

MILWAUKEE COUNTY OFFICE OF THE COMPTROLLER

Comptroller Scott B. Manske, CPA



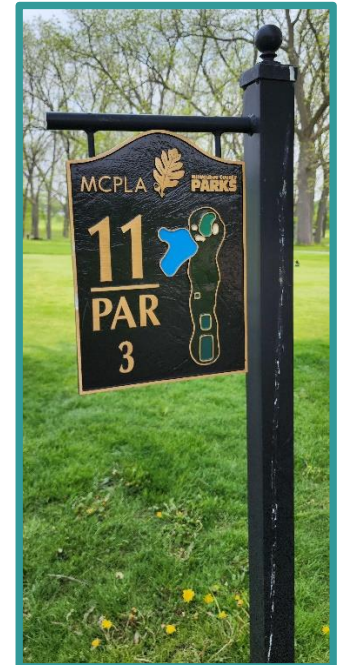
MILWAUKEE COUNTY AUDIT SERVICES DIVISION

Jennifer L. Folliard, Director of Audits
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Parks Cash Count:

Parks Made Strides in Fixing Issues
We Found This Summer; A Lack of
a Credit Card Interface Continues to
be Problematic

October 2023



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Office of the Comptroller
Audit Services Division

Milwaukee County

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To the Honorable Chairwoman
of the Board of Supervisors
of the County of Milwaukee

October 27, 2023

We have completed an audit; *Parks Cash Count: Parks Made Strides in Fixing Multiple Issues We Found this Summer; A Lack of a Credit Card Interface Continues to be Problematic*. Our report is based on an unannounced site visit this past summer. We found the Parks Department to be extremely responsive to issues we raised during our audit.

While we found minimal discrepancies in our count at the three County parks, we did find that there were discrepancies between credit card sales and the recording of credit card sales within the Parks point-of-sale (POS) system. The credit card reader and the POS system do not interact, so a manual entry is needed to the POS system when a credit card sale is made. We also found all three sites to be lacking a copy of the Parks' Cash Handling Manual. Having the manual at the sites could have resolved several instances of staff not in compliance with the guidelines in the Manual. The handling of employee tips lacked consistency across the sites. We found employees to not be reporting tips to the Payroll Division as required of employees by the IRS. However, Parks worked with the Payroll Division and revised the tips process as of September 2023. Due to a change in the process for entering data into the County's financial system, we were not able to test the posting of Parks revenue. The tracking of inventory and sales by beverage carts is also not centralized.

A response from the Milwaukee County Parks Executive Director is also enclosed. We appreciate the cooperation extended by Parks management and staff. Please refer this report to the Committee on Audit.

Jennifer L. Folliard
Director of Audits

JLF/mrp

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
David Crowley, Milwaukee County Executive
Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
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REPORT HIGHLIGHTS

Why We Did This Audit

We periodically conduct cash counts given the large amount of point-of-sale systems at various Parks locations. For this count, we also followed up on recommendations from our 2019 audit, which were not verified due to the pandemic.

What We Recommended

1. Parks continue to explore obtaining an interface to automate the entry of credit card sales into the Parks' POS system.
2. Parks provide a report to Audit with an updated status of the automated revenue recording process and the timeliness of the posting of revenue to the County's financial system.
3. Parks provide a report to Audit with an updated status of the new tip payment process.
4. Parks provide additional training to staff on the policies within the Cash Handling Manual with specific attention to items where we found staff not in compliance. In addition, provide an update to Audit Services on the potential implementation of a signature acknowledging receipt of and training on the Manual by staff for the summer 2024 season.
5. Parks consider the addition of beverage cart and Snack Shack inventory to its Cash Handling Manual and universally use the form already in place at some Parks.



October 2023

Parks Cash Count: Parks Made Strides in Fixing Issues We Found This Summer; A Lack of a Credit Card Interface Continues to be Problematic

Background and Overall Objective

Parks has 71 locations operating 114 cash registers. In 2022, \$21.0 million was collected by Parks via the cash register. Our objective was to test cash handling procedures at select County Parks including adherence to the Cash Handling Manual and timing of bank deposits, documentation, and posting of revenue.

What We Found

- Minimal cash discrepancies were found.
- We found discrepancies with credit card sales at five of six registers. Some of the discrepancies would not occur if the credit card reader was interfaced with the POS system.
- Three of five petty cash funds were missing logs.
- Eight out of nine bank deposits were on time.
- We could not test timeliness and accuracy of recording of revenue in the County's financial system due to a change to the recording process.
- Reporting of tips by employees to Payroll per IRS rules was not consistent. One out of five employees submitted proper paperwork. The remaining four had \$0.00 tips reported on their paychecks as of September 21, 2023.
- After our site visit, a new tip procedure was designed and implemented in September of 2023.
- Staff were not aware of nor following all policies within the Cash Handling Manual. After our June site visit a new Manual was issued. We visited 10 sites in September of 2023 and were shown the new Manual at nine of the sites.
- The tracking of inventory stock and sales for beverage carts and at the Snack Shack is decentralized. The system in use at Currie and Greenfield Golf Courses serves as a control and allows management to track loss due to error or theft. Proper inventory systems will also assist management in determining how much and which product stock to keep on hand.

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A cash count conducted on June 21, 2023 found minimal cash discrepancies but issues with credit card reconciliation were found. Due to changes within the County's financial system, we were unable to test the posting of revenue.

Page 12 **Section 2: Employee Tips**

Employee reporting of tips was inconsistent, but Parks worked with the Payroll Division to begin implementation of a new tip process in September of 2023 after our site visit.

Page 15 **Section 3: Fieldwork On-site Observations**

Our June visit found a lack of the Cash Handling Manual on-site but a follow-up visit in September found this issue remedied. Potentially due to a lack of the Manual in June, staff was not following all policies within the Manual. A comprehensive tracking system for beverage carts and Snack Shack should be considered for deployment at all Parks.

