

AUDIT TEAM

Jim Williamson, CPA, CIA, City Auditor

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**PARKS AND RECREATION DEPARTMENT
RECREATION FEE REVENUE**

MAY 03, 2016

MAYOR AND CITY COUNCIL

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May 3, 2016

The Mayor and City Council:

The Office of the City Auditor has completed an audit of recreation fee revenue in the Parks and Recreation Department.

Based on the results of our audit we believe that, during the six months ended September 30, 2015, management controls were adequate and effective to ensure the accuracy of recorded revenue, but they were not adequate to ensure the completeness of revenue.

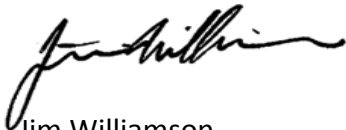
Recommendations for improving controls over recreation fee revenue, discussed in more detail in the attached report, are summarized as follows:

- Procedures should be implemented to ensure that revenue is received for all recreation programs and all related revenue is deposited. See Recommendations 1, 2 and 3.
- All revenue should be recorded in a single accounting system capable of producing management reports to aid in revenue and accounts receivable monitoring. See Recommendations 4 and 8.
- Supervisors should evidence periodic site visits to ensure that all recreation programs are reported, related revenue is completely deposited, and financial management policies are being carried out. See Recommendation 5.
- Seasonal programming fees should be authorized by the Director and provided to City Council in accordance with governing City Ordinance. See Recommendation 6.
- Overrides of programmed rental rates, refunds of security deposits and rental fees, and voided aquatic center transactions should be timely approved by supervisory personnel. See Recommendations 7, 9 and 15.
- Procedures should be modified to provide accurate accounting for security deposits held and efficient recording of rental revenue. See Recommendations 10 and 11.

EXECUTIVE SUMMARY: Audit Report 16-01

- Deposits should be reviewed for completeness and accuracy by individuals who have not processed revenue transactions within the deposit. See Recommendation 12.
- Policy governing timely revenue deposit should be enforced, including daily armored car service for aquatic locations. See Recommendation 13.
- Inventories of aquatic pool passes and concession items should be maintained and used to reasonably ensure the completeness of related revenue. See Recommendation 14.

All comments, recommendations and observations arising from our audit have been discussed in detail with appropriate management representatives. These discussions were held to assure a complete understanding of the content and emphasis of items in this report. Responses from management are attached to this report.



Jim Williamson
City Auditor



Lori Rice
Audit Manager

**PARKS AND RECREATION DEPARTMENT
RECREATION AND NATURAL RESOURCES DIVISIONS
RECREATION FEE REVENUE**

AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY

The objective of this audit was to evaluate the adequacy and effectiveness of controls in place to ensure the accuracy and completeness of the Parks and Recreation department’s (Parks) recreation fee revenue collected from April through September, 2015.

Parks is responsible for providing parks, recreational and cultural services to Oklahoma City residents and visitors so they can enjoy an enhanced quality of life. The Recreation, Health and Wellness division within the Parks department is responsible for providing recreational opportunities to the community. Will Rogers Gardens (WRG) and Martin Nature Park (MNP), both within the Natural Resources division, also provide recreational opportunities to the community. Within these two divisions revenue may be collected for the activities and classes offered, and the facilities that are rented to the public. Revenues are collected at the central business office (CBO), and the recreation center, natural resource and aquatic center locations. Recreation fee revenue collected for fiscal year 2015:

Exhibit 1 – Recreation Fee Revenue - Fiscal Year '15, Estimated by Location and Revenue Type

Revenue Type	Revenue Collection Location				Total
	CBO (420 w. Main)	Recreation Centers ^a	Natural Resources ^b	Aquatic Centers ^c	
Admissions				381,000	\$ 381,000
Facility Rental	267,000	27,000	31,000	14,000	\$ 339,000
Programs ^d		75,000	15,000	110,000	\$ 200,000
Athletics	71,000	43,000			\$ 114,000
Concessions				92,000	\$ 92,000
Facility Lease	67,000				\$ 67,000
Total	\$ 405,000	\$ 145,000	\$ 46,000	\$ 597,000	\$ 1,193,000

^aAll 15 recreation center locations, which includes 2 senior centers

^bIncludes only Will Rogers Gardens (WRG) and Martin Nature Park (MNP)

^cWithin the Recreation division, and includes Earlywine, Will Rogers, Foster, Northeast & Woodson pools

^dIncludes all structured programs/classes and aquatic’s season pool passes

Source: PeopleSoft 'Budget-to-Actual by Operating Unit' financial report used as primary source, with assistance from ActiveNet reports to estimate revenues by location and revenue type (see Recommendation 4).

