



THE STATE OF TEXAS §
CITY OF BROWNSVILLE §
COUNTY OF CAMERON §

MINUTES of a **Regular Meeting** of the Audit and Oversight Committee of the City of Brownsville, Texas, held on **Friday, October 6, 2023, at 12:15 P.M.**, with the following members present in person at City Hall, 4th Floor, Meeting Room, located at 1001 East Elizabeth, Brownsville, Cameron County, Texas, 78520 or **via Microsoft Teams Teleconference Meeting by logging on at:**

<https://brownsvilletx.webex.com/brownsvilletx/j.php?MTID=mfabb656e88dd0fe1d74a291522900b0b>

Meeting number: 2539 477 6100

Password: audit (28348 from video systems)

COMMISSIONERS/COMMITTEE MEMBERS PRESENT:

COMMISSIONER ROSE M. Z. GOWEN	)	COMMITTEE MEMBER
FRANCISCO J. OROZCO	)	COMMITTEE MEMBER
GERARDO GARCIA	)	COMMITTEE MEMBER

OTHERS PRESENT:

KEILAH FOLKERTSMA	)	CITY AUDITOR
DANIELA G. GONZALEZ	)	ASSISTANT CITY AUDITOR
JENNIFER AVENDAÑO	)	FIRST ASSISTANT CITY ATTORNEY
LAURA MARTINEZ	)	CMO EXECUTIVE ASSISTANT

ABSENT:

MAYOR JOHN F. COWEN, JR.	)	CHAIR
COMMISSIONER Roy De los Santos	)	COMMITTEE MEMBER

1. Call to Order:

A quorum being present, Ms. Daniela G. Gonzalez, Assistant City Auditor, read the call to consider the following matters as posted and filed for the record in The Office of the City Secretary on September 28, 2023. The meeting was called to order at 12:26 p.m. by Commissioner Gowen, Committee Member.

2. Public Comment Period:

No public comment.

3. Items for individual consideration, discussion and possible action:

Item A:

Mr. Francisco Orozco, Jr., motioned to approve minutes, seconded by Gerardo Garcia, all in favor, passed to approve minutes.

Item B:

1. Cybersecurity guest speaker, Jorge Cardenas, IT Director:
 - a. The Importance of Cybersecurity presentation and how it affects the City.
 - i. Educate Employees
 - ii. Use Strong Passwords
 - iii. Regular Updates
 - iv. Install Security Software
 - v. Backup Data
 - vi. Implement Multi-Factor Authentication (MFA)
 - vii. Limit Access Rights
 - viii. Regular Audits
 - ix. Incident Response Plan
2. Adopted budget
 - a. Last time website was checked, budget was not yet posted, however, report was printed. Budget was less than what was requested, budget was established, yet it looks like Finance entered based on last year's expenditures with the exception of salaries and lunches for the committee
 - b. There is a column for finance review, but Audit is still awaiting proper response from the Finance Department on why they did not enter our numbers in the department entry column and make their adjustments in the Finance adjustments column. Discrepancies currently exist between what was requested and what was entered into the system.
 - c. Mr. Orozco inquired about the two systems, Ms. Folkertsma explained Finance obtained a new budget software ClearGov, but then entered values into the legacy Logos system, but did not enter the values we had entered.
 - d. Commissioner Gowen asked if there will be a meeting to discuss Audit needs prior to mid-year. Director of Finance did admit that they could have handled the issue better and City Manager offered to meet to discuss the needs again prior to mid-year however asked if anything could not wait until mid-year.
 - e. Audit and Oversight Committee (AOC) member Mr. Gerardo Garcia stated he is aware of e-mails that have been sent, as Ms. Folkertsma copied the AOC members.
3. Ongoing Audits
 - a. The Parks and Recreation Department (PARC) review is temporarily on hold pending hiring a Deputy City Auditor and finishing the BCIC audit. Ms. Keilah Folkertsma said that there were great candidates. As for PARC, some of the policies are inward &

outward (public) which is confusing as you cannot regulate the public with internal facing policies but would need to post them. Our understanding is that PARD outsources the transportation of youths for PARD programs to Brownsville Independent School District (BISD). Any contract on this issue should include policies on safety that PARD expects drivers to follow, and management should periodically check (monitor) to ensure that the policies are being followed. That will be the bottom line. While the review/audit is on hold, it will not take too long to finalize but our first priority was hiring and the BCIC audit.

