



# 2018 Wristband Sales Reconciliation Process

June 29, 2018

## Table of Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Methodology.....</b>	<b>3</b>
<b>Background.....</b>	<b>3</b>
<b>Findings, Recommendations, Management Response.....</b>	<b>7</b>

## **Executive Summary**

This report presents the results of the Office of Organizational Performance and Accountability (OOPA) review of the reconciliation of the wristband sales. OOPA objectives were to assess the effectiveness of controls over the 2018 wristband sales reconciliation process and to determine whether revenues are collected and other requirements are met in accordance with Article CC, The Festival Ordinance of 2013.

Findings, recommendations, and management responses are included after background information.

## **Methodology**

To accomplish our objectives, we:

- Reviewed:
  - Article CC, Festival Ordinance of 2013
  - City Council Regular Minutes-February 14, 2018-Item 21, Motion to Adopt Resolution Designating March 16 and 17 as the St. Patrick's Day Festival 2018
  - City Council Regular Minutes-February 14, 2018, Resolution Designating the 2018 St. Patrick's Day Festival
  - Prior Internal Audit reports and reconciliations
  
- Observed and participated in the pre-event and post-event wristband inventory, and calculated the final wristband unit and estimated sales amounts by organization.
  
- Interviewed staff of the Office of Special Events, Film & Tourism, and
  
- Evaluated the internal control environment regarding the provisions of sub-section (e) and (f) of the Festival Ordinance of 2013.

## **Background**

The St. Patrick's Day Festival is annual event sponsored by the City of Savannah. Each year, the City Council approves the Festival Control Zone designation and the specific Festival Days. Within the Control Zone, the Savannah Waterfront Association was designated for 2018 to organize and manage festival activities. Wristband sales generate Festival revenues within the Control Zone. The Festival Days include March 17, the annual St. Patrick's Day Parade.

## Festival Revenues

The City of Savannah, Savannah Waterfront Association, Downtown Business Association, and City Market<sup>1</sup> split Festival Revenues. Exhibit 1 lists the four most recent years of wristband sales and the City of Savannah's share of those sales.

### Exhibit 1 St. Patrick's Day Festival Wristband Sales

Four (4) Year Analysis of Wristbands Sold and Revenue Generated										
Festival Year	<-----Festival Days----->				Total Bands Sold	Sales Price/Band	Total Estimated Sales	COS Share		
2015	Sat, 3/14	Sun, 3/15	Mon, 3/16	Tue, 3/17	70,018	\$5	\$350,090	\$70,018		
	39,707	6,819	6,369	17,123						
2016				Thu, 3/17	Fri, 3/18	Sat, 3/19	77,421	\$5	\$387,105	\$77,421
				26,601	15,932	34,888				
2017			Thu, 3/16	Fri, 3/17	Sat, 3/18		77,413	\$10	\$774,130	\$232,239
			3,786	40,482	33,145					
2018			Fri, 3/16	Sat, 3/17			73,929	\$10	\$739,290	\$221,787
			23,300	50,629						

Note: COS share for 2015 and 2016 is \$1/band, and for 2017 and 2018 is 30% of sales

Source: Office of Organizational Performance and Accountability

## Wristband Handling Process

The COS Office of Special Events, Film, & Tourism purchases the wristbands approximately two months prior to the designated St. Patrick's Day Festival. Different color wristbands are purchased for sales on each Festival Day. Each wristband is pre-numbered and has CITY OF SAVANNAH imprinted on it. The bands are joined lengthways, forming a continuous bundle of wristbands. Individual boxes store 1,000 consecutively numbered wristbands. Each box is labeled to identify the color and number sequence of the enclosed bands.

### *Wristband Count, Pre-Event*

On February 26, 2018, a representative from the COS Office of Special Events Management, a representative from the COS Office of Performance & Accountability, and a representative from the SWA, met and conducted the pre-event wristband inventory.

<sup>1</sup> The following abbreviations are used to designate each entity: COS-City of Savannah, CM-City Market, DBA-Downtown Business Association, SWA-Savannah Waterfront Association

The count verifies the purchased quantity of wristbands by color and numerical sequence. After inventory, the wristbands are transferred to the Savannah Waterfront Association for sales on the assigned Festival Days.

The count was conducted in the offices of Special Events, Film & Tourism at Daffin Park. Individual boxes were opened and made available for review to each representative. Beginning and ending wristband numbers and color was compared to box labels. The wristbands were fanned to look for breaks or damage to the wristbands, and returned to its box. Boxes were maintained in numerical sequence and repacked in the original container. For March 16, 60 boxes or 60,000 blue wristbands were inventoried. This same process was repeated for the March 17 red wristbands, and the same number of boxes and wristbands were inventoried.

