

Audit

Follow Up

As of March 31, 2002



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“Citywide Cash Controls – Safety and Neighborhood Services”

(Report #0134, Issued August, 2001)

Report #0229

July 25, 2002

Summary

The various departments within Safety and Neighborhood Services have completed most of the action steps developed as the result of our previously issued audit report #0134, Citywide Cash Controls. Actions have been initiated to address a significant number of the remaining steps. Significant remaining issues include, for example: (1) completion of scheduled independent verifications and/or reconciliations by supervisory staff within Parks and Recreation and (2) verifications by staff of various offices that amounts requested to be billed through the City’s accounts receivable system are properly billed.

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 102 action plan steps due for completion. Most of these steps have been completed or initiated.

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 and/or City employees. 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 (1) could 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 #0229

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of March 31, 2002. To meet this objective and to facilitate the usefulness of our follow up work, a separate follow up report will be 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.

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 those risks. The current status of tasks due as of March 31, 2002, is as follows:

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 eleven categories during fiscal year 2000 totaled approximately \$4.77 million.

Tasks Due and Completed				
Area	Total Tasks Due	Completed	In Process	Not Completed
Parks & Recreation	75	53	13	9
NCS	13	12	1	–
ASC	5	3	–	2
TPD	9	9	–	–
Total	102	77	14	11

Table 1 provides a summary of the conditions and actions taken.

**Table 1
Conditions Identified in Report #0134 and Current Status**

Previous Conditions	Current Status
Parks and Recreation – Hilaman and Gaither Golf	
<ul style="list-style-type: none"> • The supply of gift certificates will be stored in a secured location to which access is restricted to authorized staff. (Hilaman) 	<ul style="list-style-type: none"> ✓ Other than a small working supply maintained by the cashiers, un-issued gift certificates are stored in a locked safe in the supervisor’s office; access to that office is controlled.
<ul style="list-style-type: none"> • Supervisory approval for gift certificate sales will be documented as required by established procedures. (Hilaman) 	<ul style="list-style-type: none"> ✗ Approvals have not been documented.
<ul style="list-style-type: none"> • Records will be maintained to correlate each gift certificate sale to the applicable cash register transaction. (Hilaman) 	<ul style="list-style-type: none"> ✗ Records as described have not been maintained.
<ul style="list-style-type: none"> • Supervisory staff will periodically verify the disposition of gift certificates available for issuance. (Hilaman) 	<ul style="list-style-type: none"> ✗ While staff maintained control over available gift certificates, there can be no verification (at least on a sample basis) that proper amounts were collected and deposited for issuances until the above step is completed.
<ul style="list-style-type: none"> • Redeemed gift certificates will be defaced or marked void to preclude unauthorized re-use. (Hilaman) 	<ul style="list-style-type: none"> ✓ Redeemed gift certificates are marked void.

