

Report No. 2017- 011- RPCA  
October 2018

**DEKALB COUNTY GOVERNMENT**

Recreation, Parks and Cultural Affairs

**FINAL REPORT**



John L. Greene, CIA, CIG, CGAP, CGFM  
Chief Audit Executive

Page intentionally left blank



RECREATION, PARKS & CULTURAL AFFAIRS  
AUDIT OF  
CASH HANDLING PROCEDURES  
AUDIT REPORT NO. 2017- 011- RPCA  
**FINAL REPORT**

---

### **What We Did**

In accordance with the Office of Independent Internal Audit (OIIA) Annual Audit Plan for fiscal year 2017, we conducted a performance audit of Recreation, Parks and Cultural Affairs (RPCA) cash handling procedures. We examined RPCA cash handling procedures from January 1, 2016 to August 31, 2017 to determine if:

- RPCA complied with existing cash handling procedures.
- Adequate controls exist over RPCA cash handling procedures.

We interviewed RPCA staff, performed surprise cash counts at a sample of DeKalb County aquatic facilities, examined supporting documentation and reviewed the RPCA Revenue Collection Policy dated January 2017 to identify opportunities to strengthen the effectiveness of RPCA cash handling procedures.

---

### **What We Found**

We found that Recreation, Parks and Cultural Affairs does have a written Revenue Collection Policy, which addresses some areas that are consistent with good controls over cash receipts. In addition, we found several major control deficiencies within the current RPCA revenue handling process. We determined there are:

- 1) Inadequate Records to Support all Revenue Collected
- 2) Inadequate Security/Safeguarding of Cash
- 3) Inadequate Records for Tracking Custody of Cash
- 4) Untimely Deposit of Revenue
- 5) Lack of Segregation of Duties
- 6) Inadequate Management Oversight/Monitoring

---

### **What We Recommend**

Our key recommendations to the Director of Recreation, Parks and Cultural Affairs includes but are not limited to the following:

- Ensure that staff record/log all aquatic revenue immediately upon receipt. Revenue should be balanced daily by comparing the initial revenue records (journals and receipt) with the amount of cash/checks on hand at the end of the day.
- Create and require the use of a log for payments received by mail. The log should record the check amount, date of receipt, date of check, check number, reason for payment and the name of the individual who receives the check.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

- Ensure that sealed cash deposit bags are never opened subject to policy exemptions. If cash deposit bags are to be opened, staff should obtain written prior approval from a superior with a documented justification for opening the cash deposit bag.
- Ensure all locations are equipped to securely store cash and that keys/locks are changed when staff with access transfers or is terminated. In addition, maintain an access log to record access to room where safe/cash is stored.
- Update RPCA Revenue Collection Policy to outline the process for recording transfer of custody of revenue receipts to ensure that any changes are supported, reviewed and approved by someone other than the person transferring or receiving custody of revenue receipts.
- Ensure that revenue collected is deposited within 24 hours of receipt. Failure to deposit revenue in a timely manner increases the risk of fraudulent activities.
- Ensure there is adequate segregation of cash handling duties to prevent, detect and correct errors. When adequate segregation is not possible, compensating controls, such as supervisory review, should be implemented.
- Conduct regular spot audits of facilities as required by policy.
- Regularly request and review the financial records from vendors that the RPCA receives revenue (for example, Active Net, concessions, golf and tennis management companies, etc.), to verify that receipts are in accordance with vendor contract requirements. Reviewer should initial and date to notate management review. Any discrepancies should be documented and investigated.
- Analyze revenue per source to identify trend variations, detect potential fraud and facilitate management resource allocation decisions.

## Table of Contents

<b>BACKGROUND AND INTRODUCTION</b>	<b>5</b>
<b>AUDIT RESULTS</b>	<b>7</b>
<b>FINDING 1 – Insufficient Documentation and Controls to Accurately Account for all Revenue Collected</b>	<b>8</b>
Other areas for consideration:	10
<b>FINDING 2 – Inadequate Security/Safeguarding of Cash Collected</b>	<b>10</b>
Other areas for consideration	12
<b>FINDING 3 – Discrepancies and Inadequacies in Documentation Showing Transfer of Custody of Revenue Collected</b>	<b>13</b>
<b>FINDING 4 – All Revenue is not Deposited within 24 hours of Receipt and Aquatics Revenue is not Deposited Daily</b>	<b>15</b>
<b>FINDING 5 – Lack of Segregation of Duties</b>	<b>16</b>
<b>FINDING 6 – Inadequate Management Oversight/Monitoring</b>	<b>18</b>
<b>APPENDIX</b>	<b>22</b>
Appendix I – Purpose, Scope and Methodology	22
Appendix II – Untimely Transfer of Cash Receipts to Treasury Division	23
Appendix III – Untimely Deposits of Checks Received	24
Appendix IV – Definitions	25
Appendix V – Management Response	26
<b>DISTRIBUTION</b>	<b>31</b>
<b>PROJECT TEAM</b>	<b>32</b>
<b>STATEMENT OF ACCORDANCE</b>	<b>33</b>

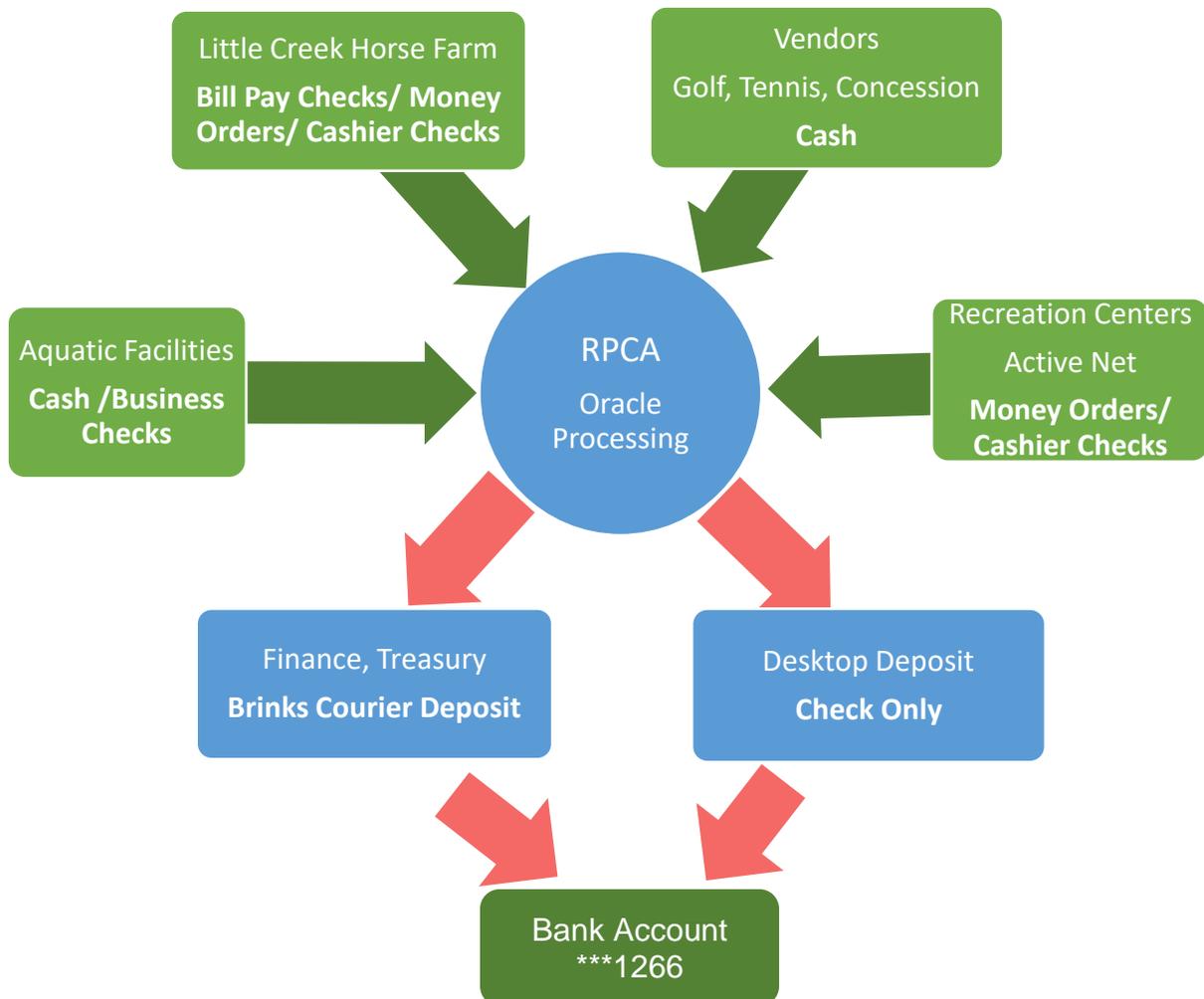
**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

