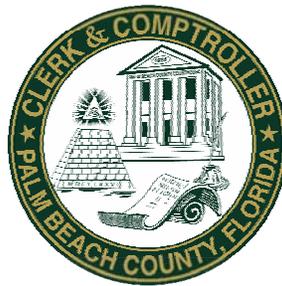


**PALM BEACH COUNTY
CONVENTION CENTER
AUDIT**



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Audit Services Division

February 2007



SHARON R. BOCK

Clerk & Comptroller
Palm Beach County

February 20, 2007

Rick Konsavage, Chair
Board of Directors
Discover Palm Beach County, Inc.
d/b/a Palm Beach County Convention and Visitors Bureau

The Honorable Addie Greene, Chair
Members, Board of County Commissioners

Re: Palm Beach County Convention Center
Audit Report No. 2007.01

We conducted an audit of the Palm Beach County Convention Center (Convention Center) beginning November 17, 2006 and concluding on February 2, 2006.

Our objectives were to perform an independent assessment of the Convention Center, report observations that create opportunities for improving the efficiency and effectiveness of its operations, and, in view of the discovery of misappropriation of funds at the Convention and Visitors Bureau (CVB), to determine if any Convention Center monies were misappropriated.

The primary activities involved in this audit included: assessing compliance with various contractual requirements; assessing the adequacy of oversight and management provided by the Palm Beach County Convention and Visitors Bureau (CVB); reviewing sales goals, standards and performance; assessing internal controls and reporting mechanisms; and reviewing and assessing policies and procedures.

Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the observations and recommendations presented in this report are not all-inclusive.

We conclude that the CVB does not exercise adequate oversight, management or control of Convention Center operations. Additionally, a potential conflict of interest between the CVB Board and the Convention Center may be a contributing factor to the Convention Center's inability to become self sufficient. Further, there is no clear plan for the Convention Center to achieve financial independence from tourist tax revenues. Should the Convention Center continue to operate at a loss, there will be a prolonged need for taxpayer funding of its operations.

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Palm Beach County Convention Center Audit

The attached report includes several observations and recommendations that, if implemented, would enhance Convention Center operations. Specifically, the recommendations are focused on the Convention Center creating a plan for self-sufficiency and setting measurable goals related to its utilization and attendance.

Draft copies of the enclosed observations and recommendations were provided to the CVB and the management of Global Spectrum, L.P. (Global Spectrum) and Aramark Sports and Entertainment Services, Inc. (Aramark). The views of the responsible officials are included in this report as Exhibit A.

We appreciate the cooperation shown by the management and staff of the CVB and the management of Global Spectrum and Aramark during the course of this audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sharon R. Bock". The signature is written in a cursive, flowing style.

Sharon R. Bock, Esq.
Clerk & Comptroller
Palm Beach County

EXECUTIVE SUMMARY

The Clerk & Comptroller conducted an independent audit of the Palm Beach County Convention Center (Convention Center). The audit was initiated in the wake of the discovery of a misappropriation of \$1.59 million at the CVB. There was no evidence of misappropriation of any Convention Center funds found during this audit.

The Convention Center opened on January 5, 2004 at a taxpayer cost of \$84 million. Convention Center events and tourist development taxes (bed tax) fund Convention Center operations.

The Palm Beach County Board of County Commissioners (BCC) contracted with the Palm Beach County Convention and Visitors Bureau (CVB) for oversight and management of the Convention Center. The CVB is a non-profit corporation that is also under contract with Palm Beach County (County) to provide tourism promotion services.

This report contains observations that create opportunities for improving the efficiency and effectiveness of Convention Center operations.

The CVB does not provide adequate management and operational oversight of the Convention Center. The County contracted with the CVB to oversee, promote, operate, manage, and maintain the Convention Center. When oversight responsibilities are not adequately performed, Palm Beach County is exposed to the risk of unnecessary losses. Additionally, if improvements are not made, the Convention Center may not achieve self-sufficiency, resulting in prolonged taxpayer funding of Convention Center operations.

There is a potential conflict of interest between the CVB Board, comprised of tourism industry representatives, and the Convention Center. This potential conflict of interest may adversely affect decisions of the CVB Board that relate to Convention Center operations.

The Convention Center is underutilized. The Convention Center lacks an on-site hotel to attract conventions and trade shows. High sales staff and management vacancies during the past year have made the marketing plan for the Convention Center inadequate and obsolete. The CVB has not established and approved uniform marketing goals for all Convention Center sales staff which are designed to focus on and achieve the objectives of the Convention Center.

The Convention Center's mission statement, sales incentive programs, and the CVB marketing plan do not promote Convention Center self-sufficiency. The Tourist Development

Plan for Palm Beach County authorizes the use of tourist development tax revenue to fund convention center operations and maintenance for a period of 10 years. The Convention Center opened in 2004. It is imperative that the CVB create a plan for self-sufficiency that includes a timeline, milestones, and a sales bonus structure that is aligned with critical milestones.

The division of the CVB's Convention Center sales organization into two groups has led to organizational dysfunction and difficulty in meeting the Convention Center's overall sales goals. All sales staff who are assigned to the Convention Center should report to the General Manager of the Convention Center and incentive programs should be aligned with the Convention Center marketing plan and goals.

The CVB has not revised and approved sales policies and procedures for the Convention Center. As a result, the Convention Center has been operating in an environment where staff are working without benefit of current operating policies and procedures. Since the CVB has overall responsibility for Convention Center operations, it is essential that policies and procedures for the Convention Center be approved by the CVB Board.

The Convention Center has been operating successfully independent of the CVB. Many successes have been noted despite insufficient oversight by the CVB. The observations revealed weaknesses in areas of financial planning, analysis and review, inadequate sales reporting and tracking, and failures to follow contract requirements, including failure to obtain required insurance coverage.

The report contains 19 observations and 38 recommendations.

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INTRODUCTION

Overall Conclusion

The Palm Beach County Convention Center (Convention Center) should be independent of the Palm Beach County Convention and Visitors Bureau (CVB). The Convention Center continues to operate at a significant financial loss. In the absence of a clear plan for self-sufficiency that includes a timeline with milestones, pertinent performance measurements, and incentive programs with a primary focus on Convention Center utilization, it is unlikely that the Convention Center will achieve financial independence from tourist tax funding. In addition, the potential conflicts of interest between the CVB Board and the Convention Center must be eliminated to ensure an appropriate focus on the Convention Center's financial success.

Scope and Methodology

The Clerk & Comptroller conducted an independent audit of the Convention Center. The objectives of the audit were to:

- Assess compliance with various contractual requirements;
- Assess the adequacy of oversight and management provided by the Palm Beach County Convention and Visitors Bureau;
- Review sales goals, standards and performance;
- Assess internal controls and reporting mechanisms;
- Review and assess policies and procedures;
- Determine if any monies were misappropriated due to the theft loss at the Palm Beach County Convention and Visitors Bureau.

In order to meet these objectives, the Clerk's auditors reviewed contracts related to the Convention Center, financial reports, policies and procedures, and CVB Board meeting minutes. In addition, they interviewed staff and identified internal controls. They conducted tests of transactions and other data. Testing was limited to a sampling of activity for fiscal year 2006. They performed other procedures that we deemed necessary under the circumstances.

