COLUMBIA COUNTY
GEORGIA

Audit Committee Meeting
Minutes for Tuesday, December 12, 2023 at 8:30 AM
Evans Government Center Auditorium, Evans, Georgia

Present at the meeting included:

Connie M. Melear, Chairman
Donald Skinner, Sr., Vice Chairman
Douglas R. Duncan, Member
Gary L. Richardson, Member
Alison G. Couch, Member
County Manager Scott Johnson
Deputy County Manager Glenn Kennedy
Deputy County Manager Matt Schlachter
County Clerk Patrice R. Crawley

Division Directors:
Leanne Reece - Internal Services
John Luton – Community & Leisure Services
Scott Sterling - Planning Services
Michael Blanchard - Technology Services
Chief Jeremy Wallen – Fire Services
Paul Scarbary – Development Services
Stacey Gordon – Water Utility Services
County Staff
Members of the Media and Public

A. CALL TO ORDER
Chairman Melear called the meeting to order at 8:30 a.m.

B. INVOCATION
Chairman Melear gave the invocation.

C. PLEDGE OF ALLEGIANCE
Chairman Melear led the Pledge of Allegiance to the flag.

D. ROLL CALL / QUORUM
Chairman Melear declared a quorum with five members present.

E. APPROVAL OF THE MINUTES OF PREVIOUS MEETING

(E1) September 12, 2023
Member Duncan made a motion to approve the minutes from the September 12, 2023 Audit Committee meeting. Vice Chairman Skinner seconded the motion. The motion carried unanimously.

F. APPROVAL OF THE AGENDA
Chairman Melear presented the agenda.

G. DEBATE AGENDA

(G1) New Business

(G1a) Management Services

(G1a1) Fiscal Year 2022/2023 Audit Results Summary
Bonnie Cox from Cherry Bekaert presented the summary of the Fiscal Year 2022/2023 Audit Results.

(G2a1) Draft Reports
Rick Evans from Serotta Maddocks Evans & Company presented the committee with the following draft reports: Human Resources and Performing Arts Center.

Each of the draft reports are attached to the minutes.

(G1a2) Internal Audit Update
Mr. Evans stated that Fleet Management, Lodging Tax, Risk Management and Rental Facilities audits have started.

H. COMMISSIONERS' AND PUBLIC COMMENTS AND PARTICIPATION

I. EXECUTIVE SESSION

J. ADJOURNMENT

Chairman Melear adjourned the meeting at 9:01 a.m.

Connie M. Melear, Chairman

Patrice R. Crawley, County Clerk

COLUMBIA COUNTY, GEORGIA
HUMAN RESOURCES DEPARTMENT
INTERNAL AUDIT

TABLE OF CONTENTS

Michelle Bennett, CPA
Rick L. Evans, CPA
E.J. Maddocks, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA

Abram J. Serotta, CPA
Joel R. Stewart, CPA
Andrea Usry, CPA
David Ussery, CPA
Paul Wade, CPA

Members of Audit Committee
Board of Commissioners
Columbia County
Evans, Georgia

We have performed consulting services for Columbia County (the "County") relating to the evaluation of certain internal controls and operating procedures of the Human Resources Department's maintenance of employee benefits, personnel files, and other general operating policies and procedures. The County's management is responsible for the department's accounting records, internal controls and operating procedures. The evaluation procedures were those approved by the County. Our analysis and report do not include evaluating all internal controls over the Human Resources Department.

The sufficiency of these procedures is solely the responsibility of the Audit Committee and management of the County. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures, results, and recommendations are outlined throughout this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements, or an element of a financial statement. 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 to you.

This report is intended solely for the use of the Audit Committee and management of the County and should not be used by anyone other than the specified parties.

We would be pleased to review these and any other matters further with you.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia
December 12, 2023

INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:

- Obtain an understanding of the County's internal control system of the Human Resources Department related to employee benefits, personnel files, and adherence to policies and procedures.
- Design and execute tests of the policies and procedures throughout the various functional areas of the Human Resources Department such as payroll deductions, purchase requisitions, purchase card transactions, timesheets for County employees, and personnel file maintenance.
- Determine if there are adequate controls to provide reasonable assurance that the County's assets are being properly safeguarded, and errors or irregularities can be prevented or detected in a timely manner.
- Make recommendations to the County based upon our understanding of the internal control system and as a result of our testing of those internal controls.