Page 20 **Exhibit 1: Audit Scope and Methodology**

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BACKGROUND

To provide recreational opportunities, Parks has 71 locations with 114 cash registers throughout the County. Revenues for these sites are generated by a variety of sales activities, most notably: rounds of golf, food, beverage and gift concessions, and admissions to pools and horticulture locations. According to Parks fiscal staff, the bulk of their revenues are keyed through cash registers. Revenues not accounted for by cash register sales are primarily related to vendor contract payments, facility rentals, grant funds, and administrative invoice payments.

According to Parks, in 2022 85% of all sales were recorded via a cash register compared to 77% in 2017. Table 1 contains the amounts received via cash registers for years 2017 to 2022.

Table 1
Annual Parks Revenue Received at a Cash Register
from Cash, Credit Cards, Gift Cards, and Rewards

	2017	2018	2019	2020	2021	2022
Total Actual Revenue (in millions)	\$20.5	\$20.0	\$20.2	\$16.5	\$21.7	\$24.7
Amount Recorded via Cash Registers (in millions)	\$15.7	\$14.1	\$15.2	\$14.6	\$19.6	\$21.0
Percent of Revenue Received from Cash Registers	76.6%	70.5%	75.2%	88.5%	90.3%	85.0%

Source: Audit Services Division table based on information from the Parks POS system.

Registers record revenue from cash, credit cards, gift cards, and redemptions from the Parks rewards program. The percentage of cash register revenue received in cash has dropped by over 8% since 2014. Table 2 shows the trend in cash sales from 2014, 2019, and 2022. In 2022, cash sales accounted for 19.5% of all sales. In 2014, it was 27.6% and in 2019, it was 24.5%.

Table 2
Total % of Register Revenue Received as Cash in 2014, 2019 and 2022
Versus Credit Cards, Gift Cards, and Rewards

	2014	2019	2022
% of Register Sales Received as Cash	27.6%	24.5%	19.5%

Source: Audit Services Division table based on information from the Parks POS system.

In recognition of the amount of revenue received via the Point-of-Sale (POS) system, we conducted unannounced cash counts in 2014 and 2019. Though the actual monetary discrepancies noted during both prior reviews were minimal, observations of cash handling procedures and discussions with staff indicated areas where internal controls could be improved. Since it has been four years and a pandemic since our last unannounced cash count, it was determined to be an appropriate time to conduct a new unannounced cash count for Parks.

Parks issued a Cash Handling Manual on March 9, 2020 that lays out many of its policies and procedures for staff who work in the POS system. We used this manual to establish criteria for our fieldwork. On July 17, 2023 after our on-site cash count, Parks issued an updated manual. We have noted in the audit report where significant changes have occurred.

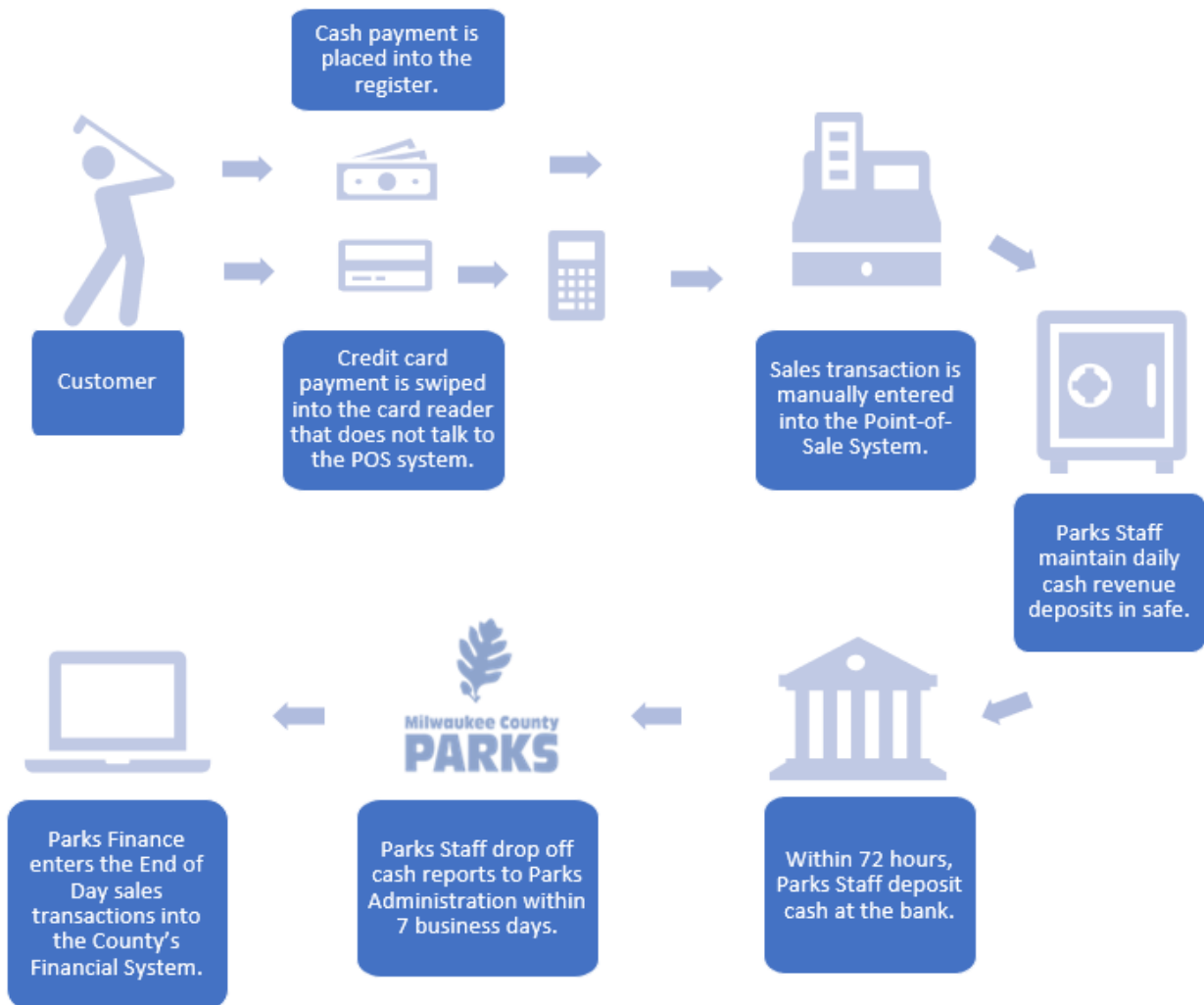
SECTION ONE: Cash Count Results

SECTION SUMMARY

A cash count conducted on June 21, 2023 found minimal cash discrepancies but issues with credit card reconciliation were found. Due to changes within the County's financial system, we were unable to test the posting of revenue.