**BACKGROUND AND INTRODUCTION**

RPCA consist of four divisions: Administration, Recreation Services, Park Services and Cultural Affairs. RPCA oversees 112 parks, 82 playgrounds, 2 golf courses, 77 tennis courts, 54 pavilions, 11 recreational facilities, 8 aquatic facilities, 1 horse farm and 1 performing arts center. RPCA provides a variety of year-round programs that are fee-based services. These services include, after school programs, summer camps, aquatics, team sports, dance and arts & crafts. During the fiscal year 2017, RPCA’s highest revenue generating sources were swimming pool admission fees - \$328,837, Little Creek Horse Farm (LCHF) - \$248,726, Cultural Affairs - \$105,528, Tennis Center fees - \$45,187 and Golf fees - \$18,053. Porter Sanford Performing Arts Center was excluded from this audit and may be assessed in future audits. “Revenue” for the purposes of this report, includes cash, checks, money orders, cashier checks, debit card or credit card payments.

The revenue collection process, based on our review of the RPCA Revenue Collection Policy and discussions with RPCA personnel, varies depending on the source of the revenue. The following is a diagram showing the typical flow of revenue from collection to deposit.



**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

The RPCA Revenue Collection Policy, revised January 2017, outlines RPCA's policies and procedures for revenue handling. The following is an overview of the revenue handling process per the policy and discussion of revenue handling procedures used by RPCA management.

- **Aquatic Facilities** - Cash and checks received onsite should be immediately recorded.
  - *The Daily Admissions Report* (“Daily Attendance Form” title used in policy) - This report indicates the number and age of customers who use the aquatic facilities. In addition, it indicates the number of “free” users and/or groups.
  - The funds collected are counted every two hours on a *Daily Count form*. The *Daily Report* (“Daily Revenue Report” title used in the policy) is prepared at the end of the day to notate total daily revenue received (Daily Report is also used for revenue received from vendors, LCHF and recreation facilities). The daily revenue recorded is logged into the *Monthly Summary Revenue Report*. The District Manager (Department Courier) counts funds and reconciles with the Daily Count form before placing funds in a sealed cash deposit bag. A deposit slip, *Daily Report* and *Daily Admissions Report* are attached on the outside of the bag. The sealed cash deposit bags are picked-up daily by the District Manager (department courier) for drop-off at the RPCA Administration Office.
  - The *Funds Sign-In & Sign-Out Sheet* – RPCA management stated that this form is used to record the transfer of revenue to RPCA Administration Office. Browns Mill Aquatic Center generates the highest revenue and during the busiest periods of the pool season an armored truck will pick up the sealed cash deposit bags for direct deposit with bank.
- **RPCA Recreation Centers** use Active Net Software for customer online registration, online payment processing and pavilion reservations. All revenue from recreation centers should be recorded into Active Net. Customers can make payments by money order, cashier check or credit/debit card. Active Net sends the County (RPCA Administration) a check weekly for all credit/debit card transactions processed online or at the recreational center.
- **Little Creek Horse Farm** customers mail in their boarding payments to RPCA Administration. The payment methods include bank online bill pay, money orders and cashier checks. RPCA Administration creates a log of all payments received and sends the list to the LCHF Supervisor daily.
- **Vendor/management companies manage concession stands and other facilities (Golf and Tennis)**. These vendors pay a percentage of revenue collected to the County via check.

RPCA Administration is responsible for processing all revenue collected from the different revenue sources. RPCA Administration receives revenue from aquatic facilities, recreational centers, vendors, Active Net and LCHF customers. RPCA Administration staff create a Daily Report for vendor checks received. All revenue received is processed into the County's financial system (Oracle) and an Accounts Receivable (AR) Invoice Balancing Report is generated along with adding machine tape (calculator tape). Currently, checks received are deposited directly by

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

RPCA Administration using the Desktop Deposit service. Cash collected (in sealed cash deposit bags) is transferred to Treasury Division (Treasury) of the Finance Department for processing along with copies of AR Invoice Balancing Reports and deposit slips. All sealed cash deposit bags submitted to Treasury are recorded using the “Pool Revenue Drop-off Report”, since June 2017.

Treasury performs daily reconciling/monitoring of bank deposits to the Oracle AR Invoice Balancing Reports. In addition, Treasury is responsible for ensuring the deposit of all cash collected by RPCA.

An effective revenue handling process has key controls in place to ensure accurate and complete accounting for revenue received and mitigate fraud risks such as misappropriation and theft. These include:



## **AUDIT RESULTS**

The OIIA examined RPCA revenue collection records and processes for the period January 1, 2016 to August 31, 2017 to evaluate compliance with existing RPCA Revenue Collection Policy and revenue collection/management better practices. We examined the revenue collection records for aquatic facilities, golf courses, LCHF, tennis centers, recreational facilities, and

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

concessions for the audit period. In addition, on July 27, 2017, we conducted surprise cash counts at four aquatic facilities (Browns Mill Aquatic Center, Midway Pool, Gresham Pool and Tobie Grant Pool), where we reviewed cash handling processes and interviewed personnel.

We found that RPCA has a documented Revenue Collection Policy in place to govern the management of revenue collected from various sources. In addition, we identified several major key control deficiencies within RPCA's current revenue handling process. We determined that there are inadequate records to support all revenue collected, lack of segregation of duties, inadequate security/tracking of custody of cash, untimely deposit of revenue, and inadequate management oversight. Given the control deficiencies identified, we cannot provide assurances as to the accuracy and completeness of cash receipts reported.

Our detailed findings and corresponding recommendations outlined below will support RPCA in achieving its objectives of effective and efficient handling of revenue, and mitigation of the risks of fraud and/or errors.

