



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO TEXAS 78283-3966

July 12, 2012

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SUBJECT: Audit Report of the San Antonio Metropolitan Health District Food Service Permit Fees and Revenues

Mayor and Council Members:

We are pleased to send you the audit report of the San Antonio Metropolitan Health District Food Service Permit Fees and Revenues. This audit began in October 2011 and concluded with an exit meeting with department management in June 2012. Management's verbatim response is included in Appendix B of the report. The San Antonio Metropolitan Health District 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,

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
City of San Antonio

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**CITY OF SAN ANTONIO**  
**OFFICE OF THE CITY AUDITOR**



Audit of San Antonio Metropolitan Health District

Food Service Permit Fees and Revenues

Project No. AU12-007

July 12, 2012

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan, we conducted an audit of the San Antonio Metropolitan Health District's (Metro Health) food service permit fees and revenues. The audit objectives, conclusions, and recommendations follow:

### **Are controls over food service permit and permit fee collections adequate and are fees collected accurate and appropriate?**

No, controls over food service permit and permit fee collections are not adequate. We identified control deficiencies related to Metro Health's IT systems controls, contract administration and monitoring efforts, and general policies and procedures.

Specifically, we determined that:

- The data in Digital Health Department (DHD), the automated system for managing the food permitting process, is not sufficiently reliable for determining whether food permit revenues are properly assessed and collected.
- The DHD system does not have adequate application controls related to functional user access and data validity checks.
- Metro Health's contract with Garrison Enterprises (Garrison), the company who developed and implemented the DHD system, does not adequately protect the City's interests.
- Food permit late fees do not calculate correctly in SAP after one year.
- User access to permit printing functions in SAP is not properly restricted.
- Metro Health did not properly monitor the Interlocal Agreement with Bexar County for food establishment permit and inspection services.
- Metro Health does not have adequate policies in place to ensure that food permit revenues are properly collected.

We have made recommendations to Metro Health and ITSD management to address each of these issues. The recommendations are in the Audit Results and Recommendations section of this report beginning on page 4.

Metro Health and ITSD Management's verbatim responses are in **Appendix B** on page 13.

**Other Matters – Concerns with Garrison**

We also identified several adverse indicators that raise a substantial doubt about the ability of Garrison, the company that developed, implemented, and currently hosts the DHD system, to continue as a going concern. According to Dun and Bradstreet reports, Garrison has been listed as a high risk company. This designation is due in part to tax liens placed on the company by the US Internal Revenue Service, the State of North Carolina and the State of South Carolina. The company also has several outstanding court judgments. According to news reports, the company's founder and CEO was terminated for cause by Garrison's Board of Directors in January 2011. The company's majority shareholder has filed a lawsuit against the former CEO for mismanagement of company funds.

Considering this and the issues addressed in this report, Metro Health's current permitting services are at risk of significant business interruption. The City currently does not have the ability to recreate the DHD application in its current capacity if the City and/or Garrison were to terminate their relationship (for any reason). Therefore, the City may have to invest considerable resources to restore Metro Health permitting operations to a reasonable manner of efficiency.

These concerns were also communicated to Metro Health management.

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## Background

The San Antonio Metropolitan Health District (Metro Health) is the agency responsible for providing public health services in San Antonio and unincorporated areas of Bexar County. Metro Health’s Food and Environmental Services Division (FES) is responsible for local food and environmental health code enforcement, as well as related permitting issues. Specifically, City Code Chapter 13 - *Food and Food Handlers* authorizes Metro Health to inspect and permit food establishments.<sup>1</sup>

A food establishment permit indicates that an inspected food establishment meets public health standards. Food Establishments are required to obtain a new permit each year, and must pay a fee before FES issues the permit. The amount of the permit fee is based on the number of employees per establishment. However, schools are assessed a flat rate. See **Table 1** for the FY2012 Fee Schedule.

