Performance Audit
Collection, Deposit, and Recording of Community Center Fees

March 2011

City Auditor's Office

City of Kansas City, Missouri

6-2011

CITY OF FOUNTAINS
HEART OF THE NATION

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March 29, 2011

Honorable Mayor, Members of the City Council, and Members of the Board of Parks and Recreation Commissioners:

This audit of a single community center is intended to be the first in a series of audits assessing the adequacy of departmental practices and controls over the collection, deposit, and recording of city fees. While the city has extensive policies and procedures establishing controls over the collection, deposit, and recording of fees, actual practice at the community center sometimes fell short.

Center staff missed opportunities to collect all fees that were owed and inappropriately accepted passes for some payments. Receipts, a basic cash control to prevent theft, were not printed for most transactions. Staff and instructors had trouble identifying which customers needed to pay because contract requirements were not followed. In addition, center staff did not always charge the fees established by the Board of Parks and Recreation Commissioners.

Center staff followed some, but not all of the established procedures designed to safeguard and report cash assets. The center's change fund balanced and headquarters staff performed reconciliations more often than required. Significant regulations that were not followed related to cashier accountability, access to the cash handling area, and timely deposits.

We make a number of recommendations to the director of the parks and recreation department to improve cash handling, including improving staff compliance with established requirements; using automated controls available in the RecTrac system; better matching of staff assignments to cashiering and monitoring needs; and charging fees established by the Board.

The draft report was sent to the director of parks and recreation on March 4, 2011, for review and comment. His response is appended. We appreciate the cooperation extended to us by staff in the Parks and Recreation, Finance, and Information Technology departments. The audit team for this project was Vivien Zhi and Nancy Hunt.

Gary L. White
City Auditor

Opportunities Missed to Collect Fees

While observing center cashiering activities, we saw examples of staff not collecting all fees owed. We also observed staff accepting center passes as payment for activities not covered by the pass or for someone other than the pass holder. Staff assignments do not always reflect the payment processing and customer monitoring needs of the center resulting in some customers not paying for activities.

Staff did not collect all fees owed. During our visits to the center, we observed instances in which community center staff did not collect all fees owed. We observed a transaction in which a customer reported that he was a drop-in customer for that night, he had not paid for two previous drop-in classes, and he wanted to enroll in the next multi-week session of a class. Staff charged the customer a drop-in fee for the current night and the fee for the next session, but did not charge for the prior two classes he reported attending without paying.

Another customer was not paying for all of the classes he attended with various instructors. When we raised the issue, staff processed a payment for a single class drop-in fee rather than taking the opportunity to clarify which classes the customer had attended and was planning to attend, and obtaining the corresponding payment.

When staff does not collect a fee whether due to misunderstandings, mistakes in judgment, or errors, neither the center nor the instructor receive the money to which they are entitled. The director of parks and recreation should emphasize to center cashiering staff their duty to collect all fees due.

Staff inappropriately accepted passes for payments. When a pass is swiped by a customer, the RecTrac system displays a photo of the pass holder and a listing of the customer's current passes for cashier review and selection. We observed staff accepting a monthly pass as payment for someone other than the pass holder and accepting passes for activities not covered by customers' passes. When staff accepts passes for the wrong person or activity, fees that should have been collected are lost.

To ensure passes are used properly, the director of parks and recreation should ensure that staff verify that passes are used by the pass holders and that the pass covers the activity for which it is presented.

Staff assignments do not reflect the needs of peak activity times. Although two and sometimes three employees were working during peak

activity periods[5], one employee was typically responsible for processing payments and monitoring other center activities from the front desk. During times of peak activity, it is difficult for a single employee to do both. Without a second person at the front desk, customers can easily enter the center without paying a fee. We observed many customers walking directly into a classroom without checking in with the center's staff and some open adult basketball customers trying to get into the gym without paying.

To ensure that customers pay to participate, the director of parks and recreation should ensure that, during periods of peak activity, a single employee is not responsible for processing payments and monitoring center activity from the front desk.