The Audit Services Division of the Clerk & Comptroller of Palm Beach County performed a separate audit of the CVB and issued an audit report in December 2006. That audit report

contains findings that relate to the Convention Center. Those findings and recommendations are not repeated in this report.

Background

The Convention Center, opened in January 2004, was built at a taxpayer cost of \$84 million and encompasses 350,000 square feet. The Convention Center is funded by its events and a portion of the tourist development tax.

In July 2001, the oversight, operation and day-to-day management and marketing of the Convention Center was subcontracted to Discover Palm Beach County, Inc., a private, non-profit corporation, doing business as the Palm Beach County Convention and Visitors Bureau (CVB). The CVB has the responsibility to oversee, promote, operate and manage the Convention Center, and is directly responsible for the overall management, marketing and booking of the Convention Center.

The CVB subcontracts with two companies to provide services at the Convention Center. These companies are:

- Global Spectrum, L.P.: For day-to-day management and operations;
- Aramark Sports and Entertainment Services, Inc.: For exclusive food and beverage services.

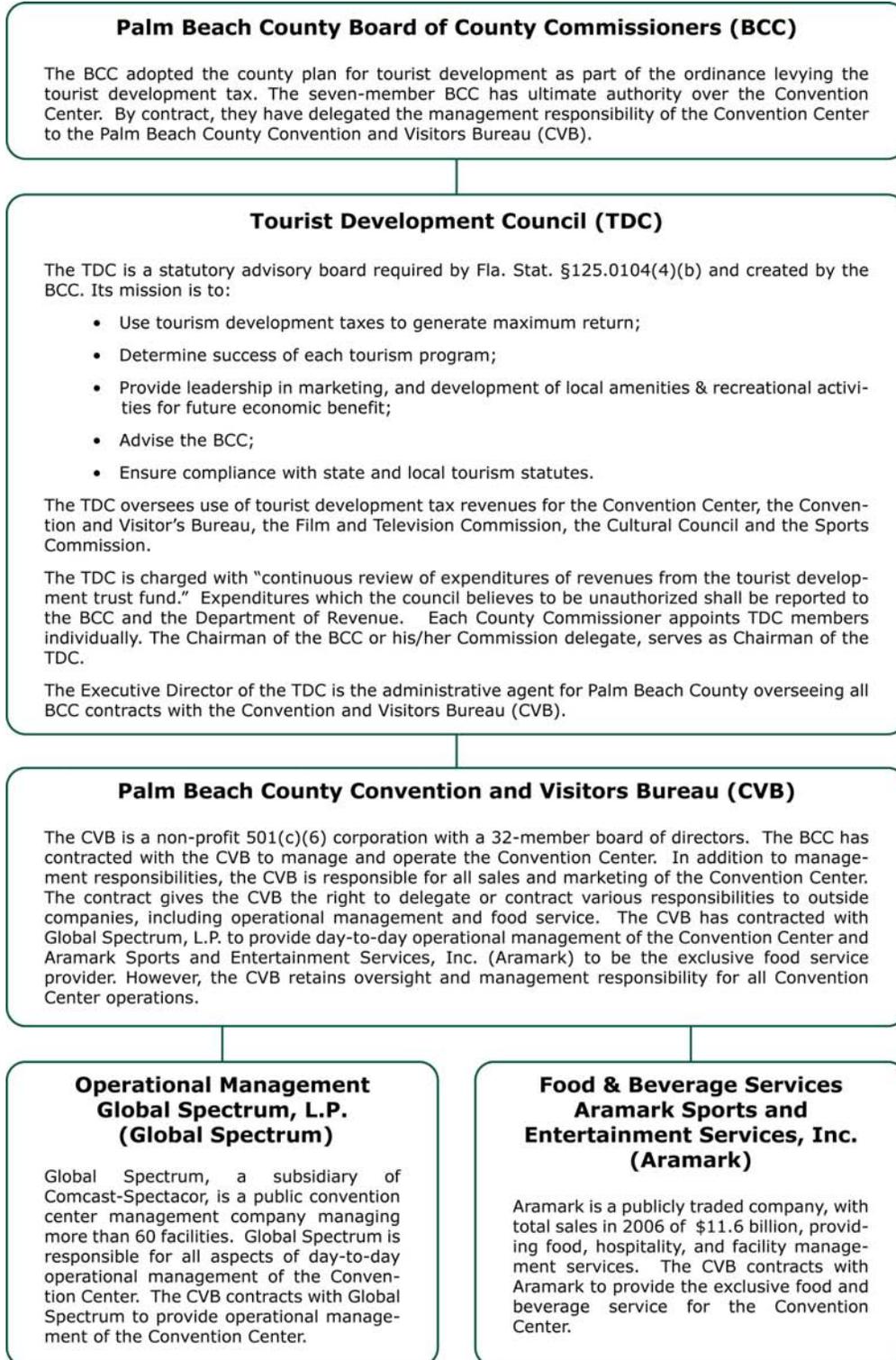
Although independent, the subcontracted companies report to the CVB.

Actual versus budgeted information from Convention Center financial statements is included in this chart:

CONVENTION CENTER ACTUAL VS. BUDGET				
FY 2005 & FY 2006				
	FY 05 Actual	FY 05 Budget	FY 06 Actual	FY 06 Budget
Number of events	288	335	309	199
Number of event days	760	414	738	352
Attendance	241,675	516,900	199,057	408,585
Total Operating Revenues	\$2,750,772	\$2,555,009	\$2,737,288	\$2,988,220
Total Operating Expenses	\$3,460,332	\$4,025,803	\$3,646,255	\$4,345,102
Net Operating Income (Loss)	(\$709,560)	(\$1,470,794)	(\$908,967)	(\$1,356,882)
Direct County Expenses	\$419,540	\$445,000	\$148,089	\$394,000
Net Income (Loss)	(\$1,129,100)	(\$1,915,794)	(\$1,057,056)	(\$1,750,882)

The following chart depicts agency responsibility and oversight of tourist development tax monies (bed tax) used to fund Convention Center operations:

AGENCY OVERSIGHT OF "BED TAX" FUNDS



OBSERVATIONS & RECOMMENDATIONS

The Clerk & Comptroller's audit disclosed certain policies, procedures, and practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the observations and recommendations presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Palm Beach County Convention and Visitors Bureau (CVB) does not provide adequate management and operational oversight of the Convention Center

The CVB does not provide adequate management and operational oversight of the Convention Center, thereby exposing the County to undue financial risk, including unnecessary losses from operations.

The CVB is contracted by the County to manage and operate the Convention Center. In addition to management, the CVB is responsible for all sales and marketing functions of the Convention Center. According to the Convention Center Mission Statement,

"The principal purpose of the Convention Center is to provide economic benefits to the county's taxpayers and residents by attracting visitors to the county for conventions, trade shows and meetings."

The following observations were made:

1) The CVB's marketing plan contains different incentive goals for long-term and short-term sales staff. The primary incentive goal for long-term sales staff is to book room nights. The primary incentive goal for short-term sales staff is to book events for the Convention Center. The lack of consistent goals for both sales groups makes it difficult to accomplish the overall mission of the Convention Center and may be a disincentive for long-term sales staff. The CVB should ensure that incentive goals are consistent and designed to accomplish the stated mission of the Convention Center. (See Observation #4)

2) The CVB has established Convention Center rental rates approved by the County. These rental rates are not consistently applied. (See Observation #7) Without proper oversight by the CVB, Convention Center staff may adjust rates without authority.