- b. BCIC mentioned economic development impact from their grants and specified a dollar amount of impact in their budget submission. We want to know what was reviewed and how they developed that dollar amount of impact.
- c. We are currently determining how BCIC set the rules of grants
- d. We noticed some issues in fairly recent minutes that indicated policy changes based on Chapter 38 – Code of Ethics, which should have already been established in 2019.
- e. Based on public concern we moved the BCIC audit up but next up should be BPD Property & Evidence

4. Follow-up Audits

- a. GBIC has not yet submitted documentation on the land sale/purchase so we can close
- b. Financial Disclosure and Ethics Review - City Secretary has made some progress in tracking, but we have not been able to close any of the remaining recommendations. The City has 59% compliance with the mandatory code of ethics training, down from the prior year. We expect OD&HR to reassign this mandatory training in October 2023.
- c. Ms. Folkertsma recommends a new review of mandatory ethics training because we have done 3 follow-ups on the original 2020 Review. Management agrees with a new due date after October 31st, 2023^a, to inquire about compliance.
- d. Compliance with ethics training and filing Personal Financial Statements' (PFS) supports accountability and transparency to the public showing employees and officials understand Chapter 38 Code of Ethics and it is not violated. Unfortunately, based on City Secretary's response several boards still have not filed their mandatory PFS reports.
- e. After May 31st, 2024, should allow sufficient time to revisit PFS filings for future, per correspondence with City Secretary.
- f. Follow-ups on petty cash are due now, they will be addressed
- g. But new policy does need to be determined. External auditors are interested in open recommendations.

5. Annual Report

- a. As we started to build the audit department, we started with previous audits from 2020 and 2021.
- b. Raw number of issues identified by (findings or observations) are as follows: There were 66 issues (findings/observations) documented from testing conducted in 2020 and 2021. Based on our review of management's responses and documentation they provided we have closed 29 of the 66. We made 7 new recommendations based on the 2023 GBIC audit.
- c. The Office of City Auditor met with Communications to discuss a campaign for Fraud Reporting. The Office of the City Auditor's move from the main library branch to 1045

^a The Organizational Development and Human Resources team subsequently assigned the training with a due date of November 10, 2023, which is a holiday so review will be after November 11, 2023.

- E. Washington Street has been delayed, because of Communications and Marketing's delay in moving to their new building on Adams Street.
- d. Implemented standard operating procedures
 - i. Staffing
 - ii. IT Systems will vary from department to department
- e. Implemented a Risk assessment process
- f. 51.5% of findings remain open from 2020 – 2021
- g. Conducted one special follow up on Rights of Way (ROW) taken by BPUB
- h. Reviewed multiple audit and data analysis software programs pending budget
- i. Reviewed bylaws and submitted comments
- j. Met with external auditor to discuss areas we might collaborate share information
- k. CRI shared their assessment of BCIC controls, since BCIC is our current audit
- l. We shared information on our open findings/observations and recommendations with CRI
- m. Next Annual Audit plan
 - i. Brownsville Police Department (BPD) Property and Evidence
 - ii. Organizational Development and Human Resources (OD&HR)
 - iii. Grants
 - iv. Procurement/Accounts Payable
 - v. BPUB
- 6. Other items
 - a. Completed Deputy City Auditor interviews
 - b. Return to LOGOS project
 - c. External Auditor, Audit plans
- 7. Questions?

Mr. Francisco Orozco inquired about timing; Ms. Keilah Folkertsma replied we do not yet know for certain.

Mr. Gerardo Garcia stated he was going to ask the same thing, regarding City Auditor's Office being centralized. He asked if there is anything we (AOC) can do to assist for moving into an appropriate area.

Commissioner Gowen inquired for more information about Mr. Garcia's inquiry. Discussion on the Audit location ensued. Commissioner Gowen says we can discuss it with Helen, but there are other things in the works.

