



CITY OF SAN ANTONIO

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September 9, 2010

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Councilwoman, District 9

John G. Clamp
Councilman, District 10

Mayor and Council Members:

SUBJECT: Convention, Sports, and Entertainment Facilities - Event Vendor Selection Process Audit Report

We are pleased to send you the audit report of the Convention, Sports, and Entertainment Facilities. This audit began in May 2010 and concluded with an exit meeting with department management in August 2010. Management's verbatim response is included in Appendix C of the report. The Convention, Sports, and Entertainment Facilities should be commended for its cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,

Park E. Pearson, CPA
City Auditor
City of San Antonio

Distribution:

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Pat DiGiovanni, Deputy City Manager
Mike Sawaya, Director, Convention, Sports, and Entertainment Facilities
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Stanley Blend, Audit Committee Member
Manuel Long, Audit Committee Member

CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of the Convention, Sports, and Entertainment Facilities

Event Vendor Selection Process

Project No. AU10-009

September 9, 2010

Executive Summary

As part of our annual Audit Plan, we conducted an audit of the Convention, Sports, and Entertainment Facilities (CSEF) controls over the selection process for service providers. The audit objective and conclusions follow:

Are there sufficient controls over the process to select service providers for events held in City convention facilities and the Alamodome?

We determined that there are sufficient controls over the current process to select exclusive and preferred service providers.

We concluded that:

- CSEF uses the competitive solicitation process to select the exclusive and preferred service providers in accordance with the City's Procurement Policy and Procedures Manual.
- As a result of our work, we are not aware of any conflict of interest between the current exclusive and preferred service providers and CSEF management staff.
- City staff and City Council appropriately approved all contracts, amendments, extensions, and renewals for all current exclusive and preferred service providers.
- The services provided as exclusive and preferred are consistent with other cities.
- CSEF staff monitors performance measures and communicates results to appropriate service providers to ensure prompt response and remedy.

Management of the Convention, Sports, and Entertainment Facilities agrees with the audit report. Its verbatim response is in Appendix C on page 5.

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Background

The Convention, Sports, and Entertainment Facilities (CSEF) department oversees operations and management of the Henry B. Gonzalez Convention Center, the Lila Cockrell Theatre, the Alamodome, and Municipal Auditorium.

These facilities are used for events that include a variety of trade, consumer, public, family and entertainment shows, conventions, civic and community events, meetings, concerts and sporting events.

To support the events held at the facilities, CSEF selects and manages vendors classified as exclusive and preferred service providers at the Convention Facilities and Alamodome.

CSEF manages the following services on an exclusive basis:

- Automated Ticket System
- Business Center
- Catering and Concessions
- Electrical
- Telecommunications / Internet

Audiovisual services are provided on a preferred basis.

See **Appendix A** for the list of current exclusive and preferred service providers.

Services listed as exclusive may only be performed by an approved exclusive service provider. Preferred service providers are recommended by CSEF to perform Audio Visual / Production Co. service. The client has the option to select the preferred service provider or select a vendor of their choice to perform the services for the event.

Each exclusive and preferred service provider pays the City revenue on the earnings for the services they provide at the facilities based on contract terms.

CSEF uses the competitive solicitation process to select exclusive and preferred service providers in accordance with the City's Procurement Policy and Procedures Manual - Request for Proposal (RFP) or Request for Qualification (RFQ) process.

Audit Scope and Methodology

The audit scope included the selection process of all current/active exclusive and preferred service providers at the Convention Facilities and Alamodome. We interviewed appropriate CSEF staff to obtain an understanding of the selection process for the exclusive and preferred service providers. We verified CSEF uses the competitive solicitation process to select the exclusive and preferred service providers in accordance with the City's Procurement Policy and Procedures Manual.

We used the Accurint website to evaluate the propriety of relationships between the contractor and CSEF management staff. This website includes non-public and publicly available information including possible associates and relatives.

We also reviewed all 21 contracts and 18 ordinances. The review included initial contract agreement, renewals and amendments and relevant City Ordinances for each exclusive and preferred service provider to confirm approval by City staff and City Council.

Services provided as exclusive and preferred at the Convention Facilities and Alamodome are consistent with services provided by the six cities we contacted.

To determine how each contractor's performance is measured and communicated, we interviewed appropriate CSEF staff and verified the process followed to monitor contractor performance and results.

We conducted this audit from May 2010 to August 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Appendix A – List of Current Exclusive and Preferred Service Providers

Exclusive Service Providers:

Category	Name
Automated Ticket System	Ticketmaster
Business Center	The UPS Store
Catering & Concessions	RK Group
	Aramark
Electrical	Edlen Electrical Exhibition Services
	Freeman Electrical Services
	Harper Wood Electric
Telecommunications/Internet	Smart City

Preferred Service Provider:

Category	Name
Audio Visual/ Production Co.	PSAV Presentation Services

As of July 31, 2010

Appendix B – Staff Acknowledgement

Barry Lipton, CPA, DABFA, Deputy City Auditor
Kevin Barthold, CPA, CIA, CISA, Audit Manager
Rosalia Vielma, Auditor in Charge

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Park E Pearson, CPA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of the Convention, Sports, and Entertainment Facilities and Audit of the Event Vendor Selection Process

Here are our comments to the subject report.

Fully Agree (provide detailed comments)

We fully agree with the conclusions in this audit regarding compliance with the City's competitive selection process. It is the CSEF Department's goal and responsibility to follow the guidelines provided in the City's Procurement Policy and Procedures Manual, and the audit's conclusions verify our compliance. This compliance includes avoidance of conflicts of interest, adherence to contract approval policy, and appropriate management of the processes to ensure compliance. As the summary results showed zero deficiencies regarding the processes reviewed, we are satisfied with the results of the audit, and will continue to follow the established required procedures.

Agree Except For (provide detailed comments)

Do Not Agree (provide detailed comments)

Sincerely,

Handwritten signature of Pat DiGiovanni in black ink.

Pat DiGiovanni, Deputy City Manager
City Manager's Office

Handwritten signature of Michael Sawaya in black ink.

Michael Sawaya, Director
Convention, Sports, and Entertainment
Facilities