



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 10, 2014
SUBJECT/REPORT NO:	Follow Up of Audit Report 2012-01 – Community Services – Recreation Facilities & Arenas – Cash Handling (AUD14002) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ann Pekaruk 905-546-2424 x4469
SUBMITTED BY:	Ann Pekaruk Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

That Report AUD14002, respecting the follow up of Audit Report 2012-01, Community Services – Recreation Facilities and Arenas – Cash Handling, be received.

EXECUTIVE SUMMARY

Audit Report 2012-01, Community Services – Recreation Facilities and Arenas – Cash Handling, was originally issued in June, 2012 and management action plans with implementation timelines were included in the Report. In November, 2013, Internal Audit conducted a follow up exercise to determine if appropriate and timely actions had been taken. Of the 19 recommendations (some applicable to multiple locations) made in the original Report, there is varied implementation ranging from “Not Completed” to “Completed”. Details of implementation specific to each location are included in Appendix “A” to Report AUD14002.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: None.
Staffing: None.
Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2012-01, Community Services – Recreation Facilities and Arenas – Cash Handling was originally issued in June, 2012. The report provided 19 recommendations for improving controls, strengthening managerial oversight and accountability and enhancing physical security over funds.

It is normal practice for Internal Audit to conduct follow up reviews within 12-18 months following the issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Recreation Facility Cash Handling Procedures

RELEVANT CONSULTATION

The results of the follow up were provided to management responsible for the administration of the City's recreation facilities, i.e. Recreation Division of the Community Services Department.

ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

The report attached as Appendix "A" to Report AUD14002 contains the first three columns as originally reported in Report 2012-01 along with an added fourth column indicating Internal Audit's comments as a result of the follow up work.

There were 19 individual recommendations, most of which were applicable to several if not all of the recreation facilities reviewed – Brewster Pool, Mountain Arena, Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre and Sackville Hill Seniors Centre. As each facility tends to address issues independently even though there are documented procedures applicable to all locations, the status of implementation of each recommendation varied facility to facility, resulting in multiple follow up comments. Appendix "A" to Report AUD14002 should be examined for details of implementation by location.

Audit Services conducted this follow up assignment in conformity with the *International Standards for the Professional Practice of Internal Auditing*. Audit Services believes that the work performed provides a reasonable basis for the follow up comments and conclusions.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not applicable

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD14002

ap:dt

**CITY OF HAMILTON
 INTERNAL AUDIT REPORT 2012-01
 COMMUNITY SERVICES - RECREATION FACILITIES AND ARENAS – CASH HANDLING
 FOLLOW UP**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (DECEMBER 2013)
1.	<p><u>Access to Funds & Membership Passes</u></p> <p>Physical access to the safe or storage areas where funds (petty cash, floats, daily receipts, bank deposits) or passes are kept is not restricted to limited staff. For example:</p> <ul style="list-style-type: none"> • At Brewster Pool, 14 people have keys to a drawer containing the float, membership passes and another key to the change room locker revenue and a cabinet holding additional admittance cards. • At Mountain Arena, two cashiers who know the safe combination have access to petty cash, daily deposit envelopes and bank deposits. 	<p>That management improve the security over cash and membership passes with the following:</p> <ul style="list-style-type: none"> • Limit the number of people who have access to the safe and storage areas containing daily deposit envelopes, bank deposits, petty cash and membership passes; • Store petty cash in a secure location with access restricted to the custodian; 	<p><i>Brewster Pool, Mountain Arena, Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre, Huntington Park Recreation Centre and Sackville Hill Seniors Centre</i></p> <p>Agreed. Recreation Managers will:</p> <ul style="list-style-type: none"> • Define the staff who will have access to keys and safe codes and ensure money is secured in a locked room in a safe (target date – May / June 2012); • Identify the cash custodian for petty cash in each district and identify a secure location that restricts the access to the petty cash to only the custodian (target date - May 2012); 	<p><i>All locations except Ancaster <u>Completed</u>. The number of people with access to the safe and storage areas has been reduced.</i></p> <p><i>Ancaster <u>Not Completed</u>. Eight part-time staff can access the safe containing daily deposit envelopes.</i></p> <p><i>All locations except Carlisle <u>Completed</u>. The Petty cash float is stored in a secure location. Access is restricted only to the custodian and her backup.</i></p> <p><i>Carlisle <u>Not Completed</u>. Petty cash is stored in a location accessible to more than the custodian.</i></p>