**FINDING 1 – Insufficient Documentation and Controls to Accurately Account for all Revenue Collected**

**Objective:** Assess compliance with existing cash handling procedures as it relates to recording revenue and issuing receipts.

**Criteria:** RPCA Revenue Collection Policy Procedure 1.0 Policy II states that, "All revenue (checks and cash) received, should be immediately recorded on receipts and or other records as appropriate."

**Condition:** Based on our examination of available revenue collection records provided and interview of personnel, it was determined that generally revenue is not immediately recorded on receipts and or other records as appropriate, for example the following were identified:

- Seven out of eight aquatic pools do not issue a receipt or record revenue (receipts journal) immediately upon collection for **all** transactions - Browns Mill Aquatic Center does provide customers with receipts; Tobie Grant Pool issues receipts only to daycare providers and for amounts more than \$20.
- Six out of eight aquatic facilities did not consistently maintain a record of daily pool admission for the 2016/2017 pool season. Browns Mill Aquatic Center has a cash register that tally's daily admission and therefore does not use the Daily Admissions Report.
- During our September 8, 2017 meeting with RPCA administration, it was stated that a log of "free users" is maintained for all pools. A log/report of non-paying free users of RPCA facilities was not provided upon request.
- RPCA does not immediately record/log vendor checks when received by mail.
- Voids, overages and shortages of payments are not recorded immediately when occurred/identified.
- LCHF customer revenue not adequately documented – customer amounts received, owed and discounts/credits provided are not adequately documented.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

**Cause:** Inadequate internal controls exist to ensure all revenue received is immediately recorded when collected. Lack of a cash register, cash receipts book/journal and check log to record mail-in payments immediately upon collection, and inconsistent use of Daily Admissions Reports are examples of inadequate internal controls.

**Consequence:** Failure to issue a receipt, record revenue adjustments (for example, voids, overages and shortages) immediately upon occurrence diminishes the reliability of accounting data and makes it difficult to determine if all money collected has been recorded and deposited. The absence of these key controls significantly increases the risk of underreporting of revenue and may result in theft or other fraudulent activities. Failure to log all checks received through the mail could result in loss/theft or misappropriation of checks not being detected in a timely manner.

**Recommendations:**

The RPCA Director should implement the following:

- Provide training to RPCA staff (including part-time staff) who may handle cash on proper revenue collection/handling procedures and policy requirements. Ensure that staff understand that all revenue should be recorded/logged immediately upon receipt.
- Provide receipts to each customer immediately when funds received.
- Utilize the Daily Admissions Report to track attendance for all aquatic facilities. Consider using a turnstile system to independently track admissions to aquatic facilities, if cost efficient.
- Segregate duties by separating the person collecting revenue from the individual maintaining the Daily Admissions Report.
- Require within the policy, the use of a log for payments received by mail.
- Record on the log for mail-in payments: the check amount, date of receipt, date of check, check number, reason for payment, and the name of the individual who receives the check. In addition, the person preparing the log should be independent of the accounting functions process, i.e. segregation of duties should exist between the individual opening the mail and making the deposit.
- Consider implementing/adopting a cashless system at the Aquatic facilities where patrons can use credit/debit cards or stored value smart cards to make payments. Consideration should be given to leveraging the existing Active Net platform currently used by the recreational facilities.
- Utilize Active Net to collect payments from all LCHF customers. The Active Net platform will allow for customer statement of accounts.
- Improve management oversight/monitoring to help encourage and detect non-compliance with key revenue collection controls/procedures. (Refer to Finding #6 for recommendations on Management Oversight/Monitoring).

**Other areas for consideration:**

- We examined a sample of 34 cashier checks/money orders from LCHF boarders and found that payments were made to a variety of payees to include “Little Creek Farm”, “Little Creek”, “DeKalb Co. Parks & Recreation”, “DeKalb County RPCA Attn. LCHF” and “DeKalb Recreation Parks & Culture”.
- There is inconsistency between the titles of forms/reports used by staff versus the titles referenced in RPCA Revenue Collection Policy (e.g. *Daily Admissions Report* (printed on document) vs. *Daily Attendance form* (referenced in policy)). This can cause confusion to staff when selecting the correct documents to use.
- Cash registers at Browns Mill Aquatic center displayed incorrect dates and time, as of July 27, 2017.

We suggest that the RPCA Director consider the following:

- Remind LCHF customers’ that cashier checks and money orders should be made out to “DeKalb County.”
- Review current Revenue Collection Policy to ensure that titles on forms/reports used by staff are consistent with the titles mentioned in the policy (e.g. Daily Admissions Report vs. Daily Attendance form).
- Inspect and reconfigure the cash registers at Browns Mill Aquatic center to ensure cash register tapes display the correct date and time.

**FINDING 2 – Inadequate Security/Safeguarding of Cash Collected**

**Objective:** To assess compliance with existing cash handling procedures as it relates to the security of revenue collected.

**Criteria:** As per RPCA Revenue Collection Policy:

Procedure 1.0:

- Policy I - “... Part time staff authorized to handle funds, must submit to an annual background check.”
- Policy II - “... All checks and cash receipts should be placed in a secure place at all times.”
- Policy III - “Anytime the amount of funds on hand exceeds \$100; the funds are to be removed from the collection area and placed in the safe or locked file cabinet.”
- Policy IV - “An entrance log to the X-room (*room where safe cash is stored*) is to be placed inside the door of the X-room. All personnel entering the room must record the time of entry, date, and sign the log.”

Procedures 3.0:

- Policy 8 - “Staff will **not** open any cash deposit bags unless Parks Management or Finance – Treasury Division Staff has identified a discrepancy in processing revenue.”

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

Better practices require that when staff with access/keys to secure cash handling areas no longer work at the location that the locks/keys should be changed.

**Condition:** We examined documentation provided and observed security processes at several aquatic and recreational facilities as well as interviewed RPCA personnel. Inadequate processes exist to secure cash collected and the following was observed:

- Three of four pools visited, cash drawers are shared among cashiers (Browns Mill Aquatic Center, Gresham and Tobie Grant).
- Two of four pools visited (Gresham and Tobie Grant) the safe/cash boxes are not locked always when not in use (The cash box lock is broken at Tobie Grant).
- Pool staff/cashiers sometimes carry cash deposit bags home or store cash deposit bags in their personal vehicles overnight when cash is not picked up daily.
- Unauthorized personnel have unrestricted access to the cash handling areas at 3 out of 4 pools visited during the surprise cash count. In addition, we observed the following:
  - Gresham - the lifeguards use the area where the cash box is kept.
  - Tobie Grant - the unlocked (broken) cash box is kept under a desk in an area that is accessible to staff that do not have cash handling responsibilities.
  - Browns Mill - the Room (X-Room) where the safe is located is left open to cool off the ticket counter area.
- Safe combination/locks to X-Rooms (secure rooms), are not changed when personnel with access no longer employed at the Aquatic Center.
- No entrance log is maintained to track personnel entering the X-Rooms (secure rooms).
- There were four (4) instances where records examined indicated sealed cash deposit bags were opened/changed by RPCA Administration staff prior to transfer with no documented justification or explanation:
  - Browns Mill Aquatic Center cash deposit bags that appeared to have been changed/opened:
    - a) Cash deposit bag #3670721 (\$2,124) was changed, by the RPCA Accountant Senior to cash deposit bag #5436886 – no explanation provided.
    - b) Cash deposit bag #3670725 (\$1,375) was changed to #25545245 - see *Finding - 3 for further details*.
    - c) Cash deposit bag #3670726 (\$1,345) was changed to #25545244 - see *Finding - 3 for further details*.
  - Kittredge Pool cash deposit bag #5437136 (\$499); was opened and changed to #25545230 with no indication of who opened the bag.
- No documentation to support the performance of background checks on part time employees handling cash for the 2016/2017 pool season was provided when requested from RPCA.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

**Cause:** Based on discussions with RPCA management they were unaware that safes and cash boxes at facilities were either broken or not available.

