

**Follow – Up Audit
of the
Orlando/Orange County
Convention and Visitors
Bureau, Inc.**

**Report by the
Office of County Comptroller**

**Martha O. Haynie, CPA
County Comptroller**

County Audit Division

J. Carl Smith, CPA
Director

Christopher J. Dawkins, CPA
Deputy Director

Deborah W. Owens, Audit Supervisor
In-Charge Auditor

**Report No. 295
December 2000**

TABLE OF CONTENTS

| | |
|--|----|
| Transmittal Letter..... | 1 |
| Implementation Status of Previous Recommendations for Improvement | 2 |
| Introduction..... | 6 |
| Scope and Methodology..... | 7 |
| Follow-up To Previous Recommendations for Improvement | 9 |
| 1. The Convention and Visitors Bureau Should Develop a Comprehensive Written Investment Policy | 10 |
| 2. The CVB's Master Repurchase Agreement Should Have Terms and Conditions As To Collateral, Purchased Securities, and Margin Ratio Requirements..... | 10 |
| 3. Controls Over Safeguarding Assets Should Be Strengthened..... | 11 |
| 4. Computer Backup Files of Important Contractor's Information Should Be Stored At an Off-Site Location | 13 |
| 5. Coupons for Attractions Should Have an Expiration Date and the CVB Should Consider Writing Off a Portion of Accounts Payable Covering These Coupons | 13 |
| 6. Internal Controls Over Fixed Assets Should Be Strengthened..... | 14 |
| 7. Insurance Coverage in the Event of Employee Dishonesty Should Be Increased | 16 |
| 8. Controls Over Travel and Expense Reimbursements Should Be Strengthened..... | 17 |
| 9. Auditing Services Should Be Obtained On a Periodic, Competitive Basis..... | 18 |
| 10. Procedures for the Credit and Collection Process Should Be Strengthened | 18 |
| 11. Procedures Prescribing a Detailed Request for Bids Process and Sole Source Conditions Should Be Developed..... | 20 |
| 12. An Addendum to the Existing Agreement Between Orange County and the CVB Should Be Created..... | 20 |
| Additional Recommendations for Improvement | 22 |
| 1. Future Non-TDT Expenditures Should Be Monitored | 23 |

December 8, 2000

Mel Martinez, County Chairman
And
Board of County Commissioners

We have conducted a follow-up audit of the Orlando/Orange County Convention & Visitors Bureau, Inc. Our original review included the period of January 1, 1996 to April 30, 1997. Testing of the status of the previous Recommendations for Improvement was performed for the period October 1, 1999 through January 31, 2000. Our audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous condition and the previous recommendation. Following the recommendations is a summary of the current status as determined in this review. In addition, we found another concern during our follow-up that is presented in the Recommendations for Improvement section at the conclusion of this report.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
William C. Peeper, President/CEO, Orlando/Orange County Convention & Visitors Bureau, Inc.
Alan Villaverde, Chairman, Executive Committee of the Orlando/Orange County Convention & Visitors Bureau, Inc.

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS FOR
IMPROVEMENT**

**FOLLOW-UP OF ORLANDO/ORANGE COUNTY CONVENTION & VISITORS BUREAU, INC.
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

| NO. | PREVIOUS RECOMMENDATION | IMPLEMENTATION STATUS | | | |
|-----|--|-----------------------|-----------------------|-----------------|----------------|
| | | IMPLEMENTED | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED | NOT APPLICABLE |
| 1. | We recommend the CVB develop a comprehensive written investment policy. | X | | | |
| 2. | We recommend the CVB request the bank to add an addendum to the Master Repurchase Agreement to include collateral requirements, purchased securities requirements, and margin ratio requirements. | X | | | |
| 3. | We recommend the CVB perform the following: | | | | |
| A) | Relocate the blank checks to a secure location and limit access to the Director of Finance and Administration and the Accounting Manager. | X | | | |
| B) | Implement a procedure whereby an employee, segregated from the recording function, issues blank POs, and logs the applicable number of the POs issued into a logbook for later reconciliation . | X | | | |
| C) | Secure attraction ticket coupons and limit access to as few employees as possible to ensure accountability. | X | | | |
| 4. | We recommend the CVB require the outside contractor who manages some of the CVB's databases to keep backup computer files of important information at an off-site storage location, preferably in a bank safe deposit box. | X | | | |
| 5. | We recommend the CVB place reasonable expiration dates on coupons issued for attractions, prepare an aging of the outstanding coupons, and develop a formula for transferring old amounts from the accounts payable account to an "other revenue" account. | X | | | |
| 6. | We recommend the CVB take the following actions: | | | | |