<ul style="list-style-type: none"> Records will be maintained to correlate each issuance of rain check tickets to the related cash register transaction. (Hilaman and Gaither) 	<ul style="list-style-type: none"> ✓ The transaction identification number from the cash register tape is now recorded on each rain check ticket when issued.
<ul style="list-style-type: none"> For rain check tickets, supervisory staff will periodically trace recorded transaction identification numbers to applicable cash register tapes. (Hilaman and Gaither) 	<ul style="list-style-type: none"> o Supervisory staff indicated that this was done. However, documentation (e.g., initials or special tick marks on selected issuances) of this process was not maintained.
<ul style="list-style-type: none"> Redeemed rain check tickets will be defaced or marked void to preclude unauthorized re-use. (Hilaman and Gaither) 	<ul style="list-style-type: none"> ✓ Redeemed rain check tickets are marked void.
<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> ✓ Rain check tickets presented for play are verified to the records of valid issuances.
<ul style="list-style-type: none"> All members will be encouraged to pay dues through bank drafts. Members electing not to pay by bank draft will be billed through the City's accounts receivable system. (Hilaman) 	<ul style="list-style-type: none"> ✓ The majority of members pay through bank drafts. The other members have elected to pay Hilaman staff prior to the dates that their fees become due. Accordingly, billing through the City's accounts receivable system has not been necessary.
<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> ✓ Supervisory staff confirmed that cash reports are now randomly selected and verified to cash register tapes and deposit records.
<p>Parks and Recreation – Adult and Youth Sports</p>	
<ul style="list-style-type: none"> Safe combinations will be timely changed upon the turnover of staff with knowledge of those combinations. 	<ul style="list-style-type: none"> ✓ Procedures now provide for changes to be made annually in August and any other time that a significant change in personnel occurs.
<ul style="list-style-type: none"> Checks for security/damage deposits for field/facility rentals will be stored in locked safes pending their deposit. 	<ul style="list-style-type: none"> ✓ Upon receipt, these checks are immediately placed in a locked safe within the Parks and Recreation Finance and Administration Office.
<ul style="list-style-type: none"> Entities renting fields/facilities that do not timely pay the applicable fees will be billed through the City's accounts receivable system. 	<ul style="list-style-type: none"> ✓ Procedures were adopted providing that entities not paying at the Parks and Recreation Office within 72 hours after the event will be billed through the City's accounts receivable system.
<ul style="list-style-type: none"> Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed. 	<ul style="list-style-type: none"> ✗ Parks and Recreation staff has not verified that amounts were properly billed based on submitted billing requests.
<ul style="list-style-type: none"> Supervisory staff independent of the collection and custodial functions will periodically reconcile rosters of participating teams/individuals to amounts collected and deposited. 	<ul style="list-style-type: none"> o These reconciliations have been initiated. However, differences identified during these reconciliations for certain sports (i.e., youth baseball) have not been researched and explained/resolved.
<ul style="list-style-type: none"> Supervisory staff independent of the collection and custodial functions will periodically reconcile: <ul style="list-style-type: none"> – Rosters of participating teams/individuals to players participating in events/games. – Number of teams participating in City tournaments (Adult Sports) to fees collected and deposited. – Field rental events to fees collected and deposited. 	<ul style="list-style-type: none"> ★ A schedule for completing these reconciliations has been developed. The first reconciliations for Adult and Youth Sports were scheduled to start in April 2002.

<ul style="list-style-type: none"> - Collections per completed receipt forms to amounts deposited. 	
<ul style="list-style-type: none"> • 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). 	<ul style="list-style-type: none"> ✓ Collections are now timely deposited as received.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ An alternative action was implemented; amounts received for security/damage deposits are now timely deposited and applied to the final rental fee, thereby eliminating the need for refunds.
<ul style="list-style-type: none"> • Parks and Recreation staff will collect fees from participants (or their parents/guardians) during Youth tackle football registration. 	<ul style="list-style-type: none"> ✓ Parks and Recreation staff now collects those fees instead of coaches.
<ul style="list-style-type: none"> • Records will be prepared and maintained to document the initial receipt of payments from Little League organizations. 	<ul style="list-style-type: none"> ✓ Receipts are now prepared and retained.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> o Rosters that include residences of participants are being obtained. However, submitted information has not been verified.
<ul style="list-style-type: none"> • A policy will be prepared and adopted for field/facility rental events. 	<ul style="list-style-type: none"> ✓ A comprehensive written policy has been developed that addresses the various aspects of field/facility rentals, including the receipt and processing of deposits and fees.
<ul style="list-style-type: none"> • Records will be maintained to document all activities relating to field/facility rentals. 	<ul style="list-style-type: none"> ✓ Appropriate records are now maintained for rentals of fields and/or facilities.
<ul style="list-style-type: none"> • Supervisory staff will document their review of cash collection reports prepared for concession sales. 	<ul style="list-style-type: none"> ✓ Supervisors now initial and date cash reports to document their review and approval.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Written procedures were revised to address cash registers and related balancing.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Appropriate guidelines were developed and issued to applicable staff.
<p>Parks and Recreation – Recreation Division</p>	
<ul style="list-style-type: none"> • Whenever appropriate, rent for the Dorothy Oven and Brokaw-McDougall Houses will be billed through the City's accounts receivable system. 	<ul style="list-style-type: none"> ✓ Appropriate judgment is used by Parks and Recreation staff to determine when to bill entities for rentals. For example, entities are billed through the accounts receivable system when applying several months in advance of the planned event, and payment is not made at the date of application.
<ul style="list-style-type: none"> • Daily attendance reports prepared by counselors at summer playgrounds will be: <ul style="list-style-type: none"> - Retained for review and post-audit purposes. 	<ul style="list-style-type: none"> ★ Adequate procedures have been developed to address these issues. Those procedures are to be implemented upon the opening of the playgrounds for the summer 2002.

