AUDIT DEPARTMENT

Audit Report

Parks and Recreation
Safekey Program Follow Up

March 2013

Angela M. Darragh, CPA, CISA, CFE
Audit Director

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Angela M. Darragh, CPA, CFE, CISA, Director

March 25, 2013

Mr. Don Burnette
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Burnette:

In accordance with Audit Department policy, we performed a follow-up to the Parks and Recreation Safekey audit dated September 21, 2011. Our objective was to determine whether adequate corrective action was taken on the findings included in the audit report. Our audit procedures were performed as of November 29, 2012. Our audit was conducted in accordance with generally accepted government auditing standards.

Our procedures consisted of reviewing the original audit report and supporting documents, interviews with management and staff, observations, walkthroughs, examination of documentation, and performance of detailed tests and analyses. We selected two Safekey sites (Thiriot and Keller Elementary Schools) and three customers from each site for detailed testing. We reviewed six customer accounts for one week, analyzing sign-in sheets, attendance logs, and customer payments. We also recalculated fees and traced ending balances to the next week's beginning balances. At these two sites, we only found three customers that received State Assistance of Safekey fees. For these three customers, we compared attendance sheets per Safekey to those from the State. We also recalculated fees based on information from both sources.

Initially, we looked at six deposit transactions (three from each site). However, when we found discrepancies, we expanded the review of deposit transactions to include the period August 24, 2012 through October 19, 2012 for both schools and transactions from January to June 2012 for Safekey deposits at Thiriot Elementary. Finally, we determined whether non-sufficient fund (NSF) check transactions are reconciled with the Bank of America statement on a monthly basis, and we reviewed six refund requests and six void transactions for adherence to Safekey policy.

Based on the results of our testing, we do not believe Parks and Recreation has taken adequate corrective action on five of the seven findings reported in the original audit, which are discussed in the report. Parks did not concur with the recommendation regarding the calculation of co-pays made by customers receiving state childcare assistance, and we agree that the amount is immaterial and does not require further corrective action. However, we found Parks implemented appropriate procedures for refunds.

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It is the department/division management's responsibility to decide if any appropriate action should be taken in response to reported audit findings. It is also their responsibility to assume the risk by not correcting a reported condition because of cost or other consideration.

A draft report was provided to the Director of Parks and Recreation, and her response is included in the appendix of the report. We appreciate the cooperation and assistance provided by Parks and Recreation during the course of this audit.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA
Audit Director

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BACKGROUND

Safekey is a recreational enrichment program for children in kindergarten through 5th grade, designed to meet the needs of working parents. The program is a public service offered by the Clark County Parks and Recreation Department. Safekey is an extension of the school day and is available before and after school.

Safekey is the largest revenue producing program for the Recreational Activity fund. In fiscal year ending June 30, 2012, it generated $3.4 million. For the current fiscal year through October 21, 2012, Safekey has generated close to $1 million. It is offered at various school sites throughout the unincorporated County area. Currently, the program is held in just under 80 Clark County School District elementary schools as permitted under the Open Schools Open Doors Agreement between the County and the Clark County School District.

Original Audit - Clark County Internal Audit performed an audit of Safekey dated September 21, 2011, for the period July 1, 2008, through June 30, 2009. The objectives of the audit were as follows:

- *To determine whether Safekey sites provide balanced opportunities throughout the Clark County area; controls over cash collection for Safekey activities are sufficient to safeguard against abuse and errors; transactions are deposited in their entirety and properly recorded; controls over Safekey financial assistance reimbursements are sufficient to safeguard against abuse and errors; financial assistance reimbursement transactions are processed in accordance with guidelines and are properly recorded.*

The results of the original audit identified seven areas that needed corrective action. The results in brief indicated the following concerns: controls are not sufficient over Safekey cash collection, control weaknesses exist over verification of reimbursement amounts from the state and reconciliation of recorded amounts in accounting records, recordkeeping at Safekey sites was inadequate, financial assistance reimbursement transactions are not processed appropriately, Safekey did not recover the full amount of its fees from the collection of State reimbursement and customers' co-pay amounts, and reimbursement amounts received from the State of Nevada were not verified for accuracy.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit is to determine whether corrective action was taken on the findings addressed in the *Parks and Recreation Safekey* audit report dated September 21, 2011.

Our procedures consisted of reviewing the original audit report and supporting documents, interviews with management and staff, observations, walkthroughs, examination of documentation, and performance of detailed tests and analyses. We selected two Safekey sites (Thiriot and Keller Elementary Schools) and three customers from each site for detailed testing. We reviewed six customer accounts for one week, analyzing sign-in sheets, attendance logs, and customer payments. We also recalculated fees and traced ending balances to the next week's beginning balances.