Receipts Not Printed and Change Miscalculated

Center staff do not print receipts for all cash and check payments; they only provide receipts for customers who ask for one and credit card sales. Pre-numbered or electronically generated receipts are a basic sales control. Receipts help ensure that sales activity is reported and revenues are deposited. When receipts are not printed and provided to all customers, there is a risk that an employee could accept and pocket a payment without entering the transaction into the sales system.

We observed an employee incorrectly calculate change and stopped the employee from giving too much change to the customer. Although RecTrac can calculate change due, staff did not know how to use this feature.

To ensure that fees are collected and recorded and that change is properly calculated, the director of parks and recreation should require that cashiers provide a customer receipt for every sales transaction and use the change calculating function in RecTrac.

Controls to Identify Non-Paying Customers Not Followed

Staff do not provide duplicate receipts and not all instructors take class attendance. The Parks and Recreation Department's standard instructor's contract contains two controls that could help ensure that everyone pays. The contract requires that that the community center provide duplicate receipts to instructors and that instructors take class attendance. While some instructors did ask center staff to identify which

[5] We analyzed transaction data from the RecTrac system from July through October 2010 to identify peak transaction times. The center's peak payment processing periods were 6 to 7 PM on Mondays and Wednesdays.

customers had paid, staff were not always able to provide this information.

Instructors, who are paid based on a percentage of the fees collected, have a vested interest in collecting fees from customers. RecTrac could be used to generate duplicate receipts or a listing of customers and payments by class. To ensure fees due are collected, the director of parks and recreation should direct that for each class period, staff provide information to the instructor identifying which customers have paid and require that instructors take attendance.

Center Fees Vary from Board and Contract Established Fees

Center staff are not always charging the fees approved by the Board of Parks and Recreation Commissioners. Contracts signed in fiscal year 2011 between the Parks Department and instructors set out fees to be charged and the proportion of fees going to each. We found discrepancies between some Board-approved fees, those established in instructor contracts, and those charged by the staff. For example, the center charged $20 instead of $15 for a monthly fitness pass for those 50 to 59 years and $100 instead of $200 for an annual fitness pass for those 60 years of age. The community services division revised these charges in March 2010 without approval from the Board. The center also adjusted the fees for a class that was shortened in length. In addition, the pricing in instructors' contracts did not reflect the board-approved multi-child discounts for classes. Although not set out in the contracts with the instructors, we also observed that instructors sometimes waive or set special fees for some customers.

To ensure customers are charged fairly and correctly, the director of parks and recreation should ensure that staff charge the fees approved by the Board of Parks and Recreation Commissioners; develop a process for the review and approval of fees that do not match the Board established fee; and ensure instructors' contracts reflect Board established fees or approved modifications.

Some Cash Handling Regulations Not Followed

Center staff followed some, but not all of the established procedures designed to safeguard and report on cash assets. Significant regulations that were not followed related to cashier accountability, access to the cash handling area, and timely deposits. Appendix A provides a summary of regulations and our conclusions on whether the center staff followed each regulation.

Cashiers Share One Change Fund

The cashiers at the center share a change fund. City procedures require that each cashier have a separate change fund for which the cashier will be responsible. Access is supposed to be restricted, and the fund counted and documented as control over the fund is transferred between employees. The center, however, does not set up a separate change fund for each cashier.

Although RecTrac can track transactions by cashier, cashiers do not consistently log on and off of the system during their shifts. As a result, the system record can show one employee conducting all transactions during a shift, although three employees may have actually processed transactions.

Sharing one change fund and not logging on and off the RecTrac system eliminates accountability. When errors or theft occur, the individual or individuals making the error or stealing cannot be identified easily and corrective action or punishment cannot be taken. In order to establish accountability and ensure that corrective action or punishment can be taken for error or theft, the director of parks and recreation should establish separate change funds for each community center cashier, count the fund as custody is transferred, and require that cashiers sign on and off of the RecTrac system as cashiering responsibilities are transferred.

