



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Memorandum

Date: May 15, 2017
From: Roger Trca, Inspector General
To: Shannon Ramsey-Chessman – Chief Operating Officer, Finance
Subject: Tourist Development Council Review

A. Background:

The Clerk & Comptroller's Audit Services Unit (ASU) of the Division of Inspector General has completed this management requested, limited-scope review of the Tourist Development Council (TDC) and the supporting contracted agencies for which it provides oversight.

TDC is a statutory advisory board required by Section 125.0104(4)(e) Fla. Stat. and it was created in 1981 by the Palm Beach County (PBC) Board of County Commissions (BCC). Its mission is to:

- Use tourism development taxes to generate maximum return;
- Determine success of each tourism program;
- Provide leadership in marketing, and development of local amenities & recreational activities for future economic benefit;
- Advisory body to BCC; and,
- Ensure compliance with state and local tourism statutes.

The TDC oversees use of tourist development tax revenues ("bed tax") for the five contracted marketing agencies which include: Discover Palm Beach County, Inc. (DISCOVER), Film and Television Commission, Cultural Council, Sports Commission, and the Convention Center. Net collections of tourist development taxes have grown in the last ten years from \$26.4 million in 2007 to \$46.4 million in 2016.

The Convention Center services are provided through a contract with Global Spectrum, a company that manages and operates sports and entertainment facilities throughout the U.S. and Canada. The principal owner of Global Spectrum is Comcast-Spectacor, which is a subsidiary of Comcast Corporation, a publicly traded company.

The TDC is a county department led by Glenn Jergensen, Executive Director. The TDC Executive Director is the administrative agent for Palm Beach County overseeing all contracts with the BCC. The TDC is governed by Florida Statutes (primarily Section 125.0104) and County Ordinances.

The TDC is charged with “continuous review of expenditures of revenues from the tourist development trust fund.” Each County Commissioner appoints TDC members individually. The Chairman of the BCC or his/her Commission delegate serves as Chairman of the TDC.

As the County’s Comptroller, the Clerk’s Office is responsible for the audit of all TDC expenditures including contractual payments, funded from “bed tax” collections, to the five tourism marketing agencies. The Clerk’s Grants & Contracts Unit, led by Vincent Amelio – Manager, provides reimbursement of disbursements made by the TDC and its supporting contracted agencies to vendors and its employees.

B. Objectives, Scope and Methodology:

The objectives of this management requested, limited-scope review were initially as follows:

1. Review the contracts expiring September 30, 2017 between the County on behalf of the TDC and its key contracted marketing agencies (DISCOVER, Film and Television Commission, Cultural Council, Sports Commission, and Convention Center). Identify key terms that involve Clerk’s role and authority in providing oversight to TDC and key agencies. Develop recommendations for County management to consider during upcoming contract negotiations.
2. Review the audit processes in place within Clerk’s Finance and conduct testing where appropriate to verify payments to TDC and key marketing agencies (DISCOVER, Film and Television Commission, Cultural Council, Sports Commission, and Convention Center) are in compliance with Florida Statutes and contract terms. Based on input from Finance management, our primary attention was focused on the following areas.
 - a) Review DISCOVER’s reimbursement requests in which the expenses were charged to their American Express (AmEx) card.

- b) Review DISCOVER's reimbursement requests to determine compliance with contract terms requiring adherence to the annual budget as set forth in the contract's Exhibit A.
- c) Review DISCOVER's reimbursement request process involving revenue generating partner events to determine compliance with contract terms requiring the Executive Director to determine that there has been an offset or reduction of the claimed expense by non-public funding or contribution of goods and/or services.
- d) Review the Clerk's oversight of the bank account established to support the Convention Center and its outsourced operations vendor (Global Spectrum).
- e) Review the Clerk's process to handle "prepay" requests (e.g., payroll, vendor invoices) received from the marketing agencies and determine if in compliance with contract terms.

Our scope included the TDC and contracted marketing agencies and the support provided by the Clerk's Grants & Contracts Unit to reimburse these entities on behalf of the County. Testing and analytical review were considered and performed as deemed appropriate.

