



Internal Audit

FOLLOW-UP ON 2020 AUDITS

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Introduction

Section 2-13(j) in the County Code of Ordinances charges the Internal Auditor with the responsibility of monitoring the implementation of recommendations made and corrective actions taken on prior audit reports. This follow-up report contains a breakdown of each audit report issued during 2020, a table with the status of recommendations, a summarized recap, the recommendation, management's response at the time, and the current status.

The status of the recommendations were confirmed through discussions and on-site visits with staff. The procedures used to verify the implementation of recommendations are less than procedures used during an audit. In cases where recommendations have not been implemented, comments were sought for the reasons why and the timing for addressing these. The follow-ups are, by nature, subjective. In determining the status of action plans taken, assertions were relied upon provided by those involved and attempts to independently verify those assertions were not made. Since no substantive audit work was performed, the *International Standards for the Professional Practice of Internal Auditing* (Standards) were not followed in the issuance of this update.

The ECHO and Volusia Forever programs are audited annually. The other audit areas will be included in future audit plans, as approved by Council. At that time, substantive audit procedures will be used to ensure recommendations are working as intended. During that time, the auditor will independently evaluate the recommendation status as required by the Standards.

It is understandable that some of the recommendations may take more than one year to complete. Departments should be acknowledged for the work and commitment to address the recommendations.

Results

During 2020 the following areas were audited:

- 2020-01 ECHO (Environmental, Cultural, Historical, and Outdoor) Program
- 2020-02 Volusia Forever Program
- 2020-03 West Volusia Tourism Advertising Authority
- 2020-04 Southeast Volusia Advertising Authority
- 2020-05 Halifax Area Advertising Authority

The audit reports are available on the County's website at <https://www.volusia.org/government/internal-auditor/>. Each audit contained recommendations for improvements to the operations.

A total of forty-six recommendations were given during 2020. Forty-one have been implemented and completed. One recommendation is waiting for the January 2022 ECHO Advisory Committee meeting where discussion will occur on the distribution of ECHO monies. Two recommendations are in-progress due to limited staffing at the West Volusia Tourism Advertising Authority and their response to the pandemic. Two other recommendations are no longer applicable since both the ECHO and Volusia Forever programs were renewed by the citizens. Table 1 includes a summary of all the recommendations from the 2020 audit reports.

Table 1: Status of 2020 Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	2	33	6	41
In-progress, waiting on Council or Committee approval	-	-	1	1
In-progress	-	2	-	2
No longer applicable	-	-	2	2
Total	2	35	9	46

Findings are defined as frequent or commonly seen observations during an audit. They include critical and major failures in a program where requirements have not been effectively implemented or where there are significant issues. Concerns are defined as infrequent or isolated observations during an audit. They include minor failures in a program where requirements have been met but opportunities may exist for improvement. General comments were included in reports as direction from Council or the relevant Committee may have been required.

2020-01 ECHO Program

Table 2: Status of Prior Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	2	9	5	16
In-progress, waiting on Council or Committee approval	-	-	1	1
In-progress	-	-	-	-
No longer applicable	-	-	1	1
Total	2	9	7	18

Finding 1: Barkley Square Dog Park

Recap: The county project, originally awarded in 2005, had a major scope and intended use change that was approved by staff in 2009 and was not documented in the Committee or Council minutes for approval.

Recommendation: Define staff's determination of major scope and intended use changes that should be brought to the Committee by a percentage or dollar amount. Ensure Committee minutes are recorded and maintained to ensure discussions are captured appropriately in the minutes.

Management's Response: *Staff will prepare guidelines for project changes that involve either scope or budget. These guidelines will clarify parameters for staff on authorized changes, and modifications that require ECHO Advisory Committee and County Council approval. Staff will present the draft guidelines to the ECHO Advisory Committee for their recommendation by the July meeting, and schedule to County Council for final approval.*

Current Status: **Completed.** Council approved the following language and changes on August 17, 2021, which were recommended by the ECHO Advisory Committee:

Approved ECHO Guidebook Language: "County staff may approve changes, including budgeted line items that do not alter the intent of the grant agreement or change the scope of the project. Changes in budget must be at or below 20% of the project's approved budget line item for staff to be able to approve them."

"Major changes that alter the intended use or central design of a facility must be submitted to the ECHO Advisory Committee for review. This includes changes that add or delete a project element or budget line item. If the committee recommends the change, it will be presented to County Council for review and approval. Denials by the ECHO Advisory Committee may be appealed to the County Council."

Finding 2: Dutton House

Recap: Staff in 2006 did not properly review the match documentation prior to submitting the application to the ECHO Committee and Council. Additionally, the Dutton House is not open to the public as other granting monies for future phases fell through; therefore, has not met the performance requirements.

Recommendation: Ensure grant applications are thoroughly vetted and contain required documentation prior to submitting to the Committee for recommendation to Council. Ensure project phases are awarded in sequence so that if other funding sources fall through, a contingency is available or the ECHO-funded phase can stand on its own without future phasing.

