



Tashua Knolls Golf Course Town Cash - Receipts Review

TOWN OF TRUMBULL, CT

November 3, 2016
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Mrs. Elaine Hammers, Chairperson
Town of Trumbull Board of Finance
5866 Main Street
Trumbull, CT. 06611

Dear Mrs. Hammers,

I respectfully submit the enclosed report entitled Tashua Knolls Golf Course, Town Cash - Receipts Review.

The objectives of this audit were to:

- Ensure the current Tashua Knolls Golf Course cash receipts process included and adhered to the internal controls designed to adequately identify and safeguard Town receipts throughout the revenue cycle.
- Ensure the 2005 Seward & Monde audit findings associated with cash receipts and general matters had been appropriately and permanently addressed.

I would especially like to thank Christine Plumeau, Golf Course Administrative Assistant, for her assistance in the completion of this report.

Respectfully submitted,

Therese Keegan
Financial/Accounting Controls Analyst

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Operations overview

The Tashua Knolls Golf Course is a 27 hole public facility owned by the Town of Trumbull. The Golf Course Commission oversees all aspects of the Golf Course operations, summarized as follows:

Operations	Responsibility / Resources
Property maintenance and repairs including greens, fairways, cart paths, practice facilities, driving range and equipment	Under supervision of Property Director - Town employees
Clubhouse operations and maintenance	Under supervision of Property Director - Town employees
Restaurant and Banquet facilities	Outside contractor - contractor employees
Pro Shop	Outside contractor - Director of Golf and Pro Shop employees - Employees of the Director of Golf
Office	Administrative assistant - Town employees

The focus of this report is on accounting policy and internal controls related to Cash Receipts belonging to the Town of Trumbull. Receipts are transacted and deposited to the bank by ATK Golf Services, Inc. (ATK), the Pro Shop outside contractor. Record keeping is accomplished by Town employees.

Pro Shop employees transact revenue from multiple sources as follows:

Revenue Sources	Town Revenue	Contractor Revenue
Greens fees	X	
Cart rentals	X	
Tournament fees	X	
Season ID's	X	
Merchandise sales		X
Driving range fees		X
Golf club repair fees		X
Pull carts & club rentals		X
Golf lessons		X

Town revenue from the above sources approximates \$2m annually. Income derived from leasing the food and beverage concession is recorded as income to the Town of Trumbull and was not included within the scope of this report.

Scope & Methodology

Tashua Knolls was included in the 2010 Cash Receipts Audit performed by the Town's internal auditor, however, no observations or recommendations in the report specifically related to the Golf Course.

Going back to 2004, a procedural review of Tashua Knolls Golf Course receipts was conducted by Seward and Monde, an independent CPA firm. Procedures were documented and tested and the report, dated January 15, 2005 provided the Golf Course Commission with a list of Observations & Recommendations designed to strengthen internal controls, increase operating efficiency and address general business matters.

This report includes:

- A. The current Tashua Knolls Golf Course cash receipts process, audited to ensure internal controls adequately identify and safeguard Town receipts throughout the revenue cycle.
- B. A follow up of the Seward & Monde audit findings associated with cash receipts and general matters, which we tracked to completion to ensure concerns had been appropriately and permanently addressed.

A. Cash receipts process

The outside contractor, ATK Golf Services, Inc. (ATK) operates the Pro Shop. Revenues are collected and recorded through three cash registers in the Pro Shop. Two cash registers are for Town revenues and one register records Director of Golf revenue. The Town cash registers have a Point of Sale (POS) software system installed which is networked with the Administrative Assistant's computer. All cash registers accept cash, checks, credit cards and gift cards and all are operated by Pro Shop employees.

When a golfer pays his fees in the Pro Shop, the golfer receives a receipt that must be given to the Starter at the Starter Shed. This receipt tells the Starter that the golfer paid for a round of golf. The Starter maintains a daily log of rounds played. A cart rental agreement is completed for each rental. A copy is given to the golfer, which he gives to the Starter. The original is kept with the daily information and forwarded to the Administrative Assistant.

The Town cash registers are reconciled at the close of each business day by Pro Shop employees. The ATK employee closes out the register and compares receipts to the daily "Z" report. If the employee cannot reconcile the receipts, the Director of Golf (or his designee) must immediately be made aware of the situation.

The employee then signs the Z report and prepares the deposit bag but does not seal it. The deposit is recounted by the Director of Golf (or his designee) who also signs the Z report and then seals the bag. Deposits are to be made on a daily basis. If not possible, the deposits are to be locked in the safe.

