



City of Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
cctexas.com

Meeting Agenda - Final

Audit Committee

Tuesday, September 13, 2022

9:30 AM

City Hall, 6th Floor Conference Room

PUBLIC NOTICE

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the City Secretary's Office (at 361-826-3105) at least 48 hours in advance so that appropriate arrangements can be made.

Si Usted desea dirigirse al Concilio y cree que su inglés es limitado, habrá un intérprete inglés-español en todas las juntas del Concilio para ayudarle.

Council Member:

Gil Hernandez
Billy Lerma
Mike Pusley
Greg Smith

A. Audit Committee Chair Gil Hernandez to call the meeting to order.

B. Audit Committee Chair Gil Hernandez to call the roll.

C. Public Comment

THE OPEN MEETINGS ACT PROHIBITS THE COMMITTEE FROM RESPONDING AND DISCUSSING YOUR COMMENTS AT LENGTH. THE LAW ONLY AUTHORIZES THEM TO DO THE FOLLOWING:

- 1. Make a statement of factual information.*
- 2. Recite an existing policy in response to the inquiry.*
- 3. Advise the citizen that this subject will be placed on an agenda at a later date*

D. Agenda items:

The following items are for discussion and possible action.

- 1. [22-1602](#)** Motion to approve the July 28, 2022 minutes
- 2. [22-0995](#)** Motion to approve AU17-005 Phase 2A Parks & Recreation - Community Enrichment Fund Audit Report
- 3. [22-1603](#)** Motion to accept the External Auditors Engagement Letter for the City's FY2022 financial statements
- 4. [22-1604](#)** Motion to approve revisions to the 2022 Annual Audit Plan

E. Briefings:

The following items are for discussion only. There will be no action taken and public comment will not be solicited.

- 5. [22-1605](#) Discuss 2023 Annual Audit Plan
- 6. [22-1606](#) City Auditor's Update

F. Executive Session:

PUBLIC NOTICE is given that the Committee may elect to go into executive session at any time during the meeting in order to discuss any matters listed on the agenda, when authorized by the provisions of the Open Meeting Act, Chapter 551 of the Texas Government Code, and that the Committee specifically expects to go into executive session on the following matters. In the event the Committee elects to go into executive session regarding an agenda item, the section or sections of the Open Meetings Act authorizing the executive session will be publicly announced by the presiding officer.

G. Adjournment



City of Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
cctexas.com

Meeting Minutes - Draft

Audit Committee

Thursday, July 28, 2022

10:00 AM

City Hall, 6th Floor Conference Room

PUBLIC NOTICE

A. Audit Committee Chair Gil Hernandez to call the meeting to order.

Audit Committee Chair Gil Hernandez called the meeting to order at 10:08 a.m.

B. Audit Committee Chair Gil Hernandez to call the roll.

Audit Committee Chair Gil Hernandez called the roll and verified a quorum of the Audit Committee.

Notes:

Council Member Mike Pusley joined the meeting at 10:11 a.m.

Council Member Greg Smith left the meeting at 11:05 a.m.

Council Members

Present: 4 - Greg Smith, Mike Pusley, Billy A. Lerma and Chair Gil Hernandez

C. Public Comment

No public comment.

D. Agenda items:

1. [22-1305](#) Motion to approve July 15, 2022 Minutes.

A motion to approve July 15, 2022 minutes was made by Council Member Greg Smith, seconded by Council Member Billy Lerma. The motion carried by unanimous vote.

2. [22-0995](#) Motion to approve AU17-005 Phase 2A Parks & Recreation - Community Enrichment Fund.

Audit Committee Chair Gil Hernandez clarified this will be changed to a briefing with no action taken.

Ms. Houston provided a high level summary of the audit findings and recommendations and stated details will be reserved for the final draft presentation. She stated the audit report is currently in draft awaiting management responses and the final report is

scheduled to be presented at the Audit Committee meeting in September.

E. Briefings:

3. [22-1310](#) City Auditor's Update.

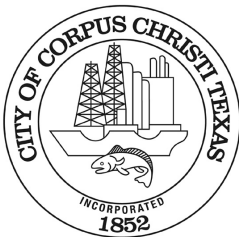
Ms. Houston provided an update on other current and upcoming audit projects plus shared agenda items for the September Audit Committee meeting.

F. Executive Session:

No executive session.

G. Adjournment

Audit Committee Chair Gil Hernandez adjourned the meeting at 11:13 a.m.



