



Town of Westport
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To: John Kondub, Finance Director
Ken Alexander, Controller
Barbara Butler, Human Services Director
Kevin Godburn, Toquet Hall Director

Cc: Helen Garten, Audit Subcommittee Chair
Charles Haberstroh, Audit Subcommittee
Gordon Joseloff, First Selectman

Date: July 7, 2010

Re: Toquet Hall Review IA 10-02

In response to a request from the Town's Finance Department, I spent some time reviewing the financial activities of Westport's Toquet Hall.

Toquet Hall, the Town of Westport's Teen Center, is located in downtown Westport. The following is Toquet Hall's Mission Statement:

Toquet Hall opened in 1998 as a positive response to the need of Westport youth for a safe and fun place they could call their own. The mission of Toquet Hall is to meet the critical and emerging needs of teens in our community.

Toquet Hall is a supervised drug/alcohol-free place where high school age youth can initiate and participate in social, cultural, recreational, and educational activities. Toquet Hall is governed by a partnership of high school students and adults.

The shared values and goals of participants in Toquet Hall include: the building of trust between teens and adults, the growth of leadership skills, and the development of respect for oneself and others.

Toquet Hall is run by one full-time employee, the Toquet Hall Director, and part-time employees for events. The Toquet Hall Director reports to the Town's Human Services Director.

Presently, funds for Toquet Hall are maintained in 4 locations:

1. General Fund (salaries, rent, fees& services, supplies – also rental and snack bar revenues)
2. Escrow Account (certain operational revenues and expenditures)
3. “Friends of Toquet Hall” checking account (certain operational revenues and expenditures)
4. Cash (certain operational revenues and expenditures - avg bal \$600)

Types of revenue include:

REVENUE	CURRENT PROCEDURES
Donations	Checks are made out to “Friends of Toquet Hall,” deposited into the TD Bank Account or the Human Services escrow account.
Rent	Rental Request Forms and Rental agreements used. Checks are made out to “Town of Westport Youth Services” and deposited into the Town’s General Fund.
Events	Admission fees are charged to the teens for some of the events at Toquet Hall. These funds are maintained in cash with excess deposited in the TD Bank checking account. When the checking account balance gets high, funds are transferred by check to the Human Services escrow account.
Snack Bar	Cash drawer with tally sheets are maintained for items sold. Cash is counted (\$50 startup) every evening against the tally sheets. Quarterly payments are made from TD Bank to Town’s General Fund.

Likewise, expenditures are processed as follows:

EXPENDITURE	CURRENT PROCEDURES
Salaries Rent Snack Bar Supplies Fees & Services Advertising	These are processed through the Town’s general fund (510 Youth Services) accounts. Some of these transactions are handled as reimbursements for expenditures made through the “Friends of Toquet Hall” account.
Operating Expenses	Paid through the “Friends of Toquet Hall” account or cash. Some expenses are paid directly from the escrow account (infrequent).

OBSERVATIONS AND RECOMMENDATIONS

The following observations and recommendations are operational in nature and are intended to assist Town administrators in identifying opportunities for strengthened controls and efficiencies.

1. ***Observation:***

Toquet Hall maintains its own business checking account which is not currently subject to oversight by the Human Services Director or the Town's Finance Department. This TD Bank account, under the name "Friends of Toquet Hall," is maintained solely by the Toquet Hall Director and is used primarily for operational expenditures. The Youth Services Coordinator is also a signer on this account. Bank statements are mailed to Toquet Hall's post office box (#5138). There is a fairly low level of activity in this account (less than 10 transactions, on average) and the average balance is less than \$2,000.

Recommendation:

The Finance Director should meet with the Human Services Director and the Toquet Hall Director to determine whether this bank account is necessary going forward. If the account remains open, controls should be in place so that original bank statements are sent unopened to the Finance Department for review and reconciliation.

2. ***Observation:***

In addition to the business checking account, Toquet Hall maintains an average of \$600 cash on hand which is used for operational expenditures. Event and snack bar revenue is usually contained within this cash on hand. The Toquet Hall Director deposits excess cash into the "Friends of Toquet Hall" checking account. When cash on hand is depleted, funds are withdrawn from the "Friends of Toquet Hall" account.

The Toquet Hall Director maintains a cash log which details the activity within the cash on hand. Certain transactions, however, are not entered into this log. If the TH Director has made arrangements with a performer or organization to "split the door" (share the event proceeds), that performer or organization would be paid from the door proceeds (a cash receipt is signed) and only the net proceeds is entered into the cash log.

These procedures present a challenge in determining accurate revenue and expenditure totals.

Recommendation:

To mitigate the risk of theft, the Finance Director should consider requiring that a smaller amount of cash on hand be routinely maintained. All event revenue (gross rather than net) should be accounted for within Toquet Hall records and any cash payments to performers or outside organizations properly recorded. This will ensure that operating revenues and expenditures are not understated.

The Finance Department should work with the Toquet Hall Director in developing a more comprehensive set of financial records.

3. *Observation:*

There are no routine financial reports detailing the financial activities at Toquet Hall provided to the Human Services Director and the Finance Department. While it appears that Toquet Hall is currently run with the intent to generate revenues sufficient to cover certain operational costs, it is very difficult to monitor performance without routine financial reports.

Recommendation:

The Toquet Hall Director should provide monthly financial activity reports to the Human Services Director and the Finance Department. The Finance Department should determine the required format.

Such reports should be designed to assist the Toquet Hall Director in planning for future programs/events.

4. *Observation:*

The Town's Escrow Account is not currently accounted for in detail within the MUNIS system.

Recommendation:

Setting up the Town's Escrow Account within MUNIS would greatly facilitate reconciliation with the departmental records of the Human Services department.

5. *Observation:*

Toquet Hall does not collect sales tax on its snack bar revenue. According to the State's Department of Revenue Services, proceeds from the sale of non-food items (soda, water, candy) are subject to Sales and Use Taxes.

Recommendation:

The Finance Department should complete Form OS-114, Sales and Use Tax Return, as soon as possible and remit any taxes owed to the State's Commissioner

of Revenue Services.

Since detailed records must be maintained for reporting purposes, the Finance Director should meet with the Human Services Director and Toquet Hall Director to discuss alternatives to the snack bar such as vending machines.

6. *Observation:*

Toquet Hall Director has investigated selling Toquet Hall event tickets online through an outside service provider. Informal quotes have been obtained from E-Tix (prospective vendor), and Activenet (current vendor used by Parks and Recreation).

Recommendation:

Because online advanced ticket sales will require less cash handling, it is recommended that the Town further explore this option. It should be noted that there are many vendors that can provide online ticket sales services. A consultation with the Town's Purchasing Officer is recommended in order to determine the best course of action.

7. *Observation:*

Some transactions in the "Friends of Toquet Hall" checking account were initiated by the Youth Services Coordinator for Youth Services-related items (not related to the operation of Toquet Hall) which total in excess of \$700. To date, these transactions have not been reimbursed.

Recommendation:

These transactions should be reviewed by the Human Services Director and reimbursement to the Toquet Hall funds should be initiated. For recordkeeping purposes, such transactions should be discouraged.

Toquet Hall appears to be a thriving, successful and important outreach to the Town of Westport's youth. I am confident that the implementation of the above recommendations will result in an even stronger, well-run service to the Town.

Many thanks to Kevin Godburn, Barbara Butler and Margaret Pinheiro for their cooperation and patience throughout this review.

Respectfully Submitted,

Lynn Scully, Internal Auditor
Town of Westport