**Table 1: FY 2012 City Food Establishment Permit Fees by Employees**

FY 2012	
1 - 5	\$220
6 - 10	\$440
11 - 25	\$660
26 - 50	\$882
51+	\$1,100
Schools	\$215

*Sources: City Code; Part II; Chapter 13; Article II; § 13-27*

During FY2011, FES performed over 25,000 food related inspections and collected approximately \$2.95 million in food permit fees. According to Metro Health, approximately 6,500 food establishment permits were issued in FY 2011.

The City Code requires a late charge assessment equal to 10 percent of the total amount due for each month that any permit fee is more than 30 days past due. The Code also requires receipt of all charges and fees before issuance of a food permit. In FY2011, FES assessed approximately \$400,000 in late fees.

Metro Health does exempt certain types of establishments from permit fees. These include establishments that sell only whole, uncut fresh fruits, certain bed and breakfasts, and private homes that receive catered meals. Additionally,

<sup>1</sup> *Food establishment* is defined as an establishment or section of an establishment where food and food products are stored, manufactured, or offered to the consumer for consumption. Ordinance No. 2008-05-15-0403, Chapter 13 Food and Food Handlers.

establishments on State or Federal property are outside of the City/County jurisdiction and are also considered exempt. Finally, City-owned senior nutrition centers and parks and recreational programs are also considered exempt. However, according to Metro Health management, these establishments are still inspected and permitted.

In 2007, Metro Health contracted with Garrison Enterprises (Garrison) to develop and implement new web-based software application called Digital Health Department (DHD) to automate FES processes. According to Garrison, the application data hosting operations are outsourced to Soft Layer Technologies, a third party data center in Dallas, Texas. Garrison manages the data backups which are performed at the Dallas data center and are replicated at an additional server location in Washington DC. Backup files are maintained for 30 days. DHD interfaces with several other City information systems, including its Geographic Information System (GIS), system for land management and development (HANSEN), and financial system of record (SAP). Additionally, it allows Sanitarians to complete and submit inspection reports electronically from the inspection site. According to Metro Health management, the system was not fully implemented until summer 2011.

DHD houses the operational information for FES, such as permit information and inspection records. SAP houses the financial and related demographic data, such as the establishment demographic record, owner demographic record, invoicing, and payment information. However, the two systems do share information to facilitate the permitting process. For example, permit status information in DHD triggers the billing process in SAP, while payment information in SAP updates the permit expiration date in DHD. The DHD interface links DHD and SAP records by matching certain data fields from both systems. However, all of the select data fields must match for the records to link properly and for information to be exchanged correctly. Since DHD eliminated the need for paper inspection records, the data it contains is the primary support for all food permit related transactions in SAP.

Metro Health also has an Interlocal Agreement with Bexar County to provide food and environmental health inspections and permits to establishments in unincorporated areas of Bexar County. Under this agreement, the City billed approximately \$143,000 to Bexar County for food and environmental inspection and permitting services. Metro Health sends a monthly invoice to Bexar County, along with an activity report that includes the number of food permits issued and the number of environmental health inspections. Payment is due in equal monthly installments, along with two additional itemized monthly payments that are based on the number of food permits issued and the number of environmental inspections performed during the month. Compensation from Bexar County is subject to an annual price adjustment based on the percent change in the Texas Consumer Price Index (CPI). This agreement is scheduled for renewal in September 2012.

## Audit Scope and Methodology

The scope of this audit was food permit fees and related transactions for fiscal year (FY) 2011 (October 1, 2010 to September 30, 2011). While assessing audit risk and internal controls, we considered prior audit findings and recommendations made in our previous *Audit of the San Antonio Metropolitan Health District - Food Establishment License Fees (AU07-018)* issued on March 5, 2009.

We interviewed staff from Metro Health, Information Technology Services (ITSD) and Finance Departments. We reviewed City Ordinances and State regulations related to food establishments and food establishment permits. We also reviewed City administrative directives, departmental operating procedures, interlocal agreements and contracts related to the food establishment permitting process. We reviewed the IT Governance Institute's Control Objectives for Information and Related Technology (COBIT) framework to identify criteria and best practices for IT general and application controls. We also tested automated notification processes to determine whether Metro Health is made aware of new establishments. Finally, we tested automated and manual payment processes to determine whether renewal payments and County payments were processed accurately.