AGENDA MEMORANDUM
Audit Committee Meeting of July 28, 2022

DATE: July 28, 2022

TO: Gil Hernandez, Audit Committee Chair

FROM: Kimberly L. Houston, Interim City Auditor
KimberlyH@cctexas.com
(361) 826-3661

AU17-005 Phase 2A Parks & Recreation – Community Enrichment Fund

CAPTION: Motion to approve AU17-005 Phase 2A Parks & Recreation - Community Enrichment Fund audit report.

PURPOSE: Secondary updates on the AU17-005 Phase 2A Parks & Recreation – Community Enrichment Fee audit.

BACKGROUND: At the request of the Audit Committee Chair, this briefing is being presented for the benefit of interested parties of the general public. This second briefing is additional to one presented to the Council Audit Committee on March 8, 2022. The final report is scheduled to be presented at the September 13, 2022, Audit Committee meeting to allow management sufficient time to formulate responses.

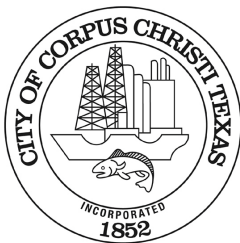
Developers of new subdivisions pay two fees that are used to provide funding for acquisition of new public parks or improvement to existing parks. One fee, the park development fee, has unrestricted use and can be used at the discretion of Parks management. The second fee, Community Enrichment Fee (CEF), is restricted and can only be spent within a specified mileage radius of a new subdivision plus has other special considerations.

In accordance with the 2022 Annual Audit Plan, we conducted an audit of the restricted use fee, CEF, due to risks related to processes deployed to applying Unified Development Code (UDC) guidelines to funding utilization.

The objective of this audit is to determine if sufficient controls are in place over CEF expenditures to ensure they comply with UDC §8.3 Public Open Space. To meet this objective, we examined plat records related to CEF collections, park projects that benefited from CEF, how CEF is calculated and accounted for in the City's financial records plus the management of City park inventory.

During this audit, City management addressed many complexities surrounding the management of CEF through adoption of new policy changes and creation of the new Park Development Fee. These corrective measures were taken in consideration in the planning of this audit.

LIST OF SUPPORTING DOCUMENTS: Presentation – Secondary Update to AU17-005 Phase 2A Parks & Recreation - Community Enrichment Fee Audit.



AGENDA MEMORANDUM

Action Item for the Audit Committee Meeting September 13, 2022

DATE: September 13, 2022

TO: Gil Hernandez, Audit Committee Chairman

THROUGH: Kimberly Houston, Interim City Auditor
KimberlyH@cctexas.com
(361) 826-3661

FROM: Heather Hurlburt, Director of Finance and Procurement
HeatherH3@cctexas.com
(361) 826-3227

Weaver and Tidwell, LLP Pre-Audit Conference

CAPTION: Weaver and Tidwell, LLP Pre Audit Conference in preparation for the City's FY2022 external audit and motion to accept the FY2022 audit engagement letter.

PURPOSE: Presentation and discussion with Laura Lambert, Engagement Partner with Weaver and Tidwell, LLP (Weaver) in preparation for the upcoming FY2022 audit of the City's financial statements and issuing of the City's Annual Financial Report. The committee will also accept the engagement letter for the City's FY2022 audit.

PRESENTER: Laura Lambert, Engagement Partner, Weaver

BACKGROUND: The external audit firm, Weaver, was awarded the contract to audit the City's financial statements and is in the fourth year of a three-year contract with two optional one-year extensions.

Laura Lambert, the engagement partner, will discuss the process and methodology for the FY2022 audit and receive feedback from the committee on any specific areas of concern or concentration for the audit. Weaver performs preliminary audit work in August/September prior to the close of the year and then performs the bulk of the audit in January and February culminating with the issuance of the audit report and the City's Annual Financial Report by March 30.

ALTERNATIVES: N/A

FINANCIAL IMPACT: N/A

FUNDING DETAIL: N/A

RECOMMENDATION: Staff recommends the Audit Committee accept the External

Auditor's Engagement Letter for the City's FY2022 financial statements.

LIST OF SUPPORTING DOCUMENTS: Presentation and FY2022 Audit engagement letter for Annual Comprehensive Financial Report

Presentation to

City of Corpus Christi

Audit Committee Meeting



Today's Agenda



- Introductions
- Audit Plan - Interim
- Audit Plan - Year End
- Audit Committee Concerns
- Questions



