

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF THE DEPARTMENT OF OPERATIONS AND MAINTENANCE ON DURANGO HILLS GOLF COURSE CHANGE FUNDS**

**Report CW012-1920-01**

**July 8, 2019**

**RADFORD K. SNELDING, CPA, CIA, CFE**

**CITY AUDITOR**

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# **AUDIT OF THE DEPARTMENT OF OPERATIONS AND MAINTENANCE ON DURANGO HILLS GOLF COURSE CHANGE FUNDS**

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### **BACKGROUND**

Change funds are cash funds established to provide service organizations with sufficient coin and currency to make change for operational purposes. Change funds are administered by the Department of Finance. Change funds are separate from the petty cash funds and are used only to make change. The amount in the change fund does not fluctuate. It is always the same as what was originally funded. No expenditures can be deducted from the change funds.

Over sixty (60) change funds have been authorized to various change fund custodians by the Department of Finance. These funds are in various amounts based on need and are over \$21,000.

The Director of Finance is responsible for enforcing change fund policy/procedures and reviewing and approving or denying requests for change funds. The Director of Finance is responsible for change fund operation including establishing, maintaining, increasing or decreasing of funds, and fund closures.

Department Directors are responsible for all change funds operated in their departments and their compliance with applicable policy and procedure.

Durango Hills Golf Course (DHGC) is operated for the City of Las Vegas (CLV) by OB Sports. The Department of Operations and Maintenance is responsible for adherence to the contract between CLV and OB Sports.

In addition to the Department of Finance periodically reviewing operations, the City Auditor's Office may periodically perform unannounced cash counts and review change fund controls at city facilities.

During the month of October 2018 city auditors conducted cash counts of change funds for the DHGC. There are a total of 7 change funds amounting to a total of \$1,500.00.

Change fund activities at the locations are subject to both city and departmental cash handling policies and procedures.

- Petty Cash and Change Funds Policy/Procedure FN305
- Cash Handling Policy/Procedure FN302

Cash controls at each location are evaluated against these policies and procedures and any other applicable department specific policies and procedures.

## **OBJECTIVES**

Our objectives in completing the audit of cash handling controls and procedures at DHGC were to:

- Conduct a surprise cash count of the change funds.
- Review compliance with city and departmental cash handling policies and procedures.
- Observe general security of funds.

## **SCOPE AND METHODOLOGY**

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. The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no effect on the audit or the assurances provided. The last fieldwork date of this audit was September 25, 2018.

Our methodology included:

- Surprise count down of change funds.
- Observing cash operations.
- Interviewing personnel.
- Reviewing Cash Handling policies and procedures.

## **FINDING AND RECOMMENDATION**

We completed unannounced cash counts of the change funds at DHGC. No major overages or shortages were discovered during our count of the change fund.

Our audit identified issues management should address to improve the cash handling controls at DHGC. These issues are summarized in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

## **1. Departmental Location of Petty Cash and Change Funds Policy/Procedure FN305**

### **Criteria**

City cash handling policies and procedures should be followed to ensure proper controls over funds and accountability for transactions.

#### **Petty Cash and Change Funds Policy/Procedure FN305**

##### **Procedures**

##### **B. Maintaining a Petty Cash and /or Change Fund**

3. ... A copy of *FN305 Petty Cash/Change Fund Policy/Procedure* should be kept with both petty cash and change funds for easy reference.

### **Condition**

The DHGC funds custodian did not have a copy of the *Petty Cash and Change Funds Policy/Procedure FN305* with the change funds.

### **Cause**

*Petty Cash and Change Funds Policy/Procedure FN305* was not distributed to the Change Fund Custodian.

### **Effect**

The required Policy and Procedure was not available for easy reference.

### **Recommendation**

- 1.1 Operations and Maintenance Department Management should ensure the Fund Custodian receives a copy of Petty Cash and Change Funds Policy/Procedure FN305 and file it with the department's cash handling procedures.

## **MANAGEMENT RESPONSE**

### **1. Departmental Location of Petty Cash and Change Funds Policy/Procedure FN305**

#### **Recommendation**

- 1.1 Operations and Maintenance Department Management should ensure the Fund Custodian receives a copy of Petty Cash and Change Funds Policy/Procedure FN305 and file it with the department's cash handling procedures.

#### **Management Plan of Action**

The Department of Operations and Maintenance will distribute a copy of the Petty Cash and Change Funds Policy/Procedure FN305 to the General Manager of Durango Hills Golf Course and verify receipt.

**Estimated Date of Completion: Complete**