In order to meet the objectives, we obtained the current contracts in place between the County (on behalf of the TDC) and the marketing agencies, documented the key terms, and prepared input on any changes in contract terms that would enhance the ability of Clerk's Finance to more effectively provide oversight of the TDC. We solicited Clerk Finance management input on the key issues and primary concerns they are experiencing with TDC and their contracted agencies. Focusing on the areas of most significant management concern, we designed and conducted testing, as needed. Our emphasis was on verifying reimbursement payments to the TDC's key agencies are in compliance with Florida Statutes and contract terms. We conducted other procedures as deemed necessary.

As a result of our review of contract terms, prior audit work, and management's examples of concerns, considered in conjunction with our meetings with management regarding those concerns, we determined that testing of transactions was not deemed necessary in addressing the concerns expressed.

C. Conclusion:

Our limited-scope review of the contracts expiring September 30, 2017 between the County on behalf of the TDC and its key contracted marketing agencies (DISCOVER, Film and Television Commission, Cultural Council, Sports Commission, and Convention Center) determined that the manner in which expense submission packages were provided did not enable Clerk's Payables to ensure contract terms were satisfied. Clerk's Payables expends great effort to ensure the expenses claimed by the TDC's supported agencies serve a valid business purpose and are of such nature as to be appropriately paid through tourist development tax derived funding. However, we noted the following contract compliance concerns that need to be addressed.

- Contract terms requiring expenses to be supported by "receipted invoices" and for such expenses to have been paid prior to processing by the Clerk as reimbursements are not satisfied.
- DISCOVER's submission of expenses do not include evidence of adherence to budget line items as required by the contract.
- Contract terms require a determination by the TDC Executive Director that there has been no offset or reduction of the claimed DISCOVER expense by non-public funding or contribution of goods and/or services; however, no information or attestation is provided by TDC with the payment request packages.
- DISCOVER and the other TDC agencies submit requests for payment of payroll costs. Discussions with Clerk management indicate that the agencies are expecting payment in advance, rather than reimbursement for incurred expenses.

We recommend Clerk management coordinate efforts with TDC management during the contract renewal process to ensure that contract terms are structured in a manner that enable Clerk's Payable to confirm full contract compliance by TDC supported agencies.

D. Observations

1. Reimbursements to TDC supported agencies

Contracts with TDC supported agencies are structured in such a way that costs are to be incurred and paid prior to submission of invoices through TDC to the Clerk's Office for pre-audit and payment. However, DISCOVER and the other TDC supported agencies to a lesser extent are not generally making payment on invoices before requesting payment

from the County through the Clerk's Office, thereby not generally adhering to the contract terms. Current contracts for all the support agencies are effective through September 30, 2017.

Each contract specifies under the "Compensation and Method of Payment" section¹ that payment requests will be for costs incurred and will be supported by "received invoices". We consulted with the Clerk's Legal Counsel and Ethics Officer, who confirmed that the appropriate definition of received invoices is such an invoice that not only itemizes the goods and/or services provided and their costs, but also provides affirmative proof that the invoice has been paid. Each contract, except for DISCOVER, specifies that "payment" shall not be made unless and until pre-audit of invoices by the Clerk's Office is completed. The contract with DISCOVER instead states that "reimbursement" shall not be made unless and until pre-audit of invoices by the Clerk's Office is completed. The DISCOVER contract goes on to explain the limited circumstances under which payment of expenditures in advance can be made.²

The contract language clearly describes payment to the agencies by the County as reimbursement for expenses/costs they have incurred, rather than expenses they are simply liable for because of receipt of goods and/or services. Clerk's Finance have had ongoing discussions in recent years with DISCOVER to strive to ensure contract compliance.

DISCOVER generally provides supporting copies of corresponding vendor invoices and proof of receipt or performance of the goods or services. In addition, DISCOVER supplements this information with copies of portions of monthly AmEx statements for specific charges for which payment reimbursement requests are made to Clerk's Payables as evidence of payment. However, these excerpts are not supported by evidence that AmEx has been paid for the specific charges reflected on the statement. Therefore, the statements are not adequate proof of payment, which Clerk Legal Counsel has similarly opined. If the AmEx statements were submitted periodically with evidence of payment to AmEx for the line items listed thereon, they would serve as evidence of payment to AmEx.