**FOLLOW-UP OF ORLANDO/ORANGE COUNTY CONVENTION & VISITORS BUREAU, INC.
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

| NO. | PREVIOUS RECOMMENDATION | IMPLEMENTATION STATUS | | | |
|-----|--|-----------------------|-----------------------|-----------------|----------------|
| | | IMPLEMENTED | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED | NOT APPLICABLE |
| A) | Ensure all fixed assets valued at a specified amount (such as \$250 or \$500) are tagged with an identifying number and included in the property records. | | X | | |
| B) | Conduct a physical inventory of all fixed assets and implement a procedure for conducting an inventory at least every two years and reconcile differences, if any, to the property records. | | X | | |
| C) | Ensure fixed assets are identified separately in the depreciation schedules for accuracy of calculations. | | | X | |
| 7. | We recommend the CVB increase insurance coverage for employee dishonesty to at least \$200,000. | X | | | |
| 8. | We recommend the CVB perform the following: | | | | |
| A) | Obtain office items with the use of purchase orders or check requests. | X | | | |
| B) | Implement a procedure using a travel authorization system in which an approved travel authorization is prepared by employees. When the trip is complete, the employee should submit receipts justifying funds expended with a copy of the authorization. | | X | | |
| 9. | We recommend the CVB establish a policy to acquire auditing services through competitive bidding and consideration be given to the mandatory rotation of auditing firms after a set number of years. | X | | | |
| 10. | We recommend the CVB revise its credit and collection policies and procedures to include the following: | | | | |

**FOLLOW-UP OF ORLANDO/ORANGE COUNTY CONVENTION & VISITORS BUREAU, INC.
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

| NO. | PREVIOUS RECOMMENDATION | IMPLEMENTATION STATUS | | | |
|-----|---|-----------------------|-----------------------|-----------------|----------------|
| | | IMPLEMENTED | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED | NOT APPLICABLE |
| A) | Credit histories of prospective members should be obtained and reviewed prior to their granting credit to members, and credit limits should be established and enforced based on their credit records. | | | X | |
| B) | Dollar limits should be established for managers to authorize transfers to collection agencies or written off as bad debts, and the director of the appropriate department should sign off on these transactions as well as the Director of Finance and Administration . | | X | | |
| 11. | We recommend the CVB develop detailed procedures for the use of comprehensive RFPs and sole source conditions and incorporate these into their written purchasing procedures. | X | | | |
| 12. | We recommend an addendum to the agreement between Orange County and the CVB be created to recognize CVB's fiduciary responsibility to Orange County to ensure that its operations are managed in an effective and economical manner. Also, the addendum should ensure the Orange County Comptroller and her staff has access to all accounts and records (including operations and performance reporting data) necessary to perform an audit. | | | X | |

INTRODUCTION

INTRODUCTION



Follow-Up Audit of the Orlando/Orange
County Convention & Visitors Bureau, Inc.

Scope and Methodology

The audit scope was limited to determining the status of the Recommendations for Improvement noted in the previous audit of the Orlando/Orange County Convention & Visitors Bureau, Inc. (CVB) issued in December of 1997.

The objectives of the audit was to determine whether the recommendations from the previous audit have been implemented, partially implemented, or not implemented; and

To determine the status of recommendations from the previous audit report, we obtained a copy of the CVB's investment policy and evaluated the comprehensiveness of its procedures, and verified that the CVB's Board of Directors approved the policy.

We obtained a copy of the CVB's Master Repurchase Agreement and ensured those provisions addressing collateral requirements, types of securities purchased and margin ratio requirements have been included.

We made observations and performed inquiries to determine whether procedures to safeguard blank checks, blank purchase orders, and attraction tickets have been enhanced.

To ensure that security of the CVB's customer database computer files have been enhanced we made inquiries to determine whether backups are stored at a separate off-site location.

