

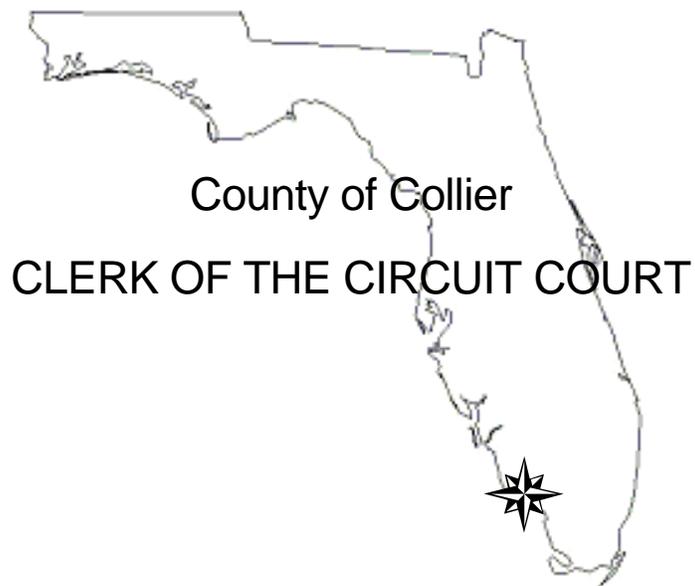
Collier County Clerk of the Circuit Court  
Internal Audit Department

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# Audit Report 2004 – 2

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## Parks and Recreation Audit - Part II Revenues



County of Collier  
CLERK OF THE CIRCUIT COURT

**Dwight E. Brock**  
Clerk of Courts

COLLIER COUNTY COURTHOUSE  
3301 TAMAMIAMI TRAIL EAST  
P.O. BOX 413044  
NAPLES, FLORIDA 34101-3044

Clerk of Courts  
Accountant  
Auditor  
Custodian of County Funds

February 9, 2004

Honorable Tom Henning, Chairman  
And Members of the Board of County Commissioners  
3301 Tamiami Trail East  
Naples, Florida 34112

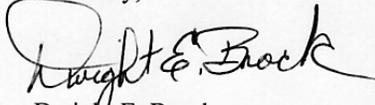
**Re: Audit of Parks and Recreation Part II Revenues**  
**(Report No. 2004-2)**

Chairman:

The enclosed report discusses the findings and recommendations of the above captioned audit performed by the Internal Audit Department. We thank the Parks and Recreation Department for their cooperation in the performance of this audit.

If you have any questions about this report, please feel free to contact the auditor, Ilonka Washburn, at 774-8412.

Sincerely,



Dwight E. Brock  
Clerk of the Circuit Court

Enclosure

cc: James V. Mudd, County Manager

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# Memo

**To:** The Honorable Dwight E. Brock, Clerk  
**From:** Patrick Blaney, CFE, CPA  
**Date:** February 9, 2004  
**Re:** Audit of Audit of Parks and Recreation Part II Revenues

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Please find attached our audit report of the Parks and Recreation Part II Revenues. This report includes the Parks and Recreation responses to our findings & recommendations.

Internal Audit gratefully acknowledges the cooperation and assistance of Parks and Recreation and other Board of County Commissioners employees.

If you have any questions about this report, kindly contact Ilonka Washburn at 774 – 8412 or me.

Collier County Clerk of the Circuit Court  
Internal Audit Department

Phone (239) 774-8075  
Fax (239) 775-5861  
2671 Airport Road S., Suite 102  
Naples, FL 34112

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# Audit Report 2004 - 2

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## Parks and Recreation Audit - Part II Revenues

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# Audit Report 2004 – 2

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## Parks and Recreation Audit - Part II Revenues

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# Parks and Recreation Audit - Part II Revenues

## Background Information

### Audit Purpose, Objectives, & Scope

The purpose of this audit was to determine the effectiveness and efficiency of the Parks and Recreation Department's programs, and to determine whether existing controls are sufficient to ensure that department goals are accomplished. The specific objectives included verifying the accuracy of revenues as well as the efficiency of revenue tracking. The scope of this audit was limited to transactions during the 2003 fiscal year.

