



Office of the Comptroller
Audit Services Division

Milwaukee County

Jennifer Folliard, Director of Audits
Molly Pahl, Deputy Director of Audits

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

November 13, 2019

We have completed an audit of the Department of Parks, Recreation and Culture's point of sale cash handling procedures.

While our summertime cash counts did not find any major variance, we have included recommendations in the enclosed audit report which focus on updates to the Parks Cash Handling Manual and informing and distributing the manual to all 75 sites with a point of sale register for Parks.

A response from the Parks, Recreation and Culture Executive Director is also enclosed. We appreciate the cooperation extended by Parks management and staff.

Please refer this report to the Committee on Finance and Audit.

A handwritten signature in blue ink that reads "Jennifer L. Folliard".

Jennifer L. Folliard
Director of Audits

JLF/mrp

Attachment

cc: Scott B. Manske, Milwaukee County Comptroller
Chris Abele, Milwaukee County Executive
Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors
Milwaukee County Board of Supervisors
Guy Smith, Executive Director, Department of Parks, Recreation and Culture
Teig Whaley-Smith, Director, Department of Administrative Services
Kelly Bablitch, Chief of Staff, County Board Staff
Joe Lamers, Fiscal & Budget Administrator, Department of Administrative Services
Steve Cady, Research & Policy Director, Office of the Comptroller
Janelle Jensen, Legislative Services Division Manager, County Clerk's Office

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: November 13, 2019
To: Guy Smith, Executive Director, Department of Parks, Recreation & Culture
From: Jennifer Folliard, Director of Audits
Subject: Unannounced Parks Cash Counts

Background

The Department of Parks, Recreation and Culture (Parks) strives to steward a thriving parks system whose mission is to positively impact every Milwaukee County park visitor. Parks oversees the operation and management of a County park system with over 15,000 acres, 157 parks, 11 parkways and a 210-mile trail system. The 2019 Adopted Budget for Parks included \$36.9 million in expenditures and \$21.0 million in revenues which results in tax levy funding of \$15.9 million.

In order to provide its recreational opportunities, Parks has 75 locations with 115 cash register points of sale 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. Table 1 contains the amounts keyed via cash registers for years 2017 and 2018. In 2018, 70.9% of all sales were recorded via a cash register compared to 85.7% in 2013. Overall revenues increased from \$17.8 million in 2013 to approximately \$20.0 million in 2018.

Table 1
Percentage of Parks Revenue Recorded by Cash Registers

	<u>2017</u>	<u>2018</u>
Total Actual Revenues	\$20,528,774	\$19,965,665
Amount Recorded via Cash Registers	\$15,691,272	\$14,149,001
Percent of Revenues Received from Cash Registers	76.4%	70.9%

Source: Audit created table based on calculations from Parks Administration.

Revenues not accounted for by cash register sales are primarily related to vendor contract payments, facility rentals, revenues collected by other departments and credited to Parks via journal voucher entries (such as state grant funds received by the Treasurer's Office), and administrative invoice payments.

In recognition of the amount of cash received via the Point of Sale (POS) system, Audit Services Division conducted an unannounced cash count in 2014 of four park sites. Though the actual monetary discrepancies noted during the 2014 review were minimal, observations of cash handling procedures and discussions with staff indicated areas where internal controls could be improved. Since it has been five years since our last unannounced cash count, it was determined that it was an appropriate time to conduct a new unannounced cash count for the Parks. During the course of our work, the Supervisor at Dretzka informed us that Parks Administration will occasionally conduct unannounced cash counts at sites. Parks Administration indicated the last internal audit was conducted in late 2017 or early 2018.

On August 14, 2019, the Audit Services Division conducted an unannounced cash count at four sites (Dretzka, Grant, Hansen and Kosciuszko). Three of the four sites had golfing operations for which sales were recorded while one site, Kosciuszko, operates the Pelican Cove Aquatics Center. Three of the sites also operated food and beverage concession areas although we focused our count on the registers for recreational activities only. We counted all sales activities for that day up to the point of our arrival, including applicable startup cash and change funds. We also counted the small petty cash funds used to make minor purchases as needed at Dretzka, Grant and Hansen. If the on site safe contained any cash awaiting deposit, that was also counted.

