

**CONVENTION CENTER AND TOURISM  
FISCAL DIVISION  
ADMINISTRATION AND FISCAL  
AUDIT 19-14  
SEPTEMBER 3, 2019**



# CITY OF TAMPA

Jane Castor, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

September 3, 2019

Honorable Jane Castor  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Tampa Convention Center – Administration and Fiscal, Audit 19-14

Dear Mayor Castor:

Attached is the Internal Audit Department's report on the Tampa Convention Center – Administration and Fiscal.

Fiscal employees have already taken positive actions in response to our recommendations. We thank the management and staff of the Tampa Convention Center for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover  
Internal Audit Director

cc: John Bennett, Chief of Staff  
Dennis Rogero, Interim Chief Financial Officer  
Una Garvey, Director of Convention Center and Tourism  
Ernest Mueller, Chief Assistant City Attorney  
Stephanie Stanton, Convention Business and Administrative Support Manager

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*/s/ Vivian N. Walker*

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Auditor

*/s/ Christine Glover*

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Audit Director

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**BACKGROUND**

The City of Tampa (City) owns and operates the Tampa Convention Center (TCC). TCC has 600,000 square feet of transformable spaces, and state of the art amenities, which allows it to host regional, national, and international conventions that stimulate the local economy. The stated vision and mission for TCC is to “be a major asset for economic development” and to “deliver one-stop event solutions tailored to each convention’s unique needs.”

Between January 2018 and March 2019, TCC has been host to 461 different events. Currently, TCC has an authorized City staff of 47. Services to clients for audio visual, internet and communications, event utilities, event security, business center, boat slips, and food and beverage are outsourced to partner vendors. Partners provide revenues to TCC through the payment of commission fees.

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY2019 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to separation of duties for billing and recording payments were adequate.
2. Event documentation complied with the requirements and the fees recorded were accurate.
3. Commissions due from partner entities for applicable events were received.

**STATEMENT OF SCOPE**

The audit period covered TCC event activity that occurred from January 1, 2018, to March 31, 2019. Tests were performed to determine whether the Fiscal Division (Fiscal) personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

**STATEMENT OF METHODOLOGY**

TCC uses software known as Ungerboeck for all events. Ungerboeck was previously reviewed during the audit of TCC-Event Services, Audit 17-21 and deemed reliable.

To accomplish the audit objectives, events were selected using software known as Galvanize (formerly Automated Command Language or ACL) and the criteria of 95% confidence and 5% error. Galvanize determined the sample size to be 60 records. Ungerboeck was accessed to review contract documents, payments, and other documented revisions to either the terms of the contract or fees.

Specific tests performed were:

- Traced contract fees to the applicable approved City Council fee schedule.
- Traced contract modifications to proper approval by either TCC Management or the Mayor.
- Reviewed event records for properly executed insurance coverage by client.
- Traced fee payments to proper posting in the event record.
- Traced revenue used to calculate commission fees by partners to the invoice billed to the client.

During the review of payments, the adequacy of the system of internal control related to fee determination, collection, and posting was evaluated.

#### **STATEMENT OF AUDITING STANDARDS**

We conducted this performance 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.

#### **AUDIT CONCLUSIONS**

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to separation of duties for billing and recording payments requires improvement.
2. Event documentation complies with the requirements and the fees recorded are accurate.
3. Commissions due from partner entities for applicable events are received from partner entities. However, the process to ensure accuracy of the commission payment, by event, needs to be improved.

## **SEGREGATION OF DUTIES**

**STATEMENT OF CONDITION:** Fiscal within TCC operations is responsible for several functions related to hosting events. Currently, one staff person creates the agreements, invoices clients, posts payments, issues refunds, closes out events, and if required, performs collection efforts for unpaid balances. These functions are currently performed based on justification forms delineating rental fees signed by the Director and Sales Manager and ancillary fees ordered by the Customer Service Managers. However, all of these functions are performed without any documented or system generated oversight, which would ensure a cross-check or verification for accuracy.

**Note:** Fiscal was limited in staffing but recently trained an additional employee to perform some of the processes involved with payments and partner commissions.

**CRITERIA:** Prudent business practices warrant a separation of duties to limit or reduce various types of accounting risks.

**CAUSE:** The Fiscal area is in the early stages of training an employee who previously performed fiscal-related functions for event utility services. Event utility services are now outsourced.

**EFFECT OF CONDITION:** The possibility of inaccurate billing, resulting in loss of revenue, increases when a single individual is responsible for all aspects of a transaction.

**RECOMMENDATION 1:** Management should develop a process that will either separate the functions performed by Fiscal staff or provide additional layers of review by a higher level of staff.