SCOPE

Our internal audit scope was limited to the Human Resources Department internal controls relating to the maintenance of employee benefits and personnel files, and adherence to policies and procedures. The internal audit focused primarily on the period January 1, 2023 to October 31, 2023; but certain analyses may have been performed outside of that time period. The specific scopes and time frames of testing are stated within the procedures and results section of this report, as identified in the table of contents.

Our testing focused on the following areas:

- Inquiries and Observations
- Personnel Files
- Benefits Testing
  - Current Employees
  - Contract Employees
  - Retired Employees
- Expenditures
  - Purchase Card Transactions
  - Purchase Requisitions
- Miscellaneous Items
  - Timesheets
  - Worker's Compensation Policy
  - DOT Onsite Monitoring

METHODOLOGY

Our internal audit methodology included the identification, evaluation and testing of internal controls as they relate to the areas identified in the scope above. General audit procedures included:

- Interviewing Human Resources Department's personnel.
- Observing operations and conducting walk-through interviews.
- Testing documentation such as employee benefits, personnel files, purchase requisitions, purchase card transactions, employee timesheets, and any other applicable data.

SUMMARY OF INTERNAL AUDIT RESULTS

- **Inquiries and Observations**
    - We noted no exceptions in our inquiries and observations of the internal control procedures identified by management.

- **Personnel Files**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Benefits - Current, Contract, and Retired Employees**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Purchase Card Transactions**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Purchase Requisitions**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Timesheets**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Worker's Compensation Policy**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **GDOT Onsite Monitoring**
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

<u>Inquires and Observations</u>

<u>Background and Procedures</u>
We made various inquiries and observations of the Human Resources Department's Office.

<u>Testing</u>
SME made the following inquiries and observations:

- Human Resources has successfully integrated a new paperless file keeping system in MUNIS. SME viewed the Human Resources employees pulling documentation, needed to complete testing, from MUNIS.
- The Human Resources Department has updated and modified the new hire documents for a more streamlined and efficient process.
- The Human Resources Department now provides all Columbia County managers performance review and disciplinary action training.
- SME observed sensitive paper files were kept are in a locked room. In addition, digitally kept files are restricted by access control throughout the Human Resources department.
- SME observed that only authorized personnel could access the Human Resources Department's office.

<u>Results</u>
We noted no exceptions in our testing and observation of the internal control procedures identified by management.

<u>Personnel Files</u>

<u>Background and Procedures</u>
All new hires are required to attend Employee Onboarding. Orientation is held on Monday mornings. Each employee completes several employment forms. These forms include the I-9 form, which is required by the federal government and maintained in a confidential file, a drug testing consent form, a driving record consent form, a background check consent form, a W-4 form, and other policy information the County chooses to maintain. All required items are tracked on a checklist at the front of the employee's personnel file. Certain constitutional officers and supplement only paid individuals will not have a drug testing release or a driving record release in their personnel file maintained by Human Resources because the constitutional officer's office gathers that information. Pay rate information is also maintained in the employee file. The established pay rate for the employee is documented on new hire information sheets or employee contracts. Annual salary adjustments, promotions, transfers, etc., are documented in MUNIS.

At the start of employment, each employee receives a personal holiday (one per calendar year). Employees with less than 1 year of service accrue 8 hours per month of personal time off (PTO). PTO cannot be taken before the end of probation which is generally six months for County employees. A full-time employee can only carry forward to each new calendar year a maximum amount of 320 hours in their PTO balance.

<u>Personnel Files</u> (continued)

New employee information is processed through E-Verify and Homeland Security. This is completed within three days of the date of hire providing the required information is available. The Compensation Specialist I and the Human Resources Generalist I are trained in the software and process of completing the E-Verify and Homeland Security reports.

