

**Audit of the  
Orlando/Orange County  
Convention & Visitors Bureau, Inc.**

**Report by the  
Office of County Comptroller**

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**Report No. 396  
January 2009**

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January 14, 2009

George Aguel, Chairman  
and  
Orlando/Orange County Convention & Visitors Bureau Board of Directors

We have conducted an audit of the Orlando/Orange County Convention & Visitors Bureau, Inc. (Orlando CVB). The audit was limited to a review for compliance with the 1996 Tourism Promotion Agreement between the Orlando CVB and Orange County, as amended. The period audited was October 1, 2006 through September 30, 2007.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Responses to our Recommendations for Improvement were received from the Chief Operating Officer/Chief Financial Officer and are incorporated herein.

We appreciate the cooperation of the personnel of the Orlando CVB during the course of the audit.

Martha O. Haynie, CPA  
County Comptroller

c: Richard T. Crotty, Orange County Mayor  
Orange County Board of County Commissioners

# EXECUTIVE SUMMARY

## Executive Summary

The Orlando/Orange County Convention & Visitors Bureau, Inc. (Orlando CVB) is a private, not-for-profit corporation organized under the laws of the State of Florida. Orange County recognizes the Orlando CVB as the “official marketing agency for the Orange County area encompassing all facets of the area including attractions, cultural options, heritage, special events, etc.” The County has contracted with the Orlando CVB since 1983, executing various tourism promotion agreements through the years. Funding is provided from the County’s Tourist Development Tax collections. The Orlando CVB also requires membership and/or admission fees to participate in program activities. Other revenue generating operations of the Orlando CVB include the sale of publishing services, advertising, convention services, attraction ticket sales and events. Profits from the Orlando CVB are used to support the promotion and marketing of the tourist industry in Orange County.

The objective of the audit was to determine the Orlando CVB’s compliance with the 1996 Tourism Promotion Agreement, as amended. Also, we evaluated the adequacy of internal controls over the Orlando CVB’s financial operations as they relate to the provisions of the Promotion Agreement. The audit period was October 1, 2006 to September 30, 2007. Subsequent to our audit period Orange County executed the 2007 Tourism Promotion Agreement with Orlando CVB. The 2007 Promotion Agreement includes performance measures and additional reporting requirements that were not a part of the 1996 Promotion Agreement.

Based on the results of our review and testing of sampled transactions, the Orlando/Orange County Convention & Visitors Bureau, Inc. materially complied with the requirements of the 1996 Tourist Promotion Agreement, as amended. In our opinion, the Orlando CVB’s internal controls over financial operations as they relate to the Promotion Agreement were adequate. Opportunities for improvement were noted and are included in the Recommendations for Improvement section of this report. These include the following:

The Board should ratify or approve significant actions taken by the Executive Board or CEO, such as organizational changes, compensation plans, and operational policies and procedures and record such actions in the meeting minutes.

We noted that network user accounts of former employees may remain active for extended periods after an employee’s termination date. Network security should be enhanced with timely termination of network access to no-longer authorized users.

We observed that cashier procedures at the Orlando Visitor Center need improvement as cashiers’ usernames and passwords are not secured and kept confidential. The cash and attraction ticket drawers at the point of sales stations

are not locked when the cashiers are away from their station. The manager and lead cashiers have access to the drawers and log on information.

The Payroll Administrator and Accounting Manager were able to add new employees or change existing employees' master file data in the third party payroll service provider's (Payroll Service Providers') database. The Payroll Administrator and Accounting Manager were also responsible for entering the timesheet data to process payroll, and received the actual pay checks and notices for distribution. Segregation of incompatible duties in payroll procedures is needed to improve controls.

We noted that some personnel files were not current and complete. Eight percent (five of 59) of employees' files reviewed did not contain Personnel Status Change forms to support personnel actions such as the authorization of pay rates, promotions, cost of living adjustments, hire dates and termination actions. Employee performance evaluations were not always timely prepared.

There are no written criteria or guidelines for the evaluation of the performance of service providers prior to the renewal or extension of contracts.

