



City of Greensboro

Date: February 20, 2009
To: Mitchell Johnson, City Manager
From: Internal Audit Division
Subject: Peeler Recreation Center Review

The Internal Audit Division has performed a review of the Peeler Recreational Center. 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: Bob Morgan, Deputy City Manager



City of Greensboro

Date: January 30, 2009
To: Bonnie Kuester, Parks & Recreation Director
From: Internal Audit Division
Subject: Peeler Center Cash Count and Internal Control Review

The Internal Audit Division has completed a surprise cash count and internal control review at Peeler Recreation Center. The surprise cash count was completed on December 10, 2008 and covered deposits from July 2008 through December 2008 for a total of \$7,395. Peeler Recreation Center is located at 1300 Sykes Avenue in Greensboro and offers programs on a year round basis. The facility offers meeting rooms, a gym, and a fitness room with programs including youth basketball, after school, and summer camp.

The objectives of our review were to:

- Perform a surprise cash count to determine if cash on hand equals receipts issued to customers.
- Ensure that daily receipts match revenue reports and the general ledger. Also, determine if deposits are adequately reviewed and are in agreement with GS 159-32.
- Obtain copies of rate list and registration forms; verify that registration forms are properly completed and match receipts.
- Verify that there is adequate control in the cash handling process and that all funds are kept secure.

Surprise Cash Count

We performed a surprise cash count on December 10, 2008. The Center does not have a start up fund and the only cash on hand was a check for \$60.00 dated 12/2/08. The check was for the use of the fitness center and had a matching receipt in the receipt book and was logged in the deposit log by the Center Manager. The check was taken from a locked safe for my review and returned to the safe upon completion of the cash count. The cash on hand equaled the cash receipt and there are no findings concerning the surprise cash count.

Daily Receipts

On the day of the surprise cash count we collected copies of the daily receipts, deposit log, and revenue reports. We compared the receipts with the deposit log and revenue reports. The first deposit in the amount of \$485 was for daily receipts totaling \$495. The deposit was taken to Collections for deposit with their daily receipts. It is undeterminable what happened to the overage. Department policy is that the overage would be deposited or returned to customer if collected in error. When the deposits were compared with the general ledger, all deposited amounts per the revenue reports matched. At the time of this review, the Center Manager had full oversight over deposits. Employees were allowed to collect money and write receipts, but the Manager has sole responsibility for taking receipts, logs, completing a revenue report and making the deposit. There is no one who reviewed the Manager's work before the deposit was made. We recommend that there be another level of oversight for deposits, at a minimum, on a monthly test basis.

G.S. 159-32 mandates that all monies be deposited once they total \$250 and that a deposit be made on the last business day of each month. Greensboro has received a local modification increasing the amount to \$500. After reviewing the deposit totals and daily totals per deposit log, we believe that all deposits were in accordance with the \$500 modification. With regard to the second half of the mandate, a deposit was made at the end of July, but the last deposit for August was made on 8/12/08. The first receipt for the September deposit includes receipts starting with 8/20/08. A deposit should have been made at the end of August. The last deposit made in September was on 9/18, but the next receipt was not written until 10/29/08. Although, a deposit was not made on the last day of the month, the statute was not violated because there were no funds to deposit. A deposit was made at the end of October and no money was collected in November. It is important that a deposit be made on the last business day of each month when there are cash receipts to be in compliance with the general statute. We recommend that staff receive a copy of G.S. 159-32 and sign that they are aware and will comply with the statute.

Rate List and Registration Forms

Upon request for a rate list, there was not one available. The Center Manager sent out fliers to participants and posted a copy of the flier at the Center. The sample flyer that we received did include the amount, applicable ages, phone number of the Center, and the date of practice. The flier is an excellent idea and should be done in addition to the rate list. We recommend that there be a master rate list that is updated annually. This will increase accuracy of money collected and provide a compilation of program amounts so that staff will be aware of how much money should be collected.