RPCA management communicated that cash deposit bags are sometimes opened to remove other revenue types and other important contents such as revenue reports, business checks, money orders, cashier checks and credit card settlement statements.

During our meeting with the Director of RPCA on April 26, 2018, we requested to see background checks from 2016/2017. We were told after a year that background checks are shredded.

**Consequence:** When revenue is not secured/safeguarded at all times, it can lead to misappropriation or theft of funds and difficulty in holding individuals accountable for missing funds.

**Recommendation:**

RPCA Director should do the following:

- Ensure that sealed cash deposit bags are never opened unless as indicated by the policy. If unusual circumstances require the bag to be opened, the staff should obtain written prior approval from a superior with a documented justification. The cash should be recounted before sealing the new cash deposit bag. At least one other individual (at the manager level) should be present to observe actions and sign-off on recount.
- Provide refresher training to staff authorized to handle cash on best practices and policies of handling cash.
- Ensure cash is accessible only to authorized persons at all times so that revenue collections can be traceable to RPCA specific collectors. For example, authorized staff should keep the door to the room where the safe is located, locked when not in use.
- Ensure a log is maintained to track personnel who enter the (X-room/safe room). The log should record the time of entry, date, purpose of entry, name and signature.
- Ensure all locations are equipped to securely store cash by providing a functional safe or locked cabinet and that keys/locks are changed when staff with access transfers or is terminated. In addition, require that staff notify RPCA management immediately of broken safes, locked cabinets or cash drawers.
- Ensure annual background checks are performed on all part-time staff who handle cash. Preferably, the background checks should be performed by the County Human Resources and Merit Department and not RPCA. Furthermore, background check results should be retained for at least five years to be compliant with State of Georgia document retention policies.

**Other areas for consideration**

When accepting check payments, best practices require that ID's are checked and a state issued ID or driver's license number is written on the check along with their phone number. Based on conversations with personnel during the surprise cash count, ID's are not checked at two of the

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

four aquatic facilities we visited during our surprise cash count. In addition, the RPCA Revenue Collection Policy does not address inspecting ID's when accepting check payments.

RPCA director should consider requiring (implement in documented policy) that staff inspect and record details of ID's when accepting check payments at facilities.

**FINDING 3 – Discrepancies and Inadequacies in Documentation Showing Transfer of Custody of Revenue Collected**

**Objective:** To identify opportunities to strengthen the effectiveness and efficiency of cash handling procedures as it relates to accurately tracking the chain of custody of revenue from collection to deposit.

**Criteria:** When cash is physically transported/transferred, the chain of custody should be accurately and timely documented.

**Condition:** We reviewed documentation to include, Funds Sign-In & Sign-Out Sheets, Pool Revenue Drop-off Reports, Daily Reports, Accounts Receivable Invoice Balancing Reports, deposit slips and bank statements. We found the following discrepancies in the records supporting transfer of custody. **An explanation of the observed discrepancies was requested from RPCA but none has been provided to date.**

*Duplicate Transfers*

- Two separate instances were cash collected on a specific day (from Browns Mill Aquatic Center ) was recorded as transferred by the RPCA Administration to Treasury twice. In both instances, the cash collected was recorded as transferred to Treasury on August 18, 2017 and then again on September 6, 2017. The following provides details on the recorded transfers for each instance observed:

**Transfer Date: August 18, 2017**

Instance	Amount	AR Invoice Balancing Report Number	Cash Deposit Bag Number <sup>1</sup>
#1)	\$1,375	210794	3670725
#2)	\$1,345	210797	3670726

**Transfer Date: September 6, 2017**

	Amount	AR Invoice Balancing Report Number	Cash Deposit Bag Number <sup>2</sup>
#1)	\$1,375	210794	25545244
#2)	\$1,345	210797	25545245

We noted that on each transfer date, the cash amounts and the corresponding Oracle AR Invoice Balancing Report numbers were the same. However, different cash deposit bag numbers were referenced on the August and September transfer documents, indicating that the

<sup>1</sup> As per the August 18, 2017, Sign-In Sign-Out Sheet

<sup>2</sup> As per the September 6, 2017 Pool Revenue Drop-off Report

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

cash deposit bags were changed. Also new bank deposit slips were prepared for each transfer date.

An examination of the RPCA August and September bank statements showed the amounts were deposited only once into the bank account on September 8, 2017.

We also noted logical inaccuracies in the dates used on transfer documents. The August 18, 2017 transfer to Treasury Division is recorded as occurring one day before the cash receipts were recorded as received at Browns Mill (as per Daily Report) and 4 days before the transactions were posted to the County financial system (as per Oracle AR Invoice).

*Altered Cash Transfer Records*

- Three (3) instances of altered cash receipts amounts recorded on revenue and transfer documents (Daily Reports and/or Funds Sign-In & Sign-Out Sheets) with no evidence of who made the change, prior authorization/approval or justification provided.
  - Medlock pool Daily Report dated June 1, 2017 cash total was altered from \$383 to \$347. The Funds Sign-In & Sign-Out Sheet indicates a correction of \$347 to \$367. The total on the AR Invoice Balancing Report (#208580) indicates \$347 was posted to Oracle and deposited. That is \$36 less than what was originally recorded on the Daily Report.
  - Tobie Grant pool Daily Report dated July 11, 2017 total and deposit slip total were altered from \$64 to \$156. The Funds Sign-In & Sign-Out Sheet indicates that \$64 and a \$92 check was dropped off to RPCA Administration. Review of bank statements showed \$64 cash and \$92 check were subsequently deposited.
  - Medlock pool Daily Report dated July 29, 2017, as per Funds Sign-In & Sign-Out Sheet, was adjusted from \$215 to \$205. AR Invoice Balancing Report (#210275) indicates the amount posted to Oracle and deposited as \$205.

*Inadequate Record of Transfer*

- Two (2) instances where the transfer of cash from RPCA Administration to Treasury were not recorded. The funds were deposited as per examined bank statements.
- For the 2016/2017 swim season, no documentation was provided to record the pick-up/transfer of custody of funds from the aquatic facility staff to the courier (RPCA staff).
- Fifty instances, across six pools, where the courier (RPCA staff) did not sign-off indicating who transferred custody of aquatic cash to RPCA Administration.
- The Funds Sign-In & Sign-Out Sheet does not record sufficient information on the transfer of custody from the courier to the RPCA Administration personnel. For example, the form does not record the date funds were picked up by the courier from aquatic facilities, or date cash was transferred/received by RPCA Administration; instead it indicated the date cash was collected (from customers) at the aquatic facility (as per the Daily Report).

