

Audit Report #2018-08:

Follow-Up of the Parks and Recreation Division Audit



Clerk of the Circuit Court & Comptroller

September 27, 2018

Internal Audit Department



ANGELA VICK

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CITRUS COUNTY, FLORIDA

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September 27, 2018

The Honorable Angela Vick
Clerk of the Circuit Court and Comptroller

Dear Ms. Vick:

The Internal Audit Department (IAD) has completed the Follow-Up of the Parks and Recreation Division Audit for the Citrus County Board of County Commissioners. There were fourteen audit recommendations contained in the original report, dated March 26, 2015.

All recommendations were addressed and corrective action was implemented. The report on this follow-up audit is attached. Based on our observations, limited testing, and discussions with the Parks and Recreation Management, IAD considers all items closed.

We appreciate the cooperation and professional courtesies extended by the Parks and Recreation Management and staff. IAD commends management for implementing the recommended improvements.

Sincerely,

Robin Barclay
Chief Audit Officer

OBJECTIVE

The objective of this follow-up audit was to evaluate whether corrective actions were taken to address audit observations and recommendations included in the original Parks and Recreation Division Audit for the Citrus County Board of County Commissioners Report, dated March 26, 2015.

BACKGROUND

At the conclusion of each audit assignment, a final report is issued by the IAD that includes identified control weaknesses, non-compliance with policies and procedures, and any non-compliance of laws and regulations. We work with management throughout the audit process to develop recommendations and action plans to address these matters.

METHODOLOGY

To assess the status of management's corrective actions, IAD made observations, conducted limited testing, and held discussions with management.

When issues are deemed satisfactorily implemented or management has accepted the risk of not taking action, IAD considers the issue closed.

Our follow-up audit was conducted in accordance with the International Professional Practices Framework, which requires internal auditors to establish a follow-up process to determine if issues were adequately addressed and recommended corrective actions were effectively implemented.

SUMMARY RESULTS

The audit recommendations and management responses below were described in the original report, dated March 26, 2015. This report continues the follow-up evaluation of the recommendations and lists their current implementation status below.

Recommendation 1

During a site visit, IAD noted that the Accounting Clerk and Executive Secretary share a cash bank bag, which is locked in the safe. A best practice is to issue separate bank bags to these employees to strengthen accountability in the event errors occur or funds are missing.

- a. Issue separate locking bank bags to the Accounting Clerk and Executive Secretary.
- b. If feasible, relocate the safe to a room that can be locked.

Management's Response

The Accounting Clerk and the Executive Secretary work from independent cash boxes. All cash boxes are housed in the locked safe when not in use. The Parks office door is locked every night and the safe remains locked at all times day and night.

Status – Implemented

IAD observed that the Accounting Clerk and Senior Secretary maintain independent cash boxes housed in locked safes. The safes are located in offices that can be locked when not in use.

Recommendation 2

Even though the payment method for instructors changed, the receipting process applies to revenue collections for the various Parks and Recreation (P&R) operations.

- a. Current policy requires two signatures on all receipts paid with cash. If only one person is available to sign a receipt, that fact should be duly noted on the receipt submitted to Financial Services, as originally receipted. Once the customer's transaction is complete, there should be no changes on the original receipt, other than to mark void or note an exception to policy.
- b. Ensure all receipts are signed by employee.
- c. Indicate name of class participant on the receipt for accurate record keeping.
- d. Discounts other than those listed in the fee schedules should be noted on the receipt, and/or signed off by the appropriate manager/supervisor.

Management's Response

Effective October 2014, all instructor classes are rentals and all student fees are paid to the instructors. All P&R policies are to be followed for rentals, which includes all final payments must be processed at the P&R Administrative Offices where there are always 2 staff members of Parks or Community Services. All payments must have a receipt with 2 employee signatures if cash is involved. All staff is aware that they are to contact P&R Office or another location for fellow employee to come and witness cash transaction should there be an occasion when only one employee is on duty. The Accounting Clerk reviews all receipts for proper signatures and customer information so P&R can document in accounting worksheets, Rec-Pro software and verifies all receipts to Cognos. All personnel have been trained on the policy that any prorated/discount approvals must be in writing from their Supervisor or Director. When these items are not properly performed, the Accounting Clerk advises the Supervisor and Director so employee can be counseled within County guidelines. P&R are also in the process of exploring the options in the use of a kiosk for all transactions.

