

# **Audit**

## **Follow Up**

**As of September 30, 2002**



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### **“Citywide Cash Controls – Safety and Neighborhood Services”**

**(Report #0134, Issued August 29, 2001)**

**Report #0310**

**February 4, 2003**

#### **Summary**

**Most of the action steps developed as the result of audit report #0134, Citywide Cash Controls, have been completed. However, significant steps remain to be completed. The most significant remaining issue is completion of scheduled independent verifications and/or reconciliations by supervisory staff within Parks and Recreation and the Animal Service Center. Completion of those independent verifications is critical, as they will compensate for risks resulting from a lack of segregation of incompatible duties.**

In audit report #0134, issued August 29, 2001, we identified significant risks at several locations throughout the City that increased the likelihood that cash collections would not be properly and efficiently handled and deposited into the City's bank account. Recommendations were provided to eliminate or reduce those risks. The collections to which these risks and related recommendations pertained were classified into 26 categories. A separate presentation of the risks and recommendations for each category was provided in audit report #0134. Action plan steps were developed for each of the 26 categories.

The departments within Safety and Neighborhood Services were responsible for 11 of the 26 categories. The applicable departments/offices were (1) Parks and Recreation, (2) Neighborhood and Community Services, (3) Animal Service Center, and (4) Tallahassee Police Department. These departments/offices had a total of 103 action plan steps due for completion. Of these steps, 93 (90%) have been completed and actions need to be taken to complete the 10 remaining steps. Most of those 10 remaining steps are designed to compensate for risks resulting from a lack of segregation of incompatible duties among employees.

#### **Scope, Objectives, and Methodology**

##### **Report #0134**

The scope of report #0134 included a review of cash collection and processing functions at each City location where significant amounts of cash were collected. The audit focused on controls pertaining to cash upon collection by the City. The review was conducted during the period January 2, 2001, through May 15, 2001.

The primary objectives of the audit were to determine whether adequate controls had been established over cash collected throughout the City. This included a determination as to whether cash collections were:

- received and processed in a proper and efficient manner,
- adequately documented and accounted for,
- safeguarded, and
- timely deposited into the City's bank account.

The audit disclosed that, for the most part, controls were in place to provide accountability for collections from the time of receipt until deposit. However, the audit identified significant risks at several locations that could (1) result in the undetected loss or unauthorized diversion of cash, (2) limit the interest that could be earned on cash upon deposit, and/or (3) result in cash due the City not being received.

##### **Report #0310**

This is our second follow up on action plan steps identified in audit report #0134. In our first follow up we reported on progress and/or status of efforts to implement recommended action plan steps due as of March 31, 2002. The purpose of this second follow up is to report on progress and/or status of efforts to implement recommended action plan steps due as of September 30, 2002, including those initially due as of March 31, 2002.

To meet this objective and to facilitate the usefulness of our follow up work, separate follow up reports are issued for each of the five service areas to which the initial audit pertained. The service area addressed by this report is Safety and Neighborhood Services.

To obtain information, we conducted interviews with key department staff and reviewed relevant documentation. This audit was conducted in accordance with Generally Accepted Government Auditing Standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

### Background

The City collected revenues (i.e., cash) of approximately \$414 million at 22 separate departments/offices during fiscal year 2000. Those 22 locations were comprised of the Revenue Office and 21 departments/offices external to the Revenue Office. For audit purposes, the collections at those 22 locations were classified into 26 categories.

Eleven of the 26 categories pertained to offices that are organizationally under Safety and Neighborhood Services. Those 11 categories included:

- seven Parks and Recreation divisions (Hilaman Golf, Gaither Golf, Adult and Youth Sports, Recreation, Tennis, Gymnastics, and Aquatics),
- Neighborhood and Community Services (NCS),
- Animal Service Center (ASC),
- Tallahassee Police Department (TPD) – utility turn-ons and miscellaneous receipts, and
- Tallahassee Police Department (TPD) – operation funds and confiscated cash.

