OREGON TOURISM COMMISSION

2013-2015 Biennium Agreed Upon Procedures Financial Review Report #AUP-2015-10

Issued by: Pamela J. Stroebel Powers, CPA, MBA, CIA CRMA, CPM
Powers CPA, LLC

Date: May 1, 2016

To: Todd Davidson, Chief Executive Officer
Oregon Tourism Commission Members

From: Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM

Re: Independent Accountant's Report on Applying Agreed-Upon Procedures

Executive Summary

This report summarizes the results of the required Agreed-Upon Procedures Financial Review performed to evaluate controls in place over the Oregon Tourism Commission's (OTC) cash and accounting processes. Procedures were agreed to between Powers CPA, LLC and the OTC in a contract ratified July 21, 2015, and approved by the Secretary of State's Division of Audits.

The review was performed to assist the Commission in evaluating the financial operations of the agency during the 2013-2015 biennium. Generally, it appears that adequate controls were in place over financial and accounting processes for the biennium. Procedures performed and a summary of the results are as follows:

1. **Reviewed internal controls related to handling cash, and recording revenues and disbursements:** Key controls in financial processes were identified, observed, and after testing, determined to be operating as intended.
2. **Reviewed and evaluated cash controls:** The bank balance was confirmed as of June 30, 2015 and appears to be accurately reported.
3. **Revenue and expense verification:** Generally, revenue and expense transactions reviewed were supported, approved, and with some exceptions, included necessary documentation indicating the expenses were made to further the business of the state.
4. **Budget to actual comparison:** The OTC operated within its budget and ended the biennium with a net gain of $995,749. Actual expenditures and revenues were lower than initially budgeted for. Explanations for accounts where large variances occurred are included in Attachment A.
5. **Follow-up on prior review findings:** In report #2-14 issued December 27, 2013, 8 recommendations were made for improvements to financial procedures and controls at the OTC. In this review we found evidence that corrective action had been taken on four of the recommendations, partial corrective action had been taken on three, and management had not yet taken action on one. Details of the prior findings and action taken to date can be found in Attachment B.

This report, as well as minor opportunities for improvements to financial processes and procedures to strengthen existing controls and provide for improved efficiencies and effectiveness, were discussed with the Chief Executive Officer and VP of Operations on January 26, 2016. OTC management generally agrees with the findings and recommendations and responses are included in this report. I appreciated the cooperation of the Chief Executive Office, VP of Operations, Accounting Manager and other OTC staff by providing information to assist with the review process.

Pamela J. Stroebel Powers

Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM
Owner/Managing Member - Powers CPA, LLC

5/1/16
Date

cc: Secretary of State, Division of Audits
VP of Operations
Accounting Manager

Background

The Oregon Tourism Commission (OTC), doing business as Travel Oregon, is a semi-independent agency of the State of Oregon that operates under Chapters 284 and 182 of the Oregon Revised Statutes. The OTC was created in 1995 and became semi-independent in 2003. It serves to drive economic growth and job creation by strengthening tourism through the state. Travel Oregon works to enhance visitors' experiences by providing information, resources and trip planning tools that inspire travel and consistently convey the exceptional quality of Oregon.

The Commission is composed of nine members, appointed by the Governor. In addition to the Commission and the Chief Executive Officer, at the end of the biennium the agency operated with 37 staff members and it has offices in Portland and Salem. The Chief Executive Officer has been with the agency since 1996; in the official role of CEO since 2006, the first CEO of Travel Oregon once it was established as a semi-independent agency. The VP of Operations has been with OTC since 2007 and in his current role since January 2012; the Accounting Manager began in February 2015 (the prior left on September 30, 2014), and the Operations Assistant has been with the agency since mid-July 2015, although an employee who used to perform the duties is still with the agency.

Objectives, Scope and Methodology

Oregon Revised Statute 182.464 requires the agency to undergo a financial review according to schedules agreed to with the Secretary of State's Division of Audits. We performed the procedures, as described below, which were agreed to by the Agency and the Secretary of State for the two years ending June 30, 2015. The OTC is responsible for the establishment of and compliance with its financial processes and internal controls. The procedures agreed to were solely to assist management and the Secretary of State in evaluating the financial operations of the OTC. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is the sole responsibility of those individuals specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below.