Status – Implemented

The instructor cash handling process identified in the original audit was eliminated. Instructors now collect class fees directly from their students, and pay the building rental fee to P&R. IAD reviewed a current reconciliation and observed that adequate controls have been implemented.

Recommendation 3

Based on the comment from the P&R Director that the County assumed all liabilities, and if the QuickBooks financial data is accurate and reliable, it would seem reasonable that any utility and insurance refunds should be remitted to the County.

- a. Management should note the potential liability regarding security deposit refunds, in the event a refund request is submitted by a former Beverly Hills Recreation Association (BHRA) customer.

- b. Management should determine if utility deposits and workers compensation insurance refunds are due the County.

Management's Response

No refunds have been requested over the last year and a half. The Department of Management and Budget confirmed no additional security payments had been paid by the County at the time the County assumed the building and property from the BHRA as approved by the Board of County Commissioners (BOCC) in September 2011. Staff has contacted Duke Energy and they do not have any information on these accounts as they have been settled and closed over 2 years ago and Rolling Oaks had waived the need for security deposits for the BHRA. The County did receive payments of \$911.99 from the BHRA and \$227.00 from Auto Owner Insurance taken out by the BHRA.

Status - Implemented

Recommendation 4

Several organizations did not pay sales tax on rental fees. IAD recommends the following:

- a. Require sales tax exemption certificates at the time of contract signing.
- b. Instruct staff to charge sales tax until proper documentation is received.
- c. Update policy manual to include instructions regarding sales tax exemptions.

Management's Response

All rentals are charged full rate unless sales tax exemption submitted. Staff is aware only approved certificates are allowed. Those organizations with tax numbers but not certificate approved by state and federal governments must pay full rate until approved. Policy manual updated with all recommendations.

Status - Implemented

IAD reviewed the rental files and observed sales tax exemption information was maintained.

Recommendation 5

The Floral City Water Association, Inc. (FCWA) billed for monthly services that the County did not receive.

Neither the P&R Director, nor Financial Services, was aware that service for this account had been inactive since 2007. The status of the account changed under *prior* management, with staff turnover contributing to the lack of historical knowledge. Additionally, the County did not receive notification by the FCWA that the meter was removed.

- a. Management should perform periodic reviews of all utility accounts—electricity, water, phones, internet, etc., to ensure accounts are active, and the County receives services for those billed.

Management's Response

Withlapopka Community Building was removed in 2008 according to Facilities Management, with no request on record by the County to have the meter removed and service cancelled. In July 2012 FCWA removed the meter without notification to Citrus County BOCC or P&R; therefore, a refund request was made to the FCWA from August 2012 to January 2015, and the FCWA agreed to reimburse the County in the amount of \$1,200.00 which has been received and deposited. We are currently mapping out all utility connections to create a master list and compare against all invoices and to review all connections yearly.

Status - Implemented

IAD verified the deposit documentation for the \$1,200 reimbursement.

Recommendation 6 – Bicentennial Pool at Crystal River (BCP)

All cashiers utilize the same cash drawer, which creates a lack of accountability in resolving errors or missing funds.

Each cashier is assigned a unique number for logging onto the computer. A cashier's number could be compromised, however, if another employee discovered that number and used it to log in to the computer.

- a. To maximize accountability, each cashier should be assigned his/her individual cash drawer, or a locking deposit bag.
- b. Alternatively, determine the feasibility of reducing the number of cashiers to two during each shift.

Management's Response

The pool uses a rotation of lifeguards to handle cashier duties at each pool. To add more cash drawers and cash would also increase the risk to the lifeguards, pool operations and the County. In order to prevent the hiring of additional staff and increasing expenses with the hiring of cashiers; which would be a minimum of 3 employees per pool; P&R are doing periodic cash register checks at different hours by 2 staff members, which will check the cash drawer against the cash register tape for any inconsistencies and will hold the particular lifeguard accountable for their transactions. Management is also looking into the use of a ticket kiosk at each pool site.

Status - Implemented

IAD agrees with management's alternative mitigating control to include periodic cash register checks at different hours by 2 staff members, who also check the cash drawer against the cash register tape. Also, management's response to hold the particular lifeguard accountable for their transactions strengthens controls.