Accounts Payable processing procedures need improvement. We noted two of the 28 tested purchases of less than \$2,500 did not contain evidence of receipt for the goods or services. In another instance an employee terminated in June 2006 was still being billed on the October 2006 health insurance premium invoice. The Orlando CVB had been invoiced and paid for the terminated employee's premiums for an additional three months prior to the tested transaction and subsequent to the termination date. The Orlando CVB received a credit from the insurer upon notification of the billing error.

The Orlando CVB has a decentralized purchasing system and there is no central contract file where all documentation relating to a contract is retained. Instead, individual departments maintain their own contracts and correspondence related to contract amendments. In order for the Finance Department personnel to process and review support for contractual payments, complete copies of all contracts should be readily available.

The Orlando CVB's management concurred with five of the nine recommendations and partially concurred with the remaining recommendations. Corrective action is either underway or planned as noted herein.

# ACTION PLAN

**AUDIT OF THE ORLANDO/ORANGE COUNTY CONVENTION AND VISITORS BUREAU  
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
1.	We recommend the Board approve and record the approval of the following in the minutes of their meetings:					
A)	All duties delegated to the Executive Committee; and,	✓				✓
B)	Operational policies and procedures, including compensation and pay plans.		✓			✓
2.	We recommend the Orlando CVB's Human Resource Department notifies the IT Department immediately upon notification of an employee's termination. The IT Department and Human Resource Department should work together to streamline, accelerate, and enforce compliance with termination processes to assure that all network access rights are terminated on or before the termination date of departing users.	✓			✓	
3.	We recommend the Orlando CVB requires personnel at the Orlando Visitors Center to use confidential user identifications and passwords. We further recommend that access to cash and attraction tickets are restricted to one individual at a time with documentation of transfers used to record the change in custody.		✓			✓
4.	We recommend the Orlando CVB performs the following:					
A)	Segregate the duties and authority of the Payroll Administrator and Accounting Manager, restricting their access and ability to create, amend, or delete an employee master file.	✓				✓
B)	Segregate the duties of processing payroll from the custody and distribution of pay checks and notices.	✓			✓	



**AUDIT OF THE ORLANDO/ORANGE COUNTY CONVENTION AND VISITORS BUREAU  
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
4. C)	Implement an independent review of the manually computed summarization of pay hour classifications prepared by the Payroll Administrator or Accounting Manager.		✓			✓
D)	Consider revising the current system of employees submitting multiple timekeeping forms to report time on a single form within a pay period.		✓			✓
5.	We recommend the Orlando CVB review all personnel files for completeness and accuracy. Employee performance evaluations should be prepared and documented in a timely manner. Missing documentation of approved personnel actions should be secured and/or replaced. In addition, efforts to complete all required documentation should be improved.	✓			✓	
6.	We recommend the Orlando CVB periodically solicits request for proposals for 401(k) Plan Services.	✓				✓
7.	We recommend the Orlando CVB ensures all agreements entered into contain a renewal or termination date. We further recommend periodic reviews of contracts and documentation of the basis for decisions made to remain with a service provider. In addition, the Orlando CVB should develop written criteria or guidelines for the evaluation of service providers for renewal of contracts.	✓			✓	
8.	We recommend the Orlando CVB enhances payment support documentation to evidence the receipt of goods and services and review supporting invoices as well as contracts to ensure payments made are appropriate and accurate. In addition, consideration should be given to maintaining a centralized contract filing system.	✓				✓

**AUDIT OF THE ORLANDO/ORANGE COUNTY CONVENTION AND VISITORS BUREAU  
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
9.	We recommend the Orlando CVB performs the following:					
A)	Ensure the Accounting Manager retains documentation of the check review process,	✓			✓	
B)	Restrict access to blank checks; and,		✓			✓
C)	Review the accounting system to determine whether the system can be programmed to require supervisory approval when a payment request is greater than the amount authorized in the system.	✓			✓	

# INTRODUCTION

**Background**

The Orlando/Orange County Convention & Visitors Bureau, Inc. (Orlando CVB) is a Florida not for profit corporation organized under Chapter 617, Florida Statutes. It is recognized as a tax exempt trade organization under Internal Revenue Code Section 501(c)(6). The IRS grants this designation to organizations that direct their efforts to promoting the common economic interest of all commercial enterprises in a certain trade or community.