The following procedures were performed:

1. Internal controls relating to handling cash, and recording revenues and disbursements were reviewed and evaluated. Agency policies, procedures, and desk manuals related to (1) receiving, recording, and reporting transactions; and (2) handling cash were obtained and reviewed for adequacy. Interviews with key staff were conducted and process walk-throughs were performed to determine compliance with procedures and perform testing as determined necessary.

2. Additional cash controls were reviewed and evaluated: bank and investment balances were confirmed with financial institutions; and bank reconciliations were reviewed, as well as other related cash controls.

3. Revenue and expense verification: accounting and subsidiary records related to revenues and expenses were obtained and reviewed. A sample of transactions was judgmentally selected based on risk factors, and supporting documentation was evaluated to determine if transactions were appropriate and properly approved, classified, and recorded.

4. Budget to actual comparison: budgeted revenues and expenditures were compared to actual revenues and expenditures.

5. Follow-up was performed and analyzed on findings and recommendations from the prior Agreed-Upon Procedures Financial Review Report issued October 28, 2013.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the adequacy of financial operations or compliance with laws, rules, regulations or standards. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This report is intended solely for the information and use of the OTC and the Secretary of State and is not intended to be and should not be used by anyone other than the specified parties.

Results of Procedures

Generally, it appears that controls were in place over financial and accounting processes for the biennium. However, opportunities were found to strengthen controls and are summarized in the sections that follow.

1. **Internal Controls Related to Cash and Recording Revenues and Disbursements:** Generally, internal controls established within cash handling and processes to record revenues and disbursements appeared to be well designed and appropriately implemented. The majority of the OTC's revenues come in to the organization through transfers and on-line payments; very few checks are received in the office. Key controls in the cash receipts and disbursements processes were identified, observed, and after testing were determined to be operating as intended by management; for example, review and approval procedures are in place over deposit, expenditure, and payroll processes.

   The 2011-2013 Financial Review provided three recommendations for improving controls related to cash and recording revenues and disbursements:

   - **Document review of payroll information – partially implemented:** Each month, a detailed spreadsheet is prepared documenting payroll for the agency and after entry into the accounting software a payroll summary report is generated. In the prior review it was recommended that management reviewing these documents initial and date the documents to signify approval of the payroll information. During the current review we noted that although initials were consistently available documenting management's review of the payroll information, the date of the review was not consistently documented. Additionally, we did not note initials and dates signifying preparation and entry of the information into the accounting software, nor do employees consistently date timesheets. This documentation is important to support segregation of duties in key financial processes and ensure proper authorizations are occurring timely for financial information.

     OTC Response: We agree with the reviewer on the importance of separation of duties in key financial processes. The accounting system keeps a record of entry or modification for all transactions including time/date stamp and user or preparer in the case of payroll preparation and entry. The Excel worksheet used to prepare payroll data for entry into the accounting system now includes "Prepared by" and "date" and also includes "Approved by" and "date". OTC has already implemented the recommendations of the reviewer.

   - **Managerial approvals of online banking processes – implemented:** We were provided examples of emails documenting approvals of on-line banking transactions. It appears management has established individual logins to help ensure segregation of duties in on-line banking processes.

   - **Managerial approvals of journal entries – not implemented:** The current process for approving journal entries is to provide executive management members with reports of accounting transactions. However, the prior review recommended approval of journal entries be documented. During the current review we discussed options for documenting this process such as having management document approval via email once they have reviewed these transactions. Additionally, in its response to the prior review management indicated it would consider implementing quarterly third-party

reviews of adjusting journal entries. OTC has done this by obtaining assistance from a third-party CPA firm. This additional review should also be consistently documented.

