

**Nassau County
Office of the Comptroller
Field Audit Bureau**



**Limited Financial Review
of the
Department of Parks, Recreation and Museums
Fee Collection Process**

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September 17, 2008

**NASSAU COUNTY
OFFICE OF THE COMPTROLLER**

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Executive Summary

Background

The Nassau County Department of Parks, Recreation and Museums (“department”) oversees 83 parks, preserves, museums and athletic facilities in a 6,000 acre system scattered throughout the county. Fees are collected at approximately 34 facilities including: golf courses, driving ranges, miniature golf, pools, an indoor ice rink, campgrounds, beaches, athletic fields and museums. The following schedule lists the department’s major sources of revenues:

	Parks Revenues (In Thousands)		
	2005 <u>actual</u>	2006 <u>actual</u>	2007 <u>actual</u>
Greens Fees	\$ 4,602	\$ 4,918	\$ 4,948
Swimming Pools	1,712	1,772	1,755
Ice Rinks	530	546	631
Old Bethpage Village	369	423	404
Cabana Rentals	1,091	1,124	1,132
Leisure Pass Fees	401	399	383
Athletic Field Fees	492	542	528
Golf Cart Fees	701	839	952
Driving Range Fees	958	979	1,080
All Other ¹	<u>5,982</u>	<u>5,995</u>	<u>6,488</u>
Totals	<u>\$16,838</u>	<u>\$17,537</u>	<u>\$18,301</u>

The Comptroller’s office issued an audit report “Nassau County Department of Parks, Recreation and Museums – Financial Review of Revenue Collections” on June 11, 2003. This report found a general lack of compliance with the department’s administrative directives, as well as weaknesses in internal controls. The department’s procedures covering revenue transactions did not incorporate the entire life-cycle of the transactions. It also found serious internal control weaknesses due to a lack of segregation of duties over the cashier’s functions coupled with a lack of oversight in the form of audits conducted by department administration.

In 2005, the department began to revise how it handled revenues. It implemented a computerized revenue recognition system, RecTrac, at ten facilities, including golf. The purpose of RecTrac is to strengthen internal control over cash receipts. Prior to RecTrac, all facilities either used a cash register or simply collected cash and issued pre-numbered tickets or miscellaneous receipts as proof of payment. At the time of our audit, 15 of 34 facilities were using RecTrac to report all or the majority of revenues.

¹ The primary components of All Other include concessions from food service providers, rentals of county properties, golf reservation fees, golf outing permits, miniature golf, docking fees, summer day camp fees and camping fees. Concession fees and rental income were not included in the scope of the audit.

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As part of its revenue maximization process, in 2005 the department established the Cash Management Office (CMO) which consisted of five cashier IIIs supervised by an Accountant II. The purpose of the CMO is to oversee the department's cash collections process and to provide reasonable assurance that the cash receipts are being recorded and deposited intact. With the assistance of the Office of Compliance (OC), the department established cash reporting procedures for all facilities.²

Audit Scope and Methodology

The scope of our audit was limited to an update of our 2003 audit through an examination of the internal controls over the department's fee collection process and the role of the CMO. We conducted tests of transactions – including examination of the recording and the reporting of revenues to management. We reviewed policies and procedures and interviewed managers and staff to obtain an understanding of the department's operating and financial practices, and internal controls. We visited 24 of 34 facilities and tested controls and compliance with the directives established by the Office of Compliance, as well as adherence to the Comptroller's Directives on Internal Controls and Cash Receipts. We did not test controls over revenue collection and recognition from concessionaires, permit holders or tenants on parks property³.

At the time of the initial audit field work, January 1, 2006 through September 30, 2006, the CMO did not have any approved written cash reconciliation procedures. Instead, the CMO relied on a series of informal practices, which it developed with the rollout of RecTrac. On March 1, 2007 the OC issued Basic Controls for the Cash Management Office ("Basic Controls"). As a result, we decided to expand our audit to perform a limited review of CMO's compliance with Basic Controls. We selected as our audit period the week ending May 17, 2007 and examined compliance for four locations: the Aquatic Center, Catiague Park, Eisenhower Golf, and Wantagh Park.

Summary of Significant Audit Findings

Internal Controls – Extension of Credit and Accounts Receivable

Our previous audit (issued June, 2003) found that the department had no written policies and procedures for accounts receivable, including the extension of credit to various organizations for the use of department facilities. In addition, the audit found that facilities managers did not provide monthly accounts receivable reports to department managers. We recommended that the department implement procedures to rectify these deficiencies; however, while some improvements were made, all of our recommendations were not adopted and some of the same internal control weaknesses continued to exist.

² The procedures established were: Basic Controls for Cash Handling and End of Shift and Closing Out for RecTrac and Non-RecTrac Facilities, Preparing Deposit Slips and Armored Car Receipts, and Basic Controls for Safes.

³ The audit did not include fee collections at museums which are not staffed by Parks Department personnel.

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Our current audit found that the department still did not have written policies and procedures governing the authorizations needed for the extension of credit, credit limits, maintenance, review, and reporting of accounts receivable balances, or billing and collection protocols. Practices evolved on an ad hoc basis at different parks facilities with no formal oversight by the CMO or Parks administration.

- Receivables were not always followed up for collection;
- Patrons were not always billed timely;
- Patrons signatures were not always obtained to evidence their payment obligation; and
- Some facilities maintained manual or personal computer based receivable records instead of in the county's general ledger system.

We found that the Aquatic Center, Cantiague Park Hockey rink, the golf courses, athletic fields and the Old Bethpage Restoration Village (OBRV) had receivable balances. At some of these facilities the authority to extend credit, bill and collect fees was under the control of one individual for all phases of the transaction. This lack of segregation of duties for approval, recording and collecting accounts receivable increased the risk that credit losses may occur or that revenues may be collected, but not deposited.

Field Coordinator

The Field Coordinator controls all elements of the transactions involving the use of the department's athletic fields, collecting more than \$540,000 in 2006. Our previous audit found internal control weaknesses, including a lack of segregation of duties and poor record keeping. We recommended that the department implement written procedures to rectify these deficiencies; however, our recommendation was not adopted.

Our current audit found that a lack of segregation of duties continued. One employee controlled the entire process of issuing permits without any managerial oversight. This employee received the application for field use, determined the amount due, collected and deposited funds, issued permits, assigned the available fields, and informed the appropriate park directors of the field assignments. The permits issued did not indicate the fee amounts, dates paid, or contain a supervisor's signature attesting to the receipt of the proper fees and that all insurance requirements have been met

As a result, there is the potential that athletic field users are not charged the proper amounts and that cash receipts could be misappropriated.

Lack of Adherence to Parks' Policy Directive – "Basic Controls" – by the Cash Management Office (CMO)

The CMO was established in June, 2005 to institute internal controls over the cash collection process at the department. Internal controls include monitoring, reporting and reconciling cash receipts to

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provide reasonable assurance that cash receipts are deposited intact.

In March 2007, the OC issued Basic Controls for the CMO which defined specific procedures for the different aspects of its cash collection process. These procedures were intended to ensure that cash receipts were reconciled to deposits, cashiers accurately closed out and reported sales, gift certificates were properly issued and redeemed and checks were properly endorsed. We selected one test week and performed a limited review of CMO's compliance with Basic Controls for four locations – the Aquatic Center, Cantiague Park, Eisenhower Golf and Wantagh Park – and noted the following with regard to:

Reconciliation of Cash Receipts to Deposits. We found no evidence that the CMO supervisor or the Deputy Commissioner for Finance and Administration reviewed any of the four location's reconciliation worksheets. The Aquatic Center's reconciliation was not performed timely.

Gift Certificate Controls. Undistributed gift cards must be kept in a safe along with a log of certificate numbers and they must be verified against that log every Friday. We visited the CMO on May 29, 2007 and found that the last time the gift certificates were verified to the log was on March 6, 2007. We also found that the Gift Certificate Activity Report, which was required to ensure that gift certificates were properly sold and redeemed, was not run for Eisenhower Park Golf.