We performed data reliability testing. Initial high-level testing showed consistency when simply comparing data in SAP and DHD. However, we identified significant inconsistencies and inaccuracies in the customer, establishment, and permit records when we attempted to identify populations necessary to test controls over permit fee collections. Specifically, we were unable to identify accurate and complete populations of expired permits, exempt permits, and inactive permits. We were also unable to identify any feasible alternate procedures for obtaining this information. Therefore, we concluded that the data in DHD is not sufficiently reliable for testing of expired permits, exempt permits, and inactive establishments as it relates to our audit objective. This issue is addressed in more detail in the *Audit Results and Recommendations* section of the report on page 4.

We conducted this audit from October 2011 to March 2012 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.

## Audit Results and Recommendations

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### A. Data in DHD Not Sufficiently Reliable

The data contained in DHD is not sufficiently reliable for determining whether food permit revenues are properly assessed and collected. The unreliability of the data in DHD hindered our testing of key populations of expired, exempt, and inactive permits.

We were unable to identify a complete and accurate population of expired permits from DHD to determine whether late fees were assessed and collected properly for delinquent establishments. Due to inconsistencies in the owner/responsible party data, we could not determine whether the permit fees and late fees were invoiced to the appropriate customer accounts. We were also unable to trace payments and permits to the appropriate accounts. Finally, we encountered inconsistencies with the permit expiration dates. From our initial judgmental sample of 25 permits marked as “expired” in DHD, we identified 6 that actually showed a timely payment in SAP.

We were unable to identify a complete and accurate population of permits exempt from permitting fees to determine whether the exemptions were appropriate and properly supported. We determined that 22 of 30 permits that we attempted to review appeared to be inappropriately marked “exempt” in DHD based on the name of the establishment. Of those 22 permits, 10 marked “exempt” had corresponding invoices and payment information from SAP. Moreover, truly exempt permits are difficult to identify, because DHD does not track the justification for exemptions. For example, Metro Health exempts permit fees for establishments that sell only whole, uncut fruit or that are located on State or Federal property. However, this information is not tracked in DHD. During this review, we also identified 46 non-exempt permits with expiration dates after June 2013, which makes the permit valid for longer than one year. However, the City Code requires food permits to be renewed annually.

We were also unable to identify a complete and accurate population of inactive permits in order to determine whether “inactive” status was appropriate. FES marks a permit “inactive” when the establishment closes or changes ownership and billing is suppressed in SAP. This designation is also used for permits that are still in process before the point of sale. DHD showed multiple inactive permits for a single establishment and did not provide a permit number or other identifying information that would distinguish a timeframe when the permit was active. We identified 23 potential duplicate permits for 10 establishments. In reviewing these entries, we found that some establishments had two or more expiration dates in the same year, some had no expiration dates, and others did not have enough owner information available to track the permitting history for the establishment.

According to FES management, the inconsistencies in the data result primarily from how DHD and SAP exchange information. The DHD interface links DHD and SAP records by matching certain data fields from both systems. If all of the select data fields do not match, the records are not properly linked and information cannot be exchanged correctly. *In our previous audit (AU07-018), OCA determined that legacy systems used prior to the implementation of DHD did not have features for identifying, tracking, and monitoring food establishments and food permits.* Additionally, data may not have been corrected before it was converted from those legacy systems. Finally, DHD does not include detailed permit and establishment information, such as the justification for exempt status or when a permit is marked inactive, that would provide complete record of information for establishments, owners, and permits in DHD.

Inconsistent and incomplete information in DHD may result in inaccurate, incorrect, or unsupported transactions in SAP. Moreover, the data in DHD is not sufficiently reliable for making an overall assessment of whether food permit revenues are properly assessed and collected.