OTC Response: We appreciate the reviewer's acknowledgement that OTC has used the services of a third party, independent firm to review adjusting journal entries as recommended during the prior review. Journal entries with supporting backup are now reviewed, dated and initialed by management monthly.

The full schedule of prior recommendations and the current status of corrective action can be seen in Attachment B.

We commend the agency for action taken on prior recommendations. **We recommend** that the OTC continue to pursue action toward fully implementing the recommendations made in the previous Financial Review by ensuring accounting transactions such as payroll and adjusting journal entries are fully supported by employee, manager, and where appropriate third-party initials and dates indicating preparation, processing, review and approval.

2. **Cash Controls:** The OTC reported a checking account balance of $234,844.48; a reserve balance of $25,000; a revenue account balance of $941,807.26; an Immediate Opportunity Fund balance of $201,891.54; a payroll account balance of $1,023,240.54; and a restricted account for the wine country plates of $586,009.76 as of June 30, 2015. All but two of the account balances were confirmed directly with the bank and matched the agency's accounting records. The agency maintains a second spreadsheet for adjustments noted after the bank account reconciliations are complete for year-end balances and this record appeared to reconcile the variances. Good controls over the checking accounts were identified and observed including monthly documented reconciliations generally performed within a month of receiving the statements with documented preparation and review initials and dates. One reconciliation was reviewed that wasn't completed for several months; care should be taken to complete and review reconciliations timely to help ensure accuracy of financial information.

   In addition to its bank accounts, the agency had a petty cash fund reported at $216.83.The agency has historically maintained a $200 petty cash account for small purchases and the auditor verified the petty cash amount at $199.32. The immaterial difference of $17.51 appeared to be a balance remaining from a cash withdrawal for an event that was never adjusted. During the review a journal entry was made to eliminate the petty cash account as it as the last recorded use was in July 2012; most employees now utilize purchase cards for small purchases.

   OTC Response: We appreciate the reviewer's thorough review of account balances and acknowledgement of the agency maintaining good controls including documentation of account reconciliations. Additionally, it was helpful to work closely with the reviewer during this process and input from the reviewer we received over the course of the review process included suggestions for additional improvement. The agency is grateful for the reviewer's input.

   The 2011-2013 Financial Review provided additional recommendations for improving controls related to cash balances:

   - **Recording end of period revenues earned with a journal entry – implemented:** During the prior review it was noted that it appeared the agency was recording some revenues as of the day of the check rather than the day received. During our testing we determine that for all reviewed deposit items, revenues were recorded on the day received rather than the date of the check.
   - **Recording receipts and disbursements as of the date received and paid – implemented:** No exceptions were noted during testing of transactions occurring during the biennium under review.

The full schedule of prior recommendations and the current status of corrective action can be seen in Attachment B.

3. **Revenue and expense verification:** The review of revenue and expenditures found, except as discussed previously and below, the majority of transactions tested were generally appropriate to further the business of the state, authorized, complete and properly classified in the accounting records.

To conclude on revenue transactions, supporting documentation was reviewed from several accounts including Governors Conference Revenue and various Lodging Tax Income accounts. Testing of these transactions found generally deposits were made timely and revenues appeared to be appropriately classified in the accounting records. The bulk of the agency's revenues come from lodging taxes collected by the Oregon Department of Revenue and passed on to the agency.

To conclude on expenses, supporting documentation was reviewed from six general business accounts including Office Expenses, Contractual Services, Research Tours, Depreciation Expense, Travel and Gifts. The majority of charges reviewed included documentation that indicated the expenses were appropriate to further the business of the agency and were generally processed in accordance with OTC's financial policies and procedures. Additionally, payroll documents, including accrual records, were reviewed for one pay period, February 2015. Although all reports reviewed showed evidence of the VP of Operations review, the date of the review was not included.

OTC Response: The agency response to this recommendation is noted previously in this report under "Results of Procedures" section 1.