Site Visits. CMO cashiers were required to visit each collection site monthly to ensure that policies and procedures regarding the use of safes, cash registers and cash closeouts at the end of each shift are followed. We found that the CMO cashiers were not performing site visits monthly.

Daily Cashier Balance Worksheets and Cash Balancing (Summary) Worksheets. A Daily Cashier Balance Worksheet must be signed by both the cashier and manager at the beginning and end of each shift to attest to the cash balance and revenue data reported. A Cash Balancing (Summary) Worksheet, which consolidates the activities of all cashiers at a location, must also be prepared. We tested for compliance with this policy at 23 locations and noted the following:

Daily Cashier Balance Worksheets

- Six locations did not use the worksheet;
- Ten locations did not have worksheets signed by both the manager and cashier;
- Cashiers at three sites crossed-out amounts on the worksheets but did not initial the corrections as required; and
- Three worksheets were approved by managers even though they contained incorrect amounts.

Cash Balancing (Summary) Worksheets

- Five of the 23 locations did not use this form; and
- Eight locations did not have both the manager and an authorized individual sign the worksheets.

Basic Controls for Cash Handling. An internal control weakness existed at facilities that still used cash registers. The policy did not require that staff review and reconcile the cash register's

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internal transaction tapes to ensure that all daily transaction were recorded and accounted for. There was no requirement to report the transaction number sequence on a daily basis and the procedures did not require any review of the internal tape by the CMO to ensure there were no unusual transactions, such as voids.

Fees

Fees charged by Parks are set by County ordinances or under the written authority of the Commissioner who has authority to set certain fees. The department did not promulgate written procedures to ensure that all fees are recorded into RecTrac accurately. We compared the 575 fee amounts and descriptions recorded in RecTrac with the corresponding county ordinances and found issues with 65 of them. Examples include fees that:

- differed from those established by ordinance;
- were not authorized by ordinance;
- were described as established under the Commissioner's authorization but there was no written authorization from the Commissioner; and
- had deficient descriptions.

Fee problems outside of RecTrac

We also reviewed fees that were not included in RecTrac and found similar issues. For example, some softball field rental fees were set in terms of "sessions" however the length of time for a session was not always defined. We tested fees charged to four softball leagues that played at Eisenhower Park and found that the fees charged to three of them were not in accordance with the Ordinances.

We also found inconsistent charges for picnic areas and shelters at Hempstead Harbor⁴, Eisenhower, Wantagh, Cantiague and Cedar Creek. This matter, however, has been resolved by Ordinance No. 4-2008, issued on January 31, 2008, which established group fees for picnic areas based on the maximum sizes of the group's attending

Signs, Tickets and Customer Receipts

Signs and Customer Receipts

The department's Administrative Directive 407 requires that all fee locations "display, in public view a sign advising the public that they are to receive some form of proof of having paid the required fee." Eighteen of the 24 tested facilities did not have the required signs. We also found that there was no policy requiring that cashiers provide customers with original receipts. The issuance of receipts to customers decreases the risk of revenues not being recorded and cash being misappropriated.

⁴ Ownership of the Hempstead Harbor Park was transferred from the County to the Town of North Hempstead on June 19, 2008 as part of a consolidation of services initiative.

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Admission Tickets and Permits

The use of, and inventory control over, pre-numbered permits and tickets is an important internal control to ensure that the associated revenue is accounted for. The CMO did not have procedures in place to ensure that all pre-numbered permits and tickets were sequentially issued and that inventory records of unused permits and tickets was maintained.

With regard to permits, we found that some facilities:

- issued pre-numbered permit forms out of sequence;
- issued permits that were not pre-numbered; and
- used photocopies of old permit forms and wrote in permit numbers manually.

With regard to admission tickets for annual events, we found that pre-numbered admission tickets were used for the Long Island Fair, an event that can generate over \$100,000 in admissions, and the Medieval Festival. The internal control inherent in using pre-numbered tickets was negated because there was no independent inventory of unused tickets before and after the events to ensure the number of tickets sold reconciled with the revenues received.

Basic Controls for Safes at Park Facilities

One of the requirements of the Nassau County Comptroller's "Control Directive 3: Cash Receipts" is that all un-deposited cash receipts be secured in safes. However; we found two locations did not have safes and instead kept cash in a book on a desk and in a closet.

The department has not complied with the OC's policies and procedures for "Basic Control of Safes" as:

- the department did not maintain up-to-date, complete lists of the individuals, by location, who have been granted safe access. Eight the 24 facilities tested had safes that were not included on the list;
- combinations were not always changed annually or after personnel changes;
- cash was not always counted and logged upon daily opening and closing; and
- the CMO did not perform unannounced cash counts once a month.

Other Findings

During the course of this audit, we noted other findings related to Golf Courses, Parking Fees, Campgrounds, Insurance, Deposit of Cash, Change Funds, and RecTrac Passwords that are detailed in this report.

The matters covered in this report have been discussed with officials of the department during this audit. On June 22, 2008 we submitted a draft report to the department with a request for comments.

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Comments from the department received on August 8, 2008 are included as addendums to this report.

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Audit Finding (1):

Internal Controls – Extension of Credit and Accounts Receivable

Parks facilities including the Aquatic Center, the golf courses, ice rinks, and Old Bethpage Restoration Village (OBRV) have extended credit to various groups who use parks facilities. We are uncertain if these extensions of credit are a permissible activity, and the accounts receivable are not overseen by central Parks management or collected pursuant to any written procedures. As of August 2006, the Aquatic Center had \$41,466 in accounts receivable for permits from school districts, swim teams and the Red Cross. Open accounts receivable also were found at golf courses, ice rinks, athletic fields and OBRV.

Our 2003 audit reviewed accounts receivables and made recommendations to strengthen internal control. These included:

- placing caps on the County's credit risk;
- requiring applications or contracts from debtors acknowledging credit and payment terms;
- establishing procedures for the review of the receivables trial balances; and
- providing management with reports detailing accounts receivable, aging of the receivables, and collection activities on past due accounts.

The County Comptroller's *Control Directive 2: Internal Financial Controls* and *Control Directive 3: Cash Receipts* also established requirements relevant to receivables by requiring that departments establish and document comprehensive procedures for the life cycle of cash receipts transactions.

Our current audit found that the department still has not properly controlled the decision to extend credit through the establishment of policies and procedures governing credit approvals, maintenance of accounts receivable records in the County's general ledger system, billing and collection procedures, and management reporting of receivable balances. Instead, practices have evolved on an ad hoc basis at different parks facilities with no formal oversight by the CMO or Parks administration.

We found that:

- The Athletic Field Coordinator issued permits prior to receiving the patron's full payment. Permittees were extended credit and allowed to make partial payments without any approval or oversight by the CMO. For example, the Field Coordinator offered one softball league the option to pay \$6,000 on April 4, 2006 and the balance, \$2,035, on May 10, 2006, after league play had begun. The league, however, only paid \$5,000 at the end of March leaving a balance due of \$3,035. The Field Coordinator did not maintain any formal records of the amounts that were owed by patrons and we found no evidence of follow up to collect the past due amount. We brought the unpaid balance to the attention of the Field Coordinator and the balance was finally paid on August 21, 2006.
- The North Woodmere Park golf driving range allowed schools to purchase golf ball tokens

and greens fees on credit. There were no written procedures to ensure that patrons are billed timely. We found that a school's March 13-18, 2006 purchases totaling \$794 were not invoiced by the CMO until July 3, 2006.

- Eisenhower Golf allowed school golf leagues to play without paying up front. Eisenhower Golf used a form to list the date, number of players and total fee; the form also had a place for a school official to sign as a basis for establishing the receivable. We found the facility did not always require a school official to sign the form to acknowledge the purchase of tee times. The lack of a signature could impair the department's ability to resolve billing disputes.
- Managers at both the Aquatic Center and Cantiague Park Hockey allowed patrons to use the facility and be billed at a later date. Accounts receivable records were maintained in personal computers, or manually, instead of being entered in the County's general ledger system. The Aquatic Center's August 2006 receivables totaled \$41,466, the oldest of which was due on December 15, 2005, while others had no due date and were listed with only a question mark.

