



Audit of  
Convention and Visitors Bureau  
Florida Sports Foundation Account

Office of the County Auditor

Audit Report

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**County Auditor**

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**Report No. 20-06**  
**November 20, 2019**



**OFFICE OF THE COUNTY AUDITOR**

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November 20, 2019

Honorable Mayor and Board of County Commissioners:

At the request of County Administration, we have conducted an audit of the Convention and Visitors Bureau (CVB) Florida Sports Foundation Account. Our audit objectives were to determine whether all deposits remitted to the County were appropriately accounted for and to determine whether all disbursements were for an appropriate public purpose and adequately supported.

We conclude that all deposits remitted to the County were appropriately accounted for; however, we conclude that some disbursements were questionable regarding an appropriate public purpose or inadequately supported. An absence of internal controls allowed for inappropriate expenditures and questionable costs to occur. Disbursements were made to vendors where the former Vice President of the CVB Sport Development Office (CVB Vice President) had potentially inappropriate relationships. One vendor, that was paid \$419,532, is owned and operated by the former CVB Vice President, who had control over vendor selection, vendor orders, receipt of goods, and vendor payments. Charges for goods and services were of questionable fair market value and legitimacy. We also identified \$588,271 in questionable costs, where there was a lack of supporting documentation, especially given the nature of the transactions, which included yacht charters, tickets to sporting events, and charitable contributions. Opportunities for Improvement are included in the report.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and 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.

We appreciate the cooperation and assistance provided by the CVB throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton  
County Auditor

**Broward County Board of County Commissioners**

Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Dale V.C. Holness • Nan H. Rich • Tim Ryan • Barbara Sharief • Michael Udine  
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Audit of Convention and Visitors Bureau Florida Sports Foundation Account

cc: Bertha Henry, County Administrator  
Andrew Meyers, County Attorney  
Monica Cepero, Deputy County Administrator  
Stacy Ritter, CVB President

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# EXECUTIVE SUMMARY

We conducted an audit of the Convention and Visitor's Bureau (CVB) Florida Sports Foundation Account (Account).

The lack of internal controls in the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. Account deposits and disbursements were processed and maintained by SMG (the vendor responsible for operating the Broward County Convention Center) outside of the County's financial accounting system and established internal control processes. This practice circumvented normal County disbursement processes and established controls over procurement.

A former CVB Vice President purchased \$419,532 of products and services from her own company, Saints Enterprises. Charges for goods and services were of questionable fair market value and legitimacy. Fifteen invoices, totaling \$182,352, were for bottle opener koozies. The shipping address on the invoices was to Saints Enterprises rather than the CVB, and there was no evidence documenting receipt of the koozies. The business address for Saints Enterprises is the same address as the former CVB Vice President's home address. Eleven invoices, totaling \$136,245, were for gifts and other giveaways. Gifts included items such as leather carryon bags, leather briefcases, athletic bags, airfare, and Guy Harvey Artwork. However, many invoices were not itemized, making it unclear what was ordered and what was the business purpose. The lack of supporting documentation leads to questions as to whether the goods and services were valid and appropriate. In addition, we identified four questionable transactions involving Scientific Games (a.k.a. MDI Scientific Games Properties, MDI Entertainment, LLC, and Scientific Games International, Inc.) and Intercoastal Marketing, LLC., totaling \$67,098. During an interview, the CVB Vice President described her relationship with the Director of Marketing for Scientific Games as personal and professional.

Immediately upon notification by our office, the President of the CVB acted quickly and the CVB Vice President resigned, effective September 12, 2019.

We identified expenses where we question the necessity, justification, and public purpose of the activities and related costs such as yacht charters, sporting and concert event tickets, and charitable contributions. These questionable costs total approximately \$588,271. These expenses did not have a documented public purpose and the invoices lacked itemization,

attendance records, and evidence of review and approval. Of the total expense, \$91,417 was spent for tickets to 3 Super Bowls located in New York, Houston, and Minneapolis. We question the necessity and reasonableness of using public funds to send potential clients and staff to Super Bowls that are out of the area, unless there are specific circumstances justifying such. We were not informed of any such circumstances.

Our report contains a total of six recommendations for improvement. Management's responses are included in the report.

# INTRODUCTION

## Scope and Methodology

The Office of the County Auditor conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted an audit of the Convention and Visitor's Bureau (CVB) Florida Sports Foundation Account (Account). Our office inquired about Board of County Commissioners Agenda Item No. 16 on December 4, 2018, accepting a payment of \$100,000 from the Seminole Hard Rock Hotel and Casino (Hard Rock). As a result of the inquiry, we noted that the CVB Sports Development Office (Office) uses the Account for the purposes of funding expenditures to market and support sports tourism events. We requested deposit and expense detail for the Account. In responding to our request, County Administration performed a preliminary review of the Account details and requested that we perform an audit of the Account. Our audit objectives were to determine whether:

- 1) All deposits remitted to the County were appropriately accounted for.
- 2) All disbursements were for an appropriate public purpose and adequately supported.
- 3) Any additional opportunities for improvement exist.

To determine whether all deposits remitted to the County were appropriately accounted for, we obtained and analyzed account details for all deposits and disbursements. Our review included independent deposit confirmations and a review of supporting invoices and check copies for selected disbursements. We also interviewed management and staff.

To determine whether all disbursements were for an appropriate public purpose and adequately supported, we tested a sample of 21 disbursement groups or vendors totaling \$1,803,991, which represents 72.2% of the total disbursements of \$2,498,697. The disbursement groups represent either individual vendors or a group of vendors related to one type of expense. For example, we combined all expenses for yacht charters into one group even though five different vendors provided the service. Table 1 below provides a list of the disbursements tested:

**Table 1**

	<b>Disbursements Tested</b>	<b>Total Amount Paid</b>	<b>% of Total Disbursements</b>
1	Saints Enterprises	\$419,532	16.8%
2	Yacht Charters	\$287,930	11.5%
3	Beach Majors	\$173,926	7.0%
4	Super Bowl	\$144,005	5.8%
5	GameDay Management, Inc.	\$112,968	4.5%
6	KICS International, Inc.	\$89,812	3.6%
7	Miami Dolphins Ltd.	\$88,131	3.5%
8	Judo Tournaments	\$56,500	2.3%
9	Starmark	\$50,733	2.0%
10	National Football League	\$50,000	2.0%
11	AAU Taekwondo	\$45,000	1.8%
12	Intercoastal Marketing, LLC	\$43,108	1.7%
13	Here's Help Inc.	\$37,800	1.5%
14	USA Judo	\$36,000	1.4%
15	Christine Lee at Gulfstream	\$33,621	1.3%
16	Paulo Jordo	\$27,900	1.1%
17	Primesport	\$27,630	1.1%
18	Golfers Guide Marketing Solutions	\$25,000	1.0%
19	Scientific Games	\$23,990	1.0%
20	Orange Bowl	\$15,885	.6%
21	Tortuga Music Festival	\$14,520	.6%
	<b>Disbursements Tested</b>	<b>\$1,803,991</b>	<b>72.2%</b>
	<b>Total Disbursements</b>	<b>\$2,498,697</b>	

*Source: Florida Sports Foundation Account disbursements.*

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and 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.

Our audit included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2009 through the discontinuance of the account on January 7, 2019. We also reviewed applicable procurement card purchases and other County disbursements subsequent to January 7, 2019, where deemed necessary. Final interviews were conducted in September 2019.



## **Overall Conclusion**

We conclude that all deposits remitted to the County were appropriately accounted for. However, we conclude that some disbursements were questionable regarding an appropriate public purpose or inadequately supported. An absence of internal controls allowed for inappropriate expenditures and questionable costs to occur. Disbursements were made to vendors where the former Vice President of the CVB Sport Development Office (CVB Vice President) had potentially inappropriate relationships. One vendor, that was paid \$419,532, is owned and operated by the former CVB Vice President, who had control over vendor selection, vendor orders, receipt of goods, and vendor payments. Charges for goods and services were of questionable fair market value and legitimacy. We also identified \$588,271 in questionable costs, where there was a lack of supporting documentation, especially given the nature of the transactions, which included yacht charters, tickets to sporting events, and charitable contributions. Opportunities for Improvement are included in the report.

## **Background**

### **Convention and Visitors Bureau Sports Development Office**

The Convention and Visitors Bureau (CVB), Sports Development Office (Office), is led by the CVB President supported by a Vice President, Senior Manager, and Manager. The Office is responsible for recruiting and supporting national and regional sports events as well as other sporting events and conferences. The Office receives funding and support from Florida Sports Foundation, a non-profit corporation, who is the official sports promotion and development organization for the State of Florida. The Foundation provides grants to the CVB to support events that bring out-of-state visitors to Florida. Other funding support is provided by Seminole Hard Rock Hotel and Casino (Hard Rock).

