



MEMORANDUM

To: Mayor and Council

From: Leslie Browder, Chief Financial Officer

Date: November 2, 2007

Subject: Ratification of Payment for Booth Rental for 2006 World Conference on Information Technology

At the meeting of the Council's Audit and Finance Committee on October 23, 2007, we indicated that we would be bringing an item for Council's consideration to approve the ratification of payment related to the World Conference on Information Technology for the rental of booths during the 2006 conference.

The World Congress on Information Technology (WCIT) conference was a unique opportunity to showcase Austin to technology leaders from around the world. WCIT had been planned for two years, beginning in April 2004 when the City Council approved a resolution pledging \$1,000,000 in cash and in kind support for the 2006 conference and directed the City Manager to facilitate staging of the event at the Austin Convention Center. Unfortunately, due to last minute sponsorship problems and a projected revenue shortfall identified by the third-party event organizer, the City Council had to approve additional funding of \$500,000 to ensure that the event was held and that vendors providing services for WCIT did not go unpaid.

As noted at the October Audit and Finance Committee meeting, because the third-party event organizer had already made commitments to the vendors providing services, the City was not involved in the selection of the vendors. Due to these unusual circumstances, the City did not follow its own established procedures when the vendor payments were processed.

During the course of the 2006 financial audit conducted by KPMG, they took the position that a certain rental of booths for the event was unauthorized, because it exceeded the City Manager's administrative purchasing authority at the time, which was \$47,000 in fiscal year 2006. The total cost for the booths was \$57,548. To address KPMG's concerns, the agenda item will request ratification of the entire \$57,548, although the City Attorney believes that the City Council's authorization of additional funding in April 2006 provided the appropriate authorization for this expenditure.

During discussion at the Council's Audit and Finance Committee on October 23, 2007, committee members suggested that staff explore additional controls that could help prevent unexpected funding problems in the future, such as bonding requirements for large events. Our procurement staff will work with the Convention Center department to determine if there are additional aspects related to event contracting that could potentially be further strengthened. Additionally, we plan to implement procurement training for our department directors, assistant directors and financial managers in the next several months to reinforce knowledge of our existing procurement and payment processes, and then to require refresher training on a regular basis thereafter.