We reviewed accounting procedures for recording outstanding attraction vouchers and determined whether expiration dates are printed on the vouchers.

We selected a sample of ten items listed in the property records and verified the items have a property tag. We selected an additional sample of ten items and traced each to the property records. We reviewed property records to determine whether biennial physical inventories are being performed and that fixed assets are separately identified in depreciation schedules.

INTRODUCTION



Follow-Up Audit of the Orlando/Orange
County Convention & Visitors Bureau, Inc.

We reviewed the CVB's fidelity insurance policy to ensure that coverage for employee dishonesty has been increased to at least \$200,000.

We scanned expense reports reimbursed during the follow-up period to ensure that credit card purchases have been authorized and were within policy guidelines. We also determined whether procedures have been implemented requiring prior management authorization for travel.

We determined whether a policy has been established requiring competitive bidding for auditing services and the periodic rotation of auditing firms.

The CVB's credit policy was examined to determine whether procedures requiring credit history checks of prospective members and threshold amounts for bad debt expense has been included. We scanned documentation supporting bad debt expenses to ensure that appropriate management personnel authorized the transactions.

We reviewed the CVB's purchasing policies to ensure that instructions cover the use of a comprehensive Request for Proposals and conditions for sole source purchasing.

We obtained the current agreement between Orange County and the CVB to determine whether an addendum has been included requiring CVB operations to be managed in an effective and economical manner and granting the Comptroller access to all accounts and records.

To determine whether Tourist Development Tax funds were included in the CVB's donation to the University of Central Florida's Hospitality School, we reviewed the CVB's accounting records. From the information obtained, we performed financial ratio analyses to determine the origin of the donation.

In addition, we reviewed monies donated to the University of Central Florida's Hospitality School by the CVB to determine whether Orange County Tourist Development Tax funds were used.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**

1. The Convention and Visitors Bureau Should Develop a Comprehensive Written Investment Policy

Although the CVB is investing in a repurchase agreement with a bank to maximize earnings on its cash balances, the CVB does not have a comprehensive, written investment policy. Without an effective investment policy, the CVB may not be maximizing its potential for obtaining additional revenues for operations and safeguarding funds invested.

We Recommend the CVB develop a comprehensive written investment policy.

Status:

Implemented. The CVB created a written investment policy that covers objectives, general guidelines, permissible instruments and maturities. The Board of Directors approved the policy on December 19, 1997.

2. The CVB's Master Repurchase Agreement Should Have Terms and Conditions As To Collateral, Purchased Securities, and Margin Ratio Requirements

The CVB has a Master Repurchase Agreement with a bank, whereby funds on overnight deposits are used to purchase investments for the CVB. The bank then purchases them back the next day. The Agreement does not contain all the provisions available to the CVB to fully protect the funds invested. The Agreement does not contain terms and conditions specifying the following: the type of collateral required, the type of securities to be purchased, or the exact percentage used to calculate the "Buyers Margin Amount."

We Recommend the CVB request the bank to add an addendum to the Master Repurchase Agreement to include collateral requirements, purchased securities requirements, and margin ratio requirements.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

Status:

Implemented. After our initial audit, the CVB and the bank agreed to the conditions in the recommendation and the addendum was added at that time. On October 8, 1999, another agreement was entered into containing the same addendum.

3. Controls Over Safeguarding Assets Should Be Strengthened

In reviewing the CVB's procedures for safeguarding assets, we noted the following:

- A) Stocks of blank checks are not sufficiently safeguarded. Boxes of blank checks, each containing 1,000 checks, are kept in a storage area that is not secured.
- B) Blank purchase orders (POs) are not adequately controlled. Blank POs are kept in the Finance Department, together with a logbook. Persons who need POs take what they need and log the information into the logbook. A clerk in the Finance Department periodically reconciles the blank POs taken to those used.
- C) During our review of procedures at the Visitor Information Center (VIC), we found that more individuals than necessary have access to inventories of attraction ticket coupons, valued at approximately \$100,000. The coupons are kept in two drawers that are part of a safe kept at the VIC. The key to the safe is easily accessible to more than nine employees of the CVB.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

We Recommend the CVB perform the following:

- A) Relocate the blank checks to a secure location and limit access to the Director of Finance and Administration and the Accounting Manager.
- B) Implement a procedure whereby an employee, segregated from the recording function, issues blank POs, and logs the applicable number of the POs issued into a logbook for later reconciliation.
- C) Secure attraction ticket coupons and limit access to as few employees as possible to ensure accountability.