The Orlando CVB's website states that the Orlando CVB "is the official tourism sales and marketing organization for the Orlando and Orange County region." The Orlando CVB works with Orange County, as well as with a variety of business partners and industries, including hospitality, travel trade, meeting planners, and the media to promote tourism and the hospitality industry in Orange County.

Orange County has contracted with the Orlando CVB since 1983 to provide promotional services for tourism, conventions, group meetings and trade shows. The 1996 Tourism Promotion Agreement as amended (Promotion Agreement) was in effect for the audit period. Subsequent to the audit period, the 2007 Tourism Promotion Agreement was approved by the Orange County Board of County Commissioners (BCC) on September 11, 2007. This new agreement includes updated performance and reporting requirements (to be submitted to the BCC) along with prohibitions over the use of the Tourist Development Tax (TDT) funds for certain types of expenditures.

Both Promotion Agreements require Orange County to pay a portion of the TDT (collected by Orange County) to the Orlando CVB to fund its operations and to advertise and market tourism in Orange County. Over a ten year period, the 1996 Tourism Promotion Agreement had six amendments relating to funding issues for specified periods of time. Orange County provided the Orlando CVB with more than \$97 million from TDT collections during fiscal years 2002 through 2005. During our audit period this funding totaled approximately \$48.3 million.

### **Scope, Objectives, and Methodology**

The audit scope includes an examination of the Orlando CVB's compliance with the 1996 Promotion Agreement as well as the adequacy of internal controls over major functions of the Orlando CVB. The scope excludes the information technology systems used by the Orlando CVB. The period audited was October 1, 2006 to September 30, 2007, although earlier and later periods were reviewed as necessary based upon the effects of prior transactions or subsequent events.

The audit objective was to determine the Orlando CVB's compliance with the 1996 Tourism Promotion Agreement, as amended. Also, we evaluated the adequacy of internal controls over the Orlando CVB's financial operations as they relate to the provisions of the Promotion Agreement.

To determine compliance with the Promotion Agreement and evaluate the adequacy of internal controls, we interviewed Orlando CVB staff and completed a "walk-through" of the various departments to gain an understanding of major activities and services performed by the Orlando CVB. We confirmed with Orange County the amounts of Tourist Development Taxes remitted to the Orlando CVB, and reconciled those amounts to the Orlando CVB's recorded revenues. We observed and tested cash receipting controls at the Official Visitor Center. We examined and tested the Orlando CVB's budgetary and financial records to identify the accounting control and uses of the Promotion Agreement's revenues. We then identified controls and tested disbursements transactions made from those funds, to determine if the expenditures were for allowable purposes described in the Promotion Agreement. We performed a detailed test of personnel and payroll transactions and controls as the majority of contract funds were spent to cover payroll expenditures. We reviewed procurement procedure controls and tested the award of certain contracts in the audit period. We tested controls and expenditures related to travel and entertainment.

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## INTRODUCTION



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### Overall Evaluation

Based on the results of our review and testing of sampled transactions, the Orlando/Orange County Convention & Visitors Bureau, Inc. materially complied with the requirements of the 1996 Tourist Promotion Agreement, as amended. In our opinion, the Orlando CVB's internal controls over financial operations as they relate to the Promotion Agreement are adequate. However, the following recommendations are provided to assist the Orlando CVB in addressing certain areas where improvement is needed.

# RECOMMENDATIONS FOR IMPROVEMENT

**1. The Minutes of Board of Directors Meetings  
Should Record All Board Actions**

During our review of the Board of Director (Board) minutes, we noted following:

- A) Evidence did not exist that certain significant actions taken by the Executive Committee were brought before the Board for approval. These events were as follows:
- Approval of the separation agreement granted the former CEO; and,
  - Selection of the current CEO and approval of the compensation agreements executed.

Subsequent to our inquiry regarding these events, the Board Secretary signed and prepared a confirming resolution of the Executive Committee's actions that stated "Accordingly, it is hereby resolved that the foregoing actions and measures taken are approved, endorsed, and accepted by the Executive Committee."

