



CITY OF SAN ANTONIO

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September 26, 2025

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SUBJECT: Audit Report of Finance Department Print and Mail Operations Division

Mayor and Council Members:

We are pleased to send you the final report of the Finance Department Print and Mail Operations Division. This audit began in June 2024 and concluded with an exit meeting with department management in March 2025. Management's verbatim response is included in Appendix B of the report. The Finance 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,

Abigail Estevez
on behalf of

Buddy Vargas, CPA, CIA, CFE

City Auditor

City of San Antonio

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

FINANCE DEPARTMENT
AUDIT OF PRINT AND MAIL OPERATIONS DIVISION
PROJECT NO. AU24-012
SEPTEMBER 26, 2025

**BUDDY VARGAS, CPA, CIA, CFE
CITY AUDITOR**

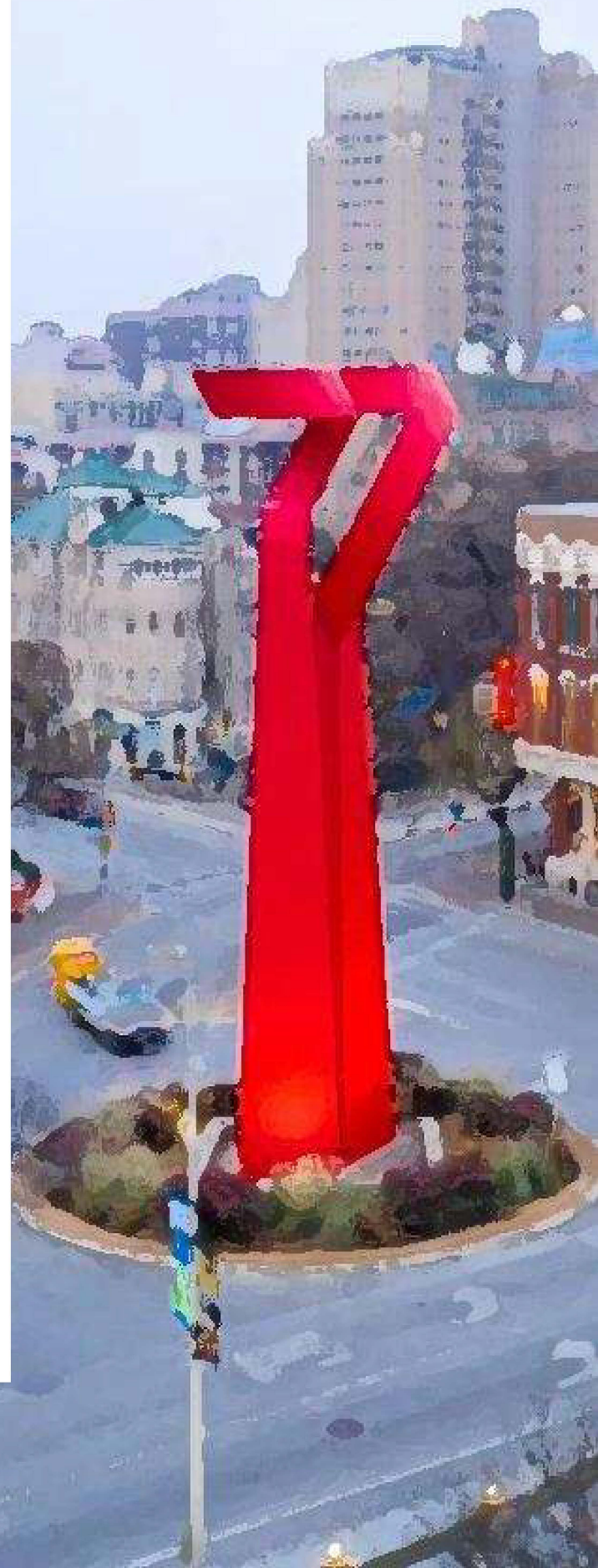


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Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Finance Department - Print and Mail Operations Division. The audit objective, conclusions, and recommendations follow:

Determine if the Print and Mail Operations Division is properly managed to include interdepartmental billings and outsourced services.

