

OFFICE OF THE CITY AUDITOR AND CLERK

INTERNAL AUDIT



VAN WEZEL CASH RECEIPTS

AUDIT #24-08

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A handwritten signature in blue ink, reading "Shayla Griggs".

Shayla Griggs, City Auditor and Clerk

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Executive Summary

Audit #24-08 Van Wezel Cash Receipts

Audit Purpose, Scope, and Time Period

Internal Audit performed an operational/compliance audit of the collection and receipt of Van Wezel Performing Arts Hall (Van Wezel) customer payments.

The purpose of this audit was to provide reasonable assurance that Van Wezel's customer payment receipts are properly recorded, deposited, and reconciled. The scope of this audit included a review of current Van Wezel cash receipt procedures, activities, processes, and management review.

The audit period was April 1, 2023 to May 31, 2024.

Audit Objectives

1. Determine if Van Wezel's customer payment receipts are properly deposited, reconciled, and recorded.

Summary Background

The purpose of the City of Sarasota's (City) Van Wezel Performing Arts Hall is to provide an entertainment venue that presents a wide variety of entertainment and performers. Currently Van Wezel accepts payments for tickets in-person at the box office, over the telephone, through the website, and season tickets through the mail or with three credit card payments. They prepare cash receipts reports for all fees collected. These reports are then entered into the city's accounting system, Workday.

Summary of Conclusions

Van Wezel's customer payment receipt transactions are generally deposited, reconciled, and recorded appropriately. Controls appear to be operating effectively for overall compliance with applicable policies and administrative regulations. Van Wezel has gradually implemented improvements to the reports and detail used to reference transactions in Workday. Our audit did identify some instances where we believe there are opportunities to strengthen controls:

- Instances of cash and checks not being deposited within twenty-four hours after receipt as per Administrative Regulation No. 037.A002.0817 guidelines of daily deposit.
- Ad Hoc Bank Transactions did not contain all the documentation to fully support daily receipts recorded in Workday.
- Weekly ACH deposits from Tickets.com have taken more than two weeks from the date of sale to be submitted to the city.

We recommend cash and checks be deposited within twenty-four hours of receipt and that all supporting documentation for daily sales be included in the daily package attached in Workday. Additionally, we recommend evaluating the contract with Tickets.com to determine if a more timely deposit option is available for online sales.

We would like to take the opportunity to thank the department and individuals included in this audit for the courtesies extended to us and for their cooperation during the audit.

This Executive Summary is limited in detail. To obtain the full background on a particular item, please read the Detailed Audit Report or contact Internal Audit prior to drawing conclusions based upon the limited information contained in this summary.

Detailed Audit Report

#24-08 Van Wezel Cash Receipts

Background and Introduction

Sarasota's city owned Van Wezel Performing Arts Hall (Van Wezel), is an entertainment venue presenting a wide variety of entertainment and performers. Construction of the facility began in 1968. Van Wezel presents Broadway musicals, top national and international performers, comedians, symphony orchestras and classical and modern dance. Van Wezel also hosts more than 50 performances and events presented by the Sarasota Orchestra, Sarasota Ballet, the Sarasota Concert Association, the Ringling Library Town Hall Lecture Series, and a series of free Summer outdoor concerts.

The principal operating revenues of Van Wezel enterprise fund are charges to customers for sales and services. Operating expenses, sales, and other financial information regarding Van Wezel are reported yearly in the City's Annual Comprehensive Financial Report (ACFR).

Van Wezel box office is responsible for ticket sales for all performances taking place at the performing arts hall by:

- Direct face to face box office sales by cash, check, or credit card
- Telephone sales by credit card
- Website online credit card sales
- Season ticket mail-in order with single check or credit card payment
- Season ticket order with three credit card payments

The box office uses ProVenue and Tickets.com ticketing software to track both individual ticket sales and season ticket purchases. Client personal information is secured according to Payment Card Industry Data Security Standard (PCI DSS). Additional sales tracking data is recorded in Excel spreadsheets. Season tickets may be purchased with a single payment or three separate payments. There are two full-time box office staff, and currently thirteen part-time box office sales representatives. The number of part-time staff vary during the year based on demand/need.

Audit Purpose, Scope, and Time Period

The purpose of this audit was to provide reasonable assurance that Van Wezel's customer payment receipts are properly recorded, deposited, and reconciled. The scope of this audit included a review of current Van Wezel cash receipt procedures, activities, processes, and management review.

The audit period was April 1, 2023 to May 31, 2024.