- B) Written operating policies and procedures were not formally approved by the Board, including the compensation and pay plan utilized by the Chief Executive Officer. The Board minutes included the approval of the annual budgets which includes certain financial information related to personnel expenses, but not the pay plan. The Chief Executive Officer is granted broad powers by the Board, including "full responsibility and ultimate authority...including but not limited to making decisions related to the selection, promotion, transfer, compensation, and discipline of all employee team members."

The Board has ultimate legal responsibility for the corporate organization. As such, the Board should ratify or approve significant actions taken by the Executive Committee or



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## RECOMMENDATIONS FOR IMPROVEMENT



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CEO, such as organizational changes, compensation plans, and operational policies and procedures.

**We Recommend** the Board approve and record the approval of the following in the minutes of their meetings:

- A) All duties delegated to the Executive Committee; and,
- B) Operational policies and procedures, including compensation and pay plans.

**Management's Response:**

- A) Concur. We will recommend that the Orlando CVB Board of Directors (the "Board") more formally document in the meeting minutes the duties delegated to the Executive Committee and other committees of the Board.
- B) Partially concur. Pursuant to the Orlando CVB By-Laws, the Executive Committee of the Board is charged with the responsibility of employing the CEO of the Orlando CVB, and the committee has always acted in a proper and consistent manner in fulfilling these responsibilities with respect to its CEO. The retirement agreement with the former CEO was properly handled by the Executive Compensation Committee and our Board Chair as authorized in the Orlando CVB's By-Laws. The selection of the current CEO was thoroughly and effectively handled by a search committee properly formed and authorized by our Board Chair, and communicated to the Board in the June 29, 2006 Board minutes. In addition, the current CEO's compensation agreement was properly negotiated by the Executive Compensation Committee, as authorized in the By-Laws. The actions taken related to both of these processes were consolidated from emails and other correspondence into one document which was formally accepted by the Executive Committee. We will recommend to the Orlando CVB Board that they more completely

document in meeting minutes the acceptance of Executive and other committee actions.

Over time, the majority of key Orlando CVB policies have been presented to the Board or its committees. For example, the Board designated a committee to review the Orlando CVB's travel and entertainment and purchasing policies. Orlando CVB staff will recommend to the Board that they, or designated committees, review key Orlando CVB policies and document their review and outcome in the meeting minutes.

## **2. Network Security Should Be Enhanced with Timely Termination of Network Access**

We noted that network user accounts of former employees may remain active for extended periods after an employee's termination date. During the audit period 49 employees terminated their employment. We reviewed termination of employment procedures for five of the former employees. In four of the five (80 percent) terminations tested, the date of the Information Technology Department's service order to disable the former employee's network access was greater than 30 days after the termination date.

The IT Department is notified of employment terminations from the former employee's departmental supervisor, not from the Human Resources Department. We were informed by the IT Director that they may receive initial notification by e-mail or verbally. The IT Help Desk asks the department to submit an "Exit Checklist" which records requests for termination of various services controlled by the IT Department including network access and e-mail accounts. Normally, the IT Department's initial action is not to modify the access control lists, but instead to change the user ID password for a former employee and provide the department supervisor with the new password. The former employee's department supervisor is then able to access the files saved to the assigned personal computer's hard-drive as well as those saved on the network server. This process is

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considered by management to be less time consuming for IT Support staff than modifying access control lists and disabling/deactivating the terminated employee's account.

Best practices in computing standards call for the deactivation of a terminated employee's account immediately upon termination/resignation. If terminations are not processed in a timely manner, there is an increased risk that unauthorized system activities may be conducted by terminated users. Also, by changing the former user's password, the ability to identify and hold an individual accountable for the creation, modification, and/or deletion of file transactions and data is lost. If illegal activities, data loss, or malicious alterations are ever suspected the evidence will be considered tainted as other employees were provided access to his user account.

**We Recommend** the Orlando CVB's Human Resource Department notifies the IT Department immediately upon notification of an employee's termination. The IT Department and Human Resource Department should work together to streamline, accelerate, and enforce compliance with termination processes to assure that all network access rights are terminated on or before the termination date of departing users.

### **Management's Response:**

Concur. The Orlando CVB often maintains former employee user accounts as "active" in our local area network during an information transfer period while files and other data maintained in an account are being reallocated to either new or existing employees. The passwords and access to these accounts are immediately changed once an employee leaves the Orlando CVB's employment, and access to specific applications is immediately stopped. We will implement new procedures where the Human Resources Department notifies the Information Technology Department of a termination for an immediate change of password, and the employee account will be disabled within 30 days of termination.