Access to Cashiering Area Not Restricted

Access to the cashiering area at the center we reviewed was not restricted. The door to the cashiering area was open and the area was sometimes left unattended. We observed customers entering the area to obtain and return TV remote controls. The city requires that access to cashiering areas be restricted to authorized personnel, a log-in sheet be used to track unauthorized personnel admitted to the area, and an authorized person stay with them. Restricting access decreases the opportunities for theft.

To lessen the opportunity for theft, the director of parks and recreation should restrict access to the cash handling area to authorized personnel and use a log-in sheet to track unauthorized personnel admitted to the area.

Deposits Not Always Made Timely

Center staff did not always deposit monies timely. Section 2-1615 of the Code of Ordinances requires daily deposits. When the amount collected

is small, however, the code permits a weekly deposit or a deposit the next business day after $500 is accumulated. The Parks and Recreation Department has a more stringent policy for next business day deposit when $100 is accumulated. Between July 1 and October 29, 2010, staff did not meet the city's timely deposit requirement at least 4 times and the department's at least 14 times.

To minimize the amount of cash on hand and decrease the risk of loss or misappropriation, the director of parks and recreation should ensure that community centers staff comply with the department policy of next business day deposits when $100 is accumulated.

Cash Count Balanced and Timely Reconciliations Made

We conducted a cash count of the selected center's change fund on October 5. The fund balanced and the deposit was properly prepared.

The city requires that the PeopleSoft journal entry be prepared when a deposit is sent to the bank. Parks, however, has divided the PeopleSoft entry process between the center director and headquarters' staff. The center director makes the initial entries, but final approval is made by headquarters staff, after they receive the supporting paperwork. Because the paperwork is physically sent to headquarters only three times a week, final approval is delayed. Headquarters' staff, however, also perform reconciliations more often than required, permitting reconciliation errors to be caught and corrected sooner. Finance staff are aware of the reason for the delay in the PeopleSoft entry and approved this modification of the city's regular procedure.

Recommendations

1. The director of parks and recreation should emphasize to community center staff their duty to collect all fees due.

2. The director of parks and recreation should ensure that staff verify that passes are used by the pass holders and that the pass covers the activity for which it is presented.

3. The director of parks and recreation should ensure that, during periods of peak activity, a single employee is not responsible for processing payments and monitoring center activity from the front desk.

4. The director of parks and recreation should require that cashiers provide a customer receipt for every sales transaction and use the change calculating function in RecTrac.

5. The director of parks and recreation should direct that for each class period, staff provide information to the instructor identifying which customers have paid and require that instructors take attendance.

6. The director of parks and recreation should ensure that staff charge the fees approved by the Board of Parks and Recreation Commissioners; develop a process for the review and approval of fees that do not match the Board established fee; and ensure instructors' contracts reflect Board established fees or approved modifications.

7. The director of parks and recreation should establish separate change funds for each community center cashier, count the fund as custody is transferred, and require that cashiers sign on and off of the RecTrac system as cashiering responsibilities are transferred.

8. The director of parks and recreation should restrict access to the cash handling area to authorized personnel and use a log-in sheet to track unauthorized personnel admitted to the area.

9. The director of parks and recreation should ensure that community center staff complies with the department policy of next business day deposits when $100 is accumulated.