The Clerk's Office has asked that DISCOVER provide check registers, after checks have been cut, to evidence payment. While DISCOVER expressed its willingness to provide the registers, it specifically stated³ that "...DISCOVER does not pay until reimbursed

¹ Cultural Council R2016-1413, paragraph 17; Sports Commission R2016-1410, paragraph 3; Film & Television Commission R2016-1411, paragraph 3; DISCOVER R2016-1412, paragraph 3

² DISCOVER *ibid*

³ DISCOVER Interoffice Memorandum dated August 12, 2016 – see at Appendix A

from the County". DISCOVER also stated "This will be complicated by those vendors paid from Private Funds to meet payment terms and then the private account fund is reimbursed by the County reimbursement after the Vendor has been paid." These statements effectively demonstrate DISCOVER is counting on advance payment from the County rather than reimbursement.

As noted in our 2015 audit of Clerk's Payables, DISCOVER makes partial payments to American Express to cover portions of the monthly AmEx statements. This process poses the risk that Clerk's Payables may not detect a charge that DISCOVER previously submitted for payment. Clerk's Payables has a stated practice of reviewing previously paid reimbursement requests when uncertainty arises, though it is time consuming and may not always prevent duplicate payment of charges. Also, DISCOVER may obtain a credit or refund of a prior charge that was submitted for reimbursement, which creates significant challenges to Clerk's Payables in detecting such instances.

DISCOVER, and the other TDC agencies, also submit requests for payment of payroll costs. Discussion has ensued, particularly with DISCOVER, about the need to timely process the payroll requests and the difficulty of obtaining supporting data from the contracted payroll servicer promptly enough to allow TDC and the Clerk's Office to review prior to the need to make payroll.⁴ The tenor of those discussions again makes clear that the agencies are expecting payment in advance, rather than reimbursement for incurred expenses.

Recommendations:

- A. For the remainder of the current contract period, the Clerk's Office should reiterate to TDC the reimbursable nature of the contracts and explain the need to strictly limit requests for payment in advance of occurrence of the expenses.
- B. During the upcoming contract renewal process, the Clerk's Office and TDC should coordinate efforts to ensure contract terms are structured in a manner that enable full compliance by TDC supported agencies. The "Compensation & Method of Payment" terms should be consistent for all TDC supported agencies to the maximum extent possible. If the contract terms continue to include language stating that payment processing through the Clerk's Office is for reimbursement of expenses which have already been paid by the agencies, the contract should clearly define the requirements of the type of supporting documents that must be submitted to the Clerk's Office.

⁴ DISCOVER Interoffice Memorandum, *ibid*.

2. Reimbursement to DISCOVER for costs in accord with budgeted line items as expressed in Exhibit A

DISCOVER's payment packages submitted to the Clerk's Office do not have costs associated with the appropriate budgeted line items. As a result, the Clerk's Office cannot audit to determine whether the requests are within the line item budget limitations as required by the contract.

Contract terms state that "DISCOVER shall be paid for its actual costs not to exceed the total amount for the various items, and up to the maximum amounts budgeted therefore, as set forth in DISCOVER's Annual Budget", which is included in Exhibit A of the contract. Various line items can be increased or decreased by up to ten percent at the discretion of DISCOVER, subject to the maximum total budget amount. Any adjustment in excess of ten percent of any line item must be authorized by the TDC or County Administrator (or his/her designee)⁵. DISCOVER is a very complicated organization with 35 line items in its budget⁶. The line items range from as small as "Promotional Items" at \$1,485 to as large as "Advertising, Traditional/Online Media" at \$5,816,184 (in excess of one-third of the total expense budget).

A further complication rests with the late submission of expenses for reimbursement in some cases. A recent example was the submission of a travel expense report on behalf of a DISCOVER employee on February 2, 2017⁷, which included expenses for events which occurred on July 13 through 15, 2015, and on October 14, 2016. Even if these expenses were clearly associated with one of the line items on the DISCOVER budget, the 2015 expense could not be paid out of the funding associated with the time period in which the event took place. This presents the possibility that the new expense claim (of \$8,751) could have caused the line items to have been exceeded for the year when costs were incurred.

