



City of Greensboro

Date: March 12, 2009
To: Bob Morgan, Interim City Manager
From: Internal Audit Division
Subject: Carolyn S. Allen Athletic Complex Review

The Internal Audit Division has performed a review of the Carolyn S. Allen Athletic Complex. Attached you will find our review report; the departmental response; and our replies to their responses. We feel that our recommendations have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

A handwritten signature in black ink, appearing to read 'Len Lucas'.

Len Lucas
Internal Audit Director

Cc: John Hughes, Programs and Special Services Manager



February 9, 2009

Date:

Bonnie Kuester, Parks and Recreation Director

To:

Internal Audit Division

From:

Subject: Carolyn S. Allen Community Park and Athletic Complex

Carolyn S. Allen Community Park and Athletic Complex ("Carolyn Allen") features four (4) tournament fields that can be rented for private tournament use March through October on Fridays, Saturdays, and Sundays and for larger special events during the week. The complex features 300-foot fence distances with temporary fencing available for shorter specifications, adjustable base distances suitable for Adult Slow Pitch Softball, Girls Fast Pitch Softball, and Youth Baseball (with portable mounds). Other amenities include bleacher seating, concession stand, press-box tower and picnic shelters just outside the park.

Carolyn Allen has an operating budget of \$57,342 for FY 2008-2009. The facility has a concession stand (operated by City employees), which generates its main source of revenue. Other revenue is generated from the rental of the facility. During the past season (March 2008 – October 2008), there were 15 employees on staff. Management consists of a Concessions Manager and two (2) Shift Supervisors, who all report to the Assistant Athletic Director for the Athletics Division of the Parks and Recreation Department (Facility Coordinator).

The objective of our review was to determine whether:

- Controls over cash receipts (concessions sales) exist and are handled in compliance with written departmental cash handling policies and procedures.
- Controls over concessions inventory exist and are operating effectively.

We toured the concessions building at Carolyn Allen on December 10, 2008. Since the facility's 2008 season ended in late October/early November, we inspected the one (1) cash register, the safe, and the two (2) locked cash bags in the safe to ensure that all monies collected had been deposited; and their \$500 change fund had been returned to the City's Collections Division. There was no currency on site.

We obtained written copies of the Parks & Recreation's *Cash and Receipting Policy*, *Handling of Funds Policy*, and *Depositing Policy* to aid us in our review of cash receipts; as well as a written copy of the *Cash Closing Responsibilities* (for cashiers) implemented by the facility. Our period of review ranged from July 2008 to November 2008.

During our review, we noted the following:

CASH RECEIPTS

Carolyn Allen processes its concessions sales using a cash register. This register has the capability of producing Z-reports summarizing gross sales, net sales, voids, and no sales by number of transactions and total dollar (financial report); as well as summarizing individual concessions items by number of items sold and total sales received for each item (inventory report). Each report is run at the close of the business day. Totals are used in preparing the Nightly Report (prepared by Shift Supervisors) and reconciling with the cash drawer. Overages and shortages are recorded and a deposit ticket is prepared by the closing Shift Supervisor. Cash receipts (including overages) are verified and placed in the night deposit at an area bank by the Facility Coordinator.

Bank Deposits vs. General Ledger

Each month, the Facility Coordinator prepares a Revenue Deposit Form listing daily deposits from the validated deposit tickets collected from the bank. This form along with the validated deposit tickets are submitted to the City's Collection Division, where it's posted to the General Ledger.

We reconciled individual bank deposits against amounts recorded to General Ledger account 101-5025-02.7700 from July 2008 to November 2008, and noted the following:

Finding: Cash receipts posted to the General Ledger (\$47,706.66) exceeded validated bank deposits (\$36,585.26) by \$11,122.40. A further analysis of this difference showed: (a) Concessions sales of \$11,744.55 were received and deposited in an area bank in June 2008 (FY 2007-08), but processed by Collections in July 2008 (FY 2008-09); and (b) Bank deposits totaling \$622.15 (\$482.25 processed on 8/4/08 and \$139.90 processed on 9/8/08) were omitted from the Revenue Deposit Forms processed by the City's Collections Division.

Recommendation: At fiscal year end, management should adhere to closing procedures for cash receipts as directed by the Financial and Administrative Services Department to ensure proper cutoff. Revenue Deposit Forms and validated deposit tickets should be submitted to the Collections Division in accordance with *GS 159-32*, which states: "Deposits in an official depository shall be *immediately* reported to the finance officer by means of a duplicate deposit ticket."

Also, each month management should perform the following reconciliations monthly: (1) the facility's copies of the deposit tickets to the validated deposit ticket received from the bank to ensure that all deposits prepared were processed; (2) the validated deposit tickets with the individual deposits listed on the Revenue Deposit Forms to ensure that all deposits processed by the bank are reported; and (3) the Revenue Deposit Forms to the General Ledger to ensure that all amounts reported were posted to the revenue account.

