



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 5

Agenda Date: April 30, 2024

In Control: Audit Committee

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Kevin Barthold

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU23-006 Audit of CSF Rigging and Audio Visual Contract Monitoring.

SUMMARY:

Determine if Conventions and Sports Facilities contracts with audio/visual services and rigging services are properly monitored.

BACKGROUND INFORMATION:

Background

The Convention and Sports Facilities Department (CSF) oversees the operation and management of five different venues, two of those being the Henry B. Gonzalez Convention Center and Alamodome.

CSF has entered into two contracts to provide audio/visual (A/V) and rigging services to both the Convention Center and Alamodome. Encore is the provider for both A/V and rigging services to the Convention Center. Encore is the exclusive provider for all rigging services but is a preferred provider for A/V services. The City receives a 33% commission from A/V and 30% commission on rigging services. Upstage Center Inc. (Upstage) provides only rigging services to the Alamodome. Upstage is a preferred provider for all rigging services and payments are based on labor rates paid directly to the contractor by the City.

The Contract Manager is responsible for overseeing all contracts within the CSF Department. The Contract Coordinators and Contract Officers are responsible for monitoring key contract terms and for reviewing Encore's invoices to verify commission payments owed to the City. The Building Maintenance Manager is responsible for reviewing invoices from Upstage.

Scope and Methodology

The audit scope was Conventions and Sports Facilities (CSF) A/V and rigging contracts, specifically Encore Global and Upstage Center, Inc., from October 2022 to April 2023. We reviewed CSF Department's contract monitoring processes. In addition, we reviewed for appropriate rigging inspections. We also tested a sample of payments to contractors and verified accuracy and proper document support. In addition, we reviewed a sample of invoices to determine if the City received accurate commission revenue. Finally, we reviewed for appropriate system user access.

Conclusions

The Convention and Sports Facilities Department (CSF) have appropriate monitoring controls to ensure that contractors are in compliance with key contract terms such as insurance, bonds and SBEDA requirements. In addition, CSF have appropriate controls to ensure expenditures were accurate and properly supported. Finally, user access was appropriate.

However, the audit team identified areas in which controls could be improved regarding the reconciliation of commission revenue due to lack of accurate invoice document support and insufficient monitoring procedures. In addition, staff are not performing service inspections for rigging set-up prior to events. Also, physical access is not controlled as intended. Finally, the Encore Global contract does not provide sufficient detail for the background check requirements.

We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.

ISSUE:

This item is presented for acceptance by the Audit Committee.

FISCAL IMPACT:

NA

ALTERNATIVES:

NA

RECOMMENDATION:

Staff recommends acceptance of this audit report.