Management's Response: *In more recent years, staff perform a completeness review, ensuring that all required documentation is submitted prior to presenting applications to the ECHO Advisory Committee. If a project involved more than one phase, staff confirm that each phase can stand as an independent project with public accessibility, regardless of completion of a future phase. The comments from this review are included in the staff completeness review.*

Current Status: **Completed.** Council approved the following language and changes, which were recommended by the ECHO Advisory Committee: Approved ECHO Guidebook Language, "The Final Completeness Review will include whether the project has public accessibility, regardless of anticipated future phases."

Concern 1: Not all expenditures and match documentation was retained for audit review

Recap: 1 project file (of the 41 tested) did not contain backup documentation for an expenditure of \$77,570.03, out of the \$16,016,741 (or 0.48%) of the expenditures tested, as required by the records retention policy. This particular project had 17 separate reimbursements totaling over \$1.4 million over the course of 3 years. 6 other project files did not contain all of the match documentation; however, more than five years had passed since the project close-out and no longer were required to be maintained.

Recommendation: Ensure documentation is obtained and maintained in accordance with record retention regulations to prove the awardee properly bid the services, paid for appropriate items, and met the match requirements as agreed upon.

Management's Response: *All ECHO grant projects since inception have a file, which moving forward will contain copies of each corresponding reimbursement request and corresponding documentation in accordance with records retention regulations. This action will properly document that items and services were paid for and that match requirements were met as agreed upon. Currently internal operations do not allow a pay request to move forward unless the amount requested equals or is less than the amount of match already expended and documented for the project. Last, to ensure documentation that the awardee properly bid the services, a question will be included on the monitoring worksheet that is utilized during the construction phase of the project. This will ensure that the proper documentation was received and is filed.*

Current Status: **Completed.** Files are being maintained in the project files; in addition, the following question has been added to the monitoring worksheet utilized during the construction phase of the project: Did the grantee provide documentation that the project was bid properly (e.g., secured three bids and/or followed proper purchasing guidelines)?

Concern 2: Boardwalk transfer

Recap: The transfer to the ECHO Fund from the Boardwalk Fund in FY 2018 was short by \$3,205 due to miscoding of a few invoices for consultant work.

Recommendation: Carefully review all transactions to ensure proper coding and application of invoices to purchase orders.

Management's Response: *Management agrees that the transfer to the ECHO Fund was short by \$3,204.61 and will reimburse the ECHO fund this amount from the General Fund after Council approval is obtained. The transfer was short due to a partially uncorrected error; specifically an invoice was charged to an incorrect purchase order to the same vendor. In an attempt to correct the error, department staff applied offsetting invoices to the other related purchase order. However, not enough invoices were applied to fully correct the error. While partially achieving correction, there is a more preferred manner to correct this type of error. Management will provide training to all department fiscal staff related to the appropriate process to request a correction for an error made on an issued payment to the incorrect vendor and/or procurement document.*

Current Status: Completed. Staff performed a transfer from the General Fund to the ECHO Fund after Council approved the transfer in May 2020.

Concern 3: Projects are not ready when awarded

Recap: Projects are not ready, or near-ready when approved by Council as the Committee desired to promote projects that were ready within 180 days of award. Of the 41 projects tested, 15 (or 37%) did not start within 180 days and 19 (or 46%) did not complete the projects within the 2-year timeline. Construction start dates ranged from 13 days to 1,435 days past the 180-day requirement. 14 (or 34%) did not complete the project within the 3-year timeline. Multiple projects requested numerous extensions from Council. 1 project was not approved for an extension by Council as staff used the wrong date.

Recommendations:

- 1) Reassess the readiness goal of the Committee by:
 - a. Adjusting the scoring to award projects that are construction-ready; or
 - b. Requiring more up-front work like easements, permit approvals, contractor bidding be completed prior to grant application being submitted; or
 - c. Consider expanding the project deadlines for larger projects beyond the 2-year requirement.
- 2) Setting all extension deadlines by a certain date so Council is aware of all project extensions and status at one-time instead of throughout the year. In addition, require frequent offenders to make a presentation to the Committee.

Management's Response: *Recommendations to assess the readiness of the project or ability of the project to move forward within 180 days, will be compiled and presented to the ECHO Advisory*

Committee for review by the July meeting. If they agree to these recommendations they will be implemented for the Fiscal Year 2020/21 grant cycle.

Starting in the current grant cycle, all extension requests are being brought forward to the ECHO Advisory Committee and then to the County Council for review and approval on an annual basis and at the same time as required. This will keep all extensions on the same deadline minimizing opportunity for future error.

Current Status: Completed. Council approved on August 17, 2021, as recommended by the ECHO Advisory Committee, the following language and changes to ensure specific types of plans are included in each category of construction documents to allow the grantee to move forward expeditiously if the grant is awarded: "Outdoor, trails, parks, sports facilities and playgrounds would require a bid set of plans, which are ready to be used for the procurement process. New construction, facility remodel and historic projects would requires a bid set of A&E (architectural and engineering) plans, which are ready to be used for the procurement process. In addition, historic projects would need to demonstrate research and compliance with Historic Preservation Standards and Guidelines."

Concern 4: Project monitoring

4.A. Quarterly reports

Recap: Awardees are to report on a quarterly basis the status of their projects. 22 of the 376 quarterly reports reviewed (or 6%) were either not obtained or maintained in the project files.