Status:

- A) Implemented. Blank checks are kept in a locked cabinet in the Accounting Manager's office. Only the manager and the Vice President of Finance and Administration have a key.
- B) Implemented. Blank POs are stored in a cabinet in the Finance Department. An accounting clerk is responsible for issuing POs, recording the names of employees issued POs and determining the status of open POs.
- C) Implemented. Attraction tickets at the VIC are stored in a locked vault behind a secured counter area. Access to this area is limited to three employees only two of which are allowed entrance to the vault. A log book is used to record the ticket numbers issued for sale and the ticket numbers returned to the vault at the conclusion of each day's business. Two employees sign the logbook documenting the verification procedures.

4. Computer Backup Files of Important Contractor's Information Should Be Stored At an Off-Site Location

Databases of information, important to the marketing efforts of the CVB, are managed by an outside contractor for the CVB. As part of the contract, the company is required to have adequate security over the computer files relative to this information. As part of the computer security procedures, files are backed up and stored in the computer room of the contracted company. No backup files are stored off-site.

We Recommend the CVB require the outside contractor who manages some of the CVB's databases to keep backup computer files of important information at an off-site storage location, preferably in a bank safe deposit box.

Status:

Implemented. Per correspondence from the contractor to the CVB, a daily, week-end, and month-end backup is made of all CVB computer data. The data consists of names and addresses of individuals who have contacted the CVB after seeing advertisements for Orlando. Daily and week-end backups are secured at the contractor's site. Month-end backups are secured at a site different than the contractor's location. The CVB also keeps copies of these databases.

5. Coupons for Attractions Should Have an Expiration Date and the CVB Should Consider Writing Off a Portion of Accounts Payable Covering These Coupons

Funds totaling approximately \$45,000 are restricted as accounts payable to cover the redemption of coupons sold by the CVB for admission to attractions. These coupons do not have expiration dates. However, some of these, valued at more than \$35,000 were issued as far back as 1994, and it is clear that at least some of these will not be redeemed. A

STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

portion of these could be written off and considered “other revenue” and the corresponding funds be put to better use by the CVB.

We Recommend the CVB place reasonable expiration dates on coupons issued for attractions, prepare an aging of the outstanding coupons, and develop a formula for transferring old amounts from the accounts payable account to an “other revenue” account.

Status:

Implemented. Ticket voucher forms were reordered in January 2000. The final artwork for the voucher shows the addition of “expires one year from date of voucher” on the bottom of the voucher. When a voucher is purchased, the register prints the name of the attraction on the voucher and the date of purchase.

The year-end voucher liability schedule is aged according to year and only contains vouchers for the prior three years. The current year liability appears in the financial statements.

6. Internal Controls Over Fixed Assets Should Be Strengthened

The acquisition value of CVB’s fixed assets exceeds \$2 million. We noted numerous items, such as file cabinets, computers, and other types of office furniture and/or equipment, that were not tagged with identifying numbers. Virtually none of the fixed assets at the VIC were included in the property files. A physical inventory of fixed assets had not been taken in two years. It was also noted that the CVB has two separate systems, one for the calculation of depreciation and the other to control the physical location of the assets. In the depreciation schedule, some like items are lumped together for depreciation purposes so it is not possible to verify depreciation for individual assets in these categories.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

We Recommend the CVB take the following actions:

- A) Ensure all fixed assets valued at a specified amount (such as \$250 or \$500) are tagged with an identifying number and included in the property records.
- B) Conduct a physical inventory of all fixed assets and implement a procedure for conducting an inventory at least every two years and reconcile differences, if any, to the property records.
- C) Ensure fixed assets are identified separately in the depreciation schedules for accuracy of calculations.

Status:

- A) Partially Implemented. Generally, fixed assets are tagged and included in the property records. However, in reviewing a sample of inventory we were unable to locate one of the ten items selected from property records. The item, a television at the VIC, had been disposed of and replaced. We also noted another item that was not tagged and not at the location recorded in the property records. An additional sample of ten items was chosen and traced to the property records. Two items, a computer and monitor, were located in an area different than that listed in the records.