Collections for these 11 categories during fiscal year 2000 totaled approximately \$4.77 million.

### Previous Conditions and Current Status

In report #0134, we identified several risks that needed to be addressed in regard to collections received at Parks and Recreation, NCS, the Animal Service Center, and TPD. These risks included, for example, unsecured collections, undocumented supervisory reviews, inadequate segregation of duties among employees, untimely deposits, lack of restrictive endorsements on negotiable instruments, and lack of records adequately documenting dates of receipt or custodial transfers to the Revenue Office. Action plan steps were developed to address these risks. The current status of tasks due as of September 30, 2002, is as follows:

Area	Total Tasks Due	Completed	Not Completed
Parks & Recreation	76	67	9
NCS	13	13	–
ASC	5	4	1
TPD	9	9	–
<b>Total</b>	<b>103</b>	<b>93</b>	<b>10</b>

Table 1 provides a summary of the planned tasks and actions taken.

**Table 1  
Action Plan Steps from Report #0134 and Current Status**

Action Plan Steps	Current Status
<b>Parks and Recreation – Hilaman and Gaither Golf</b>	
• The supply of gift certificates will be stored in a secured location to which access is restricted to authorized staff. (Hilaman)	✓ Completed during prior period.
• Supervisory approval for gift certificate sales will be documented as required by established procedures. (Hilaman)	✓ Supervisory employees now document their approval of gift certificate sales by initialing issuances recorded on the certificate register.
• Records will be maintained to correlate each gift certificate sale to the applicable cash register transaction. (Hilaman)	✓ Cash register transaction numbers for certificate issuances are now recorded on the certificate register. In addition, a separate cash register receipt is generated and attached to the certificate register as evidence of fees collected.
• Supervisory staff will periodically verify the disposition of gift certificates available for issuance. (Hilaman)	✓ Supervisory staff now verifies the disposition of all available certificates. These verifications are documented through notations on the sequentially numbered certificate registers and attached cash register receipts, and through retention of voided certificates.

<ul style="list-style-type: none"> <li>Redeemed gift certificates will be defaced or marked void to preclude unauthorized re-use. (Hilaman)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Records will be maintained to correlate each issuance of rain check tickets to the related cash register transaction. (Hilaman and Gaither)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period when staff started recording the transaction identification number from the cash register tape on each rain check ticket when issued. In addition, a copy of the applicable cash register receipt is now obtained from the person requesting a rain check ticket and attached to the copy of the issued rain check ticket retained by staff.</li> </ul>
<ul style="list-style-type: none"> <li>For rain check tickets, supervisory staff will periodically trace recorded transaction identification numbers to applicable cash register tapes. (Hilaman and Gaither)</li> </ul>	<ul style="list-style-type: none"> <li>✓ As noted in the preceding step, a copy of the applicable cash register receipt is now attached to the copy of the issued rain check ticket retained by staff. That process provides documentation that the rain check issuance was legitimate. Supervisory staff periodically reviews those records for completeness and propriety.</li> </ul>
<ul style="list-style-type: none"> <li>Redeemed rain check tickets will be defaced or marked void to preclude unauthorized re-use. (Hilaman and Gaither)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Rain check tickets presented for use will be verified to the record of valid issuances to ensure the propriety of the tickets. (Hilaman and Gaither)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>All members will be encouraged to pay dues through bank drafts. Members electing not to pay by bank draft or prepay their dues will be billed through the City's accounts receivable system. (Hilaman)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Staff not having custody of or access to collections will periodically reconcile collections per cash register tapes to amounts deposited and included on cash reports. (Hilaman and Gaither)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<p><b>Parks and Recreation – Adult and Youth Sports</b></p>	
<ul style="list-style-type: none"> <li>Safe combinations will be timely changed upon the turnover of staff with knowledge of those combinations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Checks for security/damage deposits for field/facility rentals will be stored in locked safes pending their deposit.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Entities renting fields/facilities that do not timely pay the applicable fees will be billed through the City's accounts receivable system.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Accounts Receivable (A/R) Office within Accounting Services now submits monthly reports that enable City departments/offices to verify that amounts were properly billed. Also, in the near future A/R staff plans to provide inquiry training on the City's new A/R system to staff from the various City departments/offices that submit billing requests to the A/R Office. That training should make the monitoring of A/R activity by those departments/offices more efficient.</li> </ul>
<ul style="list-style-type: none"> <li>Supervisory staff independent of the collection and custodial functions will periodically reconcile</li> </ul>	<ul style="list-style-type: none"> <li>✗ Although records have been prepared that will enable independent reconciliations to be done, no</li> </ul>