<u>Testing</u>
We obtained the personnel files of fifteen County employees and five constitutional officers for the period of January 1, 2023 to October 31, 2023. We examined each file to see if it contained an I-9 form, a drug testing consent form, a driving record consent form, a background check consent form, a W-4 form, a job description, an MVR report, contact information, and signed policy and procedure forms the County chooses to maintain based on the list in the front of the file. If the employee was a constitutional officer's staff member, we verified that the Human Resources Department had properly documented that the driving record consent form and background check consent form were kept by the respective constitutional officer's office. For employee pay rates, we compared the employee's most recent pay rate change form to the Munis payroll screen print out. Our scope was limited to filing requirements in the Human Resources Department.

We obtained the termination checklist of six former County employees for the period of January 1, 2023 to November 30, 2023. The selections included two employees that resigned, two employees that were terminated, and two employees that retired. We examined each terminated checklist noting a managers' signature, viewed the checklist was signed by the manger within a reasonable time from the termination date, and the checklist was scanned into the employees' MUNIS file.

<u>Results</u>
Controls over personnel files appear to be functioning properly. We noted no exceptions to the items selected for testing.

<u>Benefits - Current, Contract, Retirees Employees</u>

<u>Background and Procedures</u>
The open enrollment period for County employees is the month of October. MissionSquare Retirement is the provider for retirement benefits; United Health Care is the provider for medical insurance; United Concordia is the provider for dental insurance; EyeMed is the provider for vision insurance, Unum is the provider for accident insurance, and New York Life is the provider of life and disability insurance. The current employee medical plan through United Healthcare offers two levels for employees. The first is a Gold medical plan and the second is a Silver medical plan. These plans have different rate structures with the Silver plan offering lower premiums.

A Flexible Spending Account form is required to be completed and signed each year and processed during open enrollment; but all other forms can be rolled forward from one year to the next year unless there are changes. A new employee has 30 days from employment to enroll for benefits. If a new employee does not enroll in benefits at this time, they must wait until the open enrollment period or enroll during a life status change. All life status changes such as name and/or address must be supported by proper documentation. This support may include a marriage license or divorce decree for a name change, completion of an address change form, etc.

<u>Benefits - Current, Contract, Retirees Employees</u> (continued)

All employees that begin as a new employee with the County have the option of choosing the Gold medical plan or the Silver medical plan. The premiums and deductibles are different for each of the plans. See the benefits booklet for more information. Payroll deductions are made for benefits each pay period.

<u>Background and Procedures</u> (continued)
The County pays for 80% of the premium cost for medical, 75% for dental, and 100% for basic life insurance plans. The employee pays 100% of the premium cost for voluntary life insurance, short-term and long-term disability and supplemental insurance products that are offered. An employee becomes eligible upon date of hire and has 30 days to enroll, if they are full-time benefit eligible employees working at least 30 hours or more per week. According to Resolution No. 05-455R, employees with 15 years or more of service may continue their medical benefits upon separation from County employment. House Bill 578 approved by the Governor May 6, 2013, provides continuation of medical benefits for certain Elected Officials and members of the Board of Commissioners who have served at least eight (8) years. Coverage must be elected within 30 days of separation and the employee is responsible for total premium costs. Retiree health coverage ends upon reaching social security Medicare eligibility, currently age 65.

The County offers 401(a) Retirement and 457 Deferred Compensation plans, for which the County will match half of an employee deferral up to 8% of salary. The employee is 100% vested in the 401(a) at year 5. The plan was restated July 1, 2020.

In addition, the County offers the following programs: employee assistance program and educational reimbursement program.

<u>Testing</u>
For current employees' benefits, we used our selections of the fifteen County employees that were chosen during our personnel file testing. We then selected two pay periods to test. We tested five of the County employees against the first payroll in February 2023. We tested the remaining ten County employees against the first payroll in September 2023.

The benefits tested for current employees were health, dental, vision, basic life, voluntary life, voluntary spouse life, voluntary child life, short-term disability, long-term disability, flexible spending account, dependent flexible spending account, and accident. We tested these benefits for both periods. There were no employees enrolled in the dependent flexible spending account that were selected for testing. For each employee selected, we verified that the proper amount was deducted from the employee's paycheck based on the established rate. We verified that the employee elected the benefit and that proper documentation was retained in the employee's benefit file. We verified that the employee elected the benefits during the open enrollment period, or within thirty days of employment.

