



To Honorable County Council Members
Honorable Steve Ehlmann, County Executive

June 7, 2018

The Employee Activity Fund examination opened April 6, 2018 has been completed, and the final report is being issued today. The scope of the review covered January 1, 2015 – December 31, 2017. Fieldwork for the review was completed on May 7, 2018, and our report reflects the results of work performed through that date. Responses were requested for by June 15, 2018 and received on June 7, 2018.

The objectives of the review were to determine whether internal controls were adequate and effective, operations and records were in compliance with established standards, regulations, policies and procedures, and resources were being used efficiently.

The examination covered the Employee Activity Board and associated activities. We reviewed the internal control environment surrounding those activities, as well as performed an evaluation of the effectiveness and efficiency with which department objectives are being achieved. In addition, reviews for compliance with the County Charter and Ordinances, Missouri Statutes, and internal policies and procedures were performed.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and consisted of examining, on a test basis, sufficient evidence to afford a reasonable basis, for our opinion.

In our opinion, except for the opportunities included in this report, internal controls were adequate and effective, and operations and records were in compliance with established standards.

The issuance of this report completes the formal examination process. However, if you wish to discuss any aspects of the audit or report, please contact me

Brent R Statler

Brent R. Statler, CPA, CGAP
County Auditor

Attachment

Copy to Joann Leykam, Director of Administration
Carrie McCarthy, Employee Activity Board Chair



**Employee Activity Fund
Examination Report
Opened April 6, 2018**

Scope: January 1, 2015 – December 31, 2017

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BACKGROUND AND INTRODUCTION

Authority and Activity:

As authorized by County Code Section 129.490, the Employee Activity Board (EAB or Board) consists of twenty (20) members appointed by the County Executive and approved by the County Council to oversee the Employee Activity Board Fund (739). The Board makes recommendations to the Director of Administration concerning placement of vending machines, the type of vending machines, vending contracts, and the expenditure of funds from the Employee Activity Board Fund. The Board also orchestrates employee functions and charitable efforts. EAB funds may only be used for employee functions or contributions to charitable organizations serving the indigent as recommended by the Board and approved by the Director of Administration.

The Employee Activity Fund's program mission as stated in the 2018 budget is as follows:

There is no mission statement for the Employee Activity Board.
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Funding:

The primary funding for the Employee Activity Fund is provided by the Employee Activity Board Fund. The historical funding for the Employee Activity Fund is presented below.

Employee Activity Fund EAB Fund (739) – Expenditures Fiscal Years 2013-2018								
Fiscal Year	Salaries & Benefits	% Increase	Operating Expenditures	% Increase	Capital Expenditures	% Increase	Total Expenditures	% Increase
2013	\$0	N/A	\$28,712	N/A	\$0	N/A	\$28,712	N/A
2014	\$0	0.0%	\$33,401	16.3%	\$0	0.0%	\$33,401	16.3%
2015	\$0	0.0%	\$33,804	1.2%	\$0	0.0%	\$33,804	1.2%
2016	\$0	0.0%	\$28,748	-15.0%	\$0	0.0%	\$28,748	-15.0%
2017	\$0	0.0%	\$14,502	-49.6%	\$0	0.0%	\$14,502	-49.6%
2018*	\$0	0.0%	\$17,500	20.7%	\$0	0.0%	\$17,500	20.7%

Revenues generated by the Employee Activity Fund are deposited in the Employee Activity Board Fund. The historical funding is presented below:

Employee Activity Fund EAB Fund (739) – Revenues Fiscal Years 2013-2018							
Fiscal Year	Vending Machines	Employee Contributions	Adopt-A-Family Events	Interest Income	Miscellaneous	Total Revenue	Fees Collected by the EAB as a Percentage of Expenditures
2013	\$15,946	\$2,436	\$2,556	\$87	\$6,266	\$27,291	95.1%
2014	\$11,874	\$3,032	\$3,438	\$83	\$9,512	\$27,939	83.6%
2015	\$8,975	\$3,245	\$2,343	\$74	\$6,712	\$22,249	65.8%
2016	\$8,583	\$2,628	\$1,865	\$91	\$7,127	\$20,294	70.6%
2017	\$8,113	\$3,257	\$1,235	\$139	\$4,789	\$17,533	120.9%
2018*	\$7,000	\$3,000	\$1,500	\$60	\$6,000	\$17,560	100.3%

* These are the approved budget amounts from the 2018 budget.