Procedures performed during this audit included interviews and discussion with key management employees; review of current programming, forms used for revenue processing, and relevant City and departmental policies and procedures; analysis and assessment of control structure and recorded revenues, including testing of revenue transactions originating at the CBO, and the

recreation center, natural resource and aquatic center locations; and an assessment of lease revenue, refunds and the monthly unearned revenue journal entry.

We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following recommendations provide suggestions for improving the controls in place to ensure the accuracy and completeness of Parks' recreation fee revenue. Each recommendation included in this report is immediately followed by a *management response*, and they are included in their entirety as Attachment A to this report.

RESULTS OF WORK PERFORMED

Results of our audit indicate that established controls are adequate to ensure the accuracy of recorded revenue, for the period of April 1 through September 30, 2015, but they are not adequate to ensure the completeness of revenue.

Parks' staff will record the receipt of revenue as it occurs; however, the mechanism for recording revenue varies by location (see Exhibit 2). All revenue received by the CBO is processed directly into ActiveNet, Parks' current accounting system. All revenues received by recreation centers are recorded on manual receipts, as these locations do not have ActiveNet access. Rental revenue and most program revenue received by WRG and MNP are processed directly into ActiveNet, with manual receipts written for all other revenue received on-site. Aquatic centers¹ use a combination of manual receipts and cash register transactions to record revenue, as they are also without ActiveNet access.

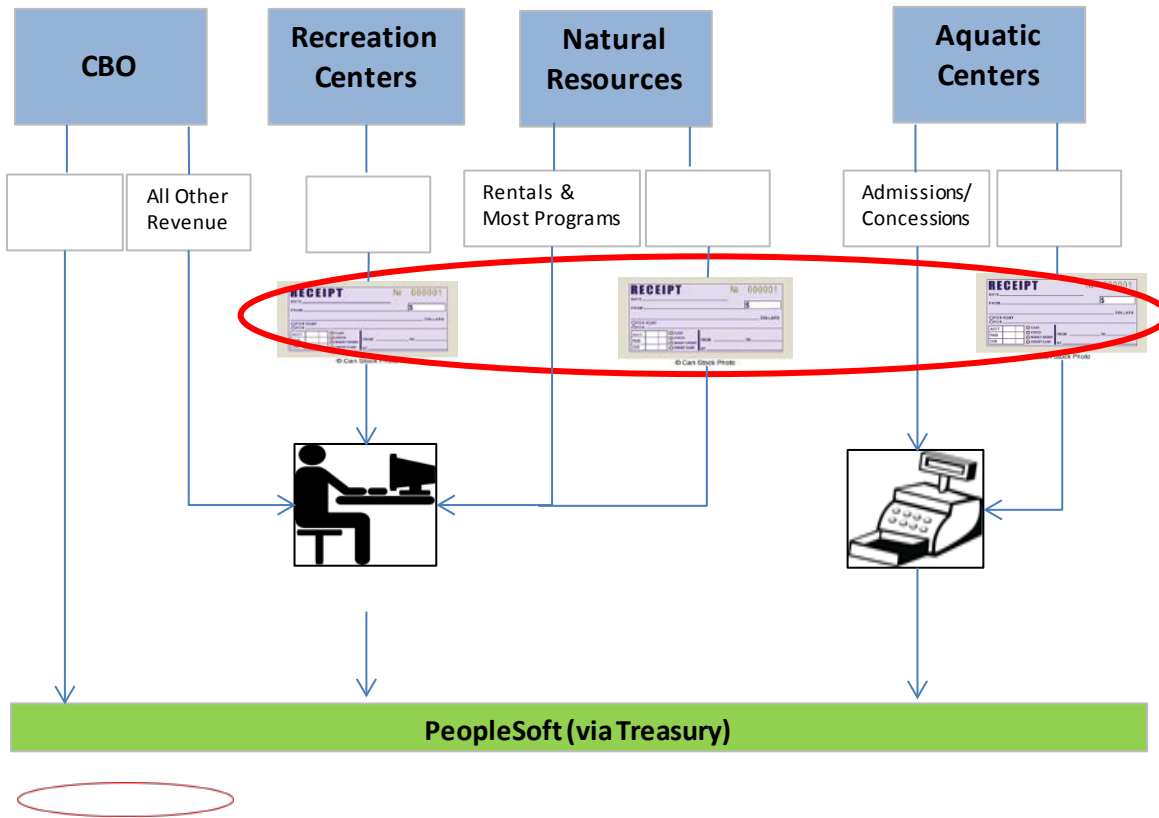
Monies received by all recreation centers, WRG and MNP are hand delivered to the CBO periodically, along with copies of manual receipts written to record revenue. CBO will process the manual receipts into ActiveNet and will deposit the money through the City Treasurer where revenues are recorded in PeopleSoft, the City's accounting system. Armored car service collects aquatics' money and delivers it directly to the bank. Copies of aquatics' manual receipts and cash register tapes are given to aquatics' administrative staff, who works with Treasury to record the revenue in PeopleSoft. Aquatics' revenue is not processed in ActiveNet.