Mr. Francisco Orozco is asking when we anticipate the next staff update. Ms. Keilah Folkertsma replied it should be next month.

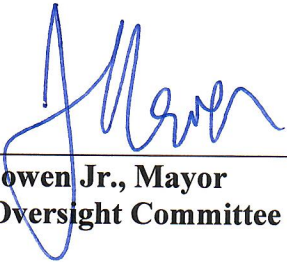
Commissioner Gowen announced her early departure and proposed Executive Session, but Ms. Jennifer Avendano suggested we table the discussion. Commissioner Gowen asked if we need to meet sooner. Ms. Jennifer Avendano suggested it can wait until the next meeting.

Mr. Francisco Orozco motioned to table, Mr. Gerardo Garcia seconded, and the motion passed.

Mr. Francisco Orozco motioned to adjourn; Commissioner Gowen seconded to adjourn. 12:58 p.m. Adjournment occurred at 12:59 p.m.

4. Executive Session - TABLED
5. Possible Action on any item(s) as discussed in executive session:
6. Future Agenda Topics/Assignments
7. Adjournment

Approved this 3rd day of November, 2023.



John F. Cowen Jr., Mayor
Audit & Oversight Committee Chair

Attest:



Keilah Folkertsma, MBA, CFE, CIA
City Auditor

Respectfully Reviewed by:
Daniela G. Gonzalez, Assistant City Auditor
Office of the City Auditor

Respectfully Submitted by:
Laura Martinez, Executive Assistant
Office of the City Manager



NOTICE OF A PUBLIC MEETING OF THE Audit and Oversight Committee

Pursuant to Chapter 551, Title 5 of the Texas Government Code, the Texas Open Meetings Act, notice is hereby given that a *Regular Meeting* of the **Audit and Oversight Committee** of the City of Brownsville, will be conducted on **October 6, 2023, at 12:15 p.m.**, at the **City Commission Chambers**, located on the **Second Floor-City Hall/Federal Building**, located at **1001 East Elizabeth Street**, Brownsville, Texas 78520.

Pursuant to Section 551.127, Texas Government Code, one or more members of the Audit & Oversight Committee or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.

Members of the Public, Employees, and the City Commission may join via the Webex Teleconference Meeting by logging on at:

<https://brownsvilletx.webex.com/brownsvilletx/j.php?MTID=mfabb656e88dd0fe1d74a291522900b0b>

Meeting number: 2539 477 6100

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1) CALL TO ORDER

2) PUBLIC COMMENT PERIOD

3) Items for Individual Consideration, Discussion, and Possible Action

A. Approval of the Minutes for the following Audit and Oversight Committee meeting:

1. August 18, 2023, Regular Meeting

B. City Auditor's Office Update

1. Cybersecurity – Guest Speaker
Jorge Cardenas, IT Director
2. Adopted budget,
3. Ongoing audit(s),
4. Follow-up audit(s),
5. Fraud reporting,
6. Annual Report,
7. Risk Assessment,
8. Next Annual Audit Plan FY 2024
(October 1, 2023-September 30, 2024)
9. Other items of interest related to
the Office of the City Auditor