Broward County is home to more than 300 sporting events each year. Some of the events include the Beach Majors Volleyball Tournament, Amateur Athletic Union (AAU) Taekwondo National Championships, U.S. Open Judo Championships, and Battle Youth Football Championships. These events have a significant economic impact for the County, bringing thousands of athletes, coaches, and attendees to the area, who enjoy the local restaurants, stay in area hotels, and explore Broward County.

### **Florida Sports Foundation Account**

The CVB utilized the Florida Sports Foundation Account (Account) to track deposits received from the Florida Sports Foundation and Hard Rock and fund expenditures to market and support sports tourism events. The Account was maintained as an escrow account by SMG, the CVB vendor

responsible for operating the Broward County Convention Center. The escrow account was used to deposit receipts and to disburse payments as directed by the CVB. Effective January 7, 2019, the Account was no longer used, and the remaining funds were transferred to a Broward County bank account. Below is a table summarizing the account activity:

<b>Account Summary</b>	
<b>October 1, 2009 – January 7, 2019</b>	
Beginning Balance	\$ 190,123
Total Deposits	2,561,357
Total Disbursements	(2,498,697)
<b>Remaining Balance</b>	<b>252,783</b>
Transfer to County	(252,783)
<b>Ending Balance</b>	<b>\$ -</b>

*Source: Florida Sports Foundation Account*

# OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

## 1. Lack of Internal Controls Allowed for Inappropriate Transactions and Violations of County Policy to Occur.

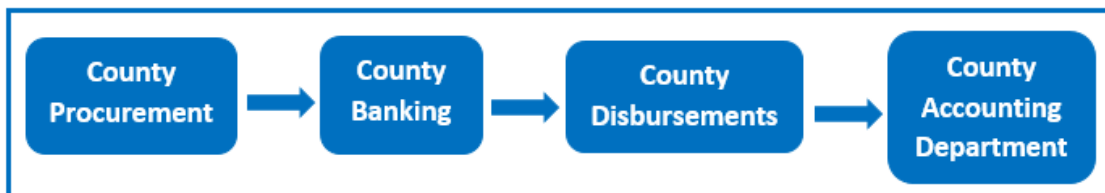
The lack of internal controls in the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. We noted the following deficiencies:

- A. All Account deposits and disbursements were processed and maintained by SMG outside of the County's financial accounting system and established internal control processes. This practice circumvented normal County disbursement processes and established controls over procurement. As described in the background, the CVB directed SMG to process transactions. The pictures below provide a comparison of each process:

### CVB's Process



### County's Process



County transactions should be processed and tracked by the County and subject to the County's controls. Failure to adequately follow the County's processes increases the risk of inappropriate activity including circumvention of established competitive procurement

practices, inadequate segregation of duties, and inadequate approval of payments. Each of these risks were realized as a result of this “off-site” fund and accounting structure as further described in B, C, and D. Although SMG had custody of the fund, they made any disbursement authorized by the CVB President, without any oversight.

- B. Duties related to the use of this account to procure goods and services were inadequately segregated. The CVB Vice President had the ability to select vendors, order and receive products, and deliver payments to the vendors. Failure to segregate these incompatible duties allowed for inappropriate transactions further described in Opportunity for Improvement #2. “Segregation of duties,” is an important preventive control which requires more than one individual to be responsible for completing a process. This control makes it more difficult for intentional wrongdoing because it requires collusion by two or more individuals. The County’s established procurement process segregates these duties. For example, an individual, other than the purchaser (a “receiver”) is required to acknowledge that purchased products or services are received. In addition, payments from the County are sent directly to the vendor, not the purchaser.
- C. Purchases circumvented the County’s procurement code and lacked evidence of competitive solicitation. Our review noted that none of the vendors used were required to go through the County’s procurement process. Vendors were selected directly by the CVB. The County’s Procurement Code is designed to ensure free and open competition. The code “enables the County to maximize to the fullest extent practicable, the purchasing value of public funds by fostering effective broad-based competition within the free enterprise system, while ensuring fair and equitable treatment of all persons who deal with County Procurement.” It is accomplished through public and competitive solicitation and award practices. The lack of competition increases the risk of corruption, excessive prices, and preferential treatment. Failure to follow the procurement code led to a lack of competition, higher prices, and unfair or inappropriate award practices.
- D. Invoices were not adequately reviewed prior to payment. From the 21 disbursement groups tested (Table 1), 0 of 163 (0%) invoices reviewed had evidence of review and approval. The CVB President only approved check request letters, which list vendor names and dollar amounts only, in lieu of actual invoices. Appendix A shows two sample check request letters. County policy and standard business practices require that transactions are adequately reviewed to ensure expenses are valid and adequately supported. As noted above, the lack of internal controls allowed payments to be processed without proper review and approval. Failure to review and approve actual invoices resulted in questionable payments to vendors that may have been prevented.

Per CVB management, the Account was originally established to assist the Sport Development Office in handling Florida Sports Foundation grant funds and the ability to have funds readily available to pay vendors. The Office treated the account as non-tax dollars, which they rationalized were not subject to the established County controls and oversight.

The lack of internal controls in conjunction with the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. As a result, inappropriate transactions occurred as discussed in Opportunity for Improvement No.'s 2 through 4.

**We recommend** management follow established County procurement practices, including the segregation of incompatible duties in the procurement process, and the adequate review and approval of invoices prior to payment by an independent person.

## **2. A CVB Vice President Purchased Over \$400,000 of Products and Services from an Affiliated Company, and Processed Payments for Goods and Services of Questionable Market Value and Legitimacy.**

A CVB Vice President purchased \$419,532 of products and services from her own company, Saints Enterprises. We identified the following concerns:

- A. A CVB Vice President was doing business with her own company and did not disclose the outside employment until June 2019, long after payments to her company ceased. The President approved the outside employment form on June 27, 2019 and did not recognize that the company name was the same name that had previously been approved for payments on the check request letters.

County policy requires the disclosure of outside employment. For any outside employment, County employees may not purchase goods and services from their own private businesses on behalf of the County. Specifically,

- County policy requires all employees to complete an Outside Employment Request Form, whether or not they seek to engage in outside employment. The form requires a declaration by the employee that they are either not engaged in outside employment or are requesting permission to engage in outside employment. If the employee is requesting permission, the form requires the name of the organization, location, compensation, work schedule, employee title, and duties. The form must be approved by the employee's supervisor and filed with Human Resources.

- According to the Broward County Employee Code of Ethics, employees should avoid the appearance, perception or reality of a conflict of interest. Further, the Code of Ethics states:

*“A County employee must not, in any way, participate in or seek to influence any procurement or other County-related matter or decision when:*

- 1. An immediate family member is engaged, or is seeking to be engaged, in business with the County;*
- 2. An entity, which is owned in whole or in part (except ownership of a noncontrolling interest in a publicly traded entity) by an immediate family member, is engaged, or is seeking to be engaged, in business with the County; or*
- 3. An entity, which is represented by an immediate family member (as an attorney, lobbyist, officer, or director) is engaged, or is seeking to be engaged, in business with the County.”*

- Section 112.313(3) of the Florida Statutes states:

*“No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer’s or employee’s spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer’s or employee’s spouse or child, or any combination of them, has a material interest.”*

The act of purchasing for a governmental body where the purchasing agent has a personal interest in the vendor creates a clear conflict of interest and erodes the public’s trust that fair and open competition is conducted. As shown in section B below, a significant consequence is the questioned fair market value of products and services purchased and legitimacy of invoices.

- B. Charges for goods and services were of questionable fair market value and legitimacy. Saints Enterprises was the highest paid vendor for our audit period, totaling \$419,532 (Table 1).

Table 2 below summarizes the disbursements to Saints Enterprises:

**Table 2**

<b>Expense Description</b>	<b>Amount</b>
Bottle Opener/Koozies	\$182,352
VIP Gifts & Giveaways	\$136,245
Boat Parade & Other Hospitality Events	\$65,095
Yacht / Dinner Cruises	\$14,500
NFL On Location Package	\$10,000
Shipping Fees	\$8,290
Sponsorship or Activation Fees	\$2,000
Tortuga Parking Passes	\$1,050
<b>Total</b>	<b>\$419,532</b>

*Source: Prepared by the Office of the County Auditor based on review of invoices provided.*

Appendix B provides further detail of these expenditures. In addition, see Appendix B, Exhibit 1, for a timeline of Saints Enterprises company history and transactions.

