

4Q2019 GLA Audit Report Summary

(Audit Conducted on 1/18/20 and 1/20/20)

The 4Q2019 Quarterly Financial Audit consisted of reviewing Petty Cash Accounts 1080A1, 1080A2, 1080A3 and 1080C, First Midwest Bank Checking Accounts 1040A and 1040B and the associated Reconciliation Reports dated 12/31/19, various financial information as identified in the GLA Monthly Balance Sheet dated 1/17/20, and detailed Bar POS Receipts for a full 2 day period. Specific items audited were as follows:

- Account 1080A1 Bar Cash Reserve Box (date audited 1/20/20)
- Account 1080A2 Bar Shift 1 Cash Drawer (date audited 1/20/20)
- Account 1080A3 Bar Shift 2 Cash Drawer (date audited 1/20/20)
- Account 1080C Office Petty Cash (date audited 1/20/20)
- Account 1040A Checking GLA Operations (period of 11/29 thru 12/31/19)
- Account 1040B Checking GLA Payroll (period of 11/29 thru 12/31/19)
- Bar POS Receipts (All shifts for period of Saturday 1/11/20 and Thursday 1/16/20)

All information was reviewed for accuracy and completeness. The Bank Statements that were audited were reviewed and compared to the GLA Reconciliation Detail. Any areas of concern and/or recommendations for improvement have been noted and submitted to the Board in a detailed report.

Respectfully Submitted,

Joe Turk
GLA Audit Committee Chairperson

4th Quarter 2019 GLA Financial Audit Detail

Account 1080A1 – Bar Cash Reserve Box

Found a surplus of \$14 in the cash reserve box.

- **Action Needed** - The \$14 surplus should be turned in to the Office to be deposited in the GLA checking account as additional income to bring this petty cash box back to the required amount.

Account 1080A2 – Bar Shift 1 Cash Drawer

Found the amount to be accurate. No action required.

Account 1080A3 – Bar Shift 2 Cash Drawer

Found the cash drawer \$11 short of the required amount.

- **Action Taken** – When the discrepancy was discovered, we spoke to the Bar Manager who immediately talked to the Bar Tender who had worked that shift and was told about the issue. The issue was corrected and the petty cash was reimbursed to bring the total cash to the required amount.

Account 1080C – Office Petty Cash

All Petty Cash was found to be accurate and accounted for compared to the receipt log

Account 1040A – Checking GLA Operations

Reviewed the latest First Midwest Bank Checking Account Statement for the period of November 29th thru December 31st, 2019 to the latest Reconciliation Summary for that same period. The total account balance as of 12/31/19 was \$107,576.53. Total additions during this period was \$30,613.91. Total subtractions were \$12,203.56.

Total uncleared transaction accounted for \$2,698.85 with the oldest uncleared transaction of \$400 for a check written on 9/4/2019 that had not been cashed related to advertising costs with Alpha Media (radio commercials).

- **Action Taken** – Spoke to our Office Manager and found that she had already contacted Alpha Media and found that they had lost the check (Check #13310). A new check was issued but the lost check was not voided.

Recommend voiding the lost check ASAP to avoid possibility of Alpha Media finding the lost check and cashing both by mistake. Some additional information worth noting that was observed when investigating this uncashed check from Alpha Media was the amount and cost of radio commercials that have taken place between 4/24/19 and 12/18/19 related to the Bar advertising. A total of 6 payments for \$400 each was paid during this time frame. Of the \$2400 spent, a total of \$160 in commercials was related to advertising for the kids fishing contest and Halloween. The remainder of \$2,240 was spent on radio commercial advertising for the GLA Bar during an 8 month period compared to a total amount budgeted of \$3,000 for the entire 2019 budget period.

Account 1040B – Checking GLA Payroll

Reviewed the latest First Midwest Bank Checking Account Statement for the period of November 29th thru December 31st, 2019 to the latest Reconciliation Summary for that same period. The total account balance as of 12/31/19 was \$116,928.65. Total additions during this period was \$1,933.25. Total subtractions were \$29,571.94.

There were 20 uncleared transactions for this period for a total of \$8,548.82. A total of 15 uncleared transaction were less than 1 month old. However, a total of 5 uncleared transaction were over 1 month old with the oldest being 9 months old. (Refer to Account 1040B Reconciliation Detail dated 12/31/19 for specific check detail information.)

- Action Recommended – Contact the parties associated with the following outstanding check numbers and amounts (#29596 for \$10, #29944 for \$10, #29972 for \$74.12, #30066 for \$250.21, and #30058 for 106.37) to resolve these uncashed check issues. NOTE: Check #29596 for \$10 has been an outstanding issue identified on all previous 2019 Quarterly Audit Reports but remains unresolved.

Bar POS Receipt Review For Saturday 1/11/20 and Thursday 1/16/20

Reviewed the detailed Bar POS receipts for all shifts on the above listed days with the Bar Manager. Listed below is a summary of what was discussed:

POS Receipt for Saturday 1/11/20

- A total of 331 purchase transactions were recorded during this period with 314 transactions for alcoholic drinks, 16 transactions for food/soda/water, and 1 transaction for ice.
- Of these 331 purchase transactions which accounted for approximately \$1,200 in sales for both 1st & 2nd shift, a total of 75 alcoholic drinks were sold with special pricing which accounted for a total of \$38.50 in discounted pricing.

POS Receipt for Thursday 1/16/20

- A total of 287 purchase transactions were recorded during this period with 258 transactions for alcoholic drinks, and 29 transactions for food/soda/water.
 - Of these 287 purchase transactions which accounted for \$600 in sales for both 1st & 2nd shift, a total of 182 alcoholic drinks were sold with special pricing which accounted for a total of \$166.75 in discounted pricing.
 - An issue with a credit card transaction for \$40 was identified. It appears that when the initial transaction failed to be approved, the Bar Tender voided out the amount charged and attempted to recharge the credit card. This transaction was for 3 drinks and the associated tip. We could not find any evidence that this transaction was approved by the credit card company or that GLA will be paid for this transaction.
- **Action Recommended or Observations Made**
- 1) The detailed credit card register for that period (1/16/20) should be reviewed to determine if we received the \$40 transaction as described at the end of the above paragraph.
 - 2) It was found that a complete detailed POS Receipt is being printed at the end of each day which consumes significant ink & paper of the POS System and Bar Tender time at the end of the day. The Audit Committee recommends that this daily task be stopped and replaced with the Bar

Manager randomly printing 1 detailed POS Detailed Receipt for an entire day, once per week to review/audit and use to discuss discrepancies or questions with the Bar Tender who worked during that period. Would also suggest that since the Bar Manager also tends bar and is subject to audit, that the Bar Committee Chairperson randomly have the Bar Manager print 2 POS Detailed Receipts per month of days when the Bar Manager tended bar. It was apparent when reviewing the Detailed POS Receipts with the Bar Manager that very little time is taken to review this very important information. Much can be learned and understood by regular review of these detailed receipts.

- 3) As a result of the fairly large sum of revenue that is being lost due to the high number of discounted items being sold on Thursday nights when the bar is sponsoring bean bag games and already drawing a crowd for this event, would recommend that the Bar Committee consider reducing the number of discounted items on Thursday and possibly try discounting additional items on another day when the bar is slow to try and boost business on a slower day to help boost overall sales.

Other / Miscellaneous

Would like to take this opportunity to highlight that the association has CD that will be maturing in the near future on 4/22/20 as listed under Account 1010A in the amount of \$31,434.