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Title: Presentation, Discussion and Direction on the TAP International Financial Audit Titled “Contract Close Out Review: Convention and Visitor’s Bureau”

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Attachments: 1. Audit - “Contract Close Out Report: Convention and Visitor’s Bureau”, 2. POST MEETING MATERIAL

Date	Ver.	Action By	Action	Result
11/12/2019	1	City Council and Authorities Concurrent	Approved	Pass

REPORT TO COUNCIL

SUBJECT

Presentation, Discussion and Direction on the TAP International Financial Audit Titled “Contract Close Out Review: Convention and Visitor’s Bureau”

BACKGROUND

On May 22, 2018, Council provided direction to staff to begin an audit of the Convention Center and Convention-Visitors Bureau (CVB) and the City hired TAP International to complete a performance audit of the Santa Clara Convention Center (SCCC) and the Convention-Visitors Bureau (CVB). To date, TAP International has completed two audits that have been presented to Council.

At the September 18, 2018 Council meeting, TAP International presented the analysis and findings of the performance audit entitled "Santa Clara Convention Center and Convention-Visitors Bureau: Restructuring Operations Can Strengthen Accountability, Performance and Revenue". The audit revealed while the fiscal health of the SCCC and CVB was good when evaluated separately and received high customer satisfaction scores, the audit also revealed serious failures to manage public assets with appropriate stewardship, accountability and transparency by the Contractor (Santa Clara Chamber of Commerce).

On November 27, 2018, TAP International presented the analysis and findings of the performance audit entitled “City of Santa Clara Tourism Improvement District - Governance, Internal Controls and Oversight Need Attention”. The findings revealed similar issues found in the Santa Clara Convention Center and Convention-Visitors’ Bureau Audit including the need for updated policies and improved record keeping as the Fiscal Agent of the Tourism Improvement District (TID).

In November 2018, the agreement with TAP International was amended to include a close out of the 2017 Agreement between the City and the Santa Clara Chamber of Commerce (Chamber) to operate

and administer the Convention and Visitors Bureau (CVB).

The scope of work of the audit included a financial analysis and review of the following:

- 1) Revenue and cost allocation methods used by the Chamber for the CVB;
- 2) Review of credit card statements (AMEX) issued to the Chamber to determine if the Chamber accurately expensed CVB-generated expenses;
- 3) Review of final invoices submitted by the Chamber to the City to ensure they were expenses allowable under the contract and were verifiable expenses; and
- 4) Review of how \$80,000 provided to the Chamber in June 2018 to fund salaries of the CVB staff for 60 days upon the termination of the Management Agreement was allocated.

DISCUSSION

At this session, the City Council will be presented with the Auditor's findings of the above referenced audit. Different from previous audits, a formal response from the Chamber was not required.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is no fiscal impact associated with the presentation of the close-out report.

COORDINATION

This report was coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

It is recommended that Council receive and file the TAP International Financial Audit Titled "Contract Close Out Review: Convention and Visitor's Bureau" and refer any Council direction to Closed Session under Anticipated Litigation.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Audit - "Contract Close Out Report: Convention and Visitor's Bureau"