Introductions



Weaver**Views**

Engagement Team



City of Corpus Christi

Audit Leadership

Laura Lambert, CPA
Engagement Partner

Matt Rogers, CPA
Engagement Manager

Kaitie Miller
Engagement Senior

Audrey Green
Engagement Senior

Audit Staff

IT Advisory Services

Our Responsibilities and Scope of Audit



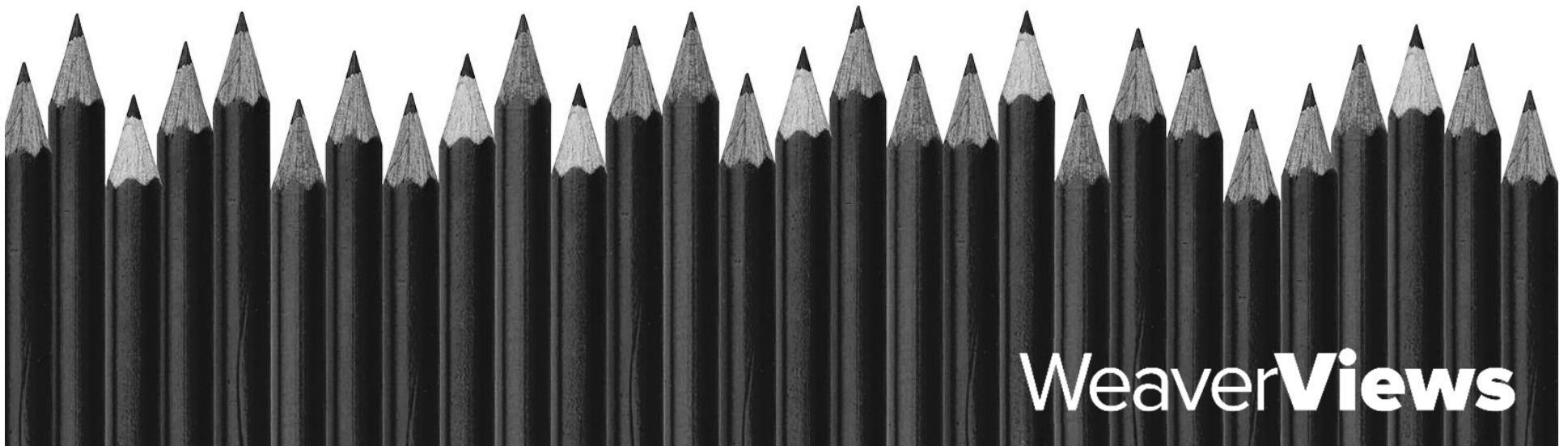
Our responsibilities

- Engagement letter for FY 2022 audit issued in June 2022
- Perform audit under generally accepted auditing standards and generally accepted government auditing standards
- In relation to opinion on schedule of expenditures of federal and state awards and combining statements and schedules

Scope of audit

- Examine amounts and disclosures in financial statements
- Obtain understanding of entity and environment including internal controls
- City's financial statements include Corpus Christi Fire Fighters Retirement System (CCFFRS), American Bank Center Convention Center Fund and American Bank Center Operations Fund
 - Determine if CCFFRS will still be considered fiduciary under GASB 84
 - Obtain audited financial statements
 - Make inquiries regarding professional reputation and competence of auditors
 - Obtain confirmation from auditors of various matters including compliance with and independence under applicable ethical requirements
 - Reference other auditors in report

Audit Plan – Interim



Audit Plan - Interim



Interim fieldwork was completed on July 18th-July 29th.
Procedures to include:

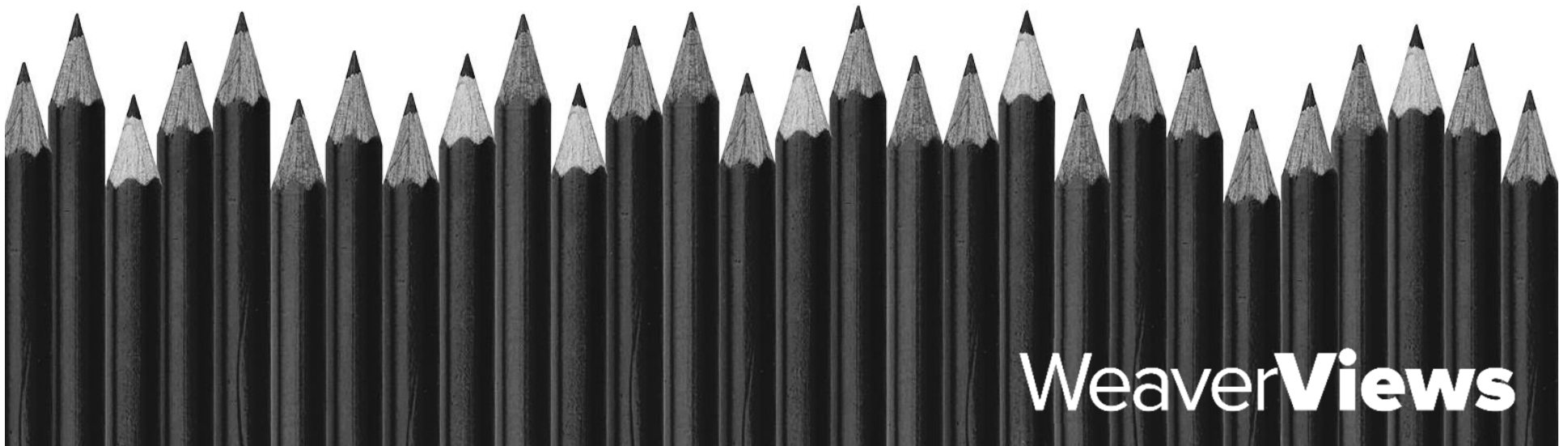
- Walkthrough of internal controls over significant transaction cycles:
 - Capital Assets
 - Cash Disbursements
 - Financial Reporting
 - Payroll
 - Purchasing/Procurement
 - Utility Billing
 - State/Federal Grant Revenue
 - Property taxes
 - Information Technology (Weaver IT Advisory Services)
- Tests of internal controls over:
 - Cash disbursements
 - Payroll

