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Date	Ver.	Action By	Action	Result
3/19/2018	1	Ad-Hoc Stadium Audit Committee		

REPORT TO STADIUM AUDIT COMMITTEE

SUBJECT

Status of Harvey M. Rose Associates Audit Recommendations

BACKGROUND

On November 27, 2017, staff presented (1) standard audit recommendation tracking matrix listing the thirty-seven audit recommendations, (2) designation for the status of the recommendation (e.g., Complete, Partially Complete, or Not Implemented), and (3) action taken so far to the Ad-Hoc Stadium Audit Committee (Committee). As stated at that time, this matrix will be used as a tool to demonstrate staff's progress going forward and will continue to be presented to the Committee at future meetings.

The following table reflects staff's previous and current progress towards implementing the thirty-seven audit recommendations:

Table 1: Status of Audit Recommendations (as of March 2018)

Status	Progress of Audit Recommendations as of November 2017	Progress of Audit Recommendations as of March 2018	% Change
Complete	10	18	80%↑
Partially Complete	14	14	0%↕
Not Implemented	13	5	62%↓
TOTAL	37	37	

At the November meeting, staff proposed a four month work plan for the audit recommendations that we planned to address, recognizing that timing and prioritization was very important to maximize budget development, manage resources/capacity, and address other key operational matters. The Committee's action to direct a work plan was wise and has allowed for significant progress on the

above audit recommendations over the past three months. In addition, as staff suggested a well-paced process, this has allowed for us to produce quality documents in other business affairs of the SCSA Board. As background, the steps for moving forward were proposed as follows:

Table 2: Status of Work Plan Milestones (November 2017 - March 2018)

Ad Hoc Committee Work Plan Milestones	Status
Budget Development (ETA = March 2018) - Staff prioritized audit recommendations that had an impact on budget development. These recommendations were included in the 2018-19 Proposed Stadium Authority Budget and presented to the entire Stadium Authority Board (Board) at the March 13 th Study Session.	✓
Marketing Plan (ETA= February/March 2018) - As recommended in the Harvey Rose audit, staff worked with ManCo to prepare an enhanced version of previous issued Marketing Plans and converted their report from a slide deck presentation to an actual marketing and business plan that outlines both strategic efforts planned for the fiscal year, recruitment of events, and operations in support of these efforts. In addition, the first quarter of the SCSA fiscal year will allow ManCo and staff to collaboratively work on performance measures for future Marketing Plans. This plan was presented to the Board at the March 13 th Stadium Authority meeting.	✓
Additional Due Diligence (ETA = July 2018) - ManCo is in the process of providing Non-NFL records to the Stadium Authority, in addition to providing computer read-only access at the time of drafting this report. Staff is reviewing the records for completeness as they were previously reviewed at ManCo offices. Included in the 2018-19 Proposed Stadium Authority Budget is the funding for targeted compliance audits	Staff will make a presentation of the audit program required to respond to this request and the recommended resources needed.

DISCUSSION

Given our past successful effort with developing a work plan to implement the audit recommendations, we are proposing the same methodology over the next three months and suggest that we report out in July:

- **Continue to focus on receipt of Non-NFL Event Records:** ManCo has provided hard copy documents for Non-NFL events and is currently in the process of transferring additional financial records for Non-NFL events to the Stadium Authority. ManCo has installed one of

their computers in the Stadium Authority's office to allow staff electronic read-only access to the Non-NFL event information. ManCo is providing weekly updates on their progress in providing all of the records to the Stadium Authority. Concurrent to the activity to have in our possession the universe of complete documents, staff proposes hiring an independent auditor to review for the purpose outlined in the "Public Safety Reconciliation" memo, however staff will need to dedicate capacity to provide guidance and explain procedural review of the significant universe of documents. For expediency, the SCSA Board could consider an audit methodology that tests certain events per fiscal year or assigns separate audit teams to review each fiscal year in its entirety. This decision should not be made until action on the Auditor is taken and their professional opinion is rendered.

Table 3: Fiscal Year Summary of Non-NFL Events

Fiscal Year	# of Non-NFL Events	Notes
2014/15	195	9 ticketed events and 186 special events (Partial Year - Stadium opened on August 1, 2014)
2015/16	224	17 ticketed events and 207 special events
2016/17	144	18 ticketed events and 126 special events
2017/18	97	13 ticketed events and 84 special events (this number is subject to change at year-end)

- **Public Safety Threshold:** ManCo and SCSA staff has agreed to meet on this matter for additional discussion and, at the time of drafting this report, the meeting is being scheduled. An update will be provided, as appropriate.
- **Unreimbursed City Staff Costs:** Staff is in the process of completing the review of the unreimbursed City staff costs that were included in the Harvey Rose audit report and will be able to provide that to the Committee at the next meeting.

FISCAL IMPACT

There is no fiscal impact to the Stadium Authority with this status update; however, there are decisions that the Ad Hoc Committee will recommend to the SCSA Board that may have a fiscal impact. Further, staff is currently analyzing the audit data to determine the reimbursement amount that the Stadium Authority will owe the City's General Fund.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environment Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a)(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.

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

Note and file an update on the Status of the Harvey M. Rose Associates Audit Recommendations and accept the proposed work plan for the period March - July 2018.

Prepared by: Angela Kraetsch, Treasurer

Reviewed by: Brian Doyle, Counsel

Reviewed by: Catlin Ivanetich, Assistant to the Executive Director

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. Status of Harvey M. Rose Associates Audit Recommendations