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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 2, 2005

The Honorable Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable Laura Knaperek, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Knaperek :

Our Office has recently completed an 18-month followup of the Arizona Sports and Tourism Authority (ASTA) regarding the implementation status of the 16 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in March 2004 (Auditor General Report No.04-01). As the attached grid indicates:

- 15 recommendations have been implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Arizona Tourism and Sports Authority's efforts to implement the recommendations resulting from the March 2004 performance audit.

Sincerely,

Debbie Davenport
Auditor General

DD:Acm
Attachment

cc: John Benton, Chairman
Arizona Sports and Tourism Authority

Ted Ferris, President/CEO
Arizona Sports and Tourism Authority

ARIZONA SPORTS AND TOURISM AUTHORITY
18-Month Follow-Up Report To
Auditor General Report No. 04-01

FINDING 1: Multipurpose facility cost at \$370.6 million

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. This finding is informational only. Therefore, no recommendations are presented.		

ARIZONA SPORTS AND TOURISM AUTHORITY

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FINDING 2: Review needed of General Fund support for ASTA

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The Legislature may want to consider amending A.R.S. §42-11169(C) to implement one of the following options to help minimize the impact that continued NFL tax collection shortfalls could have on the General Fund:</p> <ul style="list-style-type: none"> • Require the State Treasurer to distribute only the required minimum amount in tax collections and maintain any excess NFL tax collections in the General Fund to offset the disbursement of additional General Fund monies to cover the NFL tax shortfall in other years; • Require ASTA to deposit monies in excess of the minimum NFL tax collections amount in a separate reserve account to be used during years when NFL tax collections are less than the required minimum amount. Then, only after monies in that account have been used, additional General Fund monies would be distributed to ASTA, or ASTA could be required to request any needed monies; or • Remove the requirement that the State Treasurer distribute additional General Fund monies to ASTA in the event that NFL tax collections do not meet the required minimum amount and instead require ASTA to request any needed monies through specific legislation. 	<p>Implemented at 6 Months</p> <p>During the 2004 regular legislative session, the Legislature considered Senate Bill 1037, which would have changed the distribution of General Fund monies to ASTA in the event that NFL tax collections did not meet the required minimum amount. This proposed legislation did not pass.</p>	

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FINDING 3: Defined processes will help ASTA objectively evaluate funding requests

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. In consultation with the Youth and Amateur Sports Advisory Committee, ASTA should develop and implement policies and procedures that :		
a. Establish grant administration, oversight, and funding distribution requirements;	Implemented at 6 Months	
b. Define how long youth and amateur sports facilities that it helps fund must remain in existence and operational; and	Implemented at 6 Months	
c. Define further what expenditures will be considered for the applicant’s local match.	Implemented at 18 Months	
2. ASTA should develop and implement written Cactus League funding guidelines to help ensure its future award decisions for spring training facilities in Maricopa County use the funds as effectively as possible. These guidelines could address such things as how it determines what standard facilities will be built or renovated to, sources of matching monies, length of team leases, and funding new stadiums versus renovating existing facilities.	Implemented at 18 Months	

ARIZONA SPORTS AND TOURISM AUTHORITY

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FINDING 4: ASTA needs to make several changes to its administrative practices

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. ASTA should establish and implement a procurement policy that includes guidelines in areas such as purchasing thresholds, request for proposal and review processes, oversight of contracts once they are in place, and guidelines for appropriate use of the credit cards, obtaining advance approval for purchases, or for using purchase orders instead of credit cards for its purchases.	Implemented at 12 Months	
2. ASTA should take steps to ensure it is making the most effective and efficient use of its attorneys. Specifically, ASTA should:		
a. Identify administrative tasks, such as developing board meeting minutes, that existing ASTA staff could perform and no longer have their attorneys perform these tasks;	Implemented at 6 Months	
b. Evaluate the need for an in-house attorney to handle routine legal matters, such as simpler agreements, rather than paying hourly rates for these services; and	Implemented at 6 Months	
c. Issue reports for proposals for all outside legal services it needs, with the exception of litigation representation, where time constraints would not permit this process.	Not Implemented	ASTA reports that in conjunction with discussions with its Board of Directors and professionals in the field, it concluded that the Authority is best served by continuing to use its full-service law firm until the multi-purpose facility is complete and other agreements are in place.

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FINDING 4: ASTA needs to make several changes to its administrative practices (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. ASTA should ensure all staff, including its president/CEO, adhere to ASTA's travel policy and obtain and document approval for all travel and reasons for exceptions to the State's travel policy reimbursement rates.	Implemented at 6 Months	
4. ASTA should implement procedures for reviewing and approving gifts.	Implemented at 18 Months	
5. ASTA should strengthen its internal controls by:		
a. Establishing written internal control policies and procedures;	Implemented at 6 Months	
b. Ensuring that financial and accounting responsibilities are adequately separated to the extent possible;	Implemented at 6 Months	
c. Paying its credit card balance in full each month and making payments to its credit card company on time each month.	Implemented at 6 Months	
6. ASTA should establish a policy that outlines the proper use and control of tickets it will have for a luxury suite and other seats for football events at the multipurpose facility.	Implemented at 12 Months	

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FINDING 4: ASTA needs to make several changes to its administrative practices (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>7. ASTA should continue its efforts to encourage the Office of Tourism to distribute all tourism monies it receives from ASTA to convention and visitors' bureaus, cities, and other tourism promotion entities in Maricopa County, as they are better suited to promote Maricopa County, which is the required use of these monies.</p>	<p>Implemented at 6 Months</p>	