At some facilities, the same person assumed the authority to extend credit and billed and collected the fees – an example where a failure to segregate duties existed. When Eisenhower Park golf extended credit to approximately 20 schools during the scholastic golf seasons, the cashier issued tee times and also posted the monies due into the school's receivable balance in GolfTrac, a system interfaced with RecTrac. At the Aquatic Center and Cantiague Park Hockey, the same person scheduled the daily/monthly usage, handled all aspects of billing and collection, and opened the mail containing payments.

Audit Recommendations:

The department should consult with the County Attorney to determine if it is appropriate to extend credit to third parties.

If it is determined that it is permissible, the department should:

- a) comply with the Comptroller's Directives for Cash Receipts and Internal Controls by establishing written procedures covering the life cycle of cash receipts transactions;
- b) centralize credit decisions;
- c) create standardized written contracts signed by the debtor acknowledging credit terms;
- d) obtain written approval from the Deputy Commissioner of Parks, Recreation and Museums prior to granting credit;
- e) track receivables at the CMO, which should issue a monthly report to management detailing the total outstanding receivables, including an aging report and actions taken to collect any past due accounts;
- f) verify that all patrons are billed timely;
- g) verify that collections are made timely;
- h) record all transactions in RecTrac so that it can be monitored in the County's financial system; and
- i) strengthen internal controls by separating the duties of issuing tee times, permits and the like from the duties of recording the billing and collection fees and maintenance of

accounts receivable.

Audit Finding (2):

Field Coordinator

The Field Coordinator controls transactions involving the use of the department's athletic fields and collected more than \$540,000 in 2006. Our 2003 audit of field permit sales found a lack of segregation of duties, the use of permits that were not pre-numbered, and poor record-keeping.

Our current audit found:

- A lack of segregation of duties. One employee controlled the entire process of issuing permits without any managerial oversight. The same employee received the application, determined the amount due, collected and deposited funds, issued permits, assigned the available fields, and informed the park directors of the field assignments. The field permits did not indicate the amounts due, nor did they require a supervisor's signature to attest to payment and to acknowledge that all requirements were met, including proof of insurance.
- The fee calculations did not have a proper audit trail. They were not entered into a cash register. They were handwritten instead of being done in an electronic template; actual calculations were messy and hard to follow. There was no oversight by a supervisor to verify the accuracy of the calculation, or that the total charge had been paid before the permit was issued.

Management advised us of plans to implement RecTrac for the Field Coordinator and that they are considering decentralizing the field assignment function so that each park will control its own fields and collect its own revenues.

Audit Recommendations

The department should:

- a) require supervisory oversight and establish written procedures to segregate duties by establishing checks and balances.
 - fee calculations should be reviewed and approved in writing by a supervisor prior to a patron being apprised of the fee due;
 - fees due and amounts paid should be evidenced on the permit;
 - the collection and deposit of the fees should be performed by an employee other than the one who issues permits;
 - a supervisor should approve the permit application to indicate that all requirements have been met, including insurance and payment of the proper fee; and
 - the employee who assigns fields and informs park employees of the assignments should not be the same employee who issues the permits.
- b) consider having payments for field reservations made directly to the CMO for processing. If this is not feasible then the written procedures for facilities should include a requirement that

checks received by mail be opened and logged by an employee with responsibility independent of the billing and cash receipts process.

Audit Finding (3):

Lack of Adherence to Parks' Policy Directive "Basic Controls" by the Cash Management Office (CMO)

The CMO was established in June, 2005 to institute internal controls over the cash collection process at the Department of Parks, Recreation and Museums. Internal controls include monitoring, reporting and reconciling cash receipts to provide reasonable assurance that cash receipts are deposited intact. If the CMO Supervisor's review of the various required reports and reconciliations reveals that internal controls are not being met, or that inappropriate action has been taken, the CMO Supervisor must advise the Deputy Commissioner of Parks, Recreation and Museums for corrective action. A CMO Supervisor was hired in June, 2005 and five Cashier IIIs, hired in 2005-2006, report to the supervisor.

Reconciliation of Cash Receipts to Deposits

Basic Controls requires that cash receipts be reconciled to bank deposits on a daily basis. A reconciliation worksheet should be prepared as soon as deposit information becomes available from the bank. The worksheet must be forwarded to the CMO supervisor for review. The CMO Supervisor must review and approve adjustments for variances greater than five dollars and indicate corrective actions taken. The CMO supervisor must then forward the worksheets to the Deputy Commissioner of Parks, Recreation and Museums to ensure that differences have been investigated and resolved properly and that the action taken was noted on the worksheet.

Of the four locations examined, we found that the reconciliations for three locations were performed timely. As of May 29, 2007, the CMO had not completed the Aquatic Center's reconciliations for the week of May 17, 2007.

We found no evidence that the CMO supervisor or the Deputy Commissioner for Finance and Administration were reviewing any of the four location's reconciliation worksheets. Without a proper review and approval process, the risk exists that the differences between cash receipts and deposits will not be identified and addressed.

Audit Recommendations:

- a) The CMO should ensure that the reconciliations are performed uniformly and timely and that the reconciliation worksheets are completed fully.
- b) The CMO Supervisor should evidence the review of the reconciliation worksheets by typing his/her name and date on the Excel worksheet. The worksheet cells used for this purpose

should be password-protected so that only the CMO Supervisor can enter the approval. Similarly, the Deputy Commissioner for Finance and Administration should evidence his review and concurrence that variances were investigated and corrective actions were taken.

End-of-Day Summary Report

Basic Controls requires that an End-of-Day Summary Report be run daily for every location so that the Cashier IIIs can ascertain if every location has posted their daily end-of-shift cash receipts into RecTrac. The report must be signed and dated if there are no problems. If there is a problem the Cashier III must ascertain the reason for the problem and ensure that necessary adjustments are made; the adjustments must be noted on the End-of-Day Summary Report Worksheet.

We found that only Cantiague Park was in compliance. As of May 29, 2007, there were no End-of-Day Summary Reports for Wantagh Park or Eisenhower Golf because of RecTrac problems.

The Aquatic Center did not prepare its reconciliations for the week of May 17, 2007 so it did not prepare an End-of-Day Summary Report. We reviewed the Aquatic Center's End-of Day Summary Report for the week ending May 10 and found that they were not signed and dated by the Cashier III nor was there evidence of review by the CMO Supervisor.

Audit Recommendations:

- a) The CMO should run the End-of-Day Summary Reports for all locations, which should be reviewed and approved according to the procedures established in Basic Controls for the CMO.

Custom Pass Report

Basic Controls requires Cashier IIIs to generate a daily Custom Pass Report to help detect irregularities. When errors are noted, the Cashier III is required to complete a Custom Pass Report Worksheet that describes the problem and corrective action taken. Copies of the worksheet are forwarded to the RecTrac System Administrator and the CMO Supervisor.

We found that the procedure was followed in three of the four locations tested. Eisenhower Park Golf did not follow procedures. Although the Custom Pass Report was run for Eisenhower Park Golf, it was not signed and dated by the reviewer. When errors were found, they were highlighted on the Custom Pass Report indicating the nature of the error and the corrective actions taken were described, however, the Custom Pass Report Worksheet was not prepared. When the worksheet is not completed and sent to the RecTrac System Administrator, required adjustments may not be made. Similarly, when the worksheet is not sent to the CMO Supervisor, there can be no assurance that management is aware of errors and, if so, if they have been properly addressed.

Audit Recommendations:

The CMO should ensure that the Cashier IIIs:

- a) review, sign and date the Custom Pass Report; and
- b) prepare the required Custom Pass Report Worksheets whenever an error is noted and forward it each week to both the RecTrac Administrator and the CMO Supervisor.