Appendix A

Summary of Cash Processing Requirements and Center Performance

Summary of Cash Processing Requirements and Center Performance

City or Department Requirement	Requirement Met?
Change Fund Accountability	
Count change fund at the start of every day to verify.	Yes.
Before any transactions, verify beginning cash is correct.	No.
Count change fund at the end of the day to verify.	No.
Each cashier is assigned a change fund.	No.
Only enter another's cash drawer with supervisor as a witness.	No.
Track transactions by cashier.	No.
Void transactions approved by supervisor.	No.
Cashiers report overages or shortages of $25 or more to supervisor. Supervisor reports them to city treasurer, city auditor, and general services/risk management.	N/A. No shortages of $25 or more during the auditor's review period.
Deposit Procedures	
Put business date on deposit slip.	Yes.
Write check numbers on deposit slip.	Yes.
Take white and pink copies of deposit slip to bank for validation. Retain yellow copy in deposit book.	Yes.
Attach validated bank receipts to RecTrac reports (cash journal, GL)	Yes.
Cash on hand of $500 or more, deposit by next business day (city requirement). Deposits must be made at least once a week (city requirement). Cash on hand of $100 or more, deposit by next business day (Parks and Recreation requirement).	Usually.
Deposit matches RecTrac figures. Any variances explained.	Yes.
Safeguarding City Assets	
Lock change fund/deposit in safe overnight.	Yes.
Lock cash drawer whenever cashier is away from area.	Yes.
Cashiers are responsible for work station and cash drawer keys.	Yes.
Access to cashiering areas restricted to authorized personnel.	No.
Visitors admitted to cash handling area sign log.	No.
No personal belongings in cash handling area.	No. Three of five staff had personal items in the cash handling area.
Supervisor notified when large amounts of cash are accumulated in a short time.	No.
Transaction Processing	
Cash handling work surfaces cleared of all money and unnecessary papers.	No.
Money on work surface only during transaction.	Yes.
Counterfeit pen used to detect fake money.	No.
Money counted when received from customer.	Sometimes.
All monies counted three times when giving or receiving.	No.
Before placing cash received into drawer, verify amount with invoice or receipt.	No.
Do not turn away from work area during payment transactions or when money is out of box or drawer.	Yes.
Monies received kept out of reach of customer but in view until transaction completed and change given.	No.

Driver's license number and date of birth written on checks and verified.	No.
An approved endorsement stamp used.	Yes.
Checks endorsed upon receipt.	Usually
Cashier verifies credit/debit cards have not been altered, the expiration date is valid, and the last four digits on the card match the information from the credit card equipment.	No.
Have customer sign print credit card slip.	Yes.
Verify signature signed on credit card slip with the card signature.	No.
Training and Instructions	
Cashiers attended cash handling training approved or presented by city treasurer.	Yes.
Employees read and initialed MI 6-2 (Cash Handling Procedures).	Partially. Two of five employees had not initialed MI 6-2.
MI 6-2 posted in cash handling area.	Partially. Was held in a locked drawer, now posted.
MI 2-18 (Change funds) kept in change fund files for ready reference.	No.
Accounting for Cash Assets	
PeopleSoft journal entry prepared when a deposit is sent to the bank.	Partially. Duties are segregated between center and headquarters' staff. Final approval is made after review by headquarters.
PeopleSoft entries match deposit ID and amount	Yes.
Paperwork sent to Admin at least twice a week.	Yes.

Appendix B

Director of Parks and Recreation's Response

Intra-Departmental Communication

RECEIVED
MAR 22 2011
CITY AUDITOR'S OFFICE

Date: March 29, 2011

To: Gary L. White, City Auditor

From: Mark L. McHenry, Director of Parks & Recreation Department

Subject: Performance Audit – Collection, Deposit, & Recording of Community Center Fees

We appreciate the time spent by you and your team in assessing the collection, deposit and recording of Community Center fees. Your work has provided us with a thorough review of those operations at one center and presented us with good information that will assist us in improving controls over those functions at all centers. We thank you for your efforts and assistance.

As you mentioned in your report, the Department over the last year has installed Rec-Trac at most of our community centers, a software program that has allowed greater efficiencies and accountability in our daily operations. While Rec-Trac has many capabilities, staff proficiency in using it has yet to be fully realized. As we continue to work out the "bugs" our ability to address your recommendations will also be improved.

After our review of your recommendations, along with your comment that, "the centers change fund balanced and headquarters staff performed reconciliation more often than required", we have determined that we generally agree and concur with the same. As a result we are currently looking at ways by which we routinely review procedures to ensure established policies along with your recommendation are addressed.

