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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of Information Technology Services Department

Public Safety Radio System Contract

Project No. AU19-026

August 14, 2020

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 the Information Technology Services Department (ITSD), specifically the Public Safety Radio System Contract. The audit objectives, conclusions, and recommendations follow:

**Determine if terms of the Public Safety Radio System contract and related Interlocal Agreements (ILA) are adequately monitored to ensure compliance.**

The Public Safety Radio System contract with Daily & Wells Communications (DWC) and associated ILA are adequately monitored by a designated ITSD Contract Compliance Manager utilizing a Contract Administration Plan (CAP). Through testing, we determined that ITSD communicates with the contractor and other project owners on a frequent basis, change requests are adequately documented and approved, and invoices are paid appropriately based on purchase orders.

However, there are opportunities to strengthen controls associated with contractor insurance and Small Business Economic Development Advocacy (SBEDA) monitoring.

We recommend that ITSD collaborate with the City's Small Business Office to ensure adequate and effective monitoring of City SBEDA requirements. In addition, ITSD should continue working with the City's Risk Management Office to ensure all DWC subcontractors have adequate insurance coverage.

ITSD Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 6.

# Table of Contents

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Executive Summary .....	i
Background.....	1
Audit Scope and Methodology .....	2
Audit Results and Recommendations .....	3
A. SBEDA Requirements .....	3
B. Certificates of Insurance (COI) .....	3
Appendix A – Staff Acknowledgement.....	5
Appendix B – Management Response.....	6

## Background

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The City of San Antonio and Dailey & Wells Communications, Inc. (DWC) entered into a Public Safety Radio System Agreement in March 2018 for approximately \$108 million. The agreement also involves an Interlocal Agreement with Bexar County and CPS Energy for shared ownership and management of the new public safety radio system. The new radio system, referred to as the Alamo Area Regional Radio System (AARRS), is scheduled to replace the current disparate legacy EDACS public safety radio system by December 2021; see the following timeline.

Project Phase Milestone	Original Date	*Realigned Date
Milestone 1: Contract Execution	March 2018	April 2018
Subscribers Phase 1: 1,800 Radios & Accessories	March 2018	April 2018
Milestone 2: Detailed Design Review Completion	September 2018	June 2020
Milestone 3: Core & Consoles	November 2018	December 2018
Milestone 4: 28 Sites & Bi-Directional Amplifiers (BDA)	February 2019	April 2019
Subscribers Phase 2: City/County Portables	October 2019	November 2019
Milestone 5: CPS Devices & BDAs	November 2019	December 2019
Subscribers Phase 3A: Mobile Devices	May 2020	June 2020
Subscribers Phase 3B: Fire Dept. Radios	May 2020	TBD
Milestone 6: Remaining Civil - Construction	March 2020	August 2020
Milestone 7: Remaining BDAs	December 2019	September 2021
Milestone 8: Fully Loaded Burn-In Complete	August 2021	November 2021
Milestone 9: Project Close Out	September 2021	December 2021

\*In October 2019, the schedule was extended 90 days for new radio tower site construction requirements, remediation of existing radio tower sites, and additional time for CPS and SAPD to transition to the new system.

The AARRS is a land mobile radio network being constructed to provide the Alamo Area Region a critical system for communications and emergency responses.

AARRS will interface with an array of applications within the 911 and dispatch centers of Bexar County, the City of San Antonio, and CPS Energy. CPS fiber as well as microwave links will provide redundant connectivity between all data centers, dispatch facilities, and radio towers. The following is an overview of AARRS components.

- 2 redundant data center controllers
- 28 radio towers
- 13,500 radios
- 125 dispatch operator consoles
- 60 Police, Fire and EMS agencies
- 50 independent municipalities, school districts, and universities

## Audit Scope and Methodology

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The audit scope included contract compliance monitoring efforts related to the Public Safety Radio System Contract for the period March 2018 to December 2019.

We interviewed ITSD management and staff to gain an understanding of their monitoring processes for key contractual terms. To establish our test criteria, we reviewed the radio system project Request for Proposal (RFP); contract agreement between the City and DWC; Interlocal Agreement between the City, CPS Energy and Bexar County; and various City Ordinances.

Significant internal control components and principles include the development of a Contract Administration Plan (CAP) and contract monitoring. ITSD's ongoing monitoring of the DWC contract is essential to verifying that DWC is complying with performance goals and providing the required deliverables mandated by the contract. ITSD's Contract Compliance Manager reviews the CAP as a monitoring control and verifies deliverables are met as required.

We reviewed the CAP to verify that key elements were included. We also reviewed support documentation for liability insurance, performance and payment bonds, change requests, and Small Business Economic Development Advocacy (SBEDA) certifications. In addition, we reviewed user access and backup procedures for the project's shared documentation repository, Smartsheet.

We relied on computer-processed data in SAP, the City's accounting system, to verify project milestone payments were accurate and timely. 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

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### A. SBEDA Requirements

The City's SBEDA requirements are not effectively monitored for the Dailey & Wells Communications (DWC) contract.

