



DATE: October 14, 2009

TO: RANDY COOPER, Director, PARCS
JERRY HAYNES, Assistant Director, PARCS
PAUL MELIKIAN, Administrative Manager, PARCS

THROUGH: RENENA SMITH, Budget Director
Budget and Management Studies Division

FROM: BOB KOURY, Principal Internal Auditor
BILL RICHARDS, Internal Auditor
Budget and Management Studies Division - Internal Audit

SUBJECT: FOLLOW-UP AUDIT REPORT - PARCS CASH HANDLING AND INTERNAL
CONTROLS AUDIT

Attached is the Final Follow-Up Audit Report with the current implementation status of the one recommendation made in the PARCS Cash Handling and Internal Controls Audit issued March 23, 2009. The follow-up audit was performed in accordance with AO 1-12 and Government Auditing Standards.

Internal Audit has concluded that the one Audit Recommendation has been implemented.

Thank you for your assistance during the course of this follow-up audit. If you have any questions, please do not hesitate to contact Bob Koury, Principal Internal Auditor, at 621-7072 or Bill Richards, Internal Auditor, at 621-7063.

Attachment

cc: Ashley Swearengin, Mayor
Council Members
Andrew T. Souza, City Manager
Bruce Rudd, Assistant City Manager
James Sanchez, City Attorney
Karen Bradley, Interim Finance Director/City Controller
Jane Sumpter, Principal Budget Analyst, Budget and Management Studies Division

INTERNAL AUDIT



FOLLOW-UP AUDIT REPORT

**PARCS
Cash Handling and Internal Controls Audit**

Audit Number 10-0007

**Performed by:
Bill Richards, Internal Auditor
Budget and Management Studies Division – Internal Audit**

Issued on October 14, 2009

AUDIT RESULTS AND RECOMMENDATIONS

Senior Hot Meal Cash Handling

Observations and discussions by Internal Audit noted that the Services Aides at the Senior Hot Meal sites have not been provided with formalized desk procedures related to cash handling, security and safekeeping prior to armored car pickup.

An essential element of internal control is a formal system of authorization and documentation, which can be achieved through the establishment and implementation of formal procedures. Formal procedures communicate management's intentions and expectations. Failure to provide employees with these guidelines can leave much too individual interpretation, and can adversely affect job performance. In addition, such documentation provides a means for a smooth transition when key employees are absent or new employees are hired and provide the necessary measure of accountability required of any business or governmental entity.

RECOMMENDATION

The PARCS Director or his designee should develop formalized (written) desk procedures related to cash handling by PARCS employees at the Senior Hot Meal sites. The procedures, once developed and approved by the PARCS Director, should be communicated to all the appropriate PARCS employees to provide standard procedures for cash handling and a reference source for current and future employees.

ORIGINAL MANAGEMENT RESPONSE

PARCS Department Management concurs with the Audit Recommendation - See attached March 19, 2009 Memorandum Response from Parks Administration.

CURRENT STATUS OF RECOMMENDATION - IMPLEMENTED

City of



PARKS, AFTER SCHOOL, RECREATION AND COMMUNITY SERVICES DEPARTMENT

DATE: March 19, 2009

TO: BOB KOURY, Principal Internal Auditor
BILL RICHARDS, Internal Auditor
Budget and Management Studies Division/Internal Audit

FROM: RANDALL L. COOPER, Director *R.L.C.*
SHAUN SCHAEFER, Community Services Manager *SS*

SUBJECT: COMMUNITY SERVICES DIVISION RESPONSES TO THE CASH
HANDLING AND INTERNAL CONTROL AUDIT PERFORMED IN
FEBRUARY 2009

In response to your audit conducted in February 2009 of the Senior Hot Meal Program cash handling and internal controls audit, the Department has implemented the recommendations from the Office of Internal Audit. Our responses and actions are as follows.

- 1) P.M. 31 (#3) and P.M. 33 (#4) of the Department's Policy and Procedure Manual has been revised to include statements regarding securing and transporting donations prior to armored pickup. Once finalized it will be distributed to Department staff. (see attached P.M. 31-32)
- 2) All Senior Hot Meal employees will be given the Department's Policy and Procedure Manual.
- 3) All site monitors in the Senior Hot Meal program will receive internal desk procedures related to cash handling by PARCS employees at the Senior Hot Meal sites. (see attached internal desk donation procedure).
- 4) As previously communicated, safes are now installed at all reservation cash handling sites. However, some of our Senior Hot Meals sites only collect small amounts of donations from seniors (usually less than \$100/week). These sites do not have safes and the money collected is transported to designated sites once per week. Donations collected are currently secured in locked cabinets accessed only by the site coordinator.

cc: PAUL MELIKIAN, Administrative Manager
BRUNI MACIAS, Community Recreation Supervisor II

COLLECTING AND SAFEGUARDING OF REVENUE

P.M. Number 31

Purpose:

To provide administrative policy and procedure guidelines for the collection and safeguarding of the Department revenue with the exception of the Aquatics Program, which policy is set forth in Policy Memorandum No. 32.