The Manager of Community Services is in the process of scheduling an in-service training to review and discuss all recommendations outlined in this audit with community center staff. Annual review and update of all fees and charges will continue to take place, our Rec-Trac administrator will input all new fees in the Rec-Trac system for use at all community centers and provide quarterly trainings on the program to staff as needed. We will also conduct random audits throughout the year to ensure compliance.

Once again, we appreciate the time and effort spent on the single community center audit as it will allow us to review the operations of all our centers in an effort to better serve our constituents.

Recommendations

1. The director of parks and recreation should emphasize to community center staff their duty to collect all fees due.

   Response:
   Agree

   Manager of Community Services will emphasize the importance and process for collecting fees during in-service training sessions.

2. The director of parks and recreation should ensure that staff verifies that passes are used by the pass holders and that the pass covers the activity for which it is presented.

   Response:
   Agree

   Staff is required to verify and confirm that passes are used by the pass holders and that the pass covers the activity for which it is presented. Manager of Community Services will emphasize the importance of this process during in-service training sessions.

3. The director of parks and recreation should ensure that, during periods of peak activity, a single employee is not responsible for processing payments and monitoring center activity from the front desk.

   Response:
   Partially Agree

   Staffing levels have become one of our biggest challenges. Over the past few years Community Centers have lost more than twenty two positions and overall Departmental staffing has been reduced by almost a third. This has put a significant strain on our staffing patterns. In spite of these challenges, we will make every effort to have two employees to handle payment and monitoring functions from the front desk at peak times.

4. The director of parks and recreation should require that cashiers provide a customer receipt for every sales transaction and use the change calculating function in Rec-Trac.

   Response:
   Agree

   Customer service is an extremely high priority within the community centers. The process of printing and issuing receipts can in some cases take several minutes due to system constraints. We understand the importance of this recommendation and will investigate opportunities to expedite the process and fully implement the recommendation.

   We will also provide training on the use of the change calculating function in Rec-Trac and require staff to utilize it.

5. The director of parks and recreation should direct that for each class period, staff provide information to the instructor identifying which customers have paid and require that instructors take attendance.

Response:
Agree

A roster of paid participants for each class period will be printed and provided to the instructor. The instructor will be required to take attendance and check off the participants as they arrive.

6. The director of parks and recreation should ensure that staff charge the fees approved by the Board of Parks and Recreation Commissioners; develop a process for the review and approval of fees that do not match the Board established fee; and ensure instructors' contracts reflect Board established fee or approved modifications.

   Response:
   Agree

   All fees are reviewed annually by staff. Recommendations for changes and/or new fees are presented to the Park Board for approval annually. At that time an updated fees and charges booklet is printed and distributed. During the in-service training sessions we will formalize the process by which staff is to review the updated fees and charges booklet and ensure instructors' contracts reflect Board established fees.

7. The director of parks and recreation should establish separate change funds for each community center cashier, count the fund as custody is transferred, and require that cashiers sign on and off of the Rec-Trac system as cashiering responsibilities are transferred.

   Response:
   Agree

   We will explore our options on how to implement this in the most effective manner possible, working with the system programmers and staff in the City Treasurer's Office.

8. The director of parks and recreation should restrict access to the cash handling area to authorized personnel and use a log-in sheet to track unauthorized personnel admitted to the area.

   Response:
   Agree

   No unauthorized personnel will be allowed admittance in the cash handling areas.

9. The director of parks and recreation should ensure that community center staff complies with the department recommendation of next business day deposits when $100 is accumulated.

   Response:
   Agree

   This requirement will be readdressed and enforced accordingly

Performance Audit

Collection, Deposit, and Recording of Community Center Fees

Project Team:
Nancy Hunt and Vivien Zhi

Office of the City Auditor
City of Kansas City, Missouri

Parks and Recreation Board Meeting – March 29, 2011

Audit Objective

- Are controls over the collection, deposit, and recording of fees at the community center adequate?

