

**REVENUE AND FINANCE DEPARTMENT
BANKING AND CASHIERING DIVISION
PARKS AND RECREATION
AUDIT 14-05C
FEBRUARY 15, 2016**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

February 15, 2016

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Banking and Cashiering-Parks and Recreation, Audit 14-05C

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Banking and Cashiering-Parks and Recreation.

We thank the management and staff of the Banking and Cashiering Division and the Parks and Recreation Department for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Greg Bayor, Director of Parks and Recreation
Lee Huffstutler, Chief Accountant
Lisa Grizzle, Parks and Recreation Manager
Michael Fitzgerald, Accounting Operations Manager

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/s/ Melinda Jenzarli

Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The Banking and Cashiering Division is a unit of the Revenue and Finance Department and is responsible for the oversight and reconciliation of all cash equivalents received Citywide.

The Parks and Recreation Department has 43 sites located throughout the City that provide programs and services to the community and are cash collection points. The RecTrac system is used by the Parks and Recreation Department to manage enrollments in programs and to track fees assessed, and payments received. The Banking and Cashiering Division perform the bank reconciliation for the 43 sites. From October 1, 2013, through March 31, 2014, \$932,380 was collected for programs and services provided by the Parks and Recreation Department.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2014, Audit Agenda. The objectives of this audit were to ensure that:

1. Payments received at the Parks and Recreation sites are accounted for, recorded in RecTrac, and interfaced with Oracle properly.
2. Refunds made to customers in RecTrac are appropriate.
3. Transactions voided in RecTrac are appropriate.
4. Payments received are deposited at the bank and bank reconciliations are completed and reviewed.

STATEMENT OF SCOPE

We have conducted an audit of cash handling of the Parks and Recreation Department. The audit period covered October 1, 2013, through March 31, 2014, and included a review of internal controls over payments received, recorded, and deposited. Original records and copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

To achieve the audit objectives data was extracted from the Parks and Recreation RecTrac system for program enrollees, payments received, and transaction refunds and voids. Bank deposit data was obtained from the Bank of American CashPro system and compared to daily transactions processed in RecTrac to verify payments received were deposited. Data analysis techniques, including statistical sampling, were used for our testing. The RecTrac data used in this audit was assessed and deemed reliable.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit recommendations noted below, we conclude that:

1. Payments received at the Parks and Recreation sites were accounted for, recorded in RecTrac and interfaced with Oracle properly. Cash handling policies and procedures could be better communicated to the staff; and cash access controls could be improved.
2. Refunds made to customers in RecTrac were appropriate. Policies and procedures should be developed for processing refunds.
3. Transactions voided in RecTrac were appropriate.
4. Overall, the payments reviewed in our testing were deposited at the bank. Improvements could be made to the bank reconciliation process to strengthen internal controls. Modifications to the current bank deposit procedures could improve efficiencies and reduce possible liability to the City.

BANK DEPOSITS AND RECONCILIATION

STATEMENT OF CONDITION: The deposit paperwork for each of the 43 Parks and Recreation sites is driven to the administrative offices by a Parks and Recreation employee. The paperwork is then driven to the Banking and Cashiering Division by another Parks and Recreation employee for the Accounting Technician I to perform the bank reconciliation. From October 1, 2013, to March 31, 2014, on average deposits were made 15 times per day. In addition, 905 (50%) of the 1,803 deposits made during the audit period were under \$100 and 1,687 (94%) were under \$1,000. The average single daily deposit was \$371.

During our bank deposit and reconciliation testing, one transaction for \$200 was not deposited at the bank. This was not identified in the bank reconciliation process because this site had never delivered the paperwork or made the deposit.

CRITERIA: A reasonable threshold should be set for when a deposit should be made, i.e., over a certain dollar amount and/or at least once a week. Proper bank reconciliation requires transactions directly from a source records system to be reconciled to a bank statement.

CAUSE: Per the bank deposit process update memo issued to the Parks and Recreation staff on July 31, 2012, sites that collect \$100 or more must deposit the funds the following day. At a minimum, a deposit must be made every Friday. Immediately after the deposit has been made at Bank of America, the memo instructs the staff to drive to the administrative offices to turn in the paperwork. The current process does not require the RecTrac data to be independently pulled by the Banking and Cashiering Division for the reconciliation.

