

CITY AUDITOR'S OFFICE



AUDIT OF PARKS, RECREATION & CULTURAL AFFAIRS

WEST LAS VEGAS ARTS CENTER PAYMENT COLLECTIONS

Report PR016-2223-05

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CITY AUDITOR

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**AUDIT OF PARKS, RECREATION & CULTURAL AFFAIRS
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BACKGROUND

The Department of Parks, Recreation & Cultural Affairs (Parks) manages the operation of the West Las Vegas Arts Center (Center). The Center is located at 947 W. Lake Mead Blvd. and is open from 9 a.m. to 6 p.m. Wednesday - Saturday.

The Center offers a variety of classes, art exhibitions, and performance spaces for the community, focused on visual arts, music, dance, theatre, and spoken word.

During calendar year 2022, the Center collected payments totaling \$7,810 including \$1,490 in cash, \$5,820 in credit cards, and \$500 in checks.

The Center utilizes a recreation management software known as CivicRec. Payments at the Center are recorded into this software.

At the commencement of this audit, the Center was in the city's Office of Cultural Affairs (Cultural Affairs). On July 1, 2022, Cultural Affairs merged with the Department of Parks and Recreation to become the Department of Parks, Recreation & Cultural Affairs.

OBJECTIVES

Our audit objectives were to review the Center's payment collection process and determine whether:

- Customer payments are receipted, recorded, and deposited in accordance with the department's and the city's cash handling policies and procedures.
- Funds are appropriately secured.
- Department management is monitoring compliance with cash handling policies and procedures.
- System access permissions assigned to employees are appropriate for their job responsibilities.

SCOPE AND METHODOLOGY

The scope of our work was limited to the management controls within the context of the audit objectives and scope of the audit. Our testing covered the following periods:

- Payment and deposit testing was for the period of January through June 2022.
- Safe combination testing was for the period of January 2021 through December 2022.
- System access permissions testing was as of November 1, 2022.

The last day of fieldwork was May 25, 2023.

Our audit methodology included:

- Observations of payment collections at the Center.
- Interviews with the Center's management and staff.
- Review of current practices against the following city policies and procedures:
 - Cash Handling Policy/Procedure (FN302)
 - Change Funds Policy/Procedure (FN307)
- Review of all payment transactions and deposit documentation during the period of January through June 30, 2022.
- Discussions with city locksmith personnel and a review of locksmith reports.
- Review of the CivicRec system access permissions.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following findings and conclusions to our audit objectives were noted:

Objective 1: *Determine whether customer payments are receipted, recorded, and deposited in accordance with the department's and the city's cash handling policies and procedures.*

Customer payments are being receipted, recorded, and deposited in accordance with the city's cash handling policies and procedures. However, we noted that the Center staff have not been provided direction on precautions to take when transporting deposits themselves to the bank. See Finding #5.

Objective 2: *Determine whether funds are appropriately secured.*

The Center's safe combination is not being changed in accordance with policy and logs of dates of safe combination changes and employees with access to the safe are not being maintained as required by policy. See Finding #2.

Center employees are not always adequately securing payments received at the Center. See Finding #3.

The Center employees transport their deposits to the bank themselves. The Center staff have not been provided direction on precautions to take when transporting deposits themselves to the bank. See Finding #5.

Objective 3: Determine whether department management is monitoring compliance with cash handling policies and procedures.

Parks management has not implemented procedures for conducting periodic cash handling audits of the Center and reporting results to Finance. See Finding #1.

A change fund custodian transferred from the Center to another location with their change fund without notifying Finance. See Finding #4.

The Center has only one change fund that is not regularly broken down into smaller bills and therefore, the site cashiers must ask their customers to provide exact payment amounts. See Finding #4.

The Center employees handling payments have not been trained on Parks' cash handling procedures. See Finding #6.

Objective 4: Determine whether system access permissions assigned to employees are appropriate for their job responsibilities.

System access permissions assigned to employees are appropriate for their job responsibilities.

Further information on these issues is contained in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

Contributors to this report included:

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1. Improved Management Oversight Needed

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

Department procedures must provide for periodic audits of all cash handling locations and field collections. The results of these audits must be reported to the Finance Department, Accounting Operations Manager. Major exceptions must be reported to the Director of Finance and City Auditor.

Condition

- Parks management is not conducting periodic cash handling audits of the Center as required by city policy.

Cause

- Parks management has not adequately overseen the completion of periodic cash handling audits of the Center.
- Finance's cash handling policy does not contain specific guidance on what is expected by department management when conducting periodic cash handling site audits.

