

**DEPARTMENT OF DEVELOPMENT
AND ECONOMIC OPPORTUNITY
TAMPA CONVENTION CENTER
SALES & MARKETING
AUDIT 21-12
JULY 27, 2021**



City of Tampa

Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

July 27, 2021

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Tampa Convention Center (TCC) Sales & Marketing, 21-12

Dear Mayor Castor:

Attached is the Internal Audit Department's report on the TCC Sales & Marketing Division.

TCC has already taken positive actions in response to our recommendations. We thank the management and staff of the TCC Sales & Marketing Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Carole Post, Development and Economic Opportunity Administrator
Dennis Rogero, Chief Financial Officer
Una Garvey, Convention Center and Tourism Director
Juan Lopez, TCC Sales & Marketing Manager
Brian Morrison, Assistant City Attorney

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/s/ Debbie Abbott

Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The Tampa Convention Center (TCC) is located on the Tampa waterfront, offering 600,000 square feet of space with exhibition halls, ballrooms, and meeting rooms. TCC is owned and operated by the City of Tampa (City). The Sales & Marketing Department consists of a Sales & Marketing Manager and two National Sales Managers working with potential clients to book TCC for their organizations' requirements.

TCC has an agreement with a non-profit organization, Convention and Tourism Services of the Tampa/Hillsborough Convention and Visitors Association (Association) dba Visit Tampa Bay (VTB), to promote the City as a major convention, exhibition, tourist, and visitors' destination¹. VTB's objective is to promote the Tampa Bay region by promoting the TCC as an event destination. VTB works with clients planning to hold an event at least 18 months into the future. TCC works with clients holding events within an 18 month period.

The fee schedule used by TCC for space rental is approved by City Council through resolution. Through that schedule, TCC has some flexibility to provide complimentary space based on the amount of space needed, length of time of the event, and food and beverage minimum purchases.

The TCC Director was sworn in August 1, 2019, and the Development and Economic Opportunity Administrator, who oversees TCC, began working for the City of Tampa on February 10, 2020. The last 17 months, of their tenure, have been marred by the global pandemic state of emergency.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2021 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to the TCC Sales & Marketing Division is adequate.
2. Performance metrics being reported are accurate, consistent, relevant, and verifiable.
3. License Agreements are processed and approved in accordance with policies and procedures, and activities in Ungerboeck are updated to notify staff of their responsibilities for the next step in the process.

¹ Agreement for Sales & Marketing of the Tampa Convention Center and Convention and Tourism Services of the Tampa/Hillsborough Convention & Visitors Association

STATEMENT OF SCOPE

The audit period covered FY 2019 to May 11, 2021. Tests were performed to determine whether the Sales & Marketing personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

The following steps were performed to achieve the audit objectives:

1. Interviewed staff, flowcharted processes, and identified and reviewed internal controls.
2. In order to determine the accuracy, consistency, and relevance of metrics reported:
 - a. Identified Ungerboeck as the source/system for metrics reported.
 - b. Tested performance measures reported in the 2019 Budget Book, which included the number of conventions and conventions with exhibits, food functions, trade shows, consumer shows, sporting events, and general meetings. These measures are consistent with benchmarking standards used by the International Association of Venue Managers. TCC is working with T&I on a set of metrics to report on the EPM Dashboard, which include TCC Count of Events Per Month, TCC Sum of Forecasted Attendance by Month, and TCC Economic Impact by Month in Dollars.
 - c. Reviewed data reliability testing for system generated data in Ungerboeck.
3. Identified the population of signed License Agreements for FY 2019 through May 11, 2021, and selected a random sample using a 90% confidence level and 10% error rate. We obtained the License Agreements and attachments to:
 - a. Determine justification forms and License Agreements are completed and signed.
 - b. Identify space rental and fees charged and agree to fee schedule.
 - c. Identify any discounts that have been applied and agree to discount schedule.
 - d. Determine fees and discounts are accurate.
 - e. Using the sample above, identified and tracked activities in Ungerboeck.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

NOTEWORTHY ACCOMPLISHMENTS

Due to COVID 19, TCC implemented the “TCC Ready Together” campaign that resulted in clients moving to a future year and retaining long tenured relationships. Through the campaign TCC introduced COVID protocols that were implemented and acquired the Global BioRisk Advisory Council Accreditation for a fully sanitized venue; a certification that is recognized by the industry. In addition, the Capital Improvement Project program was accelerated, taking the opportunity to renovate and modernize existing meeting rooms.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to the TCC Sales & Marketing Division is adequate. However, the agreement between TCC and VTB needs to be updated to reflect current practices.
2. Performance metrics being reported are accurate, consistent, relevant, and verifiable.
3. License Agreements are processed and approved in accordance with policies and procedures, and activities in Ungerboeck are updated to notify staff of their responsibilities for the next step in the process. However, fees and discounts provided to clients were not consistent with policy.