### Audit Methodology & Procedures

This audit was performed in accordance with Generally Accepted Government Auditing Standards. The Internal Audit Department interviewed the appropriate Finance Department staff responsible for the processing of Parks and Recreation revenues, and key Parks and Recreation Department personnel. Additionally, the auditors reviewed ordinances, statutes, policies, and procedures relevant to the Parks and Recreation revenue programs. Sampling was used to test accuracy and compliance of Parks and Recreation Fund transactions with applicable regulations.

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## Background

The Public Services Division provides the citizens of Collier County with a wide variety of traditional governmental services that preserve and enhance the quality of life throughout the community.

There are eight departments within the Division, including Domestic Animal Services, University Extension Service, Library, Museum, Parks and Recreation, Human Services, Veterans Services, and Emergency Medical Services. The Parks and Recreation Department is further segregated into five areas: Beach and Water parks, Immokalee, Naples Area, Golden Gate Community Center, and the Summer Food Services Program. The mission for all five areas identically states: "Our mission is to enhance and improve the quality of life in Collier County by effectively identifying, developing and delivering comprehensive services and facilities." While the mission is the same for all areas and in some cases the programs/services are identical there are some unique programs to each area.

The following is a list of applicable programs for each area:

*Beach and Water parks:* Departmental Administration/Overhead; Park Rangers – Beaches and Community Parks; Maintenance; Beach Raking; Remittances to Municipalities.

*Immokalee:* Community Center/Parks; Childcare/Preschool, After school, No School Days, Vacation Camps, Summer Camps; Aquatics; Fitness; Park Maintenance; Rangers.

*Naples Area:* Marketing; Park Maintenance; Athletics Programs; Aquatics; Fitness; Transfer to General Fund.

*Food Service Grant:* serves lunches and snacks to eligible participants during the summer camp time frame.

*Golden Gate Community Center:* Childcare/Preschool, After school, No School Days, Vacation Camps, Summer Camps.

Public Services Departments are funded primarily by ad valorem taxes augmented by various user fees. The division's fees are reviewed annually to reduce the need for additional ad valorem tax support.

The Parks and Recreation Department is attempting to attain national accreditation, which could be used for recognition to improve their internal and external standing, as well as aid in the application and subsequent receipt of grant money.

Internal Audit divided the Parks and Recreation Department into two parts for audit purposes. This second part concentrates on the revenues of all the five areas of Park and Recreation.

## Parks and Recreation Audit - Part II Revenues

### Findings

#### Department Procedures Not Followed

During our examination of revenue transactions we tested eleven sites over a period of five months, October 2002 through February 2003, totaling \$98,636.70. Ten of the tested sites followed all procedures. However, one site with cash collections ranging from \$30.00 to \$13,317.80 per day (or 23% of total sales tested) lacked required signatures on daily closing reports. Park supervisors are responsible for verifying the accuracy and ensuring proper signature on all closing reports. The absence of signatures exposes the county to the risk of lost revenue due to undetected errors.

- Parks & Recreation Operating Procedure AF0006 requires the person completing the cash closing report to sign the end of day closing statement.
- In the audit sample of 103 closing reports at that site, 10 reports, or 10%, had not been signed. Of the 10 reports not signed, 4 had overages or shortages in recorded sales.

Additional surprise cash counts conducted at five randomly selected sites tested the department's written policies covering cashiering procedures. All five sites' cash reconciled to expected amounts. Three of the five sites had minor differences in cash count balances but followed all applicable procedures in an exemplary manner. The two remaining sites however, deposited their money two or three days after collection. These same two sites left their safes open and unattended.

Furthermore, another site tested substantiated the prior finding that not all sites deposited their monies daily but anywhere from one to nine days after collection.

#### Recommendations

All daily closing reports should adhere to the "Collier County Parks & Recreation Policies and Procedures Manual" effective October 1997, and revised October 2002. More importantly, the daily cash closing reports have to be reviewed and initialed by a responsible person to ensure accuracy and dependability of said reports.