City Auditor Update

By the Office of the City Auditor

October 06, 2023

cityauditor@brownsvilletx.gov

<https://www.brownsvilletx.gov/2098/City-Auditor>

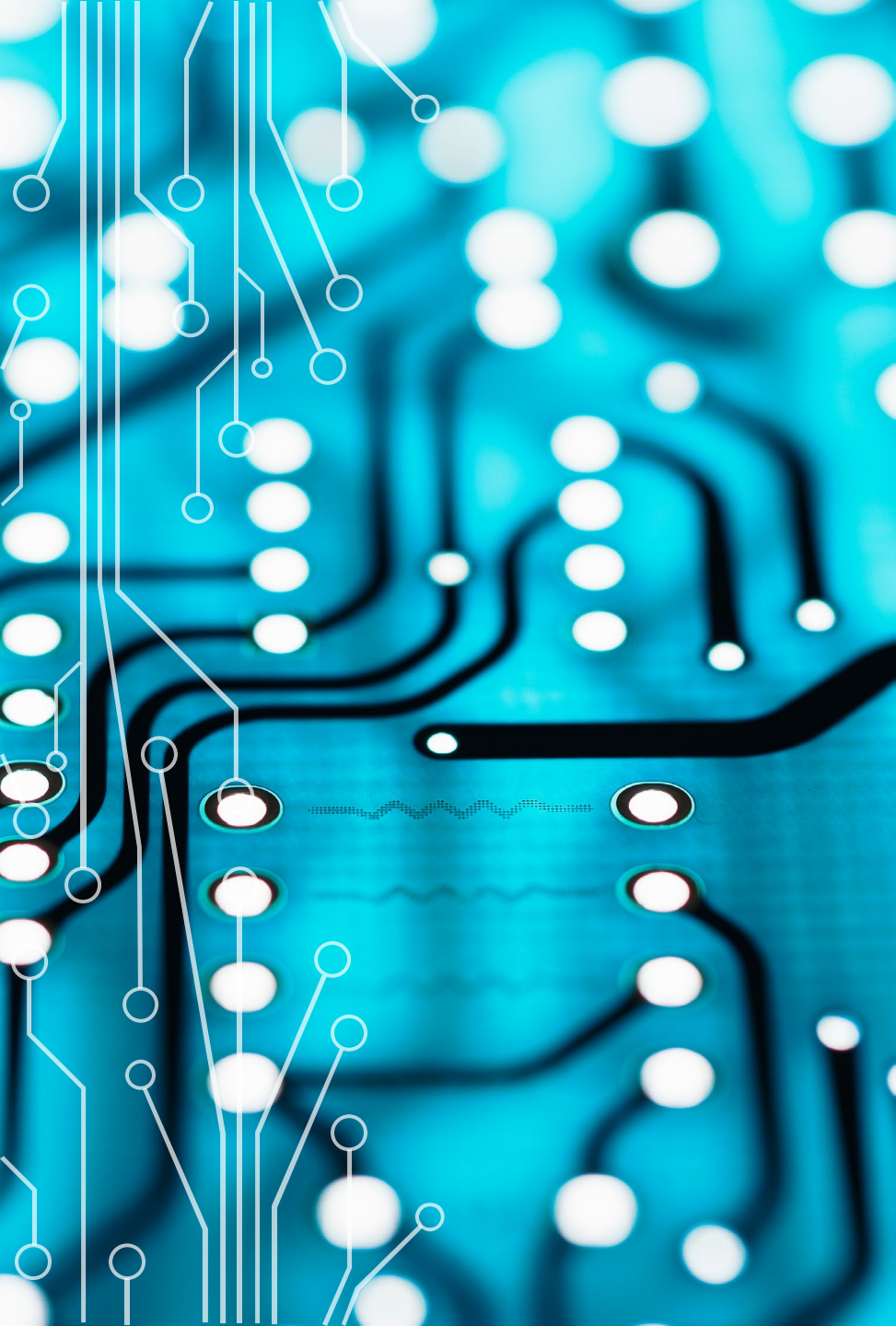
B. 1. Cybersecurity

- Welcome Guest speaker Mr. Jorge Cardenas, IT Director



THE IMPORTANCE OF CYBERSECURITY

IT DEPARTMENT



THE IMPORTANCE OF CYBERSECURITY

- 1. Educate Employees:** The first line of defense in cybersecurity is awareness. Conduct regular training sessions to educate employees about the latest cyber threats and how to recognize them.
- 2. Use Strong Passwords:** Encourage the use of strong, unique passwords. Consider implementing a password manager for your organization.
- 3. Regular Updates:** Keep all systems, software, and applications up-to-date. Regular updates not only provide new features but also fix security vulnerabilities.
- 4. Install Security Software:** Use comprehensive security software that includes antivirus, anti-malware, and firewall protection. Ensure it's always updated to the latest version.
- 5. Backup Data:** Regularly backup all important data. In case of a cyber attack, you can restore your system with minimal downtime.
- 6. Implement Multi-Factor Authentication (MFA):** MFA provides an additional layer of security by requiring users to provide two or more verification factors to gain access to a resource.
- 7. Limit Access Rights:** Not everyone in the organization needs access to all resources. Limiting access rights can reduce the risk of internal threats and data breaches.
- 8. Regular Audits:** Conduct regular security audits to identify vulnerabilities and fix them before they can be exploited.
- 9. Incident Response Plan:** Have a clear plan in place for responding to cyber-attacks. This can help minimize the damage and recovery time.