We received a copy of the current registration forms for basketball and for summer camp. Starting January 1, 2009, the Center began using standard Parks & Recreation pre-numbered forms. The basketball registration form contains space at the bottom for use by staff to record the receipt number. The summer camp registration form consists of two pages, the first with child's and parent's name and information and a second page with an attendance chart that includes a space for the amount and date paid, receipt number and staff initial. We tested a sample of 33 registration forms for summer camp. The majority of the forms had a completed first page, but 18 of the 33 forms had incomplete charts. The charts that were incomplete had missing payments; however, we were able to determine the participant from the child's name on the receipts collected. Three of the participants paid per receipt, but were listed as not in camp on the chart. The chart is a very good internal control for tracking payments and matching receipts. We recommend that each staff member is reminded to notate payments on the charts as well as filling out the boxes on the new registration forms. In addition, to the charts we noticed a difference in the amount that participants paid. Upon further examination we learned that a scholarship was available to those with a financial need. However, this was not noted on the registration form or the chart and the only indication was the decrease in payment from \$60 to \$35 a week. It would be very helpful for staff and those reviewing if there was a record on the chart or registration form of the scholarship. Weesie Person was able to provide us with some of the scholarship applications. Although there was a chart at the bottom of the application for office use only, the majority of the applications had no notation that the scholarship had been granted. In the future, in order to avoid staff confusion as to the amount of expected payment, the office use only portion should be completed.

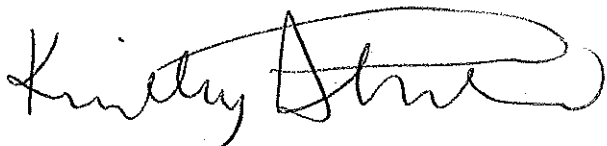
Cash Handling Process

We were able to obtain a copy of the written cash procedures from the Center Manager which was kept in the receipt book. The procedures were not specific to the Center and included no provision for safeguarding cash. We also received a copy of three policies from the Parks & Recreation Finance Manual which included "Handling of Funds Policy", "Cash and Receipting Policy", and "Deposit Policy". The deposit policy dictated that employees were responsible for the safeguarding of money and that the money should be kept "under lock and key". As noted previously, the funds on hand are kept in a safe, but the key to the safe is kept in an unlocked desk drawer in the Center Manager's Office. We recommend that the key be kept in a secure location as well.

We also received the names of Center employees. Upon testing the receipts, there were two employees who signed receipts who were not originally named. Both of these employees left during summer camp and are no longer with the Center. Employees are authorized to take money and write receipts but do not handle deposits.

We feel that it is necessary to keep an updated list of Center employees, their duties, and the access they have to funds. The list will at the very minimum keep staff accountable. We recommend that a list be kept of Center employees and that the list is posted at the Center.

We would like to thank the Parks & Recreation Department staff for their courtesy and cooperation during this review. We request a response by February 13, 2009. If there are any questions concerning this review or our recommendations, please call us at 373-2230.



Kimberly Strickland
Internal Auditor



Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager



City of
Greensboro



Date: February 12, 2009
To: Len Lucas and Kimberly Strickland, Internal Audit
From: Bob Morgan, Acting Parks and Recreation Director *B. Morgan*
Subject: Peeler Center Audit Response from Parks and Recreation

Thank you for sharing your recent findings and recommendations at Peeler Recreation Center. Staff has thoroughly reviewed your audit and at this time all recommendations have been implemented. However, the Department respectfully requests an additional review of the Center's practices for the entire fiscal year of 2007-08. Please contact John Hughes at 373.2964 regarding the request. John is available at your convenience.

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: February 16, 2009
To: Bob Morgan, Acting Parks and Recreation Director
From: Internal Audit Division
Subject: Peeler Center Review Response

We have received your response concerning the Peeler Center Review. We agree with your response and implementation of our findings. We would like to schedule a review of 2007-2008 starting tentatively on March 2, 2009. If there are any questions regarding our response, please call us at 373-2230.

Kimberly Strickland
Internal Auditor

Len Lucas
Internal Audit Director

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