No breakdown by the 35 line items is submitted with payment requests to be audited and processed. Instead, payment requests are associated only with the department within DISCOVER for which the expense is being incurred⁸. Currently, the Clerk's Office is unable to assure the budget limitations are adhered to and thus cannot assure contract terms are being met by DISCOVER. Management stated that the other TDC contracted

⁵ DISCOVER R2016-1412, *ibid*

⁶ DISCOVER R2016-1412, Exhibit A – see at Appendix B

⁷ DISCOVER travel expense report dated February 3, 2017 – see at Appendix C

⁸ Clerk Payables e-mail confirmation to IG dated April 12, 2017

agencies are generally providing sufficient information to allow Clerk Payables to verify compliance with line item budgeting contract terms.

Recommendations:

- A. DISCOVER expenses submitted to the Clerk's Office for reimbursement should be clearly associated with the line items in Exhibit A of the contract in place when they were incurred.
- B. Any expense which would cause the line item to be exceeded by more than ten percent should be accompanied by the required authorizations in support of its reimbursement.
- C. During the upcoming contract renewal process, Clerk's Finance should reiterate to TDC that contract terms involving the budget and line items should be structured in a manner that enable full compliance by TDC supported agencies when submitting expenses and claims for reimbursement to the Clerk's Office.

3. Monitoring of Global Spectrum Bank Accounts

The Convention Center services are provided by a third party contractor - Global Spectrum. In the initial contracts relating to the opening and operation of the Convention Center, the County was to provide DISCOVER (R2001-1109) an advance adequate to cover two months budgeted operating expenses. The initial contract between DISCOVER and Global Spectrum (R2001-1179) also mentioned this advance and specified that Global would use the advanced funds (in the Facility Operating Account) to pay initial operating expenses. Clerk Finance records show that the advance was provided in two portions: \$100,000 in FY 2003 and the remaining \$500,000 in FY 2004. The advance was delayed until that time because the Convention Center did not open until 2004. The contract terms did not include any language defining whether and when the advance would be returned to the County. Clerk Finance is seeking to determine whether the Clerk's Office has any responsibility to monitor the Global Spectrum bank accounts and the resolution of the \$600,000 advance.

Global Spectrum's bank accounts include the Facility Operating Account, which was recently converted to non-government status by Wells Fargo where the account is held. The account has two county signatories and was identified as the original repository when the \$600,000 amount was advanced from the County to DISCOVER – then

contractually responsible for overseeing and managing operations of the Convention Center. Within a month, DISCOVER subcontracted with Global Spectrum to operate the Convention Center. Global Spectrum assumed the Facility Operating Account, including the advance of funds from the County. When the County took on direct responsibility for the Global Spectrum contract in 2007 (R2007-1626), the advance was retained in Global Spectrum's Facility Operating Account. The account is currently held in the name of a private for-profit organization and, as confirmed by Clerk Finance⁹, does not bear the employer identification number (EIN) of the County. Terms of the contract require that Global Spectrum provide monthly reconciliations of its bank accounts, including the Facility Operating Account, to the County as well as financial statements, including a balance sheet, and a statement of revenues and expenditures for the current month and year to date.

The Finance trial balance of the County fund, which shows the Tourist Development amounts devoted to the Convention Center operations, continues to list the advance as an asset¹⁰ (labeled deposits) in the amount of \$600,000 of that fund. The continued presence of that deposit is supported by the external audit of the financial statements of the Convention Center management contractor (Global Spectrum) for FY2016¹¹, which lists the \$600,000 as a liability labeled Advance from Palm Beach County. The audited financial statements for Global Spectrum as of September 30, 2016 reported that Global Spectrum had cash on hand totaling \$1,434,627 (an increase during FY 2016 of \$227,593) while having paid \$4,948,333 to vendors and employees during the period (average monthly amount of \$412,361). These financial results raise the possibility that the County could recoup the advance from Global Spectrum now that the advance has been in place over 12 years since 2004.