During the count, separate inventory sheets were maintained by COS and SWA. Sheets listed each box by numerical sequence on rows, and Festival Days were column headings. Notations or initials were made on each sheet accounting for the wristbands.

After the final count, the City and SWA signed each other's inventory sheets. The City retained all original sheets, and gave copies to the City and SWA representatives. All boxes were loaded into the SWA's representative personal vehicle.

#### *Wristband Count, Post-Event*

On March 22, 2018, a post-event wristband inventory was taken with the same three representatives. The count was conducted in the same office as the pre-event count. These wristbands are in saleable condition.

The original wristband boxes, containing the numbered wristbands assigned to that box were presented to COS by SWA. During the post-event count, it was determined thirty (30) March 17 original boxes were not returned; 28 assigned to SWA, 1 each assigned to DBA and CM. For each box not returned, 1,000 wristbands were considered sold.

Wristband boxes were arranged by day and numerical sequence. Box numerical assignments were stated by SWA. Example: DBA was given five (5) boxes each day, numerical sequence 26001-27000, 27001-28000, 28001-29000, 29001-30000, and 30001-31000.

The City counted the wristbands remaining in each box and compared the wristband numerical sequence to the box label sequence. Most boxes contained continuous joined wristbands in a condition available for sale. Some boxes contained separated wristbands in a condition available for sale.

The City manually recorded the return wristband count per box. In addition, the City calculated and recorded the quantity sold per box on separate copies of inventory

sheets. SWA compared the return count to a pre-counted listing. Differences were resolved immediately, without continuing the count.

Separate envelopes contained the returned damaged bands. The bands were counted and recorded by entity, by day. Damaged wristbands are defined as bands that were sold, but removed, and replaced because of fit, or other circumstance. SWA stated the number of bands given by each entity by day to Law Enforcement. These amounts were recorded.

The returned and sold wristband sheets prepared by the City were signed by COS and SWA representatives. The original sheets were retained by the City and copies given to the City and SWA representatives.

The City manually added the quantity sold from the sheets, and verbally stated a “rough” sales number. Wristbands are held until final agreement has been reached on the unit sales between COS and SWA, after which, the bands are used by the City of Savannah’s Civic Center.

*Sales Calculation and Reconciliation*

The City transferred the manually written data from the inventory sheets into an Excel spreadsheet. Later, information concerning “comp” or free wristbands was finalized. The SWA is allowed twenty-five (25) comp or free bands per Festival day. COS does not receive any monies for damaged, law enforcement, or comp bands. The spreadsheet was adjusted and the final count of wristbands sold issued. Exhibit 2 shows 2018 sales by entity.

**Exhibit 2  
2018 St. Patrick’s Day Festival Wristband Sales by Entity**

Entity	Initial Pre-event Inventory Count	Less: Post-event Inventory Count	Equals Gross Number of units sold	Less: Damaged bands	Less: Law Enforce Bands	Less: Comp Band Allow	Equals Net Number of bands sold	Estimated Gross Sales @ \$10/band	COS Share - 30% of estimated sales
CM	30,000	10,386	19,614	19	4		19,591	\$195,910	\$ 58,773
DBA	10,000	6,610	3,390	9			3,381	\$ 33,810	\$ 10,143
SWA	80,000	28,746	51,254	222	25	50	50,957	\$509,570	\$152,871
Total	120,000	45,742	74,258	250	29	50	73,929	\$739,290	\$221,787

Source: Office of Organizational Performance and Accountability

All payments have been received for the 2018 Festival.

## **Findings, Recommendations, Management Response**

<p><u>OOPA Observation 1</u>          The wristband sales reconciliation process involves the purchase, storage, transportation, transfer, inventory count, and other activities that are not documented. These annual activities are centralized in the Office of Special Events Management and are conducted by a limited number of employees. To limit program risk, methods and procedures should be documented.</p>
<p><u>Recommendation 1</u>          Establish and maintain a written Policy/Procedure Manual for the processes and activities needed for the wristband sales reconciliation.</p>
<p><u>Management Response 1</u>          A Policy has been written and is awaiting approval from OPA.</p>
<p><u>Completion Date</u>          Complete</p>