Community Center Funding
Fiscal Year 2010

Source	Amount
General Fund	$ 2,489,103
Vehicle License Fees	2,258,260
User Fees	1,085,954
Total	$ 5,833,317

All Fees Are Not Assessed or Collected

- Staff missed opportunities to collect fees.
- Staff assignments don't reflect peak activity needs.
- Receipts were not printed and change was miscalculated.
- Controls to identify non-paying customers were not followed.
- Center fees vary from Board and contract established fees.

Not All Cash Handling Regulations Followed

- Cashiers share one change fund.
- Access to cashiering area not restricted.
- Deposits not always made timely.

Cash Count Balanced and Timely Reconciliations Made

- Cash count balanced.
- Timely reconciliations were made.

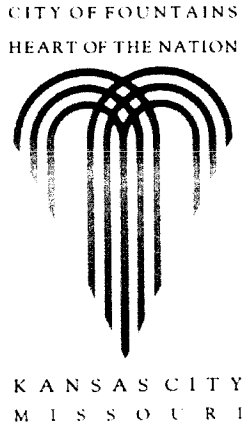
Recommendations

- Improve staff compliance with requirements.
- Use available automated controls.
- Match staff assignments to cashiering and monitoring needs.
- Charge fees established by the Board.

Office of the City Auditor

Copies of audit reports can be obtained from the City Auditor's website:

www.kcmo.org/auditor



Collection, Deposit, and Recording of Community Center Fees

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Introduction

Objectives

We conducted this audit of controls over the collection, deposit, and recording of fees at one of the city's community centers under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit provides assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.[1]

This report is designed to answer the following question:

- Are controls over the collection, deposit, and recording of fees at the community center adequate?

Scope and Methodology

Our review focuses on controls over the collection, deposit, and recording for fees at a single community center. Our audit methods included:

- Reviewing provisions in the Code of Ordinances, city charter, Administrative Regulations, Manual of Instructions, and Parks and Recreation Department procedures related to cash handling to identify audit criteria.

[1] Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2007), p. 17.

- Interviewing Parks and Recreation Department staff to assess knowledge of city and departmental cash handling policies and procedures.

- Observing a community center's day to day operations in October 2010 to determine whether community center staff follows established policies and procedures.

- Conducting a cash count at the community center to verify whether the cash on hand was correct.

- Analyzing financial records to determine the center's most active hours of payment processing and the amount of fees collected, deposited, and recorded from July 1, 2010 to October 31, 2010.

- Reviewing cash handling training records to determine whether the community center staff met the city's training requirements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We will not disclose the name of the community center we audited due to security reasons. No other information was omitted from this report because it was deemed privileged or confidential.

Background

Community Centers Generated over $1 Million in User Fees in 2010

The Parks and Recreation Department operates ten community centers located in various parts of the city. Community centers accept cash, checks, and credit cards[2] as payment for fees for educational and recreation classes, sporting activities, and facility rentals. Community centers provide programs and activities for youth, adults, and seniors. Community center operations receive funding from the general fund, vehicle license fees[3], and user fees. In fiscal year 2010, the community centers generated over $1 million in user fees. (See Exhibit 1.)

[2] Not all community centers accept credit cards.

[3] The vehicle license fee will expire in 2012 unless renewed by the voters prior to August 3, 2012.