During our review, we asked the Facility Coordinator to prepare a Revenue Deposit Form totaling \$622.15 reflecting the receipts omitted on August (\$482.25) and September (\$139.90). We attached copies of the detailed deposit statements from the bank for both months, highlighting relevant amounts. The Revenue Deposit Form was submitted to the Collections Division and validated on February 4, 2009.

Issuing Receipts

We reviewed the Parks and Receptions' departmental *Cash and Receipting Policy*. It states: "Some form of receipt shall be issued to the customer/citizen for all cash, checks, credit cards, or any monetary transaction(s). Where applicable there shall be some form of sign or notice providing the cost of goods and services offered and accepted methods of payment. Information signs shall also include the phone number of supervisory staff indicating that customers should call the number if a receipt is not provided."

Finding: We asked the Facility Coordinator if each customer is given a receipt upon purchase. He stated that receipts are issued upon request only. During our site visit, we did not observe any signage noting prices, acceptable payment methods, or contact information for supervisory staff. The Facility Coordinator stated that some signage had been removed upon closing of the facility for the season.

Recommendation: The Facility Coordinator should ensure that departmental policies are followed.

Shortages

Findings:

1. We reviewed and recalculated all overages and shortages recorded during the period under review. We asked the Facility Coordinator the policy regarding shortages. He stated that shortages exceeding \$5 are immediately brought to his attention, investigated, but are no longer addressed past that point. We noted the following shortages exceeding \$5: \$5.49 on 7/15/08, \$19 on 7/18/08, \$15.75 on 8/16/08 and \$9.45 on 9/20/08.
2. Carolyn Allen maintains a \$500 change fund; \$125 is used to open the register, the remaining \$375 is kept on reserve in the safe. On October 18, 2008, management removed cash from the register to purchase bottled relish at an area grocery store. Documentation shows this purchase totaled \$4.63. At closing, the difference between recorded sales (register tape) and the cash in the drawer was \$8.60; \$3.97 (actual shortage) and \$4.63 (purchase of relish).

Recommendations:

1. Management should develop a written policy addressing shortages over a predetermined amount. This policy should be properly communicated to employees.
2. Minimal purchases should be made using cash funds kept in reserve or by procurement card, not register sales. Upon proper submission of documentation to Accounting, funds will be replenished to the petty cash fund.

Voids

The cash register records two types of voided transactions: transactions that are voided prior to processing the corrected sale ("void") and transactions voided after the sale has been processed ("mode void"); the latter reflected as an adjustment to gross sales for the day.

Finding:

Mode voids for the period under review totaled \$32.50. The mode void performed on August 17, 2008 for \$2.25 was printed, approved by the Shift Supervisor, and filed with the Nightly Report. There was no documentation filed with the remaining voids.

Recommendation:

All mode voids should be printed, reviewed, and approved by Shift Supervisors; and filed with the Nightly Reports. This acknowledges the validity of the void, and possibly deters a means of misappropriating cash.

No Sales

We asked the Facility Coordinator to explain circumstances when the "no sale" key on the cash register is used. He stated that the key is used to open the register when coins are low or have been exhausted (make change) and/or to remove excess cash to place in the safe until the nightly deposit is prepared. He explained that the cash drawer could be accessed using this key by anyone in the concessions kitchen when the register is on; but as a means of control, the same individual operates the cash register throughout the shift.

Using information obtained from the financial Z-Report for each day's activity, we recorded the number of times the register was accessed using the *no sale* key in relations to total receipts for the evening. We reviewed 61 Z-Reports. As expected, days with the highest recorded sales showed the highest number of times the drawer was accessed.

Finding: On register receipt #29646 dated 10/13/08, we noted that cash receipts totaled \$36, and the drawer had been accessed 20 times. This appears excessive in relation to receipts collected.

Recommendation: If possible, only management should be authorized to initiate "no sale" transactions. Each Shift Supervisor should monitor the number of times this function is used; which may serve as a deterrence to possible asset misappropriation (cash and inventory) by employees.

CONCESSIONS INVENTORY

During Caroline Allen's season of operation, concessions inventory consists of the following:

- hot foods (hot dogs, cheeseburgers, pizza, nachos, corn dogs, biscuits)
- snacks (chips, pickles, popcorn, assorted crackers, peanuts in shell, Slim Jims, sunflower seeds)
- assorted ice creams
- candy items (Blow Pops, sour straws, assorted candy bars, bubble gum)
- drinks (coffee, hot chocolate, Crystal Light, bottled water, assorted soft drink syrup packs)
- paper products/utensils (cups, plates, napkins, popcorn cartons, hot dog trays, forks, spoons, knives, drink lids)
- condiments (mustard, ketchup, relish, mayonnaise, sugar, pepper, salt, creamer)
- other items (freezer bags, freezer paper, aluminum foil, food service gloves, sandwich bags).

