



DATE: July 17, 2020
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: Lewis Recreation Center Cash Review
(No Response Required)

The Internal Audit Division has completed our review of the Lewis Recreation Center as administered by the Parks & Recreation Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

cc: Chris Wilson, Assistant City Manager
Nasha McCray, Director of Parks & Recreation
Kobe Riley, Deputy Director
Kim Porter, Recreations Centers Superintendent
Charles Jackson, Community Recreation Services Division Manager
Melvin Melton, Facilities Manager
Ayana Kouakou, Lewis Recreation Center Director
Deanna Shoe, Financial Analyst



DATE: July 15, 2020

TO: Nasha McCray, Director of Parks & Recreation

FROM: Internal Audit Division

SUBJECT: Lewis Recreation Center Cash Review
(Response required by July 29, 2020)

The Internal Audit Division conducted a surprise cash count and review of the cash-handling/operations of the Lewis Recreation Center, for the period of July 1, 2017 through February 28, 2019. A randomly selected sample totaling an amount of **\$11,052.58** was tested. The Greensboro Parks & Recreation Department operates ten recreation centers which provide programs for people of all ages, such as team sports and fitness instruction, art classes for community groups, or other leisure activities. Summer day camp and afterschool programs are also offered at each of the recreation centers. The centers collect money for the various programs and classes they offer and as well as facility rental fees.

The scope of this review was limited to determining if funds are being properly accounted for, whether adequate internal controls are in place to safeguard cash, and accounting policies and procedures are being adhered to. In order to accomplish this, Internal Audit conducted a surprise cash count at the recreation center identified above, reviewed written Parks and Recreation policies regarding cash-handling, receipting, and making deposits, and reviewed prior years' review report. We requested and reviewed a selected sample of Revenue Deposit Forms (Cost Center GL Reports), receipts, and other various supporting documentation for the period under review. The Revenue Deposit Forms were logged and deposits traced from the point of origin to validation with Collections and to the final recording in the general ledger. Internal Audit also obtained and reviewed a selected sample of summer day camp and basketball league registration forms and corresponding cash receipts. Internal Audit performed a thorough evaluation of the internal control structure to ensure strong accountability and stewardship over the funds.

As a result of our review, we found the following areas of concern and offer our recommendations:

Finding:

- **Staff generally appears to adhere to the G.S. 159-32 daily deposit requirements, however five deposits from the selected sample exceeded the cash limitation amount without a daily deposit being made.** G.S. 159-32 requires collections and receipts to be deposited daily, unless the moneys on hand amount to less than \$500. Internal Audit noted five instances out of twenty selected samples (25%) for Lewis Recreation Center, in which the cash receipts exceeded the \$500 cash limitation and a deposit was not made the same day.

Recommendation:

- Internal Audit recommends that Lewis Recreation Center consider making deposits more frequently than just when the cash receipts on hand exceed the limitation amount set forth by G.S. 159-32. More consistent deposits would ensure cash receipts on hand are minimal and diminishes the risk for any loss or misappropriation of funds.
- Additionally, prior to Internal Audit's review of cash handling procedures for Lewis Center, the Parks & Recreation Department leadership held training for all of the Center Directors. In this training they refreshed staff on the cash handling and deposit policies and procedures they have in place. Internal Audit believes that while the findings listed above highlight five occasions where high amounts (amounts in excess of G.S. 159-32 daily deposit limit of \$500) of cash were on-hand at Lewis Center and a deposit was not made the same day, this training will help to alleviate the chances of a large amount of cash receipts being held onto at the center.

Finding:

- **Month-end and year-end cutoffs are generally being performed; however, Internal Audit noted three instances (approximately 15%) of cash receipts being deposited and recorded in a subsequent period from receipt.** There were two instances in the selected sample where cash receipts were collected in one month and were not deposited until the subsequent month. Which causes the revenues to be recorded in the month after which they were received. The remaining instance contained cash receipts that were partially compliant with the month-end cutoff. This caused a portion of the cash receipts to be recorded in the month subsequent to which they were received and the remaining portion to be recorded in the correct month to which they were received.

Recommendation:

- Staff should strive to have their deposits and all supporting documentation turned in to Collections/Bank drop box in a timely manner and before month-end. Staff should also be mindful of cash receipts collected near the end of the month and deposit those receipts prior to month-end. This effort would ensure that cash receipts are recognized in the month they are received.
- When a Center Director is unavailable for any reason, a back-up should be sufficiently trained and made aware of state statutes and City of Greensboro policies regarding cash receipts and deposits so the location may remain in compliance.

Finding:

- **During Internal Audit's registration form testing for the Summer Day Camp and Basketball league, we found ten instances (approximately 42%) where the registration form was not filled out completely.** There were five registration forms (three for the summer day camp and two for the basketball league) that did not have the waiver sections signed by the participants' guardian(s). There were also seven registration forms that did not have the program details section filled out or partially completed.

