



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

October 28, 2013

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Councilwoman, District 5

Ron Nirenberg
Councilman, District 8

SUBJECT: Audit Report of Intergovernmental Relations Department Lobbyist Organization Contracts

Mayor and Council Members:

We are pleased to send you the audit report Audit of Intergovernmental Relations Department Lobbyist Organization Contracts. This audit began in July 2013 and concluded with an exit meeting with Intergovernmental Relations Department management in September 2013. Management's verbatim response is included in Appendix B of the report. The Intergovernmental Relations Department management and staff should be commended for their 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,

A handwritten signature in black ink, appearing to read "Kevin W. Barthold".

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 Intergovernmental Relations Department

Lobbyist Organization Contracts

Project No. AU13-010

October 28, 2013

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

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Intergovernmental Relations Department (IGR), specifically lobbyist organization contracts. The audit objectives, conclusions, and recommendations follow:

Are controls in place for adequate monitoring of contracts between the City and lobbyist organizations?

Yes, IGR has adequate controls in place to monitor its contracts between the City and lobbyist organizations.

IGR maintains effective contract monitoring controls to ensure compliance with contractual as well as federal, state and local regulations, thereby aiding the City's success in both its federal and state legislative program objectives. IGR successfully monitors and maintains compliance with agreed performance measures and SBEDA goals.

Intergovernmental Relations Management's acknowledgement of these results is in Appendix B on page 5.

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Background

The City's Intergovernmental Relations (IGR) Department is responsible for monitoring state and federal government activities, developing legislative programs approved by City Council, managing the City's federal and state consultants, and coordinating legislative activities with other public and private-sector entities. Through coordination with City departments and consultants, IGR staff reviews federal and state legislation and its impact to the City. In order for IGR to effectively perform its intergovernmental relations function, the city contracts with lobbyist organizations to maintain contact with both federal and state representatives on issues impacting the City of San Antonio.

As documented in the table listed below, for the period of May 2010 through September 2013, IGR was responsible for monitoring six lobbyist organization contracts with a total combined value of over \$1 million.

<i>Lobbyist Organization</i>	<i>Contract Terms plus extensions</i>	<i>Total Paid for the Contract Period plus extensions</i>
Patton Boggs LLP - Federal Lobbyist Contract	May 2010-Sept 2013	\$ 633,308
Marc Rodriguez - State Lobbyist Contract	May 2010-Sept 2013	222,200
Luis Saenz, McGuireWoods Consulting - State Lobbyist Contract	January - June 2013	45,000
Snapper Carr, Focus Advocacy - State Lobbyist Contract	January - June 2013	45,000
Walter Fisher & Associates - State Lobbyist Contract	January - June 2013	45,000
Marshall Kenderdine - State Lobbyist Contract	January - June 2013	20,000
Total Value Expended		\$ 1,010,508

Audit Scope and Methodology

The audit scope was from May 2010 to September 2013.

As part of our testing methodology, we interviewed staff, verified payments to the contractors, as well as reviewed internal controls associated with the execution and monitoring of these six contracts. In addition to verification of payments to the contractors, we reviewed other pertinent contractual terms as determined by our risk assessment, specifically: scope of work performed, Small Business Economic Development Advocacy program participation, insurance coverage, and compliance with federal and state requirements pertaining to active lobbyist. Testing criteria

included Texas Government Code, Chapter's 305 and 34; Federal Lobbying Disclosure Act; City policies and procedures and the contracts.

We relied on computer-processed data in the SAP System to validate the disbursements made to the contractors. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing disbursement amounts to compensation requirements specified in the contract. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this audit from July 2013 to September 2013 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

Contract Monitoring Controls

IGR has adequate controls in place to monitor its contracts between the City and lobbyist organizations.

IGR specifically:

- Maintains effective communication with its lobbyist consultants in order to effectively achieve City Council approved federal and state legislation program goals and objectives.
- Rates the consultant's overall performance using a performance measures matrix that includes activities from the contract's scope of work section. Specifically:
 - Assisting IGR staff in the formation and adoption of the City Legislative Program.
 - Developing and implementing a strategic plan to achieve the City's Legislative Program goals and objectives.
 - Monitoring and responding to municipally-related legislation, proposed administrative rules and analysis of potential impacts on the City.
 - Drafting bills or amendments at the City's request on issues deemed important to the City and soliciting sponsorship.
 - Advocating before state agencies on funding opportunities for the City.
- Ensures the lobbyist organizations maintain the appropriate insurance coverage and adhere to the City's Small Business Economic Development Advocacy program as required by the contract.
- Ensures lobbyist organizations warrant and certify that its officers, employees and agents are neither officers nor employees of the City. As such, lobbyist consultants are required to submit to the City a Discretionary Contract Disclosure Statement to ensure compliance with the contract.
- Ensures lobbyist organizations are compliant with Texas Government Code, Chapter 305, Registration of Lobbyists and Chapter 34, Regulation of Lobbyist, as well as the federal Lobbying Disclosure Act, which requires all active lobbyist organizations to register and file expenditure reports based on the organizations direct contact with state and/or federal legislative members.

IGR maintains effective contract monitoring controls to ensure compliance with contractual as well as federal, state and local regulations, thereby aiding the City's success in both its federal and state legislative program objectives.

Appendix A – Staff Acknowledgement

Sandy Paiz, CFE, MBA, Audit Manager

Kimberly Weber, CIA, CFE, CGAP, CRMA, MPA, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

October 16, 2013

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

RE: Management's Corrective Action Plan for Audit of Intergovernmental Relations Department
Lobbyist Organizations Contracts

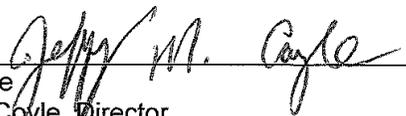
Intergovernmental Relations Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Intergovernmental Relations Department:

Fully Agrees (provide detailed comments)

Does Not Agree (provide detailed comments)

Sincerely,


Name
Jeff Coyle, Director
Intergovernmental Relations Department

10/17/13
Date


Name
Carlos Contreras, Assistant City Manager
City Manager's Office

10/17/13
Date