ActiveNet is not supported by the City's Information Technology department, functional and reporting capabilities are limited and transaction fees are high, with an expected 7% increase in fees forthcoming. Parks is currently in the process of replacing ActiveNet with a system that is

¹ Earlywine and Will Rogers' family aquatic centers bring in over 98% of all 'Aquatic Center' revenues, and are the primary locations referred to throughout this report when discussing aquatic centers.

less expensive and will better suit their needs: Ungerboeck. An assessment of this system change was not performed, as it was outside the scope of this engagement.

Exhibit 2 – Revenue Recording Process



Source: Office of the City Auditor created to demonstrate revenue recording process.

Comment 1

Parks could not provide a complete list of programs conducted at each recreation center location, for the audit period. They do not record each program held and its corresponding expected revenue (i.e., program registrations) within ActiveNet; revenue, once received, is recorded in ActiveNet to the respective revenue general ledger account, and without any details on the provided service upon which the revenue was generated. Management also does not monitor program revenue received by location. As a result, expected program revenue can't be identified. Correspondingly, this revenue could not be tested for completeness. Expected program revenue, by location, should be clearly identified to ensure the completeness of revenue collection, and revenues received should be adequately monitored.

Recommendation 1

With the implementation of Ungerboeck, management should ensure the system ability to record all scheduled programs (i.e., all recreation activities, including athletics), upon which participants

can be systematically registered, and revenues expected and received can be monitored through adequate system reporting.

Absent the system ability to do this, a mechanism for tracking all activities held, participants registered and revenue received should be developed, implemented and consistently used to assist in monitoring completeness of revenue. This may include a master list of each activity held for every location, with reference to the respective completed rosters listing each individual registered and the amount paid.

Parks Department Response 1

Agree with recommendation. The Parks and Recreation Department began implementing the Ungerboeck Event Management software earlier this year, which the Civic Center Music Hall has been using for the last five years to track their revenues. We have tested the system and are now in production on two other revenue sources. By December 31, 2016, the Parks and Recreation Department will have either verified the system's ability for tracking scheduled events and/or developed another mechanism for tracking these activities.

Comment 2

Manual receipts used by recreation center and WRG and MNP locations to record rental and program revenue are pre-numbered for tracking purposes, yet management does not track their usage following their initial issuance to the locations. During testing, one of the five locations tested could not produce the forms that had been issued to them but not yet used. Inadequate tracking of these forms may increase the risk of misappropriation of revenues.

Aquatic center manual receipts are not pre-numbered, rendering management incapable of the necessary tracking. Additionally, approximately 30 of the 90 manual receipts (i.e., registration forms) expected, as determined through cash register counts, could not be provided to support aquatic center program revenue in our test sample. Pre-numbered forms serve as a tool for accountability in the proper receipt/recording of revenue.