Audit Plan - Interim



- Compliance testing – Public Funds Investment Act
- Compliance testing - Bids/Procurement (including procedures to address areas of concern in procurement) (follow up testing will be performed during year-end fieldwork)
- Test sample of cash receipts – utility billing
- Single Audit – Testing of transactions related to major federal / state programs

Audit Plan – Year End



Audit Plan – Year End



Final fieldwork is preliminarily scheduled between mid January – end of March 2022. Procedures will include:

- Completion of Single Audit testing of compliance for major programs (Federal and State).
- Substantive testing of account balances using a combination of vouching of material transactions, sampling, and analytical procedures.
- Unpredictability test (to be determined)
- Follow up on testing started during interim.
- Review of implementation of GASB 87, *Leases*
- Review of the Annual Comprehensive Financial Report.



Audit Committee Concerns

Weaver**Views**

Audit Committee Concerns


- Points of concern?
- Additional areas of risk?
- Additional services requested?



Questions



Weaver**Views**



Thank you!

We appreciate
the opportunity
to serve
**the City of
Corpus Christi**
and look
forward to
working on the
2022 audit.



Questions?

Laura Lambert

Engagement Partner

Laura.Lambert@Weaver.com

832.320.3222

Matt Rogers

Manager

Matt.Rogers@Weaver.com

936.756.8127

Visit our website

www.weaver.com

Contact Us

September 8, 2022

The Honorable Mayor and Members of
City Council and Management
City of Corpus Christi, Texas
P.O. Box 9277
Corpus Christi, Texas 78469-9277

You have requested that Weaver and Tidwell, L.L.P. ("Weaver", "our", "us", and "we") audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corpus Christi, Texas (the "City"), as of September 30, 2022, and for the year then ended and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. In addition, we will audit the City's compliance over major federal and state award programs for the period ended September 30, 2022.

Accounting principles generally accepted in the United States of America ("U.S. GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB") require that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information ("RSI") in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Changes in the City's Net Pension Liabilities and Related Ratios – Texas Municipal Retirement System
3. Schedule of Contributions – Texas Municipal Retirement System
4. Schedule of Changes in the City's Net Pension Liabilities and Related Ratios – Fire Fighters' Retirement System
5. Schedule of Contributions – Fire Fighters' Retirement System
6. Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

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1. Schedule of Expenditures of Federal and State Awards
2. Combining and Individual Fund Financial Statements and Schedules
3. Capital Assets Used in the Operation of Governmental Funds

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory Section
2. Statistical Section

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material aspects, in conformity with U.S. GAAP and to report on the fairness of the supplementary information referred to above when considered in relation to the basic financial statements as a whole. The objective also includes reporting on internal control related to the basic financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the basic financial statements in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States of America ("GAGAS"); and internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Texas Uniform Grant Management Standards (UGMS)(superseded by Texas Grant Management Standards or "TxGMS" effective January 1, 2022).

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS, the standards applicable to financial audits contained in GAGAS, and the provisions of the Uniform Guidance and UGMS. Those standards and the Uniform Guidance and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of assets, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial

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institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and GAGAS.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

Laura Lambert is the engagement partner for the audit services specified in this letter, and is responsible for supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

We may from time to time, and depending on the circumstances, use third-party service providers in performing this engagement. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service provider.

We expect to begin our audit procedures in July 2022, and issue our report in March 2023. We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the Governing Body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an

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emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions on the financial statements or compliance are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with the provisions is not an objective of our audit, and accordingly, we will not express such an opinion.

