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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of Center City Development and Operations

Inner-City Reinvestment and Infill Policy

Project No. AU18-002

April 23, 2018

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 an audit of Center City Development and Operations (CCDO), specifically the Inner-City Reinvestment and Infill Policy (ICRIP), which allows fee waivers for certain Development Services Department (DSD) fees. The audit objectives, conclusions, and recommendations follow:

**Determine if internal controls between CCDO and DSD for the ICRIP program are adequate and functioning.**

Key management controls are in place and operating.

CCDO and DSD have policies and procedures in place to ensure that only eligible applicants receive ICRIP fee waivers. In addition, DSD is appropriately reimbursed for waivers granted by CCDO. Finally, controls over user access for the ICRIP system are in place.

We make no recommendations to CCDO; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 5.

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## Background

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It is the policy of the City of San Antonio through Center City Development and Operations (CCDO) to promote growth and development in targeted areas of the City that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets.

In February 2010, the City established the Inner City Reinvestment and Infill Policy (ICRIP) in order to promote growth and development in the city-center and targeted areas. ICRIP facilitates development within the inner-city by promoting policy goals which include:

- increasing new development on vacant lots,
- redeveloping underused buildings and sites,
- rehabilitating, upgrading, and reusing existing buildings,
- improving maintenance at existing building sites, and
- increasing business recruitment and assistance.

Projects that meet ICRIP criteria are eligible to have certain Development Services Department (DSD) fees waived.

The ICRIP program is funded by a transfer from the City's General Fund to DSD. In fiscal year (FY) 2017, a \$2.5M transfer to DSD was budgeted in the General Fund for the ICRIP Program. Of this \$2.5M, \$1,754,126 in waivers had been used by applicants as of FY 2017.

The FY 2018 Adopted Budget shows the General Fund budgeting a transfer of an additional \$2.5M to DSD for the ICRIP Program.

## Audit Scope and Methodology

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The audit scope was FY 2017.

To obtain an understanding of internal controls related to the ICRIP process, we reviewed department policies and procedures, examined process flowcharts, and interviewed staff at CCDO, DSD, and ITSD.

In addition, we conducted reviews of cashier training, waiver approval documentation, DSD monthly fiscal reports, and reimbursements made to DSD from the General Fund.

We examined financial data obtained from SAP, information obtained from the CCDO ICRIP system, and information from the DSD Hansen system.

Testing criteria included City Ordinance 2015-05-28-0470 and related ICRIP Fee Waiver Program Guidelines; DSD's ICRIP FY 2017 Fee Waivers & Fee Schedule; and the ICRIP interactive map on the CCDO website.

We relied on computer-processed data in the DSD Hansen system to validate the criteria for granting ICRIP waivers. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing waiver descriptions to the FY 2017 Fee Waivers & Fee Schedule. We do not believe that the absence of testing Hansen system general and application controls had an effect on the results of our audit.

In addition, we relied on computer processed data in SAP to validate the journal entries made. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing SAP data with monthly financial reports. We do not believe that the absence of testing SAP general and application controls had an effect on the results of our audit.

We also tested CCDO ICRIP user access controls by reviewing various types of access granted to users.

We conducted this performance 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Results and Recommendations

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CCDO and DSD have policies and procedures in place to ensure that only eligible applicants receive ICRIP fee waivers. Specifically, they ensure controls are in place for:

- restricting user access to the ICRIP system,
- validating compliance with applicant eligibility rules,
- determining proper geographical area and zoning guidelines are met, and
- reimbursing DSD properly for all waivers granted.

There are no findings. Consequently, we make no recommendations to CCDO management.

## **Appendix A – Staff Acknowledgement**

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Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager  
Sheryl Wardashki, CPA, Auditor in Charge

## Appendix B – Management Response

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### CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

April 10, 2018

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

RE: Management's Acknowledgement of its Review of Center City Development and Operations  
Inner-City Reinvestment and Infill Policy

Center City Development and Operations has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Center City Development and Operations:


☒ Fully Agrees

☐ Does Not Agree

Sincerely,

  
\_\_\_\_\_  
John Jacks  
Director

Center City Development and Operations

  
\_\_\_\_\_  
Lori Houston  
Assistant City Manager  
City Manager's Office

4-10-18  
\_\_\_\_\_  
Date

4-12-18  
\_\_\_\_\_  
Date