**MANAGEMENT RESPONSE:** Agree that separation of duties is required and bringing the Exhibit Services Coordinator (ESC) into the Fiscal Department is allowing us to better achieve the needed additional layers recommended above. Additional layers of review by higher level staff is identified in revised SOP 3, 7 & 10, which is being provided.

**TARGET IMPLEMENTATION DATE:** Completed the recommendation of additional layering by having the ESC now process payments for rent and ancillary event fees. The ESC is also responsible for posting partner commissions. SOP's have been revised and reviewed/approved by the Director (dated 5/20/19) to include additional review information.

## **UNGERBOECK ACCESS LEVELS**

**STATEMENT OF CONDITION:** TCC uses Ungerboeck (software) to schedule, maintain, and account for events. The access levels within the software permit users to perform various functions. There are two types of access privileges: implicit and explicit. An implicit access allows any user to perform that function unless it has been assigned to a specific user. An explicit access requires a user to be assigned to the function in order for that function to be performed. The definitions for implicit and explicit state "if someone were to grant a user access to all access privileges, then those users not assigned to the implicit privileges are no longer able to perform those functions."

A cursory review of all privileges (both implicit and explicit), with a role assigned as none or blank, was performed. It was noted that 27 functions included descriptions that could affect an event's charges. For example, allow surcharges, allow cancelling of orders, allow delete of service orders, allow discounts, or allow modification of booking rates. For these items, the level is set to implicit, meaning anyone has access to perform those functions.

**Note:** Upon being informed of the above 27 items, Management immediately assigned roles to those items.

**CRITERIA:** A strong system of internal controls requires the proper access for those individuals responsible for creating, billing, and collecting revenues.

**CAUSE:** Current Fiscal Manager was not involved with the initial implementation of the software and is having to become familiar with the various security settings.

**EFFECT OF CONDITION:** Unauthorized access to functions that have an impact on billing could result in loss of revenue to the City.

**RECOMMENDATION 2:** Management should re-evaluate both the access and role levels for all functions that are active in the software and where necessary either reduce or expand access to ensure segregation of duties remain adequate.

**MANAGEMENT RESPONSE:** Agree with the recommendation to assign roles to the 27 functions noted to ensure only authorized users can perform these actions and the importance in making this correction. Also, agree that all non-fiscal functions should be re-evaluated and changes made as necessary.

**TARGET IMPLEMENTATION DATE:** Completed assignment of roles to the 27 functions noted above. Also made updates to non-fiscal functions in Ungerboeck as of 5/17/2019.

## **PARTNER COMMISSION DOCUMENTATION**

**STATEMENT OF CONDITION:** TCC has partnerships with various businesses to provide their professional trade to convention clients. These are audio visual, electrical and plumbing, internet communications, business center, boat slips, and food and beverage. The agreements with the partners vary in the calculation of the fee paid to the City as a commission. Therefore, TCC can only record event commissions based on reports received from each partner, which provided – by event – the revenues received by the partner and the related commission fee due.

For a sample of 26 events, final invoicing or other documentation to support the amount used by the partner to calculate the commission was reviewed. However, the documentation provided did not include invoicing for any exhibitors of an event. Management indicated that documentation for exhibitor invoicing was not a requirement of the partners.

The documentation reviewed, overall, supported the base revenue used by the partners to calculate the commission(s) paid to the City. However, there were two events (STEM Fair and United MegaCare) whose revenue, reported on the partner commission report, was not recorded in Ungerboeck under that event. It was explained that in each case there was an affiliated event (STEM VIP and International Pastors) for which the partner included the commission fee.

**CRITERIA:** Prudent business practices support ensuring accuracy of revenues by independent verification. The contracts for each partner stipulate that adequate documentation is to be maintained to support the commission remitted. Aramark – Section 13.3; Encore – Section 6.2.6; Smart City – Section 5; Edlen – Scope of Services Section 2; and UPS – Section 5.3.

**CAUSE:** Management had not required a more detailed verification of partner commission calculations to the source document(s) to enhance the accuracy of reporting process.

**EFFECT OF CONDITION:** The lack of reviewing client invoices that supports commissions received could result in lost revenue to the City if partners remit an inaccurate fee based on missing or unreported sales. Additionally, not recording commissions under the event that earned the revenue misstates revenues for all effected events.

**RECOMMENDATION 3:** Management should develop a process that includes a documented verification of partner sales to ensure the accuracy of the commission remitted to the City. This would include a verification of sales to affiliated exhibitors with sales during an event.

**MANAGEMENT RESPONSE:** Request made of partners 6/28/19 to provide an electronic copy of all client invoices as support to their monthly Commission Report by Event. The invoices will be cross-checked against the report to ensure affiliated events are recorded separately. Under my leadership, commissions are reported by event for profit/loss by event analysis.

**TARGET IMPLEMENTATION DATE:** Completed 6/28/19.