Our audit of the City's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance and UGMS; and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and UGMS, and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and UGMS requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and state award programs. Our procedures will consist of determining major federal and state programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* and UGMS for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and UGMS.

Also, as required by the Uniform Guidance and UGMS, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the City's major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

In accordance with the requirements of GAGAS, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the City's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. for the preparation and fair presentation of the basic financial statements in accordance with the framework described in Audit Objectives above;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, for fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. to provide us with:
 - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements, and relevant to federal and state award programs, such as records, documentation, and other matters;
 - ii. additional information that we may request from management for the purpose of the audit; and
 - iii. unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
- d. for including the auditor's report, and our report on any supplementary information if described above, in any document containing the basic financial statements that indicates that such basic financial statements have been audited by the City's auditor;
- e. for identifying and ensuring that the City complies with the laws and regulations applicable to its activities;
- f. for adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole;
- g. for maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- h. for identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
- i. for identifying all state awards expended during the period including state awards and funding increments received prior to January 1, 2022, and those received in accordance with the Texas Grant Management Standards or "TxGMS" generally received after January 1, 2022;
- j. for preparing the schedule of expenditures of federal and state awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and UGMS;

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- k. for the design, implementation, and maintenance of internal control over compliance;
- l. For identifying and ensuring that the City complies with laws, regulations, grants, and contracts applicable to its activities and its federal and state award programs;
- m. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- n. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- o. For submitting the reporting package and data collection form to the appropriate parties;
- p. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;
- q. with regard to the supplementary information referred to above: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon;
- r. informing us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the basic financial statements are issued;
- s. for confirming your understanding of your responsibilities in this letter to us in your management representation letter.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If we agree herein or otherwise to perform any non-attest services (such as tax services or any other non-attest services), you agree to assume all management responsibilities for those services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. The entity has designated Judy Sandroussi, Controller, to oversee these services. Such services include:

- i. Preparation of schedule of expenditures of federal and state awards and related notes to the schedule

GAGAS require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit/nonattest service. These nonaudit/nonattest services do not constitute an audit under GAGAS and such services will not be conducted in accordance with GAGAS.

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During the course of our engagement, we will request information and explanations from management regarding the City's operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The City agrees that as a condition of our engagement to perform an audit that management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the audit and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the audit; or, worse, could cause a material error or a fraud to go undetected by our procedures.

Fees and Invoicing

We estimate that the fee for this engagement will be \$215,355 for the financial statement audit and the compliance audit of four (4) major federal programs and one (1) major state program and \$5,000 for each major program as applicable to the compliance audit. The fee estimate is based on anticipated cooperation from all involved and the assumption that unexpected circumstances will not be encountered during the engagement. This is only an estimate and the fee for these services will be determined by the complexity of the work performed and the tasks required. If significant additional time is necessary, we will discuss the reasons with you and arrive at a new fee estimate before we incur the additional costs. It is understood that neither our fees nor the payment thereof will be contingent upon the results of this engagement.

In addition to the fee for our services, reasonable and necessary out-of-pocket expenses we incur (such as parking, reproduction and printing, postage and delivery, and out-of-market travel, meals, and accommodations) will be billed at cost. At this time, we do not anticipate incurring substantial expenses.

Our engagement fees do not include consulting on the adoption of new accounting standards and any future increased duties because of any regulatory body, auditing standard or an unknown or unplanned significant transaction. We will consult with you in the event any of these take place that may affect our fees.

We will also invoice for reasonable and necessary time and out-of-pocket expenses we incur to respond to any request (such as a subpoena, summons, court order, or administrative investigative demand) pertaining to this engagement in a legal matter to which we are not a party. Our time to facilitate the response will be billed at our then-current standard hourly rates, and our expenses (including attorney's fees) will be billed at cost. If we agree to perform additional substantive services related to or arising out of the request, such matters may be the subject of a new engagement letter.

Our invoices for this engagement will be rendered each month as work progresses. Our invoices are payable in accordance with Texas Government Code § 2251.021.

Ethical Conflict Resolution

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may

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resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

The hiring of or potential employment discussions with any of our personnel could impair our independence. Accordingly, you agree to inform the engagement partner prior to any such potential employment discussions taking place.

Audit Documentation and Confidentiality

The audit documentation we prepare pertaining to and in support of this engagement is our property and constitutes confidential information. If we are requested to make the audit documentation available to outside parties, except in the case of requests during our peer review (discussed below) or when prohibited by law or direction of law enforcement, any such requests will be discussed with you before we make the documentation available to the requesting parties.

