



CITY AUDITOR

Gary W. Nystul, CPA

gary.nystul@ci.bremerton.wa.us

Tel 360-473-5369
Fax 360-473-5080
345 6th Street, Suite 600
Bremerton, WA 98337

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Cecil McConnell, Mayor Pro Tempore
Members of the City Council
Roger Lubovich, City Attorney

The City Auditor has completed a review of the Department of Parks and Recreation Receiving Procedures and has issued the attached report. A few recommendations were made.

The assistance provided by Jeff Elevado, Barbara Forbes, Lena D'Agostino, Lisa Garland, and Holly Peterson is greatly appreciated.

Please contact me if you have any questions or would like further information.

Sincerely,

Gary W. Nystul

cc: Wyn Birkenthal, Director Parks and Recreation
Andy Parks, Director of Financial Services

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PARKS AND RECREATION DEPARTMENT

RECEIPTING PROCEDURES

Purpose

The Office of the City Auditor reviews various phases of city operations. This review of the receipting procedures used by the Department of Parks and Recreation was scheduled on the 2009 work plan.

Scope

This is a review of the procedures used by the Parks and Recreation Department to record revenues at their three sites: the Senior Center, Jarstad Aquatics Center, and the Sheridan Park Office. Policies and procedures used in 2008 were included.

Statement of Auditing Standards

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards, except Standard 3.50 requiring an external quality control review. Those standards require that the auditor plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. The auditor believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Objective

The objective of this audit was to:

- Review the daily revenue recording procedures to determine if adequate internal control procedures are in place

Summary of the Results

- The procedures used at the Jarstad Aquatics Center do not provide sufficient detail for accountability of all daily revenue
- Using a cash register would improve efficiency, accountability and customer service at the Sheridan Park Office
- A small change in procedure would allow the Sheridan Park office to properly record donations

Background

The Parks and Recreation Department provides a number of recreation programs and services to the citizens of Bremerton and the surrounding area. These programs include swimming, swimming lessons, lifelong learning and recreational programs for seniors, indoor playground, preschool classes, and gymnasiums for basketball, volleyball, and pickle ball. It also coordinates use of baseball and softball fields, the pea patch program, and recreation programs in the neighborhood parks.

Registration for park programs can be made in person at one of the park's facility offices and in some cases by mail or telephone or they can also be done 24 hours a day via the on-line web program. Registration can be paid by cash, check or credit card.

The web service company maintains the web site, processes credit card transactions, receives payment from the credit card companies, and transmits payments biweekly to the city. The software also keeps track of rosters for classes, produces standard daily reports to reconcile sales and payments as well as providing reports to manage classes and facilities.

The procedure for receipting and daily reconciling is different at each facility. At the Senior Center, all transactions are recorded in the cash register. In addition, registrations where a class roster is desired such as for trips or classes are also entered in the on-line system. The cash register "Z" tape agrees with the daily deposit form.

At the Aquatics Center, a cash register is used for daily admissions, sales of merchandise and sales of punch cards. Swimming lessons and other class revenues are recorded on the on-line system. The daily cash reconciliation includes revenue from both the cash register and the on-line system. However, daily deposit documents do not include the cash register "Z" tape and the Finance Department is unable to provide any accountability review of the daily activity.

At the Sheridan Park office the on-line system is used for class registrations, field reservations, park shelter reservations, etc. Manual receipts are used for drop in activities, sale of tennis court light tokens, and when the on-line system is down. The daily cash reconciliation does not reconcile the sequence number of manual receipts.

RECOMMENDATIONS

1. A cash register, together with some small changes in procedure, would improve efficiency and accountability at the Sheridan Park office.

There are a number of small dollar transactions for which hand written receipts are issued. These include the drop-in indoor playground, pickle ball, and etc. These transactions are in the \$2 to \$3 range. Since it is not necessary to have a

record of the participant's name, a manual receipt is not necessary. It was also reported that in some instances receipts were written after the fact because the customer needed to get to the classroom in a hurry. The present system is inadequate because the sequence number of manual receipts is not listed and reconciled on the daily deposit worksheet. The use of a cash register would speed customers through the office, provide an adequate receipt and reduce the number of manual receipt numbers to be accounted for.

The daily cash receipts report prepared by the software sometimes includes internet transactions that occurred after the office was closed. The system reports on a 24 hour calendar day rather than an eight hour work day. There are some instances when internet transactions for Aquatics are included as receipts for Sheridan Park. The use of a form to list these reconciling transactions would improve tracking for the daily reconciliation. Such a form has been used at the Aquatics Center.

The Interdepartmental Cash Transmittal form should reconcile all receipts issued. The present form does not account for the receipt number sequence for internet receipts or manual receipts. Both number sequences should be included on the form to improve accountability.

2. The Jarstad Aquatics Center should make two changes in procedure to improve accountability.

A copy of the cash register Z tape should be included with the daily deposit reconciliation form since most daily entry fees are rung up only in the register. This sales information is included in the daily deposit but there are no documents to reconcile. For example, on two of the days that were included in our test sample, the computer generated Daily Cash Report showed no sales, but \$178.75 and \$250.75 were deposited. There is no accountability without including cash register sales data on the daily sale reconciliation form.

The Daily Cash Reconciliation form is an Excel worksheet. The practice has been to type in the name of the employee preparing the form and the employee who checked it. A better practice would be for the employees to sign or at least initial the form.

3. A recent state audit reported that when donations were received a receipt was not always written at the three cash receipting locations. A more accurate statement would be that donations received at the Sheridan Park Office may not always have been receipted properly.

Procedures have now been put in place to properly receipt donations.

4. The Department of Financial Services should update City Financial Policy 1-10-03 Cashiers Change Fund.

The policy states that when manual receipts are used, the original receipt is retained and transmitted to the Treasurer's Office. The proper procedure is for the original receipt to be given to the person making the payment and the copy retained. The policy should be updated to reflect the best practice.