Recommendation 2

With the implementation of Ungerboeck, all Parks locations receiving revenue should be given access to create system records for rental reservations, program registrations, and season pool pass sales (i.e., revenue receipts), eliminating the need for the use and tracking of pre-numbered documents. The system generated revenue receipts should be reconciled by the CBO, and/or appropriate aquatic staff, to monies deposited by the locations to ensure accuracy and completeness.

Absent the ability to grant Parks locations access to Ungerboeck, pre-numbered documents should be created for aquatics to use in processing program revenue and season pool pass sales, and a mechanism for tracking all pre-numbered documents after their issuance should be developed and routinely monitored to ensure the proper accountability of all pre-numbered control forms and revenue.

Parks Department Response 2

Agree with recommendation. The Parks and Recreation Department is currently working with the Information Technology Department to assess the network capabilities at all of our remote locations. Once those capabilities have been determined, Parks and IT will have to determine the ability, cost, and time that it will require to bring connectivity capable of carrying the necessary data load to our remote locations. By December 31, 2016, the Parks and Recreation Department will have assessed the ability, cost, and effort it will take to link our remote locations to the city network and Ungerboeck or established the necessary controls for tracking controlled paper documentation.

Comment 3

Parks recreation and aquatic center locations are required to create manual rosters of the participants that have registered and paid for the respective programs being held. WRG and MNP use system-generated rosters from ActiveNet for this purpose, but may manually write in last minute attendees. In addition to submitting all manual receipts and registration forms with their deposits, Parks requires all locations also submit completed rosters, although this is not entirely clear within policy. It was discovered that four of the five recreation center locations tested are not submitting completed rosters². Management can't adequately monitor for revenue completeness for program activities without being able to identify the respective paid participation. Inadequate monitoring may increase the risk of incomplete revenue collection.

Recommendation 3

With the implementation of Ungerboeck, and as an addendum to Recommendation 1 and 2, management should ensure the ability to create rosters from the registrations that have occurred in Ungerboeck. It is these system-generated rosters, versus manual ones, that should be used by Parks locations to allow program participation, and by management to monitor for revenue completeness. Implementing this step should eliminate the need for Parks locations to submit their manual, completed rosters.

Absent the ability to create a system-generated roster, management should clarify policy to explain how the manual, completed rosters properly noted with payments received are to be provided with deposits. This policy should be properly communicated to all Parks locations, and management should ensure policy is being followed. Management should use roster submissions to monitor for revenue completeness.

Parks Department Response 3

Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have assessed the ability to create electronic rosters and reports or created the proper procedures and policies to communicate to all Park locations the method to tie manual rosters to revenue by location.

² Completed rosters should include the list of individuals registered for the activity and their respective amount paid.

Comment 4

ActiveNet charges a transaction fee for all revenue processed within the system. As a result, aquatics' revenues of approximately \$600K annually are not recorded in ActiveNet, but are tracked manually on spreadsheets resulting in inconsistent practices within the department in the way recreation fee revenue is recorded and monitored. Also, as a result of how the system was originally designed to record revenues, the originating location can't be identified through a single ActiveNet system report. All recreation fee revenues should be recorded consistently and distinctly, ensuring management's ability to provide adequate oversight over revenue collected at each location.

Recommendation 4

With the implementation of Ungerboeck, management should record all recreation fee revenue in the same system. They should also ensure all revenue is recorded in a manner that recognizes the location upon which the revenue was received, making it possible to adequately monitor all revenue by location through system reports.

Parks Department Response 4

Agree with recommendation. The Parks and Recreation Department is structuring Ungerboeck to track all recreation fee revenue by location and by December 31, 2016 will have implemented this process or developed a manual method to capture this information by location.

Comment 5

Management stated Field Operation Supervisors visit Parks locations to ensure operations and controls are appropriately functioning, but no evidence could be provided of routine and consistent site visits. A standard "Recreation Division's Field Operations Supervisor Visitation Report" form is in place for supervisors to record results of the items reviewed while visiting the recreation center location, including a section on financial/revenue management, but the use of this form is not enforced. It was found these forms are not routinely used for each location, and in some cases not completed in their entirety. Additionally, it was confirmed that management is not performing policy required pool audits for aquatic center locations, to assess headcounts versus revenues received.

Physical observations and adequate management oversight over revenue practices serves as a deterrent for fraudulent activity, and should provide needed supervision to ensure all expected revenue is collected.