There are several steps that occur from the point of sale at a park site to the recording of the revenue in the County's financial system. Figure 1 below details the life cycle of revenues collected at Parks.

Figure 1 – Lifecycle of County Parks POS Revenue
Based upon 2020 Cash Handling Manual



We used the 2020 Parks Cash Handling Manual to test policies and procedures.

Cash Count

On June 21, 2023, the Audit Services Division conducted an unannounced cash count at three golf course sites (Brown Deer, Currie, and Greenfield). All three sites had golfing operations for which sales were recorded. Two of the sites, Brown Deer, and Currie, had restaurants in operation that were included in the cash count. Currie's beverage cart was also included.

The 2020 Parks Cash Handling Manual was used for the policies and procedures cashiers and supervisor staff are to follow.

We selected the locations based on an analysis of gross revenue at golf and aquatic centers from 2019 to 2022. Due to the date of the cash counts, aquatic centers were not included since not all the centers were open for the season. Geographic considerations were also used to make final selections of the sites. As such, the results from this sampling approach cannot be applied to all Parks' sites.

Table 3 shows the net over or short at each cash register at the time of our count. Most variances shown were found during our credit card reconciliation, including the Brown Deer Tavern amount which was due to a timing issue and is discussed later in our report. At Greenfield Pro Shop the over in the cash of \$31.00 was mostly offset by a credit card short of \$32.65.

Table 3 Summary of Cash Register Credit Card Readers on June 21, 2023			
Location	Cash Over/(Short)	Credit Card Over/(Short)	Net Over/ (Short)
Brown Deer ProShop	(\$1.51)	\$0.00	(\$1.51)
Brown Deer Tavern	\$0.00	(\$105.50)	(\$105.50)
Currie ProShop	\$.11	(\$42.01)	(\$41.90)
Currie Restaurant	\$0.00	\$4.00	\$4.00
Currie Beverage Cart	\$0.00	(\$9.72)	(\$9.72)
Greenfield ProShop	\$31.00	(\$32.65)	(\$1.65)

Source: Audit Services Division table based on information from the Parks POS system and from site visits by Audit Services Division staff.

Count of Cash Sales Activity

At each site, we verified the amount of startup cash and change funds associated with sales. Five of the six registers had minimal, or no cash discrepancy. The largest variance we found was at the Greenfield ProShop which was an overage of \$31.00.

Five of six registers had minimal or no cash discrepancy.



Table 4 details the results of the cash portion of our count by location.

Table 4 Summary of Cash Register Cash Counts on June 21, 2023 at Time of Our Count					
Location	Cash Counted	Less Startup Cash	Net-Cash on Hand	Cash Per POS system	Over/ (Short)
Brown Deer ProShop	\$557.95	(\$200.00)	\$357.95	\$359.46	(\$1.51)
Brown Deer Tavern	\$382.25	(\$200.00)	\$182.25	\$182.25	\$0.00
Currie ProShop	\$734.89	(\$200.00)	\$534.89	\$534.78	\$0.11
Currie Restaurant	\$255.00	(\$200.00)	\$55.00	\$55.00	\$0.00
Currie Beverage Cart	\$160.50	(\$50.00)	\$110.50	\$110.50	\$0.00
Greenfield ProShop	\$1,161.69	(\$200.00)	\$961.69	\$930.69	\$31.00
Total	\$3,252.28	(\$1,050.00)	\$2,202.28	\$2,172.68	\$29.60

Source: Audit Services Division table based on information from the Parks POS system and from site visits by Audit Services Division staff.

The credit card reader does not talk to the POS system.

Count of Credit Card Sales Activity

At the time of our site visit 77.9% of all sales were from credit cards. We did a comparison from the credit card reader at each location to what was recorded in the POS system. The current procedure in place at Parks does not allow for an electronic interface between the credit card reader and the cash register. This results in a cashier running a credit card sale on the credit card reader and an additional step of manually entering the sale into the POS system.

According to interviews we conducted with Parks management, they have seen instances of cashiers mistyping the amount in the card reader which results for example, in a charge of \$0.56 instead of \$56.00. Another error that can occur is that a sale is entered into the POS system, but the cashier fails to run the credit card through the credit card reader resulting in the County not charging the customer. Finally, an error can occur where the credit card is charged appropriately for the item, but no entry is made into the POS system. This error may be corrected when the drawer is closed for the shift and the discrepancy is noted by the Supervisor or centrally by Parks Administration.

When credit card sales at the restaurants included employee tips, we used the net credit card sales with the tip funds removed. The credit card reader provides this calculation on its summary sheet.

Of the six registers we reviewed, only one, the Brown Deer ProShop, had no variance as seen in Table 5. Other items found include:

- The Brown Deer Tavern credit card reader was short (\$105.50) which was due to the ordering of food by the PGA event on-site that day which was run on the credit card at the end of the day.
- The Currie ProShop credit card reader was short (\$42.01). After we completed our count, an offsetting entry of \$42.01 was entered into the POS system and a "speed memo" sent to Parks Administration to explain that the charge in the POS was for one round of golf and one cart which were not used.

Most variances occurred between the credit card reader and the cash register.



- The credit card reader at the Currie Restaurant was over \$4.00.
- The credit card reader for the Currie beverage cart was short (\$9.72) due to the clerk not redeeming the credit card tips for the day which would have resulted in an entry of (\$9.72) in the POS system.
- The credit card reader for the Greenfield ProShop was short (\$32.65) possibly due to a POS entry as a cash sale instead of a credit card sale as discussed previously.