We Again Recommend all fixed assets are tagged and included in the property records.

- B) Partially Implemented. Partial inventories of computer equipment are routinely conducted; however, a complete physical inventory of fixed assets has not been performed.

We Again Recommend a procedure be implemented for conducting biennial inventories and reconciling differences to the property records.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

- C) Not Implemented. Fixed assets are not identified separately in the depreciation schedules.

A new accounting system was purchased by the CVB and the general ledger system was implemented in January 2000. The fixed asset module is being implemented and a physical inventory of all fixed assets is in process. This will help ensure all fixed assets are tagged, included in the property records, and identified separately in the depreciation schedules.

We Recommend the CVB continue with the implementation of the fixed asset module and complete the physical inventory.

7. Insurance Coverage in the Event of Employee Dishonesty Should Be Increased

The CVB has insurance of \$100,000 which covers losses due to employee dishonesty. However, during the audit instances were noted where employees were entrusted with attraction ticket coupons valued in excess of \$200,000.

We Recommend the CVB increase insurance coverage for employee dishonesty to at least \$200,000.

Status:

Implemented. The CVB has obtained fidelity insurance against employee dishonesty totaling \$200,000. However, we did note that its inventory could exceed the bonding amount; therefore, management should periodically review the value of inventory on hand to determine whether there may be a need to increase insurance coverage.

8. Controls Over Travel and Expense Reimbursements Should Be Strengthened

During our review of travel and expense reimbursements, we noted the following:

- A) Computer software and an office throw rug were purchased with credit cards issued to employees. Although these purchases were for CVB related business, we believe credit cards should only be used by employees for CVB travel.
- B) There is no requirement for employees to prepare a formal travel authorization for submission to management for approval of out-of-town travel, against which subsequent expenses are to be reconciled.

We Recommend the CVB perform the following:

- A) Obtain office items with the use of purchase orders or check requests.
- B) Implement a procedure using a travel authorization system in which an approved travel authorization is prepared by employees. When the trip is complete, the employee should submit receipts justifying funds expended with a copy of the authorization.

Status:

- A) Implemented. A review of travel and expense reimbursements noted no instances of office items purchased with credit cards.
- B) Partially Implemented. A travel authorization form has been developed, but the form was not in use during our follow-up. The form requires approval for expenses prior to travel and subsequent review of those expenses with supporting receipts upon the employee's return.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

We Recommend the CVB use the authorization form as soon as possible to document employee travel expenses.

9. Auditing Services Should Be Obtained On a Periodic, Competitive Basis

During our review of the CVB's outside auditing services, we had the following concerns:

- A) The original auditing contract was not awarded through a competitive process. Contracts should be awarded through a competitive process for a specified period (e.g. three years).
- B) The same firm has provided auditing services for the past seven years. Consideration should be given to rotating auditing firms on a periodic basis. Although these services seem adequate for the CVB, the use of a different firm can provide an additional independent analysis of internal controls, which may uncover weaknesses or problems not uncovered previously.

We Recommend the CVB establish a policy to acquire auditing services through competitive bidding and consideration be given to the mandatory rotation of auditing firms after a set number of years.

Status:

Implemented. Prior to the audit of the 1997 fiscal year financial statements, a Request for Proposal was used to engage an auditor for five years.

10. Procedures for the Credit and Collection Process Should Be Strengthened

The CVB has more than 1300 active member organizations which pay dues for membership and pay other charges for

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



various services. During our review of the CVB's credit and collection procedures, we noted that the policy of the CVB does not include obtaining a credit history of the prospective member or the enforcement of credit limits once the member has been accepted. Also, we found that individual department managers do not authorize amounts written off as bad debts.

We Recommend the CVB revise its credit and collection policies and procedures to include the following:

- A) Credit histories of prospective members should be obtained and reviewed prior to their granting credit to members, and credit limits should be established and enforced based on their credit records.
- B) Dollar limits should be established for managers to authorize transfers to collection agencies or written off as bad debts, and the director of the appropriate department should sign off on these transactions as well as the Director of Finance and Administration.