**Cause:** Adequate controls do not exist to ensure all revenue transferred is properly documented. RPCA Revenue Collection Policy does not cover transfer of custody documentation. There is inadequate management oversight and review of transfers to help detect and prevent discrepancies. There is no documented process for periodic review of these documents and no

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

policy requiring prior authorization of changes or a secondary review signature of all changes to documents.

**Consequence:** If revenue is not accurately tracked when transferred from one point to the next and the chain of custody is not documented, it is difficult to identify the source of any missing funds or untimely transfers and ensure accountability for deficiencies in the process.

**Recommendation:**

RPCA Director should do the following:

- Update Revenue Collection Policy to outline the process for recording transfer of custody of revenue receipts. The Policy should state that any changes to transfer record should be supported, reviewed and approved by someone other than the person transferring or taking custody. When fund transfers are properly documented, management has the necessary tools to easily identify the source of missing funds and hold individuals accountable.
- Any adjustments/corrections should be documented with an explanation with dates and initials of the person who made the correction to ensure the adjustment was legitimate. In addition, a secondary review signature indicating review and approval by a superior.
- RPCA should revise the Funds Sign-In & Sign-Out Sheet to record not only the date of the Daily Revenue Report, and source of funds, but should also record the date of pick up from the aquatic facility, the date revenue was transferred/dropped off at RPCA Administration Office and name of persons involved in each transfer point.

**FINDING 4 – All Revenue is not Deposited within 24 hours of Receipt and Aquatics Revenue is not Deposited Daily**

**Objective:** Assess compliance with existing cash handling procedures as it relates to timely deposit of revenue.

**Criteria:** RPCA Revenue Collection Policy Procedure 1.0, Policy IV states, “Departmental revenue must be deposited at the Maloof Building (Treasury) within twenty-four (24) hours, regardless of the amount of funds on hand; aquatics revenue is to be deposited daily.”

**Condition:** We examined the Funds Sign-In & Sign-Out Sheets, Pool Revenue Drop-off Reports, Daily Reports, desktop deposit documentation and bank statements for the 2016/2017 pool season. We also interviewed aquatic facility personnel and observed processes. There were instances of untimely pick-up/transfer and deposit of revenue collected. For example:

- Untimely pickup of cash receipts from aquatic facilities to RPCA Administration Office up to 12 days after receipt. We found that pool revenue is not picked up on a daily basis at 6 out of 8 pools (Gresham, Tobie Grant, Midway, Cofer, Medlock and Kittredge) ranging from 2 to 12 days after receipt of funds. Furthermore, when there is no revenue pick-up, the cashier takes the cash deposit bags home overnight, as there was no secure place to store funds i.e. no lockable cabinet or safe onsite.
- Eighteen out of nineteen or 95% of the transfers of cash receipts to Treasury examined were not timely, ranging from 2 to 17 days after receipt. We examined 21 Daily Reports, Funds Sign-In & Sign-Out Sheet entries and Pool Revenue Drop-off Reports to test the timing

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

between receipt of aquatic revenue by RPCA Administration and subsequent transfer to Treasury. Two of the 21 sampled could not be traced to a Pool Revenue Drop-off Report (therefore, we could not determine the date funds were transferred from RPCA Administration to Treasury). Therefore, our sample size was decreased to 19. **See Appendix II.**

- There were untimely deposits of checks received as high as 34 days after receipt. We examined 28 Active Net checks to test the timing between the date Active Net revenue was received, as per the Daily Report (check by mail log was not available), and when checks were deposited by RPCA Administration using the desktop deposit service. We determined that 15 of the 28 deposits were delayed from 5 to 34 days after recorded date of revenue (check amounts ranged from approximately **\$12,000 to \$40,000** for untimely deposit of checks recorded). **See Appendix III.**

**Cause:** During our meeting with RPCA Staff on December 21, 2017, RPCA management communicated the delay in the pick-up of cash receipts from the pools to the RPCA Administration was a result of staff availability (e.g. due to vacations). There was only one RPCA District Manager responsible for pick-up of funds from aquatic facilities. In addition, aquatics was open on weekends and funds collected cannot be transferred/deposited until County Offices reopen.

**Consequence:** Failure to deposit revenue in a timely manner increases the risk of fraudulent activities such as theft or misappropriation of funds and reduces County cash flow.

**Recommendation:**

RPCA Director should do the following:

- Assign backup staff to perform duties when person responsible for pick-up is unavailable, to ensure aquatic revenue is picked up on a daily basis. Ensure that all pool facilities are equipped with working safes to securely store revenue overnight if necessary.
- Ensure that revenue collected is deposited within 24 hours of receipt, may consider revising policy to state exception when funds collected on Friday.

**FINDING 5 – Lack of Segregation of Duties**

**Objective:** Assess compliance with existing cash handling procedures as it relates to proper segregation of duties.

**Criteria:** RPCA Procedure 1.0, Policy IIII states, “Personnel receiving or disbursing cash should not have responsibility for control of accounting records. If staffing is not sufficient to allow the proper separation of duties, there should be regular oversight by management.”

RPCA Revenue Collection Policy Procedure 2.0, Policy 2 states, “Receipted funds should be balanced to collection records (receipts) on a daily basis. Someone other than the staff member collecting or receiving the money should compare the amount and the composition of deposits to the daily record of collections.”

**Condition:** Based on review of documentation and discussions with RPCA personnel, it was determined that there is a major control weakness in the segregation of cash handling duties. The following segregation of duties issues were determined:

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

*RPCA Administration Office*

The Administration Operations Manager receives the revenue, prepares Daily Reports for non-pool revenue (excluding for pools which are prepared by aquatic staff), post revenue in financial system, perform deposits of checks received, transfers (acts as courier) cash deposit bags to Treasury for deposit. There is no evidence of supervisory review and approval to compensate for lack of segregation of duties.

We examined 58 Pool Revenue Drop-off Reports and found that 16 instances or 28% of the time the Administration Operations Manager signed off as the Accountant and User Department Manager Reviewer. We had nine instances or 16% of the time, the Administration Operations Manager signed off as the Accountant, User Department Manager Reviewer and Courier indicating the same individual performed all duties.

*Aquatic Facilities*

Based on discussions with aquatic facility personnel during our surprise cash count, it was determined that the following functions are shared by the same individuals at three out of four aquatic facilities (Midway, Gresham and Tobie Grant): collecting funds, completing Daily Admissions Report, preparing the Daily Report and deposit slips.

*Recreational Centers*

We conducted interviews with Tucker Recreation Center Leader on November 20, 2017 and Browns Mill Recreation Center Supervisor and Center Leader on November 21, 2017. It was stated by the Tucker Recreation Director and Browns Mill Recreation Center Supervisor that they receive revenue, balance/reconciles daily revenue, creates the AR Invoice Balancing Reports and prepare the bank bags to be transported.

**Cause:** RPCA employees are not following RPCA Revenue Collection Policy as it relates to segregation of duties. This may be attributed to a lack of training and/or roles and responsibilities not clearly defined in current policy.

**Consequence:** Inadequate segregation of duties reduces management's ability to prevent, detect and correct errors and it also creates the opportunity for misappropriation or theft of funds.

**Recommendation:**

RPCA Director should do the following:

- Ensure there is adequate segregation of cash handling duties. Segregation of duties is an internal control intended to prevent fraud and error.