Table 5 Summary of Cash Register Credit Card Readers on June 21, 2023 at Time of Our Count			
Location	Credit Card Reader less tips	Credit Card Sales in POS	Over/ (Short)
Brown Deer ProShop	\$1,317.75	\$1,317.75	\$0.00
Brown Deer Tavern	\$390.50	\$496.00	(\$105.50)
Currie ProShop	\$3,127.47	\$3,169.48	(\$42.01)
Currie Restaurant	\$122.50	\$118.50	\$4.00
Currie Beverage Cart	\$44.50	\$54.22	(\$9.72)
Greenfield ProShop	\$2,455.05	\$2,487.70	(\$32.65)

Source: Audit Services Division table based on information from the Parks POS system and from site visits by Audit Services Division staff.

Credit Card POS Interaction

According to an interview with Parks Management, when the last POS contract was executed with the POS vendor, the option of a credit card interface was discussed. At that time, Parks Management decided it was too expensive and that the level of credit card use was not yet high enough for the interface to make sense.

According to Parks, they use a credit card reader that is linked to the US Bank system via a Countywide contract which prohibits interaction between the reader and the POS system. They are currently exploring the ability to implement an interface between the existing POS system and the credit card reader which may require using a non-US Bank reader.

In performing the review of the credit card sales at the three sites we visited we conducted an internal control review. As a part of that review, we identified concerns relating to the control activities due to the lack of the interface between the two systems. Management should design control activities to achieve objectives and respond to risk which the current lack of interface does not achieve.

Two out of three sites we visited had issues with credit card discrepancies which would have been eliminated if the POS system interacted with the credit card reader. We also found that there has been a continued decrease in the use of cash for payments at Parks facilities, therefore, we recommend:

1. Parks continue to explore obtaining an interface to automate the entry of credit card sales into the Parks' POS system and provide an update with the first Audit follow-up report to the County Board.

Count of Petty Cash Funds in Safe

One petty cash fund was over \$101.01
Three out of five lacked required logs.

We also counted cash we found in the safes at each site. Parks Administration provided a listing of total funds per site for both startup cash and petty cash to use to verify the amounts we counted. All funds matched the listing provided by Parks except for Brown Deer which had receipts and cash that totaled an overage of \$101.01.

The 2020 Manual requires a petty cash log with a daily count of the petty cash. We found no petty cash logs at Currie or Greenfield. Brown Deer's ProShop had a petty cash log that was reconciled twice a day. The Brown Deer Tavern had a petty cash log that was reconciled every couple of days per our on-site interview. The revised 2023 Manual requires the petty cash to be counted daily if utilized and weekly if not utilized and maintained on the log. Table 6 provides the summary of cash found in the petty cash fund.

Table 6
Count of Petty Cash In Safe on June 21, 2023

Location	Cash Counted	Authorized Petty Cash	Over/(Short)	Petty Cash Log?	Frequency of Reconciliation
Brown Deer ProShop	\$1,000.00	\$1,000.00	\$0.00	Yes	Twice Daily
Brown Deer Tavern	\$2,101.01	\$2,000.00	\$101.01	Yes	Every Couple of Days
Currie ProShop	\$800.00	\$800.00	\$0.00	No	Not performed
Currie Restaurant	\$800.00	\$800.00	\$0.00	No	Not performed
Greenfield ProShop	\$1,000.00	\$1,000.00	\$0.00	No	Not performed

Source: Audit Services Division table based on information from the Parks POS system, Parks Administration, and from site visits by Audit Services Division staff.

Count of Deposit Envelopes

We also counted any cash that was on hand in a Milwaukee County Parks deposit envelope waiting to be taken to the bank. All cash awaiting deposit was found located properly in the sites' safes. There were three envelopes, and we found no discrepancies with the count.

Review of Bank Deposits of Cash

Eight out of nine deposits were on time.

In addition to the proper handling of cash at the cash registers, the depositing of cash is an important part of the revenue process. We attempted to verify if cash deposits and recordings were consistent with the policies and procedures outlined in the 2020 Parks Cash Handling Manual.

The Manual states that all deposits should be deposited in the bank within 72 hours and includes a listing of required documents. We reviewed the nine deposits from the day of our cash count which totaled \$4,201.50 to verify the timeliness of bank deposits. Because the cash count was conducted on June 21, 2023, the due date for the bank deposits fell on June 24, 2023. We found that eight of the nine deposits were on time. The remaining deposit was dated on Monday June 26.

We also checked the deposit envelopes for all required documents. We found of the nine deposit envelopes:

- One had no name on the envelope.
- Two had no deposit slip.



- Two had no bank validation slip.
- Seven were missing initials on the deposit slip.
- Two were missing credit card batch reports.
- Two were missing a complete set of credit card slips.

For those items that are required documents, according to the Parks Finance Manager, she can obtain the necessary information from electronic systems from the bank and the credit card reader. We confirmed, via the bank statement, the date of deposit for the two deposits that were missing slips.

Deposit Information to Parks Administration

Daily deposit envelopes are dropped off by Parks staff to Parks Administration which then stamps the envelopes received with the date. Parks Administration staff verify the documents match with the POS system and enter the information into an internal spreadsheet they maintain to track revenue. If the amounts do not match, an over or short entry is created by Parks Administration. The 2020 Manual states that this information should be received within seven days after the deposit day or three days if it is the end of the month. The 2023 Manual changes it to the 10th business day. We found all the deposits to have been received by Parks Administration on time per the 2020 Manual. On September 12, 2023 we were provided by the Parks Finance Manager a set of standard operating procedures for Parks Finance to follow upon receipt of deposit envelopes from sites.

Recording of Revenue in the County's Financial System

In addition to depositing the funds at the bank, the recording of the revenue in the County's financial system, INFOR, must also occur. The revenue posting process has been changed via the use of an automated interface from the Parks POS to INFOR, going back to January 2023. This required Parks to change its revenue posting process. While the automation process has begun, we were unable to perform testing on the process since it was not finalized at the time our fieldwork was complete.