Effect

- Noncompliance with city policy.
- Areas of noncompliance may not be identified.

Recommendations

- 1.1 Parks management, in coordination with Finance, should document and implement procedures for the completion of periodic audits of cash handling locations.
- 1.2 Finance management should provide direction to departments on how to appropriately comply with the city's cash handling policy requiring departments to complete periodic audits of cash handling locations.

2. Noncompliance with Safe Policy

Criteria

The city's safe policy within the Cash Handling Policy/Procedure (FN302) states the following:

Combinations for department safes shall be changed annually or when an employee with safe access separates from employment.

- i. The combination shall be restricted to the department director, or designee.*
- ii. A log shall be kept of all people with access to the safe and when the safe combination was last changed.*

Condition

The Center is not complying with the city's safe policy as follows:

- The safe combination is not being changed annually or when an employee with safe access separates from employment. As of October 10, 2022, the combination of the Center's safe had not been changed since August 2020 despite changes in staff.
- The Center is not maintaining a log of employees with access to the safe.
- The Center is not maintaining a log of dates when the safe combination is changed.

Cause

- Employees were unaware of the safe policy.
- Management is not adequately overseeing compliance with safe policy.

Effect

- It is unclear which current or former city employees have knowledge of the Center's safe combination.
- Noncompliance with city policy.
- Risk of unauthorized access to the safe.

Recommendations

- 2.1 Parks management should implement procedures to ensure the Center staff have the safe combination changed annually or when an employee with safe access separates from employment with the department or city.
- 2.2 Parks management should implement procedures to ensure the Center staff maintain a log of all employees with access to the safe.
- 2.3 Parks management should implement procedures to ensure the Center staff maintain a log of dates when the safe combination is changed.

3. Unsecured Funds

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

Money stored in drawers, desks, and filing cabinets must be locked when left unattended.

Employees handling a variety of payment types, i.e., cash, checks, or credit cards, must have their own locked cash drawer and change bag.

Employees must be qualified and trained in proper cash handling techniques by their department supervisor.

Condition

- The Center staff are sometimes storing funds in an unlocked cash box placed underneath the counter or in an unlocked desk drawer. These funds are later placed in a locked cash drawer.

Cause

- The site only has one cash drawer and occasionally experiences busy days where multiple cashiers are needed to handle the receipt of payments.
- The cash box used for storing funds does not have a working lock mechanism.
- The Center's management stated that they have not been trained in the city's cash handling policies and procedures.

Effect

- Cash is sometimes stored insecurely in an unlocked container, providing possible opportunities for theft or loss.

Recommendations

- 3.1 Parks management should train the Center's management on the city's and department's cash handling policies and procedures including the requirement that all cash be stored at all times in a locked box, drawer, or safe.
- 3.2 Parks management should evaluate the need for an additional cash drawer or a lockable container at the Center.

4. Inadequate Tracking of Change Funds

Criteria

The city's Change Funds Policy/Procedure (FN307) states the following:

All departments must maintain an adequate balance in a change fund to accommodate department operations.

Any variances to this procedure must be approved by the Director of Finance.

Condition

- The Center has only one change fund in the amount of \$20. The change fund is not regularly broken down into bills smaller than a single twenty dollar bill. Therefore, the Center cashiers must ask their customers to provide exact amounts for payments.
- The Center was previously assigned a second change fund in the amount of \$150, but the custodian of that change fund was transferred to a different Cultural Affairs site and took the change fund with them. Finance was not notified at the time that the change fund had been moved to another location.

Cause

- Parks management is not ensuring that an adequate change fund is available for the Center's operations.
- The city's change funds policy does not include specific procedures to be followed when fund custodians transfer to a different city location within the same department.

Effect

- Center employees may have challenges in accepting payments.
- Finance may not be made aware of a change fund's new location.

Recommendations

- 4.1 Parks management should evaluate whether the Center has an adequate change fund to accommodate the Center's operations.
- 4.2 Finance management should provide direction to departments on the procedures to follow when a change fund custodian transfers to another location within a department.

5. Lack of Procedures for Transporting Deposits to Bank

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

The city Treasurer or designee shall:

- a. Safeguard the city's cash assets; and*
- b. Review cash handling procedures for each department.*

The Finance Treasury staff shall:

- a. Receive and process cash in a safe and efficient manner;*
- b. Safeguard the city's cash assets;*
- c. Train employees (cashiers) responsible for cash collection;*
- d. Establish cash handling policies/procedures for the city;*

Condition

- The Center does not utilize an armored car transport service for its deposits. A single employee drives the deposits to the bank.
- The Center staff have not been provided direction on precautions to take when transporting deposits themselves to the bank.