To test contract employees' benefits, we obtained a list of all contract employees for the period of January 2023 to October 31, 2023. From the list, we selected five employees for testing. We verified the employee's contract was in the personnel file. We reviewed the employment contract to verify the employee was eligible to enroll in benefits.

<u>Benefits - Current, Contract, Retirees Employees</u> (continued)

<u>Testing</u> (continued)
To test retiree benefits, we obtained a listing of all retirees enrolled in benefits during the 2023 calendar year (report is run on a calendar year basis). From this listing, we selected five enrolled retirees that had benefits. We verified that the retirees had enrolled in the benefits they were receiving by viewing the required documentation. We reviewed that the retiree was employed by the County for fifteen years prior to retiring. We selected the months of May 2023 and October 2023 and reviewed that the retirees were paying the full premiums for all the benefits they enrolled in.

<u>Results</u>
Controls over benefits for current, contract, and retired employees appear to be functioning properly. We noted no exceptions to the items selected for testing.

<u>Purchase Card Transactions</u>

<u>Background and Procedures</u>
The County has a purchase card program which is used to eliminate the need for small dollar purchase requisitions. The purchase card program utilizes the same dollar thresholds as the purchase requisition/order system along with the same approval process.

Purchase card transaction records are maintained electronically by Elan, a third-party payment processor. On a daily basis, the Procurement Department downloads a transaction record from Elan's website and imports the records into Munis. The expenses are initially recorded in Munis as uncategorized and maintained in a temporary holding account on the general ledger. When the transactions are imported into Munis, a designated individual within each department receives a notification that new transactions were entered that require coding and approval. At this point, the designated coders upload the receipts for each transaction and enter a line code corresponding with the nature of the expenditure. Once the receipts have been uploaded and all expenditures have been coded, the statement is released for approval by the cardholder's supervisor within Munis. On a biweekly basis, the Finance Department reconciles the charges back to a billing cycle statement provided by Elan and notifies the departments if there are any uncoded or unapproved transactions. Once all coded and approved charges have been reconciled to the statement, the purchase card transactions are posted to the general ledger as expenditures by the Finance Department Manager.

<u>Testing</u>
We obtained a listing of the individuals who were issued a purchase card from the Finance Department. We viewed the March 2023 and June 2023 support in Munis at the Finance Department. We observed the original receipts scanned into Munis and proper electronic approval along with each receipt. We determined the charges were for County use. We further observed the coding was appropriate in Munis.

<u>Results</u>
Controls over purchase cards appear to be functioning properly. We noted no exceptions to the items selected for testing.

Purchase Requisitions

Background and Procedures

The Compensation Specialist I inputs the requisitions into Munis and can approve invoices up to $500. Invoices over $500 and less than $2,500 are approved by the Human Resources Assistant Department Manager and invoices over $2,500 but less than $5,000 are approved by the Human Resources Department Director. Purchase requisitions are used for items such as office supplies, departmental bills (excluding monthly bills for benefits), advertising bills, and credit card purchases. Invoices from benefit vendors are reviewed, coded, and approved for payment by the Assistant Department Manager and forwarded to the Finance Department for input into Munis and payment.

All purchases up to $4,999 are allowed by employees authorized to purchase goods and services on behalf of the County. Invoices for these purchases require the approval signature of the employee's supervisor. Purchases between $5,000 and $24,999 require a quote sheet with three to five price quotations attached. Purchases over $24,999 require a request for proposal (RFP)/bid and are processed through the Procurement Department.

There are tiers established within Munis for the approval of purchase requisitions. The signature process is performed electronically in Munis. Each person must approve the purchase requisition before it can be converted into a purchase order by the Procurement Department and printed from the system.