B. 2. Adopted Budget -Office of the City Auditor

A	B	C	D	E	F	G	H
Budget GL Account	Budget Transaction Description	Budget Year	Prior Year Estimated Amount	Our Requested Budget Entered in ClearGov	Listed as our Department's Entry in Logos	Listed as 2024 Finance Review on FY2024 City-Wide adopted budget	Finance Review on FY2024 City-Wide adopted budget Column G less Our Requested Budget Column E
01-131-601	Supervision	2024	\$118,650.00	\$196,586.00	\$ 196,586.00	\$ 196,586.00	\$ -
01-131-602	Clerical	2024	\$98,748.00	\$60,000.00	\$ 60,000.00	\$ 60,000.00	\$ -
01-131-606	TMRS	2024	\$38,462.00	\$46,049.00	\$ 46,049.00	\$ 46,049.00	\$ -
01-131-607	F.I.C.A.	2024	\$17,166.00	\$21,064.00	\$ 20,164.00	\$ 20,164.00	\$ (900.00)
01-131-608	Medical Insurance	2024	\$18,756.00	\$31,428.00	\$ 31,428.00	\$ 31,428.00	\$ -
01-131-609	Life Insurance	2024	\$78.00	\$294.00	\$ 294.00	\$ 294.00	\$ -
01-131-610	Workers Compensation	2024	\$291.00	\$475.00	\$ 475.00	\$ 475.00	\$ -
01-131-619	Miscellaneous	2024	-\$5,591.00	\$ -	\$ -	\$ (8,708.00)	\$ (8,708.00)
01-131-623	Dental Insurance	2024	\$846.00	\$846.00	\$ 846.00	\$ 846.00	\$ -
01-131-701	Office Supplies	2024	\$3,000.00	\$1,500.00	\$ 3,000.00	\$ 3,000.00	\$ 1,500.00
01-131-703	Foods, Meals, Ice, Water	2024	\$0.00	\$2,000.00	\$ 2,500.00	\$ 2,500.00	\$ 500.00
01-131-705	Fuel & Lubricants	2024	\$0.00	\$0.00	\$ -	\$ -	\$ -
01-131-706	Minor TI/Equip/Furn Under \$15,000	2024	\$7,500.00	\$7,500.00	\$ 6,500.00	\$ 6,500.00	\$ (1,000.00)
01-131-710	Books & Periodicals	2024	\$300.00	\$300.00	\$ 300.00	\$ 300.00	\$ -
01-131-711	Postage / Shipping Charges	2024	\$0.00	\$0.00	\$ -	\$ -	\$ -
01-131-712	Photo Equip / Supply Under \$15,000	2024	\$500.00	\$300.00	\$ 500.00	\$ 500.00	\$ 200.00
01-131-761	Communications	2024	\$4,000.00	\$4,000.00	\$ 4,000.00	\$ 4,000.00	\$ -
01-131-763	Insurance or Bonds	2024	\$0.00	\$0.00	\$ -	\$ -	\$ -
01-131-765	Professional Services	2024	\$0.00	\$20,000.00	\$ -	\$ -	\$ (20,000.00)
01-131-767	Travel Expense (non-Training)	2024	\$2,000.00	\$2,000.00	\$ 500.00	\$ 500.00	\$ (1,500.00)
01-131-769	Auto Allowance	2024	\$7,000.00	\$7,000.00	\$ 7,000.00	\$ 7,000.00	\$ -
01-131-770	Training Expense	2024	\$9,200.00	\$30,000.00	\$ 14,700.00	\$ 14,700.00	\$ (15,300.00)
01-131-776	Dues / Memberships / Web Subscriptions	2024	\$3,800.00	\$4,300.00	\$ 1,800.00	\$ 1,800.00	\$ (2,500.00)
01-131-779	Other	2024	\$0.00	\$0.00	\$ -	\$ -	\$ -
01-131-779-27	Other Temporary Workforce	2024	\$1,500.00	\$0.00	\$ -	\$ -	\$ -
9999-999 Enhancement	Audit Software	2024	\$0.00	\$166,000.00	\$ -	\$ -	\$ (166,000.00)
9999-999 Enhancement 2	Audit Software Annual	2024	\$0.00	\$113,460.00	\$ -	\$ -	\$ (113,460.00)
9999-999 Enhancement 3	Lease of Copier	2024	\$0.00	\$2,800.00	\$ -	\$ -	\$ (2,800.00)
				\$717,902.00	\$ 396,642.00	\$ 387,934.00	\$ (329,968.00)