Our review of the Global Spectrum contacts did not identify any contract provision that requires repayment of the advance to the County. Also, we did not identify any contractual language that authorizes or requires the Clerk's Office to obtain and review the Global Spectrum monthly bank reconciliations and financial statements. We are not aware of any statutory requirement or strong legal support contending the Clerk's Office has oversight of this bank account. The existing audited financial statements verify that Global Spectrum acknowledges its liability to the County for the advance.

⁹ Finance email confirmation to IG dated April 11, 2017

¹⁰ Clerk & Comptroller, 1450 TDC-Convention Center, Trial Balance through FY 2016

¹¹ Agencies FY16 Financial Statement Audits, Palm Beach Convention Center, special-purpose statement of assets and liabilities, page 3

Recommendations:

- A. There is no contractual requirement for the Clerk's Office to obtain and review Global Spectrum's monthly bank reconciliations and financial statements and, if no legal requirement is identified by the Clerk's Legal Counsel, may continue to rely upon the County's review as well as the independent auditor's annual report reflecting the continued recognition of the \$600,000 advance as a liability of Global Spectrum to the County.
- B. During the upcoming contract renewal process, Clerk's Finance should recommend to TDC that contract terms should clearly define the process and timeframe for the return of the \$600,000 advance.

4. Offset of expense reimbursements for partner events and for revenue generated by events.

Some events for which DISCOVER claims reimbursement may involve "partners" for whom entertainment expenses may not be properly reimbursable. In such cases, private DISCOVER partner funds should be used to offset County public funding. The contract between the County and DISCOVER requires a determination by the Executive Director of the TDC or the County Administrator (or his/her designee) that there has been no offset or reduction of the claimed expense by non-public funding or contribution of goods and/or services.

Clerk's Payables has questioned whether adequate detail is provided when expenses of partner events are claimed for reimbursement. Partner lists are not provided by DISCOVER as part of the claims to allow verification of whether attendees are representatives of partner organizations. Clerk's Payables stated that otherwise sufficient documentation is provided to demonstrate the claim meets contractual obligations, but would prefer also having the partner list as validation.

When events are conducted that clearly indicate revenue is generated, often by ticket sales, claims for reimbursement of event expenses are required to be net of any revenue, which could be used to offset portions of the expenses. Currently, claims for payment of expenses of such events do not include enumeration of the revenue received and records of how that revenue was used to offset expenses. Clerk Payables has questioned whether details of revenue and its use to offset expenses should be provided by DISCOVER to assist in their audit of the claims.

During the review, Finance management confirmed that the TDC Executive Director is required to attest to use of private money (revenues, partner membership fees) to offset portions of expenses to address these issues. Finance management recounted that a format for making such attestations was provided to the Executive Director for his use. We confirmed with Clerk Payables that TDC is not submitting such attestations with the payment request packages where appropriate. TDC confirmed in its August 12, 2016, interoffice memo¹² provided to Finance that all partner events are reviewed and private funds, whether membership fees or ticket revenue, are used to deduct appropriate portions of expenses so that reimbursement from tourist development tax funds is limited to the net costs incurred.

Recommendation:

- A. Clerk Finance should confirm with the TDC Executive Director that he accepts responsibility for attesting to offsets for partner and/or revenue-generating events and request that he document the attestation as part of the submission of expense reimbursement requests. If received, Clerk's Finance may accept the attestation without requiring more detailed information.

cc: Sharon R. Bock, Esq., Clerk & Comptroller
Vincent Amelio, Manager – Finance Services
Darlene Malaney, Director – Finance Services
Hampton Peterson, Esq – Legal Counsel & Ethics Officer

¹² DISCOVER Interoffice Memorandum ibid

APPENDICES

APPENDIX A: DISCOVER Interoffice Memorandum

APPENDIX B: DISCOVER R2016-1412 Exhibit A

APPENDIX C: DISCOVER Travel Expense Cover Sheet Submitted February 2, 2017

APPENDIX A



INTEROFFICE-MEMORANDUM

Update from Meeting with Jorge Pesquera, Jorge Vazquez, Ernie Roque

1. American Express reimbursements—County Finance asked for Amex reimbursement requests be sent for statements in their entirety vs. piecemeal, and that the requests are only for Amex charges. Preferably its own payment packet, separate from expenses that are paid by check, cash or other credit card. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

