



# City of San Antonio

## Agenda Memorandum

**File Number:**15-4532

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**Agenda Item Number:** 3.

**Agenda Date:** 8/18/2015

**In Control:** Audit Committee

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### **AUDIT COMMITTEE SUMMARY**

**August 18, 2015**

#### **Audit of the Convention and Sports Facilities Contract for Elevator and Escalator Preventative Maintenance Services**

Report Issued July 13, 2015

#### **Background**

The City's Convention and Sports Facilities (CSF) Department entered into a full service agreement with Kone, Inc. to provide elevator, escalator, and wheel chair lift preventative maintenance services at the convention and sports facilities. In total, Kone, Inc. provides preventative maintenance and inspection services for 33 elevators, 21 escalators, and one wheel chair lift for the following locations: Alamodome, Henry B. Gonzales Convention Center (HBGCC), Lila Cockrell Theatre, and three buildings in Hemisfair Park (University of Mexico, Institute of Mexican Cultures, and Building 277).

Total expenses paid for preventative maintenance was approximately \$319,000 and \$327,000 for fiscal years 2013 and 2014, respectively.

#### **Audit Objective**

Determine if the City of San Antonio and Kone, Inc. are in compliance with key terms of the contract and if the City's monitoring of the contract are effective.

#### **Audit Scope & Methodology**

The audit scope included contract terms and monitoring efforts from October 2013 to September 2014.

Our methodology consisted of conducting interviews and walkthroughs with key personnel at the Alamodome and HBGCC. Additionally, we reviewed the key contract terms to include: contractor and personnel qualifications, preventative maintenance program, replacement and spare parts, normal and emergency service calls, equipment inspections, billing requirements, insurance, bonds, prevailing wages, and record retention requirements.

#### **Audit Conclusion**

No, effective monitoring controls are not in place to ensure compliance with key contractual terms for

## Elevator and Escalator Preventative Maintenance Services.

Control deficiencies were identified in the following areas:

- A contract administration plan was not established to ensure that the key provisions of the contract are being reviewed and followed-up on as necessary.
- Required insurance endorsements that serve as evidence of insurance coverage were not obtained by the contractor.
- Support to ensure that the mechanics are adequately qualified as prescribed by the contract was not provided.
- Required preventative maintenance and inspections are not always performed. Effective monitoring of assigned maintenance and inspections is not taking place by contract monitors.
- The contractor is not responding timely to service calls for elevator/escalator issues. Additionally, out of service credits for untimely responses are not being requested by the contract monitors.

We made recommendations to address the issues identified. Convention and Sports Facilities Management concurred with our observations and recommendations and developed a positive corrective action plan.