Some examples of incompatible duties are:

- Receiving and maintaining custody of the asset (cash) that resulted from the transaction.
- Recording transactions in books and approving write-off of receivables.
- Reconciling cash on hand and bank statements reconciliation.
- Depositing cash and reconciling bank statements.

- If segregation of duties is not practical, compensating controls, i.e. supervisory review and approval processes must be in place.

#### **FINDING 6 – Inadequate Management Oversight/Monitoring**

**Objective:** To identify opportunities to strengthen the effectiveness and efficiency of cash handling procedures as it pertains to management oversight.

**Criteria:** As per the RPCA Revenue Collection Policy:

Procedure 2.0,

- Policy 6 states, “At the end of each month, the Center Director or Leader will prepare the monthly reconciliation revenue report along with copies of the McBee ledger<sup>3</sup> with the transaction for that particular month being reported. This report should be submitted to the Accountant, no later than the 2nd Friday of each month.”
- Policy 7 states, “The accountant and Deputy Director of Recreation Services will do impromptu spot audits on a quarterly basis. This audit will be a minimum of (3) Recreation Centers.”

Procedure 3.0:

- Policy 1 states, “Daily attendance forms should be initialed by the pool manager and the revenue collector.”
- Policy 4 states, “The Pool Managers must initial daily count forms and sign-in sheets every two hours.”
- Policy 5 states, “The District Manager shall count the funds in the presence of the Pool Manager or revenue collector upon pick-up to verify that they agree with the daily count form.”

**Condition:** We identified deficiencies in the management oversight / monitoring activities such as:

RPCA Administration – Central Oversight

- Inadequate Spot Audits of RPCA facilities - For the audit period, we expected at least six spot audits covering 18 recreation centers. We were provided with one Revenue Collection Spot Audit report that detailed a spot check audit on April 13, 2017. However, documentation provided was inadequate to determine the scope of what was reviewed, the conclusions and action plans.
- Insufficient evidence of supervisory review of Daily Reports
  - Examination of the Daily Reports for Active Net checks received showed that 20 out of the 28 or 71% of the Daily Reports examined were not signed by preparer or supervisor. The other eight reports examined were signed only by the Administration Operations Manager.

---

<sup>3</sup> McBee is the vendor name for an accounting/ledger software package

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

- 16 out of 26 or 62% of the aquatic facilities Daily Reports examined did not have two signatures present to indicate that reports were reviewed by person other than the preparer. (Medlock, Midway, Gresham, Lithonia, Kittredge, Tobie Grant and Cofer pools).
- Inadequate management oversight to verify accuracy of revenue checks received from tennis, golf and concession stand vendors - Based on discussion with RPCA management, contractor financial reports/records (including Active Net) are not regularly requested and/or examined by RPCA management to determine if revenue checks received from vendors are an accurate percentage of reported gross revenue.
- Monthly bank reconciliations are not performed by RPCA Management.
- Recreation Center monthly reconciliation revenue reports not prepared. In addition, the McBee ledger is no longer prepared and reviewed as required by RPCA Revenue Collection Policy.
- No logs maintained for refunds, voids, overages, shortages and other variations in revenue. Logs stated by RPCA management (during the September 8, 2017 meeting) as existing were not provided when requested. In addition, there is no documented evidence/signature indicating that refund requests reviewed were initiated by a customer.
- No logs maintained for deposit discrepancies and evidence of investigation are not maintained by RPCA management. Per our meeting with RPCA Administration Staff on September 8, 2017, it was stated that deposit discrepancies are investigated and documented. Documents were provided that indicated 21 deposit discrepancies occurred over the audit period. None of the information provided to us indicated the reason/nature of the discrepancies, extent or results of any investigation that may have been conducted.
- Inadequate LCHF Contract Oversight - Per our meeting with the Parks Operation Manager on December 11, 2017, he stated there are 44 stables in use. We did not receive nine out of potential 44 boarding rental contracts. In addition, none of contracts received are signed by the County. We examined contracts for 34 LCHF boarders and compared the list of all payments received from boarders for July 2017 and found that payments were received from eight customers whose contracts were not provided/maintained.
- No documented agreement exists between the County and LCHF Conservatory to outline the nature of relationship, responsibilities, use of facilities, revenue sharing, etc.

#### Aquatic/Recreational Facilities – Facility Oversight

- Regular pool cash counts not performed - Pool cash counts are not performed every two hours as required by policy.
- No evidence that District Manager/courier counted (aquatics) cash receipts upon pick-up to verify that they agree with the daily count form, before funds are placed in cash deposit bag as required by policy. We observed that cash bags were sealed before picked up.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

- Inadequate and inconsistent management approval as it pertains to voided/refunded of transactions at aquatic facilities - During our surprise cash count on July 27, 2017 we noted the following:
  - Tobie Grant Pool – voided/refunded transactions require prior approval by a supervisor/manager. However, the approval is not documented with a signature. It was stated that approval is verbally given by the Pool Manager on duty.
  - Gresham Pool – voided/refunded transactions do not require prior approval by a supervisor/ manager. Refunds are given at the discretion of the Recreation Assistant in the event of adverse weather conditions.

**Cause:** RPCA Revenue Collection Policy does not adequately address management oversight as it pertains to responsibilities and duties of RPCA Administration.

**Consequence:** Without regular management oversight/monitoring, potential errors or misappropriations will go undetected, especially when inadequate segregation of duties exists.

**Recommendation:**

RPCA Management should improve oversight of the department's cash handling activities to include, but not limited to the following:

- Log and investigate all substantial variations from norms such as cash register voids, no sales, refunds and revenue levels.
- Regularly review cashier overages and shortages and maintain log of variances with explanations.
- Regularly request and/or review the financial records from vendors (Active Net, concessions, golf and tennis management companies) to verify accuracy of check payments made to the County as per vendor contracts. Reviewer should initial and date to notate management review. Any discrepancies should be documented and investigated.
- Keep a log of all deposit discrepancies and management should regularly review this log.
- Update their Revenue Collection Policy to address the process for issuing voids and refunds and ensure all staff is trained on current policies.
- Ensure that customers requesting a refund should do so in writing and provide signature and a contact number.
- Prior approvals for refunds/voids should be recorded and should be by a supervisor/manager.
- Ensure supervisory/management review of daily reports of revenue collected (required by policy) is documented (signature and date).
- Perform monthly bank reconciliations of bank deposits records to internal revenue records.
- Analyze revenue per source to identify trend variations, detect potential fraud and facilitate management resource allocation decisions.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

- Ensure all LCHF boarders have contracts on file that are signed/executed by all parties. In addition, contracts should be reviewed and updated to accurately show current fees, discounts, terms and conditions, etc.
- Establish a written agreement/memorandum of understanding between the County and the LCHF Conservatory to outline terms, conditions and respective roles and responsibilities.
- Conduct regular spot audits of facilities as required by policy. The scope, methodologies, results, corrective action if applicable of the audits should be documented.
- Remove from policy references to documents/processes no longer applicable (e.g. McBee Ledger).

## **APPENDIX**

---

### **Appendix I – Purpose, Scope and Methodology**

#### **Purpose**

The purpose of the engagement was to:

- Review and assess whether adequate controls exist over Recreation, Parks and Cultural Affairs cash handling procedures and identify opportunities to strengthen the effectiveness and efficiency of those procedures.
- Assess compliance with the existing cash handling procedures.