The 2011-2013 Financial Review provided two recommendations, in several parts, for improving controls related to processing revenue and expense transactions:

- The first specified that the agency should ensure invoices and expense reports are properly approved and include adequate documentation including receipts, specified business purpose of the expense, and a statement by the employee specifying explanations are true. During the review of expense reports, good practices were noted including employee and supervisor signatures, dates and attached receipts including business purposes for many transactions, as well as a statement on the reimbursement form that the employee was certifying the explanations to be true. A policy was provided dated 2013 requiring detailed receipts. However, during testing, purchases were noted that did not include necessary documentation to clearly indicate the expenses were appropriate to further the business of the state and some purchases did not fully align with the agency's policy. Prior to approval, management should ensure an adequate business purpose to add value to the state exists and is adequately documented for each reimbursed employee purchase, in alignment with agency policy.
- The second specified that cardholders should continue to fill out credit card logs documenting the business purpose of the purchase as well as account coding, the logs should include a statement certifying the explanations are true and supervisors should document their review. All test items reviewed included a log with coding and a completed memo line. Although the memo line was always completed, some purchases were approved for which the value to the agency and clear business purpose were not always easily identifiable. Occasionally, supervisory approval was delayed for several months and some forms were noted without dates. All forms included a statement certifying expenses were authorized duty-required expenses. During testing, detailed receipts for employees were noted, although policy requirements were not always met. Additionally, an expense reimbursement for a contractor was reviewed which did not meet the parameters of this policy; we recommend that all expenses reimbursed by the agency be documented on the agency's travel form and follow the guidelines of this policy. The policy has a space for employees to sign and date however documentation of this practice was not available;

we recommend the agency follow through with this practice to help ensure all employees are aware of the requirements for documenting reimbursable expenses. Management should consider implementing more thorough reviews of expenses and implementing consequences for not following policies and procedures related to credit cards and reimbursements, in order to help safeguard OTC's financial assets. The full schedule of prior recommendations and the current status of corrective action can be seen in Attachment B.

We recommend that management continue to pursue opportunities to fully implement the recommendations from the 2011-2013 financial review such as specified above. Additionally, management should consider requiring contractors to submit expense reimbursement in the same format and meeting the same requirements of employees. Management should continue the training efforts begun on expense reimbursements and should consider having employees sign and date the policy to help ensure employees are aware of the requirements.

OTC Response: We accept the reviewer's recommendations and appreciate the acknowledgement of the agencies ongoing training efforts on expense reimbursements.

4. **Budget to actual comparison:** Budgeted revenues and expenditures were compared to actual amounts as reported for the two years ending June 30, 2015. Management provided reasonable explanations for most large variances (details are provided in Attachment A). The Board appears to have monitoring controls in place as evidence was available that the Board reviews financial information at its meetings.

The agency budgeted to breakeven with both revenues and budgeted at $30,541,786; however, the agency ended the biennium with a net gain of $995,749. The OTC operated within its approved budget as actual expenditures of $29,173,140 and revenues of $30,168,890 were both less than the reported budget amount.

At its June 2013 meeting the Commission approved a budget of $27,840,000. The Commission has historically only approved the budget related to the spend of its Lodging Tax revenues which makes up the largest portion of the budget. The agency also receives revenue from the Governor's conference, some small programs and federal grants that weren't included in the overall approved budget amount as stated in the paragraph above. It did not include the rollover of unspent funds that its Commission has historically approved to be used the following biennium, as a separate budget item as had been suggested in the prior Financial Review. At its March 2015 meeting it approved a revenue surplus of to be added to the budget.

The 2011-2013 Financial Review provided a recommendation for improving reporting of financial information suggesting the budget to actual statement should reflect only budgetary amounts approved by the Commission and the agency should acquire the services of an independent CPA for guidance on presentation of financial statements. The 2013 report was issued after the budget process for the 2013-2015 biennium was underway; therefore this recommendation was not yet implemented. However, we did review Board meeting minutes supporting the current 2015-2017 budget which do appear to include additional information to support the full budgeted amount and includes an 'other' revenue line for the estimated revenues from Federal grants, the Governor's conference and other small program sources. Although the dollar amount related to the long-standing practice of the carrying over of unspent revenues is still not called out as a specific budget item, the minutes do reflect a discussion with Commission members to ensure all members were aware of this practice. Additionally, the agency did work with an independent CPA firm during the biennium and has plans to continue the relationship as needed. The full schedule of prior recommendations and the current status of corrective action can be seen in Attachment B.

