

Final Report
Transition Audit of Columbus Iron Works Convention and Trade Center
June 6, 2012

AUDIT AUTHORIZATION

Mayor Tomlinson requested a transition audit of the Columbus Convention and Trade Center and it was approved in Resolution # 72-12 on March 27, 2012 by City Council.

BACKGROUND/HISTORY

A transition audit of the Columbus Iron Works Convention and Trade Center was performed due to the retirement of the Executive Director, Loren D. (Larry) Campbell. Mr. Campbell served in that capacity for approximately 23.5 years, the longest tenured Executive Director in the history of the facility. The scope of the audit was expanded to include the areas of financial management, sales and customer contracts, operations and risk management, due to the infrequent opportunity to audit the center.

The Executive Director reports to the Columbus Iron Works Convention and Trade Center Authority, whose members are appointed by the Mayor and City Council. The center was opened in September 1979 and was substantially expanded with a \$36 million addition in 2004, of which about one-third was funded internally and the other portion from state funding.

A. POLICIES AND PROCEDURES

COMPLAINT/ISSUE

Does the Columbus Iron Works Convention and Trade Center have current Policies and Procedures that are effective, reasonable, and adequate; and do they include elements of internal control that specify boundaries of performance, authority, conduct and elicit the necessary communication and notification between functional areas to ensure the success and viability of the organization?

AUDIT PROCESS

The audit process consisted of requesting a copy of the Policies and Procedures for the organization from management. Various members of management stated that the organization did not have a Policies and Procedures Manual. The former director preferred to provide less formal direction and communicate to the managers and staff via oral or written communication related to the subject matter at hand. Campbell found this method to work well for him as he enjoyed having direct involvement with the staff and the organization's customers. Without written policies and procedures, it was virtually impossible to discern the adequacy and effectiveness of the procedures or the internal controls contained therein. This methodology did provide ample communication of operational matters between management and staff, but did not provide an adequate audit trail for future evaluation of the propriety of events or documentation of such.

FINDINGS

1.

There exists no formalized Policies and Procedures Manual. The City of Columbus has recently adopted a practice of requiring each department, or business unit to formalize their policies and procedures for management and audit review.

2.

The Internal Auditor is unable to evaluate the system of internal controls due to the lack of documentation of policies and procedures.

RECOMMENDATIONS

It is recommended that once the new Executive Director is selected and begins work, that a set of Policies and Procedures be developed for the Columbus Iron Works Convention and Trade Center, consistent with those adopted by the City. Once developed, the Internal Auditor will evaluate the system of internal controls contained therein.

MANAGEMENT RESPONSE

The management of the Trade Center agrees with the auditor's finding and will begin to develop and implement operational Policies and Procedures consistent with those of the City.

B. MANAGEMENT CONTINUITY PLAN

COMPLAINT/ISSUE

Does the business have a formal management continuity plan to select and develop replacement executives, managers and supervisors prior to their departure from the organization?

AUDIT PROCESS

The Internal Auditor requested a copy of the Management Continuity Plan and did not find one to exist. Neither the Interim Executive Director, nor the Finance Manager had a copy of one, or recalled having any knowledge of one.

FINDINGS

While no formal Management Continuity Plans has been found to exist, management incumbents demonstrated competence and are rich with experience in their fields of endeavor.

RECOMMENDATIONS

It is recommended that a Management Continuity Plan be developed and reviewed annually, by the Authority and the Executive Director.

MANAGEMENT RESPONSE

The management of the Trade Center acknowledges and agrees that a Management Continuity Plan is necessary for a smooth transition on the occasion of a manager or supervisor separating from the organization.

C. BUSINESS CONTINUITY PLAN

COMPLAINT/ISSUE

Does the Columbus Iron Works Convention and Trade Center have a business continuity plan? An organization needs to have a contingency plan in the event that the facility is severely damaged or destroyed by fire, flood, tornado or other disaster.

AUDIT PROCESS

The auditor requested a copy of the organization's business continuity plan for review.

FINDINGS

Management stated that the organization does not have a formal business continuity plan, however, the Center has not experienced a business interruption to this point, during its 32+year existence.

