



OFFICE OF THE CITY AUDITOR

August 05, 2026

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SUBJECT: Audit Report of Aviation Expansion Projects

Mayor and Council Members:

We are pleased to send you the final report of the Aviation Expansion Projects. This audit began in September 2025 and concluded in July 2026. Management's acknowledgement is included in Appendix B of the report. The Aviation 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,

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

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

AVIATION DEPARTMENT
AUDIT OF AVIATION EXPANSION PROJECTS
PROJECT NO. AU25-037
AUGUST 05, 2026

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 Aviation Department, specifically the monitoring of the Aviation Expansion projects. The audit objective, and conclusions follow:

To determine if controls over contract monitoring of the Aviation Expansion projects are effective in ensuring compliance with key contract terms.

Overall, Aviation's controls over contract monitoring for the Aviation Expansion projects are effectively designed to ensure compliance with key contractual requirements.

Aviation has documented policies and procedures governing the contract monitoring process. Additionally, Aviation has contract administration plans in place to monitor key contract terms, including verifying that insurance coverage complies with contractual requirements, ensuring that change orders are properly reviewed and approved, and reviewing contractor's Fixed Price Proposals (FPPs) before approving and commencing a construction project. In addition, Aviation has effective procedures in place to monitor, and review pay applications prior to approval and to ensure they are submitted in a timely manner.

We make no recommendations to Aviation; consequently, no management responses are required. Management's acknowledgement is in Appendix B on page 7.

Background

The San Antonio International Airport provides flights to over 10 million passengers a year and is projected to reach 18 million passengers within the next 20 years. To accommodate this growth and continue to generate prosperity, the San Antonio Aviation Department (Aviation) launched a Strategic Development Plan to focus on the next 20 years, and to examine the suitability of the site for growth and expansion in the next 50 years, including future aviation expansion projects.

Aviation and contract consultants oversee the design and development of the Terminal Development Program (TDP) & Construction in Progress (CIP) projects, which together include Aviation's expansion projects. Currently, there are 19 active CIP projects and 1 active TDP project, totaling \$1.4 billion. The Aviation CIP and TDP teams are responsible for contract monitoring. Each project has a contract administration plan (CAP) that is created and assigned to Aviation staff, who review contractual obligations such as Small Business Economic Development Advocacy & Disadvantaged Business Enterprise, insurance, and performance & payment bonds. Tracking is based on the frequency of contractual obligations such as monthly, quarterly, or yearly reporting.

An executive project manager (EPM), Anser Advisory, and project manager/construction manager (PMCM), Freese and Nichols, for TDP projects are assigned externally to the Aviation department via a contract. The EPM reviews the entirety of a project while the PMCM reviews the project's scope of services and pay applications. Due to a budget deficit for CIP projects, there is not an assigned contracted project manager (PM). The Aviation team may use the Garver on-call contract, as their general engineering consultant (GEC), however this consultant is typically used for the Ground Transportation Center CIP project. A GEC is a consultant who handles inspections, daily reports, and site-visits. All CIP projects are managed by Aviation staff, who assist in monitoring and/or reviewing CIP projects and their progress. The CIP project managers facilitate communication and coordination between contractors/consultants and Aviation.

For both CIP and TDP projects, Aviation staff review contractor invoices (pay applications) for reasonableness and accuracy through a process known as the "pen-and-paper" review. This review is conducted by the Project Manager, supported by Aviation CIP and TDP analysts, who document discrepancies in Bluebeam, the City of San Antonio's (COSA) construction collaboration software, for discussion and resolution with the contractor and the Resident Project Representative (RPR). The RPR, who is external to the Aviation Department, oversees daily site monitoring. This collaborative review process continues throughout each project, with invoices typically requiring one to three review meetings before submission to the Aviation team.

The Aviation Fiscal team manages the accounting and approval of contractor invoices for project costs. Following the initial review by CIP and TDP analysts, invoices are routed through Unifier, the City of San Antonio's (COSA) project management system, for Aviation Fiscal's review and approval. Approved invoices are then forwarded to the Program Manager, Division Manager, and Director for final approval before Finance processes payment to the contractor.

Audit Scope and Methodology

The audit scope was January 2024 through March 2026, and included overall contract monitoring processes, Construction in Progress (CIP) and Terminal Development Program (TDP) contracts, contract administration plans, contract pay applications (invoices), and user access reports.