Policy:

1. Supervisors are to establish appropriate cut-off times for program registration times to allow staff adequate time to prepare deposits.
2. All cash, checks, or money orders are to be stored in a City safe. No cash, checks, etc., shall be stored in locked file cabinets or locked drawers at any time.
3. Donations collected at various sites must be secured prior to armored pickup.
4. Cash deposits must be initialed and dated. Pending checks will be held in safe until checks can be processed.
5. All payments must be counted and prepared daily for deposit and must balance to the Rectrac cash journal report. Daily reconciliation will be conducted at the Administration office.
6. All reservations entered into the computer reservations software must be made under the employee's login only. Under no circumstances will the login be shared between employees.
7. All payments received for reservations and registrations must be entered in Rectrac at the time of the transaction. Once processed, payments must be dropped in the safe immediately after the transaction is complete.
8. No handwritten receipts will be issued under any circumstances. Customers must be given computer reservation software generated receipts for all payments received.
9. A list of employees who are assigned keys to PARCS facilities and combinations to safes will be kept on file at the Administration office.
10. The Senior Account Clerk and the Supervisors I and II shall be the only field or administrative staff that will have the combination to safes.
11. For backup purposes, the Recreation Manager and Department Administrative Manager will be the only other staff who will have the safe combinations.

Purpose:

To provide administrative policy and procedure guidelines for the preparation of deposit paperwork.

Policy:

Field Office Staff

1. A Senior Administrative Clerk or Supervisor prepares deposit for cash pickup by armor car.
2. Armor truck transport deposit to PARCS Annex.
3. A copy of all credit card receipt must be forwarded
4. All donations collected must be secured and transported directly to designated site for armored pickup.

PARCS Annex Staff

5. Accounting Clerk will verify number of deposit bags transported from the Field Offices.
6. Staff will verify cash received.
7. All checks must be stamped with the endorsement stamp and deposit slip number.
8. Checks must be Batched in groups of twenty-five (25) along with the tape total amount. Tape must be stamped on the back with the endorsement stamp.
9. Make copies of all checks for deposit backup.
10. Prepare Deposit Slip and armored truck tag accordingly.
11. Bag money with one (1) copy of the Deposit Slip and seal.
12. Place in safe for armored truck pick up.

Accounting Staff

13. Run General Ledger Report in Rectrac to verify field deposits.
14. Log deposits on Deposit Backup.
15. Total of checks, cash and credit card payments must equal total on Deposit Backup form.
16. Prepare Cash Receipt Document in PeopleSoft Financials using the Deposit Back up form.
17. After printing the Cash Receipt document make the necessary copies for outside distribution and in-housing filing.

Outside Distribution:

- Original Cash Receipt document and yellow copy of Deposit slip goes to Treasury.
- Rental deposits - Copy of Cash Receipt and Deposit Backup documents go to General Accounting.
- Insurance - Copy of Deposit Backup, Cash Receipt document, facility rental and checks goes to Risk Management.

City of



PARKS . AFTER SCHOOL, RECREATION AND COMMUNITY SERVICES DEPARTMENT

DATE: March 19, 2009

TO: ALL SENIOR HOT MEALS STAFF
Senior Hot Meals Program

FROM: RANDALL L. COOPER, Director 
SHAUN SCHAEFER, Community Services Manager 
Community Services Division

SUBJECT: Donation Procedure

Enclosed is a copy of the Policy and Procedure Manual. Please read it thoroughly, should you have any questions, please contact your Supervisor. Also attached is the internal Senior Hot Meals Donation Procedure. This new procedure establishes guidelines for securing and transporting donations prior to armored pickup. You are required to follow all guidelines contained in this procedure. All distributed procedures must be placed in your Senior Program Activity Manual.

Enclosure:
PARCS Policy and Procedure Manual
Senior Hot Meal Donation Procedure



Community Services

Senior Hot Meal Procedure Senior Donations

Introduction

The Senior Meals Program is partially funded through the Fresno Madera Area Agency on Aging (FMAAA) and receives funding from the City's Community Block Grant Program (CDBG). Seniors who participate in the Senior Hot Meals Program live independently in their own homes and benefit from mealtime companionship, excursions and lifelong learning opportunities.

Policy

Seniors are encouraged to make a donation but are not required to pay to participate. However, there is a suggested donation amount of \$1.50.

All donations are confidential and all seniors will be served whether they make a donation and regardless of the amount contributed. Coin envelopes are distributed when seniors enter the senior center to collect suggested donations and collected by the site coordinator after the meals have been served.

Cash Handling Process

It is the responsibility of the site monitor to secure all donations collected. The Department will be subject to periodic internal audits of cash handling and internal controls.

- All donations will be counted daily and secured in a safe secured location.
- Site Coordinators must count, verify and document money collected on the daily cash count sheet.
- All daily cash count sheets will require two signatures.
- Site Coordinators will transport money including daily cash count sheet to Dickey Youth Community Center every Friday.
- Dickey's site monitor completes the Senior Nutrition tally sheet that includes the site location, bag serial number and weekly donation total for each site. Money bags are separated into two larger bags with a total deposit for each bag. Daily cash count sheet is included with the money bags.
- Dickey's site monitor transports money to Ted C. Wills on Fridays.
- Armored truck picks up from Ted C. Wills and transports to the Annex on Tuesdays.
- Administrative Office staff will verify cash received from Field Offices and prepare deposit slip and armored tag accordingly.