



FULTON COUNTY

FULTON COUNTY, GEORGIA

OFFICE OF INTERNAL AUDIT

**FULTON COUNTY DEPARTMENT OF PARKS AND
RECREATION**

WELCOME ALL PARK – CASH LOSS

July 7, 2011

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Fulton County Parks and Recreation

Welcome All Park – Cash Loss

INTRODUCTION

The Welcome All Park Recreational Center is located in College Park in a residential section of South Fulton County. The facility is a large multi purpose complex that includes a number of baseball fields, a large basketball court, a swimming pool, weight rooms, an indoor track and several large banquet type meeting rooms. Welcome All Park also serves as the administrative center of the Fulton County Parks and Recreation Department.

The Acting Director of the Parks and Recreation Department requested that the Internal Audit Division review the facility cash deposits and internal controls to determine if there had been a loss of funds.

OBJECTIVE

To review the internal controls over cash receipts and review the compliance with the policies and procedures of the Parks and Recreation Department.

SCOPE

The period of review was limited to the first five months of 2011. The review was limited to cash receipts; credit card receipts were not considered an area of concern.

METHODOLOGY

The Parks & Recreation Department uses a manual system of cash collections that adhere to a set of documented cash control procedures. All but one of the facility employees signed an acknowledgement form completed in 2009 that requires all employees to adhere to the Fulton County Department of Parks and Recreation Cash Management Policies and Procedures. The cash management procedures were used as a guide for the review of the cash transactions. All receipts for 2011 were traced to the bank and reconciled to the activity reports.

The bank account used for Parks and Recreation deposits is also used for property tax collections and any other fees received from the South Fulton District. It was necessary to isolate the Parks and Recreation receipts to determine the accuracy of the records. Interviews were conducted with facility employees based on the documented cash management procedures.

The documents and reports reviewed are as follows:

- **All receipt books in storage and active**
- **All deposit slips and reports**

- **All rental contracts for meeting rooms, pavilions or ball fields that involved a cash transaction.**
- **Participation logs for customers using the Pool, Fitness Center and the Basketball Court**
- **Bank Statements and records**

FINDING 1 Missing Receipts

On page 2 of the Parks and Recreation Department Cash Management Policies and Procedures under the heading **Bank Deposits** states:

“Deposit slip(s) should be completed daily or no later than one day after the date on the receipt for all funds received and/or collected by department employees. The procedures also state on page 3, “There should also only be one receipt book or official set of receipts in use at each facility at one time¹.”

There is \$2,267.00 of receipts and contract payments that could not be traced to the bank. There is no record of deposits being prepared for these receipts. 1,175.00 of the missing receipts are documented to a receipt book that several employees were unable to verify its use. Additionally, the missing receipt book numbers were from a different numeric sequence than the receipt book numbers that were deposited into the bank.

The missing receipt records were undetected due to a lack of review and adherence to department cash management policies and procedures. The missing receipt book entries and no existing records of cash deposits indicate that there were cash receipts issued but no funds were deposited.

RECOMMENDATION

To avoid further losses the managers should review all contracts, receipts and revenue reports to determine a consistent numeric pattern for the receipts.

FINDING 2 – Incomplete Revenue Reports

The Cash Management Policies and Procedures require that the receipts should equal the deposit slips and the revenue reports. The reconciliation of the receipts books to the revenue reports indicated \$1,092.00 in receipts that were not deposited or posted to the revenue reports. The process used by the Cashier / Clerk to prepare the revenue reports was not completed accurately. All the receipts are not accounted for before the revenue reports are prepared. This has resulted in deposit records that are not consistent with the receipt book.

RECOMMENDATION

The cashier / clerk should use a spreadsheet reconciliation process to confirm that all receipted transactions are documented. The spreadsheet reconciliation should detail each receipt number to the receipt book in numerical order. These listed receipts should reconcile to the bank deposits.

FINDING 3 – Cash Register not in use; unrecorded cash receipts not secured.

The Cash Management Policies and Procedures specify that the Pool Revenue report should consist of daily cash receipts with a supporting cash register tape. In order to meet this requirement, all Pool Facility transactions must be kept via a Cash Register. During our audit, we noted that the cash register was located at the facility however; it was not being used for the processing of receipts. The Pool facility fees are not recorded for each transaction. The cash is put in a separate zipper bag then a receipt for the gross collections is written at the end of the day. The facility manager stated that he was aware that the register was not being used but was not aware that it was a requirement of the Cash Management Policies and Procedures. This has resulted in large amounts of unrecorded cash being left in the cash drawer. However, the cash drawer does not lock, therefore it is unsecured.

RECOMMENDATION

The facility should determine if the cash register is operable; if it is not, it should be replaced. Also, the lock on the cash drawer must be fixed in order for the cash to be secured.

FINDING 4 – Safe and Combinations controls are inadequate

A good internal control procedure requires that the facility's safe combinations should be change periodically. The safe used to hold the cash receipts for both the Pool and Recreation areas has not been changed since the beginning of the facility's use. According to the interviews with the facility manager and the employees, the combinations have remained the same. Cash receipts are not correctly safe-guarded.

RECOMMENDATION

All combinations to Pool and Recreation safes should be changed periodically. Additional internal control over the access to the safes should be a manual log detailing the date and time of entry along with employee signature and the amount of money placed in the safe.

FINDING 5

The Cash Management Policy & Procedure states that the Deposit slip(s) should be completed daily or no later than one business day on the official receipt for all funds received and / or collected by department employees. Bank deposits should be done on a timely basis. When reviewing the monthly deposits, it appears that deposits were not made on a daily basis, but

usually a once a week. The manager indicated in the interview that the deposits to the bank are normally done three times a week. However, on March 30, 2011 there were 9 deposits made ranging in dates from March 16 through March 25, 2011. This would indicate that deposits were not done in accordance to the Cash Management Policies & Procedures. Our review of the time scope period indicates weekly deposits were the normal practice. The facility manager did not take the deposits to the bank in a frequent timely manner. This has lead to large amounts of cash remaining in the safe for an extended period of time.

RECOMMENDATION

Cash Management Policies and Procedures should be amended to require bank deposits to be made Mondays, Wednesdays, and Fridays.

CONCLUSION

The review of the Welcome All Park cash receipts and cash management revealed several deficiencies in internal controls. The policies and procedures of the cash management regulations were not followed, resulting in manual receipts which could not be traced to the bank. It is our opinion that the cash receipts have not been adequately secured and properly processed. Further investigation into the missing receipts should be referred to the Fulton County Police Department to determine if additional action is warranted.