B. 3. Ongoing Audit(s)

2023-R-01 Parks and Recreation (Transportation) **ON HOLD**

2023-R-02 BCIC - ENTERING FIELDWORK PHASE

Based on public concern we moved up the BCIC audit and will place BPD Property & Evidence third

Published reports can be found at:

<https://www.brownsilletx.gov/2103/Reports>

B. 4. Follow Up Audit(s)

2021-01-F-02 Review of Land Acquisition GBIC, still pending documentation – using checklist per discussion

2021-03-F-02 **Financial Disclosure and Ethics Review** some progress, no closure

59 percent compliance as of September 14, 2023

Recommend new reviews/audits after October 31, 2023, for Mandatory Ethics Training

Recommend new review/audit after May 31, 2024

B. 4. Follow Up Audit(s)

We will start the following after the expected completion dates (ECD's) September 30 , 2023:

- **2020-02-F-03 Petty Cash and Change Fund,**
- **2021-02-F-03 Controlled Asset Inventory,**
- **2021-04-F-03 City's Call Center, and**
- **2021-05-F-03 Procurement Card (P-Card)**

B. 4. Follow Up Audit(s)

Project	Title	Total	Closed	Partial	Open	Next Follow Up After
2020-01	Audit or Records Management	10	10	N/A	N/A	9/30/2023
2020-02	Audit of Petty Cash & Change Funds	5	2	1	2	9/30/2023
2021-01	Review of GBIC Land Acquisition	7	3	N/A	4	PENDING
2021-02	Controlled Asset Inventory	12	1	N/A	11	9/30/2023
2021-03	Financial Disclosure and Ethics Review*	6	1	N/A	5	N/A
2021-04	City's Call Center	11	2	2	7	9/30/2023
2021-05	Procurement Card (P-Card) Audit	15	10	N/A	5	9/30/2023

Auditor Created

* Suggest reauditing or review for ethics training after 10/31/2023 and for PFS filings after 05/31/2024

We will start the follow up on the 7 recommendations in **Greater Brownsville Economic Investment Corporation (GBIC) Compliance Audit (2023-S-01-F-01)** after December 31, 2023.

B. 5. Fraud Reporting

Met with Communications and Marketing to discuss a campaign to increase public awareness of how to report fraud and about what we can look into

No fraud reports

<https://www.brownsvilletx.gov/FormCenter/City-Auditor-19/REPORT-IMPROPER-ACTIVITIES-207>

Fraud Hotline: 956-548-6102

B. 6. Annual Report

The Office of the City Auditor is not yet in a secure permanent location, and we do not have adequate resources to do the best job for the City of Brownsville, but we are continuing to work diligently and below are some of the items we accomplished in the past year, which were provided to you in a separate report.

Obtained P-Cards and made purchases and reestablished an audit library,

Finished all mandatory City of Brownsville training

Created FY 2023 and FY 2024 annual audit plans,

Drafted, requested and got approval for, and implemented Standard Operating Procedures

B. 6. Annual Report

Developed and implemented a risk assessment process soliciting input from departments/component units

Finished and posted the results of 14 follow up reports on 66 open findings/observations/recommendations

34 of 66 (51.5 percent) remain open, 3 of 66 (4.5 percent) are partially satisfied and 29 of 66 (44 percent) were satisfied and closed,

Completed and posted one special audit with 7 recommendations,

Completed and posted one special follow up report,

Updated job descriptions, interviewed, hired

B. 6. Annual Report

Reviewed audit software and data analysis software and got soft quotes pending budget,

Created and input our budget request,

Took over scheduling and recording the Audit and Oversight Committee meetings,
Reviewed and commented on the Audit and Oversight Committee bylaws

Met with Carr, Riggs, and Ingram to discuss potential for collaboration and how we might assist each other

Produced and submitted an annual report on our activities for the FY 2023

B.7. Risk Assessment

The risk assessment methodology is currently housed in SharePoint.