Recommendation: Ensure awardees are reporting quarterly and if an awardee is habitually tardy or non-compliant with the requirements, require the awardee to attend the next Committee meeting to update the project status.

Management's Response: *Awardees that do not submit quarterly reports timely will be required to attend an ECHO Advisory Committee meeting to provide an update on their project status.*

Current Status: Completed. Grantees that fail to submit their quarterly reports in a timely manner or make no progress for two consecutive quarters are required to attend the next ECHO Advisory Committee meeting to give an update on the status of their project.

4.B. Annual project reports

Recap: After the project is open to the public, awardees are to report on an annual basis, the operating results of their project, i.e., the number of participants, the operating revenues and expenditures, etc. 10 of the 231 annual reports reviewed (or 4%) were either not obtained or maintained in the project files. It was noted throughout the review of all the annual reports that financial information did not always appear accurate and staff did not document their review of the annual reports. Additionally, reports were not compared year-to-year over the life of the ECHO project.

Recommendations:

- 1) Consider the usefulness of data requested once projects are completed and the length of time the reports should be submitted (i.e., 20 years).
- 2) If determined the current data is useful, revise the annual report form to include definitions of financial information and documents staff's review of the annual reports. Consider developing a database to capture reported project information to determine how projects are operating over time.

Management's Response: *Staff will develop a database that tracks the information from each annual report based on the 2020 reports.*

Current Status: **Completed.** The database has been created and staff have completed inputting the information from the annual reports.

4.C. Project site visits

Recap: ECHO guidelines require that awardees erect a temporary ECHO sign within 90 days and that the project be open to the public within 4 years. 18 (or 44%) of the projects tested did not document proof the temporary sign was erected. 12 (or 30%) of the projects tested did not note that the site was open within 4 years.

Recommendation: Develop and maintain a site visit log for each project to document every site visit to ensure awardees are meeting the requirements of the grant agreement.

Management's Response: *Monitoring checklists have been utilized since 2016; however, it only requires completion one time per year during the construction phase. Moving forward it will be utilized for every site visit during construction to ensure visits are documented and deadlines are met. All checklists will be kept in the project file.*

Current Status: **Completed.** Council approved, as recommended by the ECHO Advisory Committee, the following language and changes. "At a minimum, sites will be visited two times per year during the construction phase. ECHO staff will complete a monitoring worksheet after each site visit to ensure program compliance.

Concern 5: Project grant agreements

Recap: Project grant agreements were not always signed within 6 months of Council approval. 2 were not dated; 1 was signed 6 weeks past the deadline; and 1 was signed before being awarded by Council.

Recommendation: Ensure procedures are in place to confirm agreements are dated, are signed within the 6 month timeline, and are not executed or released until approved. Establish a log or tickler file to meet the required 6-month deadline.

Management's Response: *A tracking sheet to ensure grant agreements are signed within the six (6) month timeline and not prior to County Council's approval will be created and implemented.*

Current Status: Completed. The ECHO Grant Agreement must be executed by the applicant prior to County Council approval. If approved, the County Council will execute the ECHO Grant Agreement on the date of approval by County Council.

Concern 6: ECHO Advisory Committee

Recap: The committee did not set annual goals for 3 of the fiscal years and did not complete an annual report for 1 fiscal year as required by Council resolutions.

Recommendation: Develop a log or tickler file to ensure annual goals and reports are completed and reported.

Management's Response: *A tickler system has been developed to ensure the ECHO Advisory Committee's annual goals and reports are completed and approved/reported at committee meetings.*

Current Status: Completed. A tickler system has been developed to ensure the Advisory Committee's annual goals and reports are completed and approved.

Concern 7: Grant application and cycle

Recap: The grant application states that staff will conduct a "clean-hands" search of all applicants prior to presenting the application to the Committee. 15 (or 37%) of the projects tested did not have the "clean-hands" review documented in the project file.

Recommendation: Ensure documentation is obtained and maintained that "clean-hands" review has been performed fairly and completely on every applicant.

Management's Response: *All ECHO grant projects since inception have a file. Moving forward the file will contain all copies of the clean hands review. This review will be retained in each file in accordance with records retention regulations. This action will properly document that this task was completed for every applicant.*

Current Status: Completed. Staff will ensure that all copies of the clean hands review are filed and retained in each file in accordance with the records retention regulations.

General Comment 1: Grant application

Recap: The ECHO grant application guidelines are mingled together over the years, which has made it confusing by the readers.

Recommendation: If ECHO is renewed, consider revisiting the grant application guidelines to ensure it is straightforward and easily understood.

Management's Response: *Staff re-wrote the application guidelines and had many discussions with the Committee during 2020. New members were elected to the Committee in 2021, after being renewed*

by the citizens, listening sessions were held and the new Committee is finalizing the application and guidelines with the audit recommendations and other considerations are incorporated into it.

Current Status: Completed. Council approved the updated application guidelines as recommended by the ECHO Advisory Committee.

General Comment 2: Project award size

Recap: The standard ECHO award size is \$400,000, which is the same amount as when the program started in 2001. Considering inflation, the award amount would be approximately \$600,000 in 2020. This may not be adequate in today's construction market and may be too restrictive which limits the applicants to a small pool of local governments and larger non-profits.