We recommend that management continue to pursue opportunities to fully implement the recommendations from the 2011-13 financial review such as ensuring Board minutes fully support the agency's budget statements by including all approved amounts.

OTC Response: We accept the recommendations of the reviewer and appreciate the reviewer's acknowledgement that the review of Board meeting minutes for the 2015-2017 budget does reflect the recommendations of the prior review, including use of any ending balance from the prior period.

Other minor best practices the OTC might consider to improve efficiency and effectiveness of its financial processes and procedures were discussed with the Chief Executive Officer, VP of Operations and Accounting Manager.

ATTACHMENT A

Oregon Tourism Commission

Budget to Actual Variance Analysis for the Biennium Ending June 30, 2015

Account	Actual	Budget	Amount Over (Under) Budget	Explanation as provided by Management
REVENUES:	**30,168,890**	**30,541,786**	**$ (372,896)**	Estimated income levels are an initial recommendation based on revenue forecast - income for the agency is variane and depends on receipts.
Encumbered Lodging Tax Income	$ 1,040,793	$ -	$ 1,040,793	An $840,793 of additional lodging tax increase came in which is being held for next year - it was unanticipated income tht hasn't been approved to spend yet. $200,000 was approved by the Commission as reserved funds.
Wine Country Plates Income	$ 456,287	$ 300,000	$ 156,287	Revenues came in higher than initially anticipated.
Beginning Balance	$ -	$ 1,644,711	$ (1,644,711)	The carryover amount includes both fiscal years due to a limitation in QuickBooks (accounting software); it needs an adjustment as it shouldn't be this high.
EXPENSES:	**$ 29,173,140**	**$ 30,541,786**	**$ (1,368,646)**	For the 2013-2015 biennium, the budget was not entered correctly into QuickBooks (accounting software) for individual Departments, therefore variances occurred from actual spending. For OTC, it is more effective to analyze budgeted expenses on an annual rather than biennial basis due to the rollover practice for unspent funds and timing of the revenue stream. Some expenses are budgeted in multiple years until programs are fully executed.
Administration/ Operations	1,850,797	1,481,201	$ 369,596	Depreciation expense was not initially included in the budget; the additional variance is related to errors initially entering the approved budget amount into the accounting system.
Promotions & Sponsorship	913,642	1,263,075	$ (349,433)	
Tourism Research	469,886	1,072,849	$ (602,963)	These accounts have been changed for the current 2015-2017 biennium - moved to Tourism Development.
Product & Business Development	447,665	840,537	$ (392,872)	
Destination Development	342,555	690,938	$ (348,383)	

ATTACHMENT B

Oregon Tourism Commission - Status of Prior Review Recommendations
From Report #2-14 Issued December 27, 2013