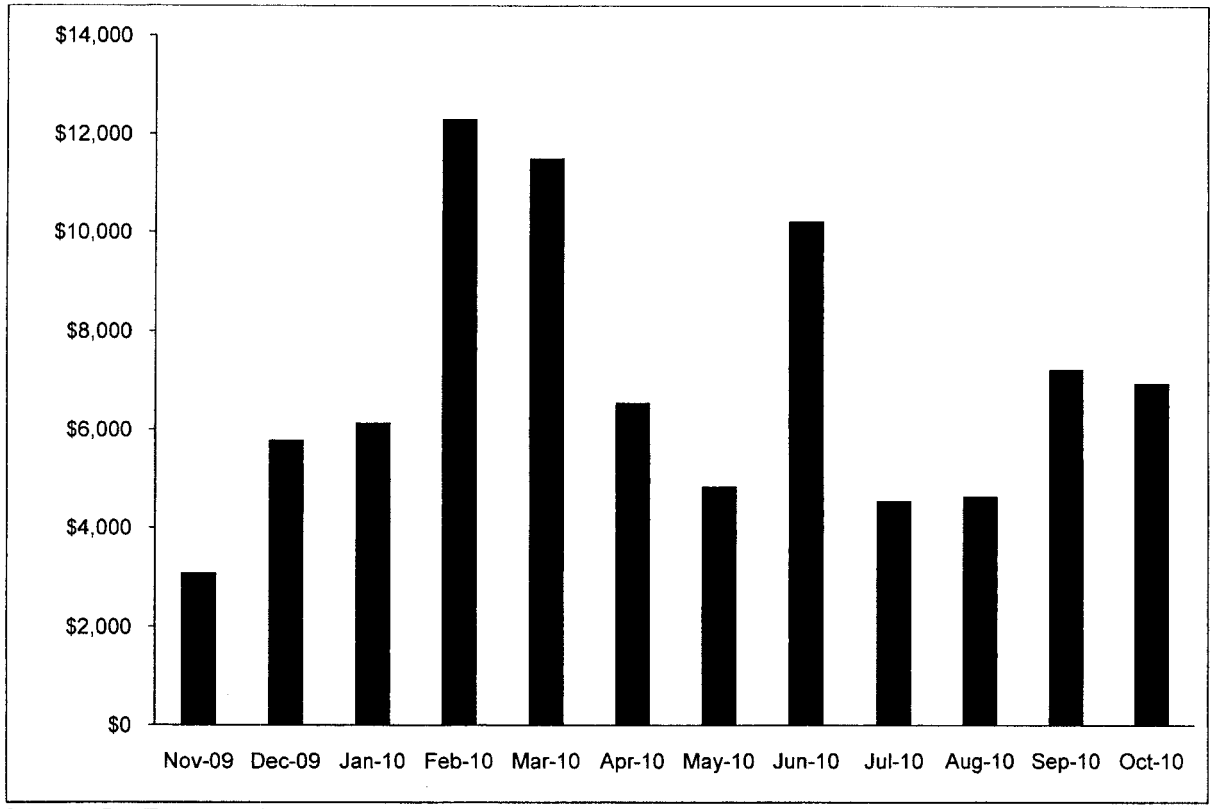
Exhibit 1. Community Center Funding, Fiscal Year 2010

Source of Funds	Amount
General Fund	$2,489,103
Vehicle License Fees	2,258,260
User Fees	1,085,954
Total	$5,833,317

Source: Submitted Budget, Fiscal Year 2012.

The center we selected to review ranked as the fifth of the ten centers in total fees collected in fiscal year 2010. The center collected almost $84,000 in fees from November 2009 to October 2010.[4] (See Exhibit 2.)

Exhibit 2. User Fees Collected, November 2009 to October 2010



Source: RecTrac, and City Auditor's Office Analysis.

[4] The information in Exhibit 2 is from RecTrac, the software program used by the Parks and Recreation Department to record sales. The selected center implemented the RecTrac system in November 2009. As a result, the data in the exhibit begins with November 2009 sales information.

Community Centers Use RecTrac to Manage Daily Operations

RecTrac is an integrated management software for recreation departments. It utilizes a shared database for all the community centers. Staff use RecTrac to record and process payments and registrations for center classes, open basketball, room rentals, and other activities. RecTrac also can print monthly and yearly fitness passes, customer receipts, and listings of customers by class or activity.

Cash Handling Responsibilities and Requirements

Responsibilities for cash operations are outlined in the city charter, city code, administrative regulations, and manual of instructions. The director of finance, city treasurer, and commissioner of accounts have organization-wide oversight responsibilities for the collection, custody, and recording of city funds. Department staff are responsible for following the city's instructions on properly collecting, safeguarding, depositing, and reporting of cash assets. Exhibit 3 summarizes city instructions related to cash handling and reporting.