Recommendation: If ECHO is renewed, consider providing direction or framework on the project size and composition of applicants.

Management's Response: *The Committee members, grantees and members of the public discussed the ECHO Standard Grant award amount at Advisory Committee meetings and at the 2021 ECHO Listening Sessions. The consensus was that due to rising construction costs, projects would benefit from an increase in the award amount.*

Current Status: Completed. The ECHO Advisory Committee recommended changing the Standard ECHO Grant award from \$400,000 to \$600,000 and it was approved by Council on August 17, 2021.

General Comment 3: Project match requirements

Recap: The ECHO match requirements may be too restrictive for some smaller non-profit organizations that may otherwise qualify for ECHO awards.

Recommendation: If ECHO is renewed, consider the match requirements and consider providing an upfront advance to non-profits with certain parameters.

Management's Response: *The Committee and staff have been approached many times by non-profits advising that the need for cash match was a deterrent to their ability to apply. The Committee directed staff to research alternative match requirements. Staff came back with a recommendation to base the non-profit match the amount on their annual operating revenues/expenses.*

Current Status: Completed. On August 17, 2021 Council approved the non-profit match be determined by annual operating revenues/expenses. Three match level changes were recommended, Level 1: Greater than \$500,000 (50% cash match); Level 2: Less than \$500,000, but greater than \$250,000 (30% cash match); and Level 3: Less than \$250,000 (20% cash match).

General Comment 4: Capital maintenance costs

Recap: The thought in 2000 was that ECHO should only fund capital projects with the awardees taking on the maintenance and operating responsibilities. However, over time, certain projects may fall into disrepair and neglect. The partner organization may not have the funds available to keep the project site open to the public, i.e., a failed HVAC system or roof repair.

Recommendation: If ECHO is renewed, consider a capital maintenance element that could be achieved with certain parameters, determined on a case-by-case basis. The use of certain “set-aside” ECHO fund monies, or investment earnings in the ECHO fund could be used to fund this element.

Management’s Response: *The subject of maintenance has been discussed many times by Grantees, Applicants and others, but the Committee has always held firm that applicants/projects need to be able to sustain themselves in order to receive an ECHO grant. At the 2021 ECHO Listening Sessions the subject was discussed by the public from both perspectives. Staff will work with the Committee to evaluate the issue.*

Current Status: **Completed.** The ECHO Advisory Committee reaffirmed the belief that organizations must be sustainable to participate in the ECHO program, and recommended no change be made to this rule. The following language will remain in the application guide: “Maintenance expenditures are not allowed to be used for ECHO or match dollars.”

General Comment 5: Distribution of ECHO monies

Recap: The enabling resolution (2000-156) stated it was the intent that funds be allocated throughout the County to provide broad geographical distribution and apportioned appropriately among the four elements of ECHO. However, more grant funds were awarded and expended on the east side of the county than on the west side. Among the four elements of ECHO: 55% awarded to outdoors, 21% to cultural, 19% to historical, and 5% to environmental projects.

Recommendation: If ECHO is renewed, consider revisiting this allocation criteria.

Management’s Response: *Due to the nature of the program allocating the funds between locations and elements is difficult. ECHO depends on project applicants coming forward with projects and has no mechanism to secure project type or location.*

Current Status: **In progress, waiting on Committee approval.** The ECHO Advisory Committee directed staff to create a Master Plan/Needs Assessment to determine the needs within the county. Their goal is to find ways to encourage applicants, foster partnerships, and bring about regional projects. Discussion on this plan is scheduled for the January 2022 ECHO Advisory Committee.

General Comment 6: If program is not renewed, Council direction on remaining available funds

Recap: If the ECHO program is not renewed, Council should give direction on the usage of available funds, which was projected at approximately \$15 to \$18 million at the end of FY 2021.

Recommendation: Council direction if program is not renewed on usage of remaining balances.

Management's Response: *Not applicable since program was renewed.*

Current Status: ***No longer applicable.***

General Comment 7: Increase citizen awareness of ECHO program

Recap: A 2011 citizen survey of the ECHO program found that citizens appreciated the importance of ECHO-type projects; however, the public did not identify the program with resources the program supports. It found little awareness among the general adult population.

Recommendation: If ECHO is renewed, consider increasing citizen awareness with updates on social media, Volusia Magazine, or Volusia Today.

Management's Response: *Staff will work with Community Information to make ECHO more visible to the citizens.*

Current Status: **Completed.** Council approved the recommendations of the ECHO Advisory Committee which requires the Volusia County Logo and the ECHO Logo to appear on the project and applicant website and be included in all media, print or electronic materials within 90 days of award. A marketing plan has been created with the assistance of Community Information to ensure increased awareness of the ECHO programs and projects. A new logo has also been created for a refreshed look.



2020-02 Volusia Forever Program

Table 3: Status of Prior Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	-	2	1	3
In-progress, waiting on Council or Committee approval	-	-	-	-
In-progress	-	-	-	-
No longer applicable	-	-	1	1
Total	0	2	2	4

Concern 1: County did not seek reimbursement for all allowable acquisition costs

Recap: 2 of 10 property acquisitions tested did not have all the appraisals charged to the proper activity unit within the General Ledger (\$14,650 out of \$113,650 (13%) tested). County did not seek reimbursement for allowable acquisition costs.

