



Office of the City Auditor

**Review of Convention and Visitors Bureau
2013 ProCard Transactions**

Report Date: August 6, 2013



Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

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Office of the City Auditor Transmittal Letter



Date: August 6, 2013

To: James K. Spore, City Manager

Subject: Review of Convention and Visitors Bureau 2012 ProCard Transactions

We have performed the agreed-upon procedures enumerated herein, which were agreed to by the Convention and Visitors Bureau (CVB), solely to determine whether the CVB Director has established documented internal control procedures for his department; whether the procedures address the approval function, the accounting/reconciling function and any proposed card custody functions; whether proper review and approval is performed before payment of procurement card (ProCard) transactions; and whether transactions made with the ProCard are made in accordance with the Small Purchase/Travel Card Procedures Manual.

This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards. Government Auditing Standards incorporate financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to perform and did not perform an audit, the objective of which would have been the expression of an opinion on the compliance of CVB's entire travel activities with the City's travel directives. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We completed the agreed-upon procedures on July 10, 2013.

This report is intended solely for the information and use of the Audit Committee, City Council, City Manager, and appropriate management including CVB and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Office of the City Auditor
Transmittal Letter

We would like to commend the Convention and Visitors Bureau for the courtesy and cooperation extended to us during the review. If you have any questions about this report or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias

Lyndon S. Remias, CPA, CIA
City Auditor

cc: City Council Members
Audit Committee Members
Steve Herbert, Deputy City Manager, City Manager's Office
James Ricketts, Director, Convention and Visitors Bureau
Patricia Phillips, Director, Department of Finance



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Purpose

To determine whether internal controls are in place and operating as intended to ensure procurement card (ProCard) expenditures are proper. This audit was requested to be conducted annually by the Director of Convention and Visitors Bureau (CVB).

Scope and Objectives

The objectives of our audit were to determine whether: (1) the CVB Director has established documented internal control procedures for his department; (2) the CVB procurement card procedures address the approval function, the accounting/reconciling function and any proposed card custody functions; (3) proper review and approval is performed before payment of ProCard transactions; and (4) transactions made with the ProCard were made in accordance with the *Small Purchase/Travel Card Procedures Manual*.

The audit covered the period of June 28, 2012 to June 27, 2013. We reviewed policies and procedures related to the administration and processing of ProCards that were in place at the time of our fieldwork. Our fieldwork concluded on July 10, 2013.

Methodology

To accomplish our objectives, we performed the following procedures:

- Met with appropriate staff to discuss existing internal control procedures.
- Obtained an extract of ProCard transactions for the period under review.
- Examined cardholders' transactions logs, receipts, and credit card statements.
- Assessed cardholder compliance with ProCard policy and procedures.

Standards

Our audit was conducted in accordance with generally accepted government auditing standards. The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, City Manager, and appropriate management within the City. This report will also be made available to the public.