Pro Shop employees assemble the register tapes, credit card receipts, settlement statements from the two credit card terminals, the Starter report, cart rental agreements, the close (Z) report from the cash registers, and the deposit bag stubs and forward the entire package to the Administrative Assistant. Administrative Assistant prepares a Summary Report and checks against the POS sales report. The Sales Report is sent to the Town's Accounting Department on the 15th of the month and on the last day of the

month. Accounting Department compares deposits to bank statement and credit card statements and notifies Administrative Assistant of discrepancies. Accounting Department personnel posts revenue to MUNIS. Administrative Assistant receives copies of bank statements and credit card statements on a monthly basis and has access to MUNIS.

B. Follow up of prior audit Findings:

- 1. Golf Course Commission did not have specific accounting and administrative policies and procedures in place for the Pro Shop or the Office.**

The Financial Procedures document, written ~ 10 years ago, was provided upon request and is included in Appendix, page 10.

- 2. Bank deposits are supposed to be made on a daily basis but on average deposits were actually made once a week.**

Two months current activity was reviewed against bank statements and deposits were consistently made on a daily basis.

- 3. Daily cash was not reconciled to sales reports nor validated deposit slips; sales information was not sent to the Town's Accounting Department on a consistent basis.**

Pro Shop employees reconcile deposits to POS reports; Administrative Assistant reviews and prepares a Summary Report, sent to Town's Accounting Department mid-month and end of month.

- 4. Administrative Assistant did not regularly receive monthly revenue and expense reports from the Town's Accounting Department. Administrative Assistant required for reconciliation and reporting purposes.**

Administrative Assistant now has access to MUNIS and can print required reports. Additionally, copies of bank statements and credit card statements are provided by the Accounting Department on a monthly basis.

- 5. Pro Shop cash registers did not require passwords to identify transaction detail.**

Cash registers now require passwords, assigned to each Pro Shop employee. These passwords provide an audit trail of transactions posted.

- 6. Gift Certificates and Rain Checks were not prenumbered and procedures did not appropriately track outstanding items. The possibility existed that manually issued rain checks could be used more than once.**

Gift cards are now used instead of manual certificates, and the cards are tracked through the POS system. Manually issued rain checks are prenumbered, are now tracked through POS system, and are deleted at the close of each season.

7. Complimentary Rounds lacked documentation.

Complimentary rounds are included on revenue reports as a separate category and the log maintained by the Pro Shop includes date, names and circumstances, and can include visiting PGA professionals, Tashua employees, customer appreciation rounds, etc. Complimentary Round information is reported to Commissioners on a periodic basis.

8. Cash Disbursements – outside the scope of this review.

9. Multiple employees had access to the locked room where financial records were stored.

Current year's records are stored in the Administrative Assistant's office, which has limited access. Prior year records are stored in a secure room to which only Administrative Assistant has access.

10. Building alarm codes were not uniquely assigned; a report of those setting and disarming the alarm system was not reported to the Town by the alarm company.

Individuals require both a key and a code to enter alarmed buildings. The alarm company now sends daily activity logs for each alarm. A listing of codes was matched against a current employee list to verify codes of terminated individuals were inactivated.

11. During the Christmas holiday season, customers wishing to purchase gift certificates were turned away, resulting in lost revenue for the Town.

Notice of Pro Shop hours are posted on the shop door. When Pro Shop is closed, Administrative Assistant is authorized to sell gift certificates.

12. Contract with the Director of Golf did not specify or provide clarity related to:

- reimbursable expense expectations
- internal control compliance and certification responsibilities
- health insurance eligibility
- regular financial reporting to Golf Course Commission

ATK contract was reviewed. Contract clearly states relationship with ATK is that of an independent contractor.

Findings & Recommendations

Finding #1: The Financial Procedures document was written ~ 10 years ago. It required some minor updating, which was completed promptly upon our request. The updated document is included in Appendix, page 10. It will be presented to the Golf Course Commission for approval at the November 28, 2016 meeting.

Management Response: Parks and Recreation Director has reviewed the report and will recommend approval by the Golf Course Commission.

Finding #2: Town's Accounting Department uses bank statement and credit card statements to post revenue to MUNIS. Reporting to Golf Commission is based upon POS detail. Although there are controls in place to ensure both the Administrative Assistant and the Accounting Department are posting transactions accurately, the revenue line items of MUNIS and POS are not reconciled.

Recommendation: Whenever multiple systems are used for reporting purposes, key balances should be periodically reconciled to ensure information potentially utilized for decision making purposes is accurately disseminated in a timely manner.

Management Response: Parks and Recreation Director has agreed to perform the reconciliation on a quarterly basis.

Finding #3: The Seward and Monde 2005 audit report recommended the management contract between Town of Trumbull and ATK Golf Services, Inc. include requirement by ATK to certify to internal controls implemented by them and by the Town.

