

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2410 Scottsdale Arts			Issued: 11/8/2024	
1.1	The Tourism and Events Director should, as a new Management Services Agreement is negotiated, recommend to City Council the inclusion of specific performance objectives for the operation of the City-owned facilities. Develop measures for those objectives, such as target facility usage or financial position.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Any significant revisions will be addressed in the development of the next contract. Sep 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: A new Management Services Agreement (MSA) was approved by Council in February. Exhibit F of the MSA contains key performance indicators for various contract responsibilities.	Implemented	<input checked="" type="checkbox"/>
1.2	The Tourism and Events Director should recommend for approval in the new Agreement, strategic priorities for arts and cultural events that take into consideration community interests and demand. Periodic community surveys and analysis of ticket sales could be used to evaluate the effectiveness of these efforts.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Any significant revisions will be addressed in the development of the next contract. Sep 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: A new Management Services Agreement (MSA) was approved by Council in February. Update terms address expectations for community events and community demand may be factored when setting performance standards.	Implemented	<input checked="" type="checkbox"/>
1.3	The Tourism and Events Director should require Scottsdale Arts to regularly assess its rates and fees, including a market analysis of its facility rental rates, and submit them for Council approval.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Any significant revisions will be addressed in the development of the next contract. Sep 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: The new MSA continues to require rental rates be submitted to the City and approved by Council. While a market analysis of the proposed rates is not required, KPI's relating to facility utilization and earned revenues will impact the rate setting process.	Part Impl'd	<input checked="" type="checkbox"/>

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1.4	The Tourism and Events Director should further define requirements for evaluating Scottsdale Arts' progress towards reducing its reliance on City funding, such as clarifying whether restricted contributions should be included. A reasonable approach may be to exclude contributions restricted for long-term projects and restricted endowments.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Any significant revisions will be addressed in the development of the next contract. Sep 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: Program objectives and KPI's were updated in the new MSA and this specific goal no longer applies. However, it was replaced by new goals to increase non-City funding "greater than or equal to the prior fiscal year" for specific programs, such as Destination Events and Community Arts Grants.	Implemented	<input checked="" type="checkbox"/>
2.1	The Tourism and Events Director should develop and recommend to City Council performance measures for key contract objectives and services as part of a newly negotiated Management Services Agreement, including adding clear definitions and methodology for calculating those measures. Also, require performance reports at least on an annual basis to monitor progress towards the achievement of contract goals.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Any significant revisions will be addressed in the development of the next contract. Sep 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: A new Management Services Agreement (MSA) was approved by Council in February. Exhibit F of the MSA contains key performance indicators for various contract responsibilities and includes the frequency of required reporting.	Implemented	<input checked="" type="checkbox"/>
2.2	The Tourism and Events Director should clarify the requirement for calculating revenue sharing of Scottsdale Civic Center activities. To simplify the process, consider evaluating revenue sharing based on gross revenues rather than net revenues, similar to other City revenue sharing agreements.	Jun 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. The proposed extension contains clarifications to the revenue sharing calculation. Oct 2025: Civic Center revenue sharing terms continued to be under negotiation. Feb 2026: The new MSA no longer contains revenue sharing terms related to the Civic Center facility.	Not Applicable	<input checked="" type="checkbox"/>

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2.3	The Tourism and Events Director should ensure the receipt of reports on the condition of City- owned artwork. Review needed conservation work with Scottsdale Arts to determine if a plan for completing the work has been developed, including items in the Museum collection that may need restoration.	Jun 2025: Scottsdale Arts submitted a 5-year plan for maintenance and conservation of public art in May. A similar plan for the Museum collection is also needed. Sep 2025: Management reported that a new conservation plan for the SMOCA collection is currently in development. Feb 2026: The department reported that the SMOCA director hired in September has since left the organization without completing the conservation work plan. The remaining staff has identified 3 artworks that could benefit from conservation and are working on a format and cost estimate for these pieces. May 2026: The department reported that Scottsdale Arts is preparing the conservation plan for presentation to the City in June 2026.	In Progress	<input type="checkbox"/>
2.4	The Tourism and Events Director should determine actions that should be taken when items from the Portable collection are identified as missing, including establishing responsibilities for reporting damage and relocation of portable art placed in City buildings.	Jun 2025:The Department is in process of developing a process for reporting missing art and establishing the actions that will be taken. Sept 2025: This work is in progress. Feb 2026: The department updated its collections policy with procedures for identifying missing or damaged Portable collection works and documenting relocation of items.	Implemented	<input checked="" type="checkbox"/>
2.5	The Tourism and Events Director should assess whether the Arts and Cultural Events calendar requirement should be continued or modified. If continued, require more active maintenance of the site and establish performance goals.	Jun 2025: The proposed contract extension eliminates the requirement for maintaining a cultural events calendar.	Implemented	<input checked="" type="checkbox"/>

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3.1	<p>The Tourism and Events Director should ensure that Scottsdale Arts provides a separate accounting for these earmarked funds as required in the Agreement and tracks unspent restricted funds. Also, ensure restricted uses are formalized in Financial Participation Agreements or other City contracts.</p>	<p>June 2025: This recommendation is in progress. The next deadline for reporting of earmarked funds will be December 31st in the proposed contract extension (this report was normally due February 1st). Sept 2025: This recommendation will be reviewed after the December deadline. May 2026: Section 5.5 of the June 2025 Financial Participation Agreement requires a separate accounting of each earmarked fund by June 30, 2026. Auditors will request this report at the next status update. The Tourism department confirmed that restricted funds continue to be explicitly identified in the 2026 FPA.</p>	In Progress	<input type="checkbox"/>
3.2	<p>The Tourism and Events Director should Develop a reporting format that captures financial information that will help inform performance evaluations and future funding decisions.</p>	<p>June 2025: Tourism is proposing a 6-month extension of the existing contract expiring this month. Discussions for the future agreement include enhancements to financial reporting. Sept 2025: Council approved a one-year extension at its June 2025 meeting. Negotiations for a new agreement are in progress. Feb 2026: The new MSA contains updated expectations for reporting of KPI's and financial information. No standard reporting format has been required, though Tourism may choose to develop one in the future.</p>	Part Impl'd	<input checked="" type="checkbox"/>
3.3	<p>The Tourism and Events Director should develop a tracking tool for monitoring completion of deliverables and ensuring that required documentation has been provided in a timely manner.</p>	<p>June 2025: The department reported that it has drafted a Contract Management Plan. Implementation of this tool will be reviewed at the next status update. Sept 2025: No additional progress was reported on the development of a deliverables tracking tool. Feb 2026: A tracking tool has not been developed, but the department reported that deliverables and their due dates are listed in a separate MSA exhibit, which will facilitate tracking of completion.</p>	Part Impl'd	<input checked="" type="checkbox"/>

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3.4	The Tourism and Events Director should, as a new Management Services Agreement is negotiated, work with the City Attorney's Office to develop and recommend to City Council the inclusion of options for contract remedies when key requirements are not met.	June 2025: The department reported that discussions are underway for inclusion in the next MSA. Sept 2025: The department reported that negotiations were ongoing, with the goal of bringing a new contract to Council in December. Feb 2026: The new MSA evaluates contractor performance against the adopted KPI's and expands on terms for breach and termination of the agreement.	Implemented	<input checked="" type="checkbox"/>