

**FOLLOW-UP AUDIT OF THE SAINT
AUGUSTINE AMPHITHEATRE'S AND
THE PONTE VEDRA CONCERT HALL'S
INTERNAL CONTROLS OVER REVENUE
AND PETTY CASH**

**REPORT NO. 2019A-01
September 30, 2019**

**OFFICE OF
INSPECTOR GENERAL**

Hunter S. Conrad, Esq.

Clerk of the Circuit
Court and Comptroller

St. Johns County, Florida



**Curtis Evans Jr. CPA, CIG, CFE
Inspector General**



Hunter S. Conrad, Esq.
St. Johns County Clerk of the Circuit Court and Comptroller
Dedicated to Excellence-Committed to Improvement-Serving with Kindness
4010 Lewis Speedway, Saint Augustine, Florida 32084
Office: (904) 819-3600 Fax: (904) 819-3661

Transmittal Memo

DATE: September 30, 2019

TO: The Honorable Chairman and Members of the Board of County Commissioners

CC: Tera Meeks, Tourism and Cultural Development Director
Gabe Pellicer, General Manager, Cultural Events Division
Michael D. Wanchick, County Administrator

FROM: Curtis Evans Jr., Inspector General

We have completed a follow-up audit of the Saint Augustine Amphitheatre's and Ponte Vedra Concert Hall's controls over cash management. The objectives of our review were to determine the implementation status of previous recommendations from the Fiscal Year 2017 audit.

Of the seven recommendations contained in the audit report, we determined that five have been implemented and two have been partially implemented. The status of each recommendation is presented in this follow-up review.

We appreciate the assistance that was provided by the Cultural Events staff during the course of our review.

Respectfully Submitted,

Curtis Evans Jr.
Inspector General

Approved:

Hunter Conrad, Esq.
Clerk of the Circuit Court and Comptroller



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INTRODUCTION

Scope and Methodology

We have completed a follow-up audit of the Saint Augustine Amphitheatre's and Ponte Vedra Concert Hall's controls over cash management. The purpose of our follow-up review was to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

- 1) Gain a thorough understanding of the Cultural Events Division in order to evaluate its control structure.
- 2) Determine if internal controls over Cultural Events' cash management processes are adequate

To determine the current status of our previous recommendations, we interviewed management to determine the actual actions taken to implement the recommendations for improvement. Additionally, we performed inspections to verify the implementation of the recommendations for improvement.

The original audit period was October 1, 2016 to December 31, 2016. Our follow-up verification was performed during the month of February 2019.

Overall Conclusion

Of the seven recommendations in the report, we determined that five have been implemented and two have been partially implemented. We commend management for implementation of most of our recommendations and continue to encourage management to fully implement the remaining recommendations.



IMPLEMENTATION STATUS

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	<i>Adopt written policies and procedures to ensure that revenue and cash is managed appropriately. This control measure ensures consistency in the safeguarding of County assets.</i>			✓		
2	<i>Procure sealable bags to reduce the likelihood of tampering with contents until shift balances are verified and secured at the Amphitheatre's main business office. Procure locking bags for transporting change fund between venues and bank deposits through the third-party conveyance company.</i>	✓				
3	<i>Create a standard operating procedure that requires logging with two initials (a dual control) for every safe transfer/disbursement.</i>			✓		
4	<i>Create a policy whereby all shift deposits are removed at regular intervals and that the box office safe contains only the change fund (not shift deposits) by the close of day.</i>	✓				
5	<i>Consider installing surveillance cameras for these areas (public side, cashier side of ticketing office windows)</i>	✓				
6	<i>Explore options to increase office space and storage for the administrative area to include a more secure area for handling deposits.</i>	✓				
7	<i>Consider (native) landscaping, possibly xeriscape, at the parking lot entrance and capture the essence of Saint Augustine's City Gates to honor the City's history. Also, consider creating areas for reuse/recycle receptacles that are uniform, sit level to the ground, and more visually appealing.</i>	✓				



Background

The Saint Augustine Amphitheatre, located at 1340 A1A South, Saint Augustine, and the Ponte Vedra Concert Hall, located at 1050 A1A North, Ponte Vedra Beach, comprise the Cultural Events Division of Saint Johns County and host a variety of performing arts and cultural programs.

Tickets for the events held at either of the two locations are primarily sold through a third-party online vendor, Ticketmaster, but tickets are also available for purchase at the on-site admissions office. In addition to event ticketing, Cultural Events administers activities such as concessions, merchandise sales, and venue rental. Other revenue-producing initiatives include sponsorships, ad-space on the amphitheater’s hyperscreens, and *Ampchoice* (first right of refusal on premier seating).

The Saint Augustine Amphitheatre, or “The Amp”, which is a rebranded name that began in 2019, has emerged as one of the best amphitheaters in Northeast Florida. The following comments are from *yelp.com*:

“I absolutely loved the Amphitheatre. As a native Nashvillian, I’ve been to my fair share of concerts and this venue is perfect.” Elysia C. – Jacksonville, FL

“I absolutely love this concert venue. For outdoor venues, it is by far my favorite. They put on amazing shows all the time, the staff is fantastic, and the venue is perfect.” Chelsea C. – Jacksonville, FL

“Seriously y’all, this is one of my favorite outdoor venues in the Southeast- definitely top 3 material. Yes, it’s super small, but we like to call that intimate, right? Maybe it’s all the Spanish Moss hanging from the Live Oak trees. As you walk down into the amphitheatre, all the trees hang over around the edges in a way that makes it uniquely North Floridian”
Lean C. – Fort Lauderdale, FL



STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions management has taken for Recommendations for Improvement that were presented as part of the original audit of the Saint Augustine Amphitheatre's and Ponte Vedra Concert Hall's controls over cash management. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. Observation A-1 from Original Audit

Written, standard operating procedures were not available for cash handling and safe / vault management.