<ul style="list-style-type: none"> - Submitted directly to the Recreation Division Office instead of being submitted through playground staff that collect and process fees. 	<p>playgrounds for the summer 2002.</p>
<ul style="list-style-type: none"> • Supervisory staff independent of the collection and custodial functions will periodically: <ul style="list-style-type: none"> - Compare amounts that should have been collected based on daily attendance reports prepared for summer playgrounds to amounts collected and deposited. - Reconcile special events to amounts collected and deposited. - Reconcile sampled rosters for community center classes to class participants and to fees collected and deposited. - Verify for sampled rental events at the Dorothy Oven and Brokaw-McDougall Houses that proper fees are collected and deposited. - Reconcile collections per completed receipt forms to amounts deposited. 	<ul style="list-style-type: none"> ★ A schedule for completing these reconciliations has been developed. The first reconciliations for the Recreation Division are scheduled to start in June 2002. (The importance of these independent verifications is illustrated by our follow-up work where we identified two rental events in March 2002 where staff oversight resulted in no fees being collected. Those fees were collected subsequent to our inquiry.)
<p>Parks and Recreation – Tennis</p>	
<ul style="list-style-type: none"> • Collections (e.g., rental and tournament fees) not processed through the cash register will be secured pending their deposit. 	<ul style="list-style-type: none"> ✓ Collections, other than those rung up through the cash register, are now placed under the cash drawer within the cash register pending transfer to the safe. That drawer is secured.
<ul style="list-style-type: none"> • Safe combinations will be timely changed upon the termination of staff with knowledge of those combinations. 	<ul style="list-style-type: none"> ✓ Safe combinations at outlying facilities were recently changed. Procedures have been revised to change safe combinations every six months or more often if needed.
<ul style="list-style-type: none"> • Participants that do not timely pay their quarterly and annual fees will be billed through the City's accounts receivable system. 	<ul style="list-style-type: none"> ✓ The majority of participants who elect to pay quarterly or annual fees are timely submitting their payments. Staff uses proper discretion in determining when to bill those participants that are delinquent in their payments.
<ul style="list-style-type: none"> • Entities renting courts for non-City tournaments and events will be billed through the City's 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. 	<ul style="list-style-type: none"> ✓ These entities are now billed through the City's accounts receivable system and corresponding payments are sent directly to the Revenue Office.
<ul style="list-style-type: none"> • Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed. 	<ul style="list-style-type: none"> ✗ Parks and Recreation staff has not verified that amounts were properly billed based on submitted billing requests.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Procedures were revised such that students purchase a coupon from Parks and Recreation staff other than the instructors. The students then present the coupons to the instructor prior to the lesson.
<ul style="list-style-type: none"> • Supervisory staff independent of the collection and custodial functions will periodically reconcile: <ul style="list-style-type: none"> - Rosters of quarterly/annual payees to amounts collected and deposited. - Actual court use to scheduled court use, and 	<ul style="list-style-type: none"> ★ A schedule for completing these reconciliations has been developed. The first reconciliations for the Tennis Division are scheduled to start in May 2002.