### **Recommendations**

The Director of Metro Health should work with ITSD and Garrison to address the data reliability issues between DHD and SAP to ensure that food permit revenue transactions in SAP are accurate and properly supported by the information in DHD. This effort should include, but not be limited to, increasing DHD functionality to provide an accurate and complete record of information so that permits, establishments, and owners can be properly identified, tracked, and monitored.

### **B. Inadequate Application Controls in DHD**

The DHD System does not have adequate application controls related to functional user access and data validity checks that would improve the overall integrity, accuracy, and reliability of the data it contains.

DHD does not properly restrict user access at the functional level of the application. According to COBIT, a user's access to IT resources should be based on what is needed to perform work for the organization. In DHD when a user is granted access to a particular module of the software, the user's file permission access can only be defined as "view," "add," "edit," or "delete." Based on the file permissions defined, the user has access to all resources and functions within that module. Broad access to each module creates the potential for users to make unauthorized changes, accidentally or intentionally, to the application and supporting data. Additionally, specific functions and responsibilities cannot be properly segregated. This includes the ability to modify establishment and owner information, mark a permit exempt or inactive, or make other modifications that could impact the assessment of permit fees. Additionally,

users with read-only access had the ability to remove the link that pairs the owner record with permit and establishment records in the DHD database. During the course of the audit, Metro Health did take action to correct the issue with read-only access.

Also, DHD does not have data validation checks to preserve data integrity. We identified multiple instances of the same record information entered differently. For example, a single SAP customer ID was entered two different ways with three different owner name spellings and four different owner address spellings. According to COBIT, input validation controls ensure that information entered into the application is valid and complete in the context of what the application was designed to perform. When they are embedded in an application, they can verify that input fields are complete, that information is entered in the correct format, that input values are valid and/or within predefined criteria.

Without application controls related to functional user access and data validity, users may accidentally or intentionally change data elements within the DHD system, thereby increasing the risk of errors during the collection, input, or actual processing of information and compromising the overall integrity, accuracy, and reliability of the data.

### **Recommendations**

The Director of Metro Health should define criteria for functional user access and data validity, and then collaborate with ITSD and Garrison to ensure that appropriate controls are incorporated in DHD to preserve the integrity and reliability of data. Where such controls are not compatible with DHD, the Director should develop mitigating controls such as the use of user activity reports or other methods for monitoring changes to the data.

### **C. Garrison Contract Does Not Adequately Protect the City's Interests**

The City's contract with Garrison does not adequately protect the City's interests. For example, it does not contain a "right to audit" clause that would allow us to evaluate the sufficiency of its internal controls related to change management, infrastructure and IT general controls, and data hosting services. Additionally, Garrison did not provide any other evidence, such as a Service Organizational Controls (SOC1) report,<sup>2</sup> that would provide some level of assurance that their internal controls are sufficient. Also, the contract does not provide guidance that establishes a reasonable time frame for resolving issues related to DHD. While it does require a response within four hours of receiving a service request, it does

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<sup>2</sup> A Service Organization Controls (SOC1) report consists of a third party's (non-interested) audited assessment of an organization's internal controls supporting or related to an application solution or service provided to the client. This report provides an opinion as to whether or not specific IT controls are in place to protect the client's assets.

not address the City's expectations for resolving the issue. We identified 59 unresolved service requests in the DHD's issue tracker module, including 3 that dated back to December 2008.

Finally, Garrison did not make some deposits of DHD source code into the escrow account in accordance with the contract. These deposits are intended to provide assurance that the City may have access to its data and continue operations if Garrison were to cease to exist. The contract requires a deposit at least annually. There was a lapse of 433 days between the 2009 and 2010 deposits. During this time period, the City did not have access to the source code for the most up-to-date version of the DHD software.

Guidance from the City's Purchasing and Contracting Manual indicates that effective contract administration efforts include a thorough understanding of the potential risks and challenges associated with a contract and its deliverables at all stages of the contracting process, from the negotiation to the execution phases in order to ensure that the City's interests are protected. Additionally, post-execution monitoring of vendor performance ensures that the vendor meets its obligations regarding deliverables and timelines.