<p>rosters of participating teams/individuals to amounts collected and deposited.</p>	<p>such reconciliations have been done for certain sports (e.g., youth tackle football).</p>
<ul style="list-style-type: none"> <li>• Supervisory staff independent of the collection and custodial functions will periodically reconcile:             <ul style="list-style-type: none"> <li>– Rosters of participating teams/individuals to players participating in events/games.</li> <li>– Number of teams participating in City tournaments (Adult Sports) to fees collected and deposited.</li> <li>– Field rental events to fees collected and deposited.</li> <li>– Collections per completed receipt forms to amounts deposited.</li> </ul> </li> </ul>	<p>✗ A schedule for completing these reconciliations was developed. The various reconciliations for Adult and Youth Sports were scheduled for April and September 2002. However, the only reconciliations completed as of the end of our fieldwork in November 2002 involved verifying rosters in Youth Sports to actual participants in those sports. Accordingly, the majority of the reconciliations have yet to be initiated.</p>
<ul style="list-style-type: none"> <li>• Collections will be deposited within one week of collection; they will no longer be held pending the start of occurrence of an event (e.g., tournament).</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Checks for security/damage deposits for field rental events will be timely deposited and will be timely refunded by City check in the event no damage occurs.</li> </ul>	<p>✓ Completed during prior period through an alternative action.</p>
<ul style="list-style-type: none"> <li>• Parks and Recreation staff will collect fees from participants (or their parents/guardians) during Youth tackle football registration.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Records will be prepared and maintained to document the initial receipt of payments from Little League organizations.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Rosters of participants and other information will be required from Little League organizations to enable a determination that correct amounts were submitted for non-City residents. That information, as well as Little League events, will be reviewed/observed by Parks and Recreation staff on a sample basis to verify the propriety of the submitted information.</li> </ul>	<p>✗ Rosters reflecting participants and their residency status are now obtained. Staff verifies the participants' reported residency status for the purpose of ensuring appropriate fees are paid the City. However, staff had not followed up on discrepancies identified during those verifications. For example, based on staff's verification for one Little League organization, an additional \$100 appeared due the City. Yet, no letters had been sent requesting that organization to either pay the funds or submit justification for why the questioned amounts are not due to the City.</p>
<ul style="list-style-type: none"> <li>• A policy will be prepared and adopted for field/facility rental events.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Records will be maintained to document all activities relating to field/facility rentals.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Supervisory staff will document their review of cash collection reports prepared for concession sales.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Existing written procedures will be enhanced to address the use of cash registers at concession stands and the daily balancing of collections to cash register tapes.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>• Written guidelines, that address safeguarding of collections and necessary precautions to reduce the risk of loss or theft, should be developed and issued to staff collecting fees during weekday evenings and weekends.</li> </ul>	<p>✓ Completed during prior period.</p>