We reviewed all invoices and noted the following concerns:

- 1) Fifteen invoices, totaling \$182,352, were for bottle opener koozies. These are used as marketing materials for specific sporting events and other CVB events. Per the CVB Vice President, her markup on koozies was 100%. The shipping address on the invoices was to Saints Enterprises rather than the CVB, and there was no evidence documenting receipt of the koozies. The business address for Saints Enterprises is the same address as the CVB Vice President’s home address. It should also be noted that management believed the koozies ordered were a sole sourced item. If this were the case, per County Procurement Code (Chapter 21.34), a sole sourced form would have been completed and approved. A sample invoice is provided in Appendix B, Exhibit 2. Below is a picture of one invoice where Koozies were ordered and the “Ship To” address was to Saints Enterprises:

Audit of Convention and Visitors Bureau Florida Sports Foundation Account

TO:  
**GFLCVB**  
 100 East Broward Blvd.  
 Suite 200  
 Fort Lauderdale, FL 33301  
 ☎ 954-767-2455

**SHIP TO:**  
 1000 River Reach Drive  
 #501  
 Fort Lauderdale, FL 33315  
 P 512-417-2872  
 saintsenterprises@aol.com

SALES REP.	P.O. NUMBER	SHIP DATE	SHIP VIA	TERMS	
SV	3197510	3/24/14	FEDEX	30 DAYS	
QUANTITY	DESCRIPTION			UNIT PRICE	TOTAL
1,472	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE-NAUTILUX-RED (N), NORTH AMERICAN CHINESE BBALL IMPRINT		4.00	\$5,888.00
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- BLACK (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT		4.00	7,680.00
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-NAVY (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT		4.00	7,680.00
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- CAMO (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT		4.00	7,680.00
	Expense	ONE TIME SET UP FEE and FREIGHT VIA FED EX		1072.00	1,072.00
<b>TOTAL AMOUNT DUE:</b>					<b>30,000.00</b>

2) Eleven invoices, totaling \$136,245, were for gifts and other giveaways. Gifts included items such as leather carryon bags, leather briefcases, athletic bags, airfare, and Guy Harvey Artwork. However, many invoices were not itemized, making it unclear what was ordered and what the business purpose was. A sample invoice is provided in Appendix B, Exhibit 3. Below are three pictures evidencing where the invoices were not itemized:

Picture 1:

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	GFLCVB Swatch Beach Volleyball beach activation	20,000	20,000
75	Atlantic Coast Conference VIP gifts	100.00	7,500



Picture 2:

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
3,000	GFLCVBBCSHOF promotional bottle koozies	4.00	12,000.00
500	NASCAR Awards and Business Summit VIP gifts	10.00	5,000.00

Picture 3:

TO:  
GFLCVB  
Attention: Saskia Fisher  
100 East Broward Blvd,  
Suite 200  
Fort Lauderdale, FL 33301  
P 954-767-2455

SHIP TO:  
SAINTS-ENTERPRISES  
1000 River Reach Drive  
Fort Lauderdale, FL 33315  
Attention: Santos Villarreal  
P 512-417-2872

SALES REP.	P.O. NUMBER	SHIP DATE	SHIP VIA	FOB	TERMS
SE	3197540	5/20/15	FREIGHT TRUCK		Net 15 days

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
200	VIP and Sponsors client hospitality for Global Rally Cross	7.000	7,000.00
500	NHL Draft custom bottle koozies for NHLmedia reception	4.50	3,050.00
150	NHL Owner's/President and NHL Travel Director gifts	100.00	15,000.00
150	Room Deliveries to NHL Executives	10.00	1,500.00
1	Storage Unit and Transfers for NHL	1500.00	1,250.00
	Shipping and Handling	700.00	700.00
TOTAL			28,500.00
<b>TOTAL</b>			<b>28,500.00</b>

- An invoice for \$10,000 was for an NFL On Location package for the 2018 Super Bowl in Minneapolis. Three other tickets and one hotel room were also purchased through two different vendors costing an additional \$21,000. The Super Bowl expenditures are further discussed in Opportunity for Improvement No. 4. There was no clear business purpose for this expense and no supporting documentation was provided to support the expenses

incurred. No attendance list was maintained. The below picture shows the purchase description. A complete invoice is provided in Appendix B, Exhibit 4.

SALES REP	SHIP DATE/SHIP VIA	INVOICE #	TERMS
SE		3197537	NET 15
QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	NFL ON LOCATION PACKAGE FOR CLIENT EVENT DURING SUPER BOWL LII-PRE GAME HOSPITALITY AND HOTEL ACCOMODATIONS	10,000.00	\$10,000.00

We question the propriety of this expenditure.

- 4) Several invoices appeared suspicious and contained errors such as the miscalculation of total amounts charged, unmatched purchase order or invoice numbers, and spelling, quantity, and unit price errors. In some instances, the invoice template used was not consistent. A complete invoice is provided in Appendix B, Exhibit 5. Below are 2 pictures of invoices showing example errors:

Picture 1 – Quantity and Unit Price Errors

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
6,0150	GFLCVB Sports Marketing Neoprent Multi Color Koozies	4.00	24,600.00
1	ESPN X Games Yacht Charter	5,200	5,200.00

Picture 2 – P.O. Number does not match and calculation error.

P.O.: 3197541  
5/28/2015

**FROM:**  
SAINTS-ENTERPRISES  
1000 River Reach Drive  
#501  
Fort Lauderdale, FL, 33315  
P 512-417-2872

**TO:**  
GFLCVB  
Attention: Saskia Fisher  
100 East Broward Blvd  
Suite 200  
Fort Lauderdale, FL 33301  
P 954-767-2455

**SHIP TO:**  
SAINTS-ENTERPRISES  
1000 River Reach Drive  
Fort Lauderdale, FL 33315  
Attention: Santos Villarreal  
P 512-417-2872

Quantity: 500  
X Unit Price: 4.50 = \$2,250  
- Invoice: \$3,050  
Difference = \$800

SALES REP.	P.O. NUMBER	SHIP DATE	SHIP VIA	FOB	TERMS
SE	3197540	5/20/15	FREIGHT TRUCK		Net 15 days
QUANTITY	DESCRIPTION		UNIT PRICE	TOTAL	
200	VIP and Sponsors client hospitality for Global Rally Cross		7.000	7,000.00	
500	NHL Draft custom bottle koozies for NHLmedia reception		4.50	3,050.00	
150	NHL Owner's/President and NHL Travel Director gifts		100.00	15,000.00	
150	Room Deliveries to NHL Executives		10.00	1,500.00	
1	Storage Unit and Transfers for NHL		1500.00	1,250.00	
	Shipping and Handling		700.00	700.00	
<b>TOTAL</b>				<b>28,500.00</b>	
<b>TOTAL</b>				<b>28,500.00</b>	

5) We requested the CVB Vice President provide us with documentation to support that the products and services purchased were received by the CVB and that the pricing was reasonable. The documentation requested was not received. The lack of supporting documentation leads to question whether the goods and services were valid and appropriate.

County policy requires that transactions are thoroughly reviewed to ensure expenses are valid and properly supported. In addition, management has a responsibility to ensure prices are fair and reasonable.

The internal control weaknesses identified in Opportunity for Improvement No. 1 were a significant cause of the inappropriate and questionable payments noted in this report. Further, the inconsistencies and errors noted on the invoices and the lack of supporting documentation leads to question the legitimacy of the invoices paid.

Immediately upon notification, the President of the CVB acted quickly and the CVB Vice President resigned, effective September 12, 2019.

**We recommend** management:

- A. Ensure that employees are compliant with outside employment requirements and prohibit employees from purchasing goods and services from affiliated companies.
- B. Cooperate with law enforcement and consult with the County Attorney’s Office as to potential recoveries.