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**3. Orlando Visitors Center's Cashier Procedures  
Need Improvement**

The Orlando Visitors Center, operated by the Orlando CVB, provides information and sells discounted attraction tickets to the public. The Visitors Center's Lead or Manager issues attraction tickets to the cashiers daily. The cashiers place these tickets in a lockable drawer below the cash drawer. During our review of the cashiers' procedures we noted the following:

- A) Cashiers do not keep the drawers locked and secured when they are away from their station.
- B) Prior to the cashiers' arrival, the Lead logs the cashiers on to their assigned computerized point of sales system station with the individual cashier's username and password (each cashier's user name and password are maintained on a sheet of paper in the vault room accessible to the Lead and Manager). When the cashiers arrive, they go to their assigned station and enter transactions as they are already logged on to the system and networked to the application.
- C) The cash registers operate on a computerized point of sales system that identifies the user receipting each transaction. However, the physical configuration only provides for one lockable cash drawer per machine. The Manager and Lead often need to assist in recording sales when one of the two cashiers is on break or away from the area. However, the Lead or Manager do not have their own cash drawers, but instead have access to the Cashier's drawer.

Good internal controls require custody of cash and tickets to be assigned to one individual with transfer receipts to evidence any change in custody. Without separate secured cash drawers, accountability for monies collected and attraction tickets cannot be achieved. The ability to recognize the creator of transactions and adjusting entries is lost when users do not control their passwords.

**We Recommend** the Orlando CVB requires personnel at the Orlando Visitors Center to use confidential user identifications and passwords. We further recommend that access to cash and attraction tickets are restricted to one individual at a time with documentation of transfers used to record the change in custody.

**Management's Response:**

Partially concur. The Orlando CVB will start using confidential user identifications and passwords for our Official Visitor Center staff.

The cash tills are maintained for each register used at the Official Visitor Center. Due to the limited number of staff working the registers at any given time and the limited amount of space in the work area to secure numerous cash tills, we believe it is not feasible for each employee to have individual cash drawers. Also, we do not maintain sufficient stock of attraction tickets to have individual supplies for each staff member. We believe that it is not practical for us to increase our ticket inventories in order to have segregated supplies of stock for each employee.

It should be noted that all cash tills and attraction ticket stock are secured in drawers behind a sales counter. Cash and tickets are counted and reconciled daily. The area is locked at all times during the day to prevent customers from accessing the area.

**4. Payroll Processing Procedures Should Be Improved**

During our review of the payroll function, we noted the following:

- A) The Payroll Administrator and Accounting Manager were able to add new employees or change existing employees' master file data in the third party payroll service provider's (Payroll Service Providers') database. The Payroll Administrator and Accounting

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## RECOMMENDATIONS FOR IMPROVEMENT



Managers are also responsible for entering the timesheet data to process payroll, and received the actual pay checks and notices for distribution. The Accounting Manager is responsible for reconciling the payroll bank accounts. Although the payroll is reviewed by the Controller prior to submission to the Payroll Service Provider, the review is not evidenced in the form of a manual or electronic signature before or after processing.

- B) Multiple types of forms are used as bi-weekly timesheets throughout the organization depending upon the employee's position and department. Supervisors sign employee prepared timesheets to evidence their approval. The timesheets record the dates and hours worked including total hours worked per week. The classification and summarization of the hours worked by regular pay, overtime pay, and leave type taken is completed and entered into the Payroll Service Providers' system by either the Payroll Administrator or the Accounting Manager. There is no independent verification of the manually computed total hours to the sum total of the classified hours.

In our review of 60 payroll transactions, we found one instance in which the employee's overtime hours were incorrectly summarized resulting in an overpayment of \$13.12 to the employee. The employee's pay was adjusted after the error was brought to the attention of management.

- C) Some employees submit multiple timesheets within the same pay period based upon the number of days worked at separate positions and/or locations. These timesheets have to be manually summarized by the Payroll Administrator or Accounting Manager. The risk of mistakes occurring in the manual summarization of hours work may increase with the need to take data from multiple forms. Again, there is no independent verification of the manually computed total hours.

