

CITY AUDITOR'S OFFICE



AUDIT OF PARKS, RECREATION & CULTURAL AFFAIRS

MIRABELLI COMMUNITY CENTER PAYMENT COLLECTIONS

Report PR016-2223-07

June 22, 2023

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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 Mirabelli Community Center (Center). The Center is located at 6200 Hargrove Avenue. The center is open Monday - Thursday, 8 a.m. to 9 p.m., Friday, 8 a.m. to 8 p.m., and Saturday, 8 a.m. to 5:00 p.m.

The Center is known for its leagues, preschool program, and a variety of other activities. The Center features a special events room, dance studio, gymnasium, gymnastics room, secured tot lot, preschool classroom, teaching kitchen, game room and classes for children and adults.

During calendar year 2022, the Center collected payments totaling \$210,746 including \$15,065 in cash, \$195,561 in credit cards, and \$120 in checks.

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

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 during the period from July through December 2022.
- Safe combination testing was for calendar year 2022.
- System access permissions testing was as of February 22, 2023.

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 and department policies and procedures:
 - Cash Handling Policy/Procedure (FN302)
 - Change Funds Policy/Procedure (FN307)
 - Parks and Recreation Cash Handling Procedures (PR-005)
- Review of a sample of 24 days of payment transactions and deposit documentation during the period from July through December 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 applicable department and city cash handling policies and procedures.

Objective 2: *Determine whether funds are being properly secured.*

The Center's safe combination is not being changed in accordance with policy and that management is not maintaining a log documenting which employees have access to the Center's safe as required by policy. See Finding #2.

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

Parks management is not conducting periodic cash handling audits of the Center as required by city and department policy. See Finding #1.

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

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In our review of active CivicRec users assigned to the Center, we found one employee who had transferred to another department that inappropriately still had access to CivicRec. See Finding #3.

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.

Parks' Cash Handling Procedures (PR-0005) states the following:

Responsibilities

Recreation Supervisor

- *Conduct and document site reviews to ensure this standard operating procedure is followed and understood by all staff.*

Recreation Manager

- *Review supervisor's process to conduct and document site reviews to ensure staff understand and follow this standard operating procedure.*

Administrative Services Division or Designee

- *Conduct internal cash handling site audits and report findings to management.*

Condition

- Parks management is not conducting periodic cash handling audits of the Center as required by city and department 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 and department 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. According to the city locksmith's report, the Center's safe combination was not changed between May 6, 2021 and August 1, 2022.
- The Center is not maintaining a log of all employees with access to the safe.

Cause

- Management is not adequately overseeing compliance with the safe policy.

Effect

- 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.

3. Inappropriate System Access

Criteria

Governmental standards for internal controls state the following:

Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other.

Condition

- In our review of active CivicRec users assigned to the Center as of February 22, 2023, we found one employee who had transferred to another city department on May 1, 2022 that inappropriately still had access to CivicRec.

Cause

- There are no department procedures requiring Parks management to notify the CivicRec system administrators when an employee transfers from Parks to another city department so that their CivicRec system access can be terminated.
- There are no department procedures requiring Parks management to conduct periodic reviews of the appropriateness of the access of CivicRec users.

Effect

- Potential for unauthorized access to CivicRec without detection.

Recommendations

- 3.1 Parks management should document and implement procedures requiring that the CivicRec system administrators be notified when a Parks employee separates from employment with the city or transfers to another department.

- 3.2 Parks management should document and implement procedures requiring Parks management to conduct periodic reviews of the appropriateness of the access of CivicRec users.

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.

3. Inappropriate System Access

- 3.1 Parks management should document and implement procedures requiring that the CivicRec system administrators be notified when a Parks employee separates from employment with the city or transfers to another department.

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Management Action Plan:

For employees that are separated from the city, IT removes their access automatically when HR sends their separation paperwork.

Verbiage has been updated in the Department's Cash Handling Procedures No. PR-005 and PR-005.1 to include when employee transfer to or from PRC, the Coordinator will submit an IT ticket to notate software access to add or remove.

Estimated Date of Completion:

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

- 3.2 Parks management should document and implement procedures requiring Parks management to conduct periodic reviews of the appropriateness of the access of CivicRec users.

Management Action Plan:

Management and RecTec determine the appropriate access each position needs to do their job efficiently. This is reviewed annually or as needed. Names of who has access are completed at that time.

Estimated Date of Completion:

September 21, 2023