#### **Scope and Methodology**

The scope of this engagement is to focus on Recreation, Parks and Cultural Affairs cash handling procedures during the period of January 1, 2016 through July 31, 2017.

The methodology included, but not limited to the following:

- Reviewing prior audit reports.
- Reviewing current cash handling policies and procedures.
- Testing for compliance with existing cash handling procedures.
- Reviewing supporting documentation.
- Observing the operations at a sample of County recreation facilities and pools.
- Interviewing appropriate County personnel and external parties.
- Researching related best practices.
- Reviewing any other applicable documentation and information.

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

**Appendix II – Untimely Transfer of Cash Receipts to Treasury Division**

Below is a summary of the 18 out of 19 transfers we examined with the greatest time lag (i.e. greater than 24 hrs as per policy) between the date of revenue was signed-in transferred from aquatic facility to RPCA Administration Office and the date revenue was transferred to Treasury.

Source of Funds	Date as Shown on the Funds Sign-In & Sign-Out Sheet	Date of Cash Transfer to Treasury as per Drop-off Report	# Of Days Between Funds Sign-In & Sign-Out Sheet & Transferred to Treasury	Amount Transferred to Treasury
Tobie Grant Pool	7/14/17	7/31/17	17	\$20.00
Browns Mill Aquatic Center	8/20/17	9/6/17	17	\$1,345.00
Kittredge Pool	6/26/17	7/10/17	14	\$9.00
Browns Mill Aquatic Center	8/5/17	8/14/17	9	\$2,124.00
Gresham Pool	6/22/17	6/30/17	8	\$39.00
Midway Pool	7/23/17	7/31/17	8	\$55.00
Cofer Pool	7/10/17	7/17/17	7	\$107.00
Kittredge Pool	6/15/17	6/21/17	6	\$75.00
Kittredge Pool	7/6/17	7/10/17	4	\$60.00
Kittredge Pool	7/27/17	7/31/17	4	\$7.00
Lithonia Pool	7/11/17	7/14/17	3	\$153.00
Tobie Grant Pool	7/11/17	7/14/17	3	\$64.00
Kittredge Pool	7/14/17	7/17/17	3	\$24.00
Cofer Pool	7/23/17	7/26/17	3	\$148.00
Medlock Pool	7/29/17	8/1/17	3	\$205.00
Medlock Pool	6/7/17	6/9/17	2	\$87.00
Lithonia Pool	6/28/17	6/30/17	2	199.00
Gresham Pool	7/15/17	7/17/17	2	\$182.00

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

**Appendix III – Untimely Deposits of Checks Received**

Below is an extract of the top 15 out of 28 Active Net check deposits with the greatest time lag (greater than 24 hours as per policy) between the date of the Daily Report and date deposited via Desktop Deposit service.

Active Net Check Date	Daily Report Date	AR Invoice Balancing Report	Desktop Deposit Date	# Of Days Between Daily Report & Deposited	Amount
4/19/2017	4/19/2017	5/23/2017	5/23/2017	34	\$ 27,099.00
6/14/2017	6/14/2017	7/10/2017	7/14/2017	30	\$ 34,143.50
4/26/2017	4/26/2017	5/23/2017	5/23/2017	27	\$ 15,999.64
6/21/2017	6/21/2017	7/10/2017	7/14/2017	23	\$ 39,516.58
5/3/2017	5/3/2017	5/24/2017	5/24/2017	21	\$ 20,908.24
3/29/2017	3/29/2017	4/19/2017	4/19/2017	21	\$ 12,707.62
6/28/2017	6/28/2017	7/10/2017	7/14/2017	16	\$ 32,404.76
5/31/2017	5/31/2017	6/15/2017	6/15/2017	15	\$ 21,320.71
4/5/2017	4/5/2017	4/19/2017	4/19/2017	14	\$ 20,134.30
4/12/2017	4/12/2017	4/24/2017	4/24/2017	12	\$ 13,472.40
6/7/2017	6/7/2017	6/15/2017	6/15/2017	8	\$ 18,589.43
8/2/2017	8/9/2017	8/10/2017	8/16/2017	7	\$ 20,021.45
7/12/2017	7/19/2017	7/19/2017	7/26/2017	7	\$ 28,676.29
7/5/2017	7/5/2017	7/12/2017	7/12/2017	7	\$ 30,715.17
7/19/2017	7/26/2017	7/27/2017	7/31/2017	5	\$ 28,002.23

## Appendix IV – Definitions

**Inherent Risk:** “is the risk to an entity in the absence of management’s response to the risk.”<sup>4</sup>

**Desktop Deposit Service:** “Using a certified scanner, computer, and Internet connection, or simply an iPhone, iPad, or Android device, you can deposit checks through the Commercial Electronic Office portal or through the CEO Deposit service.”<sup>5</sup>

---

<sup>4</sup> GAO-14-704G Federal Internal Controls Standards, pg. 38

<sup>5</sup> <https://www.wellsfargo.com/com/treasury-management/receivables/electronic/remote-deposit>

## **Appendix V – Management Response**

**Management Response Follows**



## Department of Recreation, Parks & Cultural Affairs

Chuck O. Ellis  
Director

Chief Executive Officer  
Michael Thurmond

Board of Commissioners  
District 1  
Nancy Jester

District 2  
Jeff Rader

District 3  
Larry Johnson

District 4  
Stephen Bradshaw

District 5  
Mereda Davis Johnson

District 6  
Kathie Gannon

District 7  
Gregory Adams, Sr.

### INTER-OFFICE MEMORANDUM

**DATE:** October 5, 2018 **MEMO NO:** RPCA-18-1005-0509  
**TO:** Lavois M. Campbell, Internal Auditor Manager, Independent Internal Audit  
**FROM:** Chuck Ellis, Director, Recreation, Parks and Cultural Affairs  
**SUBJECT:** Audit of Cash Handling Procedures Audit Report No/ 2017-011-RPCA

This memorandum is in response to the FY2017 Annual Performance Audit conducted by the Office of Independent Internal Audit (OIIA) to examine the Cash Handling and Revenue Collection Procedures.

We have reviewed the Annual Performance Audit and have taken corrective action as indicated below:

**FINDING #1 – Insufficient Documentation and Controls to Accurately Account for all Revenue Collected:**

- We provided training prior to the 2018 swim season on proper revenue collection/handling procedures and policy requirements. We stressed the importance of logging revenue immediately upon receipt. In addition, there will be on-site training prior to the start of each season.
- A cash register receipt is given to each customer upon collection of revenue. In the event the register is down, a hand-written receipt is given to the customer.
- In conjunction with the Daily Admissions Report, we have changed the check-in procedures. All customers must sign-in and are accounted for prior to going to the Cash window to pay for entry.
- Mail-in and walk-in payments are recorded on a Daily Log by the Office Assistant. All revenue is given to the Accountant for deposit.
- We have considered and tested a cashless system at one of our Aquatic facilities where patrons can use debit/credit cards. We are also looking at making the purchase of pool passes via our website.
- All LCHF customers have accounts set up in ActiveNet and the majority are making online payments.
- A District Manager will be on-site to provide oversight and point out any non-compliance with key revenue collection controls/procedures.