Recommendation 5

Policy and procedure regarding frequency of site visits and required management oversight activities, including the use of forms to assist in that effort should be developed, implemented and enforced. In addition to proper and consistent use of the "Field Operations Supervisors Visitation Reports" by supervisors, routine oversight practices should include random checks of program activities and participants against program schedules and rosters, respectively, to ensure all activities are being reported and all participants have paid. Management should review all

oversight reports for concerns over revenue management, and follow-up with location supervisors as needed. All results should be documented and retained.

Parks Department Response 5

Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented department policies and procedures concerning management oversight practices and frequency of inspections for recreation activities and revenue management and trained division and location supervisors on the policies and procedures.

Comment 6

Most recreation fees charged are imposed by the Schedule of Fees within City ordinance. However, some seasonal programming conducted by Parks is proprietary in nature and will require the use of Director authorized fees (i.e., summer camps, swim lessons, athletic league activity, seasonal programming/classes, etc.). Ordinance requires Director authorized proprietary fees be provided to Council within 10 days of adoption.

Parks could not provide evidence that proprietary fees charged for the transactions tested had been authorized by the Director and provided to Council. No formalized process exists to ensure these fees are properly authorized and appropriately disseminated.

Recommendation 6

Management should create and follow a formalized process for obtaining Director approval of proprietary fees and providing them to Council.

Parks Department Response 6

Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented a department policy and procedure formalizing the process for obtaining Director approval of proprietary fees and providing them to City Council.

Comment 7

Facility rental rates are programmed into ActiveNet to charge the appropriate fees upon selecting the respective facility. Of the 45 CBO originating transactions reviewed, 2 were found where manual overrides of system rates had occurred without supervisory review and approval. ActiveNet's limited security options allow all users the ability to override rates. Supervisory personnel are not notified when system rates are overridden.

Further, rental fees are waived for City sponsored and co-sponsored events. A review of the list of 25 ActiveNet customers' set-up with 'co-sponsor' status (i.e., no charge for facility rentals) yielded that 8 did not have documented co-sponsor agreements in place, and were not recognizable to staff as customers where this special pricing would be applicable. While ActiveNet does send the Business Manager an email as 'no charge' rentals are processed, there are no limitations on who can set-up customers with special pricing.

Inadequate controls over system rate changes and customer set-up may result in unauthorized rate revisions and/or special pricing.

Recommendation 7

Policy should be developed describing when it is appropriate to override rates, the circumstances where special pricing may apply and the process of ensuring adequate approval of the override and/or special pricing. Management should create a supervisory review and approval process, responsible for revising rates as needed and customer set-up with special pricing. Those performing the supervisory review should be the only individuals with system access to make changes to rates and set-up customers in the system with special pricing. All customers set-up in the system with special pricing should be supported with documented agreements.

Parks Department Response 7

Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented a policy for system rate changes and customer setup utilizing new system controls in Ungerboeck.

Comment 8

Parks will issue an invoice to customers when requested (i.e., OKC public schools require an invoice to pay for field trip tours of Martin Nature Park), or as needed when lease payments on established agreements are past due. ActiveNet does not have the ability to issue invoices, so QuickBooks³ is used for this purpose. Parks does not have an established process in place to monitor collection of receivables created through the issuance of invoices and housed in QuickBooks, increasing the risk that revenue will go uncollected.

Recommendation 8

Management should ensure the ability to issue invoices and track receivables within the new Ungerboeck application. Policy and procedure should be established describing when invoices should be generated, how receivables should be monitored, and collection actions that should be taken, if needed.

Parks Department Response 8

Agree with recommendation. The Ungerboeck application has the ability to issue invoices, receive payment, track receivables, email and attach documentation to client accounts. By December 31, 2016, the Parks and Recreations Department will implemented this functionality in the system and create policy and procedures describing the applicable process.

³ QuickBooks is an off-the-shelf accounting application used by Parks for the sole purpose of issuing invoices.

Comment 9

The CBO regularly issues refunds for required cleaning, security and key deposits on facility rentals, and occasionally for recreation fees when a customer is dissatisfied. Department policy and procedure requires the Business Manager to approve these refunds prior to processing. For refunds made by credit card, the approval is not occurring until after it is processed, and is being completed by a party other than the Business Manager. Pertinent management oversight of refunds, to ensure they are appropriate, should occur through timely and proper approvals.