Testing

We obtained the purchase order detail from Munis for the time period of January 1, 2023 to October 31, 2023, and made fifteen selections from the detail. We examined the related purchase requisitions and purchase orders for proper approval. We verified that the payment amounts matched the payments due on the invoices. We verified the cancelled checks for proper amount and payee. We verified that written quotes or bids were solicited and documented when appropriate for the amount of the purchase.

Results

Controls over purchase orders appear to be functioning properly. We noted no exceptions to the items selected for testing.

Timesheets

Background and Procedures

There are non-exempt and exempt employees in the Human Resources Department. Non-exempt employees use the county-wide Employee Self Service (ESS) electronic timesheets to report daily worked hours, personal time off, and holidays. Exempt employees also use the county-wide ESS electronic timesheets to report personal time off, and holidays. The Department Director, Assistant Department Manager and Compensation Manager approve their direct reports electronic timesheets in ESS. After approval, in ESS by the approving manager, the Compensation Manager acting as the department Payroll Clerk for Human Resources approves the final payroll batch in MUNIS and forwards the final report to the Finance department for processing.

<u>Timesheets</u> (continued)

<u>Testing</u>
We obtained electronic timesheets and direct deposit reports for the pay periods ending January 28, 2023, and September 23, 2023 from the Finance Department along with a copy of the payroll register. The payroll register is created from the timesheets. We verified that the proper number of hours was used to compute payroll during the pay period. We compared the payroll register to the direct deposit report or cancelled check to verify that the employee was paid the amount that was calculated from the hours on the electronic timesheet.

<u>Results</u>
We noted no exceptions to any of the items that were tested.

<u>Worker's Compensation Policy</u>

<u>Background and Procedures</u>
The Benefits Specialist III handles all Workers' Compensation claims and enters the claims into Munis and the vendor site. The Assistant Department Manager reviews all claims after they are entered. The Workers' Compensation insurance vendor is ACCG. There is a $350,000 deductible in aggregate per year. The County is self-insured for the $350,000 deductible. The Workers' Compensation insurance is billed to the County monthly, and the amount of the bill is based on the claims and exposure of liability to the County. The Benefits Specialist III handles all physical files for Workers' Compensation claims. Workers' Compensation has not been audited by the state.

<u>Testing</u>
We obtained the worker's compensation policy that relates to calendar year 2023. We verified that the policy was active, and the deductible was the proper amount.

<u>Results</u>
The worker's compensation policy appears to be maintained as expected.

<u>GDOT Onsite Monitoring</u>

<u>Background and Procedures</u>
There are certain aspects of a Federal Transit Administration (FTA) compliant drug & alcohol program that cannot be assessed through desk and record reviews. To assess and maintain compliance with all applicable Federal regulations, onsite monitoring provides GDOT district Public Transportation Coordinators (PTCs) a method to perform consistent onsite compliance and technical assistance reviews of the policy, drug and alcohol program management, records management, collection site(s), and other vendors. The GDOT district PTCs performs onsite monitoring at least annually.

<u>Testing</u>
We obtained the GDOT monitoring report for 2023 that was performed on June 13, 2023.

<u>Results</u>
We noted the GDOT review was performed with no exceptions and no further action was required by the County.

COLUMBIA COUNTY, GEORGIA
PERFORMING ARTS CENTER
INTERNAL AUDIT

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Paul Wade, CPA

Members of Audit Committee
Board of Commissioners
Columbia County
Evans, Georgia

We have performed consulting services for Columbia County (the "County") relating to the evaluation of certain internal controls and operating procedures of the Performing Art Center's (the "Center") policies and procedures. Columbia County's management is responsible for the Center's internal controls and operating procedures. The evaluation procedures were those approved by the County. Our analysis and report do not include evaluating all internal controls over the Center.

The sufficiency of these procedures is solely the responsibility of the Audit Committee and management of the County. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures, results, and recommendations are outlined throughout this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements, or an element of a financial statement. 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 to you.

This report is intended solely for the use of the Audit Committee and management of the County and should not be used by anyone other than the specified parties.

