

COUNTY AUDIT DEPARTMENT

REPORT # 338

An Audit of:

PARK REVENUE COLLECTION STATIONS CASH ACCOUNTABILITY

NOVEMBER 15, 2017



Pat Frank INTEGRITY. TRANSPARENCY. ACCOUNTABILITY.

CLERK OF COURT & COMPTROLLER • HILLSBOROUGH COUNTY, FLORIDA



November 15, 2017

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

Dear Chairman White and Commissioners:

The Audit Team performed an audit of the Park Revenue Collection Stations Cash Accountability (Audit Report # 338, November 15, 2017). Responses to the Audit Team's recommendations were received from the Director of Conservation and Environmental Lands Management Department 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 Conservation and Environmental Lands Management during this audit.

Sincerely,

Heidi Pinner, CIA, CISA, CRMA, CFE
Director of County Audit

CC: Mike Merrill, County Administrator
Greg Horwedel, Deputy County Administrator
Dexter Barge, Assistant County Administrator
Forest Turbiville, Director, Conservation & Environmental Lands Management
Kevin Brickey, Management & Budget Office
Rick VanArsdall, Chief Deputy, Clerk to BOCC
Tim Simon, Deputy Comptroller

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

In March of 2015, Administrative Order 15-02 was issued by the County Administrator separating Parks, Recreation & Conservation into two separate departments: Parks and Recreation Department and the Conservation & Environmental Lands Management Department.

The Conservation & Environmental Lands Management Department (Department) is comprised of the Regional Parks System and the Environmental Lands Acquisition and Protection Program (ELAPP). The regional parks offer outdoor recreational opportunities for residents and visitors seven days a week.

Regional park fees are collected three ways: manned ranger stations, unmanned Iron Ranger collection boxes, or automated pay station kiosks. There are six manned ranger stations throughout the county. At the start of this audit, there were 16 Iron Rangers and 9 kiosks. Six Iron Rangers were scheduled to be replaced with kiosks by the end of October 2017. The remaining 11 Iron Rangers are anticipated to be replaced by the end of December 2017.

During Fiscal Year 2017, Hillsborough County has collected more than \$2.2 million in regional park revenues.

OBJECTIVE

The objective of this audit was to assess the internal controls over pay station cash collections and cash processing activities. This included automated pay stations and Iron Ranger collection devices. Specifically, the Audit Team determined whether or not:

1. The controls over the revenue collection and cash processing activities for pay stations are adequate and effective;
2. Cash collections and cash processing activities for pay stations comply with applicable laws, regulations, rules, contracts, and County/Department policies and procedures; and
3. Proper reconciliation is performed to ensure the accurate reporting of revenue from pay stations.

SCOPE

The audit was conducted in conformance 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 reviewed the internal controls over pay station cash collections and cash processing activities by conducting interviews with management and staff from the Department, conducting site visits to selected park facilities, observing pay station collections and cash processing procedures, and testing for the timely collection, deposit, and recording of collected revenue. The scope of the audit included the first six months of fiscal year 2017 (October 1, 2016 through March 31, 2017) for the testing of collections, deposit and recording of collected revenues. On-site visits and observations were conducted in June 2017.

OVERALL EVALUATION

The Department was responsive to the Audit Team's inquiries and provided thorough information when requested. Data and other information were provided in a prompt and courteous manner. The Audit Team encountered knowledgeable and dedicated employees during the course of the audit.

The following table summarizes the audit comments and corresponding cross references to the page number where the audit comment details can be found in this Report.

AUDIT COMMENT	CONCLUSION OF OBJECTIVE	PAGE
1	Opportunities exist for the Department to strengthen the existing control structure.	4

OPINION

The control environment relative to pay station cash collections and cash processing activities is at the formal (defined) maturity level. The Department has developed processes and controls which reasonably assure that cash collections are accounted for and accurately posted to Oracle and cash processing activities are adequately controlled and comply with applicable laws, regulations, rules, policies, and procedures. Addressing the opportunities identified in this Report will enhance the overall control structure and provide additional assurance.