AGREEMENT BETWEEN TAMPA CONVENTION CENTER AND VISIT TAMPA BAY

STATEMENT OF CONDITION: TCC has an agreement with the Association that has been in place since 1992, with one amendment to the agreement approved in 1995. The purpose of the agreement is to promote the City and its convention center as a place for conventions, trade shows and other meetings. The name of the organization has changed and is currently operating under the name Tampa Bay Convention and Visitors Bureau, Inc. dba: Visit Tampa Bay. The agreement has not been updated to reflect the name change.

The agreement also does not represent the practices in place today. For example, Section III of the 1992 agreement entitled Funding states "...the City shall contribute funds to the Association for its activity in marketing and promotion of TCC. The amount of the contribution will be determined annually..." The 1995 amendment identifies the amount and account number for the funding; however, the City does not currently provide any funding to the organization.

CRITERIA: Best practice requires contracts/business agreements be reviewed at least annually or when conditions of the agreement change.

CAUSE: The agreement was believed to be in perpetuity because there is no set period for the agreement.

EFFECT OF CONDITION: Business processes have changed since the agreement and amendment were signed, which could invalidate the agreement.

RECOMMENDATION 1: The agreement should be reviewed and updated to reflect current practices. Review of the agreement should take place at least annually, or more often if any term of the agreement is changed.

MANAGEMENT RESPONSE: As a newly appointed Director, developing a sound understanding of all contracts aligned with TCC has been a prioritized focus. The perpetually renewed agreement between TCC and the Convention and Visitors Bureau, dba Visit Tampa Bay, includes a review of all pertinent documentation including booking guidelines and any special programming that attracts events to our destination with an annual review of the updated 1992 original agreement.

As a key stakeholder in the mission to gain events, TCC plays a vital role with our partners throughout the hospitality community. The Tampa Convention Center and Visit Tampa Bay Sales teams work in unison to attract events and is currently working on a complete agreement that best sets the destination towards success in a manner that holds all parties accountable. We foresee the completion of the final agreement completed by September 15, 2021 and ready for City Council approval shortly thereafter.

TARGET IMPLEMENTATION DATE: By September 15, 2021, with an annual review to take place by September 15 of each year.

DISCOUNTED & COMPLIMENTARY SPACE

STATEMENT OF CONDITION: TCC venue fees are approved by City Council resolution, with a few caveats for providing complimentary space with large space rental and for catered food and beverage purchases. In addition, TCC also has internal Standard Operating Procedures. Policy Number MKT 002 (Policy), issued May 3, 2019, titled “Complimentary Guidelines” that provides guidance for discounting or providing complimentary space in order to secure a license agreement.

The purpose of TCC is to attract events to the City to advance the convention and tourism industry. Sales Managers work with potential clients to negotiate the best terms possible to bring groups to Tampa. Sales Managers complete the Justification Form which includes the space requested, the standard rate, and the rate after discounts are applied. It also includes anticipated fees for ancillary services and projected commissions. After completion, the forms are routed to the Sales and Marketing Manager and the TCC Director for approval. After approval of the Justification Form, and upon confirmed booking, License Agreements are prepared for client and TCC signatures.

The Justification Forms and License Agreements selected for testing did not always comply with terms in the Policy. Comped space was in excess of amounts allowed in the Policy.

CRITERIA: TCC License Fee Schedules supplement states, “Discounted & Complimentary Space – The Convention Center Director or Designee shall be authorized to request discounted rates and complimentary space when deemed appropriate to secure an event. The threshold (sic) and required information will be determined by the City of Tampa’s Chief Financial Officer and the Administrator for Economic Opportunity.”

CAUSE: The Policy is not being used. Staff stated the guidance does not allow TCC to be competitive.

EFFECT OF CONDITION: Lack of adherence to written policies and procedures. Lack of consistency in managing comped space. City subject to allegations of unfairness in administering comped space.

RECOMMENDATION 2: Management should review the Policy and determine if it should be rescinded or rewritten to provide additional guidance for discounting and providing complimentary space that allows TCC to remain competitive and attract groups to the City of Tampa. The needs of the City should be part of the process to determine rates charged.

MANAGEMENT RESPONSE: In conjunction with a complete review of the historical processes in place to attract events to the Center and after discussion with both TCC and VTB Sales forces we feel that policy MKT 002 is problematic and cumbersome to the overall sale. MKT 002 is constrictive to the negotiation process. The Center's philosophy is to review the overall economic impact to the Center as well as to the City that allows TCC to be competitive and attract groups to the City of Tampa. TCC Director agrees that Policy MKT 002 should be rescinded.

To avoid any possible allegations of unfairness and to negotiate the best rental conditions based on client needs and budget. TCC will continue to follow procedures outlined in Policy MKT 001 (RI) wherein a more comprehensive assessment of the potential business is revealed in the Sales Justification Forms, and ultimately Contracts and Activities.

IMPLEMENTATION DATE: June 22, 2021