<p>scheduled court use to amounts collected and deposited.</p> <ul style="list-style-type: none"> - Rosters prepared for City sponsored tournaments and clinic/classes to participants in those events and to amounts collected and deposited. - Facility rentals to amounts collected and deposited. - Lessons taught by City staff to amounts collected and deposited. 	
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Collections are now timely deposited and are no longer held pending the start of a scheduled event.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Refunds of fees are now made by City checks that are generated based on check requests completed by Parks and Recreation staff and submitted to the Accounts Payable Office.
<ul style="list-style-type: none"> • Schedules of court use will be revised to include the names of participants, their residency status, and manner of payment. 	<ul style="list-style-type: none"> o Some modifications to the schedules reflecting court use were made. However, those modifications were not adequate to enable an independent verification that appropriate fees had been collected and deposited. Additional modifications are now being made to resolve this issue.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Schedules of court use now indicate the league or other entity for the applicable periods of play.
<ul style="list-style-type: none"> • 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 such waivers. Rental agreements will be executed for all facility rentals. 	<ul style="list-style-type: none"> o 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, refunds of deposits, and other miscellaneous items. However: <ul style="list-style-type: none"> - Disposition of the collections is not clearly documented, and - These agreements are not always signed to document approval by authorized Parks and Recreation staff.
<ul style="list-style-type: none"> • Criteria for waiving rental fees will be established and documented. Those criteria will designate the staff authorized to grant the waivers. 	<ul style="list-style-type: none"> ✓ Procedures have been revised to provide that only the Director of Parks and Recreation shall authorize fee waivers. Such waivers will be documented through e-mail from the Director and retained in the rental records.
<ul style="list-style-type: none"> • The custodial transfer of collections by Tom Brown and Winthrop staff to Forestmeadows will be documented on records other than sequentially numbered receipt forms. 	<ul style="list-style-type: none"> ✗ Sequentially numbered receipt forms continued to be used to document these custodial transfers.
<ul style="list-style-type: none"> • Sequentially numbered receipt forms will no longer be used as rain check tickets. 	<ul style="list-style-type: none"> ✓ Sequentially numbered rain check tickets were acquired and are now used to issue rain checks.
<ul style="list-style-type: none"> • Rain check tickets presented for use will be verified to the record of valid issuances to 	<ul style="list-style-type: none"> ✗ This has not been done. This step is necessary to ensure that only valid rain check tickets are

ensure the propriety of the tickets.	presented for play.
<ul style="list-style-type: none"> Residency cards will be sequentially numbered. 	<ul style="list-style-type: none"> ✓ These cards are sequentially numbered in order to enhance accountability.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ A log is maintained showing the described information.
<ul style="list-style-type: none"> On an annual basis, individuals issued residency cards will be required to provide proof of their continued City residency status. 	<ul style="list-style-type: none"> ✓ Parks and Recreation staff required individuals to submit proof of their continued City residency status in 2001. (New residency cards were issued.) Procedures have been developed to require periodic re-verifications.
<ul style="list-style-type: none"> Supervisory staff will account for all residency cards available for issuance. 	<ul style="list-style-type: none"> ✗ A complete accounting has not been done.
<ul style="list-style-type: none"> Existing written procedures will be revised to address: <ul style="list-style-type: none"> The use of cash registers and daily balancing of related collections to cash register tapes. Other changes implemented based on the above action plan steps. 	<ul style="list-style-type: none"> ✓ Existing written procedures were enhanced and revised to address the noted areas and processes.
Parks and Recreation – Gymnastics	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ All participants were sent a letter notifying them of the options to either pay by bank draft or be billed through the City's accounts receivable system. Participants opting to not pay by bank draft are now billed through the City's accounts receivable system. Those participants are instructed to submit their payments directly to the Revenue Office.
<ul style="list-style-type: none"> Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed. 	<ul style="list-style-type: none"> ✗ Parks and Recreation staff has not verified that amounts were properly billed based on submitted billing requests.
<ul style="list-style-type: none"> Supervisory staff independent of the collection and custodial functions will periodically reconcile: <ul style="list-style-type: none"> Rosters of participants in the competitive program to amounts collected and deposited. Private lessons taught and birthday party events to amounts collected and deposited. Collections per completed receipt forms to amounts deposited. 	<ul style="list-style-type: none"> ★ A schedule for completing these reconciliations has been developed. The first reconciliations for the Gymnastics Division are scheduled to start in November 2002.
<ul style="list-style-type: none"> Collections will be deposited within one week of receipt. 	<ul style="list-style-type: none"> ✓ Collections are timely deposited.
<ul style="list-style-type: none"> Dates of receipt will be documented for all collections. 	<ul style="list-style-type: none"> o Dates of receipt are documented for collections relating to birthday party events and private lessons. While dates of receipt for class registration fees may be estimated based on registration forms, the actual receipt dates are still not documented.
<ul style="list-style-type: none"> Supervisory staff will initial and date cash collection reports as evidence of their review. 	<ul style="list-style-type: none"> ✓ Cash collection reports are initialed and dated by supervisory staff.