**3. Potentially Inappropriate Vendor Relationships may Have Facilitated Questionable Transactions.**

During our audit, we identified four questionable transactions involving Scientific Games (a.k.a. MDI Scientific Games Properties, MDI Entertainment, LLC, and Scientific Games International, Inc.) and Intercoastal Marketing, LLC., totaling \$67,098. We reviewed all four invoices paid, which are provided in Appendix C, Exhibit 1. Table 3 below shows a summary of the invoices:

**Table 3**

<b>Name</b>	<b>Invoice Date</b>	<b>Amount</b>
Scientific Games	7/27/2015	\$7,500
Scientific Games	3/9/2017	\$16,490
Intercoastal Marketing	12/6/2016	\$20,888
Intercoastal Marketing	7/6/2017	\$22,220
<b>Total</b>		<b>\$67,098</b>

*Source: Prepared by the Office of the County Auditor based on review of invoices provided.*

Our review of the invoices noted the following concerns:

1. We contacted Scientific Games to obtain verification of the two invoices paid. We spoke with their accounting department, who verbally confirmed the invoices did not appear to exist in their system.
2. During our interview of the CVB Vice President, she admitted to using her company, Saints Enterprises, to sell backpacks to Scientific Games, then purchased those same backpacks from Scientific Games for the CVB.
3. We identified email correspondence between the County and Saints Enterprises where the formatting of an Intercoastal Marketing invoice was altered. The invoice was emailed from Saints Enterprises to the CVB Vice President's email, altered, and emailed back to Saints Enterprises from the CVB email the next day. These actions lead us to question if the invoice was created or altered by the CVB Vice President. The pictures below show the emails to and from the CVB and Saints Enterprises accounts. The two versions of this invoice are included in Appendix C, Exhibit 2.

Email from Saints Enterprises to CVB Vice President:

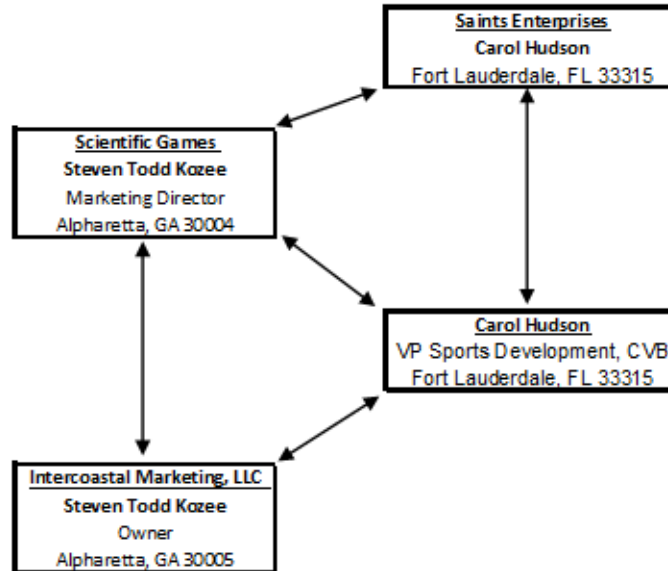
<b>From:</b>	saints@saintsenterprises.com
<b>Sent:</b>	Sunday, July 23, 2017 11:36 PM
<b>To:</b>	Hudson, Carol
<b>Attachments:</b>	INTERCOASTAL MARKETING LLC.docx

Email from CVB Vice President to Saints Enterprises:

<b>From:</b>	Hudson, Carol
<b>Sent:</b>	Monday, July 24, 2017 9:25 AM
<b>To:</b>	'saintsenterprises@aol.com'
<b>Subject:</b>	INTERCOASTAL MARKETING LLC
<b>Attachments:</b>	INTERCOASTAL MARKETING LLC.docx

4. Intercoastal Marketing was a registered company on Sunbiz, effective November 28, 2016, and dissolved on September 22, 2017, which is a short timeframe and closely surrounds the dates of the invoices submitted for payment.
5. The products and services billed by Intercoastal Marketing have primarily only been provided by Saints Enterprises. These include the Winterfest Boat Parade, gifts, and koozies. Also, CVB management believed that koozies were a sole sourced item that only Saints Enterprises could provide.

The Director of Marketing for Scientific Games is also the owner of Intercoastal Marketing. There appears to be a potentially inappropriate relationship between this individual and the CVB Vice President. The picture below illustrates the transactional relationships:



During our audit, we noted email correspondence sharing personal events and a travel itinerary. In addition, during an interview, the CVB Vice President described their relationship as personal and professional.

While having professional relationships with vendors is not unusual, these relationships when combined with the questionable transactions noted above, are cause for significant concern. The Broward County Administrative Code (21.53), requires free and open competition among all vendors. This process prevents conflicts of interest, provides for fairness and transparency in the vendor selection process, and reduces the risk of inappropriate transactions.

**We recommend** management comply with the County Administrative Code requiring fair and open competition among all vendors.

#### **4. Questionable Costs Were Incurred Totaling Approximately \$588,271.**

We identified expenses where we question the necessity, justification, and public purpose of the activities and related costs such as yacht charters, sporting and concert event tickets, and charitable contributions. These expenses did not have a documented public purpose and the invoices lacked itemization, attendance records, and evidence of review and approval. Table 4 below summarizes the questionable costs identified:

**Table 4**

Name/Type of Expense	Amount	Reference
Yacht Charters	\$287,930	Appendix D
Super Bowl	\$144,005	Appendix E
Miami Dolphins	\$88,131	Appendix F
Here's Help, Inc.	\$37,800	Table 5
Orange Bowl	\$15,885	Table 6
Tortuga Music Festival	\$14,520	Table 7
<b>Total</b>	<b>\$588,271</b>	

*Source: Prepared by the County Auditors Office based on review of invoices provided.*

- Yacht charters, per management, are utilized to entertain clients that have brought their sporting events to the County or to promote the destination for potential future clients. Expenses include fuel, staffing, boat docking fees, food, and beverages. Alcoholic beverages are typically included as well. Appendix D provides a complete list of yacht charter expenses.
- Super Bowl expenses, pursuant to management, were primarily for maintaining current client relationships. Of the total expense, \$91,417 was spent for tickets to three Super Bowls located in New York, Houston, and Minneapolis. Appendix E provides a complete list of expenses. We question the necessity and reasonableness of using public funds to send potential clients and staff to Super Bowls that are out of the area, unless there are specific circumstances justifying such. We were not informed of any such circumstances.
- Miami Dolphins tickets are also used for entertaining current and future clients. Pursuant to management, the Office purchases four season tickets each year. Of the total \$88,131 expense, \$76,304 was spent for tickets and parking from 2011 through 2018. Appendix F provides a complete list of expenses. We were provided no documentation justifying these expenditures. We question the reasonableness and necessity of these disbursements.
- Here's Help is a not-for-profit organization that provides residential and outpatient substance abuse treatment programs in Miami-Dade County. Pursuant to management, these expenses represent support for the charity's events.

Table 5 below provides a summary of the invoices:

**Table 5**

Vendor Name	Date	Amount
Here's Help Inc	9/8/2011	\$3,000
Here's Help Inc	9/28/2012	\$3,000
Here's Help Inc	9/6/2013	\$3,500
Here's Help Inc	3/31/2014	\$1,000
Here's Help Inc	8/26/2014	\$3,500
Here's Help Inc	4/27/2015	\$1,100
Here's Help Inc	9/30/2015	\$3,500
Here's Help Inc	3/23/2016	\$1,500
Here's Help Inc	8/17/2016	\$3,500
Here's Help Inc	5/9/2017	\$1,100
Here's Help Inc	9/1/2017	\$3,500
Here's Help Inc	10/5/2017	\$3,500
Here's Help Inc	3/20/2018	\$1,100
Here's Help Inc	9/28/2018	\$5,000
<b>Total</b>		<b>\$37,800</b>

*Source: Prepared by the Office of the County Auditor based on review of invoices provided.*

We question the reasonableness and necessity of these payments to a non-Broward County organization.

- Orange Bowl expenses were primarily for tickets or a food and wine festival event, which were also used to entertain clients. Table 6 below provides a summary of the invoices:

**Table 6**

Name	Date	Amount
Orange Bowl	12/11/2013	\$2,760
Orange Bowl	12/3/2014	\$3,145
Orange Bowl	1/5/2015	\$1,375
Orange Bowl	5/11/2015	\$3,200
Orange Bowl	4/27/2016	\$1,200
Orange Bowl	4/25/2017	\$1,350
Orange Bowl	12/8/2017	\$1,505
Orange Bowl	2/28/2018	\$1,350
<b>Total</b>		<b>\$15,885</b>

*Source: Prepared by the Office of the County Auditor based on review of invoices provided.*

We found no documentation to justify the reasonableness and necessity of these payments.



- Tortuga Music Festival (also known as Huka Entertainment) expenses were used for tickets to the festival for the purpose of entertaining clients. Table 7 below provides a summary of the invoices:

**Table 7**

Name	Date	Amount
Tortuga - Huka Entertainment	4/9/2013	\$4,000
Tortuga - Music Festival	3/25/2014	\$10,520
<b>Total</b>		<b>\$14,520</b>

*Source: Prepared by the Office of the County Auditor based on review of invoices provided.*

We found no documentation to justify the reasonableness and necessity of these payments.