We would be pleased to review these and any other matters further with you.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia
December 12, 2023

INTERNAL AUDIT OBJECTIVES

Our internal audit objectives were designed to:

- Obtain an understanding of the County's internal control system for the Center relating to the daily operations and procedures including:
    - Ticket and venue sales and revenue recognition
    - Expenditures and expenditure codification
    - Inventory processes and recordkeeping
- Design and execute tests of the policies and procedures for the various areas of the Center such as receiving payments for various events hosted at the Center.
- Determine if there are adequate controls to provide reasonable assurance that the County's assets are being properly safeguarded and errors or irregularities can be prevented or can be detected in a timely manner.
- Make recommendations to the County based upon our understanding of the internal control system and as a result of our testing of those internal controls.

SCOPE

Our internal audit scope was limited to the Performing Arts Center and internal controls relating to the adherence to policies and procedures. The internal audit focused primarily on the period July 1, 2022 to May 31, 2023but certain analyses may have been performed outside of that time period. Specific scopes and time frames of testing are stated within the body of this report, as identified in the table of contents.

The Performing Arts Center hosts performances as well as provides space to for rental to members of the community for various events.

Our testing focused on the following areas:

- Collection, deposit, and reconciliation of concessions, event rentals and other miscellaneous revenues;
- Expenditures including purchase requisitions and purchase card transactions;
- Other operational items such as employee timesheet procedures, inventory management, bank and merchant card reconciliations, and cash handling procedures.

METHODOLOGY

Our internal audit methodology included the identification, evaluation and testing of internal controls as they relate to the areas identified in the scope above. General internal audit procedures included:

- Interviewing the Center's personnel;
- Conducted inventory counts with Center personnel;
- Observing operations and conducting walk-through interviews; and
- Testing documentation such as purchase requisitions, purchase orders, purchase card statements, the Center's employee timesheets, general ledger entries and data, MUNIS reports, and other applicable data and documentation.

SUMMARY OF INTERNAL AUDIT RESULTS

- **Deposit Testing**
  - Event Rentals
    - Of the sixteen event rentals we tested, one licensing agreement could not be located by the department and two licensing agreements were not initialed by the licensee to acknowledge the receipt of contract addendums or to agree to provide evidence of liability insurance.
  - Concessions
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management regarding concessions.
  - Box Office Sales
    - We noted no exceptions in our testing and observation of the internal control procedures identified by management regarding box office sales.

- **Inventory Counts**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Purchase Requisitions**
  - Of the fifteen purchase requisitions we tested, we noted two expenditures for stagehand labor above $24,999 for which no formal bid process was documented. Management explained that only one vendor is available to provide stagehand labor for Broadway shows.

- **Purchase Card Transactions**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **Timesheets**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

- **General Inquiries and Observations**
  - We noted no exceptions in our testing and observation of the internal control procedures identified by management.

Deposit Testing

Background

Event Rental Payments - The Center receives funds from promotors and other community members for space rentals. The spaces available for rent are as follows, main lobby, museum, Windsor room, and theater. For event space rentals, the administrative assistant receives the deposit and enters the transaction into Civic Rec. Cash and check payments are sent to the Finance Department for deposit into the "PAC Concessions and Rentals Bank Account" while credit card payments are processed through Civic Rec and deposited into the same bank account.

Concessions Receipts - The Center runs multiple different concession stands for performances and events held throughout the year. The Center has four concession stands that sell a variety of items from alcoholic beverages, sodas, and snacks. The department currently uses the Touchbistro point of sales system to process the transactions. The Food & Beverage manager is in charge of running the concession stands for each event. Due to the number of events held during the year that use the concession stands, a 3rd party staffing agency is used to fill bartending positions for the events.

Box Office Sales – The Center sells tickets for events through Ticketmaster. Tickets sold online are paid out by Ticketmaster to the ticketing bank account and are kept in a holding accounting until the event is settled with the event organizer. Tickets sold at the box office also run through Ticketmaster and are held in a holding account until the event is settled.