3) The CVB's contract with the County gives the CVB the right to delegate or contract various responsibilities to outside companies. Global Spectrum, L.P. (Global Spectrum) is responsible for all aspects of day-to-day operational management of the Convention Center. Aramark Sports and Entertainment Services, Inc. (Aramark) has exclusive responsibility for food and beverage service at the Convention Center. The CVB is responsible for monitoring financial information submitted by Global Spectrum and Aramark. The CVB does not monitor Aramark's financial information, creating a potential for errors and/or omissions and loss of County revenue. (See Observation #11)

4) The Convention Center is subject to the policies and procedures of the CVB. The contract between the CVB and the County requires that policies and procedures be reviewed by the CVB on an annual basis to determine whether they are appropriate and accomplishing their intended purpose. The sales policies and procedures have not been updated by the CVB since 2001 and staff report that current practices are not in compliance with the 2001 policies and procedures. It is essential that policies and procedures for the Convention Center be reviewed annually by the CVB. (See Observation #16)

The CVB's contract with the County requires the CVB to oversee, promote, operate, manage, and maintain the Convention Center. When oversight responsibilities are not adequately exercised, the County is exposed to undue financial risk, including unnecessary losses from operations.

"The principal purpose of the Convention Center is to provide economic benefits to the county's taxpayers and residents by attracting visitors to the county for conventions, trade shows and meetings."
- *Convention Center Mission Statement*

RECOMMENDATION:

The CVB should:

- A. Review, implement, comply with, and enforce its legal and contractual responsibilities to oversee, promote, operate, manage and maintain Convention Center operations.

2. A potential conflict of interest exists between the Convention and Visitors Bureau and the Convention Center

There is a potential conflict of interest between the CVB Board, comprised of tourism industry representatives, and the Convention Center, which may adversely affect decisions of the CVB Board.

The CVB Board of Directors and the paid membership of the CVB represent local businesses in the convention and tourism industry that have direct interest in tourism promotion activities that impact their businesses and profitability. In some instances, CVB member businesses may be in direct competition with the Convention Center for convention and trade show business. As such, when the CVB Board makes Convention Center-related decisions in areas such as staffing, rental rates, incentive plans, contracts, goals, and other policies and procedures, potential conflicts may arise.

The CVB should eliminate conflict of interest in fact as well as appearance.

The following observations were noted:

- 1) CVB sales positions for the Convention Center have been vacant for up to twelve months, significantly hindering the center's ability to attract business and become self-sufficient. As a result, the Convention Center may not be adequately staffed to accomplish its mission. (See Observation #3)
- 2) CVB sales incentive (bonus) plans for long-term sales staff emphasize and reward room night bookings rather than Convention Center bookings. This incentive program impedes the Convention Center's ability to maximize its utilization. (See Observation #4)
- 3) The primary goal of the CVB is to book room nights rather than booking the Convention Center. The CVB Marketing Plan acknowledges the conflicting goals of the Convention Center and CVB. (See Observation #5)

4) The CVB Board-approved rental rate structure of the Convention Center is inflexible, limiting the sales staff's ability to negotiate on an equal basis with the center's competitors. (See Observation #7)

5) Convention Center rental rates are approved by CVB Board members who may be in direct competition with the Convention Center or may have business relationships with competitors of the Convention Center. (See Observation #7)

The CVB should eliminate conflict of interest in fact as well as appearance. This may be accomplished by establishing the Convention Center as independent of the CVB.

RECOMMENDATION:

The CVB should:

- A. Establish the Convention Center as independent of the CVB.
- B. Develop a comprehensive conflict of interest policy that requires mandatory written disclosure of any potential conflicts of interest. The policy should also require board members with a disclosed conflict be excluded from discussions and voting.

3. *Convention Center is underutilized*

The Convention Center is underutilized which impacts its ability to become fully self-sufficient.

According to the Convention Center Mission Statement,

"The principal purpose of the Convention Center is to provide economic benefits to the county's taxpayers and residents by attracting visitors to the county for conventions, trade shows and meetings."

Based on current trends, overall utilization of the facility is decreasing.

Convention Center facility usage information is not reported or monitored by the CVB.

The following chart was provided on request. It illustrates the percentage of available square footage booked during fiscal years 2005 and 2006.

CONVENTION CENTER FACILITY UTILIZATION (SQ. FT.)		
Space Utilized	Fiscal Year 2005	Fiscal Year 2006
Ballroom	20.4%	26.7%
Exhibit Hall	46.7%	39.4%
1st Floor Meeting Rooms	30.5%	38.2%
2nd Floor Meeting Rooms	22.7%	32.1%
Overall % of Sellable Sq. Ft. Utilized	39.8%	36.9%

Based on current trends, overall utilization of the facility is decreasing.

According to discussions with management and review of the Convention Center Marketing Plan, the factors contributing to the Convention Center’s underutilization include:

- The Convention Center lacks an on-site hotel to attract conventions and trade shows.
- Five of the seven sales staff/management positions assigned to the Convention Center were vacant at the conclusion of this audit.
- Lack of coordination and communication in developing marketing and sales strategies between long- and short-term sales staff.
- CVB management does not monitor or obtain reports on Convention Center facility utilization.
- CVB management does not perform a cost break-even analysis on all Convention Center events.
- Marketing strategies do not take into account the “boutique” nature of the smaller Palm Beach County market, with minimal hotel space, which affects the area’s desirability for certain types of larger events.
- Lack of sophisticated cost accounting and sales information.
- Lack of flexibility in rental rates.
- Inadequate and obsolete Convention Center Marketing Plan.
- The Convention Center’s mission statement includes the nebulous goal, “to provide economic benefits to the county’s taxpayers and residents” rather than a measurable Convention Center usage goal, to which sales goals could be aligned.

Continued underutilization of the Convention Center will further perpetuate operating losses and hinder its ability to be self-sufficient.

RECOMMENDATION:

The CVB should:

- A. Develop a Marketing Plan with strategies that focus on maximizing Convention Center utilization and achieving self-sufficiency.
- B. Take an aggressive approach to filling sales staff vacancies with qualified industry professionals.
- C. Revise the Convention Center mission statement to include a measurable usage goal to which sales goals could be aligned.

4. Convention and Visitors Bureau does not promote Convention Center self-sufficiency

The Convention Center’s mission statement, sales incentive programs and the CVB marketing plan do not promote Convention Center self-sufficiency.

The Tourist Development Plan for Palm Beach County authorizes the use of tourist development tax revenue to fund convention center operations and maintenance costs only for a period of 10 years. The Convention Center opened in 2004; therefore, the facility must be self-sufficient in seven years.

The mission statement does not include a measurable Convention Center usage goal with which sales goals could be aligned.

...the facility must be self-sufficient in seven years.

The CVB Marketing Plan contains no timeline or definitive milestones for achieving Convention Center self-sufficiency.

There is a disincentive for long-term sales staff to book Convention Center events, which contributes to the underutilization of the Convention Center and hinders its ability to achieve self-sufficiency.

A review of the sales incentive programs for short-term and long-term sales staff revealed that short-term sales staff receive a quarterly bonus, 90% of which is based on Convention Center revenues. Sixty-five percent of the long-term sales staff’s incentive bonus is based on hotel room nights and 20% is based on Convention Center revenue.