In order to verify that the cash amounts in the drawers and safes were accurate, we obtained sales data from the Parks (POS) system. This data shows the total sales at our locations from the start of the day until the unannounced count which was typically early afternoon. Table 2 shows the distribution of sales for the Parks we reviewed by cash, credit card, gift card and rewards program. Pelican Cove's admission register had not yet had any sales at the time we arrived. As can be seen, cash sales accounted for over 24.5% of all sales. In comparison when we performed the 2014 cash count, 27.6% of all sales were cash sales.

Table 2
Summary of Sales by Type for Parks on August 14, 2019

<u>Location</u>	<u>Dretzka</u>	<u>Grant</u>	<u>Hansen</u>	<u>Pelican Cove</u>	<u>Total</u>	<u>Percent of Share</u>
Cash Sales	\$372.76	\$182.67	\$47.00	\$0.00	\$602.43	24.5%
Credit Card Sales	\$719.51	\$852.17	\$153.50	\$0.00	\$1,725.18	70.1%
Gift Cards	\$27.00	\$69.24	\$8.00	\$0.00	\$104.24	4.2%
Rewards Program	\$0.00	\$20.75	\$7.50	\$0.00	\$28.25	1.2%
Total	\$1,119.27	\$1,124.83	\$216.00	\$0.00	\$2,460.10	

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

Results of Site Reviews

As was found in 2014, the actual monetary discrepancies noted during our review were minimal, however, observations of cash handling procedures and discussion with staff indicated areas where internal controls could be improved.

Count of Sales Activity

For the sites with golf courses, our cash counts were limited to sales recorded for golf activity. We did, however, verify the amount of startup cash and change funds associated with sales, as well as petty cash funds maintained in the sites' safes. As can be seen in Table 3 there was no variance at Dretzka, a variance of (\$0.06) at Hansen and a variance of \$0.20 at Grant. At Pelican Cove, we found a variance in the startup cash of (\$10.00), however, as shown in Table 4, the Pelican Cove safe contained \$15.10.

Table 3
Summary of Cash Register Counts

<u>Location</u>	<u>Cash Counted</u>	<u>Startup Cash Fund</u>	<u>Cash on Hand Less Startup Fund</u>	<u>Total Cash Sales Per Register</u>	<u>Over (Short)</u>
Dretzka Pro Shop	\$572.76	\$200.00	\$372.76	\$372.76	\$0.00
Pelican Cove Admissions	\$90.00	\$100.00	(\$10.00)	\$0.00	(\$10.00)
Hansen Admissions	\$196.94	\$150.00	\$46.94	\$47.00	(\$0.06)
Grant Admissions	\$382.87	\$200.00	\$182.87	\$182.67	\$0.20
Total	\$1,242.57	\$650.00	\$592.57	\$602.43	(\$9.86)

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

Count of Funds in Safe Excluding Deposits

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 for us to use to verify the amounts we counted. The safes contained petty cash funds at Dretzka of \$800, Hansen of \$500 and Grant of \$600. Hansen has a startup fund of \$300: \$150 was in the register and \$150 was located in its safe. All funds matched the listing provided by Parks except for a \$100 at Grant due to \$100 being incorrectly listed as a part of Grant's golf admissions petty cash fund when the funds were actually a part of the petty cash fund for the service yard and maintenance area instead. We were provided an updated listing which properly identified the Grant golf admissions petty cash fund and which matched the cash we counted.

Table 4 provides the summary of cash found in the petty cash fund, the safes and any bank bags on site. We found a total variance of \$15.10. The petty cash counted in the safe at Dretzka was short \$570 however, the Supervisor had a bank bag with \$570 as he had taken the funds to the bank to obtain change for the register resulting in no net variance upon his return.

Table 4			
Summary of Petty Cash, Safes and Bank Bags			
<u>Location</u>	<u>Cash Counted</u>	<u>Parks Admin. Petty Cash Amount</u>	<u>Over (Short)</u>
Dretzka Safe – Petty Cash	\$230.00	\$800.00	(\$570.00)
Dretzka Bank Bag – Petty Cash	\$570.00	\$0.00	\$570.00
Pelican Cove Safe	\$15.10	\$0.00	\$15.10
Hansen Startup Cash in Safe	\$150.00	\$150.00	\$0.00
Hansen Safe Petty Cash Drawer	\$500.00	\$500.00	\$0.00
Grant Safe – Petty Cash	\$600.00	\$600.00	\$0.00
Total	\$2,065.10	\$2,050.00	\$15.10
Source: Audit created table based on information from the Parks POS system and from site visits by Audit Services Division staff.			

