CITY OF LAREDO
SPECIAL CITY COUNCIL MEETING
M2021-SC-04
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
July 23, 2021
2:00 P.M.

I. CALL TO ORDER

Mayor Pete Saenz called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Pete Saenz led in the pledge of allegiance.

III. MOMENT OF SILENCE

Mayor Pete Saenz led in a moment of silence.

IV. ROLL CALL

In attendance:

Pete Saenz	Mayor
Vidal Rodriguez	District II
Mercurio “Merc” Martinez, III	District III
Alberto Torres, Jr.	District IV
Ruben Gutierrez, Jr.	District V
Dr. Marte Martinez	District VI
Vanessa Perez	District VII
Alyssa Cigarroa	District VIII
Jose A. Valdez, Jr.	City Secretary
Robert Eads	City Manager
Rosario Cabello	Deputy City Manager
Kristina L. Hale	Assistant City Manager
Riazul Mia	Assistant City Manager
Rene Benavides	City Attorney

Cm. Cigarroa joined at 2:08 p.m.
Cm. Perez joined at 2:18 p.m.
Dr. Marte Martinez joined at 2:24 p.m.

Citizen comments

None

V. STAFF REPORT

1. Formal interviews for the Internal Auditor position.

Melina Bermudez, Human Resources Director, presented the Internal Auditor candidate information and order for the interviews, as follows:

(1) Kelan J. Kelly
(2) Sang J. Han
(3) Guadalupe Reyes
(4) Tina O. Rodriguez

Cm. Rodriguez asked Mr. Kelly about three basic questions he uses when being tasked to perform an audit. Kelan J. Kelly of Las Cruces, New Mexico, introduced himself and noted that he approaches an audit identifying the area to be addressed and questions to be answered to best align the audit work to be most applicable to the City. To Cm. Rodriguez's questions about his ability to speak Spanish and what he has heard about Laredo that made him apply for this position, Mr. Kelly stated that while he is not bilingual, he noted that the opportunity to return to the field of internal auditing attracted him to Laredo.

Cm. Mercurio Martinez noted that Mr. Kelly's formal education is in public administration but appears to be lacking accounting training. He asked about Mr. Kelly's accounting background that would qualify him to be the Internal Auditor; Mr. Kelly stated that part of the Public Administration program includes training in government budgets, accounting procedures, and auditing techniques. He has also worked as an Auditor in many positions at the municipal and state levels, with extensive accounting and auditing experience learned on the job. To Cm. Martinez's question about his supervisory experience in the City and County of Denver, Mr. Kelly noted that he supervised two senior auditors with a full staff of about 15 professionals in the department at that time.

Cm. Torres asked how much time Mr. Kelly would expect to work for the City of Laredo, to which Mr. Kelly responded that he is looking for a place to work until he retires, meaning that he intends for his next job to be his last job. Cm. Torres observed some short-term employment on Mr. Kelly's resume, to which Mr. Kelly explained that a number of those short terms were due to layoffs. For nine years, he owned his own business as a professional consultant, and he also left the City and County of Denver to care for a sick family member. To Cm. Torres's question about his familiarity with governmental operations as it relates to a Council-City Manager form of power and his ability to separate the Council and City Manager roles, Mr. Kelly stated that he worked for a strong mayoral form of government at a previous city where he worked. In that role, he reported to and was overseen by the City Council and is very familiar with both Council/City Manager forms of government.

Cm. Gutierrez noted that Mr. Kelly did not state a minimum compensation, asking what he is expecting for a salary. Mr. Kelly responded that he does not have a predetermined salary requirement. He would be able to negotiate a reasonable compensation based upon the duties. Cm. Gutierrez asked about the size of the City budgets Mr. Kelly has worked with before, noting that the City of Laredo has a large budget. Mr. Kelly responded that the City of Denver has a significantly larger budget than Laredo and worked with various budgetary levels. He oversaw the appropriation of COVID-19 relief dollars to his organization. To Cm. Gutierrez's question of whether he considers himself a person who gets along well with his staff, Mr. Kelly confirmed that he collaborative manager with an "open door policy" and likes to work with his team to find the best approach.