IAD observed the Supervisor open the cash register with her key and observed that cash register tapes were signed by two different employees. Cash register transactions were maintained on logs and subsequently recorded into ActiveNet.

Recommendation 7 – Bicentennial Pool at Crystal River (BCP)

There was no formal inventory of concessions sold. During the audit, the P&R Director implemented conducting mandatory inventory of concession items sold at the BCP.

- a. Determine the feasibility of purchasing products in-house vs. contracting with a vendor to provide this service via vending machines by analyzing employee's travel time and fuel for purchasing water, stocking shelves, key control, tracking expiration dates, shrinkage, and space utilized.

Management's Response

The inventory process was implemented in December 2014. Pepsi will be delivering vending machines, which will remove the need for inventory, cash handling and spoilage.

Status - Implemented

IAD observed the Pepsi vending machine at the BCP, which eliminated the need for concession inventory processes. IAD observed that swim diapers and plastic swim pants were available for sale, inventoried through ActiveNet, and included as part of the reconciliation process independently performed by the Accounting Clerk.

Recommendation 8 – Central Ridge Pool at Beverly Hills (CRP) and Community Center

Community Center Aides utilize the same cash bank bag, which creates a lack of accountability in resolving errors or missing funds.

IAD observed the cashiers in the office process payments during a site visit and noted the cashiers share the same cash bag. As stated in the observation for the BCP, to maximize accountability, cashiers should not be sharing one cash bag for transactions.

The P&R Director stated there are plans to purchase a cash register and a safe to strengthen controls.

- a. Until the cash register is acquired, assign separate cash bags to each cashier to maximize accountability.
- b. When the cash register is placed into service, assign separate cash drawers to each cashier.

Management's Response

This building is responsible for the collection of gym fees and the sale of pool passes from May through September each year. Each customer must receive a receipt and possibly a pass which requires 2 staff members to sign the receipt and witness the transactions. Pool passes require 1 staff to take picture and complete pass process and 1 staff to process payment, which will also require a second employee signature. To add another drawer to this location would increase the risk to staff and County. Staff must send deposit report and cash reconciliation to Accounting Clerk daily, along with surprise audits from Parks Director, Supervisor and Clerk's Office to keep transactions and balance under daily review. Management is also in the process of exploring the options in the use of a kiosk for all transactions or cash register at this location.

Status - Implemented

IAD observed that a separate locked cash drawer is now assigned to each cashier.

IAD also reviewed a recent "Central Ridge Community Center – Daily Cash Box Log" that is maintained with the Accounting Clerk. The log includes the AM and PM verification cash count

and two different employee signatures were observed on the log, as proof of dual control. IAD also observed that cash receipt information is gathered as part of the reconciliation process, including the kiosk ticket machine inventory and sales, and the documentation is maintained by the Accounting Clerk. The reconciliation was initialed and dated by both the Accounting Clerk and P&R Director as proof of review and management oversight.

Recommendation 9 – Central Ridge Pool at Beverly Hills (CRP) and Community Center

Collecting cash at CRP creates an unsafe environment for the lifeguards. During a site visit, IAD observed the lifeguard at the CRP collect admission fees at the entrance to the pool, and maintain the guest sign-in sheet. Several other concerns were noted during that visit, and were discussed with the P&R Director.

Implementing the following recommendations would minimize safety risks to the lifeguards, eliminate the risks relative to handling cash, and eliminate the purchase and installation of a safe at the pool.

- a. Security cameras should be installed for continuous monitoring, and to deter vandalism.
- b. Eliminate collecting any fees at the pool entrance.
 - 1) Refer customers to the office to purchase passes during office hours.
 - 2) After a period of advertising to the community through flyers, newspapers, and social media, eliminate collecting any fees at the pool--require a pool pass/pool membership for entry to the pool during non-office hours, weekends, and holidays. A one-time only complimentary pass could be issued to any customer who is unaware of the new policy.
 - 3) To encourage community acceptance, consider selling pre-paid passes/pool memberships at a discounted rate during the transition phase.