Recommendation 9

Management should revise the process to ensure the Business Manager is approving refunds prior to their processing. If it is determined that refund approval can appropriately occur through another party or designee, policy and procedure should be revised to reflect that.

Parks Department Response 9

Agree with recommendation. Parks and Recreation has already revised its process to ensure the Business Manager is approving the refunds prior to processing and by December 31, 2016 will have created policies and procedures for the Business Manager or designee to review and approve refunds.

Comment 10

The cleaning, security and key deposits on facility rentals received from customers are held aside in a liability balance sheet account (i.e., “Trust and Agency” account) awaiting the expected refund. Occasionally, facilities are left uncleaned, damaged, and/or the key is not returned, in which case the respective amount will be appropriately moved from the Trust and Agency account to revenue. However, most deposit amounts are refunded. The Trust and Agency account is not routinely reconciled to ensure the adequacy of the liability amount on hand to cover outstanding deposits, or the completeness of revenue transfers for un-refunded deposits. ActiveNet is not capable of producing a report showing outstanding deposits.

Recommendation 10

Management should ensure Ungerboeck is capable of adequately tracking and reporting outstanding refund amounts. A routine reconciliation of the Trust and Agency liability account should be performed and supported with Ungerboeck reports showing outstanding deposits. Additionally, the current liability balance sheet amount should be reconciled and adjusted to reflect actual outstanding deposits.

Parks Department Response 10

Agree with recommendation. Parks and Recreation management has verified that Ungerboeck is capable of tracking and reporting outstanding refund amounts. By December 31, 2016, the department will have implemented a process with the necessary supporting reports to reconcile and show current liabilities, deposits and revenue.

Comment 11

All rental revenue is recorded directly to a liability balance sheet account (i.e., “Unearned Revenue” account), as most rental revenue is received in advance of the actual event taking place. Parks will process a monthly journal entry appropriately re-classing the liability amounts to rental revenue as events occur. ActiveNet is not capable of producing a report summarizing unearned revenue amounts as they are earned, thus staff employs a manual process of compiling the data needed to support the journal entry, requiring a significant amount of time each month. There is no management review of this journal entry prior to processing.

Additionally, the Unearned Revenue liability account is not routinely reconciled to ensure the adequacy of the liability amount on hand to cover revenue not yet earned, and that all earned revenue is appropriately classified. Nor is ActiveNet capable of producing a report summarizing all outstanding Unearned Revenue amounts at any given point in time to assist in reconciliation efforts.

Recording these relatively small rental revenues on a monthly accrual basis is not cost effective given the amount of staff time and effort required to record and maintain an unearned liability and related sub ledgers.

Recommendation 11

Management should discontinue the practice of processing a monthly Unearned Revenue re-class entry, and opt to book the liability at each fiscal year-end instead. This would require the department begin recording all incoming rental revenue directly to a revenue account. Further, management should ensure Ungerboeck is capable of adequately reporting outstanding Unearned Revenue amounts. Reports from this system should be used to support the year-end liability journal entry and corresponding liability account balance. Additionally, the current liability balance sheet account should be reconciled and adjusted to reflect actual outstanding unearned revenue amounts.

Should this recommendation be declined, recommendation 10 should also be implemented for the Unearned Revenue liability balance sheet account. Supervisory review and approval of the monthly unearned revenue re-class entry, prior to processing, should also occur.

Parks Department Response 11

Agree with recommendation. Parks and Recreation management has verified that Ungerboeck is capable of tracking and reporting outstanding unearned revenue amounts. By December 31, 2016, or as soon as we can move the remaining future reservations from the current system to Ungerboeck, the department will discontinue the practice of processing monthly unearned revenue re-class entries and implement a process to begin providing a year-end liability report to Finance. The Civic Center Music Hall already provides Finance with a year-end report from Ungerboeck in support of their year-end liability journal entry and we will do the same for recreation revenue.