	A	B	C	D	E	F	G	H	I	J	K	L
1		Fill out your Department Name (and unit or function if breaking it down) in a downloaded document										
2		Have each Entity/Unit fill out Individual Risk at least annually or as dynamic events occur (Higher risk is higher number)										
3	1	Direct or Indirect Management Involvement 5 High (Contractor or Third Party) 3, level above to 1 Low (Direct management)	1									
4	2	Budget Risk 5 High to 1 Low (Is the dollar value above a certain threshold/Is the budget sufficient)	2									
5	3	Strategic Risk 5 High to 1 Low (Likelihood of not achieving objectives or goals)	1									
6	4	Reputation Risk 5 High to 1 Low (Negative perception if goals are not met)	3									
7	5	Compliance Risk 5 High to 1 Low (Risk of not following all guidelines)	2									
8	6	Legal Claims 5 High to 1 Low (Rank on reputational or dollar value - no claims would be 1, 2 to 5 depending on how many or how serious legal claims are)	1									
9	7	High Level Decentralization 5 High to 1 Low (Is staff located together or in silos - together would be 1 and all separate would be 5)	2									
10	8	Time Last Audited 5 for 2019 to 1 for 2023	5									
11	9	Change in Management 1 for 2019 to 5 for 2023	2									
12	10	Special Factors. Are there special factors that increase the risk of not attaining your objectives? Explain. Yes, serious =5, Moderate = 3, No = 1	2									
13		TOTAL	21									
14												
15												
16		#of Approved FY2023 Full time positions per budget										
17		# Actual full time employees										
18		(Short)/Over										
19		# Approved FY2023 part time positions per budget										
20		(Short)/Over										
21												
22		Provide us your name and contact information										
23		Provide us the date you are completing this										
24												
25												
26												

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0. Instructions
1. Risk Questions
2. Programs or Departments
3. Locations of staff or progra
4. Applicable guidance
5. Controls
6. IT systems
7. Notes
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B.8. Next Annual Audit Plan FY 2024

For FY 2024, since our risk assessment process is still new, we recommend finishing current ongoing audits, following up on open recommendations, then follow with (not necessarily in this order) :

- 1) Brownville Police Department (BPD) Property and Evidence,
- 2) Organizational Development and Human Resources (OD&HR) (compensation and classification),
- 3) Grants – all that apply,
- 4) Procurement/Accounts Payable,
- 5) BPUB rates (billing) and transfers, and
- 6) BPD Armory Inventory.

Based on resources, this is still an ambitious plan.

B. 9. Other Items

We completed interviews for the Deputy City Auditor Thursday, October 5, 2023

No progress on our move to 1045 E. Washington Street as we heard that there were some issues still being worked out for Communications and Marketing

We started discussions with individual staff members in Finance to determine what reports they run in the Logos, how often they run them, and the purpose so we can better understand how Finance uses the system

We met with Carr, Riggs, and Ingram (CRI) to discuss our plans and see what information we may be able to share

Conclusion

Questions?

Contact Information

- City Auditor Main 956-548-6003
- City Auditor Personal 956-548-6004
- Fraud Hotline 956-548-6120
- City Auditor Cell 956-556-0738
- keilah.folkertsma@brownsvilletx.gov

4) Executive Session

A. Closed Session pursuant to Tex. Gov't Code Section 551.071 (Consultation with Attorney) regarding review of the Audit and Oversight Committee by-laws.

5) Possible Action on any Item(s) as Discussed in Executive Session

A. Consideration and ACTION, if any, regarding the by-laws.

6) Future Agenda Items

7) Adjournment

Contact Information

- City Auditor Main 956-548-6003
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