All monies should be deposited daily except weekends and holidays. In addition, all safes need to be locked and concealed while unattended to prevent unauthorized access.

## Revenue Control Systems Not Maintained

During the revenue reconciliation test of two beach parking sites one master meter was printing illegible cash settlement reports and customer receipts. The illegible output from the machine continued for at least seven months without being reported or repaired, thereby placing the county at risk of mishandled revenue due to unverifiable backup. The settlement reports which are printed from the master meter are used to independently verify cash collections and reconcile cash deposits to the bank. Further investigation into this matter determined that it took seven months for this master meter to run properly (two months past our regular test period). During this period the park site reported \$45,120.75 in collections representing 10% of the total cash deposits for beach parking.

### Recommendations

Maintaining master meters is a vital aspect of controlling cash collections and as such should demand management's immediate attention. Cash collection equipment that is not maintained provides the opportunity for misappropriation through the lack of independent controls. To ensure all equipment receives immediate and proper repairs a prearranged maintenance schedule should be developed and adhered to.

### Parks and Recreation Department Response:

#### **Response to Audit Findings Revenue Control Systems Not Maintained**

The Collier County Parks and Recreation Policies and Procedures Manual clearly define the manner in which all employees must review and initial all daily reports. A memo to all park employees concerning proper "safe locking" procedures will be issued to all personnel who have access to the safes.

## Missing Registration Forms, Closing - and Sales Activity Reports

We reviewed registration forms from four park sites totaling \$23,643.32 as supporting documentation for previously reviewed receipts. However, a more thorough review of registration documents was not possible due to the fact that a number of documents totaling \$2,184.50 (exact number of missing documents can not be determined) were missing. The absence of these documents is significant because they contain customer information, particularly participants' acceptance of liability denoted through the registrant's signature. The lack of registration forms subjects the county to potential liability because the documents not only support the related sales receipts ensuring a complete audit trail but also indemnifies the department and county in case of accidents by transferring liability from the county to the participants.

Revenue controls are present in the form of detailed reports prepared by the Parks and Recreation Department such as the Z Reconciliation Reports; however, these reports were not effective in ensuring that all sales were recorded. During the test period Internal Audit found reports from three days of sales missing from one park site totaling \$3,658.00. Internal Audit independently verified that Parks and Recreation personnel deposited the correct amounts to the bank for the three days identified.

### Recommendations

Registration forms should be properly accounted for by ensuring a controlled filing system that limits access to responsible personnel only. This will limit liability and ensure that a proper audit trail exists for all transactions.

Management should review fiscal reports weekly, alerting to any missing sales documentation that could identify missing revenue.

### Parks and Recreation Department Response:

#### **Response to Audit Findings Missing Registration Forms, Closing-and Sales Activity Reports**

The Department is currently working in a "paper" environment for program registrations, forms etc. The number of programs, participants, and locations has outgrown this type of reporting/tracking system. The Department has purchased a Computer Software Program entitled "Class" which will give us a much-improved tracking system. This program will also give us a detailed database with the ability to grow and change as our programs continue to evolve in the future. A controlled filing system will be set up with access limited to Administrators only. Management will also review fiscal reports weekly and monthly for any discrepancies between participants, revenues etc. The Department is scheduled to go "live" with this new software in the late spring of 2004.

## Summer Food Service Grant

The Collier County Parks and Recreation Department has been awarded a Summer Food Service Program Grant to provide food to needy children during the months of June through August. Geographic areas or sites are qualified to participate either by Census Tract or through a Qualifying School. Census Tract information stems from a *1990 USDA Special Tabulation of Children's Poverty Status by Block Group* composed by Florida Gulf Coast University. Qualifying School information is collected by the Collier County School system from students to determine eligibility based on income vs. family size. Participating sites are then approved through either of the above qualifiers. The grant limits maximum reimbursements for administrative vs. operational expenses.