Testing

Event Rentals - We obtained the listing of event rentals for the time period of July 1, 2022 through May 31, 2023. From the listing we haphazardly selected 25% of the total event rentals for that time range, making sure to test at least one per rental location. This gave us a sample of 16. We tested these selections for the following attributes:

- The licensing agreement was signed and a certificate of liability by the renter was available;
- The settlement statement at the end of the event is accurate with the final payment, or receipt of cash being paid or received in a timely manner;
- The amount selected from the listing agreed to the general ledger maintained by the Finance Department and was traced to the bank statement; and
- The fees charged to the event agreed to the approved fee schedule

Concessions Receipts - We obtained the listing of events that included concessions for the attendees from July 1, 2022 through May 31, 2023. From the listing we haphazardly selected 10 days of events. We tested the selections for the following attributes:

- The end of day reports provided by Touchbistro agrees to the department's concession reconciliation sheet and the bartenders end of event cash count sheet;
- The cash and credit card payments made are traceable to the bank statement; and
- The end of day payment amounts were properly entered into the general ledger by the Finance Department

Box Office Sales - We obtained all Ticketmaster reports for the date range July 1, 2022 through May 31, 2023. We judgmentally determined to test five months of box office sales as the reports are broken down by date, not by event. We tested the selections for the following attributes:

- The Ticketmaster sales and revenue reports amounts were deposited into the Centers' ticket bank account;
- The Ticketmaster consolidation sheet agrees to the Ticketmaster reports and bank statements; and
- The Ticketmaster sales were properly entered into MUNIS

<u>Results</u>
Event Rentals - Of the sixteen event rentals we tested, one licensing agreement could not be located by the department and two licensing agreements were not initialed by the licensee to acknowledge the receipt of contract addendums or to agree to provide evidence of liability insurance.

Concessions Receipts - We noted no exceptions in our testing.

Box Office Sales - We noted no exceptions in our testing.

<u>Recommendations</u>
We recommend the department retain all signed licensing agreements and ensure the licensee initials all sections before the event proceeds. Alternatively, the department may consider revising these forms to simplify their completion and prevent mistakes.

<u>Management's Response</u>

Management has improved their processes over the past year and has put measures in place to make sure all event contracts are accounted for and signed. The Performing Arts Center Office Administrator will work closely with the Performing Arts Center General Manager to audit each individual event and make sure all necessary paper work is accounted for each specific event.

Inventory Counts

<u>Background and Procedures</u>
The Food and Beverage Manager of the department uses an Excel spreadsheet to track drink and snack inventory used to stock the concession stands located throughout the Performing Arts Center. The locations where items are stored during the day include the four different bars, upstairs and downstairs kitchens, backstage, museum, coke coolers, and the liquor closet. The detail is further broken down by type of item (beer, wine, soda, snacks, etc.). The inventory detail is updated after each event.

<u>Testing</u>
We obtained an updated inventory count on the day we performed the inventory count on June 30, 2023. There we selected twelve items to count from the inventory detail sheet to the storage location. Then we selected eleven items from the storage location and found them on the inventory sheet.

<u>Results</u>
We noted no exceptions in our inventory counts.

BACKGROUND AND PROCEDURES,
TESTING, AND RESULTS

Purchase Requisitions

Background and Procedures

Most operating expenses of the Center are for staffing, advertising, and concessions. When the invoice arrives, the invoice is entered into Munis per County standard policies by the Administrative Assistant or the Manager responsible for the purchase. All purchases up to $4,999 are allowed by employees authorized to purchase goods and services on behalf of the County. Invoices for these purchases require the approval signature of the employee's supervisor. Purchases between $5,000 and $24,999 require a quote sheet with three to five price quotations attached. Purchases over $24,999 require a request for proposal (RFP)/bid and are processed through the Procurement Department.

There are tiers established within Munis for the approval of purchase requisitions. The signature process is performed electronically in Munis. Each person must approve the purchase requisition before it can be converted into a purchase order by the Procurement Department and printed from the system.

Testing

We obtained the purchase order detail from Munis for the time period of July 1, 2022 to June 30, 2023, and made fifteen selections from the detail. We examined the related purchase requisitions and purchase orders for proper approval. We verified that the payment amounts matched the payments due on the invoices. We verified the cancelled checks for proper amount and payee. We verified that written quotes or bids were solicited and documented when appropriate for the amount of the purchase.

