

**AUDIT/FINANCE COMMITTEE**  
**August 20, 2019**  
**MEETING MINUTES**

After determining that a quorum was present, the Audit/Finance Committee of the City of Denton, Texas, met for a regular meeting on August 20, 2019, at 10:30 a.m., in the City Hall Conference Room, at City Hall, 215 E. McKinney Street, Denton, Texas.

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

**STAFF PRESENT:** Antonio Puente, Chief Financial Officer, Frank Dixon, Police Chief, Umesh Dalal, City Auditor, David Gaines, Director of Finance, Harvey Jarvis, Controller, Carla Romine, Director of Human Resources, Cassandra Ogden, Director of Procurement and Compliance, Tiffany Thomson, Director of Customer Service, Kevin Ann Mullen, Deputy Director of Capital Projects, Rachel Wood, CMO Chief of Staff, Shanika Mayo, Police Administration Manager, Brian Hogan, Assistant Controller, Cody Wood, Assistant Controller, Daniel Kremer, Deputy Director of Engineering Operations, Madison Rorschach, Staff Auditor, Neerage Sama, Staff Auditor, Cindy Hartman, Payroll Coordinator, Susan Miller, Police Administrative Supervisor, and Theresa Jaworski, Executive Assistant and Recording Secretary.

**OPEN MEETING:**

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

**1. ITEMS FOR CONSIDERATION:**

**A. Consider approval of the Audit/Finance Committee minutes of June 18, 2019.**

Committee Member Paul Meltzer made a motion to approve the June 18, 2019, Audit/Finance Meeting Minutes. Mayor Chris Watts seconded the motion. Motion passed unanimously.

**B. Receive a report, hold a discussion, and give staff direction regarding an internal audit of Roadway Quality Management.**

Staff Auditor, Madison Rorschach, explained the purpose of the audit, the Roadway Quality Management Process, planning processes that are coordinated with Streets and Utilities, equitable use of resources, construction quality documentation, improved monitoring efforts, followed recommendations and agreements.

A discussion followed with Engineering staff explaining the use of overlay instead of road reconstruction, the importance of using appropriate documentation when deviating from the established standards setting guidelines and recommendations in addressing issues with roads, the responsibility of following up with that documentation and flexibility when that need arises.

**C. Receive a report, hold a discussion, and give staff direction regarding an internal audit of Police Overtime Process.**

Rorschach stated the purpose of the audit, including the amount of overtime and average amount of expenditures annually, reviewed the process and effectiveness of controls in the overtime process, administration, and management of overtime for the Police Department.

The Committee discussed the largest share of overtime being for neighborhood services or special events, who is responsible for determining hours worked, who schedules the work, and who approves the hours worked and who does the payroll, the options considered in handling the work through hiring outside help, additional officers, the advantages of Internal Audit pointing out the needs for improvements and opportunities for the City Council to examine the City's overtime policy.

**D. Receive a report, hold a discussion, and give staff direction regarding an internal audit of the Accounts Payable Division.**

Rorschach noted the City of Denton's 2018 total amount invoiced from suppliers and entities and presented the vendor payment process, explain the areas that could be improved, noting the office supply purchases from Staples that lack any supervisory approval, the receipt of goods that is not documented, and the check request controls that could be tightened up, Internal Audit's recommendation and issues that have been identified, addressed, and the plans for improvement.

The Committee discussed any possible abuse of the check request process, the steps taken by Accounts Payable that are now in place to address issues, and current communications with Staples on adding procedures to improve the supplies order process and the City Auditor's appreciation of the work and efforts by the Accounts Payable department.

**E. Receive a report, hold a discussion, and give staff direction regarding the Fair Labor Standards Act requirements and the City's Overtime Policy.**

City Auditor, Umesh Dalal, explained that the Police Department's Overtime Audit revealed implications set out in the Fair Labor Standards Act and identified issues beyond the financial impact, making the City's Overtime Policy more generous than the Fair Labor and Standard Act requires. The City Council was made aware of these issues in a memorandum dated August 16, 2019 that compared the FLSA overtime calculation with the City's overtime calculation.

The Committee discussed that this is not an error but the City's option to be more generous. This is a policy management issue and the awareness that benefits will recruit and keep good personnel and become a determining factor when competing with other cities in the hiring process, adding that it is helpful to be aware of this information.


## 2. CONCLUDING ITEMS

There were not concluding items to address.

The meeting adjourned at 11:17 a.m.

The Audit/Finance Committee approved the Meeting Minutes of August 20, 2019, on September 17, 2019

  
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JOHN RYAN  
COMMITTEE CHAIR  
CITY OF DENTON

  
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THERESA JAWORSKI  
RECORDING SECRETARY  
CITY OF DENTON