

Audit of Barnett Park Financial Controls and Revenue Collection

AUDIT REPORT

Report by the
Office of the County Comptroller

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Audit of Barnett Park Financial Controls and Revenue Collection

Barnett Park, of the Orange County Parks and Recreation Division, provides picnic pavilions, meeting rooms and softball fields. The park also provides an after-school program for children and senior activities along with other seasonal programs for the local community.

March 2000
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TABLE OF CONTENTS

Transmittal Letter.....	1
Executive Summary.....	2
Action Plan	4
Introduction.....	6
Background.....	7
Scope, Objectives, and Methodology	7
Overall Evaluation.....	8
Recommendations for Improvement.....	9
1. The Drop-Safe Logbook Should Be Utilized.....	10
2. Receipts Should Be Deposited In A Timely Manner	10
3. Inconsistent Softball Records Should Be Improved.....	11
4. The Duties Relating To The Collection, Recording And Depositing Of Receipts	13
Should Be Segregated	13
5. Controls To Ensure All Rental Reservation Monies Are Collected And Deposited	14
Should Be Implemented	14

March 20, 2000

Mel Martinez, County Chairman
And
Board of County Commissioners

We have conducted an audit of Barnett Park Financial Controls and Revenue Collection. The audit was limited to a review of revenue and related controls as requested by the Interim Manager of the Parks and Recreation Division. The period audited was January 1, 1999 through April 30, 1999. Our audit included such tests as we considered necessary in the circumstances.

Responses to our Recommendations for Improvement were received from the Interim Manager of the Park and Recreation Division and are incorporated herein.

We appreciate the cooperation of the personnel of the Parks and Recreation Division at Barnett Park during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Venetta Valdengo-Blevins, Interim Manager of the Parks and Recreation Division

EXECUTIVE SUMMARY

Executive Summary

We have conducted an audit of Barnett Park Financial Controls and Revenue Collection. The audit was limited to a review of revenue and related controls as requested by the Interim Manager of the Parks and Recreation Division. The period audited was January 1, 1999 through April 30, 1999. Overall, and with respect to our stated objectives we found that controls relating to financial controls and revenue collection sections were not adequate.

None of the 83 receipts reviewed during the audit period were logged into the receipt logbook. In addition, we found that 31 percent (8 of 26) of receipts were not deposited within one business day; however, no delays in excess of 4 days were noted.

The number of teams that played, registered, and paid for the spring softball leagues was not adequately documented. During our review, we found records indicating team rosters were not consistent with registration forms and receipts collected did not note for which team the fees were collected. Further, we were unable to trace team registration forms to an appropriate fee collected.

There was inadequate segregation of duties in the revenue collection process. As such, monies are at a greater risk of being misappropriated without timely detection.

Current procedures are not adequate to ensure that all reservation monies are collected for picnic pavilion rentals. During our testing, we could not determine whether any money was collected for two of the twenty picnic pavilion rentals scheduled on the calendar, or if the events actually occurred.

The Parks and Recreation Department concurred with all of our recommendations for improvement and corrective action is either planned, underway, or completed as noted herein.

ACTION PLAN

Audit of Barnett Park Financial Controls and
Revenue Collection
Action Plan

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		RECOMMENDATIONS
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
1.	X			COMPLETED		We recommend all receipts be recorded in the logbook. In addition, each entry in the logbook should have two signatures – the individual responsible for the collection and a staff member independent of the collection. Further, periodic reconciliations should be performed between logged receipts and actual deposits.
2.	X			COMPLETED		We recommend Barnett Park personnel receipt all monies upon collection and deposit monies in a timely manner as required by Orange County Administrative Regulation 6.03.03 and Barnett Park Revenue Collection & Deposit Standard Operating Procedures.
3.	X			COMPLETED		We recommend that Barnett Park develop and implement policies and procedures that specifically pertain to softball revenue and collections. These policies and procedures should specifically address required paperwork for each team that participates in softball leagues.
4.	X			COMPLETED		We recommend segregating the responsibilities for recording the rentals, collecting the money and making deposits.
5.	X			COMPLETED		We recommend Barnett Park implement controls to ensure all rental reservation monies are collected and deposited.

INTRODUCTION

Background

Barnett Park, of the Orange County Parks and Recreation Division, is located in west Orlando and covers 124 acres. Facilities include ball fields, basketball courts, boat ramps, fishing areas, picnic areas, playgrounds, recreational programs, rental pavilions, sand volleyball, tennis and disc golf. Rental fees are charged for the park's four picnic pavilions and five meeting rooms and fees are charged for softball leagues. Barnett Park offers a variety of youth, adult and senior citizen recreational programs and activities.

