

The Facts About the BCVB Audit

A comment from George Manning,

Chairman of the Board of the Boise Convention & Visitors Bureau

Much has been said about the Boise Convention and Visitors Bureau (BCVB) audit performed by Hooper Cornell, P.L.L.C. This audit should have been part of a routine business process. I would like to address the specific audit issues and then add my own footnotes.

The standard language in an audit can sound harsh. For example, a “material weakness” and a “significant deficiency,” as referred to in the BCVB audit, are simply levels of findings where internal controls need improvement. The BCVB received the rating of “Unqualified,” which is the best audit rating that can be given to an organization. The worst finding from the audit was weakness in accounting processes, not fraud.

The specific issues follow:

- 1. Personal use of company credit cards:** This is an internal policy matter which is detailed in the Bureau’s policy manual and is being reviewed by the Executive Committee of the BCVB Board of Directors. Personal use of company credit cards is strongly discouraged. If a personal expense is charged on a BCVB credit card for any reason, the employee is required to attach a personal check to cover the charge to the credit card statement at the time it is submitted for payment. There are no outstanding personal charges on the books. BCVB policy is that abuse of this credit card policy will result in loss of credit card privileges. The weakness has been corrected and the policy strengthened as recommended in the audit report.
- 2. Expense reimbursements documentation and approval:** Because the BCVB receives reimbursements from the Travel Council grant, expense receipts were turned in with credit card bills and then the receipts were attached to the expense reports for billing to the grant program. Duplicate copies are now being made and attached to credit card bills and expense reports. It is important to note that the audit report was based on review of 12 credit card statements and that no review was done of the electronic financial records which would have indicated exactly where the receipts had been attached for grant reimbursement. The audit also found that the Executive Director’s expense reports were not all signed by a BCVB Board member. All documents were reviewed by a Board member and given verbal approval; however, the board member did not always sign the report. The Executive Director’s expense reports now carry a Board member’s signature. Again, the worst finding from the audit was weakness in accounting processes, not fraud.
- 3. Reporting of Benefits as wages:** When the insurance company proposed that a wellness plan would lower the company’s health benefits costs, health club memberships were offered to the staff. Not all staff’s records were properly set-up to calculate the benefit as taxable income. The auditors noted that this has already been corrected to their satisfaction. Also, non business use of the Executive Director’s company leased automobile is taxable income. The vehicle is used almost exclusively for work purposes but the Executive Director did keep a record of personal use as recommended by the auditors at the time of the lease contract. These records had not previously been forwarded to the Finance Manager, however, they are now being given to the Finance Manager for inclusion in the taxable wages analysis.

This audit is an internal matter just as all company audits are. This situation came about unnecessarily. The auditor’s policy states “**This communication is intended solely for the information and use of the [BCVB] management, the board of directors and others within the organization, and is not**

intended and should not be used by anyone other than these specified parties.” Unfortunately, this audit did become public.

In the final analysis, the auditor was actually auditing some of their own staff's work. For the past fifteen years our accounting consultant and auditor were the same company. It was the understanding of BCVB management that these services were to insure that all Bureau records would meet audit standards. For example, in **Reporting Benefits and Wages** discussed above, we were simply not advised to report these taxable items. This company no longer provides accounting or audit services to the BCVB.

George Manning, Chairman
Boise Convention and Visitors Bureau