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**Despite FY2016 budget reductions, new HTA leadership continues to refine operations and implement our 2013 audit recommendations.**

# Follow-Up on Recommendations Made in Report No. 13-09, *Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority*

**Report No. 16-05, May 2016**

The 2008 Legislature amended the Auditor's governing statute to require follow-up reporting on recommendations made in various audit reports to ensure agency accountability over audit recommendations. The purpose of this change was to apprise the Legislature annually of recommendations not implemented by audited agencies, and to require such agencies to submit a written report no later than 30 days after issuance of our report explaining why the recommendation was not implemented and the estimated date of its implementation.

## ***New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting***

Our review focused on the Hawai'i Tourism Authority's implementation of 14 audit recommendations made in Report No. 13-09, *Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority*. This report details each recommendation, its status, and actions taken related to the recommendation. We deemed nine recommendations closed (64 percent) and five open but in progress (36 percent).

## **Authority's lack of a cohesive marketing plan and poor reporting on measures of effectiveness impeded transparency**

By law, the authority is responsible for developing and annually updating a tourism marketing plan that identifies marketing efforts and targets. It also must establish measures of effectiveness and document progress of the marketing plan in meeting strategic plan goals. This provision is designed to hold HTA accountable for state tourism marketing efforts. In Report No. 13-09, we found that HTA's "marketing plan" was nearly 600 pages, spread across more than a dozen documents, and fell short of statutory requirements.

Contract monitoring needed improvements to ensure contractors' obligations and performance expectations. We also found that without improved contract monitoring, HTA could not ensure that contractors were held accountable for the use of those taxpayer funds. It lacked policies, procedures, and training needed to ensure consistent and efficient monitoring of its marketing contracts and Access and Signature Events programs. For example, HTA did not ensure that contractors submitted final reports and did not routinely conduct final evaluations of contractors. Contract files were also missing key reports.

## **New administration continues reform efforts started by its predecessors**

The prior administration began efforts to implement our audit recommendations shortly after the release of Report No. 13-09. Even before statutory amendments were passed during the 2014 legislative session, HTA re-evaluated its strategic plan and performance measures and augmented its policies and procedures with internal controls, as well as increased training and implemented a new quality assurance process. By mid-2015, HTA underwent major organizational changes. The authority hired a new president and chief executive officer, filled a newly created chief operating officer position, and appointed a new board chair. The former HTA vice president of Brand Management left the organization and the retitled vice president of Marketing and Product Development post was filled in January 2016. The new administration was faced with the challenge of reducing staff by eight positions due to FY2016 budget reductions. Nevertheless, HTA has continued to refine operations and work toward full implementation of almost all our 2013 audit recommendations.