



2018 Savannah Civic Center Event Review

December 4, 2018

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Executive Summary

This report presents the results of the Office of Organizational Performance and Accountability (OOPA) review of the event process at the Savannah Civic Center(Civic Center). OOPA objectives were to review controls in the sales, receipt, disbursement, and general ledger components of the event process. Physical Security and Inventory controls were also reviewed for accuracy, accountability, completeness, and safeguarding.

Findings, recommendations, and management responses and action plans are included after background information.

Methodology

To accomplish our objectives, we:

- Discussed risks, issues, and processes with:
 - Marty Johnston, Chief Operating Officer
 - David Maxwell, Chief Financial Officer
 - Ashlely Simpson, Revenue Director
 - Justin Strickland, Interim Civic Center Director
 - Chris Sommer, Box Office Supervisor
 - Tameka Hutchison, Concessions Supervisor

- Reviewed:
 - Cash handling Policy/Procedures document dated July 30, 2018.
 - Other Civic Center supplied documents, such as, event contracts, receipt entry forms, and operating procedures.
 - Prior Internal Audit reports and recommendations

- Observed
 - An arena and theatre event cash handling, inventory practices, and settlement process.
 - The general ledger posting and tracking process maintained by Finance.

- Interviewed staff
 - Savannah Civic Center
 - Justin Strickland, Interim Civic Center Director
 - Chris Sommer, Box Office Supervisor
 - Tameka Hutchison, Concession Supervisor
 - Finance Department Accountants

Background

The Civic Center provides the location, and organizes the agreed upon on-site resources necessary for ticketed and non-ticketed events. Depending on an event's requirements, these resources may include ticket sales and receipt collection, security, ticket-takers, stagehands, photographers, catering, and other items. Events are initially scheduled when a promoter or organizer of the event communicates with the Civic Center about their needs. Dates and locations are kept on a master calendar in the event system Ungerboeck. During contract negotiations, the Ungerboeck system tracks holds on dates, and later, when the contracts are sent out, returned, and executed.

In addition, during contract negotiations, the Etix software system is used to create preliminary ticketing price levels, and the percentage of the venue that each price level should consume, and can provide a visual representation of that proposal. This provides information for finalizing the contract. After the contract is signed for a ticketed event, the event and ticket prices are built within the Etix software system to begin the sales process.

During the ticket selling period, ticket sales are monitored by the promoter, and ticket prices can be adjusted to reflect market conditions. Ticket sales are made online and at the box office, with cash and credit card as payment forms. Each sale and comp ticket is recorded through the Etix system and seat locations are printed on the ticket.

Receipts for ticket sales or monies received for non-ticketed events are deposited into a bank account from which on-site event resources for events, such as stage hands, EMT, ticket-takers and catering are paid with a manually prepared check. In addition, the building settlement for rent and promoter settlement checks for events are written from this account. Receipts and checks are recorded into the general ledger via a manual process.

Final contract event amounts are presented to either: (1) a promoter for a ticketed event through a settlement process that includes the presentation of sales and expenses less a deposit for the event, or (2) an organizer for non-ticketed events that shows an expense listing less any deposit received. Typically, ticketed events are closed and accounted for within the month the event occurred. Unless a sufficient deposit has been received, non-ticketed events are left with an amount due for the event.

Each of the event processes have controls that are specific to that process. Based on this review, OOPA determined the following would contribute to the existing controls for the event processes.

Findings, Recommendations, Management Response and Action Plan

Finding 1	<p>The non-ticketed event accounts receivable balance presented by event year at September 30, 2018 is \$172,454.48 as shown in the table below. Per invoice terms, customers have thirty (30) days to pay. Overdue accounts included in AR total \$165,733.90.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Event Year</th> <th>Events</th> <th>Accounts Receivable Amount</th> </tr> </thead> <tbody> <tr><td>2009</td><td>2</td><td>\$1,601.00</td></tr> <tr><td>2010</td><td>4</td><td>\$1,838.75</td></tr> <tr><td>2011</td><td>15</td><td>\$28,365.60</td></tr> <tr><td>2012</td><td>16</td><td>\$10,541.81</td></tr> <tr><td>2013</td><td>14</td><td>\$9,990.12</td></tr> <tr><td>2014</td><td>11</td><td>\$13,744.67</td></tr> <tr><td>2015</td><td>10</td><td>\$4,560.22</td></tr> <tr><td>2016</td><td>17</td><td>\$12,079.34</td></tr> <tr><td>2017</td><td>46</td><td>\$24,912.07</td></tr> <tr><td>2018</td><td>61</td><td>\$64,820.90</td></tr> <tr> <td>Total</td> <td>196</td> <td>\$172,454.48</td> </tr> </tbody> </table>	Event Year	Events	Accounts Receivable Amount	2009	2	\$1,601.00	2010	4	\$1,838.75	2011	15	\$28,365.60	2012	16	\$10,541.81	2013	14	\$9,990.12	2014	11	\$13,744.67	2015	10	\$4,560.22	2016	17	\$12,079.34	2017	46	\$24,912.07	2018	61	\$64,820.90	Total	196	\$172,454.48
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Recommendation	Develop and implement a Policy for review, collections, and write-offs.																																				
Management Agree	Yes																																				
Management Action Plan	This process was started when I became Assistant Director. The plan is to meet with finance and write off all accounts that will be unpayable. Moving forward, if Civic Center operations remains as a city department, then the Assistant Director will be in charge of resolving any Accounts Receivable. Currently, since we are without an Assistant Director, the Administrative Assistant has been assigned the task of contacting clients and collecting outstanding balances.																																				
Completion Date	Meet with Finance and have older uncollectable accounts written off by 11/30/2018. For collections that will not be written off, the new process will be followed 12/31/2018.																																				

