



**City of  
Santa Clara**  
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# **Contract Audit of the Public Affairs and Media Relation Services**



**Report 19-01  
July 2019**

**City Auditor's Office**

## **Contract Audit of the Public Affairs and Media Relation Services**

### **February 14, 2018 - April 3, 2019**

#### **INTRODUCTION**

The City Auditor's Office, at the request of the City Manager's Office, initiated a contract audit on the Public Affairs and Media Relation Services agreement with Singer Associates, Inc. The purpose of the audit is to determine whether staff followed proper procurement and contract management processes for the Singer Associates agreement entered into with the City of Santa Clara (City) and Santa Clara Stadium Authority (Stadium Authority).

#### **BACKGROUND**

In an effort to enhance transparency, leverage media coverage, and enrich brand identity for both the City and Stadium Authority, the City and Stadium Authority contract with outside consulting firms to supplement in-house public relations activities. The previous Public Affairs and Media Relation Services agreement with Banner Public Affairs expired on December 31, 2017. On January 5, 2018, the City and the Stadium Authority issued a combined Request for Qualification (RFQ) for Public Affairs and Media Relation Services. The purpose of the RFQ was to seek a qualified and experienced firm, with knowledge of local government, to assist with public relation activities and develop and implement strategies and tools that increase the public's awareness of activities and initiatives of the City and/or Stadium Authority.

The RFQ closed on January 16, 2018 and yielded one proposer, Singer Associates, Inc. Upon reviewing the proposal and evaluating Singer Associates' experience, the City and Stadium Authority selected Singer Associates to provide the Public Affairs & Media Relation Services and entered into an agreement with the firm in February 2018. The selection was based on the extensive experience the firm has in the industry. Singer Associates was formed in 1990, and has over 28 years of experience in the public affairs industry servicing government agencies at local, regional, national and international levels. The firm provided the City with maximum flexibility with a time and material fee basis at a blended flat rate of \$250/hour for all work. The firm also waived minimum hourly requirements and travel costs (except for mileage fees for vehicles.)

#### **AUDIT OBJECTIVE**

The objective of this audit was to determine if the City Manager's Office's (CMO) contract activities for Public Affairs & Media Relation Services with Singer Associates assure compliance with the City and Stadium Authority's procurement requirements and ensure accountability for goods and services provided.

#### **AUDIT SCOPE AND METHODOLOGY**

The scope of this audit focused on the CMO's procurement and contract management processes for the Public Affairs & Media Relation Services contract entered into with Singer Associates, Inc. in February 2018. It included a review of the terms of the agreement with the City (effective February 15, 2018 through June 30, 2019) and Stadium Authority (February 14, 2018 through March 30, 2019). We also reviewed invoice and payment backups for all expenses incurred from February 14, 2018 through April 3, 2019 for both the City and Stadium Authority to

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ensure that they are in compliance with the terms and conditions of the agreement and that proper internal controls are in place.

To address the audit objectives, we conducted the following procedures:

1. Reviewed applicable statutes, administrative rules, and procurement policies and procedures to identify guidance available to department staff.
2. Examined department procurement file documentation related to the type of procurement method used, specifications required, and the criteria used to evaluate bids and proposals for the contract.
3. Reviewed proposals and contract file documentation, evaluation of contractor performance, contract renewals, and communication with vendors.
4. Examined invoices submitted to the department for contracted services to ensure that they are billed according to the terms of the agreement.
5. Reviewed the charges and payments to ensure that they are paid in a timely manner, in conformance with Section 1 – Compensation and Payment of the signed agreement.
6. Recalculated the charges on the invoice and ensured that they were properly approved before payments were made.

### **CONCLUSION**

Based on our review, we believe the City and Stadium Authority are in compliance with the significant terms of the service agreements with Singer Associates. We only identified one opportunity for management to strengthen some of its monitoring controls to ensure a proper contract is in place before acquiring the service.

The following Other Observation and Findings and Recommendations, which are based on industry best practices, will provide additional controls designed to provide guidance to employees on proper contract monitoring.

With regards to compliance with the procurement policy, we determined that the City and Stadium Authority complied with the policy.

### **OTHER OBSERVATION**

#### **Observation 1: Review of Contract Extension is Needed**

During our review of the Public Affairs and Media Relation Services agreement for the City and Stadium Authority as of April 3, 2019, we noted the City and Stadium Authority's agreements with Singer Associates expires/expired on June 30, 2019 and March 30, 2019, respectively. We recommend the CMO reassess whether the City and the Stadium Authority will continue to need public affairs and media relation services. If so, then the CMO should consider (1) extending the Singer Associates contract or (2) start the solicitation process for the public affairs and media relation services soon. Additionally, the CMO should ensure that the cost of service was budgeted for in the City and Stadium Authority's fiscal year 2019/20 budget before procuring for this service.

#### **Management Response:**

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*Management agrees with the recommendation. We will issue a Statement of Qualifications to solicit services for the Public Affairs and Media Relation Services before the contract expires and ensure that the costs are properly appropriated for before procuring for the service.*

***FINDINGS AND RECOMMENDATIONS***

**Finding 1: Contract Work Started Prior to Contract Execution**

Of the 11 invoices selected for detailed testing on the City's contract, we noted one invoice had work performed prior to the contract being executed. The consultant provided half an hour of service to the City seven days before the contract was executed. Although the amount is immaterial, staff should refrain from soliciting the service from the consultant until the contract is fully signed by both parties.

**Recommendation:**

We recommend that the City Manager reiterate in a memo to Department Directors and City staff the importance of not starting work on an expenditure contract prior to the contract being executed. In addition, the City Manager should consider adding specific contract language to the contract boilerplate to discourage this practice among contractors.

***Management Response:***

*Management agrees with the recommendation. Department Directors were notified in the Executive Leadership Team meeting to stop the practice and ensure contracts are in place prior to the work start date. An inventory of all contracts and end dates was completed for all departments to manage existing contracts and their expiration dates. Specific to the public affairs and media relation services contract, the half an hour work performed was deemed low risk due to the fact that the contract was signed by the vendor and in the process of obtaining final signatures from City representative.*