Action: Discover is willing to sit with Clerk's Office to review options. The booking of meetings and conventions for the Sales Team requires long lead time by the Convention Planners, many times the hotel and booth set-up is booked months in advance of the actual convention. To save all expenses until the activity is complete is not possible, therefore the expenses are paid typically using the Corporate Credit Card and submitted for reimbursement as occurred. The travel expenses by the sale person are submitted once the trip is complete, but may be for a fraction of the total cost of the trip.

2. Travel expenses sent over piecemeal—Discover must transition to sending over all travel expenses related to a trip –all at one time vs. piecemeal. The amount of time needed to research the reimbursement which could have occurred on a previous reimbursement request is not productive. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

Action: Discover is willing to sit with Clerk's Office to review options. Similar to the timing of number one above. Open to options.

3. Proof of payment for Discover—County Finance requested Discover submit check registers after the checks are cut, preferably weekly. This will provide the proof that the reimbursement from the County has been distributed to the Vendor of Record. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

Action: Discover is willing to provide the Check Registers for vendor payments, since Discover does not pay until reimbursed from the County, this will prove the funds provided to Discover by the County have been issued to the vendors. This will be complicated by those vendors paid from Private Funds to meet payment terms and then the private account fund is reimbursed by the County reimbursement after the Vendor has been paid.

4. Bank statements/credit card statements bearing the name of the cardholder proving the funds reimbursed are being paid to the credit card company— County Finance stated they have seen improvement in this area but it still occurs from time to time. TDC agreed to work to make improvements as requested.

APPENDIX A

Action: Discover is manually writing the name of the individual on the bank or credit card statement to comply with this request.

5. Non-travel expenses on travel expense forms—Discover needs to develop a Non-Travel expense form to receive reimbursement for expenses like: Google Ad Words, Facebook advertising, etc. Currently these are submitted on travel expense forms. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

Action: TDC will provide a non- travel expense form example for Discover to create or adopt to separate Travel from Non-Travel expenses.

6. Change in agency employee status—TDC agreed to provide a cover form to accompany all agencies payrolls that lists any change in employee status, including resignations, terminations, promotions, and new hires. Form will be supplied by Ernie P.

Action: Discover is providing a Payroll change memo, or TDC will provide checklist form for inclusion with each Payroll highlighting changes during the period, ie. New Hires, Terminations, merit, promotional adjustments, etc. Either of these will be included with each payroll submission.

7. Receipt of payroll invoices in County Finance—TDC will implement a deadline to the agencies to ensure County Finance receives payroll packages in a timely manner; Monday at 5 pm on payroll disbursement week will allow for review by the TDC and delivery to the Clerk's Office for their audit and processing. All sales quarterly/ yearly incentives should be submitted 1 week ahead of payroll submission to allow for proper review of back-up by the TDC.

Action: Discover is working to provide Payroll to TDC for approval by close of business on the Friday prior. The issue is complicated by the use of the third party Human Resources Company used by Discover and their timing of processing the Discover Payroll. All agencies will be driven for improvement and any Sales Incentives will be required to TDC one week prior to payroll submission.

8. Tips-County Finance mentioned how we have seen two recent occurrences where the tip amount that is being requested is over the entertainment allowance of 20%. TDC audits the agencies reduction of the tips on expense reports, and will continue to return to the agency any tips on meals or entertainment that are above the allowable by contract prior to them being submitted to the Clerk's office for reimbursement.

Action: Discover will provide communication to the traveling employees to adhere to the policy in place, 15% for meals, etc. and 20% for entertainment. Increased training for the travel reimbursement creator and authorizing supervisor is required. The expense report should not make it to the TDC Finance audit without correction by the initiator.