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## RECOMMENDATIONS FOR IMPROVEMENT



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Effective internal controls in payroll processing should provide appropriate checks and balances to ensure the validity of employees receiving pay, the accuracy of hours worked and the amount of pay received. It requires the separation of functions for creating a pay disbursement from the custody of paychecks and/or pay notices, and from the reconciliation of the associated bank accounts.

Without adequate segregation of duties, the ability to prevent and detect unauthorized alterations in pay rates and even payments to fictitious employees is limited. Regarding the use of multiple forms, a risk exists of errors occurring without timely detection.

**We Recommend** the Orlando CVB performs the following:

- A) Segregate the duties and authority of the Payroll Administrator and Accounting Manager, restricting their access and ability to create, amend, or delete an employee master file.
- B) Segregate the duties of processing payroll from the custody and distribution of pay checks and notices.
- C) Implement an independent review of the manually computed summarization of pay hour classifications prepared by the Payroll Administrator or Accounting Manager.
- D) Consider revising the current system of employees submitting multiple timekeeping forms to report time on a single form within a pay period.

**Management's Response:**

- A) Concur. While other controls were in place to mitigate risk of unauthorized payroll edits, we concur that restriction of the payroll administrator to create, amend, or delete an employee master file is a stronger control. This change was implemented during the auditors' field work. However, due to the limited level of staff, the accounting manager is a

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payroll system administrator and can edit employee master files.

- B) Concur. Duties related to payroll processing and the custody and distribution of paychecks have been segregated.
- C) Partially concur. The complete and independent review of all manual summarization of the payroll is not practical with existing Orlando CVB staff levels. We will institute additional overall review and reasonableness checks to mitigate related risks. Also, we will migrate on June 30, 2009 to an automated time and attendance system which will integrate with our existing payroll system. The implementation of this system will address the audit comment.
- D) Partially concur. We believe due to the varied nature of different departmental operations within the Orlando CVB, some customization of time keeping forms is required. However, we will migrate on June 30, 2009 to an automated time and attendance system which will integrate with our existing payroll system. The implementation of this system will address the audit comment.

### **5. Personnel Files Should Be Current and Complete**

In our review of personnel files, we noted the following:

- A) Eight percent (five of 59) of employees' files reviewed did not contain Payroll Status Change (PSC) forms to support personnel actions such as the authorization of pay rates, promotions, cost of living adjustments, hire dates and termination actions.
- B) Employee performance evaluations were not always timely prepared. The performance evaluations were several months past due for 17 percent (10 of 59) of the tested employees. This resulted in many of those



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individuals receiving retroactive adjustments in pay to an earlier anniversary date. In another instance, an individual received a significant promotion and increase in pay without documentation of her performance only four months after being rehired.

- C) Two job titles assigned to employees did not have updated job descriptions completed at the time of our review. The descriptions were completed subsequent to our query.
- D) The Orlando CVB does not periodically remind or require employees to submit updated W-4 forms to support amounts withheld for Federal Income Tax. Eight percent (5 of 59) of employee personnel files tested contained W-4 forms dated ten or more years earlier. In addition, some of the out dated W-4 forms included an address and/or marital status that did not match more current information recorded in benefit plan documents. We also noted that in one instance an I-9 form was not on file to evidence the employee's work eligibility status. Federal Immigration and Naturalization Department requires the use of I-9 forms to document employees work eligibility status.
- E) Address changes made to the employee master file were not evidenced through timely PSC forms for four employees.

Undocumented personnel actions increase the risk of employees contesting wages and possible litigation. Incomplete personnel files reduce the effectiveness of preventive controls over the creation of fictitious employees, verification of salaries, commissions and incentive pay agreements, and personnel duties or responsibilities.

**We Recommend** the Orlando CVB review all personnel files for completeness and accuracy. Employee performance evaluations should be prepared and documented in a timely manner. Missing documentation of approved personnel actions should be secured and/or replaced. In addition,

efforts to complete all required documentation should be improved.