Gift Certificate Controls

Basic Controls requires that undistributed gift certificates be kept in a safe at the CMO along with a log of certificate numbers, and that they be verified against that log every Friday. A Gift Certificate Activity Report must be run and reviewed weekly by the Cashier III to ensure that all required sale and redemption information has been recorded. Errors are then noted on a Gift Certificate Problem Report Worksheet and followed up with a visit by the Cashier III to verify and correct the information on the report, determine why the problem occurred and describe how it was resolved. The CMO Supervisor then reviews the worksheet and determines if control weaknesses have been resolved.

We visited the CMO on May 29, 2007 and found that the last time the gift certificates were verified to the log was on March 6, 2007. We also found that the control procedures were not followed for Eisenhower Park Golf; in particular, the Gift Certificate Activity Reports were not run. CMO staff stated that they did not run the report because the information produced was incomplete. The other three locations did not issue gift certificates during the test week.

Audit Recommendations:

The CMO should:

- a) perform the required weekly counts of unissued gift certificates; and
- b) request system modifications so that the Gift Certificate Activity Report contains all required information. In the interim, the CMO should develop alternate procedures to ensure that proper controls are maintained when issuing and redeeming gift certificates.

Cash Journal Report for Rain Checks

Basic Controls requires that the Cash Journal Report for Rain Checks be reviewed weekly by the Cashier III for each location to ensure that all required information regarding the issuance and redemption of rain checks has been entered into the system. Errors are to be logged onto a Rain Check Problem Report Worksheet and then followed up by a visit to the location by the Cashier III within two days. During the visit the Cashier III must verify the receipt showing when the rain check was issued and/or redeemed and ensure that the original rain check is attached to the Cashier's Daily Cash Balance Worksheet. The Cashier III is responsible for updating the worksheet by indicating the resolution/action taken and forwarding it to the CMO Supervisor for review.

Of the four locations, only Eisenhower Park Golf issues rain checks. We reviewed a copy of the Cash Journal Report for Rain Checks. We found that the report only included rain checks redeemed, and did not include rain checks issued. As such, the journal report cannot be used by the Cashier III to determine if rain checks are being issued in compliance with policy. We found no evidence that the Cashier III reviewed the report.

Audit Recommendations:

The CMO should:

- a) ensure that the Cash Journal Report for Rain Checks is modified to include all required information; and
- b) mandate that the Cashier III perform the required verifications and sign and date the report as evidence of review.

Site Visits

CMO cashiers are required to visit each collection site monthly to ensure that policies and procedures regarding the use of safes, cash registers and cash closeouts at the end of each shift are followed.

We found that the CMO cashiers were not performing monthly site visits. In May 2007, we discussed site visits for the four test locations and the CMO Supervisor told us that:

- the Eisenhower Park Golf Facility was not visited after February 2007;
- Wantagh Park was not visited in March 2007;
- Cantiague Park was not visited after January 2007; and
- the Aquatic Center was not visited in March or April of 2007.

The lack of monthly site visits increases the risk that the CMO will not detect a site's failure to follow prescribed procedures and increases the risk of misappropriation of County funds.

Audit Recommendations:

The CMO should adhere to *Basic Controls for Cash Management* and perform the required site visits.

Daily Cashier Balance Worksheets and Cash Balancing (Summary) Worksheets

Basic Controls requires each cashier to complete a Daily Cashier Balance Worksheet. Both the cashier and manager are required to sign these worksheets at the beginning and end of each shift to attest to the accuracy of the cash balance and revenue data reported. In addition, each facility is required to prepare a Cash Balancing Worksheet. The Cash Balancing Worksheet consolidates cash, checks and credit card charges collected by all the cashiers at each location. We tested for compliance with this policy at 23 locations and noted the following regarding:

Daily Cashier Balance Worksheets

- Six of the 23 locations did not use the worksheet;
- Ten of the locations did not have the worksheets signed by both the manager and cashier;
- Cashiers crossed-out amounts on the worksheets at three sites but did not initial the corrections as required; and
- Three worksheets were approved by managers even though they contained incorrect amounts.

Cash Balancing (Summary) Worksheets

- Five of the 23 locations did not use this form; and
- Eight locations did not have both the manager and an authorized individual sign the worksheets.

The facilities that did not use either worksheet used non-standardized forms to summarize daily cash intake and weekly cash totals. Some of these forms had no signature lines while others were left unsigned.

There were numerous instances of a missing manager's signature on the Daily Cashier Balance Worksheet. In some cases, the cashiers noted on the form that they were alone and in other cases the manager was also the cashier. The *Basic Controls for Cash Management* did not provide mitigating controls for these situations.

Audit Recommendations:

The department should ensure that:

- a) all facilities are in compliance with *Basic Controls for Cash Handling*. The Daily Cashier's and Cash Balancing Worksheets should contain two signatures. If it is determined that this requirement is impractical for a facility, the department should document its determination and implement compensating controls such as increased monitoring by the CMO; and
- b) prior to signing off on the Daily Cashier Worksheet, managers and other authorized personnel should check the accuracy of the document by summing amounts on the sheet and noting and correcting any discrepancies. The worksheet should also be examined to verify that all changes are initialed.

Endorsement of Checks

The Office of the Comptroller's "*Control Directive #3*" states that "when received, checks should be restrictively endorsed."⁵ The OC's Basic Controls requires that all checks be endorsed by a stamp rather than by handwriting. These internal controls reduce the risk that stolen checks can be cashed.

⁵ Office of the Comptroller Control Directive #3.

We found that the department was not always complying with these requirements:

- Checks were not being restrictively endorsed upon receipt (either by stamp or by hand) at five of 24 facilities tested. Our 2003 audit found the same control weakness and recommended that all checks be restrictively endorsed upon receipt; and
- Two of the 24 locations endorsed the checks by hand rather than by use of the required stamp.

Audit Recommendation:

All checks should be stamped with a restrictive endorsement upon receipt.

Basic Controls for Cash Handling

The *Basic Controls for Cash Handling & End of Shift and Closing Out* directive recognized that non-RecTrac facilities such as Sands Point, Tackapausha Park, Battle Row Campground and Inwood Park still used cash registers. In addition, the CMO informed us that cash registers might be used as a back-up if RecTrac goes down. The policy requires managers to run X and Z tapes at the end of each day to clear the cash register. The X tape is a summary of each individual cashier's transactions recorded in the cash register, while the Z tape is the summary of the entire day's transactions for all cashiers using the same cash register.

The policy does not require that staff review and reconcile the X tapes to the Z tapes, or that the internal daily cash register tape be attached to the day's work. The cash register's internal tape provides a consecutive, non-resettable, sequential number for each transaction. There is no requirement to report the sequence of the numbers on a daily basis, which would allow for a proper audit of the day's work and ensure that each day's sequence begins with the number following that of the previous day's ending number. Also, the procedures do not require any review of the internal tape by the CMO to ensure there were no unusual transactions occurring daily, specifically transaction voids.

Audit Recommendations:

Basic Controls for Cash Handling & End of Shift and Closing Out should be strengthened to require

- a) reconciliation of the X tape to the Z tape;
- b) reconciliation of the transaction number sequences on the X and Z tapes to the internal tape;
- c) review of the internal tape for any unusual entries, such as voids; and
- d) the daily cash register tapes be attached to the Daily Cashier Worksheet.

Audit Finding (4):

Fees

Many fees are set by County ordinances approved by the County Legislature. The Commissioner also has authority to establish certain fees, which should be established in writing so that they are transparent and easily verifiable.

Fees in RecTrac

RecTrac was programmed with a total of 575 bill or transaction codes with each having its own description and fee. Updating RecTrac with fee information was the responsibility of the RecTrac Systems Administrator (RSA). We found that the department did not promulgate written procedures to ensure that all fees were recorded into RecTrac accurately. We compared the fee amounts and descriptions as recorded in RecTrac with the corresponding county ordinances and found issues with 65 bill and/or transaction codes. These issues included:

- fees listed that differed from the fees established by ordinance;
- fees that were not authorized by ordinance;
- fees that were described to our auditors as established under the Commissioner’s authorization but there was no written authorization from the Commissioner; and
- fees or transaction codes with deficient descriptions.

