

City of Corpus Christi City Auditor's Office

Planning & Economic Development

American Bank Center, now known as the Hilliard Center

A25-004



Audit Objective & Scope

Objective

Assess the management of the third-party entity, Oak View Group (OVG), over the Hilliard Center and the effectiveness of its compliance with the City of Corpus Christi contributions and contractual requirements.

Scope

October 1, 2022, through September 30, 2025

Scope Limitation

The absence of audited financial statements for 2022 through 2025, and the reported unavailability of the management company's previous accounting system, Sage, prevented us from conducting cost-allowability tests and other essential financial analyses.

Work Performed

- Interviewed staff members in the City's Planning and Economic Development Department, Finance Department, and OVG
- Conducted walkthroughs at the Hilliard Center, Selena Auditorium, Convention Center, and Ticket Box Office
- Reviewed and tested the contracts between the City of Corpus Christi, OVG, Ticketmaster, and third-party vendors
- Reviewed and tested bank account deposits, withdrawals, and balances
- Reviewed the naming rights process
- Reviewed and tested expenses vs. capital improvements
- Evaluated internal controls related to financial management in the City's and OVG's Finance Departments
- Reviewed and discussed best practices with other Texas cities to understand how they monitor contracts for convention centers

Findings vs. Observations

Finding

An issue where the department is non-compliant with a contractual provision, a city policy, or a procedure. A finding may also be identified as an effect on the schedule or budget or an immediate control risk.

Observation

The auditor has determined that the issue poses a possible risk of becoming a finding. An observation might also be a process improvement.

The City Auditor's Office identified eleven findings and two observations while conducting this audit.

Findings

1. Key Performance Indicator (KPI) Reporting and Performance Monitoring Process is Not Adequately Implemented
2. Customer Complaints and Incident Information Are not Systematically Tracked or Reported
3. Ineffective Naming Rights Selection and Management
4. Lack of Documented, Structured Vendor Selection Process
5. Lack of Documented Procedures and Weak Controls Over Assets and Inventory
6. Inadequate Control, Transparency, and Reporting of Complimentary Ticketing
7. Inconsistent Provision of On-Site Medical Emergency Coverage at Events
8. Governance and Oversight Risks in the Management of City Contracts with Operator-Affiliated Companies

Findings continued

9. Formal Process, Procedures, and Governance Structure Are not Adequately Established
10. Financial Data Access and Verifiability Are Limited by the Current Accounting Information-Sharing Process
11. Non-Compliance with Interest-Bearing Account Requirement

Observations

1. Contract Administrator Needs More Staff
2. Comprehensive Review and Strategic Gap Analysis of the Facility Management Agreement

Recommendations

- Establish a Governance Framework: Formalize an operating agreement between OVG and the City that clearly defines roles, approval thresholds, and oversight responsibilities.
- Standardized Performance Tracking: Implement Performance Measurement Protocols for KPIs, hold periodic validation meetings, and centralize the tracking of customer complaints and incidents.
- Strengthen Asset & Policy Controls: Develop formal written policies for asset management (including physical reconciliations), naming right valuations, and risk-based safety/medical staffing.
- Enhance Financial Transparency: Implement independent reviews of OVG's affiliate and sister companies' contracts.
- Comprehensive Technical Review: Establish a formalized "Finance-to-Legal" feedback for future contractual negotiations and implement a mandatory review process where Finance signs off on the banking and financial clauses before Management Agreements are finalized.

Management Response

Management has agreed to have all actions, whether agreed or partially agreed, implemented by April 2027.

Type	Agree	Partially Agree	Disagree
Findings	4	7	0
Observations	2	0	0

Thank You!

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