

BCC Meeting

Audit Report 2013-5

(formerly Audit Report 2011-2)

Tourism Assets, Revenues, and Expenditures Review



July 9, 2013

Dwight E. Brock

Introduction

- Scheduled as part of Clerk's annual audit plan
- Engagement Letter issued to County Staff
- Audit of tourism related activities

Objectives

- Verify tourism marketing contracts adhered to Purchasing Policy;
- Verify tourism related expenditures met payment requirements;
- Verify Tourist Development Tax revenues were correctly calculated and allocated;
- Verify the existence and accuracy of the petty cash fund; and
- Verify fixed assets were properly recorded.

Summary of Findings

- Change orders caused annual tourism marketing expenditures to routinely exceed contract.
 - 5 change orders for additional tourism marketing services totaling \$3,767,000 under Contract #06-4007
- Changes in hourly rates and services were considered a “Zero” dollar change order.
 - 5 positions were added, with hourly rates from \$50 to \$200

- Inconsistencies were noted between County Request for Proposal, vendor proposal, and contract for tourism marketing services.
 - Budget
 - Emergency Funds
 - Use of Subcontractors
 - Commission

- Expenditures submitted by vendors were not in compliance with contract terms.
 - Webhosting and maintenance services provided by subcontractor were not under contract's Statement of Work
 - County had separate contract with subcontractor for the same services at a lower rate (Contract #09-5183)
 - Documents presented to the BCC for approval were inconsistent

- A donation by a vendor was not consistent with TDC and BCC recommendations (2010).
 - TDC recommended donation to Marco Island Museum
 - BCC recommended donation be allocated between Marco Island Museum and advertising services
 - Actual donation went to Marco Island Museum and Freedom Memorial
- There is a potential appearance of a Code of Ethics violation (2011).
 - Conduct that gives the appearance of impropriety
 - A sitting Commissioner had dinner with a vendor the night before a pending BCC agenda item, an \$800,000 change order for increased services and fees

BCC Meeting Minutes – January 25, 2011

BCC CHAIRMAN:

“... And Paragraph 14 of the procurement policy clearly prohibits those kinds of interactions between companies who are bidding on contracts and commissioners ...”

“Firms and their agents are not to contact members of County Commission for purposes such as meeting or introduction, luncheons, dinners, et cetera’ ... ‘Failure to abide by this provision may serve as grounds for disqualification for award of this contract to the firm.’”

So I open it up for discussion.

CHAIRMAN COYLE: Okay. And I may as well go first. I noted that Commissioner Hiller included in this item a grand jury

January 25, 2011

Collier County ordinances and procedures are already in place to prohibit inappropriate involvement of commissioners or other public officials in contract awards and, specifically, the award of the contract to Paradise Advertising.

And those procedures are, number one, the county manager ordinance prohibits any commissioner from instructing a county employer to take any specific actions including awarding contracts to a favored company.

Commissioners are specifically excluded from the contract-award process. And Paragraph 14 of the procurement policy clearly prohibits those kinds of interactions between companies who are bidding on contracts and commissioners. They -- as a matter of fact, companies are specifically forbidden and they are warned in writing -- they're specifically forbidden to contact County Commissioners with respect to a contract award.

So this process has been followed very carefully. It has been properly advertised and communicated to the public. And I will read to you what it says about contacting County Commissioners. "All firms are hereby placed on notice that the Board of County Commissioners does not wish to be lobbied, either individually or collectively, about a project for which a firm has submitted a proposal.

"Firms and their agents are not to contact members of County Commission for purposes such as meeting or introduction, luncheons, dinners, et cetera. During the process from proposal closing to final board approval, no firm or their agent shall contact any other employee of Collier County in reference to this proposal, with the exception of the purchasing director of his -- or his designee.

"Failure to abide by this provision may serve as grounds for disqualification for award of this contract to the firm."

The suggestion by Commissioner Hiller that there might be something dirty about the contribution of Paradise Advertising should outrage all of those who have been involved in supporting the

- Petty Cash fund of \$50.00 was not in full compliance with County Policy.
 - County Staff has indicated intent to return Petty Cash fund to Clerk's Finance by the end of FY2013

Conclusion

- Staff should ensure change orders comply with contract terms
- Staff should ensure contracts are consistent with the documented scope of work
- Staff should continue to review expenditures to ensure compliance with contract documents
- BCC should consider establishing a consistent county-wide donation policy addressing cash donations
- County officials and staff should take the necessary precautions to avoid the appearance of any conflict of interest

County Management Response

County staff members are committed to implementing business processes which are consistent with ensuring fiscal responsibility and integrity. County Management has made a number of changes to its business processes prior to, and, as a result of this audit:

- Updating solicitation documents to include the County's historical spend;
- Reporting all change orders and contract amendments to the Board consistent with Purchasing Policy;
- Returning the petty cash fund to the Finance Department by end of fiscal year 2013; and
- Continue to work with the Clerk's Finance and Internal Audit Office to ensure corrections have been addressed.

Thank you