To gain an understanding of Aviation's operations, we interviewed Aviation personnel, as well as Project and Program Managers, and conducted walkthroughs of the fiscal processes relating to Terminal Development Program and Construction in Progress contracts, including contract monitoring, and project manager monitoring. The agreements governing the TDP and CIP projects, along with their applicable policies and procedures, served as the primary criteria for this audit.

We assessed internal controls relevant to the audit objective. This included a review of the contract administration plans for all CIP and TDP contracts. In addition, as part of our testing procedures we examined the following areas:

- Reviewed if Aviation had documented policies and procedures for the contract monitoring process.
- Determined if Aviation has contract administration plans in place to monitor key contractual terms, including verifying that insurance coverage complies with contractual requirements.
- Reviewed Aviation monitoring of change orders to ensure they are properly reviewed and approved.
- Assessed whether Aviation is properly reviewing contractor's Fixed Price Proposals (FPP) prior to approval and the start of a construction project.
- Determined whether Aviation monitors and reviews pay applications before approval and ensures contractors submit pay applications timely in accordance with contractual requirements.

We relied on computer-processed data in Unifier to validate Fixed Price Proposals approval prior to the start of a construction project, the monitoring of change orders, performance and payment bonds, and the monitoring and review of pay applications. In addition, we relied on SAP to validate employment status for personnel who have Unifier user access. 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

Aviation's contract monitoring controls for the Aviation Expansion projects are effectively designed to ensure compliance with key contract terms.

We verified that Aviation has documented policies and procedures for the contract monitoring process. We reviewed a total of 14 policies and procedures related to Construction in Progress (CIP) and Terminal Development Program (TDP) projects and verified that they were up to date, and appropriate.

Additionally, Aviation has Contract Administration Plans (CAPs) in place to monitor key contractual terms. We reviewed the 25 most recent CAPs for the TDP and CIP contracts and determined the CAPs existed for all awarded contracts, additionally, that they included high-risk items, were up to date with amendments to the contract(s), and were properly reviewed, with the department addressing any identified non-compliance issues. Additionally, we reviewed the certificates of insurance for a sample of 10 contracts, 8 CIP and 2 TDP, and confirmed they were compliant with contractual requirements.

We verified that Aviation is effectively monitoring change orders and ensuring they are properly reviewed and approved. We reviewed a sample of 20 change orders and determined that all 20 were properly reviewed by the Contractor and the Aviation team and were approved in accordance with contractual requirements. Additionally, we identified 7 change orders that increased the contractual sum by a total of \$143,020 and one reducing the contractual sum by \$288,672, which did not require a surety rider. For the 7 change orders that increased the contractual sum, we verified that they had a surety rider that covered the updated contract sum.

Furthermore, we verified that Aviation is properly reviewing contractors' Fixed Price Proposals (FPP) prior to approval and the start of a construction project. We reviewed 9 projects with a Fixed Price Proposal and confirmed they had supporting documentation. Additionally, we verified that all 9 FPP were signed and approved by the Contractor, Program Manager, and by Aviation personnel. Lastly, we verified that the Construction Notice to Proceed was executed after the FPP was signed and approved.

Finally, we determined that Aviation is effectively reviewing pay applications prior to approval, monitoring contractors' pay application submissions and has made improvements to expedite invoice submittal. We reviewed the two most current pay applications for 18 CIP projects and 1 TDP project, from June 2025 through March 2026 for a total of 38 pay applications valued at approximately \$18 million. We determined that all 38 pay applications, included their required supporting documents, were properly reviewed by Aviation in Unifier, and were approved and paid within 30 days of submission.

Appendix A – Staff Acknowledgement

Nastasha Leach, CIA, CISA, CRMA, CGAP, Data+, Audit Manager
Sabrina Saldana, Auditor in Charge
Carlos Delgado, Auditor
Mason Wenzel, Auditor

Appendix B – Management Acknowledgement



OFFICE OF THE CITY AUDITOR

July 29, 2026

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

RE: Management's Acknowledgement of its Review of Aviation Expansion Projects

The Aviation 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.

The Aviation Department:

☒ Fully Agrees

☐ Does Not Agree (provide detailed comments)

Sincerely,

A handwritten signature in black ink, appearing to read "J. Saenz".

Jesus H. Saenz, Jr.
Director of Airports
Aviation Department

7/30/2026

Date

A handwritten signature in black ink, appearing to read "Jeff Coyle".

Jeff Coyle
Assistant City Manager
City Manager's Office

7/30/2026

Date