We may be requested to make certain audit documentation (working papers) available to regulators and other government agencies, pursuant to authority given by law or regulation. You should understand that responding to many such requests is mandatory. In those cases, access to such working papers will be provided under our supervision and we may, upon their request, provide the regulator or agency with copies of all or selected working papers. The requesting party may intend or decide to distribute the copies or information contained therein to others, including other regulators or agencies. You will be billed for additional fees as a result of the aforementioned work.

Our firm, as well as other accounting firms, participates in a peer review program covering our audit and accounting practices. This program requires that once every three years, we subject our system of quality control to an examination by another accounting firm. As part of this process, the firm conducting our peer review will review a sample of our work. It is possible that the work we perform for you may be selected for such a review. If it is, our peer review firm is bound by professional standards to keep all information confidential and we are required to provide the required information.

It is expected that prior to the conclusion of the engagement, sections of the Data Collection Form will be completed by our firm. The sections that we will complete summarize our audit findings by federal grant or contract. Management is responsible to submit the reporting package (defined as including basic financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. The instructions to the Data Collection Form require that the reporting package be an unlocked, unencrypted, text searchable portable document file (PDF) or else it will be rejected by the Federal Audit Clearinghouse. We will be available to assist management in creating the PDF if needed.

We will coordinate with you the electronic submission and certification upon the reporting package completion. If applicable, we will provide copies of our report for you to include with the reporting package if there is a need to submit the package to pass-through entities.

The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of our reports or nine months after the end of the audit period.

We will retain our audit documentation for a period of at least seven years from the date of our report. You agree that following such period, we may destroy the audit documentation without notice to you.

Page 9 of 10

To maintain independence, we will not act as the host of your financial or non-financial information or as your information back-up service provider. Instead, it is your responsibility to maintain a complete set of your financial and non-financial data and records. If some portion of your data and records is contained only within our files, you agree to inform us before the issuance of our report and we will provide that to you.

The parties do not intend this engagement letter to be for the benefit of any third-party. You may inform us of third-parties who will receive a copy of our audit report. Unless you inform us of such third-parties in writing, we are not aware of who you intend to supply our audit report to and we do not anticipate other third-parties' reliance upon our professional services unless expressly stated herein.

During the course of the engagement, we may communicate via fax, email, or other electronic mechanism. Please be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Dispute Resolution Procedure including Jury Waiver

If a dispute arises out of or relates to this engagement or engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. In such event, the parties will attempt to agree upon a location, mediator, and mediation procedures, but absent such agreement any party may require mediation in Houston, Texas, administered by the AAA under its Commercial Mediation Procedures.

This engagement letter and all disputes between the parties shall be governed by, resolved, and construed in accordance with the laws of the State of Texas, without regard to conflict-of-law principles. Any action arising out of or relating to this engagement or engagement letter shall only be brought in, and each party agrees to submit and consent to the exclusive jurisdiction of, the federal or state courts situated in Harris County, Texas.

Each party hereby irrevocably waives any right it may have to trial by jury in any proceeding arising out of or relating to this engagement or this engagement letter.

Whenever possible, this engagement letter shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretation, but if any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed or modified and the remaining terms of the engagement letter shall remain in force. The parties agree that the court should modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible.

If because of a change in status or due to any other reason, any provision in this engagement letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, professional organizations or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

Page 10 of 10

Miscellaneous

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of the latest external peer review report of our firm for your consideration and files.

We may at times provide you with documents marked as drafts. You understand that those documents are for your review purposes only. You should not rely upon those documents in any way.

Although the engagement partner responsible for this engagement is a licensed certified public accountant, we inform you that we have nonlicensees who may provide services pertaining to this engagement.

If you intend to make reference to our firm or include our report or any portion of it in a published document or other reproduction, and that document or other reproduction includes a version of our report or the financial statements that is assembled differently than any version we provided you or audited, you agree to provide us with printers' proofs or masters for our review and approval before reproducing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our approval. This requirement does not pertain to distributing our report or the financial statements when you do not modify their assembly or in situations where you disseminate the audited financial statements as a standalone document, such as on your website.

This engagement letter sets forth all of the agreed upon terms and conditions of our engagement with respect to the matters covered herein, and supersedes any that may have come before. This engagement letter may not be amended or modified except by further writing signed by all the parties.

We appreciate the opportunity to assist you and look forward to working with you and your team.

Sincerely,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement as described herein, including each party's respective responsibilities. By signing below, the signatory also represents that they have been authorized to execute this agreement.