<b>Parks and Recreation – Recreation Division</b>	
<ul style="list-style-type: none"> <li>Whenever appropriate, rent for the Dorothy Oven and Brokaw-McDougall Houses will be billed through the City's accounts receivable system.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Daily attendance reports prepared by counselors at summer playgrounds will be retained for review and post-audit purposes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Daily attendance reports are now retained for review and post-audit purposes.</li> </ul>
<ul style="list-style-type: none"> <li>Daily attendance reports prepared by counselors at summer playgrounds will be submitted directly to the Recreation Division Office instead of being submitted through playground staff that collect and process fees.</li> </ul>	<ul style="list-style-type: none"> <li>✗ Staff indicated that during the summer 2002 season, those daily attendance reports were often submitted to the Recreation Division Office through the staff collecting and processing the fees at the individual playgrounds.</li> </ul>
<ul style="list-style-type: none"> <li>Supervisory staff independent of the collection and custodial functions will periodically:                             <ul style="list-style-type: none"> <li>Compare amounts that should have been collected based on daily attendance reports prepared for summer playgrounds to amounts collected and deposited.</li> <li>Reconcile special events to amounts collected and deposited.</li> <li>Reconcile sampled rosters for community center classes to class participants and to fees collected and deposited.</li> <li>Verify for sampled rental events at the Dorothy Oven and Brokaw-McDougall Houses that proper fees are collected and deposited.</li> <li>Reconcile collections per completed receipt forms to amounts deposited.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✗ A schedule for completing these reconciliations was developed. Reconciliations for the Recreation Division were scheduled for July, August, and October 2002. As of the end of our fieldwork in November 2002, the only reconciliations done were for the Recreation Division summer playground program. Reconciliations for the other activities have not been done.  The summer playground program reconciliations showed that significant amounts were not being collected for program participants. Specifically, the comparisons made by Recreation Division staff showed that there was \$16,704 that should have been collected as fees for the 2002 season that was not collected. Yet, because of those reconciliations and follow up efforts, Recreation Division staff estimate that several thousand dollars were collected that otherwise would not have been collected. Program fees collected in the 2002 season totaled \$87,758, compared to \$80,273 for the 2001 season.  We commend staff for their efforts in completing the summer playground reconciliations and related follow up efforts to collect unpaid fees. In addition, it would be more appropriate, from a control perspective, to have those reconciliations performed by staff not also having access to and/or processing collected fees for deposit. Recreation Division management should consider this preferred control feature when completing reconciliations for the 2003 season.</li> </ul>
<b>Parks and Recreation – Tennis</b>	
<ul style="list-style-type: none"> <li>Collections (e.g., rental and tournament fees) not processed through the cash register will be secured pending their deposit.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Safe combinations will be timely changed upon the termination of staff with knowledge of those combinations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Participants that do not timely pay their quarterly and annual fees will be billed through the City's accounts receivable system.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Entities renting courts for non-City tournaments and events will be billed through the City's</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>

<p>accounts receivable system based on billing requests prepared and submitted by Parks and Recreation staff. Entities will be instructed to submit their payments directly to the Revenue Office.</p>	
<ul style="list-style-type: none"> <li>• Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Accounts Receivable Office within Accounting Services now submits monthly reports that enable City departments/offices to verify that amounts were properly billed. Also, in the near future A/R staff plans to provide inquiry training on the City's new A/R system to staff from the various City departments/offices that submit billing requests to the A/R Office. That training should make the monitoring of A/R activity by those departments/offices more efficient.</li> </ul>
<ul style="list-style-type: none"> <li>• Staff scheduling and teaching tennis lessons will no longer collect the related fees. Instead, students will pay other Parks and Recreation staff and then provide evidence of their payment to the instructor prior to their lesson.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Supervisory staff independent of the collection and custodial functions will periodically reconcile:             <ul style="list-style-type: none"> <li>– Rosters of quarterly/annual payees to amounts collected and deposited.</li> <li>– Actual court use to scheduled court use, and scheduled court use to amounts collected and deposited.</li> <li>– Rosters prepared for City sponsored tournaments and clinic/classes to participants in those events and to amounts collected and deposited.</li> <li>– Facility rentals to amounts collected and deposited.</li> <li>– Lessons taught by City staff to amounts collected and deposited.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✗ A schedule for completing these reconciliations was developed. Reconciliations for the Tennis Division were scheduled for May 2002. As of the end of our fieldwork in November 2002, no reconciliations for the Tennis Division had been done.</li> </ul>
<ul style="list-style-type: none"> <li>• Collections will not be held pending the start of an occurrence or event (e.g., City tournament). Collections will be deposited within one week of receipt.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• For properly cancelled events or participation, the applicable fees will be refunded by City check. Those checks will be generated based on check requests completed and submitted to the City's Accounts Payable Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Schedules of court use will be revised to include the names of participants, their residency status, and manner of payment.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Modifications to the schedules reflecting court use were made to enable an independent verification that appropriate fees had been collected and deposited.</li> </ul>
<ul style="list-style-type: none"> <li>• For court rentals by leagues and other non-City entities, the applicable court schedules will indicate the renting entity's name for the periods of play.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Records will be prepared and maintained to document requests to rent facilities, approval or disapproval of those requests, related fees and deposits collected and disposition of those collections, any fee waivers, and staff granting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Agreements are now completed for rental of rooms and facilities. These agreements document the renting entity, date of the rental, the fees and deposits to be charged, fees and deposits collected or waived, and refunds of</li> </ul>