Finding: We requested a current copy of written inventory procedures specific to the facility. There were none.

Recommendation: Management should develop written procedures regarding the receipt, storage, issuance, and accounting for concessions inventory.

Recordkeeping/Reporting

Finding: As concession items are moved from storage to the concessions sales area (kitchen), no documentation is completed to indicate quantities removed (e.g., a requisition). Likewise, as concession items are placed in storage when purchased, no quantities are recorded as a means of tracking inventory; quantities received are only verified against the vendor's invoice to ensure that charges are for merchandise received. We expressed our concern for the lack of inventory tracking to the Facility Coordinator. He has developed Excel spreadsheets to better track the quantity of resale items as they are purchased and removed from inventory (through sale, discards, or employee meals, etc.).

Carolyn Allen's concessions inventory has never been reported on the City's balance sheet.

Recommendation: Management should continue to work on developing a system for tracking its inventory (quantities and costs) and implement it in time for the upcoming season (March 2009). When developing a tracking system, management should process information using consistent units of measure for quantities and costs. We have suggested that the Facility Coordinator meet with the inventory custodian at Greensboro Sportsplex as a resource since they also maintain concessions inventory.

Also, we request that a complete physical inventory be taken at year end so this inventory can be included on the City's balance sheet.

Storage Access

Findings:

1. Concessions resale inventory items are stored in the kitchen and secured storage areas within the building (foods and drinks); and a secured outside storage building (paper products). During events as items are needed, items are usually removed from storage by the Concessions Manager or Shift Supervisors. Occasionally, other non-management employees are allowed to retrieve items.
2. Inventory storage areas can be accessed with keys by the Facility Coordinator, the Concessions Manager, the two (2) Shift Supervisors, and Park Maintenance staff issued master keys.

Recommendation: Only management personnel should be allowed access to inventory storage areas.

Inventory Discards

Management currently maintains a list of all discarded inventory. The list shows the item discarded, reason for discard (outdated, spoiled, damaged, etc.), the date and quantity discarded.

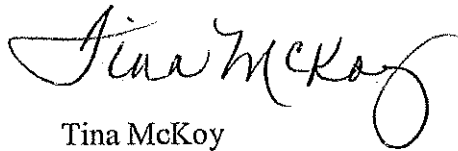
Findings:

1. During our review, we noted that hot dogs and hot dog buns were discarded in greater quantities than any other food items. The reasons for discarding were cited as "leftovers at closing" and "outdated", respectively.
2. On July 19, 2008, an entry was made to the list to record the discard of 24 units of 20 oz. assorted Gatorades; reason cited as "gone upon arrival". We asked the Facility Coordinator to explain this further. He stated that a Shift Supervisor noticed the bottles were missing when she reported to work that day, so she notified management. This warranted management to monitor drinks over a period, but quantities remained intact. The reason for the missing bottles was never determined.

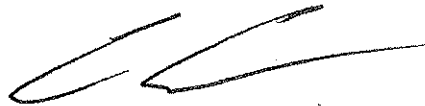
Recommendations:

1. Management should continuously evaluate ways to reduce the amount of concessions food discards.
2. Access to inventory storage areas should be limited to management personnel only.

We would like to thank the Parks and Recreation staff for their courtesy and cooperation shown during this review. We ask that you please make your responses for corrective actions to our findings by Monday, February 23, 2009. If you have any questions or concerns, please contact us at 373-4528.



Tina McKoy
Internal Auditor



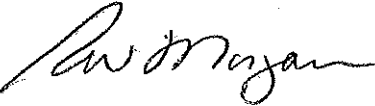
Len Lucas
Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
John Hughes, Programs & Special Services Manager



City of
Greensboro



Date: February 25, 2009
To: Len Lucas and Tina McKoy
From: Bob Morgan 
Subject: Carolyn Allen Park Audit Response from Parks and Recreation

Thank you for sharing your recent findings and recommendations at Carolyn Allen Park. Staff has thoroughly reviewed your audit and accepts your recommendations. Additionally, the supervisor is meeting with the staff of the Sportsplex in order to model their inventory control system.

Thanks again for your assistance.

Cc: Rick Lusk, Director of Financial and Administrative Services
John Hughes, Youth and Community Programs Manager



City of Greensboro

Date: March 5, 2009
To: Bob Morgan, Deputy City Manager
From: Internal Audit
Subject: Carolyn S. Allen Athletic Complex – Reply to Response dated February 25, 2009

The Internal Audit Division has reviewed your response to our review of Carolyn Allen, and we appreciate your acceptance of our recommendations. If you have any questions or require further assistance, please do not hesitate to contact us at 373-4528.

Tina McKoy
Internal Auditor

Len Lucas
Internal Audit Director

Cc: John Hughes, Programs & Special Services Manager