



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
ECONOMIC DEVELOPMENT DEPARTMENT
ALBUQUERQUE CONVENTION & VISITOR'S BUREAU AUDIT

Report #15-12-106F

October 29, 2014

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up of Audit No. 12-106, Economic Development Department – Albuquerque Convention & Visitor's Bureau (ACVB) during fiscal year (FY) 2015. The purpose of this follow-up is to report on the progress made by the Chief Administrative Officer (CAO), Economic Development Department (EDD) and ACVB in addressing the audit's findings and recommendations. Our follow-up procedures rely on the department and ACVB providing the status of the recommendations.

A follow-up is substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the audit's findings and recommendations.

We limited our scope to actions taken to address our audit recommendations from the final audit report dated December 12, 2012, through the submission of actions taken memos completed by the CAO, ACVB, and EDD dated October 13, 2014, September 30, 2014, and October 8, 2014, respectively.

BACKGROUND INFORMATION

ACVB is a non-profit 501(c)6 organization contracted with the City to "stimulate economic growth by marketing Albuquerque as a convention and visitor destination." ACVB has been in charge of marketing Albuquerque for over 30 years. In 2004, the City Council mandated that the marketing contract be put out for competitive bid. Following the formal evaluation process, ACVB was selected by the City Administration and was once again responsible for marketing Albuquerque as a destination. The initial contract following the bid expired June 30, 2009. The current contract between the City and ACVB is for the period of July 1, 2010 through June 30, 2013 and includes two 1-year extensions. Both 1-year extensions were selected. The current contract with ACVB expires June 30, 2015.

SUMMARY

Of the six recommendations addressed in the original ACVB audit report, four have been fully implemented, resolved or completed; one has been partially implemented; and one has not been implemented.

The status of the recommendations is identified by the symbols in the following legend:



Fully
Implemented



Resolved/
completed



Partially
Implemented



Not
Implemented

Recommendation #1: The CAO should:

- Ensure that future contracts include measures that are directly connected to the contract's Scope of Services.
- Develop clear, concise performance-based statements that will:
 - be tied to goals, objectives, and purpose of the work to be performed;
 - measure program results or accomplishments; and
 - be reliable, verifiable, and understandable.

Response: *“The City will work with the contractor to incorporate performance measures acceptable to both parties into any subsequent contracts or contract extensions.”*

Estimated Completion Date: *“June 30, 2013”*

Status Reported by the CAO as of October 13, 2014: “Prior to extending the contract for FY 2014 terminology, reporting and a defined performance measure were updated. This was completed prior to July 1, 2014”.

The ACVB FY 2014 contract extension includes additional performance measures for reporting purposes as well as a benchmark for the Return on Investment (ROI) performance measure. As a Request for Proposal (RFP) will be announced, and a new contract negotiated, for FY 2016, the City should ensure that future performance measures are directly connected to the contract's Scope of Services as detailed by the related contractual exhibits.



Partially Implemented

Recommendation #2:

The CAO should:

- Update the Scope of Services in future contracts to ensure that all elements of the contract are beneficial to the City and up-to-date.
- Ensure that all elements required in future contracts are, in fact, attainable, necessary and relevant.

Response from the CAO: *“The City will work with the contractor to clarify contractual elements and terminology during the drafting of any subsequent contracts or contract extensions.”*

Estimated Completion Date: *“June 30, 2013”*

Recommendation #2 (continued):

ACVB & EDD should:

- Work together to clarify any contractual elements or terminology for the duration of the current contract or amend the contract if necessary.
- Work closely together during the contract negotiations to ensure that terminology is adequately defined and that all elements of the contract are clear, valid, necessary, updated, and beneficial to Albuquerque as a destination.