Existing performance measurements for sales do not support the Convention Center's self-sufficiency.

One sales performance measurement is booked room nights, which is defined as definite (contracted) room night bookings resulting from sales staff leads or assignments. Although booked room nights is an industry standard measurement, it is an estimate and not a reliable measurement of performance.

In many cases, event organizers may need to contract with more than one hotel to accommodate the expected number of attendees. Since events might be scheduled a year or more in the future, the event organizer may not even contract with the hotels for the expected total attendance until a date closer to the meeting start date. Up to the date of the actual event, attendance numbers fluctuate. The result is that the actual number of hotel nights may or may not agree with the original estimate upon which the bonus is based.

The mission, goals, marketing strategies and performance measures suggest that Convention Center self-sufficiency is not a primary objective of the CVB.

RECOMMENDATION:

The CVB Board should:

- A. Create a plan for self-sufficiency that includes a timeline, milestones and a bonus structure that is aligned with critical milestones.
- B. Establish a committee to review the current incentive program and make recommendations for objective performance measures and incentives that are aligned with the self-sufficiency plan.
- C. Review and update the self-sufficiency plan on a quarterly basis.
- D. Revise the Convention Center mission statement and align it with sales goals, performance measures, and marketing plans, with the overall goal of achieving Convention Center self-sufficiency.

5. Convention Center’s organizational structure impedes its ability to achieve sales and marketing goals

The division of the CVB’s Convention Center sales organization into two groups has led to organizational dysfunction and difficulty in meeting the Convention Center’s overall sales goals and the CVB’s marketing plan.

The Convention Center sales organization has been divided into two groups: short-term sales and long-term sales. Short-term sales staff are responsible only for marketing events that are taking place at the Convention Center within the next twelve months. Long-term sales staff are responsible for booking hotel room nights and booking Convention Center events that are scheduled more than twelve months away.

A revision of the Convention Center’s organizational structure is needed to unify sales staff and increase the focus on Convention Center bookings.

The short-term sales staff offices are located at the Convention Center and assigned to report directly to the Convention Center General Manager. The sole duty of the short-term sales staff is to book events for the Convention Center and their performance incentives are tied directly to event bookings.

The long-term sales staff are located at the CVB office and integrated into the CVB’s Sales, Meetings and Conventions group, reporting to the CVB’s Vice President of Sales, Meetings and Conventions. As part of this group, the long-term sales staff’s primary focus is to promote and market Palm Beach County hotel and tourism businesses. The hotel and tourism businesses are potentially in competition with the Convention Center for convention and trade show bookings. The primary performance incentive for long-term sales staff is based on the number of hotel room nights rather than bookings for the Convention Center.

The following chart illustrates the pay structure for sales staff bonuses:

SALES INCENTIVE PROGRAMS COMPARISON (effective March 2006)		
Incentive Categories	Long-Term Sales Staff Percent of Total Incentive Bonus	Short-Term Sales Staff - Percent of Total Incentive Bonus
Convention Center Event Revenue	20%	90%
Hotel Room Nights	65%	0%
Leads	10%	5%
Sales Activities	5%	5%
Total	100%	100%

The Convention Center General Manager and CVB Vice President of Sales, Meetings & Conventions, individually report to the CVB President/CEO. There is no apparent effort to coordinate sales and marketing goals and incentives between the two groups.

The conflict for the long-term sales staff was noted in the 2007 CVB Marketing Plan, Section III, Page 2:

"We continue to receive mixed signals from our governing boards and direct hotel partners in that we are tasked to justify our existence with the results of the contracted production of group room nights for Palm Beach County while also being expected to take a more reticent posture and focus on "marketing" the destination and implementing market research in the quest to develop new business opportunities for our hotel partners to then secure as definite sales. While this does not relate to the Convention Center sales program, it is the dominant message of the hotel program."

A revision of the Convention Center's organizational structure is needed to unify sales staff and increase the focus on Convention Center bookings.

RECOMMENDATION:

The CVB should:

- A. Evaluate and clarify the roles of short- and long-term sales designations.
- B. Assign all Convention Center sales staff to the General Manager of the Convention Center.
- C. Limit Convention Center sales staff's responsibilities to only Convention Center bookings.
- D. Establish an incentive program that is aligned with the Convention Center Marketing Plan and goals.

6. *Convention Center sales reporting and tracking systems are inadequate*

The Convention Center's sales reporting and tracking systems lack proper integration between sales groups and are insufficient to adequately evaluate or measure sales and marketing efforts.

The Convention Center's short- and long-term sales staff utilize separate software applications and maintain separate client databases to track and report sales and booking activity. Short-term sales staff are using a program called "CCBreeze" and long-term sales staff are using a program called "Destination 3000." The long-term sales reports focus on room night statistics and revenues, while short-term sales reports focus on revenues and sales leads.

The sales reports generated by the two applications do not use common parameters or formats, making comparison and analysis difficult. In addition, reports do not provide management with complete information with which to evaluate sales and marketing efforts related to the Convention Center. Reports lack facility utilization measurements such as event profitability, number of days the facility is in use, square footage used per day and percentage utilized.

RECOMMENDATION:

The CVB should:

- A. Integrate software applications to create a comprehensive reporting and tracking system.
- B. Consolidate client databases.
- C. Create industry standard cost accounting and sales measurement reports and perform a detailed cost analysis by event to determine event profitability.

7. *Contract between the County and the Convention and Visitors Bureau does not provide any authority to negotiate rates for Convention Center bookings*

The contract between the County and the CVB does not contain a provision for negotiation outside of approved, pre-established rental rates, which may affect the Convention Center's ability to attract events.

The contract between the County and the CVB requires that the CVB conduct a rental rate survey and submit a CVB Board-approved rental rate schedule to the Tourist Development Council (TDC) and the Board of County Commissioners for approval. The contract states [Page 7, Item (2)]:

"...All booking shall be in accordance with the rate structure ... as approved by the County from time to time."

The rate schedule is used by the sales staff to book Convention Center space for events.

It is common for event organizers to seek rate concessions. The contract does not provide that flexibility. Convention Center management, however, has deviated from the rate schedule. In addition, the inability to negotiate rates likely has a negative impact on Convention Center bookings. A continued failure to recognize the need for rate negotiation in this highly competitive industry may handicap the Convention Center's ability to book events.

A review of fifteen events was performed to determine if the approved rates were charged and whether all supporting documentation was included in the event file. The rates for two events were not in accordance with the approved, pre-established rate schedule. One event file lacked documentation to support variation from the standard policy.

...failure to recognize the need for rate negotiation in this highly competitive industry may handicap the Convention Center's ability to book events and achieve self-sufficiency.

RECOMMENDATION:

The CVB should:

- A. Establish a rate schedule that allows rental rate flexibility within a pre-approved range.
- B. Require proper documentation be included in event files.

8. *Aramark does not have adequate segregation of duties in its cash-handling process*

Aramark has inadequate segregation of duties for the collection, recording and deposit of cash.

Both the Aramark Controller and his assistant are able to independently verify, record and prepare cash deposits. After an event, an Aramark vending clerk submits cash, a money slip and cash register tape to the Aramark Accounting Department. Both of the accounting

employees have the ability to verify the cash amount, create the deposit and record the transaction in the General Ledger.