RECOMMENDATIONS

It is recommended that the Executive Director and the Authority develop a Business Continuity Plan and negotiate with the Columbus Civic Center or another area facility for a reciprocal back-up plan. While no other area facility is identical, an alternate location

would enable the business to continue while the structure is repaired or rebuilt. The plan should be reviewed at least tri-annually.

MANAGEMENT RESPONSE

Management of the Trade Center agrees that a Business Continuity Plan be developed and should include reciprocal back-up plans to include Memos of Agreement with the Civic Center and several other local venues should the Civic Center be unfit for occupancy due to natural or man-made disasters.

The plan would also include procedures to include but not limited to expedite repairs, alternate methods of staffing key positions, implement repairs, and or workarounds for data and voice communications and notification of customers and public.

D. CUSTOMER SATISFACTION

COMPLAINT/ISSUE

What system or methodology is used to measure customer satisfaction? Are the results tallied, reviewed and used to improve the quality of service? What percentage of the organization's business is repeat business?

AUDIT PROCESS

The auditor inquired as to the organization's method of evaluating customer satisfaction.

FINDINGS

No formal system or survey was found to exist for evaluating customer satisfaction. Through interviews with functional managers and supervisors, it became evident that the staff strives to provide excellent customer service. The staff presents a unified effort to please the customer, in every regard. There are minimal concerns over turf when it comes to serving the customer. Customers frequently remark how easy it is to do business with the Columbus Iron Works Convention and Trade Center. The Center enjoys a high percentage of repeat business, which is the ultimate goal of any successful organization.

RECOMMENDATIONS

It is recommended that the Columbus Iron Works Convention and Trade Center develop a Post-Event Questionnaire to obtain feedback from customers on their level of satisfaction with various aspects of their event, i.e., how well the facility met their needs, food, beverage, equipment, location, cost, available hotels, points of interests, amenities, etc.

Perhaps the Columbus Convention and Visitors Bureau might be able to assist with this project.

MANAGEMENT RESPONSE

The management of the Trade Center agrees that information gathered through feedback from customers is valuable and will initiate a process to collect this data. Management will work with the Convention & Visitors Bureau to determine the best method to achieve optimal, measurable results.

E. CUSTOMER BOOKING AND NEGOTIATION PROCESS

COMPLAINT/ISSUE

When senior executives become involved in the sales process, are their decisions communicated to the Conference Facilitators that will ultimately prepare the contract and manage the event?

AUDIT PROCESS

The auditor interviewed the Conference Facilitators to determine whether or not they encountered problems following involvement of senior executives in the sales process. Also, thirty event files were randomly selected and reviewed for completeness and accuracy of information.

FINDINGS

Through the interview process, the Facilitators noted that senior executives handle some of the high-profile events. Generally, contract discussions are properly communicated, but there have been instances where pieces of information were not. This is more problematic during the time when a changeover of executives occurs. During the contract review process, several of the event files were missing key information, including copies of the event contract. While a contract may have been prepared, such was missing from the hard-copy working files of the Conference Facilitators. Also, some minor items normally in the files were not included. When a contract is not included, it is difficult to ensure that all billable items were invoiced to and paid for by the customer. The contract is considered to be the single most important item included in an event file.

RECOMMENDATIONS

It is recommended that when the Authority is notified of an impending retirement or resignation of a key executive, that such executive be compelled to include Conference Facilitators in the event scheduling and contracting process to ensure continuity of service to the customer and adequate knowledge of the event to affected staff.

MANAGEMENT RESPONSE

Management recognizes the need for careful and thorough collection of information as it pertains to each specific event. Should in the future, a key staff member involved in any level of event planning announce their departure from the organization, that processes will be in place to make sure those events are reassigned or at the least that individual team with another staff member during the transition period to ensure continuity of information and service to customers.

F. BUILDING INSPECTIONS

COMPLAINT/ISSUE

Are building inspections conducted on a frequent basis to ensure that safety, fire, and elevator codes are met? Are the inspection reports on file and do they require corrective action to be taken by the Center? When was the last test of the sprinkler system and when was the last inspection of the roof?

