
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of Center City Development and Operations Department

San Antonio Fiesta Commission Contract

Project No. AU19-C06

December 5, 2018

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

Executive Summary

At the request of Councilman Clayton Perry and the Audit Committee, we conducted an audit of the Center City Development and Operations Department (CCDO), specifically the San Antonio Fiesta Commission Contract. The audit objectives, conclusions, and recommendations follow:

Determine whether the San Antonio Fiesta Commission Contract is adequately monitored and key terms are complied with.

Effective controls are in place to ensure adequate monitoring and compliance with key terms over the San Antonio Fiesta Commission Contract.

CCDO has established a Contract Administration Plan to monitor key contractual requirements. We determined requirements such as the submission of required communications and oversight of the carnival operator proposal process were in compliance. Additionally, CCDO has established procedures to ensure payments made to and from the Commission are accurate and properly supported.

No findings were identified while conducting this audit. We make no recommendations to CCDO Department; consequently, no management responses are required. CCDO management acknowledgement of these results is in Appendix B on page 6.

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Background

Fiesta San Antonio is an annual ten-day festival held to honor heroes of the Alamo and Battle of San Jacinto. In addition to the commemoration, the festival helps raise funds for local nonprofit organizations and contributes to the local economy via the 100+ Fiesta events. During the 2016 Fiesta, an estimated 2.5 million individuals attended and contributed roughly \$340 million in sales to the local economy.¹

As the Fiesta San Antonio Commission (Commission) owns the Fiesta® trademark, they effectively manage the two-week Fiesta celebration. On February 21, 2008 the City of San Antonio entered into a ten-year contract with the Commission, a local nonprofit organization, to coordinate and oversee Fiesta events for 2009 through 2018. Additionally, the contract specifies:

- The City hold certain streets and City properties available for use by the Commission for designated Fiesta events.
- A required process for the Commission's solicitation and evaluation of the carnival operator and parade concessions.

Per contractual requirements, carnival revenue flows from the carnival operator, to the Commission, to the City. Proceeds from the carnival, food, beverage, and novelty concessions received by the Commission are then split between the City and the Commission. Payment terms are as follows:

Table 1 – Carnival Proceeds Agreement

First \$500,000 of Revenue	100% due to the Commission
\$500,000 to \$650,000	100% due to the City
Above \$650,000	50% due to the City; 50% to the Commission

The City received \$0 in proceeds from 2009-2013, \$50,000 during 2014, and \$75,000 annually from 2015-2018 as a result of this agreement.

Center City Development and Operations Department (CCDO) is responsible for overseeing the contract. CCDO has developed a contract administration plan (CAP) to monitor key contractual requirements. An assigned contract monitor utilizes this CAP to ensure both the Commission and the City of San Antonio are in compliance with key contractual requirements.

¹ These results were reported in the most recent Economic Impact Study compiled by the University of Texas at San Antonio's Center for Community and Business Research in 2017. An Economic Impact Study quantifies the total effect of financial activities that only occur because of the existence of an event.

It's important to note the City only provides oversight over the Commission's management of the contract. The City does not have oversight or provide input over the Commission's daily operations.

Audit Scope and Methodology

The audit scope included contract compliance and monitoring efforts related to the San Antonio Fiesta Commission Contract from 2009 through 2018.

To establish our test criteria, we reviewed the San Antonio Fiesta Commission Contract, the carnival operator contracts, and City policies and procedures. To gain an understanding over the internal controls related to the contract, we interviewed CCDO staff to review their processes and identify controls associated with contract monitoring and payment review.

As part of our testing procedures we confirmed a contract administration plan was in place to monitor key contractual provisions. In addition, we verified required communications and audited financial statements were submitted by the Commission on an annual basis. We also confirmed contractual requirements were met in regards to the carnival operator proposal process and insurance coverage.

Additionally, we reviewed payments made to and from the Commission to determine if they were accurate and properly supported. Lastly, we reviewed the contracting process for the Fiesta Contract to determine if CCDO was in compliance with City practices.

We relied on computer-processed data in SAP to review the payments made by the Commission. 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 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

A. Contract Compliance Administration

CCDO has an adequate monitoring process in place to ensure contractual compliance. CCDO has developed a Contract Administration Plan to monitor key contractual terms for compliance. In addition, CCDO is involved in the carnival operator solicitation process and reviews proposal evaluations to ensure the Commission has an adequate process in place. We determined that key provisions such as the submission of required communications and oversight of the carnival operator proposal process were in compliance with the contract.

Additionally, CCDO has established procedures to ensure payments made to and from the Commission are accurate and properly supported. CCDO receives audited financial statements on an annual basis to ensure the accuracy of carnival proceeds. The audit team reviewed the Commission and the carnival operator's audited financial statements and verified carnival proceeds were accurate, supported, and in compliance with contract terms.

Recommendation

None

Appendix A – Staff Acknowledgement

Buddy Vargas, CIA, CFE, Audit Manager
Abigail Medina, CPA, CIA, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78263-3966

November 30, 2018

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

RE: Management's Acknowledgement of its Review of the Audit of Center of City Development and Operations Department – San Antonio Fiesta Commission Contract

Center of City Development and Operations Department 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 of City Development and Operations Department:

☒ Fully Agrees

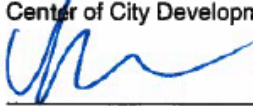
☐ Does Not Agree (provide detailed comments)

Sincerely,



John Jacks
Director
Center of City Development and Operations

11-30-18
Date



Lori Houston
Assistant City Manager
City Manager's Office

11/30/18
Date