The Print and Mail Operations Division is properly managed to include interdepartmental billings and outsourced services. The Division has procedures in place to bill departments for work orders correctly. Additionally, the division recorded charges appropriately in SAP. The Print and Mail Operations division also properly monitors contract compliance with the contractor they use for outsourced print jobs. Finally, they have controls in place to ensure users' access to systems is appropriate based on their employee status and job title.

However, the Print and Mail Operations Division does not utilize a standard pricing schedule for print jobs. Additionally, the Finance Central Services Billing system does not have view-only access functionality and all users have system administrator capabilities. Finally, physical security access to the Print and Mail Operations Division is not restricted to appropriate personnel.

We provided recommendations to management to strengthen controls and resolve the identified issues above.

Finance management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 8.

Background

The Print and Mail Operations Division is the City's in-house print and mail facility responsible for providing professional-quality support to all City departments with their print and mail needs. The Print and Mail Operations Division offers an array of printing services that include black and/or color ink forms, flyers, and letters which are facilitated between City departments and staff.

The Print Shop offers two types of projects: in-house and outsourced. If produced in-house, a request will be completed by the print shop operations team. If outsourced, the operations team will send it to be completed by Thompson Print & Mailing Solutions, the contracted vendor, or a non-contracted vendor. Projects are typically outsourced for wide-format print jobs or other print jobs the City's printers are unable to produce.

The Mail Shop handles mail processing to and from City departments and staff. If a City department utilizes the Mail Shop for outgoing mail, the mail is metered and weighed, and postage added. The postage fee is then directly charged to the initiating department.

Finance utilizes a badge-accessed room within the Print and Mail Operations Division for printing vendor and payroll checks. Before vendor checks are sent to the printers within the Print and Mail Operations Division, Finance will verify vendor invoices and the related payments are sent from SAP to the physical printers. Finance provides the check stock to the Print and Mail Operations Division staff and the checks are automatically printed. Finance verifies printed checks are correct and initials (approves) the related work order provided by the Print and Mail Operations Division. For payroll checks, a payroll specialist prepares and sends check information from SAP to the physical printers. The payroll check process mirrors the vendor check process for printing checks.

Overall, the Print and Mail Operations Division generated \$2.2M in fiscal year (FY) 2023 and \$2.09M in FY 2024. Mail Shop operations generated \$1.19M in FY 2023 and \$1.15M in FY 2024¹.

¹ Revenues generated by the Print and Mail Operations Division are internal service functions and are used to recoup operational expenses. They are not net profit.

Audit Scope and Methodology

The audit scope for the Print and Mail Operations Division was FY 2023 and FY 2024. To gain an understanding of the Print and Mail Operations Division, we conducted walkthroughs of the following:

- Interdepartmental Billing
- Billing for Mail Services
- Vendor & Payroll Checks
- System Access

Print and Mail Operations Division policies and procedures, and process workflows were our primary criteria for this audit. Additionally, we used Administrative Directive (AD) 7.8d Access Control as additional criteria.

We assessed internal controls relevant to the audit objective. This included a review of policies and procedures for adequacy, contract compliance for outsourced print services, accuracy and proper support for interdepartmental billing, appropriate physical access to vendor and payroll checks, and proper user access for systems the Print and Mail Operations Division uses in their operations.

We relied on computer-processed data in the Finance Central Services Billing system to validate printing expenses. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. 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 performance audit 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

The Print and Mail Operations Division is properly managed to include interdepartmental billings and outsourced services. We randomly selected 25 work orders for print jobs processed by the Finance Department totaling \$6,304 and 25 outsourced work orders totaling \$22,362 and determined that related charges were recorded appropriately in SAP and departments were billed correctly.