Without effective contract administration efforts, the DHD system may not function properly to serve as an accurate and complete supporting record for the food permitting transactions in SAP. Additionally, if timely software code deposits are not made, the City may experience interruptions to key business operations in the event that the vendor experiences problems related to business continuity.

### **Recommendations**

The Director of Metro Health should utilize the City's current guidance for contract administration to help ensure the City's interests are adequately protected. The Director should also work with Garrison to make necessary modifications to the existing agreement.

### **D. Late Fees Do Not Always Calculate Correctly in SAP**

Food permit late fees do not calculate correctly in SAP after one year. Chapter 13 of the *City Food Code* establishes late fee assessments that equal 10 percent of the amount due for each month the establishment is more than 30 days past due. However, at 12 months past due, SAP uses the original invoice amount of the permit renewal to calculate the late fee, instead of compounding on the total balance due. According to ITSD, the late fee miscalculation was due to a coding error that used month based calculations (Jan – Jan = 0 Months) instead of month-year based calculations (Jan 2011 – Jan 2010 = 12 Months). This programming error resulted in the under assessment of late fees for permit renewals that remained unpaid for longer than one year. For example, late fees

for a permit issued to an establishment with 6-10 employees that remained unpaid for 24 months would be under assessed by approximately \$2,000.

### **Recommendation**

The Chief Technology Officer should correct the programming in SAP so that food establishment permit late fees are calculated correctly.

### **E. SAP Food Permit Printing Roles Not Properly Restricted**

SAP user access roles to print food permits are not properly restricted to employees within Metro Health. Users with permit printing access in SAP are also able to print food permits regardless of any outstanding balance on the customer's account. Additionally, these users are able to print all types of City permits, regardless of the assigned department. We identified 8 City employees outside of Metro Health who printed a total of 14 Health Food permits during FY2011. During this review, we did not identify any indications of intentional abuse. However, we provided our results to Metro Health for additional follow up. Additionally, we did not identify any Food Permits that were printed by employees of other City departments in FY2012.

*In the previous audit (AU07-018), OCA identified issues related to segregation of duties within the legacy systems utilized to manage the food permitting process. While Metro Health did alter its processes to address the segregation of duties issues, this effort did not address control issues related to permit printing in SAP.*

Chapter 13 of the *City Food Code* requires that all unpaid permit fees and late fees be collected before a new permit is issued. Additionally, according to COBIT, user access should be limited to the specific information and/or functions needed to perform their duties. Lack of appropriate restrictions on access to permit printing functions may result in permits being issued without payment of permit fees and/or late fees.

### **Recommendation**

The Chief Technology Officer should limit the SAP user access to print each type of COSA permit to users within the department that is issuing the permit. Also, the Director of Metro Health should monitor use of permit printing functions and restrict access to only include users with a legitimate business need to print health permits.

## **F. No Formalized Policies or Procedures for Monitoring Bexar County Interlocal Agreement**

Metro Health does not have formalized policies and procedures for monitoring the Interlocal Agreement with Bexar County. As a result, this agreement for food establishment permit and inspection services is not properly monitored. According to the agreement, compensation from Bexar County is subject to annual adjustments based on the percent change in the Texas Consumer Price Index (CPI) from one year to the next. However, Metro Health used a twelve month average of the Texas CPI to make annual adjustments instead of the annual percent change in the Texas CPI. Metro Health also did not adjust the itemized compensation rates that are applied to the number of food permits issued and environmental inspections performed during the month. This resulted in approximately \$21,000 of overcharges to the County since 2007.

Additionally, Metro Health did not file detailed annual statements with the Texas Department of State Health Services regarding food and environmental permitting and inspection activities in Bexar County, as required by the agreement. According to Metro Health management, the State of Texas does not enforce this requirement. However, Metro Health did not provide a waiver from the State or other evidence/authorization from Bexar County that would release the City from this requirement.