Finding/Recommendations	Rec. #	Original Response	Current Status 2015
1 – Internal Controls Related to Cash Handling and Recording Revenues and Disbursements			
The VP of Operations and the Fiscal Manager should document their review of the payroll spreadsheet by initialing and dating the spreadsheet.	1a	Travel Oregon has always reviewed disbursements carefully and has already re-instated the documentation of payroll reviews as recommended during the current biennium.	**PARTIALLY IMPLEMENTED:** Documentation was available of management review of payroll information however the Accounting Manager's (preparer's) initials and dates were not available. Additionally, we noted employees are not dating timesheets and this additional documentation should be added as well. *This recommendation should be followed-up on during the next Financial Review.*
The VP of Operations should consistently review the payroll summary report, comparing it to the payroll spreadsheet, and initial and date the payroll summary report as evidence of the review.	1b	Travel Oregon has always reviewed disbursements carefully and has already re-instated the documentation of payroll reviews as recommended during the current biennium.	**PARTIALLY IMPLEMENTED:** Evidence was available of the VP of Operations' review of the payroll summary report by his initials, however the date of the review was not consistently included. *This recommendation should be followed-up on during the next Financial Review.*
The OTC should work with its bank to set up appropriate managerial approvals as part of the online banking process.	2	We are currently exploring opportunities that may exist to allow for online managerial approval. We have already amended our online banking transfer approval process during the current biennium and will further amend to an online system if there is such an online approval process available that will create additional controls.	**IMPLEMENTED:** The agency has established individual logins for the VP of Operations and the Accounting Manager; approvals for financial transactions occur through email and documentation is maintained and available to support transactions. *This key control should continue to be tested in future Financial Reviews.*
Management should review and approve, in writing, all journal entries.	3	Travel Oregon has already adopted the process of approving journal entries as recommended during the current biennium and is exploring use of an independent third party for additional review of all journal entries on a quarterly basis.	**NOT IMPLEMENTED:** Evidence was not available on tested journal entries of management review and approval of entries. As explained, current practice is for Executive Management members to receive financial reports including all adjustments, however currently no docmentation is being maintained for this review process. We discussed the option of manager's emailing to document review. Documentation of management's review of financial information including adjustments should be maintained. Management is working with a CPA firm for consulting and additional review of prepared journal entries and documentation of this assistance was available for some entries. *The recommendation for documentation of management review of journal entries should be followed-up on during the next Financial Review.*

ATTACHMENT B

Oregon Tourism Commission - Status of Prior Review Recommendations
From Report #2-14 Issued December 27, 2013

2 - Internal Controls Related to Cash			
The OTC should record revenues earned but not yet received at year-end with a journal entry instead of recording the receipt as of the date of the check.	4a	We accept the recommendations related to use of journal entries to record revenues earned but not yet received.	**IMPLEMENTED:** During deposit testing of transactions, all revenues tested appeared to be entered into the accounting system as of the date received rather than the check date, no exceptions were noted. *This key control should continue to be tested in future Financial Reviews.*
The OTC should record receipts and disbursements as of the date received and paid.	4b	Travel Oregon has already implemented the recommended changes during the current biennium.	**IMPLEMENTED:** No exceptions were noted during testing. *This key control should continue to be tested in future Financial Reviews.*
The Fiscal Manager and VP of Operations should establish a process to verify the monthly reconciled bank accounts agree to the account balances listed in the accounting records and document the verification.	4c	We accept the recommendations related to documentation of account balance verification.	**IMPLEMENTED:** Two bank reconciliations at the end of the biennium did not initially match to the agency's balance sheet, however a secondary reconciliation process for year-end is being performed and documented and any adjustments made to the accounting records are made to the next bank reconciliation. We were able to trace all balances from this secondary reconciliation process to the accounting records. *This issue should continue to be followed-up on in future biennial reviews.*
The Chief Strategy Officer or VP of Operations should document the date of review of bank reconciliations by writing the date next to his initials on the monthly bank statement.	5	We accept the recommendation related to including the date of that review as part of the documentation and have already implemented the recommendation during the current biennium.	**IMPLEMENTED:** All bank statements for June 30, 2015 were reviewed and all included both the initials and date indicating the VP of Operations' review. Miscellaneous reconciliations also reviewed for four additional months included similar documentation; one review was performed more than a month after the bank statement was issued; care should be taken for management to complete the reviews within a month when possible. *This key control should continue to be tested in subsequent reviews.*

Oregon Tourism Commission - Status of Prior Review Recommendations
From Report #2-14 Issued December 27, 2013

