



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** 3

**Agenda Date:** April 26, 2023

**In Control:** Audit and Accountability Committee

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**DEPARTMENT:** Office of the City Auditor

**DEPARTMENT HEAD:** Kevin Barthold

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Acceptance of the Office of the City Auditor Report AU23-014 Audit of Finance Procurement Preference Programs and Exemptions.

**SUMMARY:**

Determine if procurement preference programs and exemption programs are utilized effectively and in compliance with relevant statutes, ordinances, and policies.

**BACKGROUND INFORMATION:**

Background

The Finance Department's Procurement Division (Procurement) strives to encourage healthy competition and maximum participation among vendors for City business and maintain an open and fair solicitation process. To aid in this mission, preference programs have been implemented to support local, veteran owned, small, and disadvantaged businesses.

Businesses may earn points for being local under the Local Preference Program (LPP), and/or being veteran owned under the Veteran Owned Small Business (VOSB) Preference program. Additionally, the City has implemented a program aimed at assisting businesses where socially and economically disadvantaged individuals own at least 51% interest and control management and daily business operations. These Disadvantaged Business Enterprises (DBEs) are ensured nondiscrimination in the award and administration of Department of Transportation (DOT) assisted contracts.

Other procurement areas that require special consideration are Exemptions. Exempt procurements may involve public safety and health or may be necessary to immediately preserve City property, correct unforeseen asset damage, or immediately resolve other issues requiring personal, professional, or planning services. These procurements occur when adequate competition does not exist or for example when there are patents, copyrights, secret processes, or natural monopolies involved.

### Scope & Methodology

The audit scope included solicitations eligible for LPP, VOSB, and DBE preferences, and purchases qualifying for exemption from FY 2022 through the first quarter of FY 2023.

### Conclusions

Procurement preference programs and exemptions have been effectively implemented and are in compliance with relevant statutes, ordinances, and policies. Contract files included bids received, appropriate business data, third party certification (when applicable), and scoring documentation to justify awarded preference. Additionally, purchase requests that were granted exemptions were found to be appropriately justified with adequate support and approval.

We made no recommendations to the Department of Finance; consequently, no management responses were required.

### **ISSUE:**

This item is presented for acceptance by the Audit and Accountability Committee.

### **FISCAL IMPACT:**

None

### **ALTERNATIVES:**

N/A

### **RECOMMENDATION:**

Staff recommends acceptance of this audit report.