Due to the importance of accurate and timely posting of revenue into the INFOR system, we recommend:

2. Parks provide a report with an updated status of the automated revenue recording process and the timeliness of the posting of revenue to the County's Financial System with the first Audit follow-up report to the County Board.

Due to a system change, we were unable to test timeliness and accuracy of recording of revenue in INFOR.

SECTION 2: Employee Tips

SECTION SUMMARY

The 2020 Manual was silent on employee tips.

Employees are required to report bi-weekly tips even if \$0 tips were received.

Employee reporting of tips was inconsistent, but Parks worked with the Payroll Division to begin implementation of a new tip process in September of 2023 after our site visit.

Employees at two of the three sites we visited received both cash tips and tips from credit card sales. The 2020 Parks Cash Handling Manual does not include any statements regarding tips. According to Parks Management, employees who receive tips via a credit card sale were to take the equivalent amount of cash out of the cash register at the end of their shift.

The IRS has three requirements of tipped employees. Employees are required to keep a daily tip record, report their tips to the employer (unless the total is less than \$20 per month) and report all tips on an individual income tax return. Per the IRS, employees must report tips to payroll by the 10th of the month after tips are received.

The IRS requires the County to withhold taxes based upon wages and tip income received by the employee. In addition, the County is required to pay the employer share of Social Security and Medicare taxes based on the total wages paid to tipped employees as well as the reported tip income. The County is not liable for the share of unreported tips by an employee until the IRS notifies them.

According to the County's Director of Payroll & HRIS Interface for the County, Parks is currently the only department with staff receiving tips. Parks has an electronic form that is available to Parks employees to use to report their tip earnings directly to Payroll. Payroll then includes the information on the employee's paycheck, and subsequently their W2, as taxable income. The onus for the completion of the form is on the employee per the IRS rules. The online form used by Parks instructs employees to report any tips bi-weekly. The form is due on or before the Thursday following the pay period. The instructions include requiring a report of \$0.00 if no tips were received. Figure 2 shows the form employees are to complete.

Figure 2 – Parks Employee Tip Reporting Form

The screenshot shows a web-based form titled "Milwaukee County Employee Bi-Weekly Tip Report". The form is set against a light green background with a pattern of stylized trees and leaves. It includes the following fields and instructions:

- Name ***: Two input fields for "First" and "Last".
- Email ***: A single input field.
- Clock Number (Do NOT include the "001" following your 6-digit clock number that you use when punching) ***: An input field with the instruction "Enter your 6-digit clock number here". Below this is a note: "If you do not know your clock number, call the Parks HR Partner, Mira Hayes, at 414-257-4785".
- Dates of Pay Period that has ENDED ***: A dropdown menu with the instruction "Select the Pay Period from this drop-down list". Below the dropdown is the text "Select the Pay Period that has ENDED".
- Total CASH TIPS Received in Pay Period you are reporting ***: An input field. Below this is a note: "Do NOT include credit-card tips or hourly wage. If no cash tips were received, enter 0".
- Submission Instructions**: At the bottom, it states "Submit this report for each Pay Period, on or before the THURSDAY FOLLOWING THE END of the Pay Period." and "If you do not receive a confirmation in the email account you supplied, your report may be INCOMPLETE."

Four out of five employees from our site visits failed to submit a tip form to Payroll.

While the onus remains on the employee to report the tips to payroll and to the IRS, the IRS does include language in its guidelines that the employer is not liable for the share of unreported tips “until the IRS notifies them.” Considering this, we attempted to review compliance by employees who received tips or had tips in the safe on the day of our cash count. We are unable to verify the amount of cash tips received by an employee on the day we conducted our site visit. Since the credit card reader records the tip amount, we could see any employees that received more than \$20.00 in tips via credit card payments. All employees who worked at a site with tips should provide a report to payroll even if the reported tip amount is \$0.00. We also reviewed employees’ paychecks to see what year-to-date tips had been reported as of September 21, 2023.

We found that only one out of five employees submitted a tip form to Payroll. The remaining four employees did not submit a tip form and had \$0.00 tips reported on their paycheck year-to-date as of September 21, 2023. Table 7 shows the credit card tip information, the amount reported to payroll, and the year-to-date tip amount within the payroll system by employee.

Table 7 Reporting of Tips by Employees Who Worked on June 21, 2023			
Employee	Tips Received via Credit card on 6/21/23	Tips Reported to Payroll for Pay Period 6/24/23	YTD Tips in Payroll as of 9/21/23
Brown Deer #2*	\$40.00	No form submitted	\$0.00
Brown Deer #4*	\$40.00	\$28.00	\$121.00
Brown Deer #11*	\$40.00	No form submitted	\$0.00
Currie #1	\$0.00	No form submitted	\$0.00
Currie #2	\$22.00	No form submitted	\$0.00

*Brown Deer pools their tip money for cashiers who worked that day. There were \$120 total credit card tips received on June 21, 2023 which for illustrative purposes, Audit allocated out to the three cashiers who worked that day.

Source: Audit Services Division table based on information from the Parks POS system and from site visits by Audit Services Division staff.

Cash Tips at Brown Deer Safe

When we conducted our count at Brown Deer, we found cash in the Tavern safe in Ziploc baggies that was employee tip money. Ten bags had individual employee names on them, and three bags contained cash which had yet to be distributed to employees. According to the Parks Supervisor on-site, tips are divided among the Parks concessions staff. We counted a total of \$1,270.25.

According to Parks Administration, the amount of cash tips within the safe was not surprising due to the sharing of tips received and the rotation of staff that occurs. There were two employees who had terminated at the time we did our count who had tip money remaining in the safe. According to Parks Administration, these funds will be deposited into the County’s bank account.

We reviewed the employees’ payroll information to see if employees had year-to-date tips reported as of September 21, 2023. We found that four of the ten employees had not reported any tips. While the remaining six employees had reported tips, only two had reported amounts that were more than the cash within the bags in the safe.