Examples included:

- The RSA could not provide documentation to support three fees supposedly set by the Commissioner related to the Aquatic Center;
- Eisenhower Park set a non-ordinance fee for the American Junior Golf Association’s practice rounds on the White Course;
- The \$17 weekend fee for golf carts was used on weekdays at Eisenhower Park. After our audit, a new ordinance approved this fee for weekdays;
- 17 billing/transaction codes pertained to two fees for the use of “open space” but there was no provision in the ordinances for open space fees; and
- The Eisenhower Park miniature golf fee was reduced for children and seniors, without any documentation that the Commissioner approved these reductions.

Fee problems outside of RecTrac

Ordinance 207-2001 established fees for non-lighted softball at \$15 per session. For lighted softball, the fees were set at \$60 per session for adults and \$50 per session for youths. The 2001 ordinance provided that a “session” is designated by the Commissioner. However, the Commissioner did not issue a definition for “sessions.” Ordinance 86-2002 established separate fees for softball at Eisenhower Park and defined sessions for that park. The fee for a lighted field is \$80 for a 2¼ hour session and \$65 for a two hour session. We tested four softball leagues and found that the fees

charged to three of them were not in accordance with the Ordinances.

- The Field Coordinator assigned fields to leagues based on sessions of 2½ hours and, if a league required a field for three hours, the fee for adults was increased to \$22 for a non-lighted field and \$67.50 for a lighted field; youths were permitted three hour sessions at a fee of \$1 over the normal \$5 per session fee, or \$6. There was no documentation authorizing or standardizing these fees. This issue has been resolved in Ordinance No. 4-2008, which defines fees for softball in terms of use of the field per hour.
- The Field Coordinator also undercharged a youth league for use of an Eisenhower Park lighted softball field. Ordinance 86-2002 calls for a fee of \$80 per session, however the league was charged only \$60 per session for nine sessions.

In addition, we found informal fees at the following facilities:

- Hempstead Harbor⁶ established a \$50 non-resident annual parking pass, valid only on weekdays from 12 PM until 4 PM. The facility manager stated that this was done to accommodate individuals who worked near the park and visited during lunch hours.
- The Takapausha Preserve offered birthday parties using a fee schedule based on the day of the week.
- The African-American Museum established a fee of \$50 per hour for functions after normal hours.
- The Aquatic Center charged lower fees to certain swim clubs committing to annual use of the pool.

We also found inconsistent charges for picnic areas and shelters at Hempstead Harbor, Eisenhower, Wantagh, Cantiague and Cedar Creek. This issue has been resolved by Ordinance No. 4-2008, which establishes group fees for picnic areas that were based on the maximum sizes of the group's attending. The ordinance also specified that a shelter fee is in addition to the group reservation fee.

Audit Recommendation:

The Department should review all fees to ensure that they are in accordance with County ordinances or have been issued by the Commissioner and have been properly entered into RecTrac. The department should also:

- a) promulgate written procedures for populating RecTrac with fee information, including a formal review and approval process;
- b) ensure that all fee descriptions are accurate;
- c) review all fees in RecTrac to ensure that they are supported by ordinance or, where appropriate, by the Commissioner in writing;
- d) cease charging fees that are not authorized by ordinance;

⁶ Ownership of the Hempstead Harbor Park was transferred from the County to the Town of North Hempstead on June 19, 2008 as part of a consolidation of services initiative.

- e) review all informal fees and determine whether to recommend them to the County Legislature; and
- f) provide each facility with a list of authorized fees.

Audit Finding (5):

Signs, Tickets and Customer Receipts

Park's *Administrative Directive # 407* section SS-5 "Proof of Payment" states that "fee collection activities or facilities are to display, in public view, a sign advising the public that they are to receive some form of proof of having paid the required fee." A proper system of internal control requires that original cash register receipts or, if the location does not have a cash register, a pre-numbered ticket should be given to customers for all transactions. These controls help ensure that all cash and credit transactions are recorded.

We found that:

- 18 of the 24 facilities tested did not have signs advising patrons to obtain a receipt. This comment was also included in our 2003 audit; and
- the OC'S *Cash Handling Procedures* do not include a requirement that all customers be given original receipts.

Without proper signage requesting patrons to obtain a register receipt and a policy requiring that all customers be given original receipts, there is an increased risk of revenues not being recorded, resulting in a potential misappropriation of cash. Cash stolen before it is entered into the system is more difficult to detect.

Audit Recommendation:

- a) Signs advising customers to obtain a cash register receipt should be prominently displayed in front of, or as near as possible to, each cash register. If a location does not have a cash register, the sign should clearly indicate the type of receipt the patron should receive.
- b) The Cashier III site visits should include verification that signs are present and properly displayed.

Permits

The use of pre-numbered park facility permits and safeguarding unused permits is an important internal control to ensure that permit revenue is accounted for. The CMO did not:

- have procedures to ensure that all pre-numbered permits were issued sequentially to allow the proper reconciliation of permits used to the associated revenue; and

- require facilities to file reports of permit numbers issued so that it could verify their sequential use and that all permit numbers, used and unused, were accounted for.

We found internal control weaknesses at the following locations with respect to the issuance of permits:

- Wantagh Park did not issue permits sequentially. Permit number 17495 was issued on June 15, 2006, while permit number 16973 was issued on July 11, 2006.
- Wantagh Marina daily dockage permits and Eisenhower Park Golf Outing Permits were not pre-numbered.
- The Aquatic Center's special use permits were not pre-numbered.
- Battle Row Campground generally used pre-printed forms. However, at the time of our visit, the facility had run out of pre-printed forms and was using photocopies of the form where the next number in the sequence was handwritten.
- Cedar Creek had a supply of discontinued picnic permits that should have been destroyed.

We also found that *Basic Controls for Handling Cash* had no requirement that permit numbers be posted in the reference section of the receipts. Receipts with the associated permit number on them would have allowed the CMO to verify that the forms were used sequentially and, during on site visits, to verify that patrons were correctly charged. Furthermore, by comparing the receipt to the permit copy, it would allow the CMO to confirm that the correct amount was entered into RecTrac.

Audit Recommendations:

The Department should:

- a) amend the *Basic Cash Handling Procedures* to require that all facilities periodically report to the CMO the sequence of pre-numbered permits used;
- b) ensure that the CMO verifies that permits are issued sequentially and require that on-site visits include tests to ascertain that the amount recorded in the system agrees with the fee as stated on the permit; and
- c) require the permit number to be recorded on the reference section of the cash register receipt.

Admission Tickets for Annual Events

OBRV used pre-numbered admission tickets for the annual Long Island Fair, which had approximately \$100,000 in revenues in 2006. In our 2003 audit we commented that OBRV did not use cash receipts books authorized by management and management did not establish inventory control over pre-numbered tickets. The department did not address our findings for the fair held in 2005. We discussed this previous finding with the CMO during this audit's field work, prior to the 2006 fair. The CMO then took steps to strengthen internal controls for the fair held in 2006. These steps included identifying the ticket number sequences to be used for the fair and reconciling the sold and unsold tickets to revenue totals.

The Sands Point Preserve used pre-numbered tickets for admission to activities at the preserve and for the Medieval Festival, which had \$55,000 in revenues in 2006. Our 2003 audit found that the site lacked a complete inventory of tickets. The facility manager informed us that, as of 2006, the site still had approximately 20,000 assorted tickets on hand. The CMO Supervisor went to the facility prior to commencement of the festival and identified a specific number sequence of tickets to be used. After the event the CMO Supervisor took an inventory of that sequence of tickets. However, without an inventory of all tickets at the site, there can be no assurance that tickets outside of the number sequence selected for use were not sold and the revenue not reported.

We found that the department did not develop any written procedures to be used to inventory and account for the distribution, sale and return of unsold tickets or for the CMO to audit the ticket sales and revenues at either OBRV, the Long Island Fair or Sands Point festival. We found that both facilities reconcile daily cash receipts to the number of tickets sold; however there were no written procedures for this process or for subsequent review by the CMO.