The following areas of concern were found within the grant program:

1. The reimbursement grant awarded to Parks and Recreation was initially projected to be \$915,467, based on anticipated meals served, while actual reimbursement was \$382,362. Parks and Recreation personnel chiefly use word-of-mouth communication to inform potential sites about this program, because this grant does not reimburse recipients for marketing costs. Increasing public awareness of the Summer Food Service Program could cause more qualifying sites to serve eligible children. As presently administered, this program did not utilize 58% of funds available, meaning that some eligible children did not benefit from this program.
2. Parks and Recreation did not follow the grant's definitions of open and restricted open sites in qualifying sites for program participation. The grant defines an *open site* as "a site at which meals are made available to all children in the area..." Department personnel have approved day care and private school sites' participation under this definition, even though they do not make meals available to *all children in the area*. As a result, ineligible children may have received free lunches at these sites.
3. The Summer Food Program Director administers a Florida Department of Law Enforcement (FDLE) check on all employees involved in the summer food program, including school staff employed during the summer months. While this step is admirable, the fact that negative information returned on school staff is not being relayed to the school system does raise questions. The sharing of this information is essential to enhance the safety of our children all year round.

### Recommendations

1. Improve public awareness of the Summer Food Service Program in order to increase the participation of qualified sites and eligible children.
2. Ensure that grant administration follows eligibility conditions closely in order to avoid serving ineligible children.
3. Report negative information received from FDLE check to the school system to allow them to follow up any controversial findings.

Parks and Recreation Department Response:

**Response to Audit Findings Summer Food Service Grant**

The maximum-projected reimbursement for the Summer Food Program for 2003 was \$ 915,467. This amount reflected the total cost needed if all summer food sites were to feed the maximum number of children allowed at each site. Based on the number of children served, the programs maximum eligible reimbursement was \$ 453,696.00. The total cost of the program was \$ 382,362.00. Federal regulations state reimbursements will be the lesser of the two:

The actual cost of eligible expenditures (\$382,362.00) or  
The maximum eligible reimbursement (\$453,696.00).

Each winter and spring Collier County Food Grant employees go out into the community to recruit eligible programs that comply with the guidelines set forth in the Federal Regulations, Summer Food Service Program for Children " 7 CRF 225 ", in an effort to feed all the children in eligible areas. Eligible sites include day camps, day care centers, church camps, recreation sites and school sites. If the site would like to be part of the program they must meet federal regulations, agree to follow state guidelines, and feed only children 18 years and under.

The Department will address the suggestion that FDLE background checks on all employees involved with the summer food program be shared with the Collier County School system. This will require a request for legal services from the county attorney's office to ensure that there are no legal issues with sharing this information.

## Parks and Recreation Audit - Part II Revenues

### Conclusion

The procedures and controls established within the Parks & Recreation Department, while effective are not always employed consistently. Applying the recommendations in this report along with the future implementation of the Point of Sale (POS) system will more readily detect any deviations from established procedures, and allow for immediate resolution of control concerns.

With Parks and Recreation's future implementation of a POS system, accounting functions will be electronically centralized. Existing controls will be enhanced due to the elimination of manual procedures replaced by electronic functions. Compatibility with the recently implemented financial management system (SAP) assures improved reconciliations as well as retrieval of various data to aid in the preparation of essential statistics to be used in future planning and evaluating historical data. Increased control over revenue is another aspect of the POS system, as all revenue received will immediately update the entire system, which amounts to increased control over revenue.

The summer food grant program administered by the Parks and Recreation Department is an excellent program to help disadvantaged children. It provides a needed service to the community. However, the money available is not used to the extent possible. Further avenues to aid in the distribution of free meals should be explored, such as collaboration and marketing through preexisting sources.

Parks and Recreation Department Response:

#### **Response to Audit Conclusion:**

The Department is totally committed to improving our accounting system of tracking revenues within the Department. Our new computer software going live late spring will eliminate the current "paper" environment. Also the Department internally is examining new operational controls to be put in place in conjunction with the new computer software. The recommendations of this audit along with the Departmental goal of Operational Excellence will help us as we grow to meet and exceed the needs of our Community.