We also reviewed the contract with the vendor responsible for processing outsourced print jobs and determined the vendor was in compliance with contract requirements. Finally, we determined user access to the Finance Central Services Billing system was appropriate based on employee status and job title.

However, we identified several processes that could be improved as noted below.

A. Print Services Expenses

The Print and Mail Operations Division does not utilize a standard pricing schedule which tracks historical price changes for both in-house and outsourced print jobs.

We randomly selected 25 in-house print jobs and 25 outsourced print job work orders from a population of 6,670 totaling \$6,304 and \$22,362, respectively. We determined four in-house print jobs did not reconcile to the pricing schedule as it is a working document that does not track historical price changes. However, the print job charges still appeared reasonable, and departments were billed appropriately.

For outsourced print jobs, Finance has a contract in place with Thompson Print & Mailing Solutions. All ten print jobs (from the sample of 25) covered under the Thompson Print & Mailing Solutions contract reconciled correctly. However, 15 outsourced print jobs (not covered by the Thompson Print & Mailing Solutions contract) did not reconcile as the Print and Mail Operations Division does not have a standard pricing schedule in place for outsourced print jobs. However, the 15 outsourced print jobs still had reasonable print job charges and departments were billed correctly.

Best practices suggest a standard pricing schedule should be used for print jobs so charges can be verified. Without a standard pricing schedule, inconsistent contractor charges could occur.

Recommendation

The Chief Financial Officer should create and implement standard pricing schedule procedures that track historical price changes for both in-house and outsourced print jobs. Additionally, review and document any updates and changes to pricing for both in-house and outsourced print jobs.

B. System Access – View-Only User Roles

We reviewed all 15 active users in the Finance Central Services Billing system and determined they are appropriately allowed general access based on their employee status and job title in SAP.

Although, we determined user access to the Finance Central Services Billing system was appropriate based on employee status and job title, the Finance Central Services Billing system does not support view-only user roles resulting in all users having full system administrator capabilities. Most users do not require full system administrator access.

This occurred because the system was not originally configured to limit access for different types of users. AD 7.8d states that access permissions will use the principle of least privilege.

Users with administrator capabilities could make system changes that may cause data corruption potentially resulting in incorrect billings to departments.

Recommendation

The Chief Financial Officer should work with ITSD to modify system access parameters and configuration within the Finance Central Services Billing system to provide roles with view-only access.

C. Physical Security

Physical security to the Finance Print and Mail Operations Division is not restricted to appropriate personnel.

We reviewed 31 employees with badge access to the Finance Print and Mail Operations Division and determined 12 users had inappropriate access. Additionally, one of 14 employees with access to the Mail Room did not have appropriate access. Finally, four of nine employees with access to the Check Printing Room had inappropriate access. This occurred because Finance does not conduct periodic reviews of access. AD7.8d requires all access to have justification and approval.

Excessive access to the Finance Print and Mail Operations Division could result in unauthorized individuals having access to printed checks.

Recommendation

The Chief Financial Officer should perform periodic badge access reviews to ensure access to the Print and Mail Operations Division is limited to employees who require it for their job duties.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Douglas Francis, CIA, Auditor in Charge
Sabrina Saldana, Auditor
Ty Myers, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78263-3966

September 4, 2025

Buddy Vargas, CPA, CIA, CFE
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of Finance Print Shop

The Finance Department has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendation(s).

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	Print Services Expenses The Chief Financial Officer should create and implement standard pricing schedule procedures that track historical price changes for both in-house and outsourced print jobs. Additionally, review and document any updates and changes to pricing for both in-house and outsourced print jobs.	5	Accept	Guillermo Castoreno, Print & Mail Services Manager	9/30/2025
Action plan: The Print & Mail Operations Division (Print Shop) offers basic print services to departments such as business cards, envelopes, and notepads. The Print Shop also offers more complex and high-volume items such as door hangers, flyers, brochures, booklets, forms, letters, and notices. These jobs are considered in-house, meaning that they could be completed within the Print Shop. The Print Shop is heavily reliant on the availability and pricing of paper due to the nature of its work. The Print Shop had annual paper contracts in place until March 2022. Due to supply chain impacts and volatility in pricing due to the Covid Pandemic, the City's paper vendor requested to terminate the contract with the City. The paper market remained in flux for the past few years resulting in sourcing paper as individual purchases at the current market rates. This volatility in the pricing of paper prevented the Print Shop from creating a standardized pricing schedule for print jobs. The market has since stabilized allowing the City					



Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	to solicit bids for an annual paper contract used both for Citywide operations and the Print Shop. The contract is scheduled to be approved in September. Once it is in place, the Print Shop will reinstate the standard pricing schedule for in-house jobs. All print job requirements submitted to the Print Shop are reviewed to determine whether they can be completed in-house or if they must be outsourced to a third party. Where a job is determined to be outsourced, the Print Shop will continue to run point and provide quality control over the product. Jobs are typically outsourced due to departmental requests for special options not currently available by the division's equipment (e.g. die cutting, engraving, foil embossing, or wide format), large volume or high number of impressions, spot colors, special software support such as cleaning addresses for mailers, and occasionally due to resource constraints within the division. The nature of outside print jobs does not lend itself to utilizing a standardize price schedule. There are many variables to pricing outside print and mail jobs, including paper size and weight, finishes, special cuts, folds, turn-around time, etc. In cases of specialized jobs, the division requests bids from three vendors and selects the vendor that provides the lowest price. The bid is used to establish pricing for the print job and retained as support to justify the work order billing with the addition of a standard mark-up for operational overhead. The Print Shop concurs with the recommendation to create and maintain standard pricing schedules for in-house print jobs and would recommend utilizing the awarded bid pricing for outsourced print jobs. The in-house pricing schedules will be reviewed and updated, where appropriate, based on contractual terms. All prior pricing schedules will be retained as supporting documentation to justify previously charged rates at the time the work order was processed. For outsourced jobs, the Print Shop will ensure that the bids are retained as supporting documentation along with the purchase order and invoice from the outside vendor(s) to justify the work order cost.				
B	System Access – View-Only User Roles The Chief Financial Officer should work with ITSD to modify system access parameters and configuration within the Finance Central Services Billing system to provide roles with view-only access.	6	Accept	Guillermo Castoreno, Print & Mail Services Manager	2/21/2025
	Action plan: The Print Shop concurs with the recommendation to modify system access parameters and configuration within the Finance Central Services Billing system to provide view-only access. We coordinated with ITSD to implement a view-only role in the system. We also reviewed role access and assigned the view-only role to individuals identified in the audit effective February 21, 2025.				

Audit of Finance Department
Print and Mail Operations Division

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	The Print Shop will review roles semiannually to ensure accuracy in both the Finance Central Services Billing system and the Pitney Bowes system (for mail operations) that was implemented in December 2024.				
C	Physical Security The Chief Financial Officer should perform periodic badge access reviews to ensure access to the Print and Mail Operations Division is limited to employees who require it for their job duties.	6	Accept	Guillermo Castoreno, Print & Mail Services Manager	1/7/2025
Action plan: The Print Shop concurs with the recommendation to perform periodic reviews to ensure physical access to our work areas is limited to employees. We worked with ITSD's Badge Office to review access to Print & Mail facilities and removed or modified access to individuals identified in the audit effective January 7, 2025. The Print Shop will perform semiannual reviews of badge access for the Print Shop, Mailroom, and Check Room to ensure appropriate access is maintained.					

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

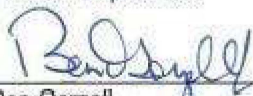
Sincerely,



 Troy Elliott
 Chief Financial Officer
 Finance Department

9/4/2025

 Date



 Ben Gorzell
 Chief of Financial and Administrative Services
 City Manager's Office

9/8/2025

 Date