Cm. Perez asked why Mr. Kelly believes internal audits are important for a City, to which he replied that the Auditor is the most objective analytical unit that can provide reliable evaluation services without bias to ensure ethical behavior. The Auditing Department also serves as a deterrent to any unethical behaviors. Cm. Perez asked if Mr. Kelly has ever found unethical behaviors or findings as a result of his audits; if so, she asked what he did with that information. Mr. Kelly stated that he did not find unethical behaviors among staff members but has found fraud by vendors and has reported that to the appropriate entities. To Cm. Perez's request for an example of a time when he encountered a problem and his solution, Mr. Kelly explained that he had a problem with his first staff auditor at an organization; it was a personality issue in which the auditor was too zealous and possessive over her cases. He addressed the situation by reminding her that the staff are all on the same team and provided some training and one-on-one counseling to correct the issue. Cm. Perez noted a gap in employment on Mr. Kelly's resume; he responded that he was looking for an audit manager or chief auditor position. His job search was only yielding lower level positions, and he performed volunteer work while continuing his job search for director or manager positions.

Dr. Marte Martinez asked what type of new updates in the marketplace would allow cities to logistically make fiscally sound decisions, particularly among a Council or city management. Mr. Kelly responded that auditors are data-driven and are able to pull larger areas of information to make recommendations to Council. To Dr. Martinez's question about the complexity of the data that Mr. Kelly intends to use, he noted that he would expect the City to establishing a straightforward reporting structure for formal reports. Within reason, there should not be external interference with the auditing department. Dr. Martinez asked about Mr. Kelly's approach if his department cannot be collaborative in nature, such as with young auditing staff or setting up the Department to operate after his retirement. Mr. Kelly noted that his training would ensure young auditors are able to continue the Department's operations.

Cm. Cigarroa asked how Mr. Kelly would deal with individuals who attempt to keep him from doing his job; Mr. Kelly noted that he has never experienced such an

attempt but knows what it takes to perform his job duties and would not let interference stop him from completing those duties. To Cm. Cigarroa's question of how he documents his progress, Mr. Kelly noted that he uses a progress tracker that covers various phases of the audit and includes an internal budget. It is tracked on a weekly and monthly basis.

Mayor Saenz asked how Mr. Kelly would be characterized by others both in the office and outside of the office and whether he would be able to distance himself from the office culture. Mr. Kelly stated that auditors tend to be characterized the same but noted that he wants to be professional, helpful with management and staff, and effective. He noted that he would certainly be able to distance himself from the relationships in the organization as that is usually an inherent characteristic of auditors. To the request for an example of the most severe audit he has experienced, Mr. Kelly noted that he had an audit that revealed fraud that was referred to law enforcement. Mayor Saenz asked what Mr. Kelly would do with an anonymous complaint, to which he replied that he would respond carefully and in accordance with established protocols, noting that he is currently handling such a matter.

Guadalupe Reyes introduced herself and responded to Dr. Marte Martinez's question of whether she has seen trends in auditing that would help the City make more fiscally sound decisions by stating that in her five years of experience as an auditor with the City of Laredo, having a good plan for the audit and following its lead will ensure the best possible audit. To Dr. Martinez's question about communication in the department, she stated that communication is the top priority in the department to help understand the nature of the audits; communication would include all team members to help provide the most effective audit, which would then be reported to City Council. Dr. Martinez asked how Ms. Reyes would develop her department to improve its operations, to which she responded she would implement plenty of trainings so that the auditors fully understand what they are supposed to do and how they are supposed to approach the investigation. Sometimes law enforcement or other counties are involved in the process, but training will help everyone in the department understand what is required of them.

Cm. Perez asked why audits are important for the City, to which Ms. Reyes explained that they protect the integrity of the City's financial operations and property management. Audits ensure reliable accounting. To Cm. Perez's question of whether she has ever performed an audit that revealed unethical or questionable behaviors, Ms. Reyes stated that she did not personally have such an audit although the Department did encounter one during her time as an auditor. She stated, though, her confidence that as the Internal Auditor, she and her staff would apply the correct procedures for a successful investigation. Cm. Perez asked about a problem that Ms. Reyes encountered and how she solved it, to which Ms. Reyes responded that she worked with the Parking Division for about 15 years, which was a hectic Department due to the nature of working with customers who had received a citation and were usually upset. She had the character to talk to them and calm them down

in order to make a successful transaction. Ms. Reyes also noted a time in the Auditor's office where a City Manager asked her to investigate the Parking Division and she found some issues that needed to be addressed, which was done despite it being an uncomfortable situation. While performing physical audits, she noted that she would encourage the auditors to be vigilant during their duties to catch any other incidents in addition to their tasks at hand. She noted that surprise audits are supposed to be in fact surprises, so she would discourage staff from calling the departments ahead of time so that they can truly conduct an impromptu audit.