Status of the following Items 10 and 11 - Discover has an Outside DMAI Finance Consultant analyzing and making a proposal to the TDC on these types of events and reimbursements in other Destination Marketing Organizations. This proposal was due for completion in July, status is being requested of Discover.

9. Discover partner private funds—TDC currently reviews all partner events and confirms the deduction of private funds (ticket revenue), to safeguard against inappropriate payment of private event requests. County Finance did see one partner event (partner portal lunch and learn) where the entire cost was requested. Discover must make sure private funds are used; either from ticket revenue and/or membership dues to offset the partner event expenses prior to any submission of cost reimbursement from public funds. If the event is for Partners only, then no reimbursement can occur. As the DMO representing all hoteliers in the County, all events created by Discover should be communicated to the entire hotel population offering a member and a non-member admission price. Please provide a proposed reconciliation of the Event revenues received compared to those individuals attending the event. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

10. Discover personnel who are managing, organizing events and selling partner sponsorships and/or memberships must allocate their time to the private funds of Discover. This will follow compliance of the other agencies that have a membership or partnership program (Cultural Council and Sports Commission) where private funds are collected and events are provided for member attendance and non-member attendance. County Finance will provide to the TDC recommended language/a template form to use for confirming public funds were not used for partner events. This item was an audit recommendation from the Clerk & Comptroller's Division of Inspector General.

11. The receipt of royalties generated from Visitor Guides, Visitor Brochures and any destination collateral promoting Palm Beach County must be reconciled for costs of personal, benefits and support costs (travel, mileage) used in the preparation of this collateral. These costs must be credited back to the County to reimburse public funds, while the net cost (royalties less costs) are allowed to remain in the private funds of Discover. Please provide a royalty reconciliation for the last Visitor Guide completed in April with the estimated staff support costs.

APPENDIX B

PALM BEACH COUNTY Tourist Development Council Discover FY 2017 Exhibit A

	Actual FY 2014	Actual FY 2015	Budget FY 2016	Modified Budget FY 2016	Forecast FY 2016	Budget FY 2017
Personnel Expenses						
Wages & Salaries	2,707,176	2,838,232	3,287,215	3,287,215	3,255,032	3,321,001
Payroll Taxes	210,422	218,077	267,651	267,651	205,093	285,208
Employee Benefits	706,468	753,681	949,203	949,203	938,275	1,026,562
Total Personnel Expenses	3,624,066	3,809,991	4,504,069	4,504,069	4,458,359	4,632,771
Marketing & Promotion Expenses						
Travel & Entertainment	154,926	167,550	192,652	192,652	148,178	166,851
Trade Show Participation	199,418	177,010	263,286	263,286	239,915	277,623
Destination Reviews	240,027	218,219	210,100	210,100	247,900	228,948
Sales Missions / Media Missions	162,468	243,864	285,306	285,306	439,074	538,025
Event Hosting within PDC	302,165	350,205	364,549	364,549	354,241	357,596
Advertising, Traditional / Online Media	2,836,841	4,621,434	5,599,883	5,599,883	5,575,779	5,816,184
Contracted Marketing Services	817,983	758,718	1,276,845	1,276,845	894,363	771,626
Tourism Sponsorships / Grants	120,868	142,022	152,000	152,000	230,238	223,274
Advertising, Website (CVR)	124,050	142,844	298,725	298,725	310,829	197,527
Advertising, Printed marketing Collateral	93,164	187,905	300,000	300,000	331,732	518,839
Promotional Items	1,990	2,155	1,000	1,000	1,485	1,485
Research	35,637	82,481	157,050	157,050	155,519	189,971
Fulfillment	57,643	105,340	208,068	208,068	206,032	134,816
Other Promotional Activities	-	1,993	3,000	3,000	2,971	2,748
Total Marketing & Promotion Expenses	5,222,640	7,212,091	9,298,464	9,298,464	9,174,240	9,368,306
Administrative & General Operations						
Dues & Subscriptions	68,425	54,784	55,267	55,267	68,536	74,976
Data Processing / Computer	36,800	44,688	95,688	95,660	84,812	83,325
Office Equipment & Supplies, Computer Hardware	35,200	17,731	57,050	57,850	61,542	179,820
Professional Seminars & Conferences	28,739	47,539	91,983	91,983	94,251	96,667
Insurance	48,008	57,852	54,032	54,032	58,455	62,122
Professional Services	74,253	88,834	138,000	138,000	144,845	159,625
Office Supplies	20,643	31,723	33,770	35,770	42,352	46,286
Non-Contractual Printing / Photocopying	29,430	32,938	40,705	40,705	50,229	72,373
Rent / Utilities	2,280	2,871	5,000	5,000	8,120	8,660
Telecommunications	50,812	46,898	87,629	87,629	84,258	87,557
Postage	48,707	12,893	26,619	26,619	19,922	21,902
Bank Fees	3,842	4,086	8,300	8,300	8,659	9,288
Miscellaneous	3,423	4,854	9,376	9,376	10,834	11,160
Total Administrative & General Operations	448,684	426,669	715,491	715,491	736,424	913,923
Total CVR/Other/Contractual Services	8,293,370	11,448,740	14,518,024	14,518,024	14,389,024	15,115,000
Marketing Stimulus Campaign	721,480	825,900	175,100	175,100	64,540	110,560
County Direct						
Other Contractual Services	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-
Rent	291,920	291,920	291,920	291,920	291,920	291,920
Coop Advertising	-	-	75,000	75,000	75,000	75,000
JG Fee	13,041	16,784	15,056	15,056	15,056	20,536
Total County Direct	304,961	308,704	381,976	381,976	381,976	387,456
Transfers Out - Special Projects	-	-	-	-	-	-
Total Expense	10,319,811	12,083,344	15,075,100	15,075,100	14,815,540	15,613,016
CVR - Revenue	3,436,355	4,687,674	1,683,743	3,058,236	3,468,808	3,936,673
Overall Expense Budget	14,135,066	16,771,018	16,756,842	18,133,815	18,509,835	17,238,689

