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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Follow-Up Audit of Transportation and Capital Improvements  
Right of Way Fees

Project No. AU15-F05

August 18, 2015

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the Audit of the Transportation and Capital Improvement Department's (TCI) Right of Way fees. The audit objectives and conclusions follow:

**To determine if action plans resulting from the initial TCI Right of Way Fees audit have been effectively implemented.**

Yes, TCI has successfully implemented action plans that address all recommendations from the previous audit.

The action plans implemented include TCI creating procedures and controls to ensure that project invoicing is complete, accurate and billed timely. TCI also established procedures and controls to ensure payments to the City are timely. In addition, TCI created a process for authorization and management of user access to the permitting system. Lastly, TCI implemented adequate safeguards for the parking permits to ensure compliance with Administrative Directive 8.1 Cash Handling.

TCI Management's verbatim response is in Appendix B on page 6.

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## Background

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In June of 2014, the Office of the City Auditor completed an audit of the Transportation and Capital Improvement Department's (TCI) Right of Way fees. The objective of the audit was as follows:

Are right of way fees accurate and applied according to City Policies?

The Office of the City Auditor issued a report that found the Transportation and Capital Improvements ROW division's project invoicing process lacked proper procedures and controls to ensure invoices for projects and associated fees are complete, accurate, and billed timely. In addition, TCI lacked controls to ensure timely payments to the City. Also, ROW did not adequately manage user access to the permitting system. Finally, the TCI ROW division was not in compliance with Administrative Directive 8.1 Cash Handling with regards to the safeguarding of the parking permit stock.

## Audit Scope and Methodology

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The audit scope was limited to the recommendations made in the original report and corresponding action plans related to TCI's Right of Way fees from October 2014 through May of 2015.

To obtain an understanding of the department's processes, we interviewed staff and observed controls. Audit reviewed 30 project billings that occurred in Fiscal Year 2015 to determine if they were complete, accurate, and timely. Additionally, audit reviewed the measures ROW utilizes to track payments owed to the City.

We examined the procedures for issuance and review of user access to the ROW permit site. We reviewed active users to determine if they were current and possessed reasonable access based on their job title.

We reviewed measures created by the ROW division to determine if the parking permit stock was appropriately safeguarded. In addition, audit performed an inventory of the parking permits on hand to determine if the stock was properly accounted for.

We relied on computer-processed data in the ROW permit site, PrimeLink and SAP to identify users of the ROW permit site, obtain document support, and validate ROW billings and permit fees. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this follow-up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

## Prior Audit Recommendations and Status

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### **A. Project Fee Invoicing**

Implement effective controls to ensure invoices for projects and their associated fees are complete, accurate, and billed timely. In addition, establish controls to ensure payments received to the City are timely.

#### **Status: Implemented**

ROW management has developed and implemented procedures along with effective controls for the billing of projects and their associated fees. We reviewed 30 project billings and determined that all projects were reviewed, supported, correctly calculated, and billed in a timely manner. In addition, management has established procedures to help ensure payments due to the City are received timely.

### **B. Permit Site User Access**

Ensure ROW management identifies the authority granted to each user role and provide staff with only the necessary access within the permitting system to perform individual job responsibilities. Also, develop policies and procedures that will provide guidance concerning responsibilities on how to grant and manage user access and authority in the permitting system.

#### **Status: Implemented**

ROW management has developed and implemented procedures to identify user authority within the permitting system, and created a process that provides guidance on the activation and inactivation of user access. We reviewed all active user accounts within the ROW permit system and determined that all active users are current employees of the ROW division with appropriate user access to perform their job responsibilities.

### **C. Cash Handling and Permit Safeguards**

Develop internal controls to properly safeguard and account for the parking permit stock to comply with Administrative Directive 8.1 Cash Handling.

#### **Status: Implemented**

Parking permits issued by ROW allow customers to reserve a parking meter or park in a commercial loading zone for a determined period of time. ROW management has developed and implemented adequate safeguards for the security and accountability of the parking permit stock. In addition, we confirmed that ROW no longer holds the responsibility for the collection of cash payments,

but utilizes the Finance Department's Cashiers located at the Development Services One Stop Shop.

## **Appendix A – Staff Acknowledgement**

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Buddy Vargas, CFE, Audit Manager  
Lawrence Garza, Auditor in Charge  
Cecilia Gonzalez, Auditor



## Appendix B – Management Response



CITY OF SAN ANTONIO  
**TRANSPORTATION & CAPITAL IMPROVEMENTS**

August 6, 2015

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
San Antonio, Texas

Subject: Transportation & Capital Improvements Right of Way Fees - Audit Follow-Up


☒ Fully Agrees

The Transportation & Capital Improvements (TCI) Department appreciates the service of the Office of the City Auditor, and we are proud of the positive results indicating there were no audit findings in the follow-up audit of TCI's Right of Way Fees. TCI was created in January 14, 2014 and our mission statement commits to building and maintaining San Antonio's infrastructure thru innovation and dedication. To fulfill this commitment, TCI remains dedicated to providing an outstanding level of service to San Antonio's residents, and strive for opportunities to improve our policies and processes.

Thanks again for you your service to the City of San Antonio.

☐ Does Not Agree

Sincerely,

  
Mike Frisbie, P.E., City Engineer  
Director of TCI

8-6-15  
Date

  
Peter Zanoni  
Deputy City Manager  
City Manager's Office

8-7-15  
Date