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Date: September 9, 2009

To: Audit and Finance Committee

From: Jennifer Ruttman, Interim City Auditor 

Subject: Mesa Arts Center Event Settlements Follow-up Review

cc: Kari Kent, Deputy City Manager  
Johann Zietsman, Mesa Arts Center Executive Director  
Randall Vogel, Performing Arts Center Administrator

**Background:**

In November 2007, we issued a report on our audit of MAC Event Settlements. The objective of that audit was to determine whether MAC procedures and controls are adequate to provide reasonable assurance that event settlements are properly managed, including compliance with applicable contracts. Our final report included five Corrective Action Plans with recommendations to address our findings. We recently completed a routine follow-up review to determine whether changes were implemented as agreed and whether new procedures are being followed.

**Summary:**

During this follow-up review, we found that the MAC has significantly improved the policies, procedures and documents associated with event settlements. Specifically:

- Internal controls have been improved as a result of implementing recommended procedures. Event files now contain more accurate and complete data and documentation.
- Overall contract management is significantly improved, including finalizing a standard contract for non-rental events and implementing director-level reviews.
- Controls over the waiving of fees have been established and the Director now reviews all waivers.
- Credit card fees are now calculated correctly, and the MAC is recouping 100% of these costs.
- A new database is nearly complete and will address errors and inconsistencies in the existing spreadsheet used to prepare offers/settlements.

It is important to note that development of the new database is not yet complete and it is not fully implemented at the date of this report. We do not consider this a finding for purposes of this review, as no specific implementation date was indicated in the MAC's response to the original audit report. However, until the new system is fully implemented, the potential for errors and inconsistencies in the offer/settlement spreadsheet still exists.

Except as noted above, corrective measures have been implemented to satisfy our recommendations. We commend the MAC staff for these improvements and thank them for their cooperation and professionalism throughout the audit and review processes.



**MEMORANDUM**

Date: 9.03.09  
To: Chris Brady  
Through: Kari Kent  
From: Johann Zietsman  
Phone: 6601  
Re: MAC Event Settlements Follow-up Review

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In response to the attached {Draft} report from Jennifer Ruttman (dated August 24, 2009):

- 1 We appreciate the City Auditor's positive comments regarding improvements made by our staff;
- 2 We thank the City Auditor staff for their constructive and helpful approach – it contributed hugely to our ability to improve systems and operations;
- 3 Although no response is required, we record again our commitment to complete the new database as soon as possible.

Thank you.

Sincerely

JOHANN F ZIETSMAN  
EXECUTIVE DIRECTOR

CC: Randall Vogel  
→ Jennifer Ruttman