A concentration of duties and responsibilities in a limited number of people creates a weak internal control environment.

The monthly bank statements ending 11/25/05 and 6/30/06 show bank deposits of \$244,392.44 and \$201,401.75, respectively, representing substantial cash activity.

A concentration of duties and responsibilities in a limited number of people creates a weak internal control environment.

Adequate segregation of duties would require the separation of cash processing from General Ledger recording. This can be accomplished by requiring both the Controller and his Assistant to verify the cash and initial the register tape to provide dual control. However, internal controls are needed to prevent just one individual from having the ability to verify cash, prepare the deposit, and make the General Ledger entry.

RECOMMENDATION:

The CVB should:

- A. Require Aramark to segregate duties for the processing of cash.
- B. Enforce its contractual rights to perform an audit of Aramark to ensure the consistent application of proper internal controls.

9. *Convention and Visitors Bureau management does not monitor and enforce proper allocation of Convention Center overhead costs*

CVB management does not monitor and enforce contract provisions regarding Convention Center overhead cost allocation, thereby reducing the County's share of food and beverage income.

The CVB's contract with the County allows the CVB to delegate or contract various responsibilities to outside companies. Global Spectrum is responsible for all aspects of day-to-day operational management of the Convention Center. Aramark has exclusive responsibility for food and beverage service at the Convention Center.

The County receives 92% of Aramark's net income. Aramark's net income is calculated as gross receipts minus expenses, including overhead costs. Global Spectrum receives 5% of the County's 92% share of Aramark's net income and Aramark retains 8% of its net income.

The County reimburses Global Spectrum for 100% of the Convention Center's overhead costs. Under the terms of the contract between the CVB and Aramark, Global Spectrum is to allocate a portion of Convention Center overhead costs to Aramark for the purpose of calculating Aramark's net income. The CVB is responsible for overseeing and monitoring the allocation of Convention Center overhead costs.

Global Spectrum does not allocate any portion of overhead costs to Aramark. The County is losing money because Aramark's overhead costs are not deducted from its gross receipts, thereby inflating its net income. This reduces the County's contractual share of Aramark's net income and inflates Global Spectrum's share of the net income.

The County is losing money because Aramark's overhead costs are not deducted from its gross receipts....

RECOMMENDATION:

The CVB should:

- A. Enforce contract provisions requiring that Global Spectrum allocate a portion of overhead costs to Aramark.
- B. Recalculate past overhead costs to Aramark and recover funds due to the County from Global Spectrum and Aramark.

10. Convention Center General Manager circumvented the County's expense reimbursement process

The Convention Center General Manager circumvented the County's expense reimbursement process by approving the inclusion of expenses in Aramark's financial statements after the expenses had been denied for reimbursement by the County.

Aramark's year-end financial statements for 2006 included a charge of \$8,116 under the line item, "Client Only Expense." Aramark staff stated that this expense represented invoices for expenses incurred prior to the opening of the Convention Center. These expenses were submitted to the County for reimbursement and reimbursement was denied based on inadequate documentation. The Convention Center General Manager authorized Aramark to include the \$8,116 expense in its annual financial statements.

The County receives 92% of Aramark's net income. The inclusion of these expenses in Aramark's financial statements reduced Aramark's net income (gross receipts minus expenses), resulting in a reduction of the funds distributed to the County.

RECOMMENDATION:

The CVB should:

- A. Recalculate and recover funds due the County.
- B. Enforce County policies related to expense reimbursement and ensure that only approved expenses are included in Aramark's financial statements.

11. Convention and Visitors Bureau management does not review Aramark financial statements

CVB management circumvented a contractual internal control by not reviewing Aramark financial statements.

The contract between the CVB and Aramark states that Aramark shall accrue to a marketing reserve fund an amount equal to two percent of its gross receipts. The total accrued to this fund during fiscal year 2006 was \$57,147.05, and the ending balance as of September 30, 2006 was \$39,890.17. The marketing reserve fund is to be used only for Aramark marketing activities. Some of the fiscal year 2006 activities that were paid for from the marketing reserve fund were newspaper advertisements (\$12,965), food tastings (\$11,128.79), and a sponsorship event (\$2,000).

Without a review of the marketing reserve fund quarterly statement and summary of account activity, there are inadequate internal controls and management oversight to ensure account activity complies with contract terms.

The contract between the CVB and Aramark also states that on a monthly basis Aramark is to provide Global Spectrum with financial information that is to be incorporated into the Global Spectrum's financial statements. Aramark also is to provide a copy to CVB management. Global Spectrum uses the financial information provided by Aramark to prepare the monthly financial statements on the operations of the Convention Center. Global Spectrum does not have a contractual arrangement with Aramark and does not perform any validation or verification of the information received.

A review of Aramark's June 2006 financial statement would have revealed that the statement was incomplete due to the exclusion of Bad Debt Expense and Legal Chargeout line items. In addition, although the grand total on the financial statement was correct, it did not reflect the sum of the individual line items.

Discrepancies in Aramark's financial statements could be identified and corrected with proper oversight and review.

RECOMMENDATION:

The CVB should:

- A. Properly maintain oversight of Aramark's financial statements and implement internal controls to ensure accuracy and completeness.

12. Convention and Visitors Bureau management does not require Aramark to provide timely payments to Global Spectrum

CVB management did not exercise sufficient oversight to ensure timely payments by Aramark to Global Spectrum, thereby delaying payments to the County.

The contract between Aramark and the CVB requires Aramark to provide Global Spectrum a statement of its gross receipts and allowable expenses, together with a payment of the County’s share of net income, on or 15 days following the close of the monthly accounting period. Aramark provides Global Spectrum timely financial statements; however, Aramark does not provide Global Spectrum with the County’s share of its net income within the required 15 days.

Two months were sampled to determine timeliness of the payment to Global Spectrum and the following was noted:

ARAMARK PAYMENT TRANSFERS		
Date Due	Payment Date (# Days Past Due)	Payment Amount
November 30, 2005	December 19, 2005 (4)	\$99,400
June 30, 2006	July 25, 2006 (10)	\$98,176

RECOMMENDATION:

The CVB should:

- A. Enforce the contract provision requiring Aramark to provide timely payment of the County’s net income share.

13. Convention and Visitors Bureau management does not enforce timely fund transfers to the County by Global Spectrum

Global Spectrum does not comply with, and it appears that CVB management does not require compliance with, the contract provision that requires fund transfers to the County within ten business days.

The contract between the County and the CVB requires that Global Spectrum transfer funds to the County within ten business days after the end-of-month closing.

Global Spectrum puts event rental deposits in an interest-bearing account. Interest on event deposits is transferred to the County on a monthly basis along with the County’s share of the Convention Center’s net income. However, the funds are not transferred within ten days.

Three months were sampled to determine timeliness of transfers and the following was noted:

GLOBAL SPECTRUM PAYMENT TRANSFERS		
Date Due	Transfer Date (Business Days Past Due)	Transfer Amount
December 31, 2005	Transferred January 24, 2006 (5)	\$344,756.13
June 30, 2006	Transferred July 31, 2006 (10)	\$246,672.52
September 30, 2006	Transferred October 31, 2006 (11)	\$18,607.24

Global Spectrum’s policies and procedures manual is not consistent with the contract, allowing for transfer of funds to the County within 30 days, rather than the ten days required in the contract.