AUDIT PROCESS

The auditor asked for and received inspection documents and permits for various aspects of the building, including boiler operation, fire alarm systems, elevators, sprinklers, and wastewater discharge. The documents were examined to ensure the inspections and permits were both active and up to date for operating purposes and to ensure that any corrective action required by the inspector has been performed.

FINDINGS

1.

The safety inspection of water heaters and boilers was conducted by the Safety Engineering Division of Georgia Department of Labor on December 12, 2011, and found no adverse conditions that would require corrective action on the Center's part. This inspection is both active and up to date with a two-year inspection term.

2.

The Columbus Iron Works Convention and Trade Center has contracts with Westinghouse Elevator Service Company and Schindler Elevator Corporation for the maintenance, step testing, and inspection of elevators and escalators in the Center. The Safety Engineering Division of Georgia Department of Labor conducted a safety inspection of the elevators on August 12, 2011; with a new inspection required on July 01, 2012, the permit is active but will be up for renewal in the near future.

3.

Fuller Fire and Safety inspected the Fire Alarm System on May 20, 2011, finding corrective action needed. Per the inspection report, all required action was taken to correct or replace defective items.

4.

Simplex Grinnell performed a safety inspection on the sprinkler system and a fire pump performance test on May 16, 2011. Corrective action was performed as required.

5.

A Food Service Industry Wastewater Discharge Permit was acquired from Columbus Water Works on June 1, 2010, and is active for a five-year period ending May 31, 2015.

6.

The Backflow Prevention by Containment Program was inspected on January 13, 2012.

7.

Travelers Risk Control met with DCM David Arrington on December 6, 2011, regarding the review of company operations, safety and risk management programs, and the survey of property to analyze potential exposures to loss. Travelers risk control then made recommendations via written response in regards to lowering exposure and loss.

8.

There were no records found regarding an up to date sprinkler test or roof inspection on the Columbus Iron Works Convention and Trade Center.

RECOMMENDATIONS

It is recommended that a sprinkler system test be conducted to ensure the proper working function of the sprinklers and a roof inspection be completed to ensure functionality.

MANAGEMENT RESPONSE

Management agrees that a sprinkler system test be conducted at the regularly scheduled interval. The sprinkler system has been tested annually and is functioning with normal operating perimeters. According to the NFPA Guidelines, an inspection to examine the interior condition of the sprinkler piping is required ever 5 years, is overdue. A vendor

has been awarded the work to perform this inspection and has scheduled Thursday and Friday, June 7th and 8th to perform the inspection.

G. SAFETY PROGRAM

COMPLAINT/ISSUE

Does the Center have a safety program, to include related policies and procedures? Are the employees required to attend safety training and periodic refresher courses? Do the safety courses include training on operation or lifts, conveyors, proper lifting techniques, hazardous chemicals, and other equipment or actions that could be hazardous? Are the customers allowed to use potentially hazardous equipment and if so, have they signed a waiver of liability before operating any equipment?

AUDIT PROCESS

The auditor requested a copy of a formal safety training program and the centralized training file.

FINDINGS

1.

Training courses have been provided regarding specific tasks and equipment; however, records of training have not been reflected in personnel records or training files. The Columbus Iron Works Convention and Trade Center currently does not have a formal safety training program where courses, dates, or attendees would be documented. Without training documentation the organization is at risk for employee injury and possible liability.

2.

There was not a centralized training file maintained that would include a description of safety training programs, attendance of such programs, and completion records for attendees.

3.

There are no policies and procedures that address the training process, documentation, or requirements of employees to attend.

RECOMMENDATIONS

It is recommended that safety be an included topic as policies and procedures are developed. Worker safety items should include proper lifting techniques, ladder safety, proper use of dangerous tools, and uses of safety equipment, such as eye and ear protection. Building safety should address frequency of cleaning, location of emergency cut off valves, maintenance and inspections, etc. It should also include evacuation plans and training for various types of emergencies.