Questionable costs are defined as costs or financial obligations incurred pursuant to an alleged violation of law, regulation, contract, grant, or policy and procedures; costs or financial obligations not supported by adequate documentation; and/or the expenditure of funds where the intended purpose is unnecessary or unreasonable or there is no public purpose. Also, consideration should be given to the perception of the use of public funds for these activities.

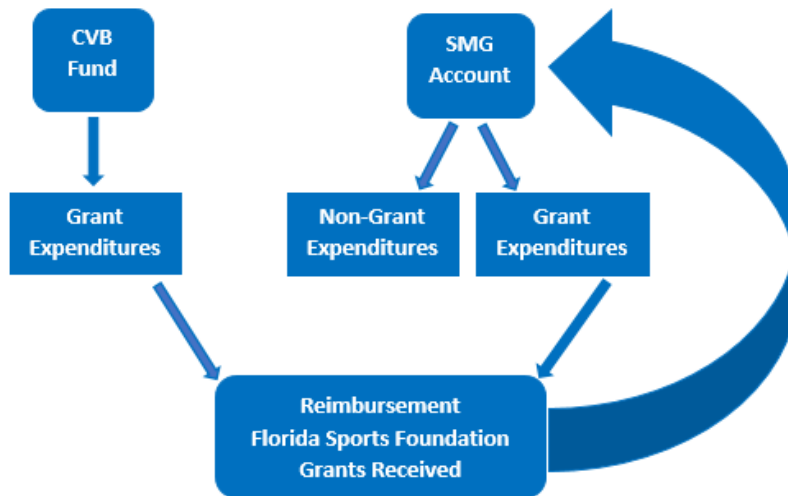
The lack of oversight and invoice review has allowed significant expenses to be paid by the County for questionable activities with little to no justification. Events should be supported by a business purpose, a cost/benefit analysis, and be approved prior to the expenses being incurred. A list of all attendees to events should be maintained along with specific justification as to why sponsoring each attendee serves a valid public purpose. In addition, if actual invoices had been reviewed and approved rather than check request letters, these questionable expenses may have been identified, which would have prevented additional expenses, as well as require documentation to support the business purpose and cost/benefit analysis, and/or require supporting documentation to ensure purchases were valid.

**We recommend** management evaluate the business need and adequately document the public purpose for entertainment expenditures. Document attendees and specific justification for attendance.

## **5. Grant Reimbursements Were Diverted to the Account Facilitating the Expenditures of Public Funds Without Oversight.**

Grant and non-grant transactions were co-mingled within the Account and it appears that grant reimbursements were deposited into the account for use in non-grant expenditures. The Account was primarily funded by reimbursements from Florida Sports Foundation grants. However, the original expenses that were being reimbursed were not all made from the Account.

Some of the original expenses were paid from CVB’s operating fund. This effectively diverted CVB Operating funds into the Account. The chart below depicts the process:



The diversion of CVB Operating funds into the Account made the funds available for use without adequate oversight, thus circumventing normal procurement processes and controls. Furthermore, this co-mingling of grant and non-grant funding and expenditures and lack of clear distinguishment between the two categories limits the ability to determine compliance with the grant funds. Therefore, we were unable to determine that the expenses from the Account were for specific grant related events.

County policy requires grant funds to be segregated. Additionally, management has a fiduciary responsibility to manage operations in an efficient and effective manner, with adequate controls to help ensure public resources are used appropriately and wisely. While we did not audit the grant agreements, the Florida Sports Foundation Grant Policies and Procedures specify that certain expenses are disallowable such as general and administrative expenses, debts incurred prior to the grant, hospitality and social functions, and travel expenses.

The lack of internal controls in conjunction with the use of the Account allowed the CVB to circumvent the County’s procurement process and use public funds without adequate oversight facilitating the issues noted above in Opportunities for Improvement No.’s 2 through 4.

**We recommend** management properly segregate and account for grant expenditures and reimbursements in accordance with County policy.

# Appendix A: Check Request Letters


The two letters below represent copies of the check request letters, which were used to approve payments in lieu of invoices. (See Opportunity for Improvement No. 1)



# GREATER FORT LAUDERDALE

hello sunny

Date: February 14, 2018

To: David Beckford, BCCC  
From: Stacy Ritter, GFLCVB 

Please deposit attached check for \$5000.00 and make out checks for the following from our Florida Sports Foundation account:

- Miami Dolphins - \$2,100.00
- Hilton Fort Lauderdale Marina - \$2,152.00
- Saints-Enterprises-\$10,000.00
- Miami Super Bowl Host Committee-\$3,200.00

Thank you.

Stacy Ritter, President/CEO, GFLCVB

# Appendix B: Saints Enterprises

The table below provides a summary of all invoices paid to Saints Enterprises.

Saints Enterprises											
Invoice Detail				Expense Type							
#	Date	Invoice / PO Number	Total Amount	Sponsor Fee	Hospitality Events	Tortuga Parking Passes	Bottle Openers / Koozies	Set Up Fees / Shipping	Yacht / Dinner Cruises	Giveaways / Gifts*	NFL On Location Package
1	3/8/2013	3197502	2,000	2,000							
2	9/16/2013	3197506	4,894				4,894				
3	12/16/2013	3197508	1,200		1,200						
4	2/27/2014	3197511 / 3197510	30,000				28,928	1,072			
5	5/30/2014	3197514 / 3197515	24,650					750		23,900	
6	7/22/2014	3197522	5,030				4,608	422			
7	8/26/2014	3197523	18,500		5,000				5,500	8,000	
8	12/12/2014	3197528	12,800		2,500				3,800	6,500	
9	3/17/2015	3197533	26,250				5,000			21,250	
10	4/22/2015	3197539	24,112				23,040	1,072			
11	5/28/2015	3197541 / 3197540	28,500		7,000		3,050	700		17,750	
12	7/28/2015	3197545	16,500		10,000		6,500				
13	10/12/2015	3197549	17,400				12,000	400		5,000	
14	12/12/2015	3197562	7,500		1,500					6,000	
15	5/12/2016	3197585 / 3197562	29,800				24,600		5,200		
16	6/24/2016	3197589	4,000				4,000				
17	8/12/2016	3197597	12,536				12,500	36			
18	2/24/2017	31975119	27,500		20,000					7,500	
19	5/4/2017	31975125	23,082			1,050	22,032				
20	7/19/2017	31975125	53,343		16,295			3,388		33,660	
21	9/28/2017	31975135 / 3197536	12,885				10,200			2,685	
22	12/13/2017	31975137	1,600		1,600						
23	2/12/2018	31975137 / 3197537	10,000								10,000
24	3/14/2017	31975138 / 3197538	4,100					100		4,000	
25	4/19/2018	31975140	20,350				20,000	350			
26	8/17/2018	319744 / 3197544	1,000				1,000				
<b>Total</b>			<b>\$ 419,532</b>	<b>\$ 2,000</b>	<b>\$ 65,095</b>	<b>\$ 1,050</b>	<b>\$ 182,352</b>	<b>\$ 8,290</b>	<b>\$ 14,500</b>	<b>\$ 136,245</b>	<b>\$ 10,000</b>

\* Includes VIP Gifts, Leather Carry On Bags/Briefcases, Luggage Tags, Guy Harvey Art Work, Name Badges, Phone Chargers, Athletic Bags, Awards, and Airfare. Note: This list includes some items which were detailed on the invoices. Not all invoices were itemized.


## Appendix B, Exhibit 1: Saints Enterprises and V.P. Timeline

The timeline below presents the history of Saints Enterprises as well as activities of the CVB Vice President. County related activities are also included.