The City's Purchasing and Contracting Manual requires formalized policies and procedures at the department level for contract monitoring to ensure the City receives all amounts due and overall compliance with the contract. Without the use of formalized monitoring policies and procedures, Metro Health cannot effectively ensure overall compliance with the agreement and that all City revenues due are collected.

### **Recommendation**

The Director of Metro Health should develop and implement formalized monitoring procedures for managing the Interlocal Agreement with Bexar County. Specifically, these procedures should include a methodology for calculating price adjustments, a process for complying with reporting requirements, and a monitoring plan to ensure overall compliance with the agreement.

## **G. Inadequate Policies and Procedures for Permit Renewal Process.**

In the prior audit (*AU07-018*), we recommended the development and communication of policies and procedures to ensure effective management of the permit renewal process.

While Metro Health developed a formalized policy over the permitting process in 2009, the policy has not been updated to reflect current operational and

administrative practices regarding exempt and inactive (or out of business) establishments. Additionally, administrative policies and procedures regarding corporate accounts, data entry standards, and the use of certain permit statuses (exempt, inactive, etc.) are not formalized, updated or sufficient. Finally, as previously noted, Metro Health does not have a formalized policy in place to monitor the Interlocal Agreement with Bexar County.

By formalizing and communicating policies and procedures that reflect current operational and administrative practices, Metro Health can more effectively ensure that food permits are issued appropriately and that permit revenues are properly collected.

### **Recommendation**

The Director of Metro Health should continue to develop, formalize, and communicate policies and procedures in order to ensure that food permits are issued appropriately and that food permit revenues are properly assessed and collected.

### **Other Matters – Concerns with Garrison**

During the course of the audit, we identified other information related to Garrison, the company who developed and implemented the DHD system, that we feel that management should be aware of, especially given the findings related to data reliability, application controls, and contractual issues discussed in this report.

We identified significant information related to Garrison's financial stability and leadership. Dun and Bradstreet rates Garrison 5 on a Credit Score Class scale of 1-5, where a 1 indicates lowest risk and 5 indicates highest risk. According to the report, Credit Score Class of 5 indicates that within the next twelve months a company is most likely to be severely delinquent in paying its bills, obtain legal relief from creditors, or cease operations without paying all its creditors in full. The report also shows that over the last year, Garrison is taking longer and longer to pay its creditors, averaging over 120 days beyond the payment terms. Additionally, the report shows two judgments and nine liens filed against Garrison since 2009. Also, according to the Charlotte Business Journal, the company's founder and CEO was terminated for cause by the Board of Directors in January 2011. The company's majority shareholder has filed a lawsuit against the former CEO for losses caused by alleged breaches of fiduciary duty including failure to pay the company's federal and state income taxes, failure to make contributions to the company's retirement plan, misrepresenting the terms of a contract to the Board in order to obtain approval, and nepotism. This information regarding Garrison's financial stability and leadership raises questions regarding the company's ability to continue its operations.

We also identified additional potential issues related to Garrison's product quality and customer service. Metro Health has had four project managers since the contract was signed in 2007. Other DHD customers we interviewed claimed similar experiences in their dealings with Garrison, including delayed implementation times, multiple product managers, and lagging response time to service requests. These issues raise doubts regarding the quality of Garrison's products and support services.

Overall, it appears that Garrison is facing significant internal issues related to its financial stability, leadership, and ability to provide quality of products and services, which raise uncertainties regarding the company's ability to continue as a going concern for a reasonable period of time. From a business continuity perspective, the City faces a unique business dilemma due to the distributed nature of the application, coupled with specialized hardware infrastructure and specific technical knowledge housed with Garrison. If the City and/or Garrison were to terminate their relationship (for any reason), the escrowed application source code would provide insufficient means for the City to continue any Metro Health operations that utilize the DHD software and its data. Therefore, the City may have to invest significant time, money, and resources (technology, human capital, etc.) to restore health permitting operations.