Comment 12

The CBO cashier will create a daily deposit of revenue received directly from customers, and from recreation centers and natural resource locations. Daily deposits are supported by a batch containing ActiveNet receipts for each revenue transaction to serve as confirmation of system processing, and system reports detailing the type of payments received (i.e., cash, check, credit card) and the respective revenue types (see Exhibit 1). A supervisor will confirm the amount being deposited, and review the batch to check for accuracy before the deposit is actually made. For three of the forty CBO deposits inspected, it was noted that the supervisory review was being performed by an individual who had also processed revenue transactions included in the deposit, essentially performing a review of their own transactions. This improper segregation of duties may prevent fraud and errors from being detected.

Recommendation 12

Supervisory review of the daily deposit should not be performed by individuals who have processed revenue transactions contained within the deposit.

Parks Department Response 12

Agree with recommendation. Parks and Recreation has already created a new separation of duties process, so daily deposit reviews will not be performed by individuals who have the ability to process revenue transactions contained within the deposit.

Comment 13

Policy requires recreation center and natural resource deposits be made (i.e., brought to the CBO for deposit) at least weekly, or immediately upon collecting \$1,000 or more. Our review showed three of the five locations tested were not following policy, as two location's deposits were found to be made on average every three weeks. However, it is also not uncommon for a recreation center to receive less than \$100 over an extended period of time. One instance revealed \$1,370 kept at a recreation center for 13 days prior to deposit. The risk of theft may increase as revenues are retained on-site instead of being deposited.

Additionally, the armored car service provider currently used is not performing according to the agreement, resulting in delayed aquatic center deposits. Approximately 50 of the 170 aquatic center deposits during the audit period were not picked up daily as required, with as much as \$10,332 being held in a safe at the location until pick up could be made; again, increasing the risk of theft as revenues are retained on-site instead of being picked up timely.

Recommendation 13

Management should consider modifying current policy to include a minimum amount (i.e., \$100) requiring deposit by Parks locations, to ensure the amount deposited is worth the time and effort it takes to make the deposit. Policy should be enforced, and management should provide adequate oversight to ensure it is being followed. Management should also work with the armored car service provider to ensure daily deposit pick-ups are being made, or look for a service provider that can guarantee a daily deposit pick up for aquatics' locations.

Parks Department Response 13

Agree with recommendation. The Finance Department is anticipating the issuance of an updated cash handling policy this summer. By December 31, 2016, the Parks and Recreation Department will have taken that policy and modified department policy regarding center deposits and management oversight. Management is already working with the Treasurer's Office to locate service providers for armored car service, but there are a very limited number of armored car providers in the City who provide guaranteed daily deposit pickup.

Comment 14

Parks offers season pool passes and concession items for purchase at their family aquatic centers. Routine counts of pool passes and concession products held for sale are not performed, thus expected related revenue can't be identified. As a result, we could not test for completeness of pool pass and concession revenue. Proper controls should be in place to ensure the identification of expected revenues for all passes and products held for sale.

Recommendation 14

Management should establish an inventory mechanism for both pool passes and aquatic concession items; reconciling items purchased against items sold and on hand for the purpose of ensuring all expected revenue is accounted for.

Parks Department Response 14

Agree with recommendation. This is the next area of Parks revenue tracking expected to go live in Ungerboeck production. Parks is currently finalizing the testing of this revenue tracking and anticipates this to go live by May 27, 2016.

Comment 15

Aquatic center policy requires all cash register voids be accompanied by a written explanation, placed on an incident report and signed by a supervisor. No explanations or evidence of supervisor review were found for the 227 voided aquatics' transactions totaling \$2,579 included in our test sample, averaging 25 voids at a total of \$287 per day. Allowing voids to go unexplained creates the opportunity for misappropriation of revenues, through erroneously voiding a transaction and pocketing the cash received.

Recommendation 15

Management should enforce policy requiring aquatic centers provide documented explanation with supervisory review of all voided transactions.

Parks Department Response 15

Agree with recommendation. By June 1, 2016, the Parks and Recreation Department will have reviewed the policy with the Field Operations Supervisor and trained aquatics staff on the policy of using an incident report with accompanying written explanation for all voids and that they must be signed by a supervisor.