RECOMMENDATION:

The CVB should:

- A. Ensure funds are transferred to the County timely and in compliance with the contract terms.
- B. As an alternative, amend the contract to accommodate Global Spectrum’s policies and procedures for funds transfers.

14. Convention and Visitors Bureau’s contracts with Global Spectrum and Aramark contain inconsistent provisions regarding interest income

The contract between the CVB and Aramark does not require food and beverage deposits be made into an interest-bearing account, which may result in loss of interest income for the County.

The CVB’s contract with Global Spectrum requires some deposits be made into an interest-bearing account and that interest revenue be transmitted to the County.

Aramark deposits all of its funds into a local Bank of America account and these funds are swept nightly into an Aramark corporate account. Aramark Corporation earns interest on these funds and pays all expenses of Aramark’s operations at the Convention Center.

Aramark Corporation submits a monthly check for the County's share of Aramark's net income. However, the check does not include funds from interest earned on Aramark's net income from the Convention Center.

RECOMMENDATION:

The CVB should:

- A. Amend contracts with Aramark and Global Spectrum to require that all funds be held in interest-bearing accounts and that all interest income be disbursed to the County.

15. Convention and Visitors Bureau management has not obtained a contractually required fidelity bond to protect the County

CVB management has not obtained a contractually required fidelity bond for the operations of the Convention Center since the contract's inception in 2001.

The contract between the County and the CVB requires the CVB to procure and maintain a third-party commercial fidelity bond in an amount of at least \$1 million. A fidelity bond is

The absence of this fidelity bond leaves the County unprotected from potential financial loss.

an insurance policy that protects organizations in case of dishonest acts by employees, such as theft, forgery, larceny, or embezzlement. The contract requires the fidelity bond to be written on a blanket basis covering all CVB officers, employees and agents who have custody of or access to any revenues, monies, or finances of the Convention Center.

The contract requires a third-party endorsement in favor of "Palm Beach County, Board of County Commissioners, a Political Subdivision of the State of Florida." In addition, CVB management must furnish the County Administrator with a certificate of insurance within 30 days of the effective date.

This policy should cover the CVB employees, including the Convention Center General Manager and sales staff.

The absence of this fidelity bond leaves the County unprotected from potential financial loss.

RECOMMENDATION:

The CVB should:

- A. Immediately obtain a fidelity bond as required by the contract and provide a certificate of insurance to the County Administrator within 30 days of the effective date.
- B. Periodically evaluate the Convention Center's level of risk to ensure sufficient insurance coverage.

16. Convention and Visitors Bureau Board does not update and approve Convention Center policies and procedures

The Convention Center's sales policies and procedures have not been updated or approved by the CVB Board since 2001.

The Convention Center sales staff are subject to the policies and procedures of the CVB. The contract between the CVB and the County requires that policies and procedures be reviewed and approved by the CVB Board on an annual basis. The approved policies and procedures are then submitted to the County/Tourist Development Council to determine whether such policies and procedures are appropriate and accomplishing their intended purpose.

The sales staff interviewed indicated that the existing sales policies and procedures are not reflective of the current operations. Some issues identified as needing updates include application of sales tracking systems, job descriptions and sales incentive programs.

It is essential that the CVB comply with its contractual requirements for annual review and approval of Convention Center policies and procedures.

RECOMMENDATION:

The CVB Board should:

- A. Review, update and approve Convention Center sales policies and procedures.
- B. Submit board-approved policies and procedures to the County/Tourist Development Council annually.

17. Convention Center audits are not conducted in compliance with audit provisions of the contract

Convention Center annual external audits have been conducted by an independent auditor hired by the CVB rather than the County's external auditor as required by the contract.

The County has two contracts with the CVB: a contract for the management and oversight of the Convention Center and a contract for tourism marketing services. Provisions as to auditing are not consistent between the two contracts.

...it is important that the County exercise control of the selection of the Convention Center auditor.

The CVB's contract with the County states that the CVB shall have an audit of its finances conducted annually by a "qualified independent auditor" selected by the CVB. The Convention Center's contract states that its finances shall be audited by the County's external auditor.

All audits of the Convention Center, however, were conducted by an independent auditor hired by the CVB rather than the County's external auditor.

Because Convention Center operations are funded by county tax dollars, it is important that the County exercise control of the selection of the Convention Center auditor. This would require an amendment to the contract.

RECOMMENDATION:

The CVB should:

- A. Amend the audit provision in the Convention Center contract to authorize the County to select the Convention Center's auditor.
- B. Submit all Convention Center audit reports to the County.

18. Job descriptions for Convention Center sales staff are inadequate

The lack of current and accurate descriptions for Convention Center sales positions contributes to organizational dysfunction and ineffectiveness as job responsibilities and expectations may not be consistently and clearly communicated to employees.

Convention Center sales positions were split into two groups (short- and long-term sales) as part of reorganization at the beginning of fiscal year 2006. However, specific job descriptions for short-term and long-term sales staff are inadequate or have not been developed.

A new organizational reporting structure also was created at the beginning of fiscal year 2006, with two short-term sales positions and one administrative support position being reassigned from the CVB's Vice President of Sales, Meetings & Conventions to the Convention Center General Manager. Long-term sales staff continued to report to the CVB's Vice President of Sales, Meetings & Conventions.

Job duties for the two sales groups are different. Short-term sales staff are responsible only for Convention Center event bookings and the long-term sales staff are responsible for booking hotel room nights and convention center events.

Job descriptions must be updated to support any reorganization.

RECOMMENDATION:

The CVB should:

- A. Ensure job descriptions are created, updated and distributed.

19. Convention and Visitors Bureau management does not enforce the County's policy for monitoring and filtering Internet usage at the Convention Center

The CVB has no policy regarding the filtering and monitoring of Internet usage by the employees at the Convention Center.

The County has a written policy on Internet use, which is applicable to all County employees and contractors authorized to use County-owned equipment and facilities. However, CVB management has not enforced the County's policy.

The County's policy lists the following as unacceptable activities:

1. *"Receipt and dissemination of sexually explicit, hate oriented, threatening or illegal information, including offensive jokes or cartoons;*
2. *Gambling;*
3. *Promoting or endorsing an outside business venture;*
4. *Downloading, during normal business hours, streaming video or audio files for amusement or entertainment purposes; and*
5. *Engaging in fund raising efforts or political activities.*

This includes, but is not limited to, sexually explicit web sites and chat rooms as well as any web site that promotes discrimination or hatred."

Because Convention Center staff utilize County facilities and equipment, this policy applies to all employees located at the Convention Center. CVB management oversight of Internet use at the Convention Center is necessary to ensure compliance with the County's policy.

RECOMMENDATION:

The CVB should:

- A. Install Internet filtering and monitoring software for use on all computers in the Convention Center.