In addition, we found that the Garvies Point Preserve & Museum used pre-numbered tickets for daily admissions, however the CMO did not take inventories of these tickets.

Audit Recommendation:

The department should:

- a) ensure that sites are re-stocked with pre-printed forms before inventory is depleted and that any obsolete forms are disposed of, with a log maintained of those destroyed;
- b) establish written procedures requiring all facilities to maintain a complete inventory of tickets which should be attested to by two employees, with one being a representative of the CMO. The inventory should be taken at least twice per year, and always before and after large scale events;
- c) establish written procedures on how facilities should verify their inventory to the number of tickets sold and also on how to reconcile all ticket sales against cash receipts to ensure that revenue was accurately reported; and
- d) establish written procedures as to how the CMO should audit the ticket inventories and reconciliations.

Audit Finding (6):

Basic Controls for Safes at Park Facilities

The Nassau County Comptroller's Office issued *Control Directive 3: Cash Receipts*, in June 2004 which requires that all un-deposited cash receipts be secured in safes. On February 10, 2006 the Office of Compliance (OC) issued a policy and procedure regarding safes titled *Basic Control of Safes*. OC policy requires that an up-to-date list of employees granted safe access be maintained by location. During the audit period, policy required that safe combinations be changed:

- at least once a year;
- whenever a manager or authorized individual left a location; or
- when it was thought that a combination had been compromised.⁷

Basic Control of Safes also required that cash be counted and logged each time a facility opens or closes. A *Receipt of Combination to Safes* acknowledgement form is to be completed by individuals authorized to receive a safe's combination; this authorization must be approved by Park's Deputy Commissioner for Administration before the combination is provided.

We found that not all locations had safes and that lists of employees with safe access were not maintained for all locations. There were approximately 35 facilities with cash.

- We tested 24 of these facilities and found two without safes. Of the two locations without safes, at one the cash receipts were kept in an envelope inside a book on an employee's desk and at the other the cash receipts were placed in a closet.
- Eight of the 24 locations tested were not included on the OC-required list of employees with access to safes.

The CMO is required to review the list of employees with access to safes monthly to confirm that the individuals listed were still at each location; however, this review was not performed during July and August, 2006. In addition, according to some of the facilities' managers, safe combinations have not been changed for years. Three facilities did not have logs indicating the amounts in their safes, and when we counted the cash in two safes at the North Woodmere Park, we found different amounts entered in the parks log. On August 1, 2006, one safe's log had a balance of \$700, however we counted \$441; the other safe's log showed a balance of \$100, however we counted \$360. *Basic Control of Safes* requires the CMO to perform an unannounced cash count once per month. Unannounced counts of cash were not performed by the CMO.

We also found that the process for authorizing employees to receive safe combinations occurs out of sequence. Employees were provided with the combinations before their authorizations were

⁷ The policy was amended July, 26, 2007, to require the combinations to be changed yearly following Labor Day but not later than December 15. It now leaves it to the discretion of the Deputy Commissioner whether the combination should be changed in the event that a combination is compromised or an authorized individual leaves.

approved by the Deputy Commissioner for Administration. We also found that combinations were written on acknowledgement forms that were sent through inter-office mail. We discussed our concerns with the OC and it subsequently issued a policy revision on April 20, 2007; however the revised policy did not address all our concerns. It still appears that the approval is granted after the employee has signed to acknowledge receipt of the combination. The policy was strengthened to prohibit making copies of the form and for the form to be mailed or faxed. The safe combination is still written on the form.

Audit Recommendations:

The department should:

- a) provide safes to all locations that collect cash;
- b) maintain an accurate list for all facilities of individuals who have access to the safes;
- c) require the CMO to verify, on a monthly basis, the list of employees with access to the safes;
- d) change safe combinations at least annually, or whenever the Deputy Commissioner has decided that a combination should be changed because a combination holder transfers or terminates employment. The Deputy Commissioner's decision regarding the need to change combinations should be documented and communicated to the CMO Supervisor;
- e) require all locations to list the amount of cash in the safe each time it is counted;
- f) require the CMO to perform unannounced cash counts monthly;
- g) determine if the cash counts at the North Woodmere park are still incorrect and, if so, investigate and correct;
- h) ensure that cash collection sites maintain the safe logs according to the procedures; and
- i) change the Acknowledgement Form process to begin with a request for approval. After the Deputy Commissioner for Administration gives approval, the combination should be given to the employee who should then acknowledge its receipt. The combination should not be written on the form.

Audit Finding (7):

Golf Courses

In 2006, the nine-hole golf courses generated revenues of over \$1.3 million. An inadequate segregation of duties at these facilities, coupled with other internal control weaknesses such as the lack of signs advising customers to obtain receipts, increases the risk that not all revenue received was reported to the County. We found that the cashiers received cash, issued receipts and also functioned as the starter. The starter's role was to call the customer when it was time to tee off and to ensure that the customer had a proper receipt as proof of payment. As such, there was no independent verification that the patron paid or that the revenue was entered into RecTrac.

At Eisenhower Park golf, controls over the final billing for the golf outings were deficient. According to our discussion with the staff, the final count of players was performed by one employee (instead of two), which increased the risk that the final head counts were not tallied correctly and that fees were billed inaccurately.

Audit Recommendation:

- a) If the Department determines that it would not be cost effective to add personnel to segregate receipt of cash from other functions, then the CMO should monitor these facilities more carefully. For example, the department should consider requiring that golf rangers periodically request golfers on the course to present their receipts as proof of greens fee payment.
- b) Two employees should certify final head counts for golf outings.

Audit Finding (8):

Parking Fees

Nickerson Beach collects parking fees, with 2006 revenues of approximately \$169,000. Our prior audit found that while a counter was in place to record the number of vehicles entering, not all vehicles were required to pay the daily parking fee. This included patrons with seasonal parking stickers, beach employees and maintenance vehicles. Parking booth operators maintained logs of vehicles not required to pay the daily fee, but there was no way to verify that the logs were correct. The same internal control weaknesses were found during our current review.

In addition, the staff did not reconcile the cash to the vehicle count. The Nickerson Beach manager informed us that there is no reconciliation performed between the counter and the cash received because the required end-of-shift report, which provided the number of transactions, is no longer available.

Nickerson Beach started issuing bar-coded scannable parking stickers in 2006 and anticipates using RecTrac to record these numbers; however the necessary RecTrac software was not in place for the

2007 season.

Audit Recommendations:

The department should:

- a) provide reports of the number of transactions and require a reconciliation to the number of vehicles entering the park; and
- b) determine the feasibility of having employee cars and departmental vehicles use scanable parking passes as a way to reduce the number of vehicles that need to be recorded on the log sheet, which would provide a more accurate count of the number of vehicles subject to the daily parking fee.

Audit Finding (9):

Campgrounds

The county charges a daily campsite fee at Nickerson Beach and at the Battle Row Campgrounds that differs depending on whether the site accommodated a tent or a camping vehicle, and if electricity was provided.

At both campgrounds we found that the facilities did not have written procedures to ensure that all campers paid the applicable fees. When we visited Battle Row we found an occupied site that had not been paid for at all, and another camper occupying a more expensive site than paid for.

We also found that the CMO did not periodically visit the campground to determine if all campsites occupied were paid in full.

Audit Recommendations:

The department should require:

- a) the daily monitoring of campgrounds by facility staff to ensure that campers have paid the proper fee for the sites they occupy; and
- b) the CMO to include in its monthly site visit a step to ensure that campers paid for all occupied campsites.

Audit Finding (10):

Insurance

The department did not have written policies approved by Risk Management defining insurance requirements when an organization, group, or individual used park facilities. Additionally, it did not have written procedures for the review of certificates of insurance. We were informed that certificates of insurance were sent to the park's legal staff for review, but there was no response unless there was a problem with the coverage.

