

CITY OF MOUNTAIN VIEW

Independent Accountant's Report
on Applying Agreed Upon Procedures
Related to the Shoreline Golf-Links'
Internal Controls Over Cash Collections

For the Period July 1, 2016 through February 28, 2017



Certified
Public
Accountants



**Independent Accountant's Report
on Applying Agreed Upon Procedures
Related to the Shoreline Golf-Links'
Internal Controls Over Cash Collections**

Ms. Patty Kong, City Auditor
City of Mountain View
Mountain View, California

We have performed the procedures enumerated below, which were agreed to by the City of Mountain View (City), solely to assist the City in evaluating Shoreline Golf-Links' (SGL) internal controls over cash collections for the period from July 1, 2016 through February 28, 2017. Management of the City and SGL are responsible for SGL's internal controls over cash collections. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PROCEDURES AND FINDINGS

The agreed-upon procedures performed and the related findings are as follows:

1. We obtained SGL's documentation of internal controls over cash collections.

Finding: No exceptions were noted as a result of our procedures. On March 8, 2017, we met with SGL's General Manager and obtained an understanding of SGL's internal controls over cash collections. See SGL's documentation at Attachment A.

2. We haphazardly selected a sample of 15 sale transactions from SGL's point of sales system (EZLink) for the period July 1, 2016 through February 28, 2017.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the individual sale transaction to the corresponding cash receipt.

Finding: No exceptions were noted as a result of our procedures.

4. We verified that the resident discount is properly applied when applicable by reviewing the resident's address and identification information recorded in the EZLink.

Finding: No exceptions were noted as a result of our procedures.

5. We verified that fees charged to the customers are based on the effective fiscal year (FY) 2016-17 Master Fee Schedule^(a) published and approved by the City.

^(a) *The Master Fee Schedule does not include prices for merchandise items. The City does not have control over the pricing of the merchandise items. Merchandise pricing is adjusted based on demand of the item and determined by the Touchstone Group, the Facility's administrator. We tested the accuracy of the total amount charged to the customer based on the quantity purchased and price set in the EZLink as of the transaction date.*

Finding #1: For one of the transactions tested, a customer purchased a Single Senior Annual Membership and was charged based on the FY 2015-16 Master Fee Schedule rate of \$1,224 instead of the FY 2016-17 Master Fee Schedule rate of \$1,285.

SGL Response #1: This customer was charged the FY 2015-16 rate because, as of the date of purchase on 8/15/2016, SGL's website was still showing the FY 2015-16 rate and had not been updated to reflect the FY 2016-17 rate. The customer pointed out to SGL that the amount charged did not match what was shown on SGL's website and disputed the new rate. SGL agreed to charge the customer based on the FY 2015-16 rate shown on SGL's website. SGL updated the rates on the website immediately to properly reflect the proper rates.

Recommendation #1: We recommend that SGL employees review and update the published rates timely upon the City's approval of new rates.

Finding #2: For one of the transactions tested, a customer purchased a Weekend Regular 18 Hole (Weekend 18 Hole) and was charged \$60 instead of the FY 2016-17 Master Fee Schedule rate of \$56.

SGL Response #2: There's a system error that occurs only when a customer orders both a Weekend 18 Hole and a cart. The customer is charged \$60 for the Weekend 18 Hole and \$10 for the cart, instead of the City's approved \$56 for the Weekend 18 Hole and \$14 for the cart. The total charges to the customer of \$70 agreed to the FY 2016-17 Master Fee Schedule. This has been an ongoing system issue and TouchStone Group fixes them whenever errors are identified.

Recommendation #2: We verified that the total amount of \$70 charged to customer agreed to the FY 2016-17 Master Fee Schedule. We also selected 10 additional transactions of Weekend Regular 18 Hole with no cart for testing and verified that customer was charged the approved \$56 in accordance with the FY 2016-17 Master Fee Schedule. We recommend the City to develop a process to regularly monitor the rates in the POS system to ensure they agree with the Master Fee Schedule.

6. We verified that the sales transactions are properly reflected in the daily report generated from EZLink.

Finding: No exceptions were noted as a result of our procedures.

7. We verified that SGL reconciled the cash receipts to the daily report and agreed the cash receipts to the total sales report.

Finding: No exceptions were noted as a result of our procedures. However, per review of the daily reconciliations, only check marks were presented and there was no documentation or indication of who performed or reviewed the reconciliation. We recommend SGL personnel strengthen its internal control and increase accountability by requiring SGL personnel to initial or sign on the daily reconciliation indicating completion and approval.

8. We agreed the sales transaction receipt to the bank statement.

Finding: No exceptions were noted as a result of our procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on SGL's internal controls over cash collections. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, City Council, and management of the City and SGL and is not intended to be and should not be used by anyone other than these specified parties. This report is a matter of public record and this does not limit the distribution of this report.

