



COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

**PARKS, RECREATION, AND CONSERVATION DEPARTMENT
CANOE/KAYAK, CLASSROOM/PICNIC SHELTER, AND VENDOR FEE
REVENUE COLLECTIONS CONTROL ENVIRONMENT**

REPORT # 288

May 15, 2015



May 15, 2015

The Honorable Sandra L. Murman, Chairman
The Honorable Kevin Beckner
The Honorable Victor D. Crist
The Honorable Ken Hagan
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller
The Honorable Stacy R. White

Dear Chairman Murman and Commissioners:

The Audit Team performed an audit of the Parks, Recreation, and Conservation Department (PRCD) canoe/kayak, classroom/picnic shelter, and vendor fee revenue collections control environment (Audit Report # 288, dated May 15, 2015). Responses to the Audit Team's recommendations were received from the Director of the PRCD and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The Audit Team appreciates the cooperation and professional courtesies extended to the auditors by the Director and personnel of the PRCD during this audit.

Sincerely,

Peggy Caskey, CIA, CISA, CFE
Director of County Audit

CC: Mike Merrill, County Administrator
Greg Horwedel, Deputy County Administrator
Dexter Barge, Compliance, Communities & Conservation Asst. Cnty Adm.
Forest Turbiville, Director of Parks, Recreation & Conservation Services
Kevin Brickey, Economist, Management and Budget Department
Rick VanArsdall, Chief Deputy Finance

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Parks, Recreation, and Conservation Department (PRCD) provides programs, events, and activities to Hillsborough County residents on a year-round basis.

The PRCD operates more than 176 neighborhood parks and playgrounds countywide, 265 athletic fields, 40 recreation centers, 10 regional parks, more than 727 miles of trails, and 61,000 acres of preserved lands acquired through the Jan K. Platt Environmental Lands Acquisition and Protection Program.

The PRCD offers canoe/kayak rentals, classroom/picnic shelter rentals, and more. The PRCD allows vendors to provide goods and services on the PRCD's property for a fee. The annual rental revenue for fiscal year 2014 was canoe/kayak - \$128,000, classroom/picnic shelter - \$216,000, and vendor fees - \$31,000.

OBJECTIVE

The objective of the audit was to determine whether or not the PRCD's controls over the canoe/kayak, classroom/picnic shelters, and vendor fee revenue collections provide a reasonable level of assurance that revenues are properly collected, recorded, and accounted for.

SCOPE

The audit was conducted in accordance with the *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

The Audit Team identified the process life cycle for the PRCD's canoe/kayak, classroom/picnic shelter, and vendor fee rental revenue collections and related control environment. For the six month period ending July 31, 2014, the Audit Team traced a judgmental sample of revenue transactions through the life cycle.

OVERALL EVALUATION

The PRCD's personnel were responsive to the Audit Team's inquiries and provided data and other requested information in a prompt and courteous manner. The Audit Team found the PRCD's personnel to be knowledgeable and dedicated employees.

AUDIT COMMENT	CONCLUSION OF OBJECTIVE	PAGE
1	The PRCD has opportunities to improve its controls over the tracking of canoe/kayak ticket numbers and sales.	4
2	The PRCD has opportunities to improve controls over its classroom/picnic shelter revenue process.	7
3	The PRCD has opportunities to improve controls over its vendor fee revenue process.	10

OPINION

The PRCD's control environment over revenue collection is at the formal (defined) maturity level. The controls and information systems are defined and in place, but not fully documented. There are opportunities to improve data reliability.

The exit conference was held on March 31, 2015.

After the exit conference was held, Compliance, Communities and Conservation management notified the Audit Team that the risk exposure discussed in Audit Comment 1 had been realized. There was a theft of County canoe/kayak rental revenue at one of the regional parks. The manner in which the theft was exposed did not allow the Audit Team to quantify the full risk exposure at that regional park or at other rental sites.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Peggy Caskey, CIA, CISA, CFE, Director of County Audit

Mark Kolman, CIA, CISA, CPA, CFE, Audit Manager

Ben Everett, CPA, CIA, Auditor II

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AUDIT COMMENTS & RECOMMENDATIONS

AUDIT COMMENT 1

The PRCD has opportunities to improve its controls over the tracking of canoe/kayak ticket numbers and sales.