Recommendation: Develop a Volusia Forever indexing system from the initial identification for acquisition, while at the same time, coordinate with the Accounting Division to create an activity unit within the Fund. Carefully review all transactions to ensure proper coding of invoices to the activity unit to maximize reimbursement opportunities.

Management's Response: *This is an oversight that needs to be addressed if the program is renewed. If renewed, the county staff will update the Volusia Forever process to include a specific requirement that staff include all applicable costs, including appraisal and other acquisition costs, when seeking funding from grants or as part of a joint-purchase agreement. This will ensure that staff consistently secures all eligible funding from other sources.*

Current Status: Completed. In accordance with the recommendation, staff developed a new indexing system to track project activities associated with each property. Staff coordinated with Accounting and are utilizing the unit codes to track expenditures within each project.

Concern 2: County website linked to the wrong management file

Recap: The management plan for the Deep Creek Preserve was linked to the incorrect plan on the county's website. After being notified by the auditor, this was corrected.

Recommendation: Review website files when posted to ensure links are correctly pulling the correct file.

Management's Response: *This is an issue that needs immediate action, as well as establishment of a protocol for monitoring and updating the website. Growth and Resource Management and Parks and Cultural Affairs already initiated review and update to the website to ensure that there is correct, up-to-date information on the website, as well as active links to other data sources. There will be a protocol put in place to ensure staff conduct quarterly reviews of the website and other public information to ensure validity and consistency.*

Current Status: Completed.

General Comment 1: Land management set aside consideration

Recap: Council should give direction on land management set aside as the current 10% does not cover all the costs to manage the lands. In FY 2019, this was approximately \$1.1 million of which \$570,000 (or 52%) was paid from the county's General Fund and \$536,000 (or 48%) was paid from the Volusia Forever fund.

Recommendation: Council direction on land management set aside.

Management's Response: *The Volusia Forever Advisory Committee is recommending a set aside of 15% to manage the lands. Additionally, the Committee will recommend funding program staff and operations from the ad valorem assessment for Council's consideration and approval.*

Current Status: **Completed.** Council approved the Volusia Forever Advisory Committee's recommended changes on September 7, 2021 and the set aside is now at 15%.

General Comment 2: If program is not renewed, Council direction on remaining available funds

Recap: If the program is not renewed, Council should give direction on the usage of available funds, which was projected at approximately \$14.5 million at the end of FY 2021.

Recommendation: Council direction if program is not renewed.

Management's Response: **No longer applicable.**

Current Status: **No longer applicable**



2020-03 West Volusia Tourism Advertising Authority (WVTAA)

Table 4: Status of Prior Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	-	7	-	7
In-progress, waiting on Council or Committee approval	-	-	-	-
In-progress	-	2	-	2
No longer applicable	-	-	-	-
Total	0	9	0	9

Concern 1a: Itemized, detailed receipts and invoices

Recap: Itemized and detailed receipts for 4 of the 43 credit card transactions tested (or 9%), totaling \$106, were not obtained or retained. The credit authorization slips were retained which do not clearly identify what was purchased as required by policy. 1 of 60 invoices tested was not found, but was paid for by a monthly statement. The statement only provided a grand total for each invoice.

Recommendation: Ensure all invoices and itemized receipts are obtained and retained to support the purchase.

Management's Response: *Agree and have already retrained staff and implemented.*

Current Status: **Completed.** Staff have been trained and are very diligent on obtaining and retaining detailed receipts for all transactions.

Concern 1b: Sales tax on purchases

Recap: Sales tax was charged on 15 credit card transactions tested (or 35%), totaling \$14.61. The Authority is exempt from state sales tax.

Recommendation: Retrain staff on state sales tax exemption and ensure sales tax is not charged on future purchases.

Management's Response: *Agree and have already retrained staff and implemented.*

Current Status: **Completed.** Staff have changed their procedures and instead of purchasing office supplies at retail stores, now use an office supply company that easily handles tax-exempt purchases and delivers the supplies. This has brought additional efficiency as well so that staff can spend more time on WTVAA business and not having to travel to retail stores.

Concern 1c: Mileage reimbursement spreadsheet

Recap: The mileage reimbursement spreadsheet used by the executive director contained a rounding formula error which caused miscalculation on mileage reimbursement on two occasions. One instance the director was overpaid by \$0.40 and another time underpaid by \$0.24.

Recommendation: Ensure formulas are double-checked in spreadsheets to prevent rounding formulas.

Management's Response: *Agree and will review all formulas used in spreadsheets in the future.*

Current Status: Completed. Staff reviewed and updated the mileage spreadsheets to ensure formulas are accurate. Staff continuously review to ensure accuracy.

Concern 1d: Advertising agency agreement

Recap: The Authority's advertising agreement allows for a monthly retainer of \$3,000 (or \$36,000 a year) for creative and art services, strategic marketing plan, media planning, public and media relations, promotional development, among other deliverables. Given the swings in the tourism industry, having such flat or fixed fees, may hinder the agency's ability for flexibility and control.

Recommendation: Consider future advertising agreements contain specific task assignments with a negotiated fee per hour.