It is also recommended that the employee/manager responsible for Columbus Iron Works Convention and Trade Center training maintain a central file of training classes, course descriptions and materials, course date and time, and an attendee roster with employee signatures. Employees should receive a certification of completion for each course taken and a copy should be placed in their personnel file. The certification should specify the employee name, course title, hours completed, and date. Employees should be required to attend safety-training classes before performing dangerous tasks or using dangerous equipment. If a vendor should need to use such equipment to perform a task, they should be instructed to allow Columbus Iron Works Convention and Trade Center staff to perform it, or the vendor should be required to sign a waiver releasing the city of any responsibility for their actions.

MANAGEMENT RESPONSE

Management agrees that safety practices be included in all applicable policies and procedures. Management has taken the initiative to enroll appropriate staff in upcoming forklift training and proactively has requested City Risk Management on May 8th to assist in providing information and or assistance in development of courses for High Reach Lift Training and Fall Protection Training as well as information for First Aid and Automatic External Defibrillator Training. Requests have been made to assist with scheduling training for proper use of chemicals. Risk Management has also been requested to assist in development of waivers for vendor use of equipment.

Emergency Evacuation and Shelter-In-Place procedures were developed in June 2011 in cooperation with the Sheriff's Office. An annual drill was held in June of last year. An in-house drill was conducted on June 1, 2012 in preparation for the annual drill to be conducted by the Sheriff's Office in June.

H. PREVENTIVE MAINTENANCE PLAN

COMPLAINT/ISSUE

Does the Columbus Iron Works Convention and Trade Center have a Preventive Maintenance Plan and what are its provisions?

AUDIT PROCESS

The auditor requested a copy of the Preventive Maintenance Plan to review its provisions.

FINDINGS

1.

The Columbus Iron Works Convention and Trade Center employs three maintenance staff personnel, one of which is a supervisor. The maintenance supervisor staggers the schedule to cover normal working hours and special events that occur at different times.

2.

The maintenance supervisor stated that he schedules event and preventive maintenance tasks on a schedule board and that preventive measures must sometimes be held off until enough staff is available to perform them. Critical items are addressed first, then those less critical. Examples of less critical items include pressure washing, painting, and applying sealants. Similarly, non-public areas such as storage rooms, equipment rooms, and electrical closets are not regularly cleaned as witnessed during a tour of the facility.

RECOMMENDATIONS

It is recommended that a Preventive Maintenance Plan and schedule be developed and adopted by the organizations' senior management and board. Non-routine items such as pressure washing, painting, staining, and non-public area cleaning that cannot be performed on a regular basis should be contracted out so it can be done before the facility is allowed to deteriorate from neglect of these tasks.

MANAGEMENT RESPONSE

Trade Center management agrees that a Preventive Maintenance Plan be developed and to contract non-routine work such as pressure washing, painting and staining.

I. EVENT FLOOR PLAN

COMPLAINT/ISSUE

Is there a process for review by the Fire Department of the facility of major event floor plans that is compliant with the National Fire Protection Association (NFPA) standards? Are the pathways properly maintained during events and at all times?

AUDIT PROCESS

The auditor reviewed event files to check for floor plans of the area rented and building plans that highlighted exit routes in the event of an emergency.

FINDINGS

The Columbus Iron Works Convention and Trade Center event files normally include an event floor plan for the area rented. None of the plans reviewed contained a building floor plan that would highlight the area rented and reflect exit pathways compliant with the National Fire Protection Association guidelines. Such plans would enhance customer safety and reduce panic during an emergency situation.

RECOMMENDATIONS

It is recommend that the Columbus Iron Works Convention and Trade Center management contact the City's Fire Marshal and Codes and Inspection personnel to review floor plans and ensure that the compliant exit pathways are delineated and reflected on the plans, consistent with NFPA guidelines. Exit pathways should be communicated to customers and guests via written diagrams and appropriate building signage.

MANAGEMENT RESPONSE

Management agrees that a process should be developed for the Fire Marshal's Office to review floor plans that include exit pathways of the Trade Center exhibition events that are consistent with NFPA Guidelines. Trade Center management met with the City Fire Marshal's Office on April 19th to discuss the need to implement such a policy. On May 11th, the Fire Marshal conducted an annual inspection and the Center is awaiting the results of that inspection. Exiting signage will be amended according to the evaluation of the Fire Marshal's Office.

