



DATE: March 23, 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: FINAL AUDIT REPORT - PARCS CASH HANDLING AND INTERNAL CONTROLS AUDIT

Attached is the Final Audit Report for the PARCS Cash Handling and Internal Controls Audit. Internal Audit wishes to thank you and your staff for their cooperation and assistance in performing the audit.

City and Department Management has responsibility for implementation of Internal Audit recommendations and for establishing an effective system of internal controls. Internal Audit believes the implementation of our audit recommendation to the best of your Department's ability will aid your Department and City Management in accomplishing the Key Objectives of Customer Satisfaction (citywide), Employee Satisfaction (internally) and Financial Management.

Internal Audit will perform a follow-up audit six to twelve months after this report is issued to verify that the recommendation has been implemented or that the issue documented in the finding has been resolved in a manner that addresses the weakness or risk identified. The follow-up review is performed in accordance with AO 1-12 and Generally Accepted Government Auditing Standards.

If you have any questions regarding this matter, please do not hesitate to contact Bob Koury, Principal Internal Auditor, at 621-7072 or Bill Richards, Internal Auditor, at 621-7063.

#### Attachments

cc: Ashley Swearengen, Mayor  
Council Members  
Andrew T. Souza, City Manager  
Bruce Rudd, Assistant City Manager  
Margaret Arechiga, Deputy City Manager  
Jane Sumpter, Principal Budget Analyst, Budget and Management Studies Division

**INTERNAL AUDIT**



**FINAL AUDIT REPORT**

**PARCS**

**Cash Handling and Internal Controls Audit**

**09-0007**

**Performed by:**

**Bill Richards, Internal Auditor**

**Budget and Management Studies Division – Internal Audit**

**Issued on March 23, 2009**

**TABLE OF CONTENTS**

**EXECUTIVE SUMMARY .....1**

**INTRODUCTION**

Background .....2

Audit Objective.....2

Audit Scope and Methodology .....2

Conclusion .....3

**RESULTS AND RECOMMENDATION**

Senior Hot Meal Cash Handling .....4

## **EXECUTIVE SUMMARY**

This report presents the results of our PARCS Cash Handling and Internal Controls Audit performed in February 2009, in accordance with AO 1-12 and Generally Accepted Government Auditing Standards. We performed the audit to determine if adequate internal controls are in place related to the cash handling processes.

### **Results**

PARCS has strengthened their internal controls by installing drop safes at reservation cash handling sites, implemented a new Policy and Procedures Manual, and installed a new Reservation System. During the audit, nothing came to our attention that indicated City funds were at risk. However, we did identify one opportunity to further strengthen internal controls over cash handling of the Senior Hot Meal Program.

- 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.

# INTRODUCTION

## **Background**

The Parks, After School, Recreation and Community Services Department (PARCS) is dedicated to creating community through people, parks, and programs. PARCS enriches the lives of Fresno citizens by investing in park and open space development for recreation opportunities and by providing diverse opportunities for human development and social interaction. PARCS provides eight major recreation programs, encompassing all age groups from preschool to seniors, and community services such as therapeutic recreation, engaging nature camps, and a highly successful job placement program. PARCS also maintains and operates three regional parks, numerous community and neighborhood parks; pocket parks and regional trails; public grounds in Downtown Fresno, including City Hall, Santa Fe Depot, Fulton/Mariposa malls; and operation of the Memorial Auditorium. PARCS is also active in the development of new green space and rehabilitation of existing facilities, which improves recreation opportunities throughout Fresno.

PARCS receives a majority of its operating revenue from the general fund and generates revenue through a variety of services including facility reservations, participant fees, sports leagues, camp registrations and instructional classes.

The PARCS Senior Program is serving older adults through a variety of recreation activities, special events, excursions, social dances, financial management, safety awareness and nutritious meals. Meals are served Monday through Friday, excluding holidays, at 16 Senior Hot Meal sites. The suggested contribution of a meal for a senior 60 years and older is \$1.50. Persons 59 and younger are charged \$3.50. At no time is a senior denied a meal due to the inability to donate the suggested amount.

## **Audit Objective**

The objective of our audit was to determine if adequate internal controls are in place related to the cash handling processes.

## **Audit Scope and Methodology**

The scope of this audit was limited to planning and performing our audit procedures to obtain reasonable assurance concerning cash handling. To gain an understanding of the process, we reviewed the Policy and Procedure Manual, interviewed appropriate staff, and performed observations of the cash handling processes. We performed the audit in February 2009, in accordance with AO 1-12 and Generally Accepted Government Auditing Standards.

## **Conclusion**

Based on the results of our limited scope audit, we conclude that the overall cash handling processes observed are in compliance with PARCS Policies and Procedures and adequate internal controls are in place and operating as intended. PARCS Management and staff are commended for their effort in this regard. We did observe one area where internal controls could be strengthened further. This item is addressed in the audit report and has been discussed with the PARCS Administrative Manager during the audit. Corrective action was immediately initiated.

## **RESULTS AND RECOMMENDATION**

### **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.

### **MANAGEMENT RESPONSE TO RECOMMENDATION**

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

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.