Management's Response: *Agree and we will consider future agreements to include a negotiated fee per hour. This was the Authority's first agreement with hiring an agency and at the time, a flat fee was the better option.*

Current Status: Completed. Staff, along with WTVAA Board members, considered and evaluated this recommendation and found that, given the small operational size, would not be affordable. Since the audit, a competitive request for statement of qualifications (RSQ) was released for an advertising agency and the Board felt it was the best option to continue with a monthly retainer method contract.

Concern 2a: 3-Part receipt book needed

Recap: A 3-part receipt book is not utilized when customers purchase a map or pay for an event. Receipts were not given to customers. Best practice is to give customers a receipt, a second copy kept with the deposit backup and the third copy maintained in the receipt book. Payment details, customer name, description of sale, date, and amount should all be captured on the receipt to ensure all sales are captured and recorded into the financial records.

Recommendation: Utilize a 3-part receipt book then reconcile the receipts to the financial records on a regular basis. Issue receipts in numerical order and maintain a copy in the receipt book.

Management's Response: *Agree and already purchased a 3-part receipt book and implemented.*

Current Status: Completed. Staff now utilize a 3-part receipt book, issue receipts in numerical order, and maintain a copy in the receipt book to ensure all sales are captured and recorded.

Concern 2b: Timely deposits

Recap: On average, it took 13 days before cash or checks were deposited to the bank due to the fairly low transaction count and low dollar amount of most receipts.

Recommendation: Ensure deposits are made at least once a week, or once it is over a certain dollar amount.

Management's Response: *Agree and already implemented.*

Current Status: Completed. Staff date-stamp all receipts and make deposits at least once a week.

Concern 3: Policy & procedures update

Recap: The policy and procedures handbook has not been reviewed or updated in several years.

Recommendation: Update the policy and procedures handbook to include policies regarding a) restricting goods from being shipped to employee's home address, b) requiring cardholders to sign agreements which acknowledge adherence to the credit card policies, and c) develop a password policy, including time-out for inactivity and work with the technology vendor to implement.

Management's Response: *Agree and will be updating the handbook in the next few months to include these items. Will arrange a technology assessment review with our current technology vendor.*

Current Status: **In-progress.** Staff have not had time to tackle this recommendation due to the added pressures of dealing with COVID-19; however, have a plan to complete this recommendation by the end of FY 2022.

Concern 4: Board minutes

Recap: Audio recordings of the Board minutes have not been given to the Deputy Clerk of the County Council since 2018 as required due to a staff change. Additionally, Board minutes are not posted to the Authority's website.

Recommendation: Ensure audio recordings are provided as required and consider posting Board agenda and minutes to the website for public viewing.

Management's Response: *Agree and will post prior and future agendas and meetings on the website.*

Current Status: **Completed.** Board minutes are usually approved at the following Board meeting, and the Board typically meets monthly. Upon approval of the minutes, they are uploaded to the website by staff. The audio recordings are given to the Deputy Clerk as required and staff are looking into a different recording setup for easier transmission to the Deputy Clerk.

Concern 5: Benchmarking and best practices

Recap: Staff utilize and report some of the metrics provided by the Destinations International, which sets best practices for tourism and destination management organizations (DMO) worldwide. However, there are additional metrics that could be utilized by the Authority to enhance transparency and consistency in the operations and events being held.

Recommendation: Continue reporting industry standard benchmarks and consider using and enhancing other measures outlined in the best practices to further strengthen the commitment to transparency, consistency, and accountability of public funds.

Management's Response: *Agree and will review Destinations International benchmarks and practices.*

Current Status: **In-progress.** Staff have not had time to tackle this recommendation due to the added pressures of dealing with COVID-19; however, will look further into enhancing the benchmarks and key performance indicators to the reports already provided to the Board.



2020-04 Southeast Volusia Advertising Authority (SVAA)

Table 5: Status of Prior Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	-	8	-	8
In-progress, waiting on Council or Committee approval	-	-	-	-
In-progress	-	-	-	-
No longer applicable	-	-	-	-
Total	0	8	0	8

Concern 1a: Itemized, detailed receipts and invoices

Recap: Itemized and detailed receipts for 3 of the 75 credit card transactions tested (or 4%), totaling \$75.82, were not obtained or retained for various reasons.

Recommendation: Ensure all invoices and itemized receipts are obtained and retained to support the purchase.

Management's Response: *Agree and during new hire training, we will have employees sign-off on travel procedures. We will enact a per diem to reduce this risk and will ensure all receipts are obtained and maintained.*

Current Status: **Completed.** Staff have signed off on all travel policies, the employee handbook, and usage of the credit cards. All documentation is maintained in the files. New employees are trained on all policies.

Concern 1b: Finance charge

Recap: A finance charge of \$96.83 was on a credit card statement as the statement was not paid-in-full.

Recommendation: Ensure that all credit card statements are paid-in-full each month to avoid finance or interest charges.

Management's Response: *Agree and we will include this into our policy and procedures update and utilize the accounting firm as a double-check.*

Current Status: **Completed.** All credit card statements are paid in-full and by the due date to avoid finance charges.

Concern 1c: Taxi and ridesharing trips

Recap: Eleven taxi or ridesharing trips did not document the purpose and/or the destination of the trip to demonstrate the trip was for official Authority business.