Macias Gini & O'Connell LLP

Walnut Creek, California
September 18, 2017

CASH HANDLING/REGISTER PROCEDURE

Updated: 1/11/16

- All sales must be recorded immediately and accurately using the point of sale system (cash register). Identify the defined charge for each member and guest and charge them accordingly.
- For daily play, complete names of all players should be recorded on the reservation system.
- Always enter the amount tendered and let the cash register calculate the change. When applicable enter the type of tender too (i.e. cash, check, etc.)
- **A receipt must be given to every member or guest at time of purchase.**
- All cash, checks and credit card slips must be kept in the cash register (unless they are transferred to the safe during the day to minimize cash on hand in the cash drawer – Should only be done by the Manager on Duty “MOD”).
- All sales are to be recorded and paid for at the time of receipt (No “Tabs”). Charging privileges may not be extended to a member, guest, group outing or catering event without executive staff approval. All money must be collected prior to the service is to be provided.
- The safe must remained locked when not being used for a specific transaction.
- Do not operate register with an open cash drawer. The drawer must be in the closed position except for the tendering of payment.
- If you leave the room for any reason, lock the cash register and when no guests are in the room the doors.
- Count cash bank at opening and closing shift and record the result on a piece of paper and leave it under the cash drawer or in the safe. The Golf Shop cash drawer level must always be maintained at defined amount (except when retrieving change – Place a note in drawer as to how much was taken to get change and by whom). Follow the same process in the Snack Bar
- Ring up all tournament and banquet deposits on the day of receipt.
- To use cash funds to reimburse someone or pay an invoice you must complete a Cash Paid Out slip and have the person receiving the funds sign it. The invoice or receipt must be stapled to the Cash Paid Out. At the end of the day attach these to the **Comp. Play Sheet**.
- When an error is made on the register, close out the transaction and re-ring the transaction correctly. On the point of sale system, if the error is recognized prior to tendering the sale, a sale/line void can be done by pressing the appropriate key. However, if the error is detected after the sale has been tendered; complete an Over-Ring slip (or “Miss-ring”). If the tendered sale was comprised from a credit card, a return must be completed to credit the amount back to the guests. A detailed explanation must be completed on the over-ring slip.
- All back up information including over-rings, returns and voided sales must be stapled together with the receipt and attached to the **Comp. Play Sheet**.
- Excessive amounts of cash can not accumulate in the drawer: Maximum of \$500. Cash drops of \$500 or more will be made to the safe by the Manager on Duty (MOD). The MOD must attach a note to the cash and checks with the amount of money that is being placed in the safe.

Cash Handling/Register Procedures

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- You must abide by and enforce the **COMPLIMENTARY PLAY POLICY**:

All Complimentary Play must pay the normal cart fee. Employees and volunteers are complimentary. Comp. Play is on a space available basis and is not allowed during high demand times including Saturday and Sunday mornings. This policy does not impact member privileges.

- All “Comps” including Employees, Marshals and trades must be recorded and accounted for on the **Comp. Play Sheet**. All Comps must be rung into the cash register as such.
- All **NON**-employee and Marshal complimentary play must be authorized in advance by the executive staff or general manager (or Acting Manager). Complimentary play letters/coupons will be issued by the executive staff. Collect these, write the corresponding cash register ring # on them and attach to the **Comp. Play Sheet**.
- With the exception of member payments, all personal checks must be verified by reviewing the guest’s driver’s license number. All checks over \$200 must be verified by the bank the check is drawn from. The verification is to determine if there are sufficient funds to cover the check and to determine if the name imprinted on the check corresponds to the name on the account. Checks must be declined if efforts to contact the bank are unsuccessful.
- All merchandise must be paid for in full when received by the member, guest or employee.
- Nothing may be given to a member or guest (i.e. drink, range balls, etc.) without the approval of the manager on duty (MOD). In the case that the MOD is not the general manager or “acting manager” they must leave a note for that person describing what was given away and why. It is understood that at times the MOD may need to appease a member or guest by buying them a drink or providing complimentary range balls.
- Any trades for services must be approved in advance by the General Manager (or Acting Manager), documented in writing and kept in a file in the safe. All trades must be in the sole interest of the golf club with no benefit to an employee.
- At the close of the day all dollar bills, checks, credit card and member charges will be transferred to the safe. The cash drawer will be left open.

ACKNOWLEDGMENT

I acknowledge that I received, reviewed, and fully understand the above cash handling/register procedures. I further understand that a violation of any procedure will result in disciplinary action up to, and including, termination.

PRINT NAME: _____

SIGNATURE: _____

DATE: _____