**COMMUNITY SERVICES -
 RECREATION FACILITIES AND ARENAS – CASH HANDLING
 FOLLOW UP – DECEMBER 2013**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (DECEMBER 2013)
1.	<p><u>Access to Funds & Membership Passes (Continued)</u></p> <ul style="list-style-type: none"> At Carlisle Arena, eight people have a key to the office and know the combination to the safe where various funds are kept. At Sackville Hill Seniors Centre, 11 employees and members of the Board of Finance with keys to the office have an opportunity to access the float and membership passes. Also, the volunteer, who fills in for the receptionist at lunch, has access to the float and daily cash receipts held in the cash register till. 	<ul style="list-style-type: none"> Store daily cash receipts and bank deposits in a secure location with access restricted to only staff who prepare and perform the bank deposit; and Segregate a portion of the float for use by volunteers and secure all other cash receipts. 	<ul style="list-style-type: none"> Investigate the cost of installing double drop safes or two safes in facilities in order to manage restrictive access to the float, petty cash and daily deposits (target date – June 2012); and Provide access only to segregated portion of the float when volunteers are in control of the cash handling process. This recommendation will be written into the <i>Recreation Facility and Cash Handling Procedures</i> (target date – July 2012). 	<p><i>All locations except Bennetto, Huntington and Carlisle</i> <u>Completed</u>. Access to daily cash receipts is restricted to staff involved in the deposit. <i>Bennetto, Huntington and Carlisle</i> <u>Not Completed</u>. The number of staff with access to the daily cash receipts is six at Bennetto, five at Huntington and eight at Carlisle.</p> <p><i>Sackville</i> <u>Completed</u>. The portion of the float used by volunteers is segregated and tracked using new forms. The volunteers no longer have access to the daily cash receipts in the cash register till.</p>

**COMMUNITY SERVICES -
RECREATION FACILITIES AND ARENAS – CASH HANDLING
FOLLOW UP – DECEMBER 2013**

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1.	<p><u>Access to Funds & Membership Passes (Continued)</u></p> <p>Lack of restricted access to cash receipts provides the opportunity for misappropriation of funds from the float, daily cash receipts, bank deposits and petty cash. Misappropriated passes result in lost revenues for the City. It may be difficult to identify when and why discrepancies occur or the person responsible if access to cash and passes is not limited.</p>			
2.	<p><u>Timely Deposit of Funds</u></p> <p>Per the <i>Recreation Facility Cash Handling Procedures</i>, a bank deposit is to be prepared when accumulated daily receipts exceed \$100 or at least twice per week no matter the amount.</p> <p>The recreation facilities and arenas are not following these guidelines. On average, bank deposits ranging from \$623 to \$1,427 are deposited every 6 – 14 days.</p>	<p>That all deposits be made in the bank in a timely manner, within the stated timelines, per the procedures.</p>	<p><i>Brewster Pool, Mountain Arena, Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre and Huntington Park Recreation Centre</i> Agreed. Recreation Managers will:</p>	

**COMMUNITY SERVICES -
 RECREATION FACILITIES AND ARENAS – CASH HANDLING
 FOLLOW UP – DECEMBER 2013**

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2.	<p><u>Timely Deposit of Funds</u> (Continued) Cash stored for long periods before being deposited in the bank and accessible by many employees, as noted in Observation #1, provides the opportunity for misappropriation or lapping of funds.</p>		<ul style="list-style-type: none"> Standardize the days that deposits are to be brought to the bank so that supervisors can manage the scheduling and plan time for staff to complete this function (target date – May 2012); Meet with District Support Clerks and Part-Time Administrative Clerks to assess any revisions to the <i>Recreation Facility Cash Handling Procedures</i> (target date – June 2012); and Obtain informal quote from bonded couriers to assess the cost of a company picking up deposits (target date – June 2012). <p>Further, an analysis of the staff time and mileage costs will be completed so that resources assigned to the banking task can be valued and used in deciding between a courier service or staff performing the task (target date – June 2012).</p>	<p><i>Brewster Pool, Ancaster Aquatic Centre and Bennetto Recreation Centre</i> <u>Completed</u>. Bank deposits are being made once a week. This is consistent with the timelines stated in the 2013 Recreation Facilities Cash Handling Procedures.</p> <p><i>Mountain Arena and Huntington Park</i> <u>In Progress</u>. Bank deposits are made once a week except when required staff are absent.</p> <p><i>Carlisle Arena</i> <u>Initiated</u>. Deposits are made weekly. However, there is about a week's gap from the time the deposit is prepared to the time it actually is deposited in the bank.</p>