## **Appendix A – Staff Acknowledgement**

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Brian K. Williams, CIA, CFE, CGAP, CRMA, Audit Manager  
Cynthia Hicks, CIA, CFE – Auditor in Charge  
Matthew Howard, CISA – Auditor

## Appendix B – Management Response



# CITY OF SAN ANTONIO

SAN ANTONIO, TEXAS 78283-3986

June 26, 2012

Kevin W. Barthold, CPA, CIA, CISA  
 City Auditor  
 San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of San Antonio Metropolitan Health District  
 – Food Service Permit Fees and Revenues

The San Antonio Metropolitan Health District (Metro Health) and the Information Technology Services Department (ITSD) have reviewed the audit report and have developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A	<p><b>Data in DHD Not Sufficiently Reliable</b></p> <p>Recommendation:                      The Director of Metro Health should work with ITSD and Garrison to address the data reliability issues between DHD and SAP to ensure that food permit revenue transactions in SAP are accurate and properly supported by the information in DHD. This effort should include increasing DHD functionality to provide an accurate and complete record of information so that permits, establishments, and owners can be properly identified, tracked, and monitored.</p>	p.5	Accept	Vincent Nathan, Assistant Director	September 30, 2012

## Appendix B – Management Response (continued)

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b></p> <p>SAMHD is working with ITSD and the vendor to reconcile and correct all establishment, permit, and account data in SAP and DHD. This effort includes the manual verification of the status of each establishment requiring a permit. This will be completed by September 30, 2012.</p> <p>SAMHD is working with ITSD to implement procedural and system changes to ensure that customer account information in SAP is appropriately updated based on the status of the permitted establishment (active, out of business, exempt, on hold, etc) in DHD as governed by the City's Health ordinance. This will require a combination of either enhancements to the DHD system; changes to the Health ordinance; separately managing DHD and SAP data, requiring manual entries in SAP; and acquiring a new software system for managing food and environmental permits. A plan for addressing all of these issues will be developed by September 30, 2012.</p> <p>SAMHD is working with ITSD to develop reconciliation reports to be used by SAMHD Fiscal Division to monitor changes in establishment status and identify any potential discrepancies. This will be completed by September 30, 2012.</p>				
B	<p><b>Inadequate Application Controls in DHD</b></p> <p>Recommendation: The Director of Metro Health should define criteria for functional user access and data validity, and then collaborate with ITSD and Garrison to ensure that appropriate controls are incorporated in DHD to preserve the integrity and reliability of data. Where such controls are not compatible with DHD, the Director should develop mitigating controls such as the use of user activity reports or other methods for monitoring changes to the data.</p>	p. 6	Accept	Vincent Nathan, Assistant Director	September 30, 2012

## Appendix B – Management Response (continued)

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b>                      SAMHD is working with ITSD to implement appropriate processes and procedures to ensure that DHD users are granted system access rights that are appropriate for their job functions. This will include oversight of the process by SAMHD management.</p> <p>SAMHD management, with technical assistance from ITSD, will conduct periodic audits of system access rights to ensure: 1) that terminated/separated employees no longer have access; 2) that specific positions/persons have been granted appropriate access based on the least privileges necessary to perform their duties; 3) that access levels perform as designed.</p> <p>SAMHD, with support from ITSD, will work with the vendor to identify and correct any deficiencies in the application security model where possible.</p>				
C	<p><b>Garrison Contract Does Not Adequately Protect the City's Interests</b></p> <p>Recommendation:                      The Director of Metro Health should utilize the City's current guidance for contract administration to help ensure the City's interests are adequately protected. The Director should also work with Garrison to make necessary modifications to the existing agreement.</p>	p. 7	Accept	Vincent Nathan, Assistant Director	October 31, 2012
	<p><b>Action plan:</b>                      The amended contract with Garrison does include language granting the City the right to audit and it does include timelines for resolving a majority of service issues such as hardware failures, critical or high priority bugs, and escalated issues. SAMHD and ITSD will regularly review the reported defects or issues to ensure compliance with contracted service levels. The City's software escrow account is current as of December 2011, and will be regularly monitored with the escrow company. ITSD and Metro Health are working with the vendor to develop a Disaster Recovery Plan that includes the ability to run the DHD system on City computers should the vendor become unable to support the system.</p>				
D	<p><b>Late Fees Do Not Always Calculate Correctly in SAP</b></p> <p>Recommendation                      The Chief Technology Officer should correct the programming in SAP so that food establishment permit late fees are calculated correctly.</p>	p. 8	Accept	Hugh Miller, Chief Technology Officer	February 28, 2012