The Parks Cash Handling Manual requires a log with a daily count of the petty cash. We found all sites to be in compliance except for Grant Park. We were unable to ask the Supervisor at Grant for a copy of the log since the employee was off. The cashier working that day indicated that they did not have a petty cash log this summer but had one the prior summer.

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. The only variance we found was between the amount recorded on the deposit envelope and the corresponding cash at Hansen for the August 12, 2019 deposit envelope in the amount of (\$0.50).

Table 5 summarizes the results of our count.

Table 5 Summary of Deposit Envelopes Cash Count Awaiting Deposit			
<u>Location</u>	<u>Cash Counted</u>	<u>Amount on Deposit Envelope</u>	<u>Over (Short)</u>
Hansen 8/12 Deposit Envelope	\$184.00	\$184.50	(\$0.50)
Hansen 8/13 Deposit Envelope	\$307.00	\$307.00	\$0.00
Grant 8/11 Deposit Envelope Golf	\$1,011.00	\$1,011.00	\$0.00
Grant 8/12 Deposit Envelope Golf	\$947.17	\$947.17	\$0.00
Grant 8/13 Deposit Envelope Golf	\$1,299.25	\$1,299.25	\$0.00
Grant 8/11 Deposit Envelope Restaurant	\$122.25	\$122.25	\$0.00
Grant 8/12 Deposit Envelope Restaurant	\$70.75	\$70.75	\$0.00
Grant 8/13 Deposit Envelope Restaurant	\$178.25	\$178.25	\$0.00
Grant 8/11 Deposit Envelope Beverage Cart	\$245.50	\$245.50	\$0.00
Grant 8/12 Deposit Envelope Beverage Cart	\$95.50	\$95.50	\$0.00
Grant 8/13 Deposit Envelope Beverage Cart	\$205.50	\$205.50	\$0.00
Total	\$4,666.17	\$4,666.67	(\$0.50)

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

Summary

Table 6 summarizes by location the total amount of cash on hand and any variance we found. In total, the variance for all four locations was \$4.74. The Parks Cash Handling Manual requires a report when a variance of greater than \$10.00 is noted. We did not find a variance in excess of \$10.00 during our cash count at any of the four sites.

Table 6 Summary of Cash on Hand and Over (Short) Totals by Location		
<u>Location</u>	<u>Cash on Hand</u>	<u>Total Over (Short)</u>
Dretzka	\$1,372.76	\$0.00
Pelican Cove	\$105.10	\$5.10
Hansen	\$1,337.94	(\$0.56)
Grant	\$5,158.04	\$0.20
Total	\$7,973.84	\$4.74

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

Review of Bank Deposits of Cash

In addition to the proper handling of cash at the cash registers, the depositing and recording of cash is an important part of the process. We attempted to verify if cash deposits and recordings were

consistent with the policies and procedures outlined in the Parks Cash Handling Manual. The Parks Cash Handling Manual states that all deposits should be deposited in the bank within 72 hours. We selected a four day period, May 24 to May 27, 2019, to verify the timeliness of bank deposits and recordings of revenues by Parks. We included Dretzka, Grant and Hansen Parks in our review. Pelican Cove was not yet open for the season so it was not included. We found that of 11 deposits, five were deposited late.

Table 7 details the bank deposit schedule.

Table 7 Review of Bank Deposit Timeliness					
<u>Location</u>	<u>Amount</u>	<u>Date on Bag</u>	<u>Date Deposit Due</u>	<u>Date of Deposit</u>	<u>On Time?</u>
Dretzka	\$14.00	5/24	5/27	5/28	No
Dretzka	\$692.87	5/25	5/28	5/28	Yes
Dretzka	\$352.39	5/26	5/29	5/28	Yes
Dretzka	\$263.07	5/27	5/30	6/6	No
Grant	\$103.50	5/24	5/27	5/28	No
Grant	\$343.48	5/25	5/28	5/28	Yes
Grant	\$1,258.00	5/26	5/29	6/6	No
Grant	\$532.25	5/27	5/30	5/31	No
Hansen	\$301.50	5/25	5/28	5/28	Yes
Hansen	\$467.35	5/26	5/29	5/28	Yes
Hansen	\$117.00	5/27	5/30	5/28	Yes
Source: Audit created table based on information from the Parks POS system and Advantage system.					