Saints Enterprises and VP Sports Development, CVB, Timeline	
Date	Activity
8/30/2012	VP Sports Development, CVB, and Santos Villarreal became registered domestic partners
3/8/2013	Saints Enterprises (SE) Invoice - Marketing/Sponsorship Fee - \$2,000
3/11/2013	Saints-Enterprises Established, Santos Villarreal Owner (per Sunbiz, fictitious name search)
9/16/2013	SE Invoice - Sponsorship Gift - \$4,894
12/11/2013	VP - Wage Garnishment
12/16/2013	SE Invoice - Boat Parade Event - \$1,200
1/22/2014	VP - Foreclosure Cancelled
2/27/2014	SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$30,000
5/30/2014	SE Invoice - Leather Carry On Bags/Briefcases, Luggage Tags, Guy Harvey Art Work, Shipping - \$24,650
7/22/2014	SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$5,030
8/26/2014	SE Invoice - Yacht Dinner Cruise, Room Deliveries, VIP Gifts, Hospitality Suite, Storage Unit - \$18,500
12/12/2014	SE Invoice - Yacht Dinner Cruise, VIP Holiday Gifts, Orange Bowl Tailgate - \$12,800
3/17/2015	SE Invoice - VIP Luggage Bags, Logo Name Badges, Koozies - \$26,250
4/22/2015	SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$24,112
5/28/2015	SE Invoice - Boat Parade Event/Hospitality, Koozies, Shipping, Room Deliveries, Gifts, Storage Unit - \$28,500
7/28/2015	SE Invoice - Volleyball Closing Night Event, Koozies - \$16,500
10/12/2015	SE Invoice - Koozies, Shipping, VIP Gifts - \$17,400
12/12/2015	SE Invoice - Winterfest Event, VIP Athletic Bag Gifts - \$7,500
5/12/2016	SE Invoice - Koozies (\$24,600), Yacht Dinner Cruise (\$5,200) - \$29,800
6/24/2016	Stacy Ritter, President of CVB, replaced Nicki Grossman. First check request letter approved for payment by Ms. Ritter was 6/24/16.
6/24/2016	SE Invoice - Koozies - \$4,000
8/12/2016	SE Invoice - Koozies - \$12,536
8/12/2016	Last invoice where the check received was signed by Santos Villarreal. All subsequent checks were signed using a stamp.
10/3/2016	Santos Villarreal passed away
10/19/2016	VP filed to be Administrator of Santos Villarreal's estate.
11/10/2016	Saints-Enterprises, LLC, established, VP as owner (Per Sunbiz, fictitious name search)
11/23/2016	Saints-Enterprises II, LLC, established, VP as registered agent (Per Sunbiz, Company search)
2/24/2017	SE Invoice - Volleyball Activation Fee, Gifts - \$27,500
3/14/2017	SE Invoice - Destination Giveaway - \$4,100
5/4/2017	SE Invoice - Koozies, Tortuga Parking Passes - \$23,082
7/19/2017	SE Invoice - Event/Hospitality, Cell Phone Chargers, Shipping - \$53,343.14
9/28/2017	SE Invoice - Koozies, Round Trip Air Fare Contest Winners - \$12,885
12/13/2017	SE Invoice - Boat Parade Event - \$1,600
2/12/2018	SE Invoice - NFL Package - \$10,000
4/19/2018	SE Invoice - Koozies, Shipping - \$20,350
8/17/2018	SE Invoice - Koozies - \$1,000
6/12/2019	VP - Signed Broward County Outside Employment Form (For Saints Enterprises)
9/12/2019	VP - Released from Broward County Employment
<b>Total Invoices Paid to Saints Enterprises: \$419,532.14</b>	

## Appendix B, Exhibit 2: Bottle Opener Koozies

The invoice below represents an invoice for bottle opener koozies and the shipping and set up fee, as discussed in Opportunity for Improvement No. 2.

**INVOICE: 3197539**  
 APRIL 22, 2015  


**FROM:**  
**SAINTS-ENTERPRISES**  
 1000 River Reach Drive  
 Fort Lauderdale, FL 33315  
 P 512-417-2872  
 saintsentprises@aol.com

**TØ:**  
**GFLCVB**  
 Attention: Saska Fisher  
 101 NE Third Avenue.  
 Suite 100  
 Fort Lauderdale, FL 33301  
 P 954-767-2455

**SHIP TO:**  
**SAINTS-ENTERPRISES**  
 1000 River Reach Drive  
 Fort Lauderdale, FL 33315  
 P 512-417-2872  
 saintsentprises@aol.com

SALES REP.	P.O. NUMBER	SHIP DATE	SHIP VIA	TERMS	
SV	3197539	5/15/15	FEDEX	NET 21 DAYS	
QUANTITY	DESCRIPTION		UNIT PRICE	TOTAL	
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-PINK (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/PINK <b>NEW IMPRINT</b>	4.00	7,680.00	
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-NAVY (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT	4.00	7,680.00	
1,920	Product	ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- CAMO (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT	4.00	7,680.00	
	Expense	ONE TIME SET UP FEE and FREIGHT VIA FED EX	1072.00	1,072.00	
<b>TOTAL AMOUNT DUE:</b>				<b>24,112.00</b>	


Make all checks payable to **SAINTS-ENTERPRISES**  
**THANK YOU FOR YOUR BUSINESS!**





## Appendix B, Exhibit 4: NFL on Location

The invoice below represents the NFL on Location package purchased for the Minnesota Super Bowl, as discussed in Opportunity for Improvement No. 2.

		<b>INVOICE: 31975137</b> 2/12/2018	
<b>TO: GREATER FORT LAUDERDALE CVB</b> <b>ATTENTION: SASKIA FISHER</b> 101 NE 3 <sup>RD</sup> AVENUE, SUITE 100 FORT LAUDERDALE, FL 33301			
		<b>FROM: SAINTS-ENTERPRISES</b> 1000 River Reach Drive Fort Lauderdale, FL 33315 P 512-417-2872	
SALES REP	SHIP DATE/SHIP VIA	INVOICE #	TERMS
SE		3197537	NET 15
QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	NFL ON LOCATION PACKAGE FOR CLIENT EVENT DURING SUPER BOWL LII-PRE GAME HOSPITALITY AND HOTEL ACCOMODATIONS	10,000.00	\$10,000.00
<b>TOTAL DUE</b>			<b>\$10,000.00</b>
Thank you for your business! SAINTS-ENTERPRISES			

## Appendix B, Exhibit 5: Invoice Errors and Inconsistencies

The below invoice evidences the errors and inconsistencies noted, as discussed in Opportunity for Improvement No. 2.

**FROM:**  
**SAINTS-ENTERPRISES**  
 1000 River Reach Drive  
 #501  
 Fort Lauderdale, FL  
 P 512-417-2872

**TO:**  
**GFLCVB**  
 Attention: Saskia Fisher  
 100 East Broward Blvd.  
 Suite 200  
 Fort Lauderdale, FL 33301  
 P 954-787-2455

**SHIP TO:**  
**SAINTS-ENTERPRISES**  
 1000 River Reach Drive  
 Fort Lauderdale, FL 33315  
 Attention: Santos Villarreal  
 P 512-417-2872

**P.O.:** 3197514  
 5/30/2014

**SALES REP.** SE  
**P.O. NUMBER** 3197515  
**SHIP DATE** 6/30/2014  
**SHIP VIA** TBD  
**FOB**  
**TERMS**

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
100	Black Leather Wheeled Carry-on Bag	110.00	11,000.00
100	Brown Leather Briefcase with Buckles	90.00	9,000.00
2	Guy Harvey Art Work	450.00	900.00
200	Leather Luggage Tags	15.00	3,000.00
	Shipping and Hadling	750.00	750.00
<b>TOTAL</b>			<b>24,650.00</b>

**SAINTS-ENTERPRISES**  
**THANK YOU FOR YOUR BUSINESS!**


# Appendix C: Scientific Games & Intercoastal Marketing

## Appendix C, Exhibit 1: Invoices

We identified four transactions, two with Scientific Games and two with Intercoastal Marketing, totaling \$67,098. The invoices are shown below. As discussed in Opportunity for Improvement No. 3, Scientific Games could not confirm the existence of the 2 invoices. Additionally, due to the relationships between Scientific Games, Intercoastal Marketing, and the CVB Vice President, we question the validity of these invoices.

### Scientific Games Invoice #1

MDI - Scientific Games Properties  
1500 Bluegrass Lakes Parkway  
Alpharetta, GA 30004



INVOICE 14686 7.27.2015

BILL TO	SHIP TO	INSTRUCTIONS
Greater Fort Lauderdale CVB 101 NE 3 <sup>rd</sup> Avenue, Ste 100 Fort Lauderdale, FL 33301	Same as recipient	Net 30

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
	Margaritaville Sports Destination Preview	50 VIP Clients	October 2015 \$7,500.00

SUBTOTAL	\$7,500.00
SALES TAX	exempt
SHIPPING & HANDLING	NA
<b>TOTAL DUE BY 7.31.2015</b>	<b>\$7,500.00</b>

Thank you for your business!