Scope, Objectives, and Methodology

The audit scope was limited to an examination of financial controls and revenue collection procedures. The audit period was from January 1, 1999 through April 30, 1999. The audit objectives were as follows:

1. To determine that all receipted revenues were deposited and reflect bona-fide revenues during the audit period, and
2. To determine that revenue collection and accounting procedures are adequate.

To determine that Barnett Park's receipts were deposited, we traced each receipt to a classification of receipt and subsequent deposit. To ensure all recorded revenues reflected bona-fide revenues during the audit period, we obtained a copy of the policies and procedures from Barnett Park for revenue collection and reviewed internal control procedures for adequacy. The Internal Control Questionnaire was completed through interviewing personnel.

To determine that revenue collection and accounting procedures were adequate, we selected a sample of picnic pavilion rental agreements, room rental agreements and softball fees and ensured that a prenumbered receipt was used, verifying that the correct amount was collected and that the receipt was recorded in the logbook. We verified that the receipt was accounted for on a Classification of Receipts (COR) and ensured that the COR was signed by the employee preparing the document and his/her

INTRODUCTION



Audit of Barnett Park Financial
Controls and Revenue Collection

supervisor. Pavilion and room rental receipts were also tested to determine whether the transaction was timely deposited.

We did not examine fees from senior citizen activities, after-school programs or other fees received from activities other than pavilion rentals, room rentals or softball teams.

Overall Evaluation

During our review, we found that controls relating to the stated objectives of the financial controls and revenue collection sections were not adequate. Improvements are needed as outlined in this report.

RECOMMENDATIONS FOR IMPROVEMENT

Receipts Were Not
Recorded In The
Logbook

1. The Drop-Safe Logbook Should Be Utilized

During our review of receipts from picnic pavilion rentals, room rentals and softball teams, we found that none of the 83 receipts were logged into the receipt logbook. These receipts included nine from picnic pavilion rentals, seventeen from room rentals, and fifty-seven from softball registration fees. The receipt logbook is used to document items placed into the drop-safe on the premises. Procedures require that each time an item is placed into the safe the person dropping the item and another individual initial the logbook to acknowledge the transaction. Periodically, a reconciliation of the log with other accounting records of receipts and deposits should be performed to ensure that receipts were appropriately deposited. This procedure should be performed by a person independent of the log and revenue recording functions. Without the record keeping internal control, receipts are subject to being lost or misappropriated.

We Recommend all receipts be recorded in the logbook. In addition, each entry in the logbook should have two signatures - the individual responsible for the collection and a staff member independent of the collection. Further, periodic reconciliations should be performed between logged receipts and actual deposits.

Management's Response:

All receipts are currently being logged by the individual who collects the money and a different staff member initials the entry verifying that the information is correct. The Site Supervisor receives a monthly report at the end of each month which details the number of facility rentals, number of programs, etc. and reconciles this information with the amount of money collected and deposited.

2. Receipts Should Be Deposited In A Timely Manner

Deposits Were Not
Made In A Timely
Manner

Barnett Park collects checks and money orders for all activities that require fees. Receipts collected during our audit period ranged from \$50 to \$240 per transaction for

RECOMMENDATIONS FOR IMPROVEMENT



Audit of Barnett Park Financial
Controls and Revenue Collection

picnic pavilion rentals, room rentals, and softball fees. We determined that some of the receipts for picnic pavilion and room rentals were not deposited in a timely manner. We found that 31 percent (8 of 26) of receipts were not deposited within one business day; however, no delays in excess of 4 days were noted. In addition, we could not determine whether softball revenues were deposited in a timely manner because receipts were not always issued at the time of collection.

Orange County Administrative Regulations require deposits to be made daily or the next possible business day once more than \$200 has been accumulated. Additionally, monies should be receipted upon collection. On the days that these monies were collected, total receipts were greater than \$200. Barnett Park Revenue Collection & Deposit Standard Operating Procedures also require that monies collected in excess of \$200 must be deposited daily. Without daily deposits, the risk of loss or theft is greatly increased.

We Recommend Barnett Park personnel receipt all monies upon collection and deposit monies in a timely manner as required by Orange County Administrative Regulation 6.03.03 and Barnett Park Revenue Collection & Deposit Standard Operating Procedures.