APPENDIX C

DISCOVER PALM BEACH COUNTY TRAVEL EXPENSE REPORT

01-620-60330
FSAE

NAME Steve Crist-AMEX 344

DATES OF TRAVEL

SIGNATURE 

FROM 6/28/2015

TO 9/17/2016

DEPARTMENT 620

FOREIGN EXCHANGE RATE _____

SUMMARY OF EXPENSES/PURPOSE OF TRIP:

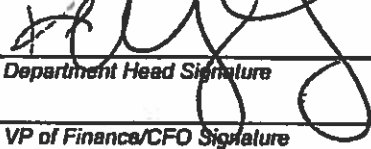


Do not combine activities

- 601: T&E; Tradeshow 607: Sales Calls/Training
 605: FAM Tours/Site Visits 609: Event Hosting (Local)
 Other Brief Explanation: _____

Date	Location	10 Transportation Expenses	20 Hotel	30 Meals	40 Entertainment	50 Telephone	60 Portage / Tips	Other	Total
06/28/15	Tallahassee							8,751.00	8,751.00
09/17/16	Tallahassee							5,000.00	5,000.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
									0.00
Totals		0.00	0.00	0.00	0.00	0.00	0.00	13,751.00	\$13,751.00

I hereby certify/affirm that this travel claim is true and correct in every material matter; that the expenses were actually incurred by the traveler as necessary travel expenses in the performance of official duties; that these costs have not been paid or reimbursed from any other source and that the same conforms in every respect with the requirements of Discover/CVB policies, BCC policies, and either the requirements of section 112.081 or section 125.0104 Florida Statutes.

FOREIGN CURRENCY RATE: \$0.00000

 3/3/17
 Department Head Signature Date
 2/7/17
 VP of Finance/CFO Signature Date
 2/9
 CEO/President Signature Date

10	0.00
20	0.00
30	0.00
40	0.00
60	0.00
Other	13,751.00
Total	13,751.00

RECEIVED
 FEB 02 2017
 DTPB FINANCE
 CONVERTED TOTAL: \$13,751.00
 MILEAGE TOTAL: 0.00
 LESS TRAVEL ADVANCE: 0.00
 NET AMOUNT DUE: \$13,751.00

