Arizona Office of Tourism

Office met some of its statutory objective and purpose, but did not comply with some State requirements for spending public monies for promotional activities we reviewed, accounting for some tourism revenues it distributed for Maricopa County tourism promotion, and managing conflicts of interest.

Audit purpose
To determine whether the Office complied with State requirements for spending public monies for promotional activities, events, and projects conducted jointly with other tourism entities; accounting for Maricopa County tourism tax revenues it distributed to other tourism entities; and managing conflicts of interest. This report also provides responses to the statutory sunset factors.

Key findings
The Office:

• Is responsible for promoting tourism State-wide and distributing monies to other tourism entities throughout the State for tourism advertising, marketing, and promotion.

• Did not follow State requirements when spending $81,239 on promotional activities, events, and projects conducted jointly with other tourism entities, such as conference sponsorships and trade shows, which placed these public monies at potential risk of misuse.

• Distributes tourism revenues to Maricopa County destination marketing organizations (DMOs) for tourism promotion and marketing projects within Maricopa County, but 5 changes to DMOs’ fiscal year 2020 tourism promotion and marketing spending plans were not reviewed and approved as required by its guidelines. The Office also approved some inaccurate fiscal year 2021 spending plans, which placed these public monies at potential risk of misuse, loss, or theft.

• Did not comply with some State conflict-of-interest requirements, including requiring employees to complete a new disclosure form when their circumstances changed and maintaining a special disclosure file of all required disclosures for public review.

• Exceeded its delegated procurement authority of $100,000 and did not comply with additional State Procurement Code requirements in fiscal year 2020 when procuring approximately $500,000 in services.

Key recommendations
The Office should:

• Comply with State requirements for spending public monies for promotional activities, events, and projects and accounting for Maricopa County tourism tax revenues it distributes.

• Develop and implement a formal change request process and standardized reporting templates.

• Continue to develop and implement conflict-of-interest policies to help ensure it complies with State conflict-of-interest requirements.

• Comply with statutory procurement requirements, including following applicable competitive procurement requirements and adhering to its delegated procurement threshold.