Cause

- The city's cash handling policy does not address procedures to be followed when deposits are being transported to the bank by employees.

Effect

- Without proper precautions being taken by employees transporting deposits to the bank, the city's funds may not be adequately safeguarded and the safety of the employees could be at risk.

Recommendations

- 5.1 Parks management, in consultation with Finance, should document and implement procedures for the safe and secure transport of deposits to the bank by its staff.
- 5.2 Finance management should provide direction to city staff on the procedures that they should follow and the safeguards that should be taken when transporting deposits to the bank.

6. Employees Not Trained on Department Procedures

Criteria

The city's Cash Handling Policy/Procedure (FN302) states the following:

A Department Director whose department receives cash shall:

- a. Ensure that the department has written cash handling procedures that are consistent with the city's cash handling policy/procedures;*
- b. Provide the written procedures to all employees whose responsibilities include cash collection and disbursement;*
- c. Designate an employee as the Reconciler;*
- d. Ensure that cash handling procedures are followed; and*
- e. Take corrective action when procedures are not followed.*

Condition

- At the commencement of this audit, the Center was managed by the Office of Cultural Affairs. This department did not have documented cash handling procedures.
- On July 1, 2022, Cultural Affairs merged with the Department of Parks and Recreation and became the Department of Parks, Recreation & Cultural Affairs. The Department of Parks and Recreation had documented department cash handling procedures for their sites prior to this merger.
- The Center's employees were not aware of Parks' cash handling procedures and stated that they had not yet been trained on them.

Cause

- Parks management has not yet trained the employees previously in Cultural Affairs on the department's cash handling procedures.

Effect

- Potential for lack of compliance with both city and department cash handling policies and procedures.
- Potential for loss of funds.

Recommendation

- 6.1 Parks management should provide training to cash-handling Cultural Affairs division employees on the department's and city's cash handling procedures.

MANAGEMENT RESPONSE

1. Improved Management Oversight Needed

- 1.1 Parks management, in coordination with Finance, should document and implement procedures for the completion of periodic audits of cash handling locations.

Management Action Plan:

Parks, Recreation and Cultural Affairs has developed and implemented a monthly Cash Handling Site Audit and Review checklist for Recreation Supervisors and Cultural Affairs Managers to complete when they do their monthly site visits. The department has developed and implemented a Cash Handling Site Audit and Review checklist for the Budget Analyst and Administrative Officer to complete during annual scheduled audits and spot audits throughout the year.

Estimated Date of Completion:

Implemented on April 6, 2023

- 1.2 Finance management should provide direction to departments on how to appropriately comply with the city's cash handling policy requiring departments to complete periodic audits of cash handling locations.

Management Action Plan:

Management agrees with the recommendation and will update the Cash Handling Policy and Procedures to provide direction to departments on how and when to perform periodic audits of cash.

Estimated Date of Completion:

January 31, 2024

2. Noncompliance with Safe Policy

- 2.1 Parks management should implement procedures to ensure the Center staff have the safe combination changed annually or when an employee with safe access separates from employment with the department or city.

Management Action Plan:

Verbiage has been updated in the Department's Cash Handling Procedures No. PR-005 and PR-005.1 to include to change the safe combination when an employee with safe access separates from employment.

Recreation Supervisors, Cultural Affairs Managers, Budget Analyst and Administrative Officer review the Cash Handling Site Audit and Review checklists monthly which notates the date the safe combination was last changed.

Cash handling procedures will be reviewed on September 21, 2023 during our annual department training.

Estimated Date of Completion:

All coordinators received an email reminder on May 30, 2023 to ensure they have changed their safe combination at least once this year and to change it when employees with the safe access separates from employment, moves to a different facility and/or if the combination becomes compromised. The Department's Cash Handling Procedures will be updated by September 1, 2023.

- 2.2 Parks management should implement procedures to ensure the Center staff maintain a log of all employees with access to the safe.

Management Action Plan:

Verbiage has been updated in the Department's Cash Handling Procedures No. PR-005 and PR-005.1 to include coordinators must maintain a current list of all employees with access to the safe.

Recreation Supervisors, Cultural Affairs Managers, Budget Analyst and Administrative Officer review the Cash Handling Site Audit and Review checklists monthly which notates if the Employees with Safe Access Log is current.

Cash handling procedures will be reviewed on September 21, 2023 during our annual department training.

Estimated Date of Completion:

All coordinators received an email on May 30, 2023 to use the Employees with Safe Access Log starting immediately. The Department's Cash Handling Procedures will be updated by September 1, 2023.