Recommendation: Ensure that taxi and ridesharing receipts clearly indicate the destination and purpose of the trip.

Management's Response: *Agree and we will highlight this requirement by having all employees sign-off on travel policies.*

Current Status: Completed. Staff have signed off on all travel policies, the employee handbook, and usage of the credit cards. All documentation is maintained in the files. New employees are trained on all the policies. Travel expenses for taxi and ride share receipts will be coded with event purposes, destinations, and signatures.

Concern 1d: Advertising agency agreement

Recap: The Authority's advertising agreement allows for a monthly retainer of \$16,667 (or \$200,000 a year) for creative and art services, strategic marketing plan, media planning, public and media relations, promotional development, among other deliverables. Given the swings in the tourism industry, having such flat or fixed fees, may hinder the agency's ability for flexibility and control.

Recommendation: Consider future advertising agreements contain specific task assignments with a negotiated fee per hour.

Management's Response: *Agree and we will consider future agreements to include a negotiated fee per hour after conducting a cost-benefit analysis for the best option available.*

Current Status: Completed. SVAA has reviewed and evaluated the impact of a negotiated fee per hour with the advertising agency and have determined to continue to base their contract on project work negotiated retainer/project fees. These agreements cover all aspects of the needs of the SVAA to accomplish the tasks and forecasts any extra work that is included or anticipated. Hourly based contracts have been utilized in the past and were deemed not to be as effective as a negotiated job scope and pay. However, the vendor is now breaking out the hours by staff. The SVAA directors reviews this detail, along with the invoice before payment is approved.

Concern 2: Invoicing

Recap: Staff utilize spreadsheets to create, track, and post partner payments for dinner events or joint advertising opportunities. However, they do not allow for automatic invoice generation, proper tracking, and data can easily be overwritten. The accounting system contains an accounts receivable module that could be used to track this activity.

Recommendation: Utilize the accounting system's module for invoicing, tracking, and recording partner payments.

Management's Response: *Agree and we have already reached out to our accounting firm so that future invoicing will be handled through our system. This will generate auto numbering and accurate accounts receivables into the Authority's financials.*

Current Status: Completed. Effective for FY 2021, the accounting firm has created invoices for all accounts receivables and reconciles to the deposits on all outstanding invoices. These are now included in all of our financial statements and systems.

Concern 3: Policy & procedures update

Recap: The policy and procedures handbook has not been reviewed or updated in several years.

Recommendation: Update the policy and procedures handbook to include policies including restricting goods from being shipped to employee's home address and requiring cardholders to sign agreements which acknowledge adherence to the credit card policies.

Management's Response: *Agree and staff have already been making notations for the next update and will be bringing recommendations to the Board in a future meeting.*

Current Status: **Completed.** The SVAA By-Laws, policy and procedures handbook, and the employee handbook have all been updated and are similar to the County's policies. The County Attorney's Office has reviewed and approved the updates. The SVAA Board approved the final update at the February 23, 2021 Board meeting.

Concern 4: Board minutes

Recap: Board minutes from two meetings were not posted to the Authority's website until notified by the auditor.

Recommendation: Ensure all Board minutes are posted to the website for public viewing within a reasonable timeframe.

Management's Response: *Agree. Minutes are scanned and loaded with the agendas. Unfortunately the two that were missing were overlooked due to the meetings prior to and directly after a hurricane. The minutes were immediately updated upon notification and all other minutes were checked at the same time. The policy and procedures will be updated to stress the importance of posting the minutes once the Board approves them.*

Current Status: **Completed.** The Board minutes are reviewed often by the staff. Board minutes are usually approved at the following Board meeting, and the Board typically meets quarterly. Upon approval of the minutes, they are uploaded to the SVAA website by staff. The situation noted in the audit was due to Hurricane Dorian which brought devastation to our industry and while the agenda was posted on the website, the minutes did not get posted. Staff scan both the agenda and minutes together and maintain multiple years posted for transparency.

Concern 5: Benchmarking and best practices

Recap: Staff utilize and report some of the metrics provided by the Destinations International, which sets best practices for tourism and destination management organizations (DMO) worldwide. However, there are additional metrics that could be utilized by the Authority to enhance transparency and consistency in the operations and events being held.

Recommendation: Continue reporting industry standard benchmarks and consider using and enhancing other measures outlined in the best practices to further strengthen the commitment to transparency, consistency, and accountability of public funds.

Management's Response: *Agree and will review Destinations International benchmarks and practices.*

Current Status: Completed. SVAA is accredited through Destination International's "Destination Marketing Accreditation Program" (DMAP) for the past five years. Staff has gone through tremendous rebuilding in the past six years due to continued diligence in this effort. Staff are currently striving for the next level accreditation within the DMAP program known as "Distinction." During COVID-19, staff was able to create additional electronic dashboards to collect this data. In addition, an electronic customer management system is utilized to collect content data on the back end of the website. All of these key performance indicators will be displayed and summarized within the dashboards. This will enhance our abilities and analysis of our return on investments.