3 - Revenue and Expense Verification			
The OTC should ensure invoices and expense reports are properly approved. Employees should document the business purpose of the expense to ensure the expense will not be a taxable event to the employee. As part of their review and approval process, supervisors should ensure employees list the business purpose of the expense.	6	We accept the recommendation related to ensuring invoices and expenses will not be taxable to the employee and the recommendation that business purposes are substantiated and will continue our practice of ensuring all expenses are necessary and reasonable as defined under section 162 of the Internal Revenue Code.	**PARTIALLY IMPLEMENTED:** During the review of expense reports good practices were noted including employee and supervisor signatures and dates and attached receipts including readily identifiable business purposes for most transactions. However, during testing, purchases were noted for which the business purpose to the agency did not immediately appear fully supported and some purchases lacked a clear or easily identifiable business purpose and did not fully align with the agency's policy. Prior to approval, management should ensure an adequate business purpose to add value to the agency exists for each reimbursed employee purchase, in alignment with agency policy. *Expense reimbursements should contine to be tested in future financial reviews.*
Card holders should continue to fill out credit card logs, documenting the business purpose of the purchase as well as the account coding.	7a	Travel Oregon policy requires employees provide detail meal receipts whenever available and will continue to require detail receipts for all expenses.	**IMPLEMENTED:** All test items reviewed included a log with coding and a completed memo line. Although the memo line was always completed, some purchases were approved for which the business purposes was not clearly identified. *Expense reimbursements should contine to be tested in future financial reviews.*
Card holders should sign the logs with a statement certifying the explanations are true. Supervisors should review the statements and log and sign and date the logs to document approval. Supervisory reviews should include an evaluation of compliance with policy requirements, including the requirement for the cost of lodging not to exceed GSA per diem rates unless a documented exception exists as allowed by policy.	7b	We accept the recommendations related to including attestation that expenses are in compliance with Travel Oregon policy and have already imlemented the recommendations during the current biennium.	**IMPLEMENTED:** Travel and expense reimbursements reviewed all included documentation of superivsory approval. Testing indicated that in some cases approval was delayed for several months and occasionally the employee did not date the form. All forms included a statement certifying expenses were authorized duty-required expenses. *Expense reimbursements should contine to be tested in future financial reviews.*

Oregon Tourism Commission - Status of Prior Review Recommendations
From Report #2-14 Issued December 27, 2013

The agency should also adopt a policy of requiring detailed meal receipts so the reviewer can determine if items purchased were appropriate.	7c	Not addressed in original management response.	**IMPLEMENTED:** A policy was provided dated 2013 which requires detailed receipts for employees; during testing detailed receipts for employees were noted although requirements as specified in this policy were not always met. Additionally, an expense reimbursement for a contractor was reviewed which did not meet the parameters of this policy; we recommend all expenses reimbursed by the agency be documented on the agency's travel form and follow the guidelines of this policy. The policy has a space for employees to sign and date however documentation of this practice was not available; we recommend the agency follow through with this practice to help ensure all employees are aware of the requirements for documenting reimbursable expenses.*This key control should continue to be tested in future Financial Reviews.*
4. Budget to Actual Comparison			
The OTC's budget to actual income statement should reflect only budgetary amounts approved by the Commission.	8a	The use of equity balances from the prior period has been Travel Oregon's practice for 10 years and allows the agency to conduct business during the first quarter of a new fiscal year. By statute, Travel Oregon is granted exception to the spending limitations that could otherwise prohibit our use of prior period Commission approved equity balances.	**PARTIALLY IMPLEMENTED:** The prior biennium's review report was issued after the budget prcess for the biennium under review was underway. We did review documents for the current biennium and it appears additional information was included in Board meeting minutes to help support Board approval of budget amounts. The agency has a long-standing practice of the Board approving carryover from the prior biennium when all budgeted funds from the prior period aren't spent; we suggested this amount be included as a separate item on the Board approved budget documents to create the audit trail for the approval of the full budget. *This recommendation should be followed-up on in the next biennial review.*
The agency should consider acquiring the services of an independent CPA firm to provide guidance and review on presentation of its financial statements.	8b	We accept the recommendations related to acquiring the services of an independent CPA firm and will adopt this recommendation during the current biennium.	**IMPLEMENTED:** Documentation was available that the agency had worked with an independent CPA firm during the biennium, specifically on journal entries. Management stated this will continue to be an on-going relationship as needed. *Closed, no additional action necessary.*