MEMORANDUM

The City of
OKLAHOMA CITY

TO: Jim Williamson, City Auditor
THROUGH: James D. Couch, City Manager
FROM: Douglas R. Kupper CPRP
Director, Parks and Recreation Department
DATE: April 22, 2016
SUBJECT: Audit 16-01 Parks and Recreation Department Fee Revenue



The following are management's responses to recommendations outlined in the recent fee revenue audit.

1. Agree with recommendation. The Parks and Recreation Department began implementing the Ungerboeck Event Management software earlier this year, which the Civic Center Music Hall has been using for the last five years to track their revenues. We have tested the system and are now in production on two other revenue sources. By December 31, 2016, the Parks and Recreation Department will have either verified the system's ability for tracking scheduled events and/or developed another mechanism for tracking these activities.
2. Agree with recommendation. The Parks and Recreation Department is currently working with the Information Technology Department to assess the network capabilities at all of our remote locations. Once those capabilities have been determined, Parks and IT will have to determine the ability, cost, and time that it will require to bring connectivity capable of carrying the necessary data load to our remote locations. By December 31, 2016, the Parks and Recreation Department will have assessed the ability, cost, and effort it will take to link our remote locations to the city network and Ungerboeck or established the necessary controls for tracking controlled paper documentation.
3. Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have assessed the ability to create electronic rosters and reports or created the proper procedures and policies to communicate to all Park locations the method to tie manual rosters to revenue by location.
4. Agree with recommendation. The Parks and Recreation Department is structuring Ungerboeck to track all recreation fee revenue by location and by December 31, 2016, will have implemented this process or developed a manual method to capture this information by location.
5. Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented department policies and procedures

concerning management oversight practices and frequency of inspections for recreation activities and revenue management and trained division and location supervisors on the policies and procedures.

6. Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented a department policy and procedure formalizing the process for obtaining Director approval of proprietary fees and providing them to City Council.
7. Agree with recommendation. By December 31, 2016, the Parks and Recreation Department will have developed and implemented a policy for system rate changes and customer setup utilizing new system controls in Ungerboeck.
8. Agree with recommendation. The Ungerboeck application has the ability to issue invoices, receive payment, track receivables, email and attach documentation to client accounts. By December 31, 2016, the Parks and Recreations Department will implemented this functionality in the system and create policy and procedures describing the applicable process.
9. Agree with recommendation. Parks and Recreation has already revised its process to ensure the Business Manager is approving the refunds prior to processing and by December 31, 2016 will have created policies and procedures for the Business Manager or designee to review and approve refunds.
10. Agree with recommendation. Parks and Recreation management has verified that Ungerboeck is capable of tracking and reporting outstanding refund amounts. By December 31, 2016, the department will have implemented a process with the necessary supporting reports to reconcile and show current liabilities, deposits and revenue.
11. Agree with recommendation. Parks and Recreation management has verified that Ungerboeck is capable of tracking and reporting outstanding unearned revenue amounts. By December 31, 2016, or as soon as we can move the remaining future reservations from the current system to Ungerboeck, the department will discontinue the practice of processing monthly unearned revenue re-class entries and implement a process to begin providing a year-end liability report to Finance. The Civic Center Music Hall already provides Finance with a year-end report from Ungerboeck in support of their year-end liability journal entry and we will do the same for recreation revenue.
12. Agree with recommendation. Parks and Recreation has already created a new separation of duties process, so daily deposit reviews will not be performed by individuals who have the ability to process revenue transactions contained within the deposit.
13. Agree with recommendation. The Finance Department is anticipating the issuance of an updated cash handling policy this summer. By December 31, 2016, the Parks and Recreation Department will have taken that policy and modified department policy regarding center deposits and management oversight. Management is already working with the Treasurer's Office to locate service providers for armored car service, but there are a very limited number of armored car providers in the City who provide guaranteed daily deposit pickup.

14. Agree with recommendation. This is the next area of Parks revenue tracking expected to go live in Ungerboeck production. Parks is currently finalizing the testing of this revenue tracking and anticipates this to go live by May 27, 2016.
15. Agree with recommendation. By June 1, 2016, the Parks and Recreation Department will have reviewed the policy with the Field Operations Supervisor and trained aquatics staff on the policy of using an incident report with accompanying written explanation for all voids and that they must be signed by a supervisor.

Thank you for your thorough and professional review of these processes.