The Brown Deer safe contained \$1,270.25 in employee tips.



Table 8 shows the Brown Deer tips by employee, amount, and year-to-date tips within the payroll system.

Bag Label	Tip Amounts in Safe	YTD Tips in Payroll as of 9/21/23	Variance
Brown Deer #1	\$136.25	\$15.00	(\$121.25)
Brown Deer #2	\$56.25	\$0.00	(\$56.25)
Brown Deer #3	\$71.00	\$0.00	(\$71.00)
Brown Deer #4	\$147.50	\$121.00	(\$26.50)
Brown Deer #5	\$36.25	\$23.00	(\$13.25)
Brown Deer #6	\$68.00	\$77.50	\$9.50
Brown Deer #7	\$38.00	\$70.00	\$32.00
Brown Deer #8	\$92.00	\$40.00	(\$52.00)
Brown Deer #9	\$156.50	\$0.00	(\$156.50)
Brown Deer #10	\$30.50	\$0.00	(\$30.50)

Source: Audit Services Division table based on information from the Parks POS system and from site visits by Audit Services Division staff.

Proposed Changes to Tip Payment

We were informed by Parks that there is a change to the process for tips effective September 17, 2023. The tip form will still be utilized by Parks for cash tips including the continued requirement of reporting \$0.00 tips. The form will no longer include tips received by credit card or prepaid via a check for a rental. Parks provided us with a new Tip Procedure which is detailed below.

For cash tips, the tip forms will be completed weekly and submitted to Parks Finance. Currently, the forms completed by employees go directly to Payroll. Under the new system, Parks Finance will compile a spreadsheet for Payroll to enter employees cash tips as taxable income and deduct the appropriate payroll taxes from their paycheck. Parks Finance will now monitor the forms submitted and will notify site managers of employees who are not submitting forms or not submitting forms timely. A reconciliation of the tip amount reported is not possible with cash tips as Parks has no record of cash a customer may give to an employee.

For credit cards and rental check tips, managers at sites will provide the appropriate amount by employee to Parks Finance weekly. Parks Finance will reconcile total tips by site to total tips paid and provide information to Payroll for payment and payroll tax withholding on the employee's bi-weekly check.

While we found multiple issues with non-reporting of tips and a large amount of tip funds within the Brown Deer safe, the new process on tips was not fully implemented at the time we concluded our fieldwork. We were informed by the Parks Finance Manager that the implementation had begun as planned on September 17, 2023 which did not allow us sufficient time to test the new process, therefore, we recommend:

3. Parks provide a report with an updated status of the new tip payment process with the first Audit follow-up report to the County Board.

In September of 2023, a new tip process was implemented.

SECTION 3: Fieldwork On-site Observations

SECTION SUMMARY

Our June visit found a lack of the Cash Handling Manual on-site but a follow-up visit in September found this issue remedied. Potentially due to a lack of the Manual in June, staff was not following all policies within the Manual. A comprehensive tracking system for beverage carts and Snack Shack should be considered for deployment at all Parks.

Inconsistent Use of the No Sale Button/Register Key

According to the 2020 Manual, access to the cash register to provide change to a customer should be done via the No Sale Button. The POS system tracks how many times a day the No Sale Button is used which per the 2020 Manual is monitored by on-site supervisors. Cashiers can also open the register drawer using the cash register key which leaves no record of the activity. The 2023 Manual added the statement, “The cash drawer key is not to be used” under the No Sale Button section.

We asked cashiers at all three sites how they provide change to a customer. We were told that at Currie ProShop they use the register key rather than the No Sale Button while the restaurant uses the No Sale Button. At Greenfield two cashiers said they use the No Sale Button while two cashiers stated they use the register key. At Brown Deer the staff stated they used the No Sale Button.

Register Key Storage

The 2020 Manual states that the register key should always be secured in the locked safe. We found the key was not located in the safe at all three sites.

The 2023 Manual no longer requires the key to be stored in the safe. The 2023 Manual requires the key to remain out of the cash drawer. It also states that the register key is not to be used to provide change to customers, transfer money from the safe, or to get change from the safe.

Identification Requested by Cashiers

The 2020 Manual states that auditors performing a cash audit “must present a valid County issued ID prior to allowing them access to the cash drawer or safe.” We were requested to show identification at Currie and Brown Deer prior to accessing cash. At Greenfield, we were given access to the cash register without a request to provide identification but when we asked for access to the safe, identification was requested.

Safes

Each site that we visited had at least one safe that was used to securely store petty cash funds and funds awaiting deposit. According to the Safety, Security and Training Manager, safe codes are updated every two years and whenever an employee is terminated for cause. We did not encounter any issues with our review of the safes at the sites.

At two out of three sites we were required to show identification prior to obtaining access to cash.



None of the locations had the 2020 Manual on-site the day of our June visit.

Cash Handling Manual

Audit Services Division verified whether policies and procedures are in place for key operational and fiscal transactions. As previously noted, the most prominent source for this information was the 2020 Parks Cash Handling Manual. The Manual provides a detailed listing of policies and procedures that cashiers should be following.

As a part of our review, we asked at each location if the cashiers on-site that day had access to the Manual. We did not find the Manual at any of the sites we visited. Based upon our interviews many of the staff were unaware of the Manual or showed us a POS Manual instead. We had found in our prior audit in 2019, a lack of the Manual at half of the locations we visited.

As previously noted, Parks issued a new manual dated July 17, 2023. We were informed by Parks administration that the Manual had been distributed to all sites by early August. We conducted a follow-up check on the distribution of the 2023 Cash Handling Manual at the 10 golf courses in operation with cashiers in September of 2023. At all sites but one, a staff member was able to show us a copy of the 2023 Manual. At the remaining site, the cashier could not locate the Manual but was aware that a new Manual had been distributed.

