



City of San Antonio

Agenda Memorandum

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Agenda Date: 9/15/2015

In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

September 15, 2015

Audit of Development Services Demolition Services Contract

Report Issued August 6, 2015

Background

The Development Services Department (DSD) is responsible for ensuring the safety of structures in the City of San Antonio. DSD has a contract in place with J.R. Ramon & Sons, Inc. for contract services including demolition, waste removal, asbestos abatement, and any required site fencing and backfill. Additionally, the contractor now completes the environmental surveys and coordinates the utility disconnections. The coordination of the demolitions is performed by DSD's Dangerous Premises Officers.

The most recent agreement between the City and J.R. Ramon & Sons, Inc. was a two year contract approved by City Council in May 2014 for a maximum of \$2.4 million annually, with two 1-year renewal options. Between May 2014 and January 2015, J.R. Ramon & Sons, Inc. completed 90 DSD demolition projects, totaling approximately \$560,000.

Audit Objective

Are COSA and J.R. Ramon & Sons, Inc. in compliance with key terms of the contract and is COSA monitoring of the contract effective?

Audit Scope & Methodology

The audit scope included 90 demolitions performed by J.R. Ramon & Sons, Inc. from May 2014 through January 2015.

Our methodology consisted of conducting interviews and walkthroughs with key personnel to gain an understanding of the processes related to City demolitions. Testing criteria included the key terms of the contract between J.R. Ramon & Sons, Inc. and the City. Additionally, DSD policies and procedures, the City's Procurement Policy and Procedures Manual and related City Codes were reviewed.

Audit Conclusion

Yes, COSA and J.R. Ramon & Sons, Inc. are in compliance with key terms of the contract. The demolitions we sampled were appropriately approved and performed. Additionally, payments to the contractor were correctly calculated and supported by the Dangerous Premises Officers' records.

While we did not identify any material control deficiencies, we did determine that controls could be improved for the following areas:

- Monitoring of contractor and subcontractor qualifications, wage and labor requirements, and insurance coverage
- Obtaining of permits for emergency demolitions

Development Services Management agreed with our observations and has begun to develop positive action plans to address them.