Exhibit 3. City Cash Handling Regulations and Instructions

Regulation or Instruction	Purpose
Administrative Regulation 3-23: Cash Handling Training	Establishes training requirements for employees who handle cash.
Manual of Instruction 6-2: Cash Handling Procedures	Establishes the proper way to collect, hold, and disburse cash and cash equivalents.
Manual of Instruction 2-18: Change Funds	Establishes procedures for handling change funds.
Manual of Instruction 6-5: Endorsement of Checks for Deposit	Establishes policy for proper endorsement of checks for deposit.
Manual of Instruction 6-8: Procedures for Credit and Debit Card Acceptance	Establishes procedures for credit and debit card acceptance and storage of information related to credit and debit card transactions.
Manual of Instruction 6-4: Notification of Treasurer of Bank Deposits	Establishes policy and procedures for notifying the city treasurer of a bank deposit and submitting appropriate accounting information relative to the deposit.

Source: Administrative Regulations and Manual of Instructions.

Findings and Recommendations

Summary

Center staff have not collected all fees owed from customers and inappropriately accepted passes for some payments. Staff assignments do not always reflect the payment processing and customer monitoring needs of the center. Receipts were not printed for most transactions. Staff and instructors have trouble identifying which customers need to pay because staff cannot tell instructors who has paid and instructors do not take attendance. In addition, staff does not always charge the fees established by the Board of Parks and Recreation Commissioners.

Center staff followed some, but not all of the established procedures designed to safeguard and report on cash assets. The center's change fund balanced and headquarters staff performed reconciliations more often than required. Significant regulations that were not followed related to cashier accountability, access to the cash handling area, and timely deposits.

We make a number of recommendations to improve cash handling by improving staff compliance with established requirements; using automated controls available in the RecTrac system; better matching of staff assignments to cashiering needs; and charging fees established by the Board.

Staff Are Not Assessing and Collecting All Fees Due

Center staff did not collect all fees owed from customers and inappropriately accepted passes for some payments. Staff assignments do not always reflect the payment processing and customer monitoring needs of the center. Staff did not print receipts for most transactions. Staff and instructors have trouble identifying which customers need to pay because staff cannot tell instructors who has paid and instructors did not take attendance. In addition, staff do not always charge the fee established by the Board of Parks and Recreation Commissioners.

Opportunities Missed to Collect Fees

While observing center cashiering activities, we saw examples of staff not collecting all fees owed. We also observed staff accepting center passes as payment for activities not covered by the pass or for someone other than the pass holder. Staff assignments do not always reflect the payment processing and customer monitoring needs of the center resulting in some customers not paying for activities.

Staff did not collect all fees owed. During our visits to the center, we observed instances in which community center staff did not collect all fees owed. We observed a transaction in which a customer reported that he was a drop-in customer for that night, he had not paid for two previous drop-in classes, and he wanted to enroll in the next multi-week session of a class. Staff charged the customer a drop-in fee for the current night and the fee for the next session, but did not charge for the prior two classes he reported attending without paying.

Another customer was not paying for all of the classes he attended with various instructors. When we raised the issue, staff processed a payment for a single class drop-in fee rather than taking the opportunity to clarify which classes the customer had attended and was planning to attend, and obtaining the corresponding payment.

When staff does not collect a fee whether due to misunderstandings, mistakes in judgment, or errors, neither the center nor the instructor receive the money to which they are entitled. The director of parks and recreation should emphasize to center cashiering staff their duty to collect all fees due.

Staff inappropriately accepted passes for payments. When a pass is swiped by a customer, the RecTrac system displays a photo of the pass holder and a listing of the customer's current passes for cashier review and selection. We observed staff accepting a monthly pass as payment for someone other than the pass holder and accepting passes for activities not covered by customers' passes. When staff accepts passes for the wrong person or activity, fees that should have been collected are lost.

To ensure passes are used properly, the director of parks and recreation should ensure that staff verify that passes are used by the pass holders and that the pass covers the activity for which it is presented.

Staff assignments do not reflect the needs of peak activity times. Although two and sometimes three employees were working during peak