We found that:

- The Athletic Field Coordinator who assigned fields to leagues, groups or individuals did not require a certificate of insurance if the facility was used for less than a day.
- The Aquatic Center required applicants for group permits to provide certificates of insurance evidencing a minimum coverage of \$3 million per occurrence. We reviewed several applications for permits for group use and found that one permit was issued even though:
 - the coverage per occurrence was only \$2 million;
 - the permit application did not contain the facility supervisor's approval; and
 - the facility director told us that insurance certificates were not sent to the department's legal staff for review and approval.

We were advised that the Office of Risk Management was working with department officials to develop policies and procedures regarding insurance requirements.

Audit Recommendations:

The Departments should work with the Office of Risk Management to:

- a) establish written standards for insurance and indemnification requirements; and
- b) establish procedures for the review and approval of the Certificates of Insurance.

Audit Finding (11):

Deposit of Cash

The OC's *Basic Controls for Preparing Deposit Slips and Armored Car Receipts*⁸ require that:

- the individual preparing the deposit slip must sign and date it;
- the individual verifying the deposit slip must initial it;
- a copy of the deposit slip, courier pick-up and courier receipt must be retained with the day's paperwork; and
- the bag receipt (white strip number removed from the deposit bag) must be stapled to the back of the pink copy of the armored car pick-up receipt. The receipt should also contain signatures of the armored car service personnel, as well as the route and truck numbers.

We found that the cash deposit slip procedures were not being followed at 12 of 24 locations tested. The preparers and/or the verifier's signatures (or initials) were sometimes missing at the twelve locations. Our tests also showed that at four locations the armored car receipts were either not kept or the receipts were not properly filled out.

In addition, the Nassau County Charter requires that cash collected be deposited "in no instance less frequently than once a week."⁹ Our review found four locations where deposits were not always made in a timely manner with the most significant violation occurring at the Eisenhower Field Coordinator's office. We reviewed 21 of their deposits and found two that contained receipts not deposited timely. Of the two receipts, which totaled \$39,237, \$28,565 was deposited later than the Charter time requirement.

Audit Recommendation:

The department should:

- a) comply with the OC's *Basic Controls for Preparing Deposit Slips and Armored Car Receipts*;
- b) ensure that the CMO performs a periodic review of deposit slips and armored car receipts to verify compliance; and
- c) ensure that deposits are made at least once a week.

⁸ Basic Controls for Preparing Deposit Slips and Armored Car (Courier) Receipts, dated February 3, 2006

⁹ Nassau County Charter §2205

Audit Finding (12):

Change Funds & Petty Cash

The department is authorized by ordinance to have \$31,000 in petty cash. The department's actual petty cash balance varies throughout the year depending on the seasonal needs of cashiers. The CMO did not have adequate control over the department's change funds and petty cash. According to NIFS, as of June 30, 2006, the department had a total petty cash balance of \$26,212. The CMO maintained a list of petty cash/change funds assigned to each location, which totaled only \$24,170. Two components of the difference were that the CMO's list:

- did not include the petty cash assigned to the CMO. It only included the petty cash/change funds assigned to other parks facilities; and
- included \$1,500 in change funds for North Woodmere Park. The CMO acknowledged that North Woodmere Park had only \$800 assigned.

The CMO did not know the amount of petty cash assigned to its own office and therefore did not perform its own petty cash counts and reconciliations.

We requested an updated petty cash reconciliation and one was provided as of March 12, 2007; however it did not reconcile to the NIFS balance. The update attempted to reconcile February 23, 2007 cash balances to the March 12, 2007 NIFS balance without considering the interim postings. This reconciliation also did not list the amount of petty cash assigned to the CMO office.

The department continues to include in its petty cash balance amounts that were lost, including:

- \$1,285 which was stolen (the theft of \$1,100 from Wantagh Park in September 2002 and \$185 from the Eisenhower Park Field House in September 2003);
- a total of \$350 of funds missing from four locations; and
- \$100 listed as counterfeit.

The department did not take appropriate action to report the thefts, missing and counterfeit funds to:

- the Commissioner of Investigations, Police or the District Attorney; and
- the Comptroller's Vendor Claims Section so it could be written off appropriately, in accordance with the Comptroller's Petty Cash Directive.¹⁰

Audit Recommendations:

The CMO should:

- a) reconcile its summary of change and petty cash funds to NIFS on a monthly basis;
- b) keep a list of the proper amount of petty cash directly retained by the CMO, with a full reconciliation signed by the preparer and supervisor; and
- c) report the stolen, missing and counterfeit funds to the Commissioner of Investigations, Police or District Attorney and to the Comptroller's Office to ensure that appropriate write-offs to

¹⁰ Nassau County Office of the Comptroller-Control Directive 1: Petty Cash Accounts Sections H and J pages 5 and 6.

petty cash balance and expenditures are performed.

Audit Finding (13):

RecTrac Passwords

The department did not have written policies regarding the issuance and maintenance of RecTrac passwords. We discussed the issuance of passwords with a Deputy Commissioner and the RecTrac Administrator. We were informed that:

- RecTrac user identification numbers and passwords are assigned by the RecTrac Administrator with no requirement for the users to periodically change their passwords;
- user names are based on employee initials and that some employees use their names as passwords; and
- there are no procedures in place to ensure that employees who no longer work with RecTrac have their access revoked.

As a result, the department has not taken appropriate steps to ensure that passwords are known only to users and that RecTrac access is limited only to those employees with a need to access the system.

Audit Recommendations:

The department should:

- a) promulgate a policy for the issuance and maintenance of passwords;
- b) encourage employees to use passwords that cannot be easily guessed; and
- c) revoke the access of employees who no longer work with RecTrac.

Appendix

Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Audit Finding (1): Internal Controls – Extension of Credit and Accounts Receivable

Auditee's Response to Recommendations:

- a) The County Attorney has analyzed the practice you describe and response that "Parks may establish policies and procedures for the payment in arrears for use of Parks facilities upon a determination that such policies are in the best interest of the County. Such policies may, for example, provide for such payments by large groups, not-for-profits, and schools. As long as such policies and procedures are applied consistently in furtherance of the interests of the County in promoting use of the facilities, such payments in arrears would not violate the constitutional prohibition against the extension of credit."
- b) The Department, in consultation with the County Attorney, will develop a policy for payment by large groups.
- c) An employee has been designated to oversee accounts receivable in the Administration Office. This individual will receive and review all management reports.
- d) All transactions including non Point-of-Sale are recorded and tracked in RecTrac with RecTrac producing an aging report.
- e) The Parks Department will work with the Office of Compliance on preparing Basic Internal Controls for Accounts Receivable.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. The department should ensure that the policies and procedures developed address our specific recommendations with regard to requiring approval for establishing accounts receivable and obtaining the patron's written acknowledgements of the amounts owed.

Audit Finding (2): Field Coordinator

Auditee's Response to Recommendations:

- a) 1. The Parks Department is in the process of putting all Field Reservation functions into RecTrac. This includes calculation of fees, tracking of reservation by Field and Park and requiring payment at time of reservation.
2. The Parks Department is looking into the feasibility of centralizing this function which would address the segregation of duties issue.
3. The Parks Department will work with the Office of Compliance to prepare Basic Internal Controls for Issuing Permits.

Appendix

Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. Any centralization of the process should include provisions for proper segregation of duties.

Audit Finding (3): Lack of Adherence to Parks' Policy Directive "Basic Controls" by the Cash Management Office (CMO)

Auditee's Response to Recommendations:

With regard to *Reconciliation of Cash Receipts to Deposits*:

- a) The CMO is reconciling RecTrac receipts and deposits daily as per the Basic Internal Controls. Reconciliation of the deposit slips to the actual deposit is done as soon as statements are made available on the bank's electronic banking system, "ecash."
- b) The CMO Supervisor is reviewing the Worksheet for corrective actions being taken and is dating and signing upon completion of the review. The Deputy Commissioner will sign off upon his/her review of the Worksheet.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *End-of-Day Summary Report*:

- As stated in the Basic Internal Controls the CMO is running the End of Day Summary Report daily.
- The CMO Supervisor is reviewing and signing all End-of-Day Summary Reports as directed in the Basic Internal Controls.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *Custom Pass Report*:

- a) The Cashier IIIs are reviewing the Custom Pass Report and preparing the Pass Report Worksheet as directed in the Basic Internal Controls.

