

Memorandum



CITY OF DALLAS

DATE: July 28, 2006

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-Up Report of the September 2, 2005, Internal Controls in Convention and Event Services Electrical Division

We have conducted this audit under the authority of Chapter IX of the City Charter and according to applicable government auditing standards. We conducted tests of records and reviewed program guidelines and procedures that we considered necessary in the circumstances.

Our objective was to determine whether the Director of Convention and Event Services implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original report contained two findings with five recommendations. Management has implemented all five recommendations.

1. Conditions exist that impair DCC's ability to manage utility services.

We recommended that the Director of Convention and Event Services:

- A. Institute measures to have a customer credit card charge slip on file or obtain deposits from all exhibitors for use of electricity. This is a common practice in the hotel industry. Develop procedures to charge a penalty for using unauthorized electricity. **(Implemented)**

We found that Convention and Event Services now keeps customer credit card charge slips on file. With respect to vendors who use unauthorized electricity, we found that these vendors are invoiced at standard prices instead of at the discounted prices for vendors who prepay for electrical services ordered. Dallas Convention Center Standard Operating Procedures for Convention Services Department states that during inspections, inspectors prepare an "N" invoice for vendors who did not pre-order electrical services. The "N" invoices are used as the basis for requesting unauthorized vendors to pay for the electrical service used.

- B. Develop written procedures to ensure that inspections use updated floor plans and inspections occur prior to and during events, and that inspection results are reviewed and approved by supervisors. **(Implemented)**

We found that the Dallas Convention Center Standard Operating Procedures for Convention Services Department provide specific guidance pertaining to the timing and the activities for floor plans specific to electrical services. The manual also states that on "Show day 1, 1. Update power marking on the main floor print. 2. Take marked print and inventory show floor." The manual states that during show days two and three, new tickets for electrical services are also worked.

- C. Centralize the processing of customer electricity orders. **(Implemented)**

We found that the orders for electrical services for Convention and Event Services are centralized. According to the Dallas Convention Center Standard Operating Procedures for Convention Services Department manual, the Convention Services Coordinator "handles each exhibitor's request for service, prepares a work order and posts to the appropriate invoice."

2. The credit card payment processing does not facilitate timely reconciliations and verification of revenue.

We recommended that the Director of Convention and Event Services establish and implement procedures to:

- Ensure timely reconciliations are performed and approved. **(Implemented)**

We found that reconciliations are performed timely and are approved. The Convention Services Coordinator is responsible for ensuring that service/work orders are posted to the appropriate invoice for each exhibitor/booth number and for the sponsoring association/organization. Daily logs are prepared for Cash/Check Deposits and Credit Card payments. The Revenue Recap Report is prepared using information from the Cash/Check deposit and Credit Card Payments. Convention Center Accounting Department inputs into RESOURCE information from the batch totals for the Daily Credit Card payments and ensures that the total agrees to the credit card amount shown on the Revenue Recap Report. Convention Center Assistant Director also performs various reviews and approves the sponsoring association/organization invoice.

- Redesign the Revenue Recap schedule to include columns for (a) the last four digits of the customer credit cards and (b) the work orders number applicable to each credit card sale. **(Implemented)**

We found that Convention Services has redesigned the Revenue Recap schedule to include columns for the last four digits of the customer credit cards. The Revenue

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Recap Schedule shows the booth number, type of payment (check or credit card), amount, transaction date, type of service (electrical, plumbing), etc. Each booth may have one or more work order(s). Work orders are filed by booth number with the work order attached to the appropriate invoice in the file. Based on Convention Services current practice, it is not considered practical to show, on the Revenue Recap schedule, the work order number associated with each credit card sale.

We appreciate management's cooperation in this follow-up. If you have any questions, please contact me at (214) 670-3223.

Paul T. Garner

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Assistant City Auditor

c: Mary K. Suhm, City Manager

Frank Poe, Director of Convention and Event Services