**Management's Response:**

Concur. Our personnel files are generally well documented. However, we acknowledge that there is room for improvement. A complete review of our 500 personnel files is underway and will be completed by February 28, 2009. The status change form exceptions noted related primarily to our 350 part-time registration staff where standard pay rates are changed for positions across-the-board. New forms have been added. Because of the Form I-9 exception noted we did a 100% review of our files for these forms. In addition, updated job descriptions were added to the two files noted where they were not current.

We acknowledge that our performance evaluations have not been processed in a timely manner. Our president/CEO has been concerned with this and has decided that beginning in 2009 supervisory employees will be evaluated on the timeliness of evaluation preparation for their staff.

**6. The 401(k) Plan's Trustee Services Agreement Should be Awarded Based Upon a Competitive Selection Process**

The Orlando CVB has not re-bid its 401(k) Plan Trustee Services agreement since it was established in 1997. Although the plan was updated and a new agreement executed in June 2007, the Orlando CVB did not formally seek proposals from other providers.

Good business practices encourage the use of the competitive bidding process for major services to ensure that the cost of services received is fair and equitable. Management stated the costs are routinely reviewed, but no formal documentation is prepared. As such, management has not documented that the Trustee's cost is the most equitable and fair for the services provided.

**We Recommend** the Orlando CVB periodically solicits request for proposals for 401(k) Plan Services.

**Management's response:**

Concur. We did a review of numerous providers before we selected our existing 401(k) plan trustee. We have regularly evaluated the service level of the provider, and renegotiated lower fees on several occasions. As recommended, we will engage a third party consultant to benchmark and evaluate our existing service provider's service levels and fees and request proposals from other providers.

**7. Improvements Should Be Made in Documenting the Term of Contracts and the Subsequent Monitoring and Evaluation of the Vendors' Performance**

During our review of contracts, we noted the following:

- The Orlando CVB has an open-ended contract with an advertising firm in the United Kingdom that has not been re-bid since it began in 1999. The contract only notes that it may be terminated by either party with three months notice. In addition, there is no maximum dollar amount noted in the contract, only percentages of advertising dollars spent by the firm to be reimbursed by the Orlando CVB. The total spent during the audit period with this vendor was \$744,373.
- In 2004, the Orlando CVB executed an open-ended contract with a vendor for on-line metric tracking services. This vendor provided the Orlando CVB with statistics of web page viewership, user paths, time spent on the web page, and other metrics. The Orlando CVB paid the vendor \$30,385 during the audit period. The contract contains several references to "Exhibit B" for items referring to terms and fees, but the only documents provided with the contract were a service order and service agreement addendums which were assumed by the Orlando

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CVB to be "Exhibit B". Although the addendums contained certain cost information, specific contract terms or maximum contract price were not noted.

- There are no written criteria or guidelines for the evaluation of the performance of service providers prior to the renewal or extension of contracts.

Good business practices require that contracts be clearly written and include the specific terms of agreement and all referenced attachments. Contract terms should include duties and responsibilities of each party. Contracts should not be open-ended and should be periodically rebid. Consistent procedures to evaluate the performance of each vendor, including documentation of the review, should be used.

**We Recommend** the Orlando CVB ensures all agreements entered into contain a renewal or termination date. We further recommend periodic reviews of contracts and documentation of the basis for decisions made to remain with a service provider. In addition, the Orlando CVB should develop written criteria or guidelines for the evaluation of service providers for renewal of contracts.

### **Management's Response:**

Concur. The majority of key Orlando CVB agreements contain renewal or termination dates, we will put an additional focus on including them in the future. We have strong RFP and vendor selection procedures, and do a thorough evaluation before agreements are renewed or extended. In fact, we have even gone to the extent of hiring an outside audit firm to review our ad agency's performance. Moving forward, we will review renewal terms and more clearly document evaluation criteria with contract renewals.

We concur that the United Kingdom media buying agency noted was an example where review and evaluation of existing relationships was not documented. While the amount paid to the vendor as noted in the auditors' comments is significant, these are pass-through media buys

and the vendor's fees for the services rendered were only a small percentage of the amount paid and were negotiated at a below-market rate.

**8. Documentation Supporting Invoice Payments  
Should Be Improved**

During our review of purchases and the related supporting documentation, we noted the following:

- A) Two of the 28 purchases of less than \$2,500 did not contain evidence of receipt for the goods or services. One purchase was for the rental of plants to decorate a booth at an exhibit and the other purchase was for the performance of a musician at a member event.