Status:

- A) Not Implemented. Credit histories of prospective members are not obtained.

We Again Recommend the CVB obtain credit histories of prospective members. Credit limits should be established and enforced based on the credit records noted.

- B) Partially Implemented. Although a procedure has been implemented which requires both the signatures of the director of the appropriate department as well as the Director of Finance and Administration to approve write-offs, dollar limits have not been established for managers to authorize transfers of past due accounts receivable to collection agencies or written off as bad debts.



We Again Recommend the CVB establish dollar limits for managers to authorize transfers of past due accounts receivable to collection agencies or written off as bad debts.

11. Procedures Prescribing a Detailed Request for Bids Process and Sole Source Conditions Should Be Developed

The CVB has written purchasing procedures that prescribe the methods and procedures used in the procurement process. These procedures do not provide sufficient detail regarding when comprehensive, detailed Request for Proposals (RFPs) should be used, how and when to advertise, and how the RFPs should be formulated in order to accurately evaluate bids received from prospective vendors. In addition, purchasing procedures do not contain conditions and circumstances necessitating the purchase of sole source items or services.

We Recommend the CVB develop detailed procedures for the use of comprehensive RFPs and sole source conditions and incorporate these into their written purchasing procedures.

Status:

Implemented. Procedures for the use of RFPs and the conditions under which sole source vendors will be used have been developed.

12. An Addendum to the Existing Agreement Between Orange County and the CVB Should Be Created

During our review of the agreement between Orange County and the CVB, we had the following concerns:

- A) The existing agreement between Orange County and the CVB does not provide Orange County with

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orlando/Orange County
Convention & Visitors Bureau, Inc.

sufficient assurance that the CVB will continue to perform its operations in an effective and economical manner. We found that there is no clause in the agreement which encourages the CVB to run the operations in an efficient manner.

- B) There is a paragraph in the agreement stipulating that the Orange County Comptroller has the right to inspect and audit the CVB's books and accounts; however, it does not provide the support to allow access to other records (including operations and performance data) to ensure compliance with the terms of the contract.

We Recommend an addendum to the agreement between Orange County and the CVB be created to recognize CVB's fiduciary responsibility to Orange County to ensure that its operations are managed in an effective and economical manner. Also, the addendum should ensure the Orange County Comptroller and her staff has access to all accounts and records (including operations and performance reporting data) necessary to perform an audit.

Status:

Not Implemented. A clause to ensure the CVB would manage operations in an effective and economical manner and to ensure the Comptroller has access to all accounts and records has not been added in an addendum to the agreement.

We Again Recommend an addendum to the agreement between Orange County and the CVB be created to ensure the CVB manages its operations in an effective and economical manner and to ensure the Comptroller has access to all accounts and records.

**ADDITIONAL RECOMMENDATIONS FOR
IMPROVEMENT**



1. Future Non-TDT Expenditures Should Be Monitored

During our review, it came to our attention that the CVB had donated \$3,000,000 to the University of Central Florida (UCF). In 1999, the CVB entered into a contingent agreement to contribute \$5,000,000 to UCF over a five-year period to expand the University's hospitality program. Management anticipates payment of the remaining \$2,000,000 under the agreement will be paid in 2002 and 2003. We were informed by the management of the CVB that these funds were private donations to the CVB and not Tourist Development Tax (TDT) funding furnished by the County. TDT rules do not provide for the funding of a hospitality program. The CVB commingles all monies received from the County and private sources and does not specifically identify monies spent from each funding source. During the fiscal year 1999, the CVB showed revenues from TDT of \$19 million and other funding of \$12.4 million. As such, the total private funding exceeded the donation made to UCF. Because monies are commingled, the CVB should ensure the planned future contributions do not exceed total private contributions. If the donation to fund the hospitality program exceeds private donations, a violation of the TDT rules could occur.

We Recommend the CVB continue to ensure that commingled funds spent for non-TDT purposes do not exceed private donations.

Management's Response:

We concur. As noted in the auditor's comments, the Orlando CVB's payment under agreement with University of Central Florida for its hospitality program utilized funds generated from private sources. As recommended, Orlando CVB management will continue to ensure that any such future payments will be made from private sources and that no TDT funding will be used.