

STATUS OF TAP INTERNATIONAL AUDIT RECOMMENDATIONS

TAP INTERNATIONAL AUDIT OF THE TOURISM IMPROVEMENT DISTRICT

(11/20/2018)

Audit Recommendation	Current Status	Action Taken
1 The City Manager should work with the City Attorney to determine how to address the improper collection of TID fees since FY 2005-06.	Complete	As documented in the audit, for some years TID revenues exceeded expenditures. These prior year surplus funds were placed in the TID Reserve which holds approximately \$600,000. On August 28, the Council approved the TID assessment for Fiscal Year 2018/19. As part of this report, staff advised the Council that previous years' TID funds were collected without following the appropriate steps as outlined by State law. Therefore, the reserves funds must be preserved for one year from the date of the proper levy of the assessment. Once the one year has elapsed, the funds can be released for use.
2 City Attorney should conduct research to determine if the TID should cease or continue efforts to incorporate.	Not Implemented	The City Attorney will review the recommendation and determine if the TID should cease or continue efforts to incorporate.
3 The City Manager should work with the TID Advisory Board to update the TID bylaws with particular attention paid to procedures for budget preparation and approval, recordkeeping requirements, allowable expenses, implementation of subsidies, policies and procedures to establish proper oversight of cash accounts, and conducting at least yearly board meetings with minutes prepared in sufficient detail to document discussion points, decisions and commitments.	Not Implemented	The City Manager has already reached out to coordinate with the TID Advisory Board and they invited the City Manager, or designee, to attend TID Advisory Board meetings. The City Manager has already attended one meeting and has requested the TID Advisory Board's meeting schedule. The City Manager will discuss this recommendation with the TID Board at an upcoming Board meeting.
4 The City Manager should develop and implement guidance and training for the TID's participating hotels on the City's TID ordinance and how the assessment fee should be calculated.	Not Implemented	See item 3.
5 The City Manager should consider the feasibility of having the TID managed by City staff or contracting the management of the TID to a third party. If the City decides to contract with a third party, the contract should include all City required insurance coverages, performance expectations and reporting requirements for audited financial statements of the TID and related management letters	Not Implemented	Staff will review the feasibility of this recommendation.
6 As the expense documentation for FY 2014-15 was found after the completion of audit fieldwork, the City Manager should decide if further work is warranted to review the expenses from that year for allowability, appropriateness and implementation of internal controls.	Not Implemented	Staff will amend TAP International's contract for a review of the FY 2014/15 expenses. Based on this additional work, staff will determine if any amount is owed to the City.

STATUS OF TAP INTERNATIONAL AUDIT RECOMMENDATIONS

Audit Recommendation	Current Status	Action Taken
7 Upon the submission of appropriate documentation within a reasonable time period to support \$308,172 in expenses missing during audit fieldwork, the City Manager should audit available records and based on the audit results, make any needed adjustment to the amount owed.	Not Implemented	Staff will issue a letter to the Chamber of Commerce seeking appropriate documentation to support \$308,172 in expenses missing during the audit fieldwork and will amend the contract with TAP International to audit any newly made available records. Based on this additional work, staff will make adjustments to the amount owed.
8 The City Manager should establish a contract manager to administer oversight of TID operations. Oversight activities should include periodic TID assessment fee audits, internal control audits and compliance audits.	Partially Implemented	At the September 18, 2018 City Council Meeting, the City Council approved the addition of 1.0 Assistant To The City Manager position to serve among other duties also as a contract manager for the TID. The recruitment for this position is currently underway.
9 The City should consider working with the TID to update the subsidy program into a grant program that is open to all event sponsors to apply for public funds to offset the cost of events contracted at the SCCC.	Not Implemented	See item 3.
10 The City Manager should determine whether to conduct a TID assessment fee audit of the one participating hotel that could not provide requested sample testing documentation regarding hotel occupancy for this audit due to illness.	Not Implemented	Staff will review amending the contract with TAP International for this additional TID assessment fee audit.