

**Orange County
Convention Center –
Smart City Internet Services**

**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

Scott H. Dezort, CPA
In-Charge Auditor

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January 31, 2008

Richard T. Crotty, County Mayor
And
Board of County Commissioners

We have conducted an audit of commission revenue received from Smart City Telecommunications, the internet service provider at the Orange County Convention Center. The audit was limited to verifying that Smart City paid commissions to the Convention Center as provided for in the internet services contract. The period audited was October 1, 2005 through June 30, 2006. Our audit was conducted in accordance with generally accepted government auditing standards, and included such tests as we considered necessary in the circumstances.

As noted in the report, Smart City is paying commissions to the County as provided for in the internet services contract and no recommendations for improvement were included. As such, a response was not requested.

We appreciate the cooperation of the personnel of the Orange County Convention Center and the internet service provider during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Tom Ackert, Executive Director, Convention Center

EXECUTIVE SUMMARY

Executive Summary

We conducted an Audit of Smart City Telecommunications (Smart City). The County contracted with Smart City to provide internet services at the Orange County Convention Center (Center). The scope of the audit was limited to verifying that Smart City paid commissions to the Center as provided for in the internet services contract. The audit period was from October 1, 2005 through June 30, 2006.

Based on the results of our testing, Smart City is paying commissions to the Center as provided for in the internet services contract. No Recommendations for Improvement are included in this report.

INTRODUCTION

Background

Since it opened in February 1983, the Orange County Convention Center (Center) has served as a venue for regional, national and international conventions, trade shows, and meetings. Five construction expansions have resulted in the Center becoming the nation's second largest convention facility with over two million square feet of exhibition space and seven million square feet of total space. According to the Center's staff, it annually provides a \$1.4 billion economic impact to the Central Florida economy and has received bookings for almost 1000 events with an estimated 13 million attendees through the year 2028. Delegates participating in these future events will add approximately \$14 billion to the area's economy.

Smart City Telecommunications (Smart City) is a full-service family of telecommunications companies. Through its various operating companies, including the mpiNET internet service in Maitland, Smart City provides voice/data, internet, WiFi, DSL, co-location, Web hosting, and managed network services to more than 10,000 businesses and residences in Central Florida, including the Center and several major theme parks, resorts, and hotels.

In August 2001, the County contracted with Smart City to provide internet services at the Center. Smart City paid the Center a 30 percent commission from internet services gross revenue and a fixed fee ranging from \$199 to \$994 for each internet connection. The Center received \$1.8 million and \$2.2 million in contract revenue during fiscal years 2005 and 2006 respectively. As a result of a competitive Request For Proposals, Smart City was awarded a new contract with services beginning on January 1, 2007, and ending on December 31, 2014.

**Scope, Objectives,
and Methodology**

The scope of the audit was limited to verifying that Smart City paid commissions to the Center as provided for in the internet services contract. The audit period was from October 1, 2005 through June 30, 2006.

The objective of the audit was to verify that Smart City paid commissions to the Center as provided for in the internet services contract.

We reviewed the Center's event calendar and determined the population of consumer, convention, and trade shows held during the audit period. The event calendar was compared to Smart City's commission statements to ensure that the contractor included each show in reported revenue totals. Sixty-four of the eighty-five consumer, convention, and trade shows held at the Center during the audit period were reported on commission statements. For the remaining shows, Center records indicate either no exhibitors participated or the event theme; for example, the Orlando Reptile Show and Toyota Trucks Off-Road On-Site Adventure, did not suggest significant internet use. Therefore, continued testing was not performed.

Using Smart City's customer database, we tabulated individual service orders applicable to each show held at the Center for two months during the audit period. We compared the totals to aggregate revenue amounts per event reported by Smart City on monthly commission statements. Sixteen of the twenty events had no variance between tabulated and reported amounts. In the four instances where a variance existed, all were in the Center's favor—the amount of revenue on the statement subject to commission was higher than the revenue determined from the database. Favorable variances ranged from \$150 to \$2,050. Therefore, continued testing was not performed.

Questionnaires were sent to event managers and exhibitors to confirm discounted internet services, service order cancellations, and instances where the Center recorded a large number of exhibitors for an event but Smart City reported no internet service revenue. From the responses we received, and absent other information, no differences existed between the amounts customers were charged per Smart City's database and what customers actually paid. Therefore, continued testing was not performed.

INTRODUCTION



Descriptions of services ordered by event participants were compared to the contractor's fee directory and the list of connections/circuits provided by the vendor per the contract to determine whether customers were charged for services beyond those agreed to by the Center and Smart City. We noted no instances of services being provided to customers that exceeded those identified on Smart City's fee directory or the contract and therefore, continued testing was not performed.

We assessed the accuracy of Smart City's calculation of customer service charges and connection fees by comparing commission statement amounts to the number of exhibitors that participated in two shows during the audit period. No significant unfavorable variances were noted. Therefore, continued testing was not performed.

Classification of Receipts forms and wire transfer documentation were reviewed to ensure that monthly commissions and the annual service activity bonus were paid to the County by the due dates stipulated in the contract. We noted no significant deviations from the contract in tracking monthly commission and year-end bonus payments. Therefore, continued testing was not performed.

Overall Evaluation

Based on the results of our testing, Smart City is paying commissions to the Center as provided for in the internet services contract. No Recommendations for Improvement are included in this report.