



City of San Antonio

Agenda Memorandum

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In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

May 5, 2015

Audit of Finance Department Local Preference Program

Issued March 12, 2015

Background

On March 21, 2013, the City Council adopting a local preference contracting program (LLP). The goal of the City of San Antonio is to use its spending powers to promote fiscal responsibility and maximize the amount of resident tax dollars that remain in the local economy for the benefit of its citizens by utilizing all available legal opportunities to contract with City-located businesses.

The City places an affirmative duty on its departments to grant a preference to local businesses, unless doing so would be contrary to the best interests of the City. The program requires firms responding to City solicitations to self certify, via a signed identification form, which indicates requirements for the local business designation have been met. In addition, City Council amended the ordinance on November 13, 2014 to clarify application of the program concerning joint ventures and the principle places of business.

Audit Objective

Is the implementation of the Local Preference Program in compliance with the established ordinance?

Audit Scope & Methodology

The audit scope included assessing the compliance of LPP processes in place for fiscal year 2014. We reviewed contracts for eligibility under LPP guidelines. We recalculated bid tabulations to verify the local preference was applied correctly. We also determined if contracts qualified under the LPP thresholds. Finally, we verified contracts that were not awarded LLP points and verified they did not qualify for the program

Audit Conclusions

Yes, implementation of the LPP is in compliance with the established ordinance.

However, we did note an area that needs improvement. There was no process in place to verify the bidder's local presence. Although the contract award was not affected, we identified one instance when the bidder received local preference points even though they were not within the incorporated limits of the City of San Antonio. We recommended a control to verify reported local presence.

The Director of Finance concurred with the recommendation and developed a corrective action plan.