Results

Of the fifteen purchase requisitions we tested, we noted two expenditures for stagehand labor above $24,999 for which no formal bid process was documented. Management explained there is only one vendor that can provide stagehand labor for Broadway shows.

Recommendation

We recommend that Management designate this vendor as a sole source and consider meeting with the Procurement Department and develop an ongoing contract with this vendor that can be approved by the Board of Commissioners.

Management Response

Management is working with Procurement and this vendor to develop a sole-source contract with the vendor that can be approved by the Board of Commissioners.

Purchase Card Transactions

Background and Procedures

The County has a purchase card program which is used to eliminate the need for small dollar purchase requisitions. The purchase card program utilizes the same dollar thresholds as the purchase requisition/order system along with the same approval process.

Purchase card transaction records are maintained electronically by Elan, a third-party payment processor. On a daily basis, the Procurement Department downloads a transaction record from Elan's website and imports the records into Munis. The expenses are initially recorded in Munis as uncategorized and maintained in a temporary holding account on the general ledger. When the transactions are imported into Munis, a designated individual within each department receives a notification that new transactions were entered that require coding and approval. At this point, the designated coders upload the receipts for each transaction and enter a line code corresponding with the nature of the expenditure. Once the receipts have been uploaded and all expenditures have been coded, the statement is released for approval by the cardholder's supervisor within Munis. On a biweekly basis, the Finance Department reconciles the charges back to a billing cycle statement provided by Elan and notifies the departments if there are any uncoded or unapproved transactions. Once all coded and approved charges have been reconciled to the statement, the purchase card transactions are posted to the general ledger as expenditures by the Finance Department Manager.

Testing

We obtained a listing of the purchase card statements from the Finance Department. We selected ten statements from July 2022 to May 2023 and viewed support in Munis at the Finance Department. We observed the original receipts scanned into Munis and proper approval. We determined the charges were for County use. We further observed the coding was appropriate in Munis.

Results

We noted no exceptions in our testing.

Timesheets

Background and Procedures

The Center uses the standard County timesheets, which are completed by each employee. Overtime is minimal and is only authorized (by the Branch Managers) when necessary. Any overtime during a pay period is explained at the bottom of the timesheet. The employees forward their timesheets to the Branch Managers biweekly for approval. Non-exempt employees must complete a timesheet for each payroll cycle; however, exempt employees do not have to complete a timesheet for each payroll cycle. Exempt employees are required to complete a leave request form and have the form approved if any leave is taken. Once the timesheets are approved, including overtime pay, they are forwarded to the General Manager for review and the Administrative Assistant inputs the time into Munis. Once all time has been entered into the Munis system, the Administrative Assistant prints out a report from Munis and makes copies of all timesheets. The Munis report and copies of the timesheets are forwarded to the Finance Department.

Non-exempt employees turn in timesheets bi-weekly to the General Manager. The General Manager approves the non-exempt employees' timesheets.

Testing

We obtained timesheets and direct deposit reports for the pay periods ending April 22, 2023, and May 6, 2023 from the Finance Department along with a copy of the payroll register. The payroll register is created from the timesheets. We verified that the proper number of hours was used to compute payroll during the pay period. We compared the payroll register to the direct deposit report or cancelled check to verify that the employee was paid the amount that was calculated from the hours on the timesheet.

Results

We noted no exceptions to any of the items that were tested.

General Inquiries and Observations

Background and Procedures

The Center maintains two cash safes on site. One is in the General Manager's office and the other is in the box office. The General Manager has access to both safes, while the Food & Beverage Manager only has access to the safe in the General Manager's office, and the Box Office Manager only has access to the box office safe. The safe in the General Manager's office holds $9,750. $250 is for petty cash and the remaining $9,500 are for the cash registers at the concession stands. The $9,500 consists of 19 $500 cash bags. Each bag represents the starting cash balance for the concession's registers.

Testing

We viewed the General Manager unlocking both safes and pulling out the cash bags. Under the supervision of department personnel, we counted all cash held in the box office and General Manager's safe. The results were tracked on a cash count sheet that were signed by the General Manager at the end.

Results

We noted no exceptions in our cash counts.