Recommendation: Certification language was required by Sarbanes Oxley Act of 2002 and considered good business practice. Contract between Town of Trumbull and ATK Golf Services, Inc. should contain internal control certification language that can be summarized as follows:

- To the best of my knowledge, financial information provided to the Town of Trumbull fairly presents Tashua Knolls Pro Shop operations.
- To the best of my knowledge, any fraud perpetrated or intended to be perpetrated by Town or ATK employees, vendors or others with whom I am in professional contact, whether or not material, will be immediately and appropriately reported to Town personnel and to the Board of Commissioners.

Management Response: Agree with language recommended by Auditor. Have forwarded to Town Attorney for inclusion of contract to commence in December 2016.

Appendix



Tashua Knolls Golf Course Financial Procedures

Town Cash Register Operations in Pro Shop

The closing ATK employee is to close out the register and reconcile the cash to the daily “Z” report and prepare the deposit bag without sealing the bag. The employee then signs the Z Report. If the employee cannot, for whatever reason, reconcile the cash, The Director of Golf (or his designee) must be immediately made aware of the situation for reconciliation. The deposit bag is then recounted and checked by The Director of Golf (or his designee) who then seals the bag. The daily “Z” report is then signed by the Director of Golf (or his designee). Cash receipts are to be deposited on a daily/nightly basis at the Town specified bank. If for any reason a deposit cannot be made on a particular day, the deposit must be locked in a safe to which only the Director of Golf (or his designee) has the combination.

Cash Receipts Reconciliation

The Pro Shop is to reconcile the POS system reports to the daily cash deposits. The Administrative Assistant is to review the bank deposit report to the “Z” Report and prepare a Summary Report which is to be checked to the POS sales report. An appropriate notation must be made to ensure this has been done. Any discrepancy that cannot be corrected over \$50 must be reported to the Golf Commission.

The Administrative Assistant will provide the Town’s accounting department with the daily sales reports on the 15th and last day of each month in order to verify the revenue that is posted to the Town’s general ledger from People’s Bank deposit activity. Also provided, monthly, is the credit card statement to be used for verification of the funds received to People’s Bank via ACH (Automated Clearing House) from credit card transactions. Any discrepancies to People’s Bank activity are notated and sent to the Administrative Assistant for research.

The Administrative Assistant will research any discrepancy by checking through the POS activity and the paper receipts for the day in question. The POS system will record any keystroke errors, brief electrical shortages, or glitches (such as a “timeout”) of the credit card swipe machine. The credit card processing is tied directly into the POS system on each of the Town’s computers.

Any discrepancy that cannot be corrected over \$50 must be reported to the Golf Commission.

Monthly Revenue and Expenditure Reports

The Administrative Assistant has access to the Town's MUNIS system in order to review golf course revenues and expenditures as recorded by the Town's accounting department.

Pro Shop Cash Register Passwords and Authorization

All Pro Shop employees are to be assigned unique passwords in order to access and initiate transactions. These passwords should be changed on a regular basis. In addition, there are to be various levels of authorization assigned to certain individuals to adjust or change (void) previously entered transactions.

Gift Cards and Rain Checks

Issuance of gift cards and rain checks are to be included in the POS system and shown as separate revenue categories on the daily sales reports prepared by the Administrative Assistant. Gift cards and rain checks should be pre-numbered and accounted for by the POS system to ensure such items are not used more than once. According to the most recent Connecticut State laws, gift cards cannot have an expiration date but rain checks can expire at the end of each season. Therefore, all unredeemed rain checks are deleted from the POS system at the close of each season.

Complimentary Rounds

Complimentary golf rounds to PGA members, employees, for example, should be included on the revenue reports as a separate category. Pertinent information should be included in the POS system. This information should periodically be reviewed by designated Commissioners for compliance with policy. A Log will be maintained by the Pro Shop indicating by date, the players name, player signature, and circumstances for a comp round.

Cash Disbursements

Tashua Knolls Golf Course must follow all current Town of Trumbull Purchasing Policies and Procedures.

Financial Records

A room is available specifically to provide secure storage for financial records for four previous calendar years. Any financial records older than four calendar years old are destroyed according to the Town's Record Retention Policy. This room will have limited access. All current financial records are stored in a five drawer file cabinet in the office of the Administrative Assistant who has the only key.

Building Security

An individual needs both a key and correct code to enter the buildings during “off” hours. All codes are deleted when an individual who had access leaves the employee of the golf course or Pro Shop. The Tashua clubhouse is equipped with 16 video surveillance cameras with four in the Pro Shop monitoring the POS system.