Cm. Gutierrez asked what size of a budget Ms. Reyes is accustomed to dealing with; she responded that she currently assists the Assistant Bridge Director prepare a budget of about $60-70 million. As the Parking Division Superintendent, she prepared the $2-2.5 million budget singlehandedly. Cm. Gutierrez asked how Bridge employees would describe Ms. Reyes as a manager, to which she estimated that she would be described as dependable, trustworthy, in possession of a good work ethic, dedicated, strict but not mean, and able to deal with surprises with vigilance.

Cm. Torres asked how Ms. Reyes would handle resistance from management when conducting an audit as an in-house applicant; Ms. Reyes stated that she would approach the audit with strict professionalism. Any findings will be reported to City Council truthfully, regardless of whether the information is good or bad. To the observation that she has worked under multiple directors who are still employed at the City and uses many of them as references, she stated that auditors automatically become loners with no colleagues or friends. She would not let any professional relationships change her reporting of audit findings, even if the results are not ideal. Cm. Torres asked Ms. Reyes to describe herself and her relationship with her subordinates as well as how she thinks they would describe her. Ms. Reyes noted that she is very dedicated to her job and performs her duties strictly and diligently. Different directors have taught her the discipline that it takes to perform this work. To the question of whether she uncovered wrongdoing by any other auditors, she responded that she did in fact have an incident where she recognized other auditors performing their duties differently than she would have; however, she was removed from a project after calling it to the director's attention. Cm. Torres noted that perception is reality and asked how Ms. Reyes might address the appearance of her as an internal applicant as an inability to handle the City's audits effectively. Ms. Reyes noted that other auditing staff are her colleagues, but she would never let any relationships affect any decisions that she will have to make for the sake of transparency.

Cm. Mercurio Martinez noted that Ms. Reyes's educational background lacks accounting and asked how she is qualified for this position, to which Ms. Reyes reminded Council that a business degree includes finance and accounting courses. While she was not an accounting major, general business degrees include that training. To the question of whether she is leading audit teams, Ms. Reyes stated that the Bridge Department has a financial analyst that leads and oversees the financial operations. If policies and procedures are not being done properly or could

be improved, she noted that she would recommend updating the procedures or would report to the Director any recommendations for personnel action. Cm. Martinez asked who would replace Ms. Reyes as Assistant Bridge Director if she gets the Internal Auditor position, to which Ms. Reyes noted that the financial analyst would likely be able to serve this role.

Cm. Rodriguez asked for common observations that Ms. Reyes makes when starting an audit; Ms. Reyes responded that she designs the audit objective and then determines what type of audit needs to be applied. When asked how she would improve operations through an audit, she noted that although she is in charge of the financial division in the Bridge Department, she still reviews the operations division and would perform an audit and report any discrepancies. To the question of her fluency in Spanish, Ms. Reyes confirmed that her Spanish is fluent.

Cm. Cigarroa asked about Ms. Reyes's knowledge of applicable laws and how she ensures that knowledge is up-to-date; Ms. Reyes stated that each Department has its own policies and procedures. When planning the audit, staff asks for the Department's policies and procedures in order to review it and measure their activities in relation to those procedures. To the question of how she documents her progress in an audit, Ms. Reyes noted that there are programs for documentation, although each Department is different. Auditors write down everything that they do, see, or find; reports are written up after the fact and submitted to supervisors.

Mayor Saenz stated that the Internal Auditor reports to Council; some projects may begin from Council direction, but others may be the result of complaints or inquiries. He asked what Ms. Reyes's course of action would be if, during the course of the investigation, there is some involvement by members of Council determined. Ms. Reyes responded that if Council Members are involved, she would meet with the non-involved members of Council to give an update. If the entire Council is involved, she stated that she would involve law enforcement.

