



City of San Antonio

Legislation Details (With Text)

File #: 21-3011
Type: Staff Briefing - Without Ordinance
In control: Audit and Accountability Committee
On agenda: 4/20/2021
Title: AU19-C01 Audit of Center City Development Office Centro San Antonio Contract
Sponsors:
Indexes:
Code sections:
Attachments: 1. AU19-C01 Audit of CCDO - Centro San Antonio Contract

Date	Ver.	Action By	Action	Result
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AUDIT COMMITTEE SUMMARY Audit of CCDO Centro San Antonio Contract Report Issued April 5, 2021

Audit Objective

Determine if the Centro SA Contract for downtown services is adequately managed.

Background

The Public Improvement District (PID) is a means through which property owners in the District can self-fund additional improvements and services to enhance the appearance and safety of downtown San Antonio. The primary source of revenue for the PID are the special assessments levied on property owners that reside within the PID. In addition to special assessments levied, contributions are made from other entities to fund improvements and services in the PID.

To carry out improvements and services, the City of San Antonio (City) entered into an agreement with Centro Public Improvement District (Centro), a non-profit Texas corporation. Services and improvements provided by Centro include maintenance, beautification and landscaping, hospitality ambassador services, outreach and security services, marketing and promotion of the PID, community events and programs, economic development activities, project management, capital projects, and special projects services. During FY 2019, the City reimbursed the contractor approximately \$4,554,336 for management and service expenses incurred.

CCDO is responsible for overseeing the contract and monitors key contractual requirements. Additionally, Finance is responsible for monitoring and reporting the PID special assessments.

Scope and Methodology

The audit scope included contract monitoring efforts, contractor reimbursements, and PID revenue collections for FY 2019. We reviewed contractor monitoring efforts by CCDO were occurring. Additionally, we reviewed equipment management controls regarding physical safeguards, inventory, and equipment disposal. Furthermore, we reviewed invoices to confirm reimbursed expenses were adequately supported and

allowable. Finally, we performed data analysis over PID special assessments to determine whether they were levied correctly, and collections were accurately reported.

Conclusions

The Centro SA Contract for downtown services is adequately managed. An assigned contract officer utilizes a Contract Administration Plan to ensure both Centro and the City comply with key contractual requirements. Additionally, CCDO's Downtown Operations Manager performs physical inspections of the PID and attends weekly status meetings with Centro SA to discuss work performed and any issues encountered.

We identified opportunities to improve equipment inventory management, invoice review, and PID revenue reconciliations. Currently, controls do not exist to ensure proper equipment inventory management. Additional CCDO review of invoices should be performed to ensure unallowable expenses are not reimbursed to subcontractors. Lastly, reconciliations were not performed to ensure PID revenue was accurately reported in SAP.

We made recommendations to address the opportunities. Management agreed with the recommendations and developed positive corrective action plans.