Finding 2	<p>The inventory process lacked adequate internal controls to ensure accuracy, completeness, accountability, and safeguarding. The following items occurred:</p> <ul style="list-style-type: none"> • Policies and procedures do not exist for the inventory process relating to sales • Separation of duties does not exist for the current inventory process. The Concessions Supervisor counted, ordered, received and distributed all inventory
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	<ul style="list-style-type: none"> • There is no inventory system to adequately track and account for inventory. Waste/perishable items are not adequately tracked which may result in loss revenues • Inventory counts are not performed by Civic Center prior to or after events. This procedure is to ensure complete and accurate information exists.
Recommendation	<ul style="list-style-type: none"> • The Civic Center should develop policies and procedures to address all aspects of the inventory process. • Specific duties should be assigned to different personnel or appropriate controls should be in place. • The Civic Center should ensure an adequate inventory system is utilized for accuracy and accountability. • The Civic Center should perform periodic inventory counts and review reports consistently.
Management Agree	Yes
Management Action Plan	<p>We bid out a Point of Sale system to bring the entire process up to standards. The winning bid has already been selected, but we put the project on hold due to the privatization RFP. The POS system will track all transactions by cashier and add more security to all of our processes. It will also speed up the entire process which will lead to increased revenue. Lastly, it will track all inventory with manual counts needed to verify.</p> <p>In lieu of this option, we have developed an excel sheet to function as the master inventory, as well as sheets for each point of sale to track inventory and verify sales. The initial counts are done by the concessions supervisor and verified by the cashier. The ending count is done by the cashier and is verified by the concessions supervisor and reviewed by the Acting Director. This means multiple inventory counts are happening to verify inventory. The Acting Director is also randomly doing inventory counts.</p>
Completion Date	10/30/2018

Finding 3	The event sales, billing, and settlement process contains controls that are not documented.
Recommendation	Establish a written Policy/Procedures document for the event sales, billing, and settlement process.
Management Agree	Yes
Management Action Plan	This is in process. No policies or procedures for any of this were found in my search of older documents. Therefore, I am creating the document.
Completion Date	12/31/2018

Finding 4	Some parts of the cash handling process have changed over time. In addition, certain processes are not addressed in the current Policy/Procedure, including vault countdown procedures, expanded procedures for box office cashiers, and risk reduction policy and procedures.
Recommendation	Revise the cash handling written Policy/Procedures document to reflect actual practice and to include items not previously shown.
Management Agree	Yes
Management Action Plan	This has been completed.
Completion Date	10/30/18

Finding 5	The Box Office Supervisor's duties have not been documented.
Recommendation	Develop and maintain a detailed duties document for the Box Office Supervisor.
Management Agree	Yes
Management Action Plan	This has been completed.
Completion Date	10/30/18

Finding 6	The event general ledger posting process contains several manual processes from source documents to final general ledger balances. Errors can occur.
Recommendation	Create a review process for the event general ledger accounts monthly for accuracy and accountability.
Management Agree	Yes
Management Action Plan	I have requested that Finance send their monthly balance sheet for the Civic Center so that it can be reconciled against my own accounting. This will be documented in the above policy/procedures for events. I am also moving creation of invoicing/settlements to the event planners so that I may review and a check may be in place. This will also be documented in the policy/procedures for events.
Completion Date	12/31/2018

Finding 7	Event contracts are signed by the Civic Center and the event promoter/organizer. A form contract is used and adapted for each event. It was not known the last time the form contract was reviewed.
Recommendation	Have the COS legal department review the form contracts on a periodic basis and document the review.
Management Agree	Yes
Management Action Plan	This has been completed. We now send all legal documents to legal that are not already approved.
Completion Date	10/30/2018