Ms. Bermudez noted that while Sang J. Han was online during the first interview, she has been unable to get a response from them to-date; this individual is not currently available or responsive.

Tina O. Rodriguez introduced herself and stated that she was the Chief Internal Auditor for two years at the Webb County Auditor's Office; the 14 years prior, she was on staff as an Internal Auditor. For the past two years, she has been on staff in the Budget Department. Cm. Rodriguez asked what observations or questions she makes when approaching an audit, to which Ms. Rodriguez stated that her approach depends upon the engagement type. She observes the process itself and compare that with the policy in place. Findings or observations then come after the actual review. To Cm. Rodriguez's question of her fluency in Spanish, Ms. Rodriguez noted that she speaks Spanish.

Cm. Mercurio Martinez observed that Ms. Rodriguez has an accounting degree and

asked about her current duties; Ms. Rodriguez stated that she is a Budget Analyst II and prepares expense reports, revenue reports, and worked on the forthcoming proposed City of Laredo budget and Capital Improvement Plan. She also assists departments with any questions they have about their budget or payroll parameters. When asked about her attitude towards reviewing different policies or departments, Ms. Reyes noted that her previous experience deals with reviewing revenues and ensuring their timely deposit with proper receipt documentation. Cm. Martinez asked how her supervisor would describe her, to which Ms. Rodriguez responded that she would be described as a hard worker who has provided everything asked of her and gone above and beyond.

Cm. Torres asked how Ms. Rodriguez could assure Council that she will not be a short-term Internal Auditor, to which she replied that she was at her previous place of employment for 17 years. She left to care for her elderly parents, but since she enjoys auditing and has already been with the City, she voiced her confidence that she would be in the Internal Auditor position long-term. When asked if she came across discrepancies or irregularities at her previous place of employment and saw the situation mishandled, Ms. Rodriguez stated that anything found to be severe in nature was handled correctly in her opinion. She recalled an incident where the misappropriation of monies was discovered, and the individual identified in the audit was arrested and she was the star witness in their trial. When asked how she would handle resistance to recommendations from Department Directors, Ms. Rodriguez noted that she would still bring the matter to Council and management as many times as possible with a report of the financial costs associated with the matter. The IIA Standards, which the City Charter dictates for auditing purposes, has a code of ethics. To Cm. Torres's question about her separation from coworkers and directors in performing these duties, Ms. Rodriguez noted that she had close ties to certain departments or elected officials, but auditing staff cannot audit what they helped to develop. Auditing staff would then rotate.

Cm. Gutierrez asked how Ms. Rodriguez's coworkers would describe her; she replied that she would be described as easygoing, helpful, dedicated, hardworking and reminded Council that her coworker encouraged her to apply for this position. To the question of whether she had to reprimand a friend or fire an employee as the Chief Auditor, she stated that she never did either. Cm. Gutierrez observed that if she were to get this job, Ms. Rodriguez would become the boss of her current coworkers and asked how she would be able to separate herself from those relationships. Ms. Rodriguez reminded Council that a level of professionalism is crucial, which she learned through experience after becoming the boss of her friends with whom she worked for 14 years prior. None of her employees conducted any behavior that merited a written reprimand or termination, but she confirmed that she would be able to deliver those reprimands if the situation called for it regardless of her relationship with her employees. Cm. Gutierrez asked what her course of action would be if she discovered a discrepancy or irregularity on the part of Council; Ms. Rodriguez noted that she would have to review the situation and determine if the irregularity is based upon evidence and not just hearsay. She may bring the matter

to the City Manager or the Ethics Commission to take further action if she thought it was appropriate. She would be comfortable taking this action knowing that Council is her governing body and acts as her boss.

Dr. Marte Martinez asked what trends Ms. Rodriguez has seen that would help the City of Laredo make more fiscally responsible decisions from an economic and policy standpoint. Ms. Rodriguez observed that revenues processes could use improvements. Fiscal responsibility and more conservative spending would help the City improve. To the question about improvements in communication, Ms. Rodriguez noted that an auditing committee provided a status report on a monthly basis for the four district judges and the County Auditor. She confirmed that she would teach her staff what she knows, provide opportunities for professional development, and have her staff get certified in their discipline.