Significant changes between the 2020 and 2023 Cash Handling Manual that have not been discussed elsewhere in this report include:

- Changing the requirement that all customers be given a paper cash receipt to the requirement of offering all customers a receipt.
- Blank deposit slips are no longer required to be stored in a confidential and secure location.
- All deposits are required within a 72-hour period regardless of amount. Removed prior daily deposit requirement if cash was over \$4,000.
- A section on Tips was added to the 2023 Manual.

A new Manual was issued in July. We visited 10 sites in September. Staff at all sites were aware of the new Manual.

According to an interview with the Parks' Financial Manager, the goal is to create a manual that is site specific, (e.g., one for golf, or restaurant) which will include the Cash Handling Manual. The training of staff will be left up to the site but there is an expectation to see a signature stating that employees have been trained. At this point, the Financial Manager anticipates implementing these changes next spring.

We found all sites lacking the 2020 Manual on our cash count day but found Parks Administration to have corrected this with the updated 2023 Manual found at all but one location. There were several policies within the Manual that were not currently being followed, therefore, we recommend:

4. Parks provide additional training to staff on the policies within the Cash Handling Manual with specific attention to items where we found staff not in compliance. In addition, provide an update on the potential implementation of a signature acknowledging receipt of and training on the Manual by staff for the summer 2024 season with the first Audit follow-up report to the County Board.

Parks conducted background checks on non-County contract employees who handle cash.

Cameras

Since our last cash count in 2019, we found that Parks have now installed working cameras that are pointed at the registers. In an interview with the Safety, Security and Training Manager, we were informed that only a few people in the County can use these cameras. The installation of these cameras took place in 2020. The project consisted of wiring, adding more cameras, and making sure they were pointed at the registers. This project took a year to complete. The manager can monitor the camera via an app upon his phone.

Background Checks on Non-County Employees

In our 2019 audit, we found that Parks Administration was unsure whether background checks were conducted on the non-County contract employees who handle cash. We included a recommendation in 2019 that Parks verify if background checks have been conducted on non-County contract employees who handle cash.

For the 2023 audit, there were two employees at our site visits who were non-County contract employees hired after the 2019 audit. We were provided documentation, which was confirmed by an interview, that background checks had been conducted.

DEI Analysis

As a part our audit program, while we conduct our review of the subject matter, we also perform a diversity, equity, and inclusion analysis. While we found one potential issue with a cashier who indicated accepting checks only from people he knew, when we raised the issue with the Parks' Financial Manager, the number of checks received by Parks each year was almost nonexistent. We did not find any issues with our fieldwork observations noting that signage to the buildings were clear, prices were posted, and a Cash Handling Manual exists with policies in place that if adhered to should provide for equitable treatment of all customers.

Beverage Cart and Snack Shack Inventory

Beverage Cart inventory procedure is inconsistent.

When we conducted our site visit, we found the sites handled their inventory differently for beverage carts and the Snack Shack located at Brown Deer. We confirmed with the Parks Finance Manager that this process is not currently centralized. There is no discussion of how to track beverage cart/Snack Shack inventory in either the 2020 or 2023 Manual.

The operation of beverage carts and the on-course Snack Shack at Brown Deer where cash sales are operating with limited ability to supervise creates a potential area in need of a control which would allow management to track loss due to error or theft. Proper inventory systems also assist management in determining how much and which product stock to keep on hand.

We were shown an inventory tracking sheet while on our site visit at Currie and found the deposit envelope for Greenfield contained a similar sheet. This tracking sheet required the employee to fill out a log with the count of each item on the cart, how many sales of that item occurred, a count if items were added throughout the shift and a count of how many remained on the cart at the end of the shift.

In addition, the Currie inventory sheet showed a calculation that noted total sales of \$164.50 while the POS system showed sales of \$164.72. At Brown Deer, staff merely used a handwritten note of what items needed restocking.

Figure 3 is a copy of the inventory sheet from the Currie Golf course beverage cart. Figure 4 is a copy of the handwritten note from Brown Deer golf course noted what needs restocking.

Figure 3 – Currie Park Inventory Sheet

Products	Start	+	Add	- End Inventory	Sold	Bov Tickets	Grand Total	x	Price	Revenue
Example: example can beer	12	x	48	12			48	x	\$6.00	\$288.00
Beer: 16 oz Hamm's	1	+			-			x	\$3.00	
12 oz. Non-Alcoholic	1	+			-			x	\$3.00	
Beer / Seltzer	50	+	8+2	49	11	-	11	x	\$6.00	66
Soda: 20 oz. Bottle	10	+	2+4+1	9	8	-	8	x	\$3.50	28
Gatorade: 20 oz. Bottle	12	+	4+4+3	10	13	-	13	x	\$3.50	45.50
Water: 20 oz. Bottle	6	+	3	6	3	-	3	x	\$3.00	9
Candy	15	+	3	13	5	-	5	x	\$2.00	10
Chips	6	+	1	6	1	-	1	x	\$2.00	2
Beef Stick	5	+	0	3	2	-	2	x	\$2.00	4
WC	12	+	0	12	0	-	0	x	6	0
		+				-		x		164.50

Comments: 6 pack of beer = \$30.00

Total Revenue: \$ 164.50

54.22

110.28

110.50

27

Figure 4 – Brown Deer Park Inventory Sheet



Due to the potential for misuse for the sales that occur remotely with limited supervision along with the existence of a form at Currie and Greenfield that allows for a check on employees, we recommend:

5. Parks consider the addition of the handling of beverage cart and Snack Shack inventory to its Cash Handling Manual and explore standardizing the tracking of inventory based upon the form already in use at Currie and Greenfield Park.