The Audit Team determined whether or not the PRCD's controls over canoe/kayak rentals provide a reasonable level of assurance that the revenues are properly collected, recorded, and accounted for.

Audit Test of Canoe/Kayak Rental Revenue

The Audit Team:

1. Documented the revenue recording and collection process (using flowcharts and narratives) and assessed the control environment.
2. Compared the canoe/kayak \$25 ticket numbers issued to County Parks to the canoe/kayak ticket numbers sold.
3. Compared the revenue reported in the PRCD's Excel file records to the revenue reported in the Oracle financial record. The test was comprised of a six month period ending July 31, 2014, in the amount of approximately \$85,000.

Test Results

1. Control Environment Analysis

Canoe/kayak rentals are documented by ticket sales. The ticket stubs are kept as a record of the transaction. The controls over processing sales (once the ticket is sold and recorded in the Excel record) provide a reasonable level of assurance that the sales are recorded in the Oracle financial record and the amount collected is deposited into the bank.

The PRCD does not have a procedure in place to periodically reconcile ticket numbers issued to a park to ticket numbers used (sold, voided, lost, etc.). Without this reconciliation, the PRCD cannot be certain that all tickets issued are accounted for.

Because the PRCD relies on reported ticket sales to record all canoe/kayak rentals, and also late fees, there is a risk of unidentified non-recorded sales which could lead to misappropriation of assets (revenue collections).

The PRCD does not reconcile its Excel sales record to the total revenue posted in the Oracle financial records.

2. Canoe/kayak ticket numbers are issued in batches (usually batches of 500 tickets). A logbook is maintained of the date the tickets were issued, ticket series numbers, the employee the tickets were issued to, and the park the tickets were issued for. Ticket books are issued to all parks from the same stock. Some parks use a large quantity of tickets and some use only a few. As a result, there are gaps between the ticket numbers issued and the ticket numbers used.

The Audit Team identified 10,652 \$25 ticket numbers that were missing from the series. After performing research, the PRCD's management was able to document and account for all of these ticket numbers. The ticket numbers had either been issued before the beginning of the scope period (February 1, 2014) or had not been used by the end of the scope period (July 31, 2014). One ticket number was missing because it had not been printed.

3. When the PRCD reconciled its Excel file record total revenue of \$84,805 for the period of February 1, 2014, – July 31, 2014, to the total revenue posted to the Oracle financial record, several minor coding errors were found and corrected. No material concerns were identified.

RECOMMENDATION

To help ensure that all canoe/kayak ticket sales and ticket revenue is accounted for, consideration should be given to:

1. Establishing a procedure for reconciling canoe/kayak ticket numbers issued to parks to ticket numbers sold and then providing timely research and resolution of any missing ticket numbers.
2. Performing unannounced monitoring of the canoe/kayak rentals to ensure that rentals have a ticket number documenting the sale.

3. Establishing a procedure to periodically reconcile canoe/kayak revenue recorded in the PRC D's Excel file record to the revenue amount recorded in the Oracle financial record.

CLIENT RESPONSE

Concur

CORRECTIVE ACTION PLAN

1. *As opposed to currently issuing canoe/kayak tickets to all park sites from one set of ticket numbers, a separate set of numbered tickets will be printed for each park with the park's name shown on its batch of tickets. Once the new site-specific tickets are created, the remainder of the current tickets that were issued will be collected, reconciled, documented and then remaining tickets destroyed. On a biannual basis, the tickets for each site will be reconciled with the sign-out book (located at Administrative Office) and within the Oracle Financial system, to ensure all tickets are accounted for and fees were collected.*
2. *Park Managers, Sr. Park Managers and Regional Area Coordinators will conduct unannounced checks confirming all rental canoe/kayaks in use at that time have the appropriate paperwork completed and a corresponding ticket number confirming the fee was collected.*
3. *On a biannual basis, the revenue collected for canoe/kayak tickets sold will be reconciled within the Oracle Financial system to ensure all revenues received are being recorded correctly.*

TARGET COMPLETION DATE

1. *October 1, 2015*
2. *Immediately*
3. *October 1, 2015*

AUDIT COMMENT 2**The PRCD has opportunities to improve controls over its classroom/picnic shelter revenue process.**

The online classroom/picnic shelter reservation website is run by RecTrac software. As customers reserve shelters and classrooms online, the availability of remaining picnic shelters and classrooms is updated by RecTrac in real-time. Customers can also reserve a picnic shelter or a classroom by calling the PRCD. The payment types accepted are credit card, debit card, check, or money order. Customers making a reservation online are required to pay the fee online by credit or debit card at the moment the reservation is made. The PRCD does not accept credit card payments by phone.