Scientific Games Invoice #2

 <b>SCIENTIFIC GAMES</b>	<b>Invoice No</b> 800755	<b>Invoice Date</b> 09-MAR-17	<b>Due Date</b> 08-APR-17
	<b>Payment Terms</b> 30 NET	<b>Total Amount</b> 16,490.00	<b>Invoice Currency</b> USD
<b>Bill To</b> MDI Entertainment, LLC 1500 Bluegrass Lakes Parkway Alpharetta GA 30004 Ph: 770.664.3700		<b>Ship To</b>	
G FLCVB 101 NE 3rd Avenue, Ste 100 Fort Lauderdale FL 33301			
<b>Comments: Gift Items for VIP clients</b>			

Item Number	Item Description	Qty	Price	Amount
	BACKPACK - OGIO TYPE RSS	425.00	38.80000	16,490.00
	<b>Sub Total</b>			<b>16,490.00</b>
	<b>Tax</b>			<b>0.00</b>
	<b>Total</b>			<b>16,490.00</b>
	<b>Total Quantity</b>	<b>425.00</b>		

Remittance Information
USD Wire Instructions: Bank: Bank of America Swift: BOFAUS3N Acct name: Scientific Games International, Inc. Acct #: 501017395032 Wire Routing #: 026009593 ACH Routing #: 122400724

Intercoastal Marketing Invoice #1

Invoice 11232016 INTERCOASTAL MARKETING LLC

Page 1 of 1

INTERCOASTAL MARKETING LLC  
 3175 ROCKY BROOK DRIVE  
 ALPHARETTA GA 30005  
 p 954.439.1684

**INVOICE**

GFLCVB  
 ATTENTION: SASKIA FISCHER  
 101 NE 3rd Avenue Broward  
 Suite 100  
 Fort Lauderdale, FL 33301  
 P 954.767.2455

**Invoice #** 11232016  
**Invoice Date** 12/06/2016  
**Due Date** 12/06/2016

Item	Description	Unit Price	Quantity	Amount
Product	CUSTOM KOOZIE-BOTTLE STYLE -SPORTS PROMOTION	4.00	3000.00	12,000.00
Product	EXECUTIVE GIFT- BOARD OF DIRECTORS WORLD BOXING COUNCIL - VIP	50.00	100.00	5,000.00
Service	WINTERFEST PARADE PREVIEW	3500.00	1.00	3,500.00
Service	SHIPPING/HANDLING	388.00	1.00	388.00
<b>Subtotal</b>				20,888.00
<b>Total</b>				20,888.00
<b>Amount Paid</b>				0.00
<b>Balance Due</b>				\$20,888.00

<http://www.aynax.com/printInvoice.php>

1/5/2017

Intercoastal Marketing Invoice #2

INTERCOASTAL MARKETING LLC 3175 ROCKY BROOK DRIVE ALPHARETTA GA 30005 p 954.439.1684	INVOICE																																			
GFLCVB ATTENTION: SASKIA FISHER 101 NE 3rd Avenue Broward Suite 100 Fort Lauderdale, FL 33301 P 954.767.2455	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%;"><b>Invoice #</b></td> <td style="width: 20%;">08201960</td> </tr> <tr> <td></td> <td><b>Invoice Date</b></td> <td>07/06/2017</td> </tr> <tr> <td></td> <td><b>Due Date</b></td> <td>07/27/2017</td> </tr> </table>		<b>Invoice #</b>	08201960		<b>Invoice Date</b>	07/06/2017		<b>Due Date</b>	07/27/2017																										
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## Appendix C, Exhibit 2: Intercoastal Marketing Questionable Invoices

INTERCOASTAL MARKETING LLC 3175 ROCKY BROOK DRIVE ALPHARETTA GA 30005 p 954.439.1684		<h1>INVOICE</h1>																																					
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		<b>Total Due</b>		22,220.00



As discussed in Opportunity for Improvement No. 4, below is a summary of all yacht charter expenses for our audit period.

Yacht Charters								
Invoice Detail		Expense Type						Invoice Description
Invoice Date	Total Amount	Rental Expense	Alcoholic Beverages Expense	Catering Expense*	Non-Itemized Invoices**	Professional Courtesy Discount	Prepayment Credits on Invoice	
1	7/20/2016	23,910	10,435		19,975		(6,500)	3 hour Dinner Buffet at the Hilton Fort Lauderdale Marina
2	6/21/2016	17,550	7,850	1,875	11,175		(3,350)	3 hour Cocktail reception at the Bahia Mar Yachting Center
3	1/6/2016	10,000				10,000		Cocktail Reception/Dinner for Major League Soccer Combine Coaches
4	7/6/2015	6,000	6,000					Yacht Charter fee for reception event for AAU Taekwondo
5	5/20/2015	6,501	8,024	1,155	3,025		(5,703)	2 hour Dinner Buffet at the Bahia Mar Yachting Center
6	10/24/2014	5,000	3,610	750	1,650		(1,010)	3 hour Cocktail reception at the Blue Moon Fish Company
7	10/21/2014	20,000	9,240	5,000	11,000		(5,240)	3 hour Dinner/Cocktail reception at the Blue Moon Fish Company
8	5/30/2017	10,663	8,365	1,000	12,250		(10,950)	3 hour cocktail reception at the Hyatt Regency Pier 66
9	8/14/2014	8,651	12,590	5,000	25,001		(20,940)	3 hour Dinner/Cocktail reception at the Bahia Mar Yachting Center
10	7/17/2014	13,000				13,000		Reception event for USA Judo
11	6/19/2014	6,000	6,000					Reception event for AAU Taekwondo
12	1/16/2014	14,986				14,986		Cocktail Reception/Dinner for International Judo Federation
13	9/6/2013	3,682	3,502	375	825		(1,020)	3 hour Cocktail reception at the Riverside Hotel
14	7/23/2013	15,000	9,760	5,600	11,000		(11,360)	4 hour Cocktail/Dinner reception at the Bahia Mar Yachting Center
15	6/22/2012	3,000	3,000					Reception event for AAU Taekwondo
16	2/28/2012	8,000				8,000		Cocktail Reception/Dinner for USA Volleyball Regional Summit
17	11/29/2011	7,500				7,500		Cocktail Reception/Dinner for NASC 2014 Conference Bid
18	8/16/2010	12,084	4,385		7,699			2 hour cocktail reception at the Hyatt Regency Pier 66
19	6/23/2010	3,000	3,000					Reception event for AAU Taekwondo
20	5/26/2010	2,750				2,750		2 hour Dinner/Cocktail reception at the Blue Moon Fish Company
21	1/27/2010	3,120				3,120		Yacht Charter to Superbowl XLIV game including Food and Beverages
22	11/11/2009	3,500				3,500		Cocktail Reception/Dinner for National Athletic Directors Conference at Nova Southeastern
23	10/1/2009	11,570				11,570		2 hour Dinner/Cocktail reception event for USA Wrestling Executive Committee
24	11/1/2018	4,500			4,500			3 hour Yacht rental for Mindful Music Festival
25	7/14/2017	26,418	11,078		21,840		(6,500)	3 hour Dinner Buffet at the Hilton Fort Lauderdale Marina
26	2/10/2014	6,143	4,443	1,950	2,500		(2,750)	Dockage at Gallery One/Doubletree, Top Shelf Bar, Custom Menu
27	3/13/2018	1,750				1,750		Boat Outing, Fishing Yacht
28	4/21/2015	3,950				3,950		Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages
29	4/20/2016	11,700				11,700		Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages
30	5/5/2017	9,000				9,000		Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages
31	4/23/2018	9,000				9,000		Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages
Total		\$ 287,930	\$ 111,282	\$ 22,705	\$ 132,440	\$ 109,826	\$ (72,573)	\$ (15,750)

\* Some catering expenses included alcohol but the invoices did not always itemize food and beverage expenses. Therefore, the total alcohol expense is higher than \$22,705.

\*\* These invoices did not include a breakout of charges. Refer to the Invoice Description column for more detail.

# Appendix E: Super Bowl Expenses

As discussed in Opportunity for Improvement No. 4, below is a summary of all Super Bowl expenses for our audit period.

Super Bowl Expenses										
Invoice Detail				Expense Type						Invoice Description
#	Date	Vendor	Total Amount	Advertising	Office Rental / Set Up Fees	Bid Fees	Entertainment	Super Bowl Tickets	Hotel	
1	11/20/2009	Super Bowl Game	3,200	3,200						1 Page Ad in 2010 Ticket Order Packet
2	1/27/2010	Super Bowl Host Committee	8,000		8,000					2010 Pro Bowl Office Rental & Technical Set Up Fees
3	12/18/2013	NFL On Location	39,217					39,217		New York Super Bowl - 8 Tickets + Hospitality Extras/Upgrades
4	12/19/2013	Fan Experiences	8,800				8,800			Welcome Reception/Dinner for FOX Sports Clients
5	1/24/2014	NFL On Location	6,099				6,099			Client Event Winter Sales Mission
6	1/24/2014	NFL On Location	4,899				4,899			VIP Client Event for Winter Sales Mission
7	1/24/2014	Fan Experiences	6,822						6,822	Housing - VIP Clients
8	1/26/2016	South Florida Super Bowl Host Committee	12,083			12,083				Bid Committee Partnership Fee for 2019-2020 Superbowl
9	1/6/2017	Miami Super Bowl Host Committee	4,608					4,608		Houston Super Bowl - 2 Tickets
10	1/23/2017	On Location Events	29,196					29,196		Houston Super Bowl - 4 Tickets + Pregame
11	2/26/2018	Miami Super Bowl Host Committee	3,200					3,200		Minnesota Super Bowl - 1 Ticket
12	1/4/2018	On Location Events	17,881					15,196	2,685	Minnesota Super Bowl - 2 Tickets + 1 Hotel for 3 nights
<b>Total</b>			<b>\$144,005</b>	<b>\$3,200</b>	<b>\$8,000</b>	<b>\$12,083</b>	<b>\$19,798</b>	<b>\$91,417</b>	<b>\$9,507</b>	

# Appendix F: Miami Dolphins Expenses

As discussed in Opportunity for Improvement No. 4, below is a summary of all Miami Dolphins expenses for our audit period.