EXHIBIT A

*Palm Beach County Convention Center Audit
Summary of Recommendations with Response*

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Report Page No.	Recommendation	Management Response
1.	Palm Beach County Convention and Visitors Bureau (CVB) does not provide adequate management and operational oversight of the Convention Center	
7	<i>A. Review, implement, comply with, and enforce its legal and contractual responsibilities to oversee, promote, operate, manage and maintain Convention Center operations.</i>	<p>The Bureau does not agree with Finding #1 and believes it is not supported by the evidence. The Bureau agrees with Recommendation 1.A., and believes it has done so. The observations made are erroneous in the following respects:</p> <p>1) The different incentive goals for long-term and short-term sales staff are entirely appropriate to their missions of selling different products to different sets of buyers. The goals are consistent with their missions (room nights for long-term, convention-type business, and building revenue for short-term, consumer shows and local meetings). The sales goals are carefully designed in accordance with standards of the industry and as such are “designed to accomplish the stated mission of the Convention Center”.</p> <p>2) The Center’s rental rates are consistently applied, with any variations negotiated on the basis of competitive need in accordance with industry standards.</p> <p>3) The Bureau monitors the food service vendor’s financial information. However, the Bureau agrees that it should obtain and monitor more specific information in the future.</p> <p>4) The policies and procedures of the Center are reviewed and approved by the Bureau. The version currently in use was published in November 2005 and approved by the TDC in 2006. The Bureau’s sales staff is subject to the separate policies and procedures of the Bureau, in particular the Compensation Plan adopted by the Bureau in 2001 as amended from time to time.</p>

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2. A potential conflict of interest exists between the Convention and Visitors Bureau and the Convention Center		
8	<i>A. Establish the Convention Center as independent of the CVB.</i>	<p>The Bureau disagrees with Recommendation 2.A. Although there is no “right” way to structure Convention Center operations and marketing, the Bureau’s board believes the Bureau, as an entity established to pursue the overall goals of the County’s tourist tax, is the best choice for management and oversight of the Convention Center’s operations.</p> <p>With regard to the observations noted at Finding #2, the Bureau notes as follows:</p> <ol style="list-style-type: none"> 1) The Bureau believes it has provided adequate manpower for the conduct of long-and short-term sales at the Center, as demonstrated by the sales levels discussed at Finding #3, below. 2) The primary goal of the Bureau is aligned with the primary mission of the Center -- to attract events that result in tourist room nights and the associated economic benefit to the County. Any other goal of the Center is secondary, as discussed further below. 3) For that reason, the bonus plans for long-term sales staff correctly reward room night bookings for events booked into the Center. The Audit Report erroneously focuses on the “the Convention Center’s ability to maximize its utilization” regardless of the nature of the event. As discussed elsewhere, the Center’s mission has broader economic goals than operating as a venue for consumer shows and local meetings with no tourism benefit. 4) The rent structure is not inflexible, as discussed above at Finding #1, Observation 2). 5) Rental rates are established with reference to a rate survey of competitive venues and approved by the TDC.

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8	<i>B. Develop a comprehensive conflict of interest policy that requires mandatory written disclosure of any potential conflicts of interest. The policy should also require board members with a disclosed conflict be excluded from discussions and voting.</i>	The Bureau has always followed a policy excluding any board member with an interest in a matter coming before the board from participating in the debate and vote on the matter. The Bureau is in the process of codifying this policy with any appropriate additions.
3. Convention Center is underutilized		
10	<i>A. Develop a Marketing Plan with strategies that focus on maximizing Convention Center utilization and achieving self-sufficiency.</i>	<p>Although the Bureau will continue to push for greater utilization of the Center, the Bureau disagrees with Finding #3. To determine whether the Center is “underutilized”, one must first consider what would constitute full utilization, similar to consideration of occupancy rates of hotels. In the industry, 70% utilization of the Exhibit Hall and 50% utilization of meeting rooms would generally be considered as appropriate targets. Second, one must consider how long it should take a new center to achieve full utilization. The rule of thumb in the industry for a center with an anchor hotel already in place would be five years. As noted in the report, the delay in construction of the Center’s associated hotel has significantly impaired the booking of long and short term business into the Center. Even setting aside this factor, the current utilization rates are consistent with the Center’s current state of development</p> <p>With regard to the noted factors:</p> <ul style="list-style-type: none"> • The delay in the hotel has in fact hindered sales. <i>We also note that the simultaneous construction of the hotel and the parking garage during the next two years has the potential to interfere with operations and reduce usage rates despite the best efforts of management to ameliorate these effects.</i> • There were not seven assigned sales positions: the two short-term and one long-term positions were filled. (The long-term position

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		<p>since has been vacated and will be filled shortly.)</p> <ul style="list-style-type: none"> • The long and short term sales staff are selling different products to different markets. However, they are coordinated as to such factors as building availability and application of the Center’s booking policy giving preference to room night associated events. • Management has monitored usage, but with focus on revenue and room nights rather than on square footage. Square footage is only one factor, and not closely related to the Center’s room night and revenue goals. • To the contrary, long-term sales from the outset have adopted strategies to overcome the lack of hotel rooms relative to other venues. • Cost accounting and sales information are not lacking. • Rental rates are not inflexible. • The marketing plan has played to the Center’s strengths, in particular its attractive design, continued maintenance to the standard of a “new” building, Palm Beach County location, and support services of Convention Bureau staff. • The Center’s mission statement correctly refers to the economic benefits of the Center. <p>The Bureau disagrees with Recommendation 3.A., because it incorrectly focuses on “Convention Center utilization and achieving self-sufficiency”, ignoring the primary purpose of the Center, to bring tourist-related economic benefits to the County.</p>
10	<i>B. Take an aggressive approach to filling sales staff vacancies with qualified industry professionals.</i>	The Bureau agrees with this recommendation and will continue to do so.
10	<i>C. Revise the Convention Center mission statement to</i>	The Bureau believes the Center’s mission is correctly stated. With

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	<i>include a measurable usage goal to which sales goals could be aligned.</i>	regard to sales goals, the Bureau believes revenue and room night goals are the better indicators to which sales goals should be aligned. However, the Bureau is open to use of square-footage usage as a secondary benchmark for tracking progress.
4. Convention and Visitors Bureau does not promote Convention Center self-sufficiency		
11	<i>A. Create a plan for self-sufficiency that includes a timeline, milestones and a bonus structure that is aligned with critical milestones.</i>	<p>The Bureau disagrees with Finding #4 in that it implies that self-sufficiency should be the primary goal of the Center, to the exclusion of others. Indeed, the final paragraph of the observations states: “The mission, goals marketing strategies and performance measures suggest that Convention Center self-sufficiency is not a primary objective of the CVB”; the subsequent recommendations in the report are all directed towards that objective.</p> <p>As discussed elsewhere, the County’s purpose in constructing the Center was to realize the economic benefits of tourism related to the Center. Although events such as high school graduations contribute to the self-sufficiency of the Center, they do little in the way of bringing tourism to the County.</p> <p>The fact is that a balance must be struck between the need to minimize, and eventually eliminate, operating losses, and the goal of booking events that bring out-of-County visitors into the County’s hotels and associated businesses. The Bureau’s sales goals have been carefully crafted to reflect this balance, in both the long term and short term sales staffs.</p>
11	<i>B. Establish a committee to review the current incentive program and make recommendations for objective performance measures and incentives that are aligned with the self-sufficiency plan.</i>	This recommendation would focus on self-sufficiency to the exclusion of the tourism impact of events booked into the Center.