In addition to depositing the funds at the bank, the recording of the revenue in the County's financial system must also occur. According to the Parks Cash Handling Manual, the paperwork for the bank deposits are to be provided to Parks Accounting Department within three business days to begin the recording process. We attempted to verify this portion of the process but found that the paperwork was not time stamped upon arrival at Parks Administration. This resulted in an inability to verify the timeliness of the paperwork's delivery to Parks Administration. According to Parks Fiscal staff, Parks' practice is to follow-up with a site if no paperwork has been received by Parks Administration for seven days. We were provided a copy of the deposit log maintained by Parks Administration for July 2019 which showed six out of 57 sites with paperwork missing beyond seven days.

Additional Audit Observations

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 Parks Cash Handling Manual. According to Parks Administration and confirmed by at least one cashier, the manual is given to all new employees. As a part of our review, we asked at each location if the cashier on site that day had access to the manual. We found that Dretzka and Grant Parks had copies of the manual. Hansen had hand written notes by the Supervisor and the Supervisor stated he did not have a copy of the manual. At Pelican Cove, the cashier on staff could only find an old version of the manual, however, this cashier was a substitute who normally does not work at Pelican Cove and therefore, may not be familiar with the location of the manual if one was on site.

Register Key/No Sale Button

According to the Parks Cash Handling Manual, access to the cash register in order to provide change to a customer by an employee should be done via the No Sale button. The Point of Sale system tracks how many times a day the No Sale button is used. We asked cashiers at all four sites how they provide change to a customer. We were told that at Grant, Hansen and Dretzka they use the register key rather than the No Sale button. At Pelican Cove, the cashier said he does not provide change.

Identification Requested by Cashiers

We encountered a variety of reactions to our unannounced visit by cashier staff. At Dretzka and Pelican Cove, County identification cards were provided along with a copy of a letter signed by the Director of Audits authorizing our access to the cash drawer. At Grant, business cards from our staff were accepted along with the cashier contacting his Supervisor. At Hansen, no County identification cards were provided, nor was our authorization letter. However, the cashier on site did contact his Supervisor for approval of our cash count before providing access to the cash drawer. The current Parks Cash Handling Manual is silent on what type of identification should be required prior to allowing access to the cash. However, according to Parks Management, during orientation for new employees they are instructed to ask for identification if someone asks for access to the cash drawer.

Safes

Each site that we visited had at least one safe that was used to securely store petty cash funds and funds awaiting deposit. Three of the four sites used safes with electronic codes. One site, Pelican

Cove, used a key safe. According to Parks Administration, all staff who work at a location's cash register use the same passcode for the safe. According to the Safety, Security and Training Manager, safe codes should be updated once a season and whenever an employee who has access to the safe is terminated for cause. The Assistant Director of Business Development indicated that he will verify the change of the passcodes once the summer season has ended.

Non County Staff handling cash

The Supervisors on site at Dretzka and Grant were Golf Pro contract employees who were responsible for supervision of the cashier staff and bank deposits. Parks Administration was unsure whether background checks were conducted of the non-County employees but did indicate the staff were long term employees of the contract agency. Parks Administration stated that these employees worked with the County for many years. Most started out as seasonal County employees, went to PGA school and became professionals and are now hired through this agency to work as Golf Pros at the County Parks.

User ID Issue

We found that the regular cashier was unable to work at Pelican Cove for their shift the day of our cash count. Parks relocated a cashier who normally works at a different park to cover the shift at Pelican Cove. However, the Point of Sale system would not allow the relocated individual to log in at Pelican Cove using his user ID. This is due to the system associating user IDs with the location of staff. If the fill-in employee at Pelican Cove had used his user ID, all sales would have been credited to his home park and not to Pelican Cove. Parks Administration was aware of the issue with the user IDs.