The exit conference was held on October, 31 2017.

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

AUDITED BY

Heidi L. Pinner, CIA, CISA, CRMA, CFE, Director of County Audit
 Margaret Brown, CIA, Audit Manager
 Lovonia Scott, CGAP, Internal Auditor II

AUDIT COMMENTS & RECOMMENDATIONS

AUDIT COMMENT

Opportunities exist for the Department to strengthen the existing control structure.

The objective was to determine whether or not controls over revenue collection and cash processing activities for pay stations are adequate and effective to ensure the timely collection, deposit, and recording of revenue.

The Audit Team performed the following audit procedures:

- Identified and documented the Department's control environment for ensuring that the revenues collected by regional parks are properly recorded in the County's financial records.
- Obtained and reviewed the *Cash Collection Site Profiles* for all regional parks, identifying cash handling duties of staff, forms of payment accepted, and deposit methods.
- Conducted interviews with management and staff.
- Judgmentally selected a sample of four regional parks for testing: *Upper Tampa Bay Park, Edward Medard Park, Wilderness Parks, and Upper Tampa Bay Trail.*
- Conducted on-site visits to the four selected sites, observing the revenue collection process (i.e. removal from Iron Ranger and/or automated kiosk) and the cash processing activities.
- Judgmentally selected one deposit from each site for each of the six months in the audit period. A total of 24 deposits and the supporting documentation were reviewed for completion and accuracy.
- Traced collected revenue to the deposit, reconciled the deposit to the bank statement, and traced the deposit to Oracle to confirm posting accuracy.

Results of Testing:

The Department has implemented several controls over the revenue collections process, including:

- Cash is counted out of the public's view.
- More than one person is involved in counting the cash.
- Revenue collections are securely stored until deposited.

- There is limited access to where the cash is stored.
- Tamper-resistant security bags are used to store and transport money to the bank.
- Revenue collections were reconciled by staff to system generated reports, when available.
- Bank deposits were made within 24 hours of retrieval.
- Bank deposits were successfully verified against bank records.
- Collected revenues were accurately posted to Oracle.

The Audit Team also observed the following control weaknesses:

- There is no written procedure for cash collections involving automated kiosks.
- Of the four park sites visited, one did not routinely secure the counting area by locking the door, allowing staff to move in and out as cash was being counted.
- For 23 of the 24 deposit dates tested (96%), deposit supporting documentation was properly completed. One deposit's supporting documentation (4%) did not have the required dual signatures on the three-part receipt. Internal policy requires that three-part receipts are signed by two people.
- For 23 of the 24 deposit dates tested (96%), one deposit slip (4%) did not have two signatures on it. Internal policy requires two signatures - one by the preparer and one by the verifier. The "verified by" signature was missing.

Both exceptions noted were for a single park location.

RECOMMENDATION

To strengthen the existing control structure over revenue collection and cash processing activities, management should consider the following:

1. Reminding staff to comply with internal departmental procedure requiring dual signatures on three-part receipts and on deposit slips (one preparer and one verifier).
2. Develop and implement a written procedure addressing revenue collections and cash processing activities for the automated kiosks.
3. Develop and implement a written procedure addressing the safeguarding of cash by limiting access to areas where cash is being counted, to only those individuals who are

performing essential cash processing activities. This can be accomplished by simply keeping the door locked during cash processing.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN

- 1) *Place an item on the next park managers' meeting agenda reminding all park managers to comply with internal departmental procedure requiring dual signatures on three-part receipts and on deposit slips (one preparer and one verifier).*
- 2) *Develop and implement a written procedure addressing revenue collections and cash processing activities for the automated kiosks.*
- 3) *Develop and implement a written procedure addressing the safeguarding of cash by limiting access to areas where cash is being counted, to only those individuals who are performing essential cash processing activities.*

TARGET COMPLETION DATE:

- 1) *December 31, 2017*
- 2) *March 31, 2018*
- 3) *March 31, 2018*