



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-4740

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**Agenda Item Number:** 4.

**Agenda Date:** 8/24/2017

**In Control:** Audit and Accountability Committee

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### **AUDIT COMMITTEE SUMMARY**

**August 24, 2017**

#### **CCDO Contract for Improvements and Services in the Downtown Public Improvement District**

Report Issued March 16, 2017

### **Audit Objective**

Determine if the City and Centro are in compliance with key terms of the contract for improvements and services in the San Antonio Public Improvement District in the downtown area.

### **Background**

In May 2013, City Council restated the Contract for Improvements and/or Services in the San Antonio Public Improvement District (PID) with Centro Public Improvement District (Centro) to provide specified services and develop annual service and assessment plans for the downtown public improvement district for a ten-year period. The department of Center City Development and Operations (CCDO) is responsible for ensuring compliance with the terms of the contract.

The 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 the San Antonio downtown area. The PID is primarily funded by private assessments collected from property owners within the PID by way of annual assessments. The assessments are based on the real property value as determined by the Bexar Appraisal District. Centro assists the City by furnishing or performing such improvement services such as landscaping, sidewalk maintenance and public services offered through public service representatives.

In FY2016, the City collected approximately \$4 million from PID revenue and reimbursed Centro approximately \$4.4 million for management and service expenses.

### **Audit Scope & Methodology**

The audit scope was FY2015 and included review of contract terms, internal guidelines and other support to ensure compliance with key terms outlined in the contract between the City and Centro

Our methodology and testing criteria consisted of conducting interviews and walkthroughs with key

personnel from the CCDO department and Centro. We also reviewed invoices for related expenses, and other key documents such as vehicle leasing agreements, collateral and insurance documents, as well as equipment logs.

## **Audit Conclusions**

CCDO and Centro do not have effective monitoring controls in place to ensure compliance with key contractual terms outlined in the contract.

Control deficiencies were identified in the following areas:

- Improvements and services provided by Centro regarding the maintenance, landscaping, and public service representative (PSR) programs are not effectively monitored.
- Internal controls are not operating effectively and/or do not exist to ensure compliance with financial contract terms. Specifically, invoices submitted by Centro for reimbursement of expenses are not reviewed for reasonableness, appropriateness, and timeliness; accounting for PID program expenses is inconsistent; and the collection process for assessments and fees needs improvement.
- Insurance and bond support is not reviewed to determine if Centro and their respective contractors are adequately insured and bonded.
- Support to ensure that equipment used for the Public Improvement District is properly maintained and accounted for does not exist.

CCDO management agreed with our observations and has developed positive action plans to address them.