The controls in place for monitoring SBEDA compliance are inefficient with a lack of communication between ITSD and the Economic Development Department's Small Business Office (EDD-SBO). Additionally, ITSD does not have an appointed Compliance Officer to monitor SBEDA compliance and to assist the contractor with potential compliance issues.

Through our testing, we confirmed that DWC had not entered all subcontractors that are utilized into the City Contract Management System (CCMS). All prime contractors and subcontractors participating on a City contract with SBEDA contract requirements must utilize the CCMS. This system captures the utilization of small, minority, and women-owned businesses on City contracts and serves as a monitoring tool for prime contractors who are required to meet SBEDA subcontracting requirements. Specific language for SBEDA requirements are incorporated and attached to the project's formal solicitation issued by the City to ensure all businesses have an opportunity to compete for City contracts.

DWC's utilization of small, minority, and women-owned businesses is below the contract's 5% SBEDA goal that puts them at risk of non-compliance with the City's SBEDA requirements.

### Recommendation

The Chief Information Officer should collaborate with the EDD-SBO to ensure adequate and effective monitoring of City SBEDA requirements.

### B. Certificates of Insurance (COI)

The process for collecting and reviewing subcontractor certificates of insurance (COI) for compliance is not effective to ensure adequate insurance coverage for the City during the term of the radio system contract.

The contract agreement between the City and DWC specifies the minimum amount of contractor insurance coverage by type and amount.

We reviewed COIs for DWC and 28 subcontractors and identified the following issues with subcontractors:

- 23 did not have an attached endorsement listing the City as an additional insured.
- 3 did not have all required insurance types.
- 6 did not have adequate coverage amounts.

As a result of our findings, ITSD took immediate action to contact the Office of Risk Management to obtain training to understand what is required to ensure adequate insurance coverage is provided by City contractors.

Without adequate insurance coverage, the City is at risk of increased liability in the event a claim for damages is filed.

### **Recommendation**

The Chief Information Officer should continue working with the City's Risk Management Office to ensure all DWC subcontractors have adequate insurance coverage to ensure compliance with contractual terms.

## **Appendix A – Staff Acknowledgement**

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Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager  
Holly Williams, CISA, CRISC, Auditor in Charge  
Javier Castillo, IT Auditor



## Appendix B – Management Response



### CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3908

July 29, 2020

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

RE: Management's Corrective Action Plan for Public Safety Radio System Contract

Information Technology Services Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<b>SBEDA Requirements</b>  The Chief Information Officer should collaborate with the EDD-SBO to ensure adequate and effective monitoring of City SBEDA requirements.	3	Accept	John Rodriguez/ITSD Assistant Director  Andrew Jaffee/Radio Shop Manager	Complete
<p><b>Action plan:</b> ITSD acknowledges there are opportunities to strengthen controls associated with the Economic Development Department (EDD), Small Business Economic Development Advocacy (SBEDA) program.</p> <p>The Contract Compliance Manager and the ITSD SBEDA Compliance Officer attended SBEDA Training in February of 2020. Dailey-Wells Communications, Inc. (DWC) SBEDA Coordinator attended the same training in March of 2020. ITSD has worked with representatives from EDD to address questions over the complexity of the AARRS Project. Specifically, the shared cost to the project and how best to calculate the specialty skilled subcontractor labor costs in this project. The ITSD SBEDA Compliance Officer and the Radio Project Contract Compliance Manager will continue to work with EDD and DWC in a collaborative effort to develop a comprehensive monitoring SBEDA program.</p> <p>DWC submitted a revised SBEDA Change of Utilization Plan that was approved by ITSD and EDD and entered into the City Contract Management System (CCMS) on July 6, 2020. ITSD is actively monitoring SBEDA compliance requirements for the AARRS radio project. DWC is currently compliant with SBEDA.</p>					

Audit of Information Technology Services Department  
Public Safety Radio System Contract

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
2	<p><b>Certificates of Insurance (COI)</b></p> <p>The Chief Information Officer should continue working with the City's Risk Management Office to ensure all DWC subcontractors have adequate insurance coverage to ensure compliance with contractual terms.</p>	4	Accept	<p>John Rodriguez/ITSD Assistant Director</p> <p>Audie Cavazos/ Contract Compliance Manager</p>	Complete
<p><b>Action plan:</b> ITSD acknowledges there are opportunities to strengthen controls associated with the Office of Risk Management (ORM).</p> <p>The Contract Compliance Manager attended training with the Office of Risk Management (ORM) in January of 2020 and is actively working with DWC to review all subcontractor Certificates of Insurance (COI) to ensure compliance with ORM and contractual requirements. ITSD will continue to work with CRM to review and validate all DWC subcontractor COIs.</p> <p>DWC is compliant with the City's COI requirements and ITSD has a plan to monitor COI for the AARRS radio project.</p>					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
 Craig Hopkins  
 Chief Information Officer  
 Information Technology Services Department

29 July 2020  
 Date

  
 Ben Gorzell  
 Chief Financial Officer  
 City Manager's Office

7/30/2020  
 Date