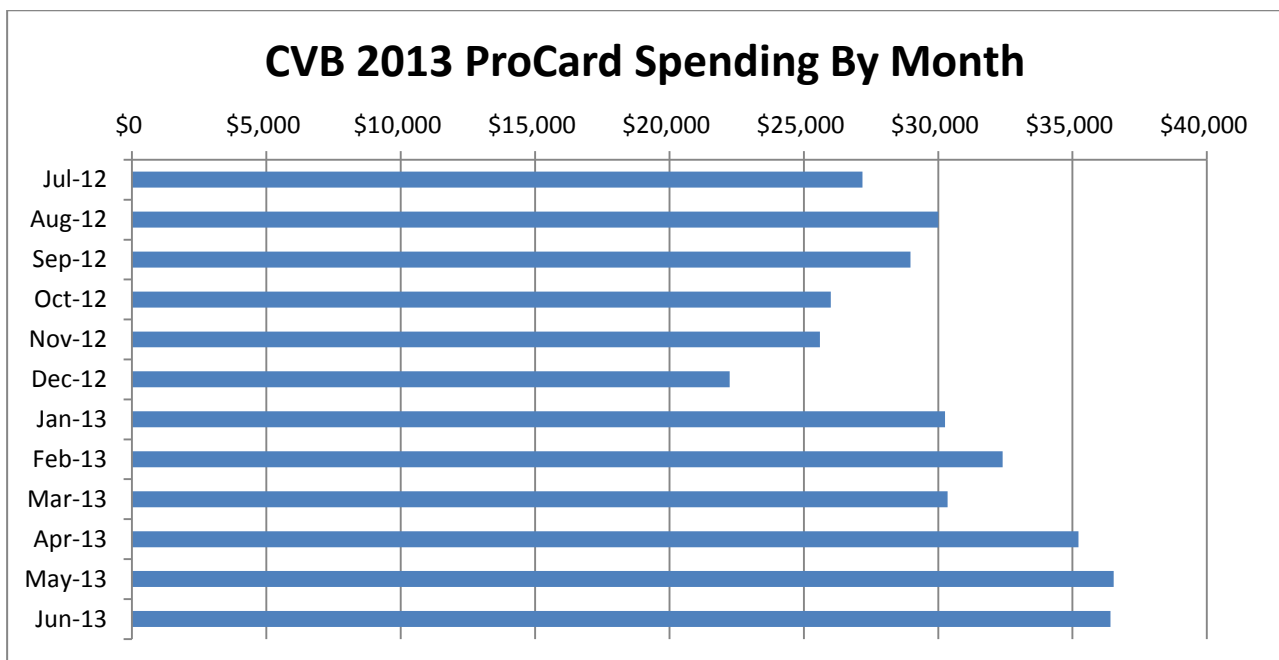
Background



The City established a credit card (ProCard) program in 2002 designed to streamline the acquisition and payment process for low-dollar-value goods and for employees' city business travel costs, in order to reduce paperwork and administrative costs. The ProCard provides an alternative payment vehicle for purchasers and designated employees to use at authorized vendors/suppliers. Those employees who have

been issued a ProCard may initiate transactions in person or by telephone, fax or via approved e-procurement sites, within specified limits. It is important to acknowledge that one of the main purposes of the program is to facilitate out of town travel instead of requesting cash advances. In addition, many vendors offer more attractive pricing, delivery and payment terms for on-line orders in this electronic age.

The Convention and Visitors Bureau (CVB) is one of the top City departments in the number of cards and spending. Many of CVB's cardholders are sales representatives who procure bookings for the City's convention center and local tourism and thereby entertain many potential clients to bring local, regional and national conventions and conferences to the City. CVB had 2,403 procurement card transactions involving 31 cardholders during the period of June 28, 2012 through June 27, 2013 totaling \$361,173.47. As follow up to our previous Citywide review of the City's procurement cards, the Director of CVB requested the City Auditor to conduct annual review of CVB's procurement card transactions.





Findings

We have found only a few minor exceptions that were discussed with management. CVB continues to monitor procurement card transactions through additional internal control initiatives mentioned in the 2012 titled Review of Convention and Visitors Bureau 2012 ProCard Transactions audit report issued on July 31, 2012 and the CVB Director continues to monitor procurement card usage.

Conclusion

The internal controls are in place and operating as intended to ensure procurement card expenditures are proper.

Acknowledgements

We would like to thank the Convention and Visitors Bureau for their responsiveness to our requests during the review and their receptiveness to questions and comments. We offer our assistance should concerns regarding implementation of these recommendations or other audit issues arise.





City of Virginia Beach

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INTER-OFFICE MEMORANDUM

DATE: August 6, 2013
TO: Lyndon Remias, City Auditor
FROM: James B. Ricketts, Director Convention and Visitors Bureau *JBR*
SUBJECT: Review of Convention and Visitors Bureau 2013 ProCard Transactions

The City Auditor's staff is to be commended for their time and efforts in conducting, at my request, the FY 2013 Convention and Visitors Bureau ProCard audit. The review was a very thorough and extensive examination of 100% of CVB's credit card transactions during the period of June 28, 2012 to June 27, 2013.

The positive results of the audit show that the CVB is adhering to City policies and that our enhanced and additional internal control procedures are effective and working as intended to mitigate fraud, waste and abuse.

I want to thank you and your staff for their dedicated efforts in performing this audit and in discussing the outcome at the exit conference. As discussed, we will look forward to next year's Pro Card audit.

C: Steve Herbert, Deputy City Manager