<p>such waivers. Rental agreements will be executed for all facility rentals.</p>	<p>deposits. Documented approval of these agreements and related activity (e.g., fee waivers) by authorized staff is also maintained.</p>
<ul style="list-style-type: none"> <li>Criteria for waiving rental fees will be established and documented. Those criteria will designate the staff authorized to grant the waivers.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>The custodial transfer of collections by Tom Brown and Winthrop staff to Forestmeadows will be documented on records other than sequentially numbered receipt forms.</li> </ul>	<p>✓ A separate type of sequentially numbered receipt form is now used to document these custodial transfers.</p>
<ul style="list-style-type: none"> <li>Sequentially numbered receipt forms will no longer be used as rain check tickets.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>Rain check tickets presented for use will be verified to the record of valid issuances to ensure the propriety of the tickets.</li> </ul>	<p>✓ Staff has implemented a process to match redeemed rain check tickets to the record of valid issuances. To enhance the usefulness of this procedure, we recommend (to the extent practicable) that staff complete these verifications at the time the tickets are presented for redemption.</p>
<ul style="list-style-type: none"> <li>Residency cards will be sequentially numbered.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>Records will be maintained documenting the individuals that were issued residency cards. Those records will indicate for each individual the sequential number of the card issued.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>On an annual basis, individuals issued residency cards will be required to provide proof of their continued City residency status.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>Supervisory staff will account for all residency cards available for issuance.</li> </ul>	<p>✓ A log accounting for each sequentially numbered residency card is now maintained. The log is designed to reflect for each card the person to whom it was issued or other disposition (e.g., voided). Instructions have been issued to staff to return all voided cards to the supervisor for retention as evidence of the recorded disposition. The supervisor retains voided cards.</p>
<ul style="list-style-type: none"> <li>Existing written procedures will be revised to address:                             <ul style="list-style-type: none"> <li>The use of cash registers and daily balancing of related collections to cash register tapes.</li> <li>Other changes implemented based on the above action plan steps.</li> </ul> </li> </ul>	<p>✓ Completed during prior period.</p>
<p><b>Parks and Recreation – Gymnastics</b></p>	
<ul style="list-style-type: none"> <li>All participants in the competitive program will be encouraged to authorize payment by bank draft. Participants that do not select that option will be billed through the City's accounts receivable system and instructed to submit their payments directly to the Revenue Office.</li> </ul>	<p>✓ Completed during prior period.</p>
<ul style="list-style-type: none"> <li>Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed.</li> </ul>	<p>✓ The Accounts Receivable Office within Accounting Services now submits monthly reports that enable City departments/offices to verify that amounts were properly billed. Also, in the near future A/R staff plans to provide inquiry training on the City's new A/R system to staff from the various City departments/offices that submit</p>

