



**Mecklenburg County
Department of Internal Audit**

Park and Recreation Department
Cash Collections Follow-Up Audit
Report 1576

April 4, 2016

**Internal Audit's
Mission**

To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

Internal Audit Contacts

Joanne Prakapas, CPA/CFF, CIA, CRMA, CFE, Audit Director
(980) 314-2889 or joanne.prakapas@mecklenburgcountync.gov

Felicia Stokes, CIA, CISA, CRMA, Audit Manager
(980) 314-2893 or felicia.stokes@mecklenburgcountync.gov

**Staff
Acknowledgements**

Crystal Turner, CIA, CDFM, Auditor-In-Charge
Rhonda Minter, Internal Auditor

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charmec.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Prakapas, Director, Department of Internal Audit

Date: April 4, 2016

Subject: Park and Recreation Department Cash Collections Follow-Up Audit Report 1576

The Department of Internal Audit completed a follow-up audit on reported issues from the Park and Recreation Department Cash Collections Audit Report 1369 issued July 9, 2014. The objective of the follow-up audit was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

FOLLOW-UP SUMMARY

There were twenty recommendations in the Park and Recreation Department Cash Collections Audit Report 1369. The following table summarizes the results of the follow-up audits performed to date.

Recommendation Summary					
Fiscal Year	Audit Report	Implemented	Open	Not Implemented	Withdrawn
2015	1576	13	7		

Details regarding the most recent follow-up audit are noted in the attached **Follow-Up Results** matrix. Recommendations considered implemented will be excluded from further review. For those that remain open, Internal Audit will conduct a follow-up audit at a later date to verify they are fully implemented and working as intended.

The cooperation and assistance of the Park and Recreation Department staff are recognized and appreciated.

- c: Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Department of Park and Recreation

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
1.1	Internal Audit recommends management revise its current policies and procedures to include, at a minimum: <ul style="list-style-type: none"> • All phases of the cash receipt process • Authorization and maintenance of access to safes • Monitoring • Segregation of duties • Staff roles and responsibilities • Staff training • Policy and procedure updates 	Management agrees with the recommendation to revise Park's current policies and procedures to include the above processes. As of June 24, 2013, the accounting team began implementing the procedures outlined by County Finance Cash Handling procedures, including but not limited to authorization and access of safes, segregation of duties, staff roles and responsibilities and updating policy and procedures. As of June 24, 2013, the accounting team provides email notifications to the SuperTeam (Park's Manager and Supervisors) regarding any policy changes or updates. As of July 1, 2014, all Park policies and procedures will be completely revised. In the fall of 2014 the cash handling procedures training will be available to all staff on-demand through a MeckEdu training module.	07/2014	I	
2.1	Internal Audit recommends management ensure the issuance of pre-numbered receipt books are adequately documented and used and unissued inventory is periodically reconciled.	As of June 24, 2013 the management team implemented a process to track all pre-numbered receipt books which includes the beginning and ending receipt numbers, the staff's name and location.	07/2014	I	
		Starting July 1, 2014 the accounting team will reconcile the inventory on an	07/2014	P	Management indicated the recommendation is partially implemented due to an oversight by the Accounting

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
		annual basis. This file is now maintained electronically; all Park accounting employees are able to access the log.			Team.
2.2	Internal Audit recommends management ensure the initial receipt of mailed payments and subsequent transfers are adequately documented. Documentation should evidence, as applicable, the date of receipt or transfer, the remitter, the amount received, and staff involved in the receipt and/or transfer of funds.	As of August 30, 2013 the Administrative Office Building began documenting all checks received and subsequently transferred on the department's SharePoint Site Check Log. This process will be implemented for all locations by July 1, 2014.	07/2014	IO(2)	Internal Audit determined all checks were not recorded on the Department's SharePoint Site Check Log.
3.1	Internal Audit recommends management segregate the responsibilities of receiving, recording, and depositing cash to ensure no one person has the responsibility to conduct two or more phases of the cash receipt process. If adequate segregation of duties cannot be achieved, management should implement appropriate compensating controls.	As of June 24, 2013, management implemented procedures at the AOB location to allow for segregation of duties for all phases of the cash handling process including, collections of cash/checks, recording, depositing of funds, approval of transactions within our Advantage System. As of December 1, 2013, Martin Luther King School Site no longer accepts payments at their site; all payments are received at the Sugar Creek location. On June 19, 2014 a new administrative assistant position will be established at Park Road Park to assist with providing segregation of duties for cash transactions. As of July 1, 2013 Ivory	06/2014	IO	Internal Audit determined some locations did not have adequate segregation of duties or compensating controls.