EXHIBIT 1 - AUDIT SCOPE AND METHODOLOGY

We periodically conduct cash counts given the large amount of point-of-sale systems at various Parks locations. For this count, we also followed up on recommendations from our 2019 audit which were not verified due to the pandemic. Our audit objectives included: test cash handling procedures at select County Parks sales locations; confirm the process by which the Cash Handling Policy & Procedure Manual is being distributed; confirm that staff is appropriately trained and is following the criteria found within the Manual; confirm that background checks are being completed for any non-County employees who have access to cash and test compliance to cash handling procedures as it relates to the timing of Parks bank deposits, cash receipts and documentation and posting of revenue in the INFOR system that is sent to Parks' Administration.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our focus was limited to performing a review of Parks cash handling policies and employees following those policies at three sites on June 21, 2023. We also conducted a bank deposit test and the auditing of Parks sales revenues collected via County-operated Point of Sales (POS) cash systems. A second site visit was made to ten golf courses on September 8, 2023 to verify the distribution of the 2023 Cash Handling Manual. The audit review consisted of the following:

- Reviewed the 2014 and 2019 Parks Unannounced Cash Count Audit report and the County Board and Committee status reports pertaining to the report.
- Reviewed the County's Administrative Manual of Operating Procedures to ensure compliance with federal, state and local laws.
- Reviewed Parks adopted operating budget information and obtained Parks' fiscal reports for the years 2019 – 2022 to select sites to sample based on golf revenue, geography, and previous audit activity in addition to the seasonal schedule. Selected the locations based on an analysis of gross revenue at golf and aquatic centers from 2019 to 2022. Due to the date of the cash counts, aquatic centers were not included. Geographic considerations were also used to make final selections of the sites. In September, we conducted a follow-up visit to all 10 golf sites open with a cashier on-site to verify if the new 2023 Manual had been distributed. As such, the results from this sampling approach for both site visit dates cannot be applied to all Parks' sites.
- Identified and assessed internal controls relative to the audit objectives including concerns related to control environment, control and monitoring activities, and information and communication. In performing the review of the credit card sales at the three sites we visited we conducted an internal control review. As a part of that review, we identified concerns relating to the control environment, control and monitoring activities due to the lack of the interface between the two systems.

- Obtained and reviewed Parks 2020 and 2023 administration policies regarding finance and cash handling.
- Conducted three site visits and walkthroughs of the cash handling process.
- Observed the sales area and safe locations.
- Counted cash on hand in registers, petty cash, start up cash, change funds and all other cash maintained in locked safes.
- Obtained detailed transaction reports to verify transactions and receipts, overages, and shortages, and “No Sale” transactions, voids, and cancellations were recorded.
- Observed and interviewed staff responsible for handling cash on how transactions are recorded. Determined if staff had a copy of the 2020 Cash Handling Manuals and if they have been trained.
- Reviewed Petty Cash log for daily entries.
- Compared results of cash count with recorded sales and authorized petty cash/startup/change cash funds.
- Compared cash handling procedures with those required by the 2020 Parks Cash Handling Manual to determine compliance.
- Interviewed Parks Administration employees at the selected sites and confirmed continued implementation of previous audit recommendations.
- Obtained and reviewed Parks June 2023 bank statement.
- Obtained and reviewed Parks cashier payroll checks and tip reporting forms for conformance with tip reporting procedures. Obtained and reviewed Parks staff tip forms for compliance to Tip reporting procedures.
- Interviewed Central Payroll staff regarding Parks tip reporting policy.
- Reviewed the IRS regulations regarding reporting of employee tips.
- Reviewed Milwaukee County Finance System for Parks posting of concession revenue in INFOR.
- Obtained and reviewed evidence of background checks on non-County staff who handle cash.
- Obtained and reviewed bank deposit timelines and required paperwork submission from Parks.

- Conducted a visit in September of 2023 to confirm that the new 2023 Parks Cash Handling Manual was on-site at 10 locations.
- Interviewed the Safety and Security Manager regarding the use of cameras at the Parks.
- Conducted a DEI review while in the field and while reviewing Cash Handling Manuals.

Milwaukee County Parks
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Date: October 30, 2023

To: Jennifer L. Folliard, Director of Audits
From: Guy D. Smith, Executive Director, Parks
Subject: Cash Count Report

Conclusions and Recommendations:

1. Parks continue to explore obtaining an interface to automate entry of credit card sales into the Parks' POS system.

Parks Response: An amendment to the contract with Vermont Systems, provider of point-of-sale system for Parks, is forthcoming for action in the December cycle of the County Board. Parks will be adding the credit card integration, PayTrac, into the existing point-of-sale system, RecTrac. Implementation will begin in 2024 with the hope of having all sites completed by mid-2024.

2. Parks provide a report to Audit with an updated status of the automated revenue recording process and the timeliness of the posting of revenue to the County's financial system.

Parks Response: As of October 2023, Parks has posted and approved revenues from January to August 2023 utilizing the automated process. Parks intends to post October and November 2023 revenues in November 2023 and December 2023 revenues in December 2023. At that point, Parks will be current on postings and will post revenues in the month in which they occur.

3. Parks provide a report to Audit with an updated status of the new tip payment process.

Parks Response: As of September 17, 2023, Parks has implemented the new tip payment process through payroll. Parks reconciles tip revenues on a weekly basis and provides a file to Central Payroll for both credit card/check and cash tips. Parks employees are now paid credit card and check tips on a bi-weekly basis along with being taxed for cash tips.



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4. Parks provide additional training to staff on the policies within the Cash Handling Manual with specific attention to items where we found staff not in compliance. In addition, provide an update to Audit Services on the potential implementation of a signature acknowledging receipt of and training on the Manual by staff for the summer 2024 season.

Parks Response: In 2024, Parks will be implementing a new training manual which will include a copy of the cash handling manual within. Trainings will be scheduled with the site managers and will be attended by Parks Finance personnel. Trainings will be provided to employees with a focus on items that were found not in compliance by the Audit Report. Each site will conduct training for all employees. Upon completion, each employee at each site will sign off on a tracking sheet for that site acknowledging completion of the training. Parks Finance will track compliance and keep copies of all completed sign off sheets.

5. Parks consider the addition of beverage cart and Snack Shack inventory to its Cash Handling Manual and universally use the form already in place at some Parks.

Parks Response: Parks will add the beverage cart and Snack Shack inventory to its Cash Handling Manual in 2023 with the goal of universal utilization of the form in 2024. This will be part of the 2024 trainings.



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MILWAUKEE COUNTY

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