	billing requests to the A/R Office. That training should make the monitoring of A/R activity by those departments/offices more efficient.
<ul style="list-style-type: none"> <li>• Supervisory staff independent of the collection and custodial functions will periodically reconcile:             <ul style="list-style-type: none"> <li>– Rosters of participants in the competitive program to amounts collected and deposited.</li> <li>– Private lessons taught and birthday party events to amounts collected and deposited.</li> <li>– Collections per completed receipt forms to amounts deposited.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✗ A schedule for completing these reconciliations was developed. Reconciliations for the Gymnastics Division were scheduled for November 2002. As of the end of that month no reconciliations had been done.</li> </ul>
<ul style="list-style-type: none"> <li>• Collections will be deposited within one week of receipt.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Dates of receipt will be documented for all collections.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Dates of receipt are now documented for all collection types, including class registration fees, birthday party events, and private lessons.</li> </ul>
<ul style="list-style-type: none"> <li>• Supervisory staff will initial and date cash collection reports as evidence of their review.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<b>Parks and Recreation – Aquatics</b>	
<ul style="list-style-type: none"> <li>• 15-day and 30-day pass tickets sold for recreational swimming will be sequentially numbered.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Records will be maintained that adequately account for all pass tickets available for issuance (sale), including the disposition of each ticket.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Residency cards will be sequentially numbered.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Records will be maintained documenting the individuals issued residency cards. Those records will indicate for each individual the sequential number of their issued residency card.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• Records will be maintained that adequately account for all residency cards available for issuance, including the disposition of each ticket.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>• A study will be conducted to determine if turnstiles are a cost beneficial method to independently determine actual participation in the recreational swim program.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period. (Turnstiles determined not to be practicable.)</li> </ul>
<ul style="list-style-type: none"> <li>• In the event turnstiles are determined not to be a cost beneficial alternative, staff will determine expected participation in the recreational swim program based on historical or other available information.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period. (New cash registers were acquired that allow a means to determine actual participation for use as a benchmark for determining expected future participations, against which collections can be compared.)</li> </ul>
<ul style="list-style-type: none"> <li>• Supervisory staff independent of the collection and custodial functions will periodically:             <ul style="list-style-type: none"> <li>– Compare expected collections for the recreational swim program based on actual or expected participation to actual collections received and deposited.</li> <li>– Reconcile rosters of participants in the competitive program to amounts collected and deposited.</li> <li>– Reconcile rosters of participants in swim</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✗ A schedule for completing these reconciliations was developed. Reconciliations for the Aquatics Division were scheduled for June 2002. As of the end of November 2002, no reconciliations had been done.</li> </ul>



<ul style="list-style-type: none"> <li>lesson classes to fees collected and deposited.</li> <li>- Reconcile rental events to amounts collected and deposited.</li> </ul>	
<ul style="list-style-type: none"> <li>• All participants in the competitive program will be encouraged to authorize payment by bank draft. Participants that do not select that option will be billed through the City's accounts receivable system and instructed to submit their payments directly to the Revenue Office.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Differences between collections per cash register reports and actual collections will be documented and addressed on applicable cash collection reports.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Supervisory staff will document their review and approval of cash collection reports.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Cash register tape of the appropriate size will be used at all times.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Tally sheets (document daily participation) and daily cash reports will be retained for management review and post-audit purposes.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Collections will not be held pending the start or occurrence of an event (e.g., swim lesson and rental fees). Collections will be timely deposited.</li> </ul>	✗ While the majority of collection types were timely deposited, rental fees for various events were not timely deposited. Our review of six rental events in July and September 2002 showed the related collections were held for periods ranging from 21 to 120 days before being deposited. Apparently, rental event collections were accumulated and deposited only periodically.
<ul style="list-style-type: none"> <li>• The receipt dates for collection of any fees for the competitive swim program will be documented.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Rental agreements will be prepared and executed for each rental event, including baptisms.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Existing written procedures will be revised to address:                             <ul style="list-style-type: none"> <li>- The use of cash registers and daily balancing of related collections to cash register tapes.</li> <li>- Other changes implemented based on the above action plan steps.</li> </ul> </li> </ul>	✓ Completed during prior period.
<b>Neighborhood and Community Services</b>	
<ul style="list-style-type: none"> <li>• NCS will obtain an endorsement stamp from the Revenue Office and will restrictively endorse negotiable instruments upon receipt.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Grantor agencies will be instructed to remit their payments directly to the Revenue Office.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Entities (e.g., title companies and real estate closing agents) will be instructed to submit applicable payments directly to the Revenue Office.</li> </ul>	✓ Completed during prior period.