Parks and Recreation – Aquatics	
<ul style="list-style-type: none"> • 15-day and 30-day pass tickets sold for recreational swimming will be sequentially numbered. 	<ul style="list-style-type: none"> ✓ All pass tickets are sequentially numbered to enhance accountability.
<ul style="list-style-type: none"> • Records will be maintained that adequately account for all pass tickets available for issuance (sale), including the disposition of each ticket. 	<ul style="list-style-type: none"> ✓ An on-going accounting of pass tickets is now provided through the (1) sequential numbering of tickets, (2) safeguarding of the unissued supply, and (3) maintenance of a log showing individual purchasers and dates of sale for all tickets issued.
<ul style="list-style-type: none"> • Residency cards will be sequentially numbered. 	<ul style="list-style-type: none"> ✓ These cards are sequentially numbered in order to enhance accountability.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ A log is maintained that documents, for each residency card issued: (1) the sequential number of the card, (2) the person to whom it was issued, and (3) the date of issuance.
<ul style="list-style-type: none"> • Records will be maintained that adequately account for all residency cards available for issuance, including the disposition of each ticket. 	<ul style="list-style-type: none"> ✓ An on-going accounting of residency cards is now provided through the (1) sequential numbering of cards, (2) safeguarding of the unissued supply, and (3) maintenance of a log showing individuals issued cards and dates of issuance.
<ul style="list-style-type: none"> • A study will be conducted to determine if turnstiles are a cost beneficial method to independently determine actual participation in the recreational swim program. 	<ul style="list-style-type: none"> ✓ An analysis by Parks and Recreation staff showed that the use of turnstiles was not a practical method.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ New cash registers were acquired that will allow a means to determine actual participation. The actual participation determined in the initial periods of use can be used as a benchmark for determining expected future participations, against which collections can be compared.
<ul style="list-style-type: none"> • Supervisory staff independent of the collection and custodial functions will periodically: <ul style="list-style-type: none"> – Compare expected collections for the recreational swim program based on actual or expected participation to actual collections received and deposited. – Reconcile rosters of participants in the competitive program to amounts collected and deposited. – Reconcile rosters of participants in swim lesson classes to fees collected and deposited. – Reconcile rental events to amounts collected and deposited. 	<ul style="list-style-type: none"> ★ A schedule for completing these reconciliations has been developed. The first reconciliations for the Aquatics Division are scheduled to start in June 2002.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ All participants were are notified through the registration package of the options to either pay by bank draft or be billed through the City's accounts receivable system. Participants opting to not pay by bank draft are now billed through the City's accounts receivable system. Those participants are instructed to submit their payments directly to the Revenue Office.