Management's Response

Management is reviewing the use of a ticket kiosk in this location. In the interim, a taller fence, security lighting and better structured building will be installed to reduce vandalism opportunities. Security cameras will be deployed. The safe will be in a locked area at an undisclosed location. Staff will be doing an ad campaign closer to pool opening to advise local residents of the need for a pass to enter the facility, along with signs outside the pool area. All passes will be sold at the Central Ridge Community Building.

Status - Implemented

IAD conducted a site visit to the CRP and observed that the lifeguard no longer collects fees at the CRP. Instead, the lifeguard collects tickets purchased from the kiosk ticket machine that was installed at the Community Center Building.

IAD reviewed the kiosk ticket machine's policies and procedures and the log to track ticket inventory. IAD observed that logs included dual signatures from employees who retrieved the cash and completed the deposit.

Also, IAD observed that a taller fence and security lighting were installed at the CRP.

Recommendation 10 – Citrus Springs Community Center (CSCC)

Consider transferring the safe at CSCC to the Central Ridge Community Center when cash handling is eliminated in May.

Management's Response

The cash drawer has been eliminated from the Community Building. P&R will still have deposits that are given to staff at this location for future rentals by check and will need a locked storage container for all deposits until they are picked up by the Sheriff's Deputy. Management will reorganize the locked storage containers to meet the demand of our facilities.

Status - Implemented

Based on discussion with P&R management, the safe was transferred to the Central Ridge Community Center. P&R management also stated that the smaller safe used by the Senior Secretary was also transferred from the CSCC. After the completion of original audit, rental payments were no longer accepted at CSCC. All CSCC payments must be made directly at the P&R Administrative Office.

Recommendation 11

Voided and deleted transactions are a source of concern, in that users are making numerous mistakes, and a potential for fraud exists.

- a. Management should sign off on each voided transaction.
- b. Create a management report to systematically review voided transactions and the explanations for the voids.
- c. Create a management report to check for deleted invoice numbers.
- d. Provide additional training for RecPro users to minimize errors and increase proficiency.

Management's Response

When changes were requested to the rental agreements by the customer prior to December 2014, the Rec-Pro System had no allowance for these changes to use the different facilities. The only way to make changes in Rec-Pro was to void or delete a contract and then reprocess the rental with the new information. In December 2014 Rec-Pro made software updates that have allowed staff to make changes to existing contracts without voiding and deleting information from Rec-Pro. P&R has implemented a requirement for a Supervisor/Director signature for any voids and deletions in the future. Additionally, new management reports have been created and are supplied to the Director for review of sequential invoice numbers each month to look for voided transactions. All Rec-Pro users were trained in December of 2014 on the upgrades and will continue to receive training.

P&R is also looking at different software vendors that would better fit the diversified events and rentals.

Status - Implemented

After the original audit was completed, RecPro was replaced by the ActiveNet software. IAD made inquiries of P&R management and staff and determined training was provided for ActiveNet users. Also, IAD reviewed ActiveNet reports and verified that no gaps existed in the sequential cash receipt numbers and that adequate documentation for voided transactions exists.

Recommendation 12 – Chassahowitzka Campground

Management should ensure that revenues generated by the Moore & Moore Realty, Inc. lease agreement are expended solely for the campground Construction-In-Progress.

Management’s Response

As of 09/30/14, the Chassahowitzka fund had liabilities to the General Fund of \$ 13,736.30 for negative cash balance at year-end and to the Utility Fund of \$12,489.43 for connection costs for water and sewer through Citrus County Utilities. There are not any revenues above and beyond the current liabilities and negative cash balance, but when there is it will be monitored per the contract.

Status - Implemented

Recommendation 13 - Chassahowitzka Campground

Management should amend the lease agreement to clearly define the lease fee terms.

Management’s Response

Management has been reviewing the contract and has found multiple deficiencies. The potential loss of revenue is a concern for the County. We will be looking at updating the agreement if terms can be agreed upon, or look at other options for the management of the site.

Status - Implemented

The Board of County Commissioners approved the revised lease agreement.

Recommendation 14 - Chassahowitzka Campground

Management should maintain a summary of Moore’s quarterly profit and loss statements to analyze revenue trends for determining future lease terms.

Management’s Response

Management started this after the first quarter of the agreement. Reports from quarter one through latest quarter are kept on file in the Division of Parks and Recreation and can be reviewed at any time.

Status - Implemented