Cm. Perez asked Ms. Rodriguez to define an audit for those who may not understand and to explain why audits are important for a city. Ms. Rodriguez noted that an engagement in which an objective and scope are defined and the auditor performs a methodic check of the process, testing it to ensure that the process is working. It is important to cities so that they may see whether their processes are working effectively. Cm. Perez asked how Ms. Rodriguez would go about performing an audit on a highly-involved Department, such as the Fleet Department. Ms. Rodriguez stated that she would first gather information and determine what the process and trends are for the past five or six years, including those costs. She would then go to the Fleet Department and perform a walkthrough and take a complete inventory. To the question of what she would do if a Department Director refused to give her access to that information, Ms. Rodriguez reminded Council that the ordinance states that the Internal Auditor shall have access to all of the requested documents; in the event that she is not being given that information, she would report to the City Manager and/or City Council to compel that information from the individual. Cm. Perez asked how she would approach a situation where she was made to feel unwelcome, to which Ms. Rodriguez stated that she would speak to the Department Director directly at first to determine why they were being reluctant and to remind them that ordinance dictates the Auditor to have access to that information. Following that, she would report to the City Manager and Council for intervention with that reluctant individual. To Cm. Perez's question as to her willingness to handle information that she is uncovering as opposed to information that is being brought to her by others, Ms. Rodriguez replied that there is still a scope when a non-engagement is performed; a questionnaire is filled out when working with the department so that everything is reasonably accounted for. Cm. Perez asked if Ms. Rodriguez saw a violation of ethics or policies that was not financially-related, to which Ms. Rodriguez confirmed she had not. If she saw such a situation, she would easily be able to test the action against the policy and would include it as part of her report. If she sees a need for a policy, she could comfortably make a recommendation for that, though she noted auditing staff should not be writing or implementing the policies themselves.

Cm. Cigarroa asked how Ms. Rodriguez would document her progress during the course of an audit, to which she responded that she uses a process with an engagement letter and an audit plan. She even uses an Excel spreadsheet to log her activities each day or note observations. To the question of what steps she would take after completing an audit, Ms. Rodriguez noted that she would first present her findings to the Department as they have the opportunity to correct any comments that are in the report. After the audit is complete, it is presented with management's comments and a timeline for when those actions are to be corrected. Cm. Cigarroa asked if Ms. Rodriguez had been faced with a situation in which she found discrepancies but feared retribution if she spoke up, to which she confirmed that she had never experienced this. She confirmed that the code of ethics covers this matter.

Mayor Saenz asked if Ms. Rodriguez will be able to separate her relationships with City employees where she was once their subordinate and now their Internal Auditor; Ms. Rodriguez noted her strong will and intention to treat people with respect regardless of how they treat her. To question of what she would do if she has a reason to believe Council, as her boss, are involved in a scheme to defraud the City or taxpayers, Ms. Rodriguez noted that she would not leave the matter alone and would likely bring the matter to the Ethics Commission or a governing body at the state level.

Ms. Bermudez confirmed that staff left eight voicemails, several texts, and multiple emails with the fourth candidate and has not heard a response.

2. Discussion with possible action on the appointment/selection of a new Internal Auditor, and any other matters incident thereto.

Motion to go into executive session to discuss the Internal Auditor candidates.

Moved: Cm. Torres
Second: Dr. Marte Martinez
For: 7 Against: 0 Abstain: 0
MPT Gonzalez was not present.

Following executive session, Mayor Saenz reported that no action was taken.

Motion to select Tina O. Rodriguez as the Internal Audit and to direct the City Manager to negotiate her salary not to exceed what she has requested in her application as a minimum compensation, as amended.

Moved: Cm. Perez
Second: Cm. Torres
For: 6 Against: 0 Abstain: 0
MPT Gonzalez and Cm. Cigarroa were not present.

Council congratulated Ms. Rodriguez on her selection. Ms. Rodriguez voiced her enthusiasm to begin working and represent the City of Laredo.

VI. EXECUTIVE SESSION

None

VII. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Torres
Second: Dr. Marte Martinez
For: 7 Against: 0 Abstain: 0
MPT Gonzalez was not present.