



Wicomico County, Maryland

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Internal Auditor's Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 106-2013, the Office of the Internal Auditor (IA) has conducted an Audit of Festivals Cash and Alcoholic Beverage Handling for Wicomico County. Wicomico County sponsors several festivals each year for the benefit of county government, county residents, and visitors. The purpose of the audit was to assure internal control over the handling of cash and alcoholic beverages and to assess adherence to those controls.

IA conducted the audit with due professional care, and IA planned and performed the audit to obtain reasonable assurance about whether the festivals cash handling and alcohol dispensing practices are in compliance with applicable policies and procedures and whether those policies and procedures are adequate to obtain an acceptable level of control.

IA extends our appreciation to Management and Staff of Wicomico County Recreation and Parks, Tourism, Liquor Licensing Board, and the Box Office for their timely assistance, cooperation, and candid assessment of the procedures and the rules. Additional thanks go to selected vendor participants who were kind enough to share their assessment of issues within the scope of the audit.

Respectfully submitted,

J. Stephen Roser, CPA
Internal Auditor

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Audit Report

Background

Wicomico County holds at least four major festivals with different themes and at various venues annually:

- Bike Week Festival
- Good Beer Festival
- Autumn Wine Festival
- Pork in the Park

IA looked at each of these festivals to evaluate various processes concerning the handling of cash and alcohol. Specifically, we evaluated the internal controls in place for the handling of cash and alcohol as well as adherence to those controls. The audit revealed evidence of the establishment of a robust system for handling cash. There were differences in the overall methods and responsibility for dispensing alcohol. Additionally, there were differences among various stakeholders regarding assessment of the process for dispensing alcohol.

Audit Objectives

The objectives of the audit were to:

1. Assure that internal controls are in place for handling cash for festivals
2. Evaluate compliance with those controls
3. Assure adequate security for persons handling and transporting cash
4. Assure compliance with applicable laws and regulations for the handling of alcoholic beverages

Scope of the Audit

The audit period examined on a test basis was FY 2014 to date. The scope was open ended. Observations, interviews, and Inquiries with appropriate personnel were conducted, as well as examination of various documents (subject to change based on preliminary surveys and interviews) pertaining to the following:

- Map internal controls for the handling and transport of cash and evaluate
- Determine compliance with internal controls
- Evaluate security
 - Scheduling
 - Contracts
 - Observation
- Review codification of applicable laws and rules for the handling of alcohol
 - State Law
 - State regulations
- Evaluate compliance through inquiry, interviews, and observation

General Highlights

The County Box Office personnel and managers organize, supervise, and carry out cash handling for the county festivals. They maintain a secured trailer for that purpose. The county sells tickets to the events and provides will-call pickups directly from the trailer. The cash trailer has the capacity to open several box office windows to which the public can walk up and transact business. Management secures cash for drops, change, and starter¹ in a

¹ "Starter" is a term used for the cash required to open a cash register. It contains cash in assigned quantity and denominations for making change during cash purchases.

locked safe. IA observed Sheriff's Office presence within a few feet of the locked trailer at all times. Cashiers secure their cash in drawers screened from public view by small plywood boxes designed for that purpose. All cashiers observed were in possession of a copy of the established rules for handling cash. Management supplied IA with copies of:

- Preparation procedures
- Rate cards
- Cashier instructions
- Cashier/trailer money report
- Starter schedules
- Worksheet for end-of-day counting
- Money drop sheet to the bank

All documentation seemed to be complete with robust internal control. IA found no evidence of non-compliance with internal control over cash during observations.

Wicomico County holds the liquor licensing permits for Bike Week, Pork in the Park, and The Good Beer Festival. County personnel and volunteers sell tickets that those qualified (evidenced by wristbands) can then take to a pouring station and exchange for a 12oz draft beer. Attendees receive 3oz samples of wine and beer at the tasting venues with the price of admission. Wineries individually hold liquor licenses for the Autumn Wine Festival and may sell full glasses, bottles, or cases of wine.

Conclusion

Based on testing, evidence gathered, and interviews performed pursuant to the County Festivals Audit, IA is of the opinion that the handling of cash related to the festivals is at a level satisfactory² to the criteria tested. We find that alcohol management is at an adequate³ level to the criteria tested. Additionally, management presented a robust and proactive effort to address some of the concerns regarding the handling of alcohol.

Schedule of Findings

The findings listed below represent some key issues that warrant discussion as an added feature to the audit process. The findings are both positive and negative and they do not rise to the level of concern that material weakness would garner.

1. Box Office

As mentioned in the Background section of this report, the box office established a robust system for cash handling. The county uses written procedures for the preparing and overseeing the box office trailer at any given event. There are cashier instructions for each step in the process beginning with check-in and ending with closing. Handlers file and verify money reports before creating bank deposit forms. According to interviews with selected vendors, wine and beer vendors saw cash handling satisfactory from their perspective. Through interviews and

² For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the [IPPF Practice Guide](#) issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.

³ Adequate System of Internal Control indicates that a number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.

walkthroughs of the festivals, IA found no significant gaps in internal control or adherence thereto. Appendix I contains a block diagram of the process for Bike Week.