Good internal controls provide for evidence of receipt of goods and services to be documented in a payment voucher to ensure the good or services have been received prior to payment of the invoice.

- B) The amount paid for the October 2006 health insurance premium was not correct. We discovered an employee terminated in June 2006 was still being billed on the invoice. The Orlando CVB had been invoiced and paid for the terminated employee's premiums for an additional three months prior to the tested transaction and subsequent to the termination date. Subsequent to notifying management, they contacted the insurance company and a corrected credit was received. Good internal controls require that invoices for employee benefits be reviewed for accuracy to ensure charges are for eligible employees.

- C) The Orlando CVB has a decentralized purchasing system and there is no central contract file where all documentation relating to a contract is retained. Instead, individual departments maintain their own contracts and correspondence related to contract amendments. In order for the Finance Department

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personnel to process and review support for contractual payments, complete copies of all contracts should be readily available.

The Orlando CVB is a small organization and management stated they are generally aware of most purchases being made. However, sufficient documentation, including evidence of the receipt of goods and services should be required prior to payments being made. Without an appropriate review of supporting documentation, overpayments or payments erroneously made without receipt of goods and services may occur without detection.

**We Recommend** the Orlando CVB enhances payment support documentation to evidence the receipt of goods and services and review supporting invoices as well as contracts to ensure payments made are appropriate and accurate. In addition, consideration should be given to maintaining a centralized contract filing system.

### **Management's Response:**

Concur. Due to the wide variety and the nature and location of services provided to the Orlando CVB, formal documentation to evidence the receipt of services is somewhat challenging in some cases. To address this, we will add to our invoice approval documentation a phrase indicating that approval of an invoice for good or services indicates that the approver has evidence or knowledge that the related goods and services were in fact received.

Generally, significant and longer-term contracts are maintained centrally in the Finance Department. However, small and short-term contracts may be maintained at a departmental level and/or may be solely attached to invoices for the related goods and services. We will revise our policies to more clearly define that all contracts in excess of \$10,000, covering a greater-than-one-year period, be maintained in a centralized contract filing location in the Finance Department.

**9. Accounts Payable Process Needs Improvements**

During our review of the accounts payable process, we noted the following concerns:

- A) The Accounting Manager does not evidence her review and comparison of the printed checks' payees and amounts to the supporting documentation. Also, the Accounting Manager does not sign a hard copy of the check register or individual check stubs documenting the review and comparison of the check payee and amounts to the supporting documentation.
- B) Blank check stock is maintained in a lockable cabinet in the Finance Office; however, the cabinet's key is stored in an unlocked drawer and available to multiple individuals within the Finance Office. This key also locks other file cabinets in that office area. The key is made available to all Finance Department personnel so that they may have access to the other file cabinets (as well as the one containing the blank check stock).
- C) Although procedures require that an item submitted for payment that is over the amount authorized in the accounts payable system is returned to the submitting department for override approval, there are no programmed workflow controls in the system to prevent a check from being prepared without proper override approval.

Effective internal controls in an accounts payable process should include evidence of supervisory review of printed checks to supporting documentation, blank checks stored in a secure location, and, when appropriate, computer programmed authorization controls. These controls help to reduce the risk of overpayments.

**We Recommend** the Orlando CVB performs the following:

- A) Ensure the Accounting Manager retains documentation of the check review process,

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- B) Restrict access to blank checks; and,
- C) Review the accounting system to determine whether the system can be programmed to require supervisory approval when a payment request is greater than the amount authorized in the system.

### **Management's Response:**

- A) Concur. The check register reviewed by the accounting manager is retained. In the future, the review will be evidenced by accounting manager's initials on the register.
- B) Partially concur. Blank check stock is secured in a locked cabinet within the Finance Department. Keys to this cabinet and others are generally available to the employees within the department. We will revise our procedures to further secure these keys. However, it should be noted that access to the Finance Department is limited, and the doors are locked whenever Finance personnel are not present.
- C) Concur. The Orlando CVB uses a standardized accounting software system from a major provider. We will consult with our vendor to assess the feasibility and cost of customizing the module to implement the recommendation.