**Appendix B – Management Response (continued)**

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b></p> <p>The programming error that incorrectly calculated late fees was corrected on February 28, 2012</p>				
E	<p><b>SAP Food Permit Printing Roles Not Properly Restricted</b></p> <p>Recommendation The Chief Technology Officer should limit the SAP user access to print each type of COSA permit to users within the department that is issuing the permit. Also, the Director of Metro Health should monitor use of permit printing functions and restrict access to only include users with a legitimate business need to print health permits.</p>	p. 8	Accept	Hugh Miller, Chief Technology Officer	February 28, 2012
	<p><b>Action plan:</b></p> <p>The printing of permits using the standard SAP billing function has been disabled as of February 28, 2012. ITSD is working with SAMHD to build access roles inside of SAP, which will further limit the access to permit printing. This further refinement will be implemented by July 3, 2012.</p>				
F	<p><b>No Formalized Policies or Procedures for Monitoring Bexar County Interlocal Agreement</b></p> <p>Recommendation The Director of Metro Health should develop and implement formalized monitoring procedures for managing the Interlocal Agreement with Bexar County. Specifically, these procedures should include a methodology for calculating price adjustments, a process for complying with reporting requirements, and an overall monitoring plan to ensure overall compliance with the agreement.</p>	p. 9	Accept	Virginia Cobarrubias, Assistant to the Director	July 30, 2012

## Appendix B – Management Response (continued)

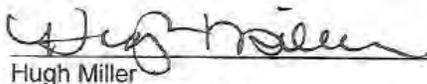
Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b>                      Metro Health recently hired a new staff person who will be responsible for developing formal policies and procedures for monitoring and managing interlocal and other agreements. All agreements will be monitored to ensure that we are in compliance and that the terms and conditions of the agreements are adhered to. Metro Health is working with the Intergovernmental Relations and the Budget Office to develop a standardized methodology for calculating price adjustments in the intergovernmental agreements.</p>				
G	<p><b>Inadequate Policies and Procedures for Permit Renewal Process</b></p> <p>Recommendation                      The Director of Metro Health should continue to develop, formalize, and communicate policies and procedures in order to ensure that food permits are issued appropriately and that food permit revenues are properly assessed and collected.</p>	p. 10	Accept	Vincent Nathan, Assistant Director	July 30, 2012
	<p><b>Action plan:</b>                      SAMHD will adjust policies and procedures where necessary to ensure that data management practices are in accordance with program needs. This will help minimize the number of overdue accounts, with the intent to keep it current and to ensure that fees are properly assessed in order to facilitate accurate collections. A business procedure with built in "checks" for monitoring the customer accounts more aggressively is also being developed to ensure that monthly invoices are more appropriately managed.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
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 Dr. Thomas Schlenker  
 Director  
 San Antonio Metropolitan Health District

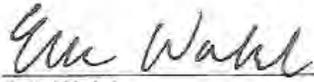
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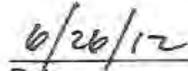
  
 \_\_\_\_\_  
 Hugh Miller  
 Chief Technology Officer  
 Information Technology Services Department

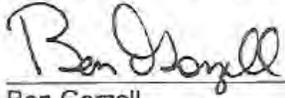
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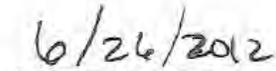
## Appendix B – Management Response (continued)

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Erik Walsh  
Deputy City Manager  
City Manager's Office

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ben Gorzell  
Chief Financial Officer  
City Manager's Office

  
\_\_\_\_\_  
Date