<ul style="list-style-type: none"> <li>Any collections received by NCS will be transferred directly to the Revenue Office and not submitted to Accounting Services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Documented acknowledgements of the acceptance of custodial responsibility will be obtained from the Revenue Office for any collections received at NCS and transferred to the Revenue Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Applicable collections received at NCS will be timely transferred to the Revenue Office for deposit.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>The dates of receipt will be documented for any collections received at NCS.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>External parties renting NCS facilities that do not pay the rental fees at the date of application will be billed through the City's accounts receivable system. Those entities will be instructed to submit their payments directly to the Revenue Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period. (NCS now encourages the payment of rental fees at the time of application. Accordingly, NCS has determined it generally not necessary to bill renting parties through the City's accounts receivable system.)</li> </ul>
<ul style="list-style-type: none"> <li>Security deposits received and deposited more than two weeks in advance of the rental event will be refunded by City check based on check requests completed by NCS staff. Such check requests will be processed and submitted in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Security deposits received within two weeks of the rental event will not be deposited. Those deposits will be maintained in a secured location at NCS. In the event there is no damage, these deposits will be returned to the renting party in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Staff independent of the collection and custodial functions will reconcile grant proceeds deposited and recorded in the City's financial records to related grant awards and expenditure data.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Staff independent of the collection and custodial functions will reconcile rental events to fees collected and deposited.</li> </ul>	<ul style="list-style-type: none"> <li>✓ An employee not involved in the collection and custodial functions verified reported rental activity to evidence of collection and transfer to the Revenue Office for deposit. In addition to reconciling recorded events to related collections/deposits, we continue to recommend that NCS Finance and Administrative staff also remain cognizant of actual events and (on a sample basis) vouch those events to recorded rental activity. NCS Finance and Administrative staff indicated that this would be done as resources permit.</li> </ul>
<ul style="list-style-type: none"> <li>Written procedures addressing the receipt and processing of collections will be established.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<b>Animal Service Center</b>	
<ul style="list-style-type: none"> <li>County fees will be billed through the City's accounts receivable system, and the County will be instructed to submit (mail) their payments directly to the Revenue Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>