Recommendation:

- Internal Audit would recommend that Lewis Center's director and staff ensure that the waiver section is always signed by the participants' guardian(s). The waiver is a safeguard to protect the City of Greensboro and its employees from potential legal action.
- Staff should also make sure that the program details section of the registration forms are filled out in effort to keep organized and easily located in the event that such forms are needed.

Finding:

- **Refund request forms were submitted, processed and paid without the requesters' signature being obtained.** Internal Audit did not receive any documentation that highlighted the policies and/or procedures for processing refunds. There were seven refunds for the Lewis Center that were reviewed and five refund request forms did not have the requesters' signature.

Recommendation:

- Internal Audit would recommend going forward that the refund request form should always have the requesters' signature before moving the request to the next stage in the refund process. However, if unable to get a signature, the Center Director or Parks and Recreation staff processing the request should initial for the requester. This creates a chain of accountability, if ever the need were to arise for validity of the refund request.
- Internal Audit made a recommendation on a previous audit of a recreation center, that refund request forms should always have the requesters' signature before moving to the next stage in the refund process. This would create a chain of accountability if the validity of a refund was ever questioned. In response to Internal Audit's recommendation, Parks & Recreation leadership made a policy change that staff would initial for the requester and indicate that he/she was unavailable on refund request forms.

Internal Audit would like to thank the staff at the Lewis Recreation Center for their cooperation during the course of this review. We request a written response by July 29, 2020. If you have any questions or comments, please call us at 373-2203.



Chris Venable
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Larry Davis, Assistant City Manager

Venable, Chris

From: McCray, Nasha
Sent: Tuesday, July 14, 2020 2:23 PM
To: Venable, Chris
Cc: Wilson, Christian A (CMO); Davis, Larry; Lucas, Len
Subject: RE: Lewis Recreation Center Cash Review
Attachments: Response to Lewis Center Audit.docx

Chris,
Please see attached Department response to the draft Cash Review for Lewis Recreation Center.

Please let us know if you have any questions, concerns, or need additional information.

Thank you!

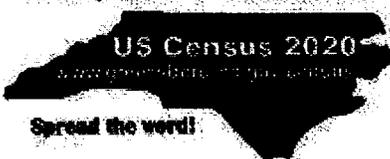
Nasha McCray, AICP, Director
Parks and Recreation Department
City of Greensboro
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1001 Fourth Street, Greensboro, NC 27405
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From: Venable, Chris <Chris.Venable@greensboro-nc.gov>
Sent: Wednesday, July 8, 2020 8:54 AM
To: McCray, Nasha <Ednasha.McCray@greensboro-nc.gov>
Cc: Wilson, Christian A (CMO) <Christian.Wilson@greensboro-nc.gov>; Davis, Larry <Larry.Davis@greensboro-nc.gov>; Lucas, Len <Len.Lucas@greensboro-nc.gov>
Subject: Lewis Recreation Center Cash Review

Good morning!

Please look over the draft of the Cash Review for Lewis Recreation Center and email me with any corrections, questions or comments within 3 days, if possible along with your approval to issue this report.

Please note when the final report is sent to you, you will have 14 days from the report's date to respond, if a response is required.

Let us know if you have any questions.

Please note: Internal Audit's Review Report, along with all responses and replies, will be made available to the public on the City's external website. Contact Internal Audit if you have any further questions or concerns.

Thanks!

Chris Venable, Internal Auditor
Internal Audit Division
City of Greensboro
Phone: 336-373-2203; Fax: 336-373-4387
P.O. Box 3136
Greensboro, NC 27402-3136
www.greensboro-nc.gov



DATE: July 14, 2020
TO: Internal Audit Division
FROM: Nasha McCray, Director
DEPARTMENT: Parks and Recreation
SUBJECT: Response to Lewis Recreation Center Cash Review

Thank you for your thorough review and report of Lewis Recreation Center cash handling and reporting for the period of July 1, 2017 through February 28, 2019. Please find below the department's responses to the recommendations provided in the review.

Internal Audit Recommendations related to Cash Findings:

- Internal Audit recommends that Lewis Recreation Center consider making deposits more frequently than just when the cash receipts on hand exceed the limitation amount set forth by G.S. 159-32. More consistent deposits would ensure cash receipts on hand are minimal and diminishes the risk for any loss or misappropriation of funds.
- Additionally, prior to Internal Audit's review of cash handling procedures for Lewis Center, the Parks & Recreation Department leadership held training for all of the Center Directors. In this training they refreshed staff on the cash handling and deposit policies and procedures they have in place. Internal Audit believes that while the findings listed above highlight five occasions where high amounts (amounts in excess of G.S. 159-32 daily deposit limit of \$500) of cash were on-hand at Lewis Center and a deposit was not made the same day, this training will help to alleviate the chances of a large amount of cash receipts being held onto at the center.

