



City of San Antonio

Agenda Memorandum

File Number: 15-2051

Agenda Item Number: 2.

Agenda Date: 3/17/2015

In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

March 17, 2015

Follow-up Audit of EDD Economic Development Incentives

Report Issued February 10, 2015

Background

In August of 2013, the Office of the City Auditor completed an audit of the Economic Development Department's Incentive Division. The objectives of the audit were as follows:

Are the City and companies receiving economic development incentives from the City in compliance with incentive contracts and is EDD adequately monitoring incentive contracts?

The prior audit found monitoring and staff's effectiveness could be enhanced and improved by the development of specific contract language pertaining to staff's ability to verify compliance and the reduction of tax abatements when companies fail to meet a portion of their contractual obligations. Contract language should align with departmental practices and that EDD strengthen its policies and procedures to enhance its monitoring function. Finally, EDD had inadequate documentation of the recipients' compliance with prior years' contract requirements related to investments.

Follow-up Audit Objective

Determine if the Economic Development Department successfully implemented action plans to address prior audit recommendations relating to Economic Development Incentives.

Audit Scope and Methodology

The audit scope was limited to the recommendations made in the original report and corresponding action plans and included monitoring records from October 2013 through December 2014.

Audit Conclusion

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

- EDD enhanced contract language to allow for adequate verification of compliance and provide clear guidelines for reducing tax abatements.

- EDD updated contract language to align with departmental practices.
- EDD updated policy and procedures to include site visits, tax abatement verification, and the use of the department's project management system Salesforce as a contract monitoring tool.

Recommendation

Since EDD Management effectively implemented all action plans, we made no recommendations.