
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Convention & Sports Facilities

Catering and Concessions Contracts

Project No. AU18-C03

January 9, 2019

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

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Convention & Sports Facilities (CSF), specifically the catering and concession contracts. The audit objectives, conclusions, and recommendations follow:

Determine if catering and concessions contracts for CSF properties are adequately managed.

Effective controls are in place to ensure the catering and concessions contracts for CSF properties are adequately managed.

CSF contractors are providing quality customer service to customers and are accurately capturing register sales resulting in accurate and timely commissions paid to the City. Furthermore, contractor employees are completing their required background checks and training prior to working City events. In addition, CSF contractors have passed their City food establishment inspections and maintain current permits and licenses to operate.

No findings were identified while conducting this audit. We make no recommendations to CSF Department; consequently, no management responses are required. CSF management acknowledgement of these results is in Appendix B on page 5.

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Background

The Convention and Sports Facilities (CSF) oversees the operations and maintenance of City-owned convention, sports, and entertainment facilities including the Henry B. Gonzalez Convention Center and the Alamodome.

The convention center has 514,000 square feet of contiguous exhibit and multipurpose space, over 70 meeting rooms, and 2 ballrooms for a variety of events. In May of 2015, the City contracted with RK Culinary Group, LLC (RK) to provide and manage on-site dining and catering services including merchandise sales and supporting the employee cafeteria.

The Alamodome is available to host a variety of events to include conferences, sporting events, and concerts. In January of 2016, the City contracted SAVOR Black Tie Joint Venture (SAVOR) to provide and manage on-site dining and catering services to the Alamodome including concession stands, suites, and merchandise sales.

Monthly, RK and SAVOR pay a commission to the City on event sales, based on percentages and type of sale set forth in the contract. Below is a summary of the gross receipts and commissions paid to the City for both concession and catering contracts during FY2017 and FY2018.

CSF Concession and Catering Revenue Summary

Contractor	FY2017		FY2018	
	Gross Receipts	Commission Paid to City	Gross Receipts	Commission Paid to City
RK	\$22,444,085	\$6,495,414	\$24,608,177	\$6,942,106
SAVOR	\$8,643,773	\$2,886,003	\$8,787,236	\$2,551,417
Total	\$31,087,858	\$9,381,417	\$33,395,413	\$9,493,523

Audit Scope and Methodology

The audit scope was from October 2016 through May 2018 and included Convention & Sports Facilities' (CSF) monitoring of the catering and concession activities conducted by both RK Culinary Group, LLC (RK) and SAVOR Black Tie Joint Venture (SAVOR).

To establish our test criteria, we reviewed the catering and concession contracts. We also interviewed key personnel from CSF responsible for monitoring and managing the catering and concession activities.

As part of our testing procedures we examined controls for ensuring that contractors are providing quality services in compliance with related contracts. We reviewed customer surveys to gauge customer satisfaction and contractor response plans for addressing any concerns. We also reviewed the results of routine food inspections and verified contractors maintain active food and beverage permits. Furthermore, we reviewed contractor point of sale systems to confirm that pricing was in agreement with contracted rates and that systems were accurately and completely capturing all sales data. In addition, we verified that contractors are performing background checks and requiring new employees to successfully complete required training prior to working an event. Finally, we tested the accuracy and completeness of the commission payments made to the City.

We relied on computer-processed data in SAP, the City's accounting system, to validate commission payments. 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 also performed limited procedures to test general controls of the Quest payment system, specifically the security of payment data.

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. Management of Catering and Concessions Contracts

Effective controls are in place to ensure the catering and concessions contracts for CSF properties are adequately managed. CSF contractors are providing quality customer service to customers and are accurately capturing register sales resulting in accurate and timely commissions paid to the City. CSF also verifies that contractors implement the approved marketing plans.

Furthermore, contractor employees are completing their required background checks and training prior to working City events. In addition, CSF contractors have passed their City food establishment inspections and maintain current permits and licenses to operate.

Recommendation

None

Appendix A – Staff Acknowledgment

Gabe Trevino, CISA, Audit Manager
Sheryl Wardashki, CPA, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

December 18, 2018

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

RE: Management's Acknowledgement of its Review of the Audit of Convention and Sports Facilities Department – Catering and Concessions Contracts

Convention and Sports Facilities 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.

Convention and Sports Facilities Department:

Fully Agrees

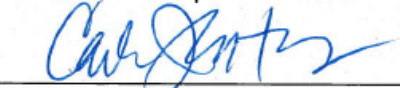
Does Not Agree (provide detailed comments)

Sincerely,



Patricia Muzquiz Cantor
Director
Convention and Sports Facilities

12/18/18
Date



Carlos J. Contreras, III
Assistant City Manager
City Manager's Office

12/20/18
Date