

**SEMINOLE COUNTY
LIMITED REVIEW OF
REVENUE COLLECTION PROCEDURES
PARKS AND RECREATION DIVISION**

REPORT NO. - 031606

March 2006

Prepared by: Internal Audit Division Clerk of the Circuit Court
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**Seminole County
Limited Review of
Revenue Collection Procedures
Parks and Recreation Division**

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed a limited review of the procedures for recording and collecting revenues; also, of the procedures for paying contracted professionals (i.e. tennis pros, umpires). This review was requested by Ms. Suzy Goldman, Library & Leisure Services Director.

PURPOSE

The objective of the review was to determine if the procedures for recording revenues, collecting cash, and for paying contracted professionals are adequate and in compliance with county policies.

BACKGROUND

The division operates 25 parks and trails throughout Seminole County, many of which charge a user fee. User fees are charged in the county's softball league program, for tennis and racquetball program lessons, tournaments, camping, and other special events. Overall revenue derived from operations averages about \$725,000.00 annually.

Internal Audit was requested to perform this review for a variety of reasons. Revenues for the two of the facilities with a tennis program had a decline in business over the last two years. Revenues had dropped at one facility by 7% or \$ 15,523.00 per annum. Also, a complaint had been filed by a tennis pro that he had not been paid properly and it was noted that the process for correcting the improper payment was very informal. Upon management's own internal investigation of these matters, it learned that staff was not maintaining any back up records for longer than a couple of months (if that) so an internal investigation into these matters was inconclusive. Management has subsequently directed staff to retain all backup for at least a three year period.

The following park locations charge and receive user fees: Sanlando Park, Red Bug Lake Park, Sylvan Lake Park, and the Softball Complex.

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SCOPE OF WORK

The review was limited to a review of the procedures for recording revenues, collecting cash, and for paying contracted professionals.

Our review coverage included:

- Review of applicable policies and procedures maintained by Parks and Recreation;
- Review of County Finance records to determine if sales tax was properly computed and submitted to the State of Florida;
- Interviews of key personnel; and,
- Any other procedures considered necessary under the circumstances.

The review was performed by Gail Joubran and Bill Carroll.

OVERALL EVALUATION

It is our opinion, Parks, is not in compliance with county policy relating to the user fees collected. Control over cash handling needs to be strengthened to ensure the division has adequate internal controls. The following conditions warrant management's attention:

- Program fees are not always collected (in full) upon registration;
- There are no sign in sheets; and,
- Receipts are not always provided.

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FINDING NO. 1

Program fees are not always collected (in full) upon registration.

Although there is a written policy regarding collecting fees up front, it has been the practice to allow users to “pay as you go” in lieu of paying fees upon registration. According to staff, this is simply to create a user friendly environment; also, to encourage citizens to use the facilities on a regular basis.

Parks and Recreation Division's Operations Manual Section III (**Registration, Pro-rate and Credit Policy**) states in part:

*“Programs **must be paid in full** as scheduled by the Parks and Recreation Division and a receipt given. Program fees are not Pro-rated. ... Payment must accompany all registration requests....”*

Parks uses software known as CLASS; an automated system for booking reservations, recording fees collected, and for reporting revenues. The system generates a “total revenue and tax report” daily based on the registration fees in lieu of the payments actually collected from the customers. Thus, administrative staff, to ensure that revenue and sales tax is reported accurately to Finance; goes through this report daily and manually re-calculates (for each transaction) the correct amount of sales tax, **based on the revenue actually collected**. For instance, a client comes in and books a tennis court for ten weekly one hour sessions at \$4.00 per hour; a \$40.00 sale would be recorded with sales tax of \$2.80. When this client pays for the first hour used, staff will manually calculate 28 cents worth of sales tax; write 28 cents on the revenue and tax report, and cross out the \$2.80. These manual adjustments are remitted to the County Finance office so that a state sales tax return can be filed.

In a nutshell, if staff were to follow the procedure laid out in the manual, there would be no receivable balance and hence no adjustment necessary to the revenue and tax report.

Recommendation

Comply with written policies and procedures or update the manual to incorporate the current practice.

Management Response

The director will review the practice with division management to determine if an update to the pricing structure as listed in the Department's Fines & Fees Resolution, which is adopted by the BCC, requires an update. If BCC action is taken, the Division Operating Manual will be updated accordingly.

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FINDING NO. 2

There are no sign in sheets.

There is **no requirement** for customers to sign in prior to using park facilities.

A sign in sheet ensures that all people using the facility are accounted for and the number of people using the facility corresponds to the revenue actually collected. By not having a sign in sheet, there may be some unauthorized use of the facility and some may simply elect to use the facility without first checking in at the office.

A written procedure requiring the use of sign in sheets would help ensure that receipts for services are recorded in the cash register.

Recommendation

Update written policies to include using a sign in sheet. Daily sign in sheets should be forwarded to the main parks office for management review.

Management Response

The director will direct division management to devise a sign-in sheet that facilitates daily reconciliation to the Parks Automation System's (CLASS) daily revenue reports with actual cash collection and to implement its use by no later than June 9, 2006. The Division Operating Manual will also be updated to reflect this requirement. It is noted, however, that Parks' customers may not uniformly comply with the request to sign in.

FINDING NO. 3

Receipts are not always provided.

There is **no requirement** for each customer to receive a receipt once a payment is made.

A receipt is an acknowledgement that something of value has been received. In this case, it is an acknowledgement that a park attendant has physically received some money for the use of the facility. A receipt provides a paper trail that a transaction took place on a particular day at a particular time. It protects the attendant, the customer, and the county.

By not going through this very important process of printing a receipt and handing the receipt to the customer there is opportunity for some cash not making it into the cash register.

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Recommendation

1. Update written policies and procedures to include the requirement for all transactions to include a receipt. Furthermore, attendants should be counseled not to allow customers to walk off with out getting a receipt.
2. Post signs that offer customer something of value if cashier does not provide a receipt.
3. Review the feasibility of installing security cameras at various locations.

Management Response

The director will direct division management to update the Division Operating Manual to stress the issuance of a receipt to every paying customer. Training on this, as well as the use of the sign-in sheet, will be held by June 1, 2006. Signs will be placed in a prominent position alerting customers to the offer of something of value if the cashier does not provide a receipt. Drink coolers will be offered as the item of value. Funding for security cameras for public counter areas at the active parks will be requested as part of the Fiscal Year 06/07 Budget update process.

CONCLUSION

We are very concerned that one facility (Sanlando) experienced a decrease of \$15,523 or 7% in revenue over the last fiscal year while other facilities in Seminole County reported an increase or a decrease of less than 1%. We are not sure of the cause of the decline other than possibly **money paid but not recorded**. We tend to believe that this loss is not normal. Thus, we strongly recommend that management require sign in sheets at each facility so that it can do an accounting of what should have been collected each day. Receipts need to be printed off by the cashier after each customer makes a payment as proof that a payment has actually been made. Signs should be installed offering the customer something of value if he/she doesn't receive a receipt. As a further security measure, we recommend that management install security cameras at the various locations. **We believe that by not having these controls, the county subjects itself to the possibility that some cash is not accounted for properly (i.e., theft).**