Response from ACVB: *“ACVB is open to discussion with the City regarding clarifying contract elements.”*

Estimated Completion Date: *“During next appropriate contract completion process.”*

Response from EDD: *“The City will work with the contractor to clarify contractual elements and terminology during the drafting of any subsequent contracts or contract extensions.”*

Estimated Completion Date: *“June 30, 2013”*

Status Reported by the CAO as of October 13, 2014: *“Scope of Services was updated prior to contract extension for FY14 and FY15. An RFP for this contract will be issued in FY2015. A new contract will be issued for FY16 and beyond. All elements of the new contract will be beneficial to the City and be attainable, necessary and relevant”.*

Status Reported by ACVB as of September 30, 2014: *“Completed during FY14 contract renewal/extension process”.*

Status Reported by EDD as of October 8, 2014: *“Prior to extending the contract for FY 2014, EDD and ACVB agreed to contract revisions that included terminology, reporting and a defined performance measure. The revisions were effective July 1, 2014 and continue for FY15. The contract extension through FY15 is the last allowed in the current contract. EDD plans to incorporate all suggestions in the audit and additionally refine scope of services into an RFP which will be released in FY15. A new contract will be negotiated incorporating all changes for FY16 and forward”.*

The ACVB contract extension has been updated and includes additional definitions of contract terms.



Fully Implemented

Recommendation #3: ACVB should:

- Transfer \$5,082.36 from private funds back to the bank account designated for Lodger's Tax expenditures so that the funds may be properly utilized to advertise, publicize and promote Albuquerque's tourist-related attractions, facilities and events.
- Ensure that expenditures utilizing Lodger's Tax are in accordance with the purpose and dedications outlined within Section 4-4-6 Imposition of Tax, Use of Proceeds.
- Ensure that its public funding is utilized as efficiently as possible to "advertise, publicize, and promote the City of Albuquerque for tourism and conventions" per the contract.

Response from ACVB: *"All funds, \$4,887.36, identified by Internal Audit under this section as being incorrectly paid, have been transferred from the private fund account to the public fund account. Additionally, ACVB has implemented procedures to identify any future similar expenses that could be considered as "securing" personnel to be paid utilizing private funds.*

"Additionally, the annual credit card fee of \$195 has been corrected by transfer of funds from the private account to the public funds account. Any future or similar fees will be paid from private funds as well."

Estimated Completion Date: *"November 13, 2012"*

Status Reported by ACVB as of September 30, 2014: "Completed. Implemented procedures continue to be in place and enforced".



Fully Implemented

Recommendation #4: ACVB should ensure that the City of Albuquerque receives notice of all subcontractors used to perform elements of the contract.

Response from ACVB: *“ACVB will notify the City of all subcontracts for work or services covered by the agreement.”*

Estimated Completion Date: *“December 31, 2012”*

Status Reported by ACVB as of September 30, 2014: “Completed. Continue to report as required, monthly”.



Fully Implemented

Recommendation #5: ACVB should:

- Verify that all information on its website is true, accurate and up-to-date; and
- Correct any false or inaccurate statements immediately.

Response from ACVB: *“ACVB is accredited and active. The DMAI-run approval process was prolonged therefore delaying ACVB’s receipt of a renewal certificate. ACVB applied for renewal before the expiration of our certificate. Please see the attached letter from DMAI [Destination Marketing Association International] affirming our active status. ACVB is still waiting for DMAI to hold a meeting to officially approve our accreditation renewal.”*

Estimated Completion Date: *“December 2012 – approval is expected from DMAI”*

Status Reported by ACVB as of September 30, 2014: “Completed. Renewal certificate is currently active.”

ACVB provided a copy of the current, active renewal certificate.



Resolved/Completed

Recommendation #6: The CAO should ensure that all future contracts with the ACVB include a statement regarding the provisions of the Inspector General Ordinance.

Response: *“The City will work with the contractor to conform the language of any subsequent contracts or contract extensions to the Inspector General Ordinance.”*

Estimated Completion Date: *“June 30, 2013”*

Status Reported by the CAO as of October 13, 2014: “The extension to the Contract for FY14 and FY15 included language required by the Inspector General Ordinance. All new contracts will include a statement regarding the provision of the Inspector General Ordinance”.

Though the ACVB contract includes verbiage regarding compliance with the Accountability in Government Ordinance (§2-10-1 ROA 1994), the contract extension does not make reference to the Inspector General Ordinance (§2-17-1 ROA 1994) as required by §2-17-12 (C) ROA 1994, which states:

Every city contract, bid, proposal, application or solicitation for a city contract and every application for certification of eligibility for a city contract or program shall contain a statement that the individual understands and will abide by all provisions of the Inspector General Ordinance.



Not Implemented

Follow-Up
Economic Development Department
Albuquerque Convention & Visitors Bureau
October 29, 2014

#15-12-106F

SUBMITTED:

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