EFFECT OF CONDITION: Inefficient use of City resources and an increase in liability from requiring employees to drive their personal vehicles on City business and an inability to verify all collections were deposited at the bank.

RECOMMENDATION 1: The Parks and Recreation Department should consult with the Banking and Cashiering Division about updating the bank deposit process to improve efficiencies and minimize liability to the City. Possible updates may include:

- Increase the mandatory deposit threshold of \$100 to reduce the frequency of trips made to the bank by employees in their personal vehicles.
- Consider alternative methods including scanning, interoffice mail, and RecTrac access/reporting to provide the necessary deposit information to the Banking and Cashiering Division.
- Require the sites to report the days included in the deposit to the Banking and Cashiering Division for the Accounting Tech I to independently pull the RecTrac reports to verify the amounts deposited agree with the totals in RecTrac for each site.
- Set up each site with a unique bank reference number to assist in the bank reconciliation process.

MANAGEMENT RESPONSE: Management concurs with this recommendation. The Banking Division and the Parks and Recreation Department reviewed and updated the bank deposit process to improve efficiencies and minimize liability to the City. The process was completed in October 2015.

POLICIES AND PROCEDURES

STATEMENT OF CONDITION: Internal Audit performed a surprise cash count at 16 of the 43 Parks and Recreation sites. Only one (6%) of the 16 had the Bank and Debt Management Cash Collection Point Policies and Procedures onsite and limited access to receipts collected to one person. In addition, the staff interviewed at 11 of the 16 sites (69%) stated that they had not received formal cash handling training. The last formal cash handling training conducted by the Banking and Cashiering Division was in 2011.

CRITERIA: City employees that are required to handle cash should receive training and have policies and procedures to follow.

CAUSE: The Banking and Debt Management Cash Collection Point Policy and Procedures have not been distributed and communicated throughout the Parks and Recreation sites since 2011. In addition, ongoing training has not been conducted to keep existing and new employees up to date on proper cash handling controls.

EFFECT OF CONDITION: Possible errors and undetected misappropriation of funds.

RECOMMENDATION 2: The Revenue and Finance and Parks and Recreation Departments should work together to identify key staff at each site to perform the cash handling functions. These employees should be required to receive cash handling training and sign the Banking and Debt Management Cash Collection Point Policy and Procedures. Ongoing training should be conducted to ensure all Parks and Recreation employees assigned to cash handling responsibilities stay current and can be held accountable for the proper cash handling policies and procedures.

MANAGEMENT RESPONSE: Management concurs with this recommendation. The Banking Division provided on-site consulting assistance during the RecTrac software implementation. Assistance was provided for cash handling procedures, proper accounting table configuration, financial reporting, bank deposit processes and cash reconciliation procedures. Additionally, the Banking Division has provided surprise cash audits at various locations to ensure proper procedures are being followed.

The Banking Division and the Parks and Recreation Department conducted joint training on February 10, 2016. The Banking Division will provide training every other year. The Parks and Recreation Department will conduct individual employee training during on-boarding, as well as more frequent annual training (to assist with employee turnover knowledge base).

RECTRAC REFUNDS

STATEMENT OF CONDITION: The Parks and Recreation Department does not have written policies and procedures for how and when a refund should be given. In addition, we noted that all users have the ability to process refunds in RecTrac.

CRITERIA: Policies and procedures specific to the types of refunds processed in the Parks and Recreation Department should be in place.

CAUSE: The Parks and Recreation Department has not created written policies and procedures for how and when refunds should be given in RecTrac.

EFFECT OF CONDITION: Refunds could be processed inappropriately.

RECOMMENDATION 3: The Parks and Recreation Department should create written policies and procedures for how and when a refund should be given in RecTrac. They should also consider restricting who can perform a refund to a supervisor or require supervisor approval if performed by staff.

MANAGEMENT REPOSE: Management concurs with this recommendation. The Banking Division and the Parks and Recreation Department have created written policies and procedures for how and when a refund should be given in RecTrac. The completion date was August 2015. The department conducted staff training with the new policies and procedures from October thru December 2015, and upgraded the current Rectrac software in January 2016. The new Rectrac upgrade has the ability to restrict and audit payment and refund transactions as recommended.