City of Corpus Christi, Texas

Signature: _____

Printed Name: _____

Title: _____

Date: _____



Report on Firm's System of Quality Control

October 16, 2019

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].)

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

What inspires you, inspires us. | eidebailly.com

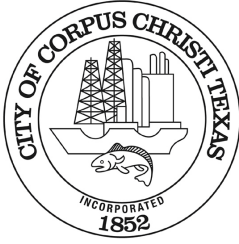
U.S. Bancorp Center | 800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612.253.6500 | F 612.253.6600 | EOE

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Weaver and Tidwell, L.L.P. has received a peer review rating of pass.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Eide Bailly LLP



AGENDA MEMORANDUM
Audit Committee Meeting of September 13, 2022

DATE: September 13, 2022
TO: Gil Hernandez, Audit Committee Chair
FROM: Kimberly Houston, Interim City Auditor
KimberlyH@cctexas.com
(361) 826-3661

Motion to approve revisions to the 2022 Annual Audit Plan

CAPTION: Motion to approve revisions to the 2022 Annual Audit Plan.

PURPOSE: Review and approve revisions to the 2022 Annual Audit Plan.

BACKGROUND & FINDINGS: Chapter 12½ Section 2(h)(2) of the City Code of Ordinance authorizes the Audit Committee to approve revisions to the audit plan. Upon approval, written notice will be provided to the full City Council.

We are proposing the following changes to the 2022 Annual Audit Plan:

Cancel the following audit projects:

- American Bank Center – *Contractor Performance*
Re: Change in venue management at American Bank Center
- Citywide – *Contract Administration*
Re: Finance and Procurement are in the progress of designing and recruiting staff for a new contract management program
- Pandemic Expenditure Monitoring – *Emergency Rental Assistance Program*
Re: *Single Audit Report For The Fiscal Year Ended September 30, 2021* audit completed by external auditors on Federal Program Assistance Listing 21.023 COVID-19 Emergency Rental Assistance
- Wastewater – Environmental Protection Agency (EPA) Consent Decree
Re: Corpus Christi Water presentation to City Council on Environmental Protection Agency Consent Decree status demonstrating positive progression and reporting

The Audit Committee received a briefing on recommended changes at the April 12, 2022 meeting.

ALTERNATIVES: The Audit Committee may reject all or part of the revisions to the 2022 Annual Audit Plan or may suggest changes.

FINANCIAL IMPACT: N/A

FUNDING DETAIL: N/A

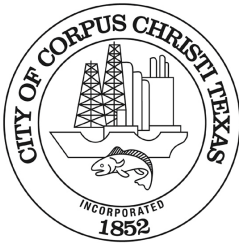
RECOMMENDATION: Staff recommends approval of 2022 Annual Audit Plan revisions.

LIST OF SUPPORTING DOCUMENTS: Proposed Revised 2022 Annual Audit Plan

City Auditor's Office
Revised CY2022 Annual Audit Plan

Item No.	Department <i>Audit Area</i>	Audit Objective
A2	Wastewater <i>Environmental Protection Agency (EPA) Consent Decree</i>	Is Wastewater on track towards compliance with the Clean Water Act?
A3	Engineering Services <i>Capital Management Cost Recovery</i>	Is Engineering Services' cost recovery methodology recouping expenditures related to administering the management of capital projects?
A4	Human Resources <i>Employee Beneficiary Verification</i>	Are ineligible recipients receiving City health insurance benefits?
Project Carryovers		
21-A1	Aviation <i>On-Airport Rental Car Concession and Lease</i>	Is the On-Airport Rental Car Concession and Lease Agreement being adhered to by the rental car agency?
21-A2	Solid Waste <i>Hauler Remittance of Municipal Solid Waste System Service Charge (MSWSSC)</i>	Are the haulers remitting the MSWSSC as required by ordinance?
21-F1	Parks and Recreation <i>Tennis Center Revenue Collection</i>	Evaluate status of prior audit recommendations
20-A8	Citywide Overtime Monitoring	Is management ensuring overtime is authorized, justified, and monitored?
19-A5	Utilities and Gas Department <i>Field Operations</i>	Are sufficient controls in place to ensure adequate responsiveness to work order requests for meter, register, and other equipment essential to utility billing?
21-F2	Police Department <i>Law Enforcement Special Account</i>	Evaluate status of prior audit recommendations
AU17-004 & AU17-005	Parks and Recreation <i>Revenue</i> Phase 1A - Beach Parking Permits Phase 1B - Golf Phase 2A - Community Enrichment Fund Phase 2B - Ball Parks & Other Revenue	Are sufficient controls in place for all revenue collections?
17-A8	Neighborhood Services <i>Housing Assistance Programs</i>	Do housing assistance programs operate in a manner that serves program recipients while representing the City's best interests?
17-A9	Police Department <i>Property Room</i>	Are sufficient controls in place over the evidence and property room function?
Other Projects/Continuous Auditing		
CA	Unannounced Cash Counts	Are cash funds intact?
PC	Procurement Card Reviews	Are p-card purchases made in accordance with procurement policies and procedures?
FR	City Auditor Hotline <i>Investigations</i>	Investigate allegations of fraud, waste, or abuse.
SP	Audit Committee <i>Special Requests</i>	Allow time for special requests approved by the Audit Committee