Audit Test of Classroom/Picnic Shelter Revenue Process

The Audit Team determined whether or not the PRCD's controls over classroom/picnic shelter rentals provide a reasonable level of assurance that the revenues were properly collected, recorded, and accounted for.

The Audit Team:

1. Documented the revenue recording and collection process (using flowcharts and narratives) and assessed the control environment.
2. Identified the full population of 1,336 classroom/picnic shelter rentals for the six month period ending July 31, 2014, totaling \$117,250. From that population, the Audit Team selected a judgmental sample of 30 of the reservations and traced the payment for each reservation to the End of Day Report, the bank deposit, and the amount recorded in the Oracle financial record.
3. Obtained an Oracle revenue report and compared it to the revenue reported in RecTrac (detail records) for the audit scope period, February 1, 2014, through July 31, 2014.

Test Results

1. Control Environment Analysis.

The controls over the processing of classroom/picnic shelter revenue, once the information is entered into the RecTrac database, provide a reasonable level of assurance that the revenue is recorded in the financial records and the amount collected is deposited.

The PRCO does not reconcile the total amount of classroom/picnic shelter rental revenue recorded in RecTrac to the total revenue posted in the Oracle financial record to ensure that all revenue recorded in RecTrac was posted to the County's financial records.

There is no backup/cross trained employee to process phone reservations and payments by mail when the employee assigned these job functions is unavailable (vacation, sick leave, etc.). Customers who leave a voice message do not get a response until the PRCO employee responsible for phone reservations and payments by mail returns to process the request or payment.

Payments made by mail are posted to RecTrac by the same employee who receives the payment. Payments could be received but not posted to RecTrac or not deposited in the bank.

2. All of the sampled transactions were traced through the process without any exceptions.
3. No material non-reconciling differences were identified.

RECOMMENDATION

To help ensure that all revenue is properly recorded and phone reservations and payments by mail are processed timely, consideration should be given to:

1. Reconciling the revenue reported in RecTrac to the revenue reported in the Oracle financial record.
2. Cross training a second employee to process phone reservations and payments by mail when the employee normally assigned these responsibilities is unavailable.
3. Segregating the duties of payment collections and payment posting.

CLIENT RESPONSE

Concur

CORRECTIVE ACTION PLAN

1. *On a biannual basis during the fiscal year, staff will reconcile the revenue recorded in the RecTrac database to the revenue recorded in the Oracle Financial system to ensure the correct amount of revenue is being recorded.*
2. *Additional staff will be cross-trained in all phases of the reservation process to ensure reservations are taken and payments are processed in a timely manner.*
3. *The additionally trained staff noted in corrective action plan number two will also be utilized in the separation of duties between the taking and posting of payments into RecTrac. All payments received by mail will be processed by a separate staff member than the one posting the payment into RecTrac*

TARGET COMPLETION DATE

1. *May 31, 2015*
2. *May 31, 2015*
3. *May 31, 2015*

AUDIT COMMENT 3

The PRCD has opportunities to improve controls over its vendor fee revenue process.

Audit Test of Vendor Fee Revenue

The Audit Team determined whether or not the PRCD's controls over vendor fee revenue provide a reasonable level of assurance that the revenues are properly collected, recorded, and accounted for.

The Audit Team:

1. Documented the revenue collection, recording, and recordkeeping process (using flowcharts and narratives) and assessed the control environment.
2. Identified the full population of 43 vendor fee revenue payments for the six month period ending July 31, 2014, totaling \$14,957. Traced the full population of recorded transactions to the corresponding receipt, scanned bank deposit slip, and End of Day Report. Traced a sample of 10 (23%) of the transactions to the bank statement.
3. Determined whether or not a sample of 19 (44%) of the 43 vendor fee payments have an agreement/permit on file and the PRCD charged the customer the appropriate fees. The 19 sampled payments were paid by 3 vendors.
4. Determined whether or not the Access detail agreed to the Oracle financial record. The Audit Team obtained an Oracle revenue report and compared it to the revenue reported in the PRCD's detail records (maintained in an Access database) for the audit scope period, February 1, 2014, through July 31, 2014.