<p><u>OOPA Observation 2</u>          Article CC, Festival Ordinance of 2013, Section 6-2425, sub-section (e), in part, states, “within 30 days of the conclusion of the event...pay the city the agreed upon fee for each wristband sold or (otherwise unaccounted for).”</p> <p>The table below lists the past four (4) years of wristband payments. Each entity involved in the wristband sales process sends a check to COS for its fee.</p>																																																																								
<table border="1"> <thead> <tr> <th colspan="6"><b>Four (4) Year Analysis of Wristband Payments</b></th> </tr> <tr> <th><b>Payer</b></th> <th><b>Festival Year</b></th> <th><b>Amount</b></th> <th><b>Check Date</b></th> <th><b>Due Date</b></th> <th><b>Days Late</b></th> </tr> </thead> <tbody> <tr> <td>SWA</td> <td>2015</td> <td>\$ 70,518.00</td> <td>2/4/2016</td> <td>4/16/2015</td> <td>294</td> </tr> <tr> <td>CM</td> <td>2016</td> <td>\$ 17,494.00</td> <td>3/30/2016</td> <td>4/18/2016</td> <td></td> </tr> <tr> <td>DBA</td> <td>2016</td> <td>\$ 6,882.00</td> <td>4/13/2016</td> <td>4/18/2016</td> <td></td> </tr> <tr> <td>SWA</td> <td>2016</td> <td>\$ 53,045.00</td> <td>7/12/2017</td> <td>4/18/2016</td> <td>450</td> </tr> <tr> <td>CM</td> <td>2017</td> <td>\$ 68,889.00</td> <td>3/30/2017</td> <td>4/17/2017</td> <td></td> </tr> <tr> <td>DBA</td> <td>2017</td> <td>\$ 17,165.00</td> <td>5/12/2017</td> <td>4/17/2017</td> <td>25</td> </tr> <tr> <td>SWA</td> <td>2017</td> <td>\$ 146,085.00</td> <td>4/6/2017</td> <td>4/17/2017</td> <td></td> </tr> <tr> <td>CM</td> <td>2018</td> <td>\$ 58,773.00</td> <td>3/23/2018</td> <td>4/16/2018</td> <td></td> </tr> <tr> <td>DBA</td> <td>2018</td> <td>\$ 10,143.00</td> <td>5/9/2018</td> <td>4/16/2018</td> <td>23</td> </tr> <tr> <td>SWA</td> <td>2018</td> <td>\$ 152,871.00</td> <td>5/25/2018</td> <td>4/16/2018</td> <td>39</td> </tr> </tbody> </table> <p><i>Source: CCS Financial System, Wells Fargo, Office of Organizational Performance and Accountability</i></p>	<b>Four (4) Year Analysis of Wristband Payments</b>						<b>Payer</b>	<b>Festival Year</b>	<b>Amount</b>	<b>Check Date</b>	<b>Due Date</b>	<b>Days Late</b>	SWA	2015	\$ 70,518.00	2/4/2016	4/16/2015	294	CM	2016	\$ 17,494.00	3/30/2016	4/18/2016		DBA	2016	\$ 6,882.00	4/13/2016	4/18/2016		SWA	2016	\$ 53,045.00	7/12/2017	4/18/2016	450	CM	2017	\$ 68,889.00	3/30/2017	4/17/2017		DBA	2017	\$ 17,165.00	5/12/2017	4/17/2017	25	SWA	2017	\$ 146,085.00	4/6/2017	4/17/2017		CM	2018	\$ 58,773.00	3/23/2018	4/16/2018		DBA	2018	\$ 10,143.00	5/9/2018	4/16/2018	23	SWA	2018	\$ 152,871.00	5/25/2018	4/16/2018	39
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<p><u>Recommendation 2</u>          Establish procedures to actively seek payment for monies due for wristband sales according to the Festival Ordinance of 2013. If not paid within the allotted period,</p>																																																																								

apply the provisions of Article A. Section 5, <i>Delinquency Fees</i> , from the City of Savannah Revenue Ordinance.
<u>Management Response 2</u> This is included in the new Wristband Policy.
<u>Completion Date</u> Complete

<u>OOPA Observation 3</u> Article CC, Festival Ordinance of 2013, Section 6-2425, sub-section (f), defines the insurance requirements for an organization “to organize and manage activities within a controlled zone...” The SWA did not send a Certificate of Insurance for the 2018 St. Patrick’s Day Festival Association prior to the event.
<u>Recommendation 3</u> Establish procedures to actively pursue the requirements in Section 6-2425, sub-section (f), as set forth in the Festival Ordinance of 2013, and obtain a certificate of insurance for the 2018 Festival. Use vendors that comply with COS ordinances and requirements.
<u>Management Response 3</u> This is required of the permit holder. Permits will not be issued without receipt of COI.
<u>Completion Date</u> On-going