2. Serving Alcohol

Sampling

All festivals within the scope of this audit involve the sale of alcohol. The beer and wine festivals introduce a new variable: sampling. The beer festival offered (as advertised) unlimited tasting of over 125 craft beers. The wine festival advertised as many tastings as you can responsibly consume. An article in a local magazine indicated that those attending the craft beer festival “will receive a 5-ounce tasting glass for an unlimited amount of samples”⁴. The county and the Liquor Licensing Board (LLB) set the sampling size at 2-3 ounces. As any bartender knows, although it can be done, it is difficult to tap small quantities of beer directly from a keg. That is one reason, according to management, that the county went to a 5-ounce glass for tasting instead of the 12-ounce glasses used in the past. Wine bottles, on the other hand, have a measuring cap that dispenses the exact amount desired. LLB personnel indicated that over pouring was a problem for the Good Beer Festival. Additionally, LLB indicated that servers were consuming beer at the Good Beer Festival on occasion. IA did not observe servers consuming beer in the period tested⁵.

Identification

The county solicits and uses volunteers to serve as cashiers (for purchasing beer tickets), pourers, and those responsible for checking participant (over 21) identification. IA attended training for volunteers prior to the beer festival. The personnel that were trained for checking identification were not present at the gate. Others were responsible for “carding” participants. LLB indicated that there might have been problems with underage drinking as a result.

Personnel and Security

Management indicated that county personnel would be available at all pouring stations for the beer festival. Testing indicated otherwise. IA was not able to find any county personnel at most of the pouring stations. IA testing indicated security presence at a satisfactory level during all festivals. One winery indicated, however, that there was not enough security to handle unruly customers in some cases. IA did not observe overuse of alcohol or abusive behavior during the periods tested.

Management Response

[Director] Gary Mackes asked staff to evaluate and enhance protocols to minimize exposure at the 2014 Pork in the Park, Good Beer, and Autumn Wine Festivals, scheduled for May 9-11, October 11 & 12 and October 18 & 19 respectively. The proposed enhancements have been vetted with John Groncki, Chief Inspector for the Wicomico County Board of License Commissioners. The following changes will become effective immediately:

(continued)

⁴ *Shore Woman*, Fall 2013, p. 41

⁵ Please note that IA walkthrough took place during the first four hours of day one only

- Identification checks:
 - Rick Gardner, the Supervisor of Civic Center event security and 13 members of his staff will become TIPS⁶/TAMS⁷ certified and manage gate security and ID Checks for all three festivals.
 - Recreation, Parks, and Tourism event supervisors (full-time staff) will become TIPS/TAMS certified. Their oversight for the entire event's logistics will include surveillance to ensure LCB protocols are followed.
 - The aforementioned staff will review standards with the Liquor Inspector prior to each event to maintain current policy changes, best practices, and related protocols.
- Over pouring:
 - Good Beer Festival:
 - Part-time staff under direct control of the Department's event staff to supervise pouring will replace outside contractors retained in the past. One supervisor will be assigned to two pouring stations to maintain control and a high standard of care. Those supervisors will be TIPS/TAMS certified.
 - Sampling glasses will be reduced from five to three ounces.
 - Recreation, Parks, and Tourism event supervisors (full-time staff) will become TIPS/TAMS certified. Their oversight for the entire event's logistics will include surveillance to ensure LCB protocols are followed.
 - Pork in Park:
 - Part-time staff under direct control of the Department's event staff will be TIPS/TAMS certified to supervise pouring.
 - Recreation, Parks, and Tourism event supervisors (full-time staff) will become TIPS/TAMS certified. Their oversight for the entire event's logistics will include surveillance to ensure LCB protocols are followed.
 - Autumn Wine Festival:
 - The License and related protocols are the responsibility of participating wineries.

Note: TIPS and TAMS training for full and part time staff was completed in March.

Andrew Wisk

Deputy Director

Wicomico Recreation, Parks, and Tourism

Auditor Comment

On May 9 and May 10, 2014, IA performed a walkthrough of the Pork in the Park Festival. Interviews with and observations of those responsible for checking identification revealed a much-improved system. County personnel performed ID checks and were clearly versed on TIPS/TAMS criteria. Additionally we observed no

⁶ According to marylandfoodservice.org, Training for Intervention Procedures (TIPS) is an alcohol management program approved by the state of Maryland. The state of Maryland requires that an alcohol licensee have someone associated with the license, i.e., owner, manager, bartender, have training in an acceptable alcohol management program. The purpose of the TIPS program is to teach servers of alcohol acceptable, and helpful, standards for responsible alcohol service. TIPS has a fee, based on "on premise" or "off premise" status. The TIPS training course is an online program designed to teach participants to prevent intoxication, drunk driving, and underage drinking among the people to whom they sell or serve alcohol. This program addresses concerns specific to restaurants, hotels, bars, nightclubs, banquets, private parties and other on-premise liquor license holders where alcohol is served by the drink.

⁷ According to tamusa.org, TAM® [Techniques of Alcohol Management] is an educational program developed by the licensed beverage industry in conjunction with liquor control, law enforcement, highway safety, and substance abuse organizations. Created in 1982, TAM® has proven extremely effective at increasing point of sale prevention efforts in the areas of underage purchases, identification procedures in both tobacco and alcohol, serving of intoxicated customers, and recognition of third party sales.

alcohol consumption by vendors. IA observed the same robust level of cash handling described previously along with the addition of a new box office trailer. The design of the new trailer further enhances internal control.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from Wicomico County Tourism Department, Department of Recreation and Parks, the Sheriff's Office, the Box Office and the Liquor Licensing Control Board for their timely cooperation and assistance during the audit.

Appendix I - Cash Handling Block Diagram for Bike Week

