

FOLLOW-UP REVIEW

CITY AUDITOR

Report Date:	June 30, 2019
Department:	Arts and Culture – i.d.e.a. Museum
Subject:	Earned revenue internal controls
Lead Auditor:	Kate Witek

OBJECTIVE

The objective of this follow-up review was to determine whether the i.d.e.a. Museum has effectively implemented the action plans presented in their response to our May 2018 audit of earned revenue internal controls.

SCOPE & METHODOLOGY

To accomplish our objective, we reviewed revised and new departmental procedures; interviewed staff; and analyzed system data.

BACKGROUND

On May 24, 2018, we issued an audit report on the i.d.e.a. Museum's earned revenue internal controls. The objective of the audit was to determine whether effective internal controls are in place to ensure earned revenues are received, accurately recorded, and safeguarded from loss. The report included several recommendations, summarized as follows:

- Implement effective controls, such as policies, procedures, documentation, and training, to ensure birthday party charges are applied accurately and consistently for all patrons.
- Establish a process and criteria to govern the practice of varying from established pricing.
- Develop a process to ensure employees complete cash handling and credit card training within the required time periods.
- Revise MP210 and MP212 to require employees to receive training prior to performing cash handling and/or credit card handling duties, or within a short time period thereafter.
- Ensure a detailed cash-handling procedures manual is implemented and maintained, and all staff with cash-handling duties have access to the manual.

Management agreed with all recommendations and submitted corrective action plans to address the findings.

CONCLUSION

Four of the five recommendations have been implemented and one was not. Additional details are presented in the attached Appendix. No additional follow-up review is planned at this time; however, we strongly encourage management to implement a process for staff to follow when reducing fees due to customer service issues.

APPENDIX

✓ = Implemented ♦ = In Progress X = Not Implemented

Corrective Action

Implementation Status

1-1. Event Fees & Charges - Party guest count reconciliation process

Recommendation: Management should either:

- A.** Implement an effective way to ensure that staff accurately record the number of guests and the duration of an event, and accurately use that information to calculate fees; OR
- B.** Implement a different fee structure for parties and events.

Management Response:

Implemented – Guest list: Check mark boxes have been placed next to each line number for a clear and consistent way to check off what guests arrive. Also included a place for the permit number on the guests list to match them with the right party. In addition to implementing the guests lists, front line staff have been trained on how to properly check in party guests and close out a party permit.

One of the issues that was in the audit was the fact that we have not been reconciling the party total in Active Net. At the time of booking Chelsea Marsh will place an estimated number of guests expected in attendance in Active Net. The number had not been reconciled in Active Net afterward to reflect the party total which makes it appear that the incorrect amount was charged for many of the parties. We change this number to reflect the correct amount now.

Further Improvements Planned - We will have guest check-in with the party host to eliminate any confusion of checked in guests. Guest list will be managed by party host and reconciled with party family. Guests will receive sticker from party host when they arrive, and their name will be checked off/added to the guest list. This is to avoid discrepancies with number of attending party guests.


When party moves to the museum, the party host will accompany the party family to the front desk to complete payment. Party host will double check permit to be sure the total count matched the guest list. In addition, new Gallery Educator and Visitor Services staff will need to be trained on this process.

Implemented

An improved process has been implemented to help ensure guest counts are recorded more accurately.



<p>We plan to eliminate conflict of interest and possible loss of revenue by ensuring staff working are not related to party host, or friends or neighbors with them. This also protects the staff person from any appearance of unethical conduct if a mistake occurs.</p> <p>Estimated Completion Date: 12/28/2018</p>		
1-2. Vary from established pricing		
<p>Recommendation:</p> <p>If staff is to be given the authority to vary from established pricing, for customer service reasons or other legitimate reasons, there should be an established process and criteria for doing so. Documentation and approval should be required.</p> <p>Management Response: Staff is not given authority to vary pricing. This appeared so due to the lack of reconciliation in ActiveNet.</p> <p>Implemented – Reconciling attendance numbers in ActiveNet to avoid confusion on charges applied.</p> <p>Consideration – Increase the number of adults included in party package.</p> <p>Estimated Completion Date: 4/23/2018</p>	<p>Not Implemented</p> <p>Attendance numbers are now being reconciled to the system; but the issue has not been resolved.</p> <ul style="list-style-type: none"> • There is still no formal process to govern the practice of adjusting a patron's bill for customer service or other valid reasons. This continues to happen, so staff should know what they are authorized to do, and how to appropriately process and document these transactions. • Patrons do not always pay the required deposit prior to the day of the event. 	<p>X</p>
2-1 Cash Handling Training		
<p>Recommendation: Management should develop a process to ensure employees complete City of Mesa credit card and cash-handling training within required time periods.</p> <p>Management Response:</p> <p>As of 4/19/18, The Mesa Arts Center has been requesting individuals to be added to the cash and credit handling list at time of hire approval in NEO Gov.</p> <p>We are also in progress of creating an i.d.e.a. Museum onboarding checklist which details this requirement and will need supervisor signature. We will also be reaching out to city personnel to see if there is the ability to set this up as a required class for specific</p>	<p>Implemented</p> <p>New tracking and notification procedures were developed, and all current employees have completed required training.</p>	<p>✓</p>

<p>positions that will show up on the Learning Center in the same way as Supervisor required courses, or Kronos Training.</p> <p>In May of 2018, two new team members were required to complete this training within 1 week of hire and before being allowed to complete job responsibilities without supervision.</p> <p>Estimated Completion Date: 12/28/2018</p>		
2-2 Management policy 210 change		
<p>Recommendation: City management should consider revising MP 210 and MP 212 to require employees to receive training prior to performing cash handling and/or credit card handling duties, or within a short time period thereafter.</p> <p>Management Response: Accounting Services will work on determining the appropriate time frame within which employees who handle cash or credit cards must complete the required training; and will revise the policies to include this requirement.</p> <p>Estimated Completion Date: 12/31/2018</p>	<p>Implemented Management Policies 210 and 212 were revised to require training within 90 days of beginning cash and/or credit card handling duties.</p>	
3-1 Procedures Manual		
<p>Recommendation: Management should ensure a detailed cash handling procedures manual is implemented and maintained, and that all staff with cash-handling duties have access to the manual.</p> <p>Management Response: The current Financial Management Procedures document with the Arts and Culture department needs revision with AZMNH and i.d.e.a moving to the Audience View platform in July of 2018. We will be reaching out to Teri Siggins to make appropriate changes with a goal of document completion by end of Q1 FY 18/19. The i.d.e.a Museum may need a separate policy should our operations differ than those of the other Arts and Culture facilities, this however is yet to be determined. The i.d.e.a Museum will also be working on an updated Policy and Procedures Manual to be completed by end of Q1 FY 18/19 which will be accessible on the i.d.e.a. Museum share drive as well as a hard copy at the front desk of the Museum. An updated training program is also in progress for visitor services staff which will include training modules on each section of the document. Completion goal for this project is end of Q1 FY 18/19.</p> <p>Estimated Completion Date: 7/31/2019</p>	<p>Implemented Detailed cash handling procedures have been developed and are used to train employees. The procedures are accessible to all staff with cash-handling responsibilities.</p>	