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3.	<p><u>Petty Cash Documentation</u> Per the <i>Recreation Facility Cash Handling Procedures</i>, each receipt should be accompanied by a petty cash voucher containing: an explanation as to the nature of the expense and the initials of the person authorizing the expense, the person receiving the funds and the person disbursing the funds.</p> <p>In the audit testing, several instances of incomplete or unapproved vouchers were identified. For example, 60% (12 of 20) of the transactions sampled at Bennetto Recreation Centre did not include adequate petty cash vouchers.</p> <p>Lack of proper controls can result in the use of petty cash funds for inappropriate or unapproved disbursements.</p>	<p>That petty cash vouchers be completed and approved for all reimbursements, as required by the cash handling procedures.</p>	<p><i>Bennetto Recreation Centre and Huntington Park Recreation Centre</i> Agreed. Recreation Managers will remind staff of the need for petty cash vouchers to be completed accurately and approved as per the guidelines. This will be done as part of the regular monthly meetings with supervisors and quarterly meeting with district staff (target date – May 2012 ongoing).</p>	<p><i>Bennetto Recreation Centre and Huntington Park Recreation Centre</i> <u>Completed.</u> Petty cash vouchers are being completed and approved, as required.</p>

**COMMUNITY SERVICES -
 RECREATION FACILITIES AND ARENAS – CASH HANDLING
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4.	<p><u>Petty Cash Float Size</u></p> <p>In the review of petty cash, several examples of very few reimbursement instances were noted. In particular:</p> <ul style="list-style-type: none"> Brewster Pool and Ancaster Aquatic Centre each submitted only one petty cash reimbursement request in the last six months of 2011. Very few reimbursements at these facilities indicate that the float levels are not justified. Site supervisors at Mountain and Carlisle Arenas use their corporate procurement cards for small purchases rather than petty cash. The floats have not been used in the last seven months. <p>Idle petty cash and the multiple employee access to these funds as noted in Observation #1 provide the opportunity for misappropriation or lapping of cash funds.</p>	<p>That petty cash floats with minimal or no activity be reduced or eliminated.</p>	<p><i>Brewster Pool, Mountain Arena, Ancaster Aquatic Centre and Carlisle Arena</i></p> <p>Agreed. Recreation management will assess the allocation of petty cash per Centre, recommend that amounts be lowered and that allocation is by district, not by Centre (target date – April 2012).</p>	<p><i>Brewster Pool</i> <u>Completed</u>. The petty cash float at Brewster Pool has been eliminated.</p> <p><i>Carlisle Arena</i> <u>Initiated</u>. Staff have informed management that the petty cash float is not needed. It is currently being used as a second float, as required, to issue change for patrons.</p> <p><i>Mountain Arena and Ancaster Aquatic Centre</i> <u>Not Completed</u>. Both facilities continue to have a petty cash float. To date in 2013, there is has only been one petty cash reimbursement at the Ancaster Aquatic Centre and none at the Mountain Arena.</p>

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 FOLLOW UP – DECEMBER 2013**

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5.	<p><u>Void/Refund Approval</u> Cashiers have the ability to void (reversing the last sale) and refund transactions without management approval. Cash and cheque transactions are to be refunded via cheque requisition. Controls within the CLASS system make processing a cash refund on-site difficult due to a highlighting of an imbalance between system reports. However, cashiers at facilities using a cash register have the ability to process a cash refund and circumvent the cheque requisition process. Cashiers do not consistently record the nature of the void or refund on the cash register receipt and attach it to the Box Office Report.</p>	<p><u>For facilities with a cash register</u> - That cashiers maintain a log documenting the date, amount and description of all voided and refunded transactions. Management should reconcile the number and value of voids and refunds reported on the register transactions summary tape to the cashier's log to account for all such transactions. These documents should bear evidence of this review and approval of the voided and refunded transactions.</p>	<p><i>Mountain Arena, Carlisle Arena and Sackville Hill Seniors Centre</i> Agreed. Recreation Managers will create a log for the cashier to record voided and refunded transactions (target date – June 2012). Reconciliation procedures are to be written into the <i>Recreation Facility Cash Handling Procedures</i> as a part of a monthly review and report by supervisors. Any discrepancies are to be reported to the Recreation Manager for follow up (target date – September 2012).</p>	<p><i>Mountain Arena and Carlisle Arena</i> <u>Not Completed.</u> A log documenting the date, amount and description of all voided and refunded transactions is not maintained. <i>Sackville Hill Seniors Centre</i> <u>Completed.</u> A log of all voided and refunded transactions is used at Sackville. This record shows evidence of review and approval by management.</p>

