



City of San Antonio

Agenda Memorandum

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In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY

December 11, 2018

Follow-Up Audit of Center City Development and Operations Hemisfair Park Area Redevelopment Corporation Contract Monitoring
Report Issued November 15, 2018

Audit Objective

Determine if audit recommendations made in the prior audit of HPARC Contract Monitoring have been successfully implemented and working as intended.

Background

In March 1, 2017, the Office of the City Auditor completed an audit of the Center City Development and Operations Department (CCDO) Hemisfair Park Area Redevelopment Corporation (HPARC) Contract Monitoring. The objective was to determine if controls are in place for the monitoring of the Hemisfair Park Area Redevelopment Corporation contract.

The Office of the City Auditor concluded in the 2017 report that while controls were in place for the monitoring of the HPARC contracts, monitoring should be improved and the terms of the HPARC contracts need to be strengthened. We noted that the terms in the agreements did not ensure HPARC's contractors have adequate insurance, and did not impose requirements on HPARC to ensure it has an effective system of internal controls. Additionally, CCDO did not have input into the existing agreements with HPARC, as they had been developed by the City Manager's Office.

Audit Scope & Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report for the time frame from March 2017 to August 2018.

Audit Conclusions

We determined that CCDO has successfully implemented adequate controls to address prior audit recommendations.

There were two recommendations made in the prior audit and both have been implemented. CCDO has imposed insurance requirements and received relevant insurance certificates from all HPARC contractors. Additionally, they have implemented additional reporting requirements that include monthly status reports of HPARC's financial statements. Finally, CCDO entered into a contract with an external auditing firm to perform semi-annual on-site monitoring visits to test compliance with contract terms, ensure the accuracy of any

reports provided to the City, test the efficiency of internal controls, and ensure HPARC is meeting its goals.

We make no recommendations to CCDO management; consequently, no responses are required.