<ul style="list-style-type: none"> <li>The office supervisor will periodically check the City's accounts receivable system (alternatively, the City's financial management system) to ensure that requested amounts are properly billed.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Accounts Receivable Office within Accounting Services now submits monthly reports that enable City departments/offices to verify that amounts were properly billed. Also, in the near future A/R staff plans to provide inquiry training on the City's new A/R system to staff from the various City departments/offices that submit billing requests to the A/R Office. That training should make the monitoring of A/R activity by those departments/offices more efficient.</li> </ul>
<ul style="list-style-type: none"> <li>The center manager will periodically compare amounts deposited to applicable daily cash reports, cash register tapes, and Chameleon system reports. This will serve as a compensating control for the lack of adequate segregation of duties relating to collections. The periodic comparisons will be documented through the manager's initialing and dating of applicable reports.</li> </ul>	<ul style="list-style-type: none"> <li>✗ This issue is being further addressed as part of our current Animal Service Center revenue audit. The new director at the center plans on addressing this and other issues identified in our revenue audit. We will also follow up on this issue in connection with that audit.</li> </ul>
<ul style="list-style-type: none"> <li>An analysis will be performed comparing the costs to the associated benefits of armored courier service pick up for deposits.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period. (An armored courier now picks up and delivers the Center's collections to the bank.)</li> </ul>
<ul style="list-style-type: none"> <li>Written procedures for the receipt and processing of collections at the Center will be established.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period. (However, enhanced procedures are being recommended in connection with our current revenue audit of the Center.)</li> </ul>
<p><b>Tallahassee Police Department – Utility Turn-Ons and Miscellaneous Receipts</b></p>	
<ul style="list-style-type: none"> <li>TPD will obtain an endorsement stamp from the Revenue Office and will restrictively endorse negotiable instruments upon receipt.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Grantor agencies will be instructed to remit their payments directly to the Revenue Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Any grant payments still received at TPD will be transferred directly to the Revenue Office and not submitted to Accounting Services.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>The State will be instructed to mail payments for billed security services to the Revenue Office instead of to TPD.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Records will be maintained to document the dates of receipt for all collections.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<ul style="list-style-type: none"> <li>Documented acknowledgements of the acceptance of custodial responsibility will be obtained from the Revenue Office for nighttime utility turn-on collections received at TPD and transferred to the Revenue Office.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>
<p><b>Tallahassee Police Department – Operation Funds and Confiscated Cash</b></p>	
<ul style="list-style-type: none"> <li>In accordance with accreditation standard 84.1.6.c, an annual audit of the property and evidence maintained by TPD will be performed by a supervisor not routinely or directly connected with control of the property.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed during prior period.</li> </ul>

<ul style="list-style-type: none"> <li>• In accordance with accreditation standard 84.1.6.d, the chief of police will assign responsibility for conducting periodic unannounced inspections of the property and storage area.</li> </ul>	✓ Completed during prior period.
<ul style="list-style-type: none"> <li>• Staff performing the audits/inspections pursuant to accreditation standards will trace a sample of items from property and evidence records of the Records Management Division to physical items in the property and evidence section or to authorized disposition.</li> </ul>	✓ Completed during prior period.

**Table Legend:**

- Issue addressed in the original audit

- ✓ Issue addressed and resolved
- x Action not completed

**Significant Outstanding Issues**

As previously noted, 90% of the action plan steps have been completed. The remaining action plan steps, include:

- Performance by supervisory staff within the Parks and Recreation Department of scheduled reconciliations. These reconciliations are intended to verify that fees are properly collected and deposited, and serve to offset the risk resulting from a lack of segregation of incompatible duties among employees.
- Follow-up with Little League organizations on discrepancies identified when reviewing activities of those organizations. Parks and Recreation staff performs those reviews to ensure correct amounts are collected for non-City residents.
- Submission of daily attendance reports (for the Parks and Recreation summer playground program) directly to the Recreation Division Office through staff that does not collect and process fees.
- Timely deposit of rental fees collected at the Trousdell Aquatics Center.
- Periodic comparisons by supervisory staff at the Animal Service Center of recorded activity to amounts deposited. These comparisons are intended to verify that fees are properly collected

and deposited for activity occurring at the Center. (Note that this issue is further addressed in our current revenue audit of the Center).

We encourage the completion of the remaining action plan steps. We appreciate the response and assistance provided by the applicable departments/offices during this audit follow up.

**Response from Appointed Official**

**City Manager:**

Ninety percent of the action plan steps for Safety and Neighborhood Services (SNS) have been completed, which reflects management's commitment to establish and/or maintain the highest level of cost effective internal controls. Nine of the ten remaining action steps are in the Parks and Recreation Department and involve extensive staff time for the reconciliation of rosters and reviewing attendance records as it relates to funds collected for programs. Most of the remaining action plan steps require on-site visits and have to wait until the programs are conducted in the Spring to properly monitor the activity. However, all the remaining action plan steps for SNS will be completed by June 30, 2003.

Copies of this Audit Follow Up or audit report #0134 may be obtained from the City Auditor's web site (<http://talgov.com/citytlh/auditing/index.html>), or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail, or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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