<ul style="list-style-type: none"> • Parks and Recreation staff will check the City's accounts receivable system to ensure that requested amounts are properly billed. 	<ul style="list-style-type: none"> ✓ Staff obtains and uses reports from the accounts receivable system to ensure that requested amounts are properly billed.
<ul style="list-style-type: none"> • Differences between collections per cash register reports and actual collections will be documented and addressed on applicable cash collection reports. 	<ul style="list-style-type: none"> ✓ New cash registers were acquired providing more descriptive transaction tapes. Cash collection reports were revised to properly address any differences between the register transaction tapes and amounts collected. Instances where differences occurred were properly addressed.
<ul style="list-style-type: none"> • Supervisory staff will document their review and approval of cash collection reports. 	<ul style="list-style-type: none"> ✓ Supervisors now initial and date reports to document their review and approval.
<ul style="list-style-type: none"> • Cash register tape of the appropriate size will be used at all times. 	<ul style="list-style-type: none"> ✓ New cash registers were acquired. The appropriate size tape is used in these registers.
<ul style="list-style-type: none"> • Tally sheets (document daily participation) and daily cash reports will be retained for management review and post-audit purposes. 	<ul style="list-style-type: none"> ✓ New cash registers were acquired that provide a mechanism for tracking all individuals using a pool in a given day. This information is included on the daily cash register tape. Those tapes as well as daily cash reports are retained.
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> o While the majority of collections were timely deposited, a few instances were noted where rental fees appeared to be held for more than a week prior to being deposited. Also, receipt dates for rental fee collections were not adequately documented.
<ul style="list-style-type: none"> • The receipt dates for collection of any fees for the competitive swim program will be documented. 	<ul style="list-style-type: none"> ✓ All fees are now collected directly by the Revenue Office except for initial registration fees for first-time applicants. The registration forms document dates of receipt for collections of those initial registration fees.
<ul style="list-style-type: none"> • Rental agreements will be prepared and executed for each rental event, including baptisms. 	<ul style="list-style-type: none"> ✓ Records, including executed rental agreements, are prepared and retained to document rental events and the related fee collections.
<ul style="list-style-type: none"> • Existing written procedures will be revised to address: <ul style="list-style-type: none"> – The use of cash registers and daily balancing of related collections to cash register tapes. – Other changes implemented based on the above action plan steps. 	<ul style="list-style-type: none"> ✓ Existing written procedures were enhanced and revised to address the noted areas and processes.
<p>Neighborhood and Community Services</p>	
<ul style="list-style-type: none"> • NCS will obtain an endorsement stamp from the Revenue Office and will restrictively endorse negotiable instruments upon receipt. 	<ul style="list-style-type: none"> ✓ Negotiable instruments are now restrictively endorsed with a stamp obtained from the Revenue Office.
<ul style="list-style-type: none"> • Grantor agencies will be instructed to remit their payments directly to the Revenue Office. 	<ul style="list-style-type: none"> ✓ Correspondence was submitted to grantor agencies instructing them to remit subsequent payments directly to the Revenue Office.
<ul style="list-style-type: none"> • Entities (e.g., title companies and real estate closing agents) will be instructed to submit applicable payments directly to the Revenue Office. 	<ul style="list-style-type: none"> ✓ Correspondence was submitted to applicable entities instructing them to remit subsequent payments directly to the Revenue Office.
<ul style="list-style-type: none"> • Any collections received by NCS will be transferred directly to the Revenue Office and not submitted to Accounting Services. 	<ul style="list-style-type: none"> ✓ Collections received at NCS are now transferred directly to the Revenue Office.

<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ NCS staff obtains documented acknowledgements from the Revenue Office upon the transfer of collections.
<ul style="list-style-type: none"> Applicable collections received at NCS will be timely transferred to the Revenue Office for deposit. 	<ul style="list-style-type: none"> ✓ Collections are being timely transferred to the Revenue Office for deposit.
<ul style="list-style-type: none"> The dates of receipt will be documented for any collections received at NCS. 	<ul style="list-style-type: none"> ✓ NCS now maintains a log of received funds that shows the dates of receipt.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ NCS now encourages the payment of rental fees at the time of application. Accordingly, NCS has determined it not necessary (to date) to bill renting parties through the City's accounts receivable system.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ Security deposits that were received and deposited more than two weeks in advance of the rental event were refunded by City check. These checks were based on check requests completed by NCS staff.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ Security deposits received within two weeks of the rental event are adequately safeguarded and timely returned to the renting party after the event (i.e., when there is no damage).
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ Staff in Accounting Services performs these reconciliations.
<ul style="list-style-type: none"> Staff independent of the collection and custodial functions will reconcile rental events to fees collected and deposited. 	<ul style="list-style-type: none"> o Procedures for these reconciliations were established, but reconciliations had not yet been done. In addition to reconciling recorded events to related collections/deposits, such reconciliations should include verification (at last on a sample basis) of actual rental activity to recorded rental activity.
<ul style="list-style-type: none"> Written procedures addressing the receipt and processing of collections will be established. 	<ul style="list-style-type: none"> ✓ Written procedures have been developed.
<p>Animal Service Center</p>	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ County fees are now billed through the City accounts receivable system based on billing requests prepared and submitted by Animal Center staff. Instructions on the bill tell the County to submit their payments to the Revenue Office.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✗ Staff has not verified that amounts were properly billed based on submitted billing requests. The revised planned completion date for this action step is September 30, 2002.