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5.	<p><u>Void/Refund Approval (Continued)</u> Facilities using the CLASS system have the ability to process debit and credit card transactions and refunds on-site. Cashiers do not consistently generate a Refund Confirmation from CLASS outlining the nature and amount of the refund. In all instances, management does not review or approve voids and refunds to ensure all transactions are legitimate. Lack of supervisory oversight provides an opportunity to conceal a misappropriation of funds by processing a void or refund.</p>	<p><u>For facilities with a CLASS POS system</u> - That management generate a report from the CLASS system at least quarterly showing the date, amount and description of all voided and refunded transactions. This report should bear evidence of management's review and approval of all voided and refunded transactions.</p>	<p><i>Brewster Pool, Ancaster Aquatic Centre, Bennetto Recreation Centre and Huntington Park Recreation Centre</i> Agreed. Recreation Managers will work with supervisors and the CLASS Analyst in developing a procedure to review and approve voided and refunded CLASS transactions. Once completed, this procedure will be written into the Cash Handling Procedure Manual (target date – September 2012).</p>	<p><i>Brewster Pool, Ancaster Aquatic Centre, Bennetto Recreation Centre and Huntington Park Recreation Centre</i> <u>Initiated</u>. Management has developed the procedure to review and approve voided and refunded transactions. A report generated by CLASS showing all voided and refunded transactions has not yet been developed. Both the report and the procedure are expected to be implemented in Q1 2014.</p>

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6.	<p><u>Membership Passes & Clip Cards</u> Per the <i>Recreation Facility Cash Handling Procedures</i>, the physical quantity of sequentially pre-numbered membership passes and clip cards should be reconciled to sales on a daily basis. The person in charge verifies the Box Office Report which captures the pass count and reconciliation. Reconciliation of passes to revenue reported in the CLASS point-of-sale system or cash register does not occur on a consistent basis. Eighty-five percent (53 of 62) of Box Office Reports tested showed evidence that membership passes and clip cards were not reconciled to reported sales. For example:</p> <ul style="list-style-type: none"> In 43 instances, the CLASS PLU Sales Report showing the type and quantity of passes sold was not printed and attached to the Box Office Report; 	<p>That management improve control over membership passes and clip cards by:</p> <ul style="list-style-type: none"> Reformatting the pass section on the Box Office Report to calculate the quantity of passes sold and include a sign off section for the cashier and person in charge; and 	<p><i>Brewster Pool, Mountain Arena, Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre, Huntington Park Recreation Centre and Sackville Hill Seniors Centre</i></p> <p>Agreed.</p> <ul style="list-style-type: none"> The CLASS Analyst will re-format the pass section on the Box Office Report to calculate the quantity of passes sold and include a sign-off section for the cashier and person in charge (target date – May 2012); and 	<p><i>Pools & Rec Centres – i.e. Brewster, Ancaster, Bennetto and Huntington</i> <u>No Longer Applicable.</u> The CLASS membership module was changed. Passes and clip cards are no longer used.</p> <p><i>Mountain Arena and Sackville</i> <u>Completed.</u> The pass section of the Box Office report calculates the quantity of passes sold and includes a sign off section for the in charge. <i>Carlisle</i> <u>Not Completed.</u> The quantities of passes sold is not calculated in the pass section of the Box Office Report.</p>