LEGEND	
	In progress
	New projects



AGENDA MEMORANDUM
Audit Committee Meeting of September 13, 2022

DATE: September 13, 2022

TO: Gil Hernandez, Audit Committee Chair

FROM: Kimberly L. Houston, Interim City Auditor
KimberlyH@cctexas.com
(361) 826-3661

Discuss 2023 Annual Audit Plan

PURPOSE: Discuss proposed audit projects for the 2023 Annual Audit Plan.

BACKGROUND: Chapter 12 ½ Section 2 (h) (1) of the City Code of Ordinances directs the City Auditor to submit an annual audit plan to the City Council (through the Audit Committee) for review and comment thirty days prior to the end of the calendar year. If approved by the Audit Committee, the plan will be presented to City Council for approval.

In developing this plan, we seek input from the Mayor, City Council, City Manager, and City management. We developed this plan based on areas considered to be of highest risk to the City.

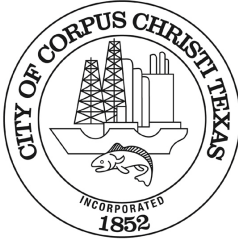
This initial presentation is for discussion and input. At the October 11th Audit Committee meeting we will present again for final approval and recommendation for approval by City Council.

As the introductory year of Capital Improvements Program (CIP) audits, audit categories are presented in lieu of specific contracts. Upon completion of CIP risk assessment, a modified audit plan will be presented for approval to the Audit Committee specifying contracts to be audited.

LIST OF SUPPORTING DOCUMENTS: Proposed 2023 Annual Audit Plan and Input Survey

ANNUAL AUDIT PLAN QUESTIONNAIRE

- 1) What do you consider the top three activities or functions within your department?
Please list.
- 2) What are your department's top three revenue sources?
- 3) What are your department's top three expenditure types, excluding payroll?
- 4) Are any activities in your department regulated by local, state, or federal guidelines, including reporting requirements (e.g., granting agencies, TABC, DEA, EPA)? Yes/No. If yes, please list.
- 5) Have any activities in your department been audited by an outside firm, or reviewed by a consultant, within the past two years? Yes/No. If yes, please explain.
- 6) Does your department have written standardized operating procedures that are made available to staff? Yes/No
- 7) Has your department had any significant organizational changes and/or employee turnover within the past two years? Yes/No
- 8) Has your department implemented any new technology within the past three years? Yes/No. If yes, please list.
- 9) Is your department planning to implement new technology/software within the next two years? Yes/No. If yes, please list.
- 10) Has your department implemented any new programs during the past two years? Yes/No. If yes, please list.
- 11) Are you aware of any activity or areas of risk, in your department, that could benefit from an internal audit? Yes/No. If yes, please list and/or explain.
- 12) Are there any processes or system interfaces at the City of Corpus Christi that you feel negatively impact your department operations (e.g., results in inefficiencies)? Yes/No. If yes, please explain.
- 13) Has your department experienced any known fraud or abuse over the past three years? Yes/No. If yes, please explain.
- 14) Please feel free to share any additional comments, questions, or concerns.



AGENDA MEMORANDUM
Audit Committee Meeting of September 13, 2022

DATE: September 13, 2022

TO: Gil Hernandez, Audit Committee Chair

FROM: Kimberly Houston, Interim City Auditor
KimberlyH@cctexas.com
(361) 826-3661

City Auditor's Update

PURPOSE: Discuss current matters and future items of interest with the Audit Committee.

- Projects in progress/queue:
 - AU17-004 Parks and Recreation - Beach Parking Permits
 - AU21-001 Aviation - On-Airport Rental Car Concession and Lease
 - A21-A2 Solid Waste - Municipal Solid Waste System Service Charge (MSWSSC)
 - A19-A5 Corpus Christi Water and Gas - Field Operations
- Upcoming Meetings:
 - October 11, 2022
 - November - No meeting
 - December 6, 2022

BACKGROUND: N/A

LIST OF SUPPORTING DOCUMENTS: N/A