**Other Areas for Consideration:**

- All payments are made payable to DeKalb County.
- The Revenue Collection Policy has been updated to ensure consistency between the titles of forms/reports used by staff.
- The cash register date has been updated and is checked prior to the start of the shift.

**FINDING #2 – Inadequate Security/Safeguarding of Cash Collected:**

- As part of re-training, staff was instructed to never open sealed bags. We ensure that bag numbers are tracked to account for all deposit bags.
- Re-fresher or in-service training was provided in 2018 and will be provided again in 2019 to ensure expectations are understood.
- The Safe Room remains locked at all times and a log is maintained to track personnel who enter the room. We have also added a security camera in the Safe Room as an added measure of security.
- Revenue collected is secured daily in the Safe Room at Browns Mill Aquatic Center since there isn't a safe room at all locations. Our staff has been reminded to inform Management immediately when the safe/equipment requires repair.
- The DeKalb County Human Resources Department conducts annual background and certification checks on all part-time staff whether or not they handle cash.

**Other Areas of Consideration:**

- We do not accept personal checks unless payment is for donations/sponsorships. Please note that the Recreation, Parks and Cultural Affairs Director can make exception to this rule for valid circumstances; such as individuals who do not have computer connectivity.

**FINDING #3 – Discrepancies and Inadequacies in Documentation Showing Transfer of Custody of Revenue Collected:**

- The Revenue Collection Policy has been updated to outline the process for recording the transfer of custody of revenue receipts. A copy is attached for your review.
- The Revenue Collection Policy has been updated to include how adjustments/corrections are made and the secondary review requirement.
- The Funds Sign-In & Sign-Out Sheet has been updated to record the name date and time of the employee picking-up from the Aquatic facility and delivered to West Exchange Administration.

**FINDING #4 – All Revenue is not Deposited within 24 hours of Receipt and Aquatics Revenue is not Deposited Daily:**

- Back-up staff has been identified to perform daily duties when person responsible for pick-up of the aquatic revenue is unavailable.
- Revenue collected is deposited within 24 hours of receipt. The only exception is when revenue is collected on Friday and/or the weekend, it is deposited the next business day.

**FINDING #5 – Lack of Segregation of Duties:**

- *RPCA Administration Office* – The Accountant receives the revenue and prepares the Daily Revenue Report that is submitted to the Administrative Services Manager for review and approval.
- *Aquatic Facilities* – A Recreation Worker collects revenue and completes the Daily Admissions Report. The Recreation Leader prepares the Daily Report, deposit slips, and collection bag. The District Manager collects the deposits daily and secures it in the Safe Room at Browns Mill Aquatic Center for Brinks pick up or delivery to West Exchange Administration.
- *Recreational Centers* - A Recreation Worker collects revenue and completes the Daily Admissions Report. The Recreation Leader prepares the Daily Report and deposit slips. The District Manager collects the deposits daily and secure in the Safe Room at Browns Mill Aquatic Center since there isn't a safe room at all location. All deposit bags remain in the Safe Room, until it is picked up by Brinks or delivered to West Exchange Administration.

**FINDING #6 – Inadequate Management Oversight/Monitoring:**

- The Accountant and/or Administrative Services Manager in conjunction with the District Manager will log and investigate all activity outside of the norm such as voids and refunds. In addition, the Revenue Collection Policy has been updated to include the process for issuing voids and/or refunds and the process will be incorporated in the annual training.
- We will conduct a regular review and monitoring of cashier overages and shortages and maintain a log with explanation.
- The Administrative Services Manager will conduct a monthly review of the vendors' financial records to verify accuracy of check payments made to the County as per vendor contracts. Management review will be documented and any discrepancy will be investigated.
- We will maintain a Deposit Discrepancy log with Management Oversight.
- All requests for refund must have prior approval of a supervisor/manager and be submitted in writing to include a signature and telephone number.
- The supervisor/manager will review Daily Revenue Reports weekly and notate the records accordingly.

- We will continue to perform bank reconciliations of bank deposit records to internal revenue records.
- Revenue per source will be examined monthly to detect potential fraud.
- We are working now to establish LCHF Boarder Contracts to include fees, discounts, terms and conditions.
- We are working now to establish a written agreement between the County and the LCHF Conservancy to outline terms and conditions and roles and responsibilities.
- We will be conducting documented spot audits of facilities to determine if any corrective action is necessary.
- The Revenue Collection Policy has been updated to remove from policy references to documents/processes no longer applicable. Further, the policy has be updated to include new processes incorporated this year.

CE/maw

Attachment:       RPCA Revenue Collection Policy

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

## **DISTRIBUTION**

---

**Action Official Distribution:**

Chuck Ellis, Director, Recreation, Parks & Cultural Affairs

**Statutory Distribution:**

Michael L. Thurmond, Chief Executive Officer

Nancy Jester, Board of Commissioners District 1

Jeff Rader, Board of Commissioners District 2

Larry Johnson, Board of Commissioners District 3

Steve Bradshaw, Board of Commissioners District 4

Mereda Davis Johnson, Board of Commissioners District 5

Kathie Gannon, Board of Commissioners District 6

Gregory Adams, Board of Commissioners District 7

Gena Major, Chairperson, Audit Oversight Committee

Harold Smith, Vice Chairperson, Audit Oversight Committee

Harmel Codi, Audit Oversight Committee

Adrienne T. McMillon, Audit Oversight Committee

**Information Distribution:**

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Viviane Ernstes, County Attorney

La'Keitha D. Carlos, CEO's Chief of Staff

Antwyn Brown, Board of Commissioners Chief of Staff

Dianne McNabb, Interim Chief Financial Officer

Stacey Kalberman, Ethics Board Director

William (Ted) Rhinehart, Deputy Chief Operating Officer

OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
**FINAL REPORT**

---

**PROJECT TEAM**

---

This report submitted by:

*Not Available for Signature*

---

Shericka Williams  
Internal Auditor  
Office of Independent Internal Audit

\_\_\_\_\_  
Date

This report reviewed by:

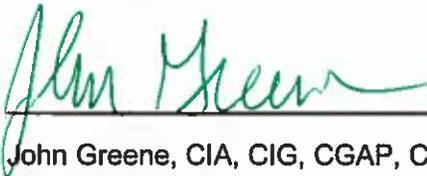


---

Lavois Campbell, CIA, CFE, CGA  
Performance Audit Manager  
Office of Independent Internal Audit

10/11/18  
Date

The report approved by:



---

John Greene, CIA, CIG, CGAP, CGFM  
Chief Audit Executive  
Office of Independent Internal Audit

10/12/18  
Date

**OFFICE OF INDEPENDENT INTERNAL AUDIT  
DEKALB COUNTY GOVERNMENT  
AUDIT OF RPCA CASH HANDLING PROCEDURES  
FINAL REPORT**

---

**STATEMENT OF ACCORDANCE**

---

**Statement of Accordance**

*The mission of DeKalb County is to make the priorities of the citizens of DeKalb County; the priorities of County government - by achieving a safer DeKalb, building stronger neighborhoods, creating a fiscally accountable and more efficient county government and uniting the citizens of DeKalb County.*

*The mission of the Office of Independent Internal Audit is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County.*

*This performance audit was prepared pursuant to DeKalb County, Georgia - Code of Ordinances / Organizational Act Sec. 10A. - Independent Internal Audit, Georgia Statutes. 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.*

*This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Independent Internal Audit.*