely some of those are with the same organization so it's not necessarily -- those are not necessarily 100 agreements or 101 agreements with 101 different entities, and so there's -- I guess I want to really encourage members of the public who are approaching this information to really read the report. I think really looking at the

[10:42:11 AM]

numbers doesn't get a quantity -- a quantification of the data doesn't get to the heart of how the funding is invested in the community. When I started to hear when it was published and it was a while ago now so it's not as clear in my mind. I did get questions and comments from people -- the high number of resolutions, high number of contracts. So that's really more of a comment than a question. But I guess I would like to our auditor just to confirm that that's the case.

>> That is correct and so when it comes to agreements, as shown, I think was on -- towards the end during our sample, there were multiple contracts with entities. So you can have multiple

[10:43:12 AM]

agreements with one agency. And so you are absolutely correct.

>> Tovo: Yeah. And I think the other important thing is that there were not -- when we talk about the number of actions, it also sounds -- it sounds like more disparate actions than might -- than are really taken, and so, you know, for example, if we did an audit or a special report looking at how many actions we took on contracting matters, the number would be huge. You know, on the course of any council agenda, there are multiple, multiple contracting issues or purchasing agreements. Again, I think that's just a point I wanted to be sure our audience understood to the extent there is an audience following this conversation.

>> I appreciate that and certainly we -- I mean, this is a topic we talk about in

[10:44:14 AM]

different areas, not just in homelessness where we do have a lot of council action, and sometimes staff action in a particular area can cover multiple of those council actions or we have a lot of agreements that cover maybe only a few resolutions, so there is that match up. There are appendices in this report. We were trying to answer the questions as presented but there are appendices in this report that kind of lay out who the vendors are and how much, you know -- to what extent they are part of this. But I absolutely agree that the raw numbers can be -- are big, but it doesn't necessarily mean that we have, you know, 101 entities involved in city contracting

>> Tovo: Yeah. Thanks. Thanks again.

>> Uh-huh.

>> Any other comments? Thank you, everyone, for being

[10:45:14 AM]

here. We'll move to item 8, which is future items at future meetings. Our November meeting will be fairly packed. We have our audit with the storm aftermath from the storm auditor's office. We will also have a conversation with chief brown with respect to ems billing which comes out of my budget rider I think a few of you were cospon ring -- cosponsoring. We'll discuss the calendar and get the pension briefing in on that agenda. Did I miss anything?

>> I didn't hear the economic recovery funds audit. I do think that the economic recovery funds audit and pension briefing are a little flexible on finding and approval of the audit plan. We have our annual integrity

[10:46:16 AM]

unit report, but like the -- I think the pension, that can happen in December. I think the December calendar is pretty open and November is pretty packed, so we'll have to kind of sort that out.

>> We'll plan to adjust. There may be a few things we leave on for flexibility with the hope we can skip a December meeting. If we have to bump them, we'll bump them all right. Anything anyone else wants to point out? Okay. Great. So with that, I will adjourn this meeting. It is 10:46 A.M., and we are adjourned. Thank you, everyone.