Miami Dolphins						
Invoice Detail			Expense Type			Invoice Description
#	Date	Total	Parking	Tickets	Venue Rental	
1	2/15/2011	9,327			9,327	Practice Facility Rental/Use for Major League Soccer
2	2/6/2013	3,271		3,271		25 VIP Clients, included food and beverage
3	9/30/2013	2,640		2,640		Tickets - Invoice did not specify quantity
4	10/29/2013	668		668		Tickets or parking - Invoice did not specify
5	2/26/2014	6,541		6,541		Tickets - Invoice did not specify quantity
6	11/21/2014	6,000		6,000		Tickets - Invoice did not specify quantity
7	3/25/2015	6,046		6,046		Tickets - Invoice did not specify quantity
8	5/29/2015	504	504			Parking for VIP Clients
9	8/29/2015	3,900		3,900		Tickets - Invoice did not specify quantity
10	9/4/2015	1,260		1,260		Tickets - Invoice did not specify quantity
11	12/18/2015	10,708		10,708		Tickets - Invoice did not specify quantity
12	12/15/2016	2,850	100	2,750		Tickets - 10 Seats + 4 Parking Passes
13	1/26/2017	10,318	630	9,688		Tickets - 4 Seats + 2 Parking Passes
14	7/24/2017	3,475		3,475		5 Tickets to El Clasico
15	7/24/2017	3,515		3,515		5 Tickets to El Clasico
16	9/29/2017	2,500			2,500	Rental for Event
17	11/1/2017	12,508	700	11,808		Tickets - 4 Seats + 2 Parking Passes
18	2/20/2018	2,100		2,100		14 Tickets
Total		\$ 88,131	\$ 1,934	\$ 74,370	\$ 11,827	

# MANAGEMENT'S RESPONSE



BERTHA W. HENRY, County Administrator

115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

### MEMORANDUM

DATE: November 21, 2019

TO: Robert Melton, County Auditor

FROM: Bertha W. Henry, County Administrator 

SUBJECT: **Management Response to County Auditor's Audit of Convention and Visitors Bureau Florida Sports Foundation Account**

The Greater Fort Lauderdale Convention and Visitor Bureau (CVB) has reviewed the Office of the County Auditor's Audit Report of the CVB Florida Sports Foundation Account which was requested by County Administration and submits the following as Management's response.

In summary, Management accepts the Auditor's opportunities for improvement and has implemented many new procedural enhancements, in advance of and in response to the audit. In addition, the CVB Vice President who was identified as engaging in questionable business practices is no longer working for the County.

Enclosed below please find detailed responses to each of the Auditor's opportunities for improvement and recommendations.

**Opportunity for Improvement 1:** *Lack of Internal Controls Allowed for Inappropriate Transactions and Violation of County Policy to Occur.*

**Recommendation:** *Management follow established County procurement practices, including the segregation of incompatible duties in the procurement process, and the adequate review and approval of invoices prior to payment by an independent person.*

**Management's Response:** *Management concurs and already implemented. The CVB addressed this issue prior to the audit conclusions through the following actions:*

- By performing all new procurements through the proper purchasing channels. Multiple training sessions, along with simplified guides to purchasing, have been provided to employees. Further, the CVB has a series of contracts and a recently established qualified vendor library which allow it to procure often-used services and goods through proper channels.

Broward County Board of County Commissioners  
Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Dale V.C. Holness • Nan H. Rich • Tim Ryan • Barbara Sharief • Michael Udine  
[www.broward.org](http://www.broward.org)

- By closing the separate Florida Sports Foundation Account and ensuring that revenue is deposited directly into County bank accounts; thus, expenditures are controlled through County procurement processes.
- By conducting financial business within PeopleSoft, access to which requires that employees are segregated from performing incompatible roles.
- By reviewing invoices at several steps during payment process. Within the CVB, employees provide backup proving receipt of goods or services and any other statutorily required information (when appropriate). This documentation is attached along with invoices within PeopleSoft by the administration staff who review for adequate documentation. Finally, additional checks take place when central accounts payable staff review for documentation.

**Opportunity for Improvement 2:** *A CVB Vice President Purchased Over \$400,000 of Products and Services from an Affiliated Company, and Processed Payments for Goods and Services of Questionable Market Value and Legitimacy.*

As noted in the Audit Report, once the President/CEO of the CVB was notified of the Audit Report findings, she addressed with the Vice President of CVB Sports Development Office which led to the employee's separation from County service.

**Recommendation A:** *Ensure that employees are compliant with outside employment requirements.*

**Management's Response:** *Management concurs and already implemented.* The Human Resources Division updated outside employment records County-wide in Quarter 3, Fiscal Year 2019. This update required all employees to recomplete the Outside Employment Form. Further, at time of hire, new employees are required to complete the Form. All CVB employees have completed the Outside Employment Form.

**Recommendation B:** *Cooperate with law enforcement and consult with the County Attorney's Office as to potential recoveries.*

**Management's Response:** *Management concurs.* Management will cooperate with law enforcement, where appropriate, and will consult with the County Attorney's Office as to any potential recoveries.

**Opportunity for Improvement 3:** *Potentially Inappropriate Vendor Relationships May Have Facilitated Questionable Transactions*

**Recommendation:** *Management comply with the County Administrative Code requiring fair and open competition among all vendors.*

**Management's Response:** *Management concurs and already implemented.* As indicated in Management's response to Opportunity for Improvement 1, the CVB has implemented the appropriate purchasing procedures prior to the completion of this

Audit. In addition, Management is arranging for ethics training for all CVB staff members.

**Opportunity for Improvement 4:** *Questionable Costs Were Incurred Totaling Approximately \$588,271.*

**Recommendation A:** *Management evaluate the business need and adequately document the public purpose for entertainment expenditures. Document attendees and specific justification for attendance.*

**Management's Response:** *Management concurs in part and already implemented. Management does not agree that all expenses referenced above were questionable costs, but that in some instances adequate documentation was not attached.*

The CVB performs, and will continue to perform, oversight of employee-client entertainment using Business Entertainment Forms that provide justification and require sign-off from supervisors and/or the President/CEO of the CVB. This oversight allows the President/CEO of the CVB to continuously evaluate expenditures of this nature on a case-by-case basis.

In addition, the CVB will continue to use an established Business Entertainment policy that documents attendees and justification for attendance.

Furthermore, the CVB is implementing an inventory policy and workflow that stores, tracks usage, and ensures tickets and other physical items are issued appropriately. This policy is anticipated to be implemented by the end of January 2020.

**Opportunity for Improvement 5:** *Grant Reimbursements Were Diverted to the Account Facilitating the Expenditures of Public Funds Without Oversight.*

**Recommendation:** *Management properly segregate and account for grant expenditures and reimbursements in accordance with County policy.*

**Management's Response:** *Management concurs and already implemented. As indicated in Management's response to Opportunity for Improvement 1, the CVB has closed the Florida Sports Foundation Account and is ensuring that revenue is deposited directly into County bank accounts will allow for appropriate accounting of grant expenditures and reimbursements. In addition, CVB staff met with County Grants Administration in October and are now implementing the policies and workflows for handling the application and award of grants within PeopleSoft. Grants applications are now being processed by an employee within the Sports Sales section who has been provided with on the job training for the grants module within PeopleSoft.*

Thank you for the opportunity to respond and provide Management's comments to the Audit. If there are any addition, deletions/omissions, or other changes or modifications to Management's response, please provide us the opportunity to review prior to issuance.

Should you have any questions or require additional information, please do not hesitate to contact me.

**cc:** Mayor and Broward County Board of County Commissioners  
Monica Cepero, Deputy County Administrator  
Stacy Ritter, President/CEO, GFLCVB  
Andrew Meyers, County Attorney