

**REPLY AND IMPLEMENTATION SUMMARY
FOLLOW-UP REVIEW OF AUDIT OF THE ECONOMIC INCENTIVE AGREEMENTS PROCESS**

#	RECOMMENDATION	RESPONSE	CURRENT STATUS	IMPLEMENTATION DATE	AUDITEE COMMENTS
1	The Economic Development Department, in conjunction with other appropriate departments/functions, should develop City Policies and Procedures to provide direction, consistency and appropriate internal control activities in administering the economic incentive programs.	Concur	Planned for Implementation	April 2006	Policy and Procedures are currently being drafted to provide direction and consistency on administering economic incentive programs, including the process for verifying performance requirements and releasing payment.
2	The Economic Development Department should take responsibility for overseeing the due diligence and, in conjunction with other offices/departments, define the roles and responsibilities of those functions within the process.	Concur	Implemented	January 2005	The Economic Development Dept. took responsibility for overseeing the due diligence process by assigning it to the Economic Development Business Analyst.
3	The Economic Development Department should continue its plans to include the Due Diligence Checklist with the other documents submitted to the City Council and appropriate advisory boards for background information of work performed by staff in assessing the viability of the proposal.	Concur	Implemented	January 2005	A Due Diligence Checklist is submitted with all due diligence material to City Council.
4	The Economic Development Department should develop a due diligence transmittal letter that provides areas for all involved departments to reflect the results of their due diligence, including Department Direction signatures to evidence supervisory review and approval.	Concur	Implemented	January 2005	The Economic Development Director signs the Due Diligence Transmittal Letter. Legal counsel for the CRA, and the CFO reviews and signs off on all information obtained through the due diligence process as it relates to legal and financial matters.
5	The Chief Financial Officer should establish a committee of appropriate department representatives to meet and discuss economic incentive agreement current and future funding requirements, at least annually prior to the budget process.	Concur	Planned for Implementation	Spring 2006	The Office of the Chief Financial Officer plans to establish a Committee of 5-6 members consisting of Finance, Legal Affairs and Economic Development staff.

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6	The Economic Development Department, through a Policy and Procedure (See also recommendation #1), develop standardized documentation which Program Managers would sign certifying that performance requirements have been verified and accepting responsibility for release of funds without further documentation needed by Management, Budget & Accounting.	Concur	Partially Implemented	January 2005 April 2006	The Economic Development Dept. has developed matrices listing the unique requirements/benchmarks for each incentive agreement and ensures all performance requirements/ benchmarks are met before requesting release of funds. As stated in #1, policy is currently being drafted that will formally provide direction for verifying performance and releasing funds. While there is presently no written City policy in place, performance verification comes under Florida Statutes and our responsibility to the CRA.
7	The Economic Development Department should establish a Post Completion Analysis program to gather information that will enable the evaluation of projects in the light of actual performance and to provide periodic summaries to the Mayor and Cabinet.	Concur	Partially Implemented	April 2006	A Post Completion Analysis Program will formally be established under the Policy being drafted to report on the effectiveness of all incentives issued by the Economic Development Department. Although an analysis program is not currently documented under City Policy, staff periodically evaluates all incentive programs to ensure their effectiveness in reaching targeted markets and providing a sufficient return on investment. For example, the former Retail and Restaurant Incentive was revised partly due to the fact that the program did not deliver the desired results. The revised program, Destination Activity Catalyst, is under evaluation.