Management's Response:

Timely deposits are currently being done at Barnett Park. In addition, Barnett Park staff hand delivers the receipts, deposit slips and Classification of Receipt forms to the Finance office to further speed up the process.

3. Inconsistent Softball Records Should Be Improved

Softball Records
Could Not Be
Reconciled

The number of teams that played, registered and paid for the spring softball leagues was not adequately documented. During our review, we found records indicating team rosters were not consistent with registration forms and receipts

RECOMMENDATIONS FOR IMPROVEMENT



collected did not note for which team the fees were collected. Further, we were unable to trace team registration forms to an appropriate fee collected. We reviewed team rosters to determine how many teams were registered and what classification of team they were registered under - men's, women's or co-ed. We also reviewed team registration forms, game schedules, and softball fees received. All of these had conflicting information concerning the teams that played during the season. We could not determine the correct amount that should have been collected for spring softball, as shown in the chart below. Paperwork that supports the actual receipts of \$12,405 could not be found. Records should be maintained in such a manner that it can be determined what league each team played in, each team's roster, the fee due, the fee collected, and date collected.

Documentation	Total Number of Teams Registered	Amount Due Based On Documentation
Rosters	51	\$11,280
Registration Forms	49	\$10,680
Game schedules	57	\$12,600

Parks and Recreation Revenue Collection and Deposit Standard Operating Procedures require that \$240 be collected for each men's and women's team registered and \$120 be collected for each co-ed team registered. In order to determine the accuracy of fee collections from each group, it is essential that required paperwork be accounted for and retained.

We Recommend that Barnett Park develop and implement policies and procedures that specifically pertain to softball revenue and collections. These policies and procedures should specifically address required paperwork for each team that participates in softball leagues.

Management's Response:

All softball teams that register for league play complete a softball registration form and attach their check for the appropriate league fees. The written receipts for each team are logged in the receipt logbook and the team is placed on a team roster. In addition, the team's payment is logged on a "Check" sheet. All registration forms and other documentation are retained by the Site Supervisor.

4. The Duties Relating To The Collection, Recording And Depositing Of Receipts Should Be Segregated

Revenue Collection
Procedures Need To
Be Segregated

During our review of the revenue collection and recording procedures, we determined that the receptionist is responsible for recording the rental of pavilions and rooms, collecting checks and money orders, filling out receipts, filling out the deposit slips and making the actual deposits. On the days that the receptionist is not working and the park receives money, deposits are usually not made.

Good accounting controls require segregation of duties by assigning different staff the responsibilities of recording transactions, maintaining custody of assets and making the deposits. The staff size is limited at Barnett Park; however, there are staff members that are available to help segregate these duties. Without proper segregation of duties or other compensating controls, monies are subject to misappropriation without timely detection.

We Recommend segregating the responsibilities for recording the rentals, collecting the money and making deposits.

Management's Response:

These duties are now being segregated as much as possible so no one individual is performing all steps of the money collection and deposit procedures. Additional site staff has

been given the responsibility of writing receipts and making bank deposits.

5. Controls To Ensure All Rental Reservation Monies Are Collected And Deposited Should Be Implemented

Rental Reservation
Revenues Need
Controls

Current procedures require customers wishing to reserve a pavilion to complete a form and pay a fee (based upon the number of expected people) to reserve the pavilion. Park personnel record the reservation on a computerized reservation system (during the audit period, a desk calendar was used to record the event). Current procedures are not adequate to ensure that all reservation monies are collected for picnic pavilion rentals. During our testing, we could not determine whether any money was collected for two of the twenty picnic pavilion rentals scheduled on the calendar, or if the events actually occurred. A system is needed to numerically ensure each reservation is accounted for and all monies collected are deposited. For example, prenumbered forms, or permits, to reserve a pavilion could be utilized. Each customer would be required to obtain and complete the form to reserve the pavilion or room. This form would then be posted at the site for reservation purposes.

Absent controls to ensure monies are collected and deposited for each reservation, we are unable to provide assurance that monies were not misappropriated.

We Recommend Barnett Park implement controls to ensure all rental reservation monies are collected and deposited.

Management's Response:

As previously mentioned, a receipt log is kept for all written receipts. In addition, the monthly report given to the Site Supervisor at the end of each month reconciles the number of facility and program rentals with the amount of money collected, receipted, and deposited. Further, Facility Use Contracts are completed by park patrons for each and every rental.