- 2.3 Parks management should implement procedures to ensure the Center staff maintain a log of dates when the safe combination is changed.

Management Action Plan:

Verbiage has been updated in the Department's Cash Handling Procedures No. PR-005 and PR-005.1 to include coordinators must maintain a Safe Combination Change Log and it is to be taped on the side of the safe or kept inside the safe.

Recreation Supervisors, Cultural Affairs Managers, Budget Analyst and Administrative Officer review the Cash Handling Site Audit and Review checklists monthly which notates if the Safe Combination Change Log is present.

Cash handling procedures will be reviewed on September 21, 2023 during our annual department training.

Estimated Date of Completion:

All coordinators received an email reminder on May 30, 2023 to tape their Safe Combination Change Log to the side of the safe or keep it inside the safe. The Department's Cash Handling Procedures will be updated by September 1, 2023.

3. Unsecured Funds

- 3.1 Parks management should train the Center's management on the city's and department's cash handling policies and procedures including the requirement that all cash be stored at all times in a locked box, drawer, or safe.

Management Action Plan:

Verbiage has been updated in the Department's Cash Handling Procedures No. PR-005 and PR-005.1 to include all cash must be stored at all times in a locked box, cash drawer, or safe.

Estimated Date of Completion:

All coordinators received an email reminder on May 30, 2023 to ensure all cash is stored at all time in a locked box, drawer or safe. The Department's Cash Handling Procedures will be updated by September 1, 2023.

- 3.2 Parks management should evaluate the need for an additional cash drawer or a lockable container at the Center.

Management Action Plan:

A new lockable box will be given to West Las Vegas Arts Center. Management has discussed and determined that a second cash drawer is not needed at this time. If a need arises, an additional cash drawer set up will be ordered.

Estimated Date of Completion:

June 15, 2023

4. Inadequate Tracking of Change Funds

- 4.1 Parks management should evaluate whether the Center has an adequate change fund to accommodate the Center's operations.

Management Action Plan:

As the Business Analyst and Administrative Officer conduct on-site audits, review of the change fund amounts will be evaluated. If there is a need for an increase or decrease of change funds Coordinators will be given the appropriate paperwork to complete.

Management has reached out to Finance to determine if there are additional options to make change during high volume days. Once decided, staff will be updated on the process.

Estimated Date of Completion:

The Department's Cash Handling Procedures will be updated by September 1, 2023.

- 4.2 Finance management should provide direction to departments on the procedures to follow when a change fund custodian transfers to another location within a department.

Management Action Plan:

Management agrees with the recommendation and will update the Cash Handling Policy and Procedures to provide direction to departments on the required process to follow when a change fund custodian transfers to another location within a department.

Estimated Date of Completion:

January 31, 2024

5. Lack of Procedures for Transporting Deposits to Bank

- 5.1 Parks management, in consultation with Finance, should document and implement procedures for the safe and secure transport of deposits to the bank by its staff.

Management Action Plan:

Armored couriers pick up all deposits, staff does not go directly to the bank. For sites that deliver their deposits to a neighboring recreation centers, safety tips will be incorporated into the Cash Handling Procedures. Management has reached out to Finance to determine proper steps to securely transport deposits to the recreation centers.

Estimated Date of Completion:

Process began for Cultural Affairs on March 22, 2023. The Recreation Division has not taken deposits to the bank since the inception of armored couriers picking up deposits. The Department's Cash Handling Procedures will be updated by September 1, 2023.

- 5.2 Finance management should provide direction to city staff on the procedures that they should follow and the safeguards that should be taken when transporting deposits to the bank.

Management Action Plan:

Management agrees with the importance of keeping city staff safe and safeguarding city assets. Management will evaluate possible alternatives to ensure bank deposits are completed in a secured manner including, but not limited to, providing armored car services to all City properties where cash is collected.

Estimated Date of Completion:

January 31, 2024

6. Employees Not Trained on Department Procedures

- 6.1 Parks management should provide training to cash-handling Cultural Affairs division employees on the department's and city's cash handling procedures.

Management Action Plan:

PRC fulltime staff attend annual training in September which will include an in depth training on cash handling procedures. Coordinators train hourly staff on cash handling.

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The Business Analyst and Administrative Officer will conduct on-site audits at Cultural Affairs locations on June 6, 2023 and give any additional cash handling training at that time.

Estimated Date of Completion:

June 6, 2023 for on-site refresher training. Cash handling procedures will be reviewed on September 21, 2023 during our annual department training.