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11	<i>C. Review and update the self-sufficiency plan on a quarterly basis.</i>	This recommendation would focus on self-sufficiency to the exclusion of the tourism impact of events booked into the Center.
11	<i>D. Revise the Convention Center mission statement and align it with sales goals, performance measures, and marketing plans, with the overall goal of Convention Center self-sufficiency.</i>	This recommendation would focus on self-sufficiency to the exclusion of the tourism impact of events booked into the Center.
5. Convention Center’s organizational structure impedes its ability to achieve sales and marketing goals		
13	<i>A. Evaluate and clarify the roles of short- and long-term sales designations.</i>	<p>The Bureau disagrees with Finding #5, and believes it reflects a fundamental misunderstanding of the kinds of business to be booked into the Center and the kinds of staff resources that must be deployed against that business.</p> <p>Long-term sales are aimed at meetings and conventions typically planned three to four years out, involving professional or trade associations or company personnel, planned by in-house or third party meeting planners. Sales are conducted in close coordination with County hotels, with whom room blocks must be negotiated. It is an industry in and unto itself, requiring a corresponding skill set, experience, and contacts and relationships, using specific marketing channels.</p> <p>Short-term sales are aimed at consumer shows, local meetings, and social events. These events have very different requirements, and often must be brought to a closed sale very quickly.</p> <p>The Bureau recently has moved from a 12 to an 18 month demarcation between short and long term business. However, there is never a clear line, and events should be sold based more on their nature than the timing of their contracting.</p>

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13	<i>B. Assign all Convention Center sales staff to the General Manager of the Convention Center.</i>	The Bureau has assigned short-term sales staff to work at the Center. Long-term sales staff are more appropriately housed in the Bureau's Groups & Meetings department, as is standard in the industry.
13	<i>C. Limit Convention Center sales staff's responsibilities to only Convention Center bookings.</i>	The Bureau agrees with this recommendation.
13	<i>D. Establish an incentive program that is aligned with the Convention Center Marketing Plan and goals.</i>	The Bureau has done so.
6. Convention Center sales reporting and tracking system is inadequate		
14	<i>A. Integrate software applications to create a comprehensive reporting and tracking system.</i>	CCBreeze is designed for Convention Center operations, and Destination 3000 is designed for Convention Bureau operations. Although a common software platform might have some advantages, neither program currently provides sufficient functionality for both Convention Center and Convention Bureau operations, and the Bureau would be reluctant to give up the functionality of Destination 3000. The Bureau will continue to study this question.
14	<i>B. Consolidate client databases.</i>	See above.
14	<i>C. Create industry standard cost accounting and sales measurement reports and perform a detailed cost analysis by event to determine event profitability.</i>	The Center already is conducting cost and profitability analysis of major events. Minor events do not warrant this expenditure of resources. The Bureau will study ways to improve financial reporting on events.
7. Contract between the County and the Convention and Visitors Bureau does not provide any authority to negotiate rates for Convention Center bookings.		
16	<i>A. Establish a rate schedule that allows rental rate flexibility within a pre-approved range.</i>	The Bureau believes it has this flexibility, and will so state in its next published rate structure.

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16	<i>B. Require proper documentation be included in event files.</i>	The Bureau is doing so, especially since the audit conducted by the County's Internal Auditor dated October 2, 2006.
8. Aramark does not have adequate segregation of duties in its cash-handling process		
17	<i>A. Require Aramark to segregate duties for the processing of cash.</i>	The Bureau will take this recommendation under advisement.
17	<i>B. Enforce its contractual rights to perform an audit of Aramark to ensure the consistent application of proper internal controls.</i>	The Bureau will take this recommendation under advisement.
9. Convention and Visitors Bureau management does not monitor and enforce proper allocation of Convention Center overhead costs		
18	<i>A. Enforce contract provisions requiring that Global Spectrum allocate a portion of overhead costs to Aramark.</i>	The Bureau will take this recommendation under advisement.
18	<i>B. Recalculate past overhead costs to Aramark and recover funds due to the County from Global Spectrum and Aramark.</i>	The Bureau will take this recommendation under advisement.
10. Convention Center General Manager circumvented the County's expense reimbursement process		
18	<i>A. Recalculate and recover funds due the County.</i>	The Bureau will take this recommendation under advisement.

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18	<i>B. Enforce County policies related to expense reimbursement and ensure that only approved expenses are included in Aramark's financial statements.</i>	The Bureau will take this recommendation under advisement.
11. Convention and Visitors Bureau management did not review Aramark financial statements		
19	<i>A. Properly maintain oversight of Aramark's financial statements and implement internal controls to ensure accuracy and completeness.</i>	The Bureau monitors the food service vendor's financial information. However, the Bureau agrees that it should obtain and monitor more specific information in the future.
12. Convention and Visitors Bureau management does not require Aramark to provide timely payments to Global Spectrum		
20	<i>A. Enforce the contract provision requiring Aramark to provide timely payment of the County's net income share.</i>	The Bureau has amended the contract with Global Spectrum to harmonize the time frames for payments by the contractors.
13. Convention and Visitors Bureau management does not enforce timely fund transfers to the County by Global Spectrum		
21	<i>A. Ensure funds are transferred to the County timely and in compliance with the contract terms</i>	The Bureau has amended the contract with Global Spectrum to harmonize the time frames for payments by the contractors.

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21	<i>B. As an alternative, amend the contract to accommodate Global Spectrum's policies and procedures for funds transfer.</i>	The Bureau has amended the contract with Global Spectrum to harmonize the time frames for payments by the contractors.
14. Convention and Visitors Bureau's contracts with Global Spectrum and Aramark contain inconsistent provisions regarding interest income		
22	<i>A. Amend contracts with Aramark and Global Spectrum to require that all funds be held in interest-bearing accounts and that all interest income be disbursed to the County.</i>	The Bureau will take this recommendation under advisement.
15. Convention and Visitors Bureau management has not obtained a contractually required fidelity bond to protect the County		
23	<i>A. Immediately obtain a fidelity bond as required by the contract and provide a certificate of insurance to the County Administrator within 30 days of the effective date.</i>	The Bureau has been advised that the County's risk management department does not require this duplicate coverage. The Bureau will renew this dialogue and either amend the contract accordingly, or obtain such coverage as the County may require.
23	<i>B. Periodically evaluate the Convention's Center's level of risk to ensure sufficient insurance coverage.</i>	The Bureau agrees with this recommendation.
16. Convention and Visitors Bureau Board does not update and approve Convention Center policies and procedures		
23	<i>A. Review, update and approve Convention Center policies and procedures.</i>	The Bureau has done so and will do so.
23	<i>B. Submit board-approved policies and procedures to</i>	The Bureau will assure compliance with this requirement.

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	<i>the County/Tourist Development Council annually.</i>	
17. Convention Center audits are not conducted in compliance with audit provisions of the contract		
24	<i>A. Amend the audit provision in the Convention Center contract to authorize the County to select the Convention Center's auditor.</i>	The Bureau will take this matter up with the County.
24	<i>B. Submit all Convention Center audit reports to the County.</i>	The Bureau will assure compliance with this requirement.
18. Job descriptions for Convention Center sales staff are inadequate		
25	<i>A. Ensure job descriptions are created, updated and distributed.</i>	The Bureau agrees with this recommendation.
19. Convention and Visitors Bureau management does not enforce the County's policy for monitoring and filtering Internet usage at the Convention Center		
26	<i>A. Install Internet filtering and monitoring software for use on all computers in the Convention Center.</i>	The Bureau will adopt and apply a policy consistent with the County's policies and practices in this regard.