

Office of the City Auditor – Audit of VisitDallas

City Council Briefing
May 15, 2019

Mark Swann, City Auditor
Office of the City Auditor
City of Dallas



Audit of VisitDallas

| Primary Contracts (Proponent) | Annual Average Amt FY13 to FY17 | Funding Source | Allowable Costs/ Key Requirements |
|--|---------------------------------------|---|--|
| City Service Contract (Department of Convention and Event Services) | \$15.6 million | Hotel Occupancy Tax | <ul style="list-style-type: none"> • Market the City of Dallas as a major meeting site and visitor’s destination. • Promote public facilities with emphasis on the Kay Bailey Hutchison Convention Center. |
| Dallas Tourism Public Improvement District (Office of Economic Development) | \$13.5 million | Public Improvement District Assessment | Defray expenses: authorized improvements and services defined in the Act and listed in the City’s Annual Service Plan. No non-public purpose use of funds. |
| Administrative Contract (Dallas Tourism Public Improvement District) | N/A | N/A | Implement Dallas Tourism Public Improvement District funded activities. |



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Release Date: January 4, 2019

Objective: Evaluate the effectiveness of services provided by VisitDallas, which included: (1) assessing the reliability and reporting of performance measures; and, (2) determining whether the Dallas Tourism Public Improvement District incentive funds were used properly. We also reviewed whether the Hotel Occupancy Tax funds were used properly.

Scope: Management operations during the period of Fiscal Year (FY) 2016 through FY 2017*

** Certain other matters, procedures, and transactions occurring outside that period may have been reviewed to understand and verify information related to the audit period.*



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Conclusions:

The City does not have sufficient mechanisms in place to effectively evaluate services provided by VisitDallas and needs to improve the Department of Convention and Event Services' and the Office of Economic Development's:

- **Oversight and monitoring of the VisitDallas contracts and reporting**

The City's oversight and monitoring of the contracts with VisitDallas and Dallas Tourism Public Improvement District does not consistently include substantive analysis of reported information and commitments. The City also does not ensure timely collection of contractual payments from VisitDallas.



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Conclusions continued...

➤ **Reliability and accountability of controls over VisitDallas' performance measures and expenses**

The City does not ensure the system of controls over key performance measures for VisitDallas and the Convention Center allows for consistent, complete and reliable information. Controls over certain VisitDallas' expense activities are not adequate and may not consistently ensure that the City receives the expected benefit.

As a result: (1) the City cannot ensure compliance with HOT and Dallas Tourism Public Improvement District requirements; and, (2) the City's ability to adequately evaluate VisitDallas' performance may be impaired.



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Recommendation Breakdown Management Agreement/Disagreement By Report Section

| Report Section | Management Agreement | Management Disagreement | Total |
|--|----------------------|-------------------------|-------|
| The City of Dallas' Oversight of VisitDallas | 5 | 2 | 7 |
| Performance Measures for VisitDallas and Kay Bailey Hutchison Convention Center Dallas | 3 | 4 | 7 |
| Internal Controls Over Certain Expenses of VisitDallas | 3 | 1 | 4 |
| Total | 11 | 7 | 18 |



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The following is the link to the audit report found on the Office of the City Auditor's website:

[Audit of VisitDallas](#)



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