J. FACILITY CLEANING SERVICE

COMPLAINT/ISSUE

How often is the facility deep cleaned? By whom is the service performed?

AUDIT PROCESS

The auditor completed a walk through inspection and interviews to determine the responsibility and time line for deep cleaning of the building.

FINDINGS

The Columbus Iron Works Convention and Trade Center performs its own in-house cleaning of the facility with its own staff. Meeting rooms and common areas are cleaned on a regular basis and following the events. Special attention is paid to the cleaning of door glass and windows adjacent to doors that are prone to be smudged by touching.

Also, door handles and plates are regularly cleaned to prevent the transfer of germs and for a clean appearance.

Due to staffing limitations, deep cleaning, particularly in non-public areas and difficult to reach places, often goes lacking, as these tasks are usually done during slower times when less events are booked. Also, concrete floors in service areas, the parking garage and exterior walkways and the building exterior show the need for cleaning. Dirt and grease are the primary issues in service areas and the garage. The garage also is littered with trash and debris that has been dropped or discarded by patrons or blown in by wind. Electrical closets and storerooms are also dusty and some are covered with spider-webs.

The building's exterior wood and metal trim needs to be pressure washed to remove dirt and mildew. After cleaning, the metal trim will likely need to be re-painted and the wood re-painted or re-stained, as the color of the surfaces have faded with time. Also, surfaces must be protected as the wood will rot and the metal will rust, if not protected from the elements.

There is wood rot on a rafter in the area between the Museum area and the South Hall, where water has leaked and ran down the rafter. Some attempt was made to divert the leaking water, but damage has occurred. It is necessary to ascertain the source of the leak, correct it, and properly repair the rafter.

RECOMMENDATIONS

It is recommended that the building be deep-cleaned in all areas, including service corridors, storage areas, the parking garage, and the building exterior, and that exterior surfaces be re-stained or painted, as appropriate, to maintain the beauty and functionality of this historic structure. It is further recommended that the leak between the Museum Artifacts Area and the South Hall be located and corrected, and that the rotten wood on the rafter be removed, restored or reinforced. The carpeting should be extracted on a regularly scheduled basis, particularly in areas where food and beverages are frequently served.

MANAGEMENT RESPONSE

Management agrees that the building should be deep cleaned in all areas. A custodial preventive maintenance schedule will be developed to maintain all areas on an on-going basis. Staff is in the process of collecting quotes for carpet extraction and rental of a pressure washer to clean exterior hardscape areas.

Staff will gather quotes for roof repair to find and correct leaks in and around the Museum Area and South Hall and to replace damaged wood.

K. STORAGE FACILITY ORGANIZATION AND CLEANLINESS

COMPLAINT/ISSUE

Are the storage areas clean and organized? Are inventories maintained for spare parts, supplies and chemicals stored therein?

AUDIT PROCESS

The auditor completed a walk through inspection and inquired about the inventory system.

FINDINGS

The Columbus Iron Works Convention and Trade Center performs its own in-house cleaning of the facility with its own staff. Storage areas for banquet and maintenance equipment, parts and supplies and electrical closets were observed in various states of organization. Parts are stored on worktables, shelves, flooring and cribs. The areas appear to need more frequent cleaning and organization. Some are saturated with dust, dirt and cobwebs. With parts and supplies not organized, it is likely that additional ones are purchased, rather than locating the ones in storage. Also, parts and supplies are expensed at the time of purchase. It would be preferable for these items to be inventoried and issued out as needed for use. The expense would then occur as used, rather than as purchased, and inventory control would be improved. A simple system could be used to track and expense items as used and to provide a basis for re-ordering. With an inventory system, periodic physical counts would need to be taken to ensure accuracy. Discrepancies would then be adjusted to actual.

RECOMMENDATIONS

It is recommended that storage areas be cleaned and organized so that parts and supplies can be properly inventoried and expensed as used. An inventory system should be implemented and could also serve as a basis for determining re-order points and improved inventory expense control.

MANAGEMENT RESPONSE

Management agrees that storage areas should be cleaned and organized on a regular and on-going basis. An inventory system will also be developed and implemented to control cost and to determine re-order points.

John D. Redmond, Internal Auditor & Compliance Officer

Date