<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✗ Center staff indicated that these comparisons had not been done due to difficulties in obtaining accurate reports from the Chameleon system. These difficulties were attributable to unresolved conflicts between that system and the recently implemented PeopleSoft financial management system. The revised planned completion date for this step is September 30, 2002.
<ul style="list-style-type: none"> An analysis will be performed comparing the costs to the associated benefits of armored courier service pick up for deposits. 	<ul style="list-style-type: none"> ✓ Based on the analysis, an armored courier is now used to pick up and deliver the center's collections to the bank twice a week.
<ul style="list-style-type: none"> Written procedures for the receipt and processing of collections at the center will be established. 	<ul style="list-style-type: none"> ✓ Written procedures were established and distributed to applicable staff.
<p>Tallahassee Police Department – Utility Turn-Ons and Miscellaneous Receipts</p>	
<ul style="list-style-type: none"> TPD will obtain an endorsement stamp from the Revenue Office and will restrictively endorse negotiable instruments upon receipt. 	<ul style="list-style-type: none"> ✓ Negotiable instruments are now restrictively endorsed with a stamp obtained from the Revenue Office.
<ul style="list-style-type: none"> Grantor agencies will be instructed to remit their payments directly to the Revenue Office. 	<ul style="list-style-type: none"> ✓ Grantor agencies were requested via letters to send their payments directly to the Revenue Office. Most grantors are complying with those requests. A follow-up letter was sent to the one grantor that still forwarded payments to TPD.
<ul style="list-style-type: none"> Any grant payments still received at TPD will be transferred directly to the Revenue Office and not submitted to Accounting Services. 	<ul style="list-style-type: none"> ✓ Staff indicated that in the few instances where grant payments were still received at TPD, the payments were transferred directly to the Revenue Office.
<ul style="list-style-type: none"> The State will be instructed to mail payments for billed security services to the Revenue Office instead of to TPD. 	<ul style="list-style-type: none"> ✓ The State was instructed to commence submitting their payments directly to the Revenue Office.
<ul style="list-style-type: none"> Records will be maintained to document the dates of receipt for all collections. 	<ul style="list-style-type: none"> ✓ TPD provided evidence showing that dates of receipt are documented.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ TPD staff obtains documented acknowledgements from the Revenue Office upon the transfer of utility turn-on collections.
<p>Tallahassee Police Department – Operation Funds and Confiscated Cash</p>	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ Internal Affairs conducted an annual review in November 2001. No major control issues relating to cash were identified.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ✓ The Chief of Police requested an unannounced inspection by Internal Affairs in July 2001. The unannounced review was conducted and a report issued in August 2001. No major control issues relating to cash were identified.

<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ✓ Staff independent of the property and evidence section periodically selects items from the Records Management Division and traces to the physical items in the property and evidence section or to authorized dispositions.
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Table Legend:

- Issue addressed in the original audit
- o Corrective action initiated but not completed
- x Action not taken

- ✓ Issue addressed and resolved
- ★ Actions to resolve issues planned and scheduled for subsequent dates

Significant Outstanding Issues

As noted in Table 1, most action plan steps were completed. The remaining action plan steps, some of which have been initiated and partially completed, 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.
- Verifications by Parks and Recreation and Animal Service Center staff that requests submitted to bill fees through the City's accounts receivable system are properly processed.
- Steps that ensure the proper approval, processing, and disposition of gift certificates available for issuance at Hilaman Golf Course.
- Review of Little League organizations' activities to ensure correct amounts are collected for non-City residents.
- Proper processing of daily attendance reports prepared for the City's summer playground program.
- Additional modifications to court use schedules for the tennis program.
- Documented approval of rental events at Forestmeadows and records that clearly show the disposition of the related fees.
- Use of proper forms to document custodial transfers of money within the tennis division.
- Verification that rain check ticket issuances are valid (Hilaman Golf Course) and that only valid

rain check tickets are presented for play (Forestmeadows).

- Complete accountings for residency cards (Forestmeadows).
- Documented dates of receipt of gymnastic class registration fees.
- Timely deposit of rental fees collected at the Trousdell Aquatics Center.
- Independent and/or supervisory comparisons of rental events to fees collected and deposited (NCS).
- Periodic comparisons by supervisory staff at the Animal Service Center of recorded activity to amounts deposited.

We appreciate the response and assistance provided by the applicable departments/offices during this audit follow up.

Response from Appointed Official

City Manager:

I'm pleased that the departments within Safety and Neighborhood Services have already completed most of the 102 action plan steps outlined in this audit. I expect the remaining action plan steps to be completed in the near future. This audit has definitely improved our cash control process and reduced our risks. I also appreciate the assistance of the audit staff in working with the SNS Departments to address their specific needs and functions.

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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