We recommended management:

- A. Adopt written policies and procedures to ensure that revenue and cash is managed appropriately. This control measure ensures consistency in the safeguarding of County assets.

Status:

Partially Implemented. Cultural Events developed a handbook for cashiers to go over with supervisor to answer any questions about the job as well as the process for cash handling and who to report to in cases of concern. While the handbook includes a Cash Handling section, it primarily covers the cashier's till and card out responsibilities. To adequately adopt written cash handling policies and procedures, we suggest that the division continue to develop the Cash Handling section to include other key topics, which are listed below. Procedures for each topic considered should clearly define the responsibilities of who performs, and what and when functions are to be performed.

Topics to consider including are as follows:

- Review of voided transactions
- Preparation of deposits
- Reconciliation and verification of deposit and total revenue earned for an event
- Handling and reporting of significant overages/shortages
- Comparison of sums recorded by the cashiers in Ticketmaster with revenue recorded in the general ledger
- Procedures for handling funds after hours and on weekends



2. Observation B-1 from Original Audit

When cash is conveyed between deposits or safes, the cash is sometimes only bundled with rubber bands and transferred in envelopes or plastic bags. Sealing / securing cash should be incorporated in Cultural Event's standard operating procedures to reduce the likelihood that cash is lost or misappropriated and, therefore, enhances the custodian's control and accountability.

We recommended management:

- A. Procure sealable bags to reduce the likelihood of tampering with contents until shift balances are verified and secured at the Amphitheatre's main business office. Procure locking bags for transporting change fund between venues and bank deposits through the third-party conveyance company.

Status:

Implemented. Cultural Events now has sealable bags for each end of day "card out" so cashiers can place all cash along with the TicketMaster backup for that day's sales. Cultural Events also installed two drop boxes in Amphitheatre and Ponte Vedra Concert Hall box offices for cashiers to place sealed bags that only the business manager and box office coordinator are able to access. This prevents the next day's box office cashier(s) from having access to the other employee's drop.



3. Observation B-2 from Original Audit

An unannounced cash count identified an undocumented, safe cash shortage of \$200. The safe custodian felt certain that the funds were in transport from an event at the Ponte Vedra Concert Hall that occurred the previous evening. The funds were later accounted for by the safe custodian.

We recommended management:

- A. Create a standard operating procedure that requires logging with two initials (a dual control) for every safe transfer/disbursement.

Status:

Partially Implemented. Cultural Events has a small journal in the cash box in the safe where change and banks are made. The person providing the cash as well as the person receiving the cash are listed in the journal along with the amount being checked out, when and when it was returned. However, while Cultural Events has taken action to implement a dual control, there are times when only one person works and needs to access money from the safe. This prevents application of the control. To improve the effectiveness of the dual control, we suggest that Cultural Events further develop a procedure that complements the control in situations when there is only one person that accesses the safe; for example, performing the dual control at the end of the previous day, in which only one person is scheduled to work, the person listing the amount checked out in the log on the day checked out, and a manager reconciling the money in the safe to the log on the following day.



4. Observation B-3 from Original Audit

The box office safe is utilized for the temporary safekeeping of shift deposits and a small change fund. The safe combination is available to the safe custodian (the box office coordinator) and the two box office assistants. Although the safe custodian makes it a point to regularly remove shift deposits, several staff members having access to the safe (without dual control) creates some vulnerability. The risk is heightened on days when only one box office attendant is present because shift deposits from the previous day's close sometimes remain in the safe.

We recommended management:

- A. Create a policy whereby all shift deposits are removed at regular intervals and that the box office safe contains only the change fund (not shift deposits) by the close of day.

Status:

Implemented. With the new drop box safes in both the Amphitheatre and Ponte Vedra Concert Hall box offices, only the business manager and box office coordinator have access to the end of days drops until they are deposited.



5. Observation C-1 from Original Audit

There are no surveillance cameras at either the public side or the cashier side of the ticketing office windows. The installation of highly visible security cameras serves as a crime deterrent and becomes important for investigations of possible misappropriation or theft.

We recommended management:

- A. Consider installing surveillance cameras for these areas (public side, cashier side of ticketing office windows)

Status:

Implemented. As of March 2019, security cameras have been installed throughout the Amphitheatre site.



6. Observation C-2 from Original Audit

The notable lack of office space does not allow for an ideal, secure area for preparing deposits and reconciliations.

We recommended management:

- A. Explore options to increase office space and storage for the administrative area to include a more secure area for handling deposits.

Status:

Implemented. Cultural Events has installed office trailers backstage. The safe has been moved into one of these new offices limiting the number of people coming in and out of the office where deposits are being made and where change and banks are being provided.



7. Observation C-3 from Original Audit

The appearance of the amphitheater's main gate to on-site parking and also the on-site parking lot falls short of the Saint Johns County standard. Inexpensive improvements can be made to enhance the amphitheater's curb appeal.

We recommended management:

- A. Consider (native) landscaping, possibly xeriscape, at the parking lot entrance and capture the essence of Saint Augustine's City Gates to honor the City's history. Also, consider creating areas for reuse/recycle receptacles that are uniform, sit level to the ground, and more visually appealing.

Status:

Implemented. Cultural Events expanded upon their Greening initiatives at both the Amphitheatre and Ponte Vedra Concert Hall and have put in Florida native plants at the entryway to the Amphitheatre, installed water filling stations to limit the amount of waste, and implemented the "Tervis Cup" program (also to limit waste and push the Amphitheatre brand).