Conclusions and Recommendations

While we found minor discrepancies in the balances for the unannounced cash counts, there are a few areas that could be enhanced with changes by Parks. We therefore recommend that Parks Administration:

1. *Update the Cash Handling Manual to reflect the instruction given at orientation regarding what identification is required prior to allowing a cash count audit of the drawer or access to the drawer by an outside person.*
2. *Provide a copy of the Cash Handling Manual to all 75 sites with the POS system. Provide additional training or review of the following sections for cash handling staff:*
 - a. *Requirement of a daily Petty Cash Log.*


- b. The use of the No Sale button to provide change instead of a register key.*
- c. The 72 hour requirement for the depositing of cash.*
- 3. *Develop a procedure to monitor timely bank deposits and receipt of paperwork at Parks Administration and update manual, if appropriate, to reflect seven day paperwork deadline versus current three day requirement in manual.*
- 4. *Establish a procedure to formalize and implement policy regarding when the code on the safe at sites is required to be changed.*
- 5. *Verify if background checks have been conducted on non-County staff who handle cash.*

Audit Scope

We conducted unannounced cash counts at four Parks locations (Dretzka, Grant, Hansen and Kosciuszko) on August 14, 2019 to test whether proper cash handling procedures were in place and functioning as intended. We conducted this limited scope 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. We limited our review to the following:

- Counted cash on hand in registers, as well as petty cash and startup cash, change funds and all other cash maintained in locked safes;
- Compared the results of our cash counts with recorded sales and authorized petty cash/startup/change cash funds;
- Observed and interviewed staff on how transactions were recorded;
- Compared actual procedures with those required by the Parks Cash Handling Manual;
- Observed the sales area and safe locations;
- Interviewed members of Parks Administration;
- Identified procedures performed by Parks Administration management to help provide assurance that controls for safeguarding sales and related revenues were in place and operating as intended; and
- Reviewed bank deposit timelines.

We would like to thank your management and staff for their assistance and cooperation during this review, and for your prompt response to the recommendations noted in this report (attached).



Jennifer L. Folliard, Director of Audits

JLF/cah

Attachment

cc: Scott B. Manske, Milwaukee County Comptroller
Chris Abele, Milwaukee County Executive
Theo Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors
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Janelle Jensen, Legislative Services Division Manager, County Clerk's Office



MEMO

Milwaukee County Parks
9480 Watertown Plank Rd.
Wauwatosa, WI 53226
(414) 257-PARK

Date: November 11, 2019

To: Jennifer L. Folliard, Director of Audits

From: Guy D. Smith, Executive Director, Parks

Subject: Cash Count Report

Conclusions and Recommendations:

1. Update the Cash Handling Manual to reflect the instruction given at orientation regarding identification is required prior to allowing a cash audit of the drawer access to the drawer by an outside person.

Parks Response: *This will be added to the 2020 Cash Handling Manual.*

2. Provide a copy of the Cash Handling Manual to all 75 sites with the POS system. Provide additional training or review of the following sections for cash handling staff:
 - a. Requirement of daily Petty Cash Log
 - b. The use of the No Sale button to provide change instead of the register key.
 - c. The 72-hour requirement for the depositing of cash

Parks Response: *The manuals will be distributed once updated for 2020 and we will stress the importance of the a. b. c. items when distributing the manuals.*

3. Develop a procedure to monitor timely bank deposits and receipt of paperwork at Parks Administration and update manual, if appropriate, to reflect seven-day paperwork deadlines verses current three-day requirement in manual.



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Parks Response: *The procedure to monitor the bank deposits and paperwork will be developed by the Parks Accounting Department. When updating the 2020 cash handling manual, we will make the change from 3 to 7 days.*

4. Establish a procedure to formalize and implement policy regarding when the code on the safe at sites is required to be changed.

Parks Response: *We will add that language in the 2020 Cash Handling Manual.*

5. Verify if background checks have been conducted on non-County staff who handle cash.

Parks Response: *Joe Mrozinski, Assistant Director of Business Development – Parks, has reached out to PS Companies, the company who employees the Parks PGA Professionals, to see if backgrounds checks are performed. If they are not, it will be required to be done prior to re-hiring them for the 2020 season.*



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