Staffing:

The Employee Activity Board Fund has no employees. All board members appointed by the County Executive are volunteers from County departments and offices.

II. STATUS BOARD

The status board provides a summary of the Employee Activity Fund’s functions and processes. Each cell located under a function represents an activity that is to be completed to ensure that the process is performed in an effective and efficient manner. The color of the cells represents the assessment regarding completion of the activity. The legend below gives a description of the definition of each color.

- Red indicates management's immediate attention is required.
- Yellow indicates an opportunity for improvement exists.
- Green indicates there is no action necessary currently.
- Blue indicates a process that was not included in the scope of the review.
- Grey indicates a County issue that should be addressed by management but is not necessarily a direct responsibility of the audited department/office.

Indigent Contributions	Employee Activities	EAB Funding	Vending Machines	Meetings	Board Membership
EAB selects local charities and not-for-profits to donate a portion of collections.	The Board plans an activity (i.e. trivia night, bowling, etc.) for employees and assigns 2-person oversight committee.	EAB sells 6 Flags tickets through the Finance Dept. and receives a commission for each ticket sold.	Vending machine supplier is selected through competitive bidding following County policy.	Board holds monthly meetings to decide on types of employee events and fundraising activities.	20 members appointed by County Executive and approved by County Council.
	Board approves the type of event with details sent to the Dir. of Admin for approval (only new types of events).	Additional tickets and passes are ordered from 6 Flags as needed.	EAB recommends location of machines to Dir. of Admin and decides on types and cost of food/drinks sold.	Votes are taken to determine actions taken; may also be done via phone/email.	Members must be County employees
	Initial expenditures for the event are approved by the Dir. of Admin.	EAB may raise additional funds by selling other items like cookbooks.	EAB receives a % of sales from vending sales.	Minutes of proceedings are taken by Board Secretary.	Members serve indefinitely until replacement is affirmed.
	When applicable, fees are collected and deposited with the Finance Dept (A1).	All proceeds are deposited with the Finance Dept. and used to fund employee activities.	Vendor remits monthly commission and sales report.		Annually the Board elects a President, Vice-President, Secretary, and Treasurer to serve one-year terms.
	Event-related purchases go through normal purchasing procedures.		Funds are deposited with Finance Dept. into EAB Fund.		
	Documentation is filed with the Finance Dept. and a copy is kept by event planners.				

III. EXECUTIVE SUMMARY

Following is a summary of opportunities for improvement which were noted during our review of the Employee Activity Fund:

A. Control Opportunities

1. Event Revenue: For non-ticketed events, the EAB does not issue receipts or track sales.

Control – Event Revenue

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>The Employee Activity Board (EAB) plans and holds events to raise money for specific charitable programs (i.e. adopt-a-family) and to fund activities for county employees. Designated members coordinate events and are responsible for events, including collecting, reconciling, and preparing a summary of the event report. The event deposit is reviewed by another designated member who deposits the funds with the Finance Department.</p>	<p>For non-ticketed events, the EAB does not issue receipts or track sales. Therefore, a full reconciliation between sales and deposit cannot be achieved.</p>	<p>Opportunity for improved documentation, revenue reconciliation, and tracking of event participation/effectiveness. Funds may be lost or misappropriated.</p>	<p>The EAB should track sales revenue for events to ensure that all funds received are deposited. Improved sales tracking would also allow the EAB to better evaluate participation and the effectiveness of events.</p>	<p>The issue of a full reconciliation between sales and deposits is due to lack of receipts or carbon copy receipts.</p> <p>The board members will keep track at the point of sale. Making sure that the amount of the products chosen for purchase match the amount paid and any “donation” given would be separately indicated. This way it keeps track of the sales and profit from an event and it helps keep track of the donation funds that are used for or donated to the charitable organization that has been chosen as the recipient.</p> <p>This will keep track of funds to alleviate any possibility of funds being lost or misappropriated.</p>