Audit Objectives

The audit focused on the following objective:

1. Determine if Van Wezel's customer payment receipts are properly deposited, reconciled, and recorded.

Audit Standards

The auditors conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require 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 findings and conclusions based on the audit objectives.

Testing Methodology

- Interviewed appropriate personnel to gain an understanding of the staff duties at each facility;
- Obtained and reviewed a sample of daily cash receipt reports;
- Compared daily cash collection payment software entries to Workday accounting software entries;
- On Workday accounting entries, reviewed cash, checking, and credit card entries where available;
- Reviewed documentation and workflow for indications of supervisory approval.

To achieve the audit objectives, sampling techniques were utilized to select a random sample of Van Wezel daily sales throughout the 13-month testing period.

Audit Criteria

- City of Sarasota Administrative Regulations and Municipal Codes
- Government Auditing Standards (GAO) “General Standards for Preparing Accounting Records and Financial Standards”

Audit Observations and Testing

Observations and recommendations in this report are offered as independent guidance to management for their consideration in strengthening controls. Internal controls over the depositing, reconciling, and recording of customer payment receipt transactions were adequate. There are some opportunities to strengthen controls, specifically regarding timely depositing of cash and checks, and improved documentation in the Ad Hoc Bank Transactions recorded in Workday.

Observations and Recommendations – Reconciling, Reporting, and Monitoring

For a sample of fifty-nine (59) Ad Hoc Bank Transactions the following exceptions to compliance were noted and management is encouraged to address those exceptions.

- **Cash and Check Deposits** – The City of Sarasota’s Financial Policies states that the city will deposit all cash receipts within twenty-four hours of receipt. The testing sample had four (4) instances of checks and six (6) instances of cash, that were deposited after the twenty-four hour requirement.

Recommendation

To prevent delayed check scanning and cash deposits, these transactions should occur within 24 hours of receipt.

Management Response

During the testing and subsequent conversations, Van Wezel was informed that the delays occurred early in the timeframe tested. Over the last year, since the new Van Wezel Finance team was established, there were not any delays found. Our current team will continue to make it a priority to meet the 24-hour requirement.

- **Ad Hoc Bank Transaction Documentation** – Van Wezel prepares weekly Ad Hoc Bank Transaction reports that contain all the supporting receipts, deposit slips, Tickets.com settlement reports, ProVenue reports and scanned checks. These weekly reports are being uploaded into Workday to provide backup material for that week's sales. Van Wezel Cash Receipts Procedure states that once the reports are balanced, the documents pertaining to the weekly ad hoc bank transaction should be attached to Workday. In six (6) instances in the testing sample, the weekly Ad Hoc Bank Transaction did not contain all documentation needed to fully support weekly sales.

Recommendation

Ad Hoc Bank Transactions reports should include all checks, deposit slips, internal reports, Tickets.com settlement and ProVenue reports. All documentation should agree and support the revenue recorded in Workday.

Management Response

During the testing and subsequent conversations, Van Wezel was informed that documents were missing early in the timeframe tested. Over the last year, since the new Van Wezel Finance team was established, there were not any issues with documents missing in Workday. Our current team will continue to make it a priority to include all documents in Workday.

- **Tickets.com Weekly ACH deposit** – The city has a contract with Tickets.com as the ticketing company for ticket sales. Tickets.com reports and submits payments to the city based on weekly ticket sales. Grouping and submitting payments for an entire week of ticket sales, as opposed to daily, results in longer time periods from the sale date to the date the city receives the funds. In 65% of the dates selected for testing, Tickets.com submitted payment to the city for weekly sales that ranged from eight (8) to eighteen (18) days after the sale date.

Recommendation

To prevent a delay in receiving revenue, the city should evaluate the contract with Tickets.com to determine what options are available that will allow the city to receive timelier deposits for daily online ticket sales.

Management Response

The contract with the current vendor (Tickets.com) expires on June 1, 2025. Our current General Manager, who has recently been promoted to this role, is making it her priority to include the timing of deposits in the next RFP. If a different vendor is awarded the contract, it may take some time for system integration which is why we are targeting a resolution date of 12/31/2025.

Audit Conclusions

The Van Wezel's customer payment receipt transactions are generally deposited, reconciled, and recorded appropriately, and controls appear to be operating effectively for overall compliance with applicable policies and administrative regulations. However, as noted above, our audit did identify some instances that have caused noncompliance with rules, regulations, and policies and procedures. While none of the observations identified or indicated potentially fraudulent activity, it is important that the city takes steps to correct issues and ensure that customer payment receipts are being deposited, reconciled, and recorded appropriately.

We would like to thank Van Wezel staff for providing their time and assistance during this audit.