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
		Baker has implemented segregation of duties for all cash receipts.			
4.1	Internal Audit recommends management ensure staff members verify customer payments against contract or facility reservation terms.	The new Contract Compliance Analyst will review all contracts to ensure the payments received are accurate as outlined by contracts or facility reservation terms. This staff will begin her role as of July 1, 2014 and assigned activities will be subject to supervisory review.	07/2014	IO	Internal Audit determined customer payments were not agreed to the contract or facility reservation terms.
4.2	Internal Audit recommends management ensure the Class system fee table, department forms, and other notices provided to the public agree with those fees approved by the Board of County Commissioners.	On July 1, 2014, the new ActiveNet system will reflect the current BOCC1 approved fees. During the initial set up and implementation all fees and charges have been reviewed and updated to reflect the current approved fee schedule. All related forms and other notices will be updated as of July 1, 2014.	07/2014	P	Management indicated the recommendation is partially implemented due to working with a new system administrator to ensure the table is updated accurately and timely.
5.1	Internal Audit recommends management ensure staff involved in cash handling activities receive the required annual training and maintain documentation to evidence training was provided.	As of June 1, 2014 Park staff began receiving cash handling training during the new Active Net System training. A copy of the PowerPoint presentation is available as well as signed roster of attendees. All staff involved in cash handling will receive training by June 30, 2014. In the fall of 2014 this training will be provided in the form of a MeckEdu module training, which will require a passing score. All staff who	06/2014	I(2)	

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
		manages funding will be required to take this module training annually.			
5.2	Internal Audit recommends management ensure change fund reconciliations are performed twice a year on a surprise basis; the reconciliations should also be properly documented.	By December 31, 2013, the first of the bi-annual change fund audit was completed for all Park change funds and a second audit will be performed by June 30, 2014. The audits are documented and completed on a surprise basis. This process will continue yearly as required by County policy.	06/2014	I (2)	
5.3	Internal Audit recommends management implement procedures to ensure all cash receipts are timely entered into Advantage.	On July 20, 2013 Park Accounting team hired a new full-time Fiscal Analyst, whose primary responsibility includes approving daily cash receipts timely. The Analyst consistently tracks the timeliness of all cash receipts to ensure Park is compliant with County policy and North Carolina General Statute §159-32.	07/2013	I	
5.4	Internal Audit recommends management implement procedures to ensure deposits are timely deposited in compliance with County policy and North Carolina General Statute §159-32.		07/2013	I	
6.1	Internal Audit recommends management seek board approval for all fees when applicable, including the wedding decoration rental fees.	On July 1, 2014 the new BOCC approved fees will include the wedding decoration rental fees.	07/2014	I	
6.2	Internal Audit recommends management implement procedures to ensure fees for extended services are properly reviewed, approved, and	The extended service fees are related to additional services. The process requires the staff to complete a program cost and fee determinant form.	05/2014	P	Management indicated the recommendation is partially implemented due to the need to document and implement the process related to the program cost and fee determinant form.

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	documented.	On May 28, 2014 management implemented new procedures for the extended services programs to ensure the form is completed.			
7.1	Internal Audit recommends management ensure staff evidences their review and approval of cash receipt activities.	Management agrees with this recommendation and will ensure that all staff consistently provides signatures on all cash balancing reports, revenue reports and all other financial documents. This process will be fully implemented on July 1, 2014.	07/2014	I	
8.1	Internal Audit recommends management ensure staff complete and maintain appropriate supporting documentation to support cash receipt transactions and balancing activities.	Management agrees with the recommendation and will ensure that all locations maintain supporting documentation. The incident at Ivory Baker was due to a disgruntled employee impacted by the Reduction in Force during FY10. The staff intentionally destroyed the financial records. As of August 1, 2013 all locations have been made aware of the required policy and procedures for retaining documentation.	08/2013	I	
9.1	Internal Audit recommends management designate a secure area within the AOB where staff can carry out cash handling activities.	As of May 22, 2014 new procedures were established for AOB to perform cash handling procedures in the Accounting Office, which is a secured location.	05/2014	I	
9.2	Internal Audit recommends management develop and implement a	A written request will be made to County Manager Dena Diorio	07/2014	I	

Follow-Up Results
Park and Recreation Department Cash Collections Audit Report 1369

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	secure process for staff collecting money in the field to ensure the safety of both funds and staff.	requesting authorization to allow funds to be transported by designated employees at three park locations in the North Region. The employees will be escorted by an armed guard (off-duty police officer). At this point no other location within Park and Recreation will transport funds. This request will be submitted by July 1, 2014 and implemented upon receipt of approval.			