



City of San Antonio

Agenda Memorandum

File Number:19-7589

Agenda Item Number: 4.

Agenda Date: 10/15/2019

In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY

October 15, 2019

Audit of Cisco Products and Services Contract

Report Issued September 19, 2019

Audit Objective

Determine if the ITSD contract for Cisco products and services is adequately managed including the review of pricing discounts.

Background

The Information and Technology Services Department (ITSD) is a centralized office that designs, implements and oversees the technological maintenance and advancements for the City of San Antonio. In doing so, City council approved ITSD's proposal to utilize certain procurement agreements with the Texas Department of Information Resources (DIR).

The Texas DIR is dedicated to assisting governmental agencies serve the public by leveraging its buying power into enticing vendors to compete by offering large product and service discounts. All vendor contracts must meet state procurement laws and rules applicable to Texas state agencies. Additionally, the DIR will manage and hold vendors accountable for all pricing and agreement obligations.

A portion of ITSD's council-approved, DIR budget is utilized to purchase Cisco products and services. Cisco branded goods and services are found implemented throughout the City within IT hardware, IT software, professional and technical services, and maintenance and support.

Scope & Methodology

The audit scope was from January 1, 2018, through December 31, 2018, and included the review of approved ordinances, contractual agreements and vendor expenditure reports from the state, Cisco and SAP.

In order to establish criteria for our test work, our methodology included conducting interviews and walkthroughs with key ITSD and IT Procurement staff in order to gain an understanding of the procurement process.

Conclusions

ITSD has procedures in place that ensure the City is continually acquiring discounts on Cisco products and services that either meet or surpass the agreed contractual minimum.

IT Procurement process controls serve as effective controls for ensuring that Cisco's DIR contractual discounting is occurring with applicable purchases. It was determined that Cisco purchases involved appropriate reviews and approvals to ensure DIR utilization. By comparing paid invoice line items to Cisco's historical online pricing guide, we were able to verify that 100% of Cisco items purchased during the audit scope had, at minimum, the contractual discount applied. No recommendations were made.