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6.	<p><u>Membership Passes & Clip Cards (Continued)</u></p> <ul style="list-style-type: none"> In seven cases, explanations were not provided when the passes sold per the CLASS PLU Sales Report or cash register tape did not agree with the inventory counts; and In three instances, the inventory count was not documented. <p>Most facilities have a substantial stock of passes on hand that are not used or counted on a daily basis. Although some sites count passes on a periodic basis, Internal Audit observed transposition and other errors with existing inventory lists.</p>	<ul style="list-style-type: none"> Ensuring staff reconcile the CLASS PLU Sales Report or cash register tape to the quantity of passes sold. <p>That an inventory list be maintained for passes held in stock at each location.</p>	<ul style="list-style-type: none"> The CLASS Analyst will investigate creating a report within CLASS that will identify all daily revenue (target date – May 2012). Recreation Managers will remind staff to reconcile this new report or the CLASS PLU Sales Report to the quantity of passes sold (target date – May 2012 ongoing). <p><i>Brewster Pool, Mountain Arena Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre, Huntington Park Recreation Centre and Sackville Hill Seniors Centre</i> Agreed. The Recreation Division is moving towards an automated membership module whereby passes and clip cards will not be stored in facilities. The new cards will be stored in an inactive state until they are purchased and activated through the sale process (target date December 2012).</p>	<p><i>Mountain Arena and Sackville Completed.</i> The passes sold are reconciled to the cash register tape.</p> <p><i>Carlisle Not Completed.</i> The passes sold are not reconciled to the cash register tape.</p> <p><i>Pools & Rec Centres – i.e. Brewster, Ancaster, Bennetto and Huntington No Longer Applicable.</i> The CLASS membership module was changed. Passes and clip cards are no longer used.</p> <p><i>Mountain Arena, Carlisle and Sackville Completed.</i> An inventory list is maintained for passes held.</p>

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6.	<p><u>Membership Passes & Clip Cards (Continued)</u></p> <p>Lack of control and oversight over the inventory of membership passes and clip cards and the number of employees having access to passes as noted in Observation #1 provide the opportunity for misappropriation and theft.</p>	<p>That the District Support Clerk perform periodic counts of membership passes and clip cards and compare counted quantities to the inventory list. The inventory lists should bear evidence that the counts were performed.</p>		<p><i>Pools & Rec Centres – i.e. Brewster, Ancaster, Bennetto and Huntington</i> <u>No Longer Applicable</u> <i>Mountain Arena, Carlisle and Sackville</i> <u>Not Completed.</u> There is no evidence that periodic inventory counts of the passes and clip cards are performed.</p>
7.	<p><u>Daily Reconciliations</u></p> <p>Per the <i>Recreation Facility Cash Handling Procedures</i>, cash on hand should be reconciled to revenue reported in the CLASS point-of-sale system or cash register at the end of each shift. The cashier and person in charge sign off on the Box Office Report and daily deposit envelope as evidence that the reconciliation and corresponding cash counts were carried out.</p>	<p>That the following procedures be carried out to improve the reconciliation process:</p> <ul style="list-style-type: none"> All employees be reminded of the importance of the reconciliation process and their responsibilities; 	<p><i>Brewster Pool, Mountain Arena, Ancaster Aquatic Centre, Carlisle Arena, Bennetto Recreation Centre, Huntington Park Recreation Centre and Sackville Hill Seniors Centre</i> Agreed.</p> <ul style="list-style-type: none"> Recreation Managers will ensure that monthly District Support Clerk meetings are scheduled so that reminders of the procedures and various training opportunities can occur (target date – May 2012 ongoing). 	<p>A review of the Box Office Reports found no errors. The totals on the Reports were supported by the amounts in CLASS or the cash register receipts, and agreed to the deposit slips.</p> <p><u>All Completed.</u> Based on the above review, employees understand their responsibilities and carry out the reconciliation process correctly.</p>

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7.	<p><u>Daily Reconciliations (Continued)</u> Internal Audit observed that:</p> <ul style="list-style-type: none"> • 19% (12 of 62) of Box Office Reports analyzed were not signed off by the cashier and/or person in charge; • 11% (7 of 62) of Box Office Reports contained errors and/or omissions; • The person in charge at Mountain Arena did not sign off or count funds in the daily deposit envelope; and • The person in charge at Sackville Hill Seniors Centre does not check the reconciliation, recount cash or sign off on the Box Office Report. 	<ul style="list-style-type: none"> • Management perform training if aspects of the reconciliation process are not understood; and • Management ensure that the reconciliation procedures are being followed by signing off on reviewed reports, correcting errors and verifying the accuracy of the deposited funds. 	<ul style="list-style-type: none"> • District Support Clerks will sign off on reviewed reports correcting errors and verifying the accuracy of the deposited funds. This procedure will be written into the <i>Recreation Facility Cash Handling Procedures</i>. 	<p><i>All Completed.</i> The above review also suggests that staff understand the reconciliation process.</p> <p><i>All except Carlisle Completed.</i> Box Office reports now contain Supervisors' signatures.</p> <p><i>Carlisle Not Completed.</i> Box Office reports are not signed by a Supervisor.</p>