2020-05 Halifax Area Advertising Authority (HAAA)

Table 6: Status of Prior Audit Recommendations

Status	Findings	Concerns	General Comments	Total
Completed	-	7	-	7
In-progress, waiting on Council or Committee approval	-	-	-	-
In-progress	-	-	-	-
No longer applicable	-	-	-	-
Total	0	7	0	7

Concern 1a: Itemized, detailed receipts and invoices

Recap: Itemized and detailed receipts for 13 of the 1,053 credit card transactions tested (or 1%), totaling \$1,526.84, were not obtained or retained for various reasons. Subsequent to the audit fieldwork, staff reached out to the merchants to obtain the detailed receipts and obtained one receipt totaling \$696.70.

Recommendation: Ensure all invoices and itemized receipts are obtained and retained to support the purchase.

Management's Response: *Agree and if an itemized receipt is not attainable, a completed "missing receipt affidavit" will be included with the backup documentation.*

Current Status: Completed. Staff have updated the procedures so that not only is the Finance Assistant reviewing and signing-off of on each invoice, but the Finance Director and Executive Director also now initial their review.

Concern 1b: Taxi and ridesharing trips

Recap: Five taxi or ridesharing trips did not document the purpose and/or the destination of the trip to demonstrate the trip was for official Authority business.

Recommendation: Ensure that taxi and ridesharing receipts clearly indicate the destination and purpose of the trip.

Management's Response: *Agree. The origin, destination, and purpose of the trip will be noted on all receipts for taxi and ridesharing trips.*

Current Status: Completed. Staff have updated the procedures so that not only is the Finance Assistant reviewing and signing-off of on each invoice, but the Finance Director and Executive Director also now initial their review. Additionally, staff ensure that the destination and purpose are recorded on the receipt.

Concern 1c: Advertising agency agreement

Recap: The Authority's advertising agreement allows for a monthly retainer of \$46,687.50 (or \$560,250 a year) for creative and art services, strategic marketing plan, media planning, public and media relations, promotional development, among other deliverables. Given the swings in the tourism industry, having such flat or fixed fees, may hinder the agency's ability for flexibility and control.

Recommendation: Consider future advertising agreements contain specific task assignments with a negotiated fee per hour.

Management's Response: *Agree and we will continue to run cost comparisons for ad agency contracts; task assignments with hourly fees versus monthly retainers.*

Current Status: *Completed.* Later in this fiscal year, staff will be releasing a request for proposals (RFP) and will weigh the costs and benefits of a negotiated fee per hour arrangement or a retainer type agreement. Included in the RFP will be options for staff to analyze the workload and pricing of the selected vendor. The current vendor has provided additional data to the Finance Director. This data has enabled staff to perform additional analysis and compare commissionable rates versus flat fees. Additional analysis is now performed by staff including who and where marketing ads were placed, the impact, and is shared with the Executive Director and Marketing Director.

Concern 2: Receipting

Recap: Payments received by the Authority for various activities are not date-stamped when received.

Recommendation: Date-stamp payment backup documentation to prove timely deposits.

Management's Response: *Agree and all backup documentation will include a date-stamp.*

Current Status: *Completed.* Staff now date-stamp all payments received.

Concern 3: Policy & procedures update

Recap: The policy and procedures handbook has not been reviewed or updated in several years.

Recommendation: Update the policy and procedures handbook to include policies including restricting goods from being shipped to employee's home address.

Management's Response: *Agree and will work with the Board and County staff on updates. While no evidence of this was detected, the update will include in the changes a policy restricting goods from being shipped to an employee's home address.*

Current Status: *Completed.* Staff updated the handbook, which was approved by the HAAA Board, and is currently being reviewed by the County Attorney's Office.

Concern 4: Board minutes

Recap: Board minutes from one meeting was not posted to the Authority's website until notified by the auditor.

Recommendation: Ensure all Board minutes are posted to the website for public viewing within a reasonable timeframe.

Management's Response: *Agree and all Board minutes will be posted to the website within two weeks of final approval.*

Current Status: **Completed.** Staff ensure the minutes are posted to the website upon approval of the Board.

Concern 5: Benchmarking and best practices

Recap: Staff utilize and report some of the metrics provided by the Destinations International, which sets best practices for tourism and destination management organizations (DMO) worldwide. However, there are additional metrics that could be utilized by the Authority to enhance transparency and consistency in the operations and events being held.

Recommendation: Continue reporting industry standard benchmarks and consider using and enhancing other measures outlined in the best practices to further strengthen the commitment to transparency, consistency, and accountability of public funds.

Management's Response: *Agree and continue to be committed to transparency, consistency, and accountability. Staff will review the chart of accounts and continue to create and disseminate reports on sales activities, website analytics, and other key performance indicators. Staff will continue to research and identify industry best practices and standards of measurement that will best gauge the organization's effectiveness.*

Current Status: **Completed.** Staff continuously review industry best standards and benchmarks and report these metrics to the Board. For the Mid-Florida Visitor profiles, staff have recently moved to a quarterly analysis versus a monthly analysis which allows some time for some follow-up with the visitors. Questions are asked regarding what attractions, museums, restaurants, were visited, their opinions of the area, etc. This analysis allows staff to understand the visitor further and how to target marketing towards successes and learn opportunities for enhancing the visitor experience. This information is shared with the Board at regular meetings.