Test Results

1. Control Environment Analysis.

Vendor fee revenue collections are recorded in the PRCD's Access database and are documented by a signed vendor permit and a receipt for

the fee payment. The controls over processing vendor fees, once the information is entered into the Access database, provide a reasonable level of assurance that the revenue is recorded in the financial records and the amount paid is deposited into the bank.

Vendor permits are not entered into the PRCD's Access database until after the vendor permit application has been completed and paid for. The PRCD does not have a procedure for ensuring that all of the issued permits are entered into the Access database. Vendor permits could potentially be issued without an application being recorded in the Access database.

Vendor fee payments are entered into the Access database by the same person who takes the payment. Payments could be received but not recorded or deposited.

The PRCD vendor fee schedule posted on the PRCD website only lists the \$400 Monthly fee. It does not list fees for daily, Sundays only, or other options. The PRCD collects vendor fees for daily and Sunday only permits.

2. The Audit Team traced the full population of recorded transactions to the corresponding receipt, scanned bank deposit slip, and End of Day Report. No exceptions were noted.
3. Sampling of vendor permits.

For 1 of the 3 vendors (9 of the 19 sampled payments), the PRCD issued three 3-month permits, but only required the vendor to pay for the permits one month at a time. The vendor was not required to pay for the entire 3-month permit before each permit was issued.

Two of the vendor permits were signed or initialed by a representative of the PRCD, but not the vendor.

The PRCD did not require vendor permits for the one Special Events vendor selected in the sample (7 of the 19 payments). It appears from the email discussions provided by the PRCD, that the intention was to get guidance from the County Attorney on insurance requirements to include in the agreement. Per management, the PRCD is awaiting direction from the County Attorney's Office.

4. The PRCD does not reconcile its Access file record of vendor fees to the total vendor fee revenue posted in the Oracle financial record to ensure that all vendor fees recorded in the detail records are posted to Oracle. When comparing the PRCD's Access records to the Oracle financial records, the PRCD determined that 4 of the 43 transactions, with a total dollar value of \$468, had been erroneously recorded to the Access database as vendor fee revenue. These four amounts should have been posted to other accounts.

RECOMMENDATION

Consideration should be given to establishing controls to ensure:

1. Vendor permits are properly recorded in the Access database.
2. Duties are segregated between payment collection and posting of the payments.
3. Vendor fees are correctly listed on the PRCD's website.
4. Vendor permits are properly completed.
5. Vendor fees are properly collected.
6. Revenue recorded in the Access database reconciles to the revenue recorded in the Oracle financial record.

CLIENT RESPONSE

Concur

CORRECTIVE ACTION PLAN

1. *Staff will attend a review training to make sure they understand how to utilize the Access database and what fields/codes are used to properly keep an accurate record of agreements/vendor permits. Staff will attend a review training to make sure they are issuing the correct agreements/vendor permits and receiving the appropriate amount of funds at the correct time as set forth in the agreement.*
2. *Employee (1) will write up agreement/vendor permit and obtain the necessary signatures and then receive the specified payment and document the payment via a three-part receipt. Employee (2) will receive original application, original agreement/vendor permit and a copy of the three-part receipt from employee (1) and enter that information into the Access Database. Additional staff will be cross trained to assist when employee (1) or (2) is unavailable.*

3. *The approved vendor fees have been added to the County Website. Below is the links to BOCC Policy 03.04.09.00 (Fee Schedule for HC PRC Dept.).*
4. *Staff will attend a review training to make sure they are knowledgeable in drafting agreements/vendor permits for the correct duration of time. As well as obtaining the appropriate signatures from County management and vending permit holder.*
5. *Staff will attend a review training to ensure they are issuing the correct agreements/permits and receiving the appropriate amount of funds at the correct time as set forth in the agreement.*
6. *On a biannual basis during the fiscal year, staff will reconcile the revenue recorded in the Access database to the revenue recorded in the Oracle financial record to ensure the correct amount of revenue is being recorded and document the results.*

TARGET COMPLETION DATE

1. *May 31, 2015*
2. *May 31, 2015*
3. *Completed*
4. *May 31, 2015*
5. *May 31, 2015*
6. *May 31, 2015*