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7.	<p><u>Daily Reconciliations (Continued)</u></p> <p>Without adequate supervisory review coupled with the fact that access to daily receipts is not limited as noted in Observation #1, there exists the opportunity to misappropriate funds and conceal the shortage by manipulating the Box Office Report.</p> <p>Internal Audit observed that revenue reported on the CLASS PLU Sales Report does not match other CLASS reports. Receipts collected for swimming lessons, rentals, registrations and monies placed on customer accounts are not captured on the CLASS PLU Sales Report. A proper reconciliation of cash receipts and sales cannot be carried out if CLASS reports do not show all cash receipt and sale amounts.</p>	<p>That management re-configure the CLASS PLU Sales Report to ensure all revenue is captured. The revised report should be rolled out to all facilities using the CLASS point-of-sale system.</p>	<p><i>Brewster Pool, Ancaster Aquatic Centre, Bennetto Recreation Centre and Huntington Park Recreation Centre</i></p> <p>Agreed. The CLASS Analyst will investigate creating a report within CLASS that will identify all daily revenue (target date – May 2012). The revised report that identifies all daily revenue will become the new standard for cash receipts and sales reconciliation. This step will be written into the <i>Recreation Facility Cash Handling Procedures</i> (target date – July 2012).</p>	<p><i>All Initiated.</i> Due to limitations of the PLU Report, management has begun to research alternate means of ensuring the capture and reconciliation of all revenues.</p>

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8.	<p><u>Cash Handling Procedures</u> The <i>Recreation Facility Cash Handling Procedures</i> provide detailed instruction regarding how cash should be handled and reconciled at the City’s recreation centres and arenas. As these procedures were last updated in June 2009, differences exist between actual and documented cash handling processes. For example:</p> <ul style="list-style-type: none"> • Bank deposit timelines are not being followed as noted in Observation #2; • Cashiers at Mountain Arena and Sackville Hill Seniors Centre accept currency denominations greater than \$50; • Voided deposit slip and bag numbers are not consistently recorded on the Box Office Report; • Petty cash is no longer replenished at City Hall and petty cash reimbursement cheques may be cashed at branches other than the Jackson Square location; and • A reserve float does not exist. 	<p>That the <i>Recreation Facility Cash Handling Procedures</i> be reviewed and updated on an annual basis. The reviewer and date should be documented in the <i>Procedures</i> as evidence that the review occurred. Revised <i>Procedures</i> should be distributed to and followed by all staff.</p>	<p>Agreed. Recreation Managers will assign an annual review of the <i>Recreation Facility Cash Handling Procedures</i> to be completed by the District Support Clerks in consultation with the CLASS Analyst and approved by the Recreation Management Team (target date – annually each summer).</p> <p>Distribution to staff upon approval of the revisions will occur through the Supervisors (target date – annually, prior to fall start up (September)).</p>	<p><u>In Progress.</u> The <i>Recreation Facility Cash Handling Procedures</i> were last reviewed and updated in 2013. The updated <i>Procedures</i> show the date that they were reviewed but do not indicate the reviewer.</p>

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 FOLLOW UP – DECEMBER 2013**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (DECEMBER 2013)
8.	<p><u>Cash Handling Procedures (Continued)</u></p> <p>In addition, the <i>Procedures</i> do not provide adequate guidance with respect to refund, void and no sale transactions, documentation relating to locker revenue counts and controls with respect to membership passes and clip cards held in stock.</p> <p>Detailed written procedures provide guidance to current and future employees carrying out cash handling processes. Outdated procedures may result in incorrect or inconsistent application. Also, operational efficiencies and economies of scale are not shared and utilized if recreation centres and arenas act as independent units and apply different procedures.</p>			