Parks & Recreation Response:

- Lewis Recreation Center staff have been directed to make a deposit no later than the end of the business day once cash on hand exceeds the \$500 threshold to remain in compliance of G.S. 159-32. In addition, staff have been directed to make use of the bank's night drop box if the cash limitation is exceeded in the evening or over the weekend operations. Also, at a minimum, deposits are to be made on a weekly basis.
- Recreation Center Directors are required to attend an annual refresher training on cash handling and deposit policies and procedures. The most recent refresher class that was held in which the Lewis Center Director attended was on April 8, 2019.
- A new procedure requiring monthly deposit audits by the Facilities Coordinator with oversight responsibilities for Lewis Center was instituted on April 1, 2019. This procedure will allow for compliance issues to be identified and addressed more quickly.



Internal Audit Recommendations related to Month-end and year-end cutoffs:

- Staff should strive to have their deposits and all supporting documentation turned in to Collections/Bank drop box in a timely manner and before month-end. Staff should also be mindful of cash receipts collected near the end of the month and deposit those receipts prior to month-end. This effort would ensure that cash receipts are recognized in the month they are received.
- When a Center Director is unavailable for any reason, a back-up should be sufficiently trained and made aware of state statutes and City of Greensboro policies regarding cash receipts and deposits so the location may remain in compliance.

Parks & Recreation Response:

- Lewis Recreation Center Director have been directed to make a deposit for the month by the last business day of the month, so that the revenue is credited during the correct month which includes making a night deposit if needed.
- Lewis Recreation Center staff have been directed to train PT Benefitted staff as a back-up and to cover in training City of Greensboro statutes policies regarding cash receipts and deposits when the Center Director is unavailable for any reason. Staff was also directed to train PT Benefitted staff to make a night deposit for the month by the last business day of the month if Center Director is unavailable for any reason.

Internal Audit Recommendations related to registration form not filled out completely:

- Internal Audit would recommend that Lewis Center's director and staff ensure that the waiver section is always signed by the participants' guardian(s). The waiver is a safeguard to protect the City of Greensboro and its employees from potential legal action.
- Staff should also make sure that the program details section of the registration forms are filled out in effort to keep organized and easily located in the event that such forms are needed.

Parks & Recreation Response:

- Lewis Recreation Center Director and staff have been directed to check the entire registration form as well as wavier section and program details section before participants' guardian(s) leave the Lewis Center. This will protect the City of Greensboro and its employees from potential legal action.

Internal Audit Recommendations related to Refund request forms submitted:

- Internal Audit would recommend going forward that the refund request form should always have the requesters' signature before moving the request to the next stage in the refund process.



However, if unable to get a signature, the Center Director or Parks and Recreation staff processing the request should initial for the requester. This creates a chain of accountability, if ever the need were to arise for validity of the refund request.

- Internal Audit made a recommendation on a previous audit of a recreation center, that refund request forms should always have the requesters' signature before moving to the next stage in the refund process. This would create a chain of accountability if the validity of a refund was ever questioned. In response to Internal Audit's recommendation, Parks & Recreation leadership made a policy change that staff would initial for the requester and indicate that he/she was unavailable on refund request forms.

Parks & Recreation Response:

- Lewis Recreation Center Director and staff have been directed to have the requester's signature first before moving the request to the next stage in the refund process.
- Lewis Recreation Center Director and staff have been directed if for some reason the requester's is unavailable to sign the form, the Center Director or Facilities Coordinator processing the request should initial for the requester.

NM

Cc: Chris Wilson, Assistant City Manager
Kobe Riley, Deputy Director
Charles Jackson, Community Recreation Services Division Manager
Kim Porter, Recreation Superintendent
Melvin Melton, Facilities Coordinator
Ayana Kouakou, Lewis Recreation Center Director
Deanna Shoe, Financial Analyst



DATE: July 15, 2020
TO: Nasha McCray, Director of Parks & Recreation
FROM: Internal Audit Division
SUBJECT: Lewis Recreation Center Cash Review

The Internal Audit Division has received your response to the Lewis Recreation Center Cash Review for the period of July 1, 2017 through February 28, 2019. We find your response and corrective actions sufficient and no further action is necessary.

We would like to thank the staff of the Parks & Recreation Department for their cooperation and assistance during this review. If there are any questions regarding the details of this review, please call us at 336-373-2203.

Chris Venable
Internal Auditor

Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Larry Davis, Assistant City Manager
Kobe Riley, Deputy Director
Charles Jackson, Community Recreation Services Division Manager
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