Appendix

Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

- b) Errors are being forwarded to the RecTrac System Administrator (RSA) and Deputy Commissioner as necessary per the Basic Internal Controls.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *Gift Certificate Controls*:

- a) The Basic Internal Controls for Gift Certificates was amended, June 12, 2007, requiring counts be performed monthly and the CMO is complying.
- b) The CMO is running the Gift Certificate Activity Report as per the Basic Internal Controls. RecTrac and RecTrac reports have always contained the required information.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. We agree that certain RecTrac and RecTrac reports include required information, however this information was not included on the Gift Certificate Activity Report at the time of the audit.

Auditee's Response to Recommendations:

With regard to *Cash Journal Report for Rain Checks*:

- a) The CMO is following the guidelines for Rain Checks as per for the Basic Internal Controls.
- b) RecTrac generates two reports which show Rain Checks Issued and Redeemed.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. The department should modify its procedures to eliminate the requirement to review the Cash Journal Report for Rain Checks and replace it with a requirement that employees review the two reports which show rain checks issued and redeemed.

Auditee's Response to Recommendations:

With regard to *Site Visits*:

The CMO is adhering to the Basic Internal Controls and performing/documenting Site Visits monthly. If necessary, in prime season, the Cashier IIIs will perform Site Visits to each other's locations to ensure compliance with the Basic Internal Controls.

Appendix

Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *Daily Cashier Balance Worksheets and Cash Balance (Summary) Worksheets:*

- a) All cash collecting locations are using the Daily Cashier Balancing Worksheet and the Cash Balancing Worksheet as directed in the Basic Internal Controls for Cash Handling.
- b) As per the Basic Internal Controls the Park employee is noting on the DCBW and CBW when obtaining two signatures is not possible due to staffing constraints.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department and reiterate our recommendation that the department implement compensating internal controls in those instances where it is not practical to have two employees sign the Daily Cashier Balancing Worksheet and the Cash Balancing Worksheet. We also reiterate our recommendation that reviewers check the accuracy of the worksheets before signing off.

Auditee's Response to Recommendations:

With regard to *Endorsement of Checks:*

Stamps with the bank account number have been distributed to all cash collecting locations. The Basic Internal Controls for Cash Handling will be amended to require immediate endorsement of all checks.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *Basic Controls for Cash Handling:*

- a) The Parks Department is working with the Office of Compliance to amend the Basic Internal Controls for Cash Handling to include procedures for non RecTrac locations.
- b) The following locations will be added into RecTrac by Dec 31, 2008: Tackapausha Preserve, Battle Row Campground, and African American Museum.
- c) Parks will ensure remaining non-RecTrac locations have working cash registers with journal tapes.

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Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Audit Finding (4): Fees

Auditee's Response to Recommendations:

- a) All fees in RecTrac are being reviewed by the CMO Supervisor to ensure they are supported by Ordinance or the Commissioner in writing.
- b) All Fee descriptions in RecTrac are being updated to match the current Fee Ordinance or the Commissioner's writing.
- c) The Parks Department is in the process of confirming all Fees are either in the Ordinance or approved by the Commissioner.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. We reiterate our recommendations that the department promulgate written procedures for populating RecTrac with fee information and provide each facility with a list of authorized fees.

Audit Finding (5): Signs, Tickets and Customer Receipts

Auditee's Response to Recommendations:

With regard to *Signs, Tickets and Customer Receipts*:

- a) Signs have been posted advising customers to obtain a register receipt and directing them to call the Parks Commissioner's number if they either don't get a receipt or if the receipt is incorrect.
- b) This has been added to the Site Visit Checklist.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Auditee's Response to Recommendations:

With regard to *Permits*:

- a) RecTrac will be generating all Permits, which will be numbered, by December 31, 2008. All Permit information will be tracked in RecTrac.

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Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

- b) The Parks Department will work with the Office of Compliance on preparing Basic Internal Controls for Permits.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department

Auditee's Response to Recommendations -

With regard to *Admission Tickets for Annual Events*:

d) The Parks Department is working with the Office of Compliance on preparing Basic Internal Controls for Admission Tickets for Annual Events which will include inventory control, verification and reconciliation of tickets sold.

e) The CMO will visit sites to verify that pre-printed forms are stocked and will remove and destroy all obsolete forms.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. The procedures to be developed should also cover instances where tickets are used for recurring admissions, such as the Garvies Point Museum.

Audit Finding (6): Basic Controls for Safes at Park Facilities

Auditee's Response to Recommendations:

- a) All cash collecting locations have a working safe.
- b) The Department is complying with the Basic Internal Controls for Safes.
- c) An Acknowledgement Form is being received before the combination is given out.
- d) Locations are maintaining the Safe Log as directed in the Basic Internal Controls for Safes.
- e) Performing a count of the Safe will be added to the Site Visit Checklist.
- f) All change banks were verified in April 2008, including the North Woodmere location.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Audit Finding (7): Golf Courses

Auditee's Response to Recommendations:

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Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

- a) The Parks Department will request additional personnel to act as Starters at each of the nine (9) hole courses.
- b) The Golf Office has been informed that double verification of final head count is required.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Audit Finding (8): Parking Fees

Auditee's Response to Recommendations:

- a) The Department is in the process of repairing (or possible replacement) the car counter. This will allow for reconciliation against RecTrac to the number of cars entering the Park.
- b) Beach Parking Pass numbers are being entered into RecTrac, all Leisure Passes are being swiped, and all Official vehicles are being logged to ensure correct fees are being collected and allowing for reconciliation against RecTrac and the car counter by the CMO.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. The CMO should confer with the Office of Compliance to ensure that written procedures include the steps to be taken to perform the reconciliation of cash receipts to vehicle counter totals.

Audit Finding (9): Campgrounds

Auditee's Response to Recommendations:

- a) Battle Row campground is scheduled to go live in RecTrac by October 31, 2008.
- b) Nickerson Beach campground reservations are made through RecTrac which calculates the proper fee that is collected at time of reservation.
- c) Campground staff at Nickerson Beach verify occupied sites against a RecTrac report at least once a day. Staff is signing the RecTrac report upon completion of the round.
- d) Performing verification of campsites will be added to the Site Visit Checklist.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department. The department should ensure that the steps in place at Nickerson Beach are also followed at Battle Row.

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Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Audit Finding (10): Insurance

Auditee's Response to Recommendations:

The Parks Department is working with Risk Management to address receipt of Certificates of Insurance and other scenarios where the County may have liability.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Audit Finding (11): Deposit of Cash

Auditee's Response to Recommendations:

- a) All cash collecting locations are complying with the Basic Internal Controls for Cash Handling which mandates the timeframe for deposits.
- b) All cash collecting locations are complying with the Basic Internal Controls for Deposit Slips and Armored Car Receipts and the CMO is verifying during the daily reconciliation.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

Audit Finding (12): Change Funds & Petty Cash

Auditee's Response to Recommendations:

- a) The Parks Department will follow the Comptroller's Directive on Petty Cash in regards to reporting stolen or missing funds.
- b) The Parks Department is working with the Office of Compliance to develop Basic Internal Controls for the distribution of Petty Cash Change funds distributed to locations and petty cash procedures.
- c) Reconciliation of petty cash and the change funds will be performed monthly by the CMO Supervisor.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.

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Department of Parks, Recreation and Museums Response and Auditor's Follow-Up

Audit Finding (13):RecTrac Passwords

Auditee's Response to Recommendations:

- a) The Department is working with the Office of Compliance to prepare Basic Internal Controls for RecTrac Passwords.
- b) There is a RecTrac Password Authorization Form which must be completed before a RecTrac password can be given. This is monitored by RecTrac Staff.
- c) The RecTrac password system rules are analogous to Nassau County's IT network rules, restricting the use of a password more than once and automatically requiring it be changed every 90 days.

Auditor's Follow-up Response:

We concur with the corrective actions taken by the department.