At these two sites, we only found three customers that received State Assistance of Safekey fees. For these three customers, we compared attendance sheets per Safekey to those from the State. We also recalculated fees based on information from both sources.

Initially, we looked at six deposit transactions (three from each site). However, when we found discrepancies, we expanded the review of deposit transactions to include the period August 24, 2012 through October 19, 2012 for both schools and transactions from January to June 2012 for Safekey deposits at Thiriot Elementary.

Finally, we determined whether non-sufficient fund (NSF) check transactions are reconciled with the Bank of America statement on a monthly basis, and we reviewed six refund requests and six void transactions for adherence to Safekey policy.

Excerpts from the original audit and management response were included in this report. The last day of fieldwork was November 29, 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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.

RESULTS IN BRIEF

Safekey has taken appropriate corrective action on 1 of the 7 findings reported in the original audit. Safekey now performs additional steps to verify the legitimacy of refund requests (without obtaining requestor signatures). We do not believe sufficient corrective action

was taken on 5 of the 7 findings. The remaining issues are discussed in more detail in the detailed results.

Implementation Rate

Status of Findings	Number of Findings	% of Total
Implemented	1	14.3%
Not Implemented	5	71.4%
Other	1	14.3%
Total	7	100.0%

DETAILED RESULTS

Customer with Outstanding Balances are Allowed Continued Safekey Services

Prior Finding

Safekey is accepting children with outstanding balances in the Safekey program, which reduces assurance that fees would be collected for services already provided.

Prior Recommendation

We recommended that Safekey either follow its policies and procedures for outstanding balances or re-evaluate them to reflect current practices followed by Safekey staff.

Management's Response to Prior Finding

Management concurs with this finding. Safekey staff place heavy emphasis on enforcing this policy. Site audits are conducted weekly on a sample basis by Zone Supervisors and Recreation Specialists. Additionally, Safekey office staff and Recreation Specialists also review documentation on a daily basis for a sample of Safekey sites.

Corrective Action Taken

Per testing of individual customer accounts, we found 3 of 10 (30%) instances where Safekey continued to allow customers to carry forward outstanding balances ($193 total) from one week to the next.

Corrective Action Status

Not Implemented.

Safekey Fees for Children Receiving State Financial Assistance

Prior Finding

Safekey collects fees for a child receiving State of Nevada (State) financial childcare assistance from two sources: the State, in the form of a reimbursement, and the parent, in the form of a co-payment.

Examination of a sample of five selections disclosed that 3 of the 5 (60%) co-pay amounts were insufficient to recover the full amount of charges. The total amount of unrecovered Safekey charges for the five selections was $8.40 for one week.

The rates established for Safekey should be sufficient to recover costs incurred from operations. If the full rate is not recovered through co-pays from customers after State reimbursement, this affects the ability of Parks and Recreation to cover costs.

In addition, Safekey currently does not have recalculation, reconciliation, or verification procedures over this program.

Prior Recommendation

We recommended that the co-pay amounts that Safekey collects from the parents be based on the difference between the Safekey charges (based on the Safekey fees) and the State reimbursement amounts. In addition, Safekey should create and implement recalculation, reconciliation, and verification procedures to improve monitoring efforts.

Management's Response to Prior Finding

Every effort is made to collect fees from parents based on the difference between the Safekey charges and the State reimbursement amounts. However, in doing so, Safekey must adhere to the established co-pay, eligibility, and reimbursement guidelines as set forth by the State of Nevada. Safekey does not determine the eligibility or the reimbursement rates. The difference between Safekey's rates and the reimbursement provided by the State is in most cases immaterial and from a cost/benefit analysis; it is not practical for Parks and Recreation to expend the resources necessary to pursue collection of these minimal amounts. Often, it would cost the Department more to attempt to recover the immaterial amounts than the revenue to be achieved.

Corrective Action Status

Based on our follow up testing of State Assisted Safekey customers, we found there continues to be differences between Safekey calculated amounts, State calculated amounts, and actual reimbursed amounts. The net difference from three selections reviewed totaled an over payment from the State of $28.18, which was not reconciled or communicated with the State. In addition, recalculation, reconciliation and verification processes were not addressed.

However, we agree with Parks' original response that the amount is immaterial and further corrective action is not warranted at this time.

Corrective Action Taken

Other.

Unreliable Safekey Records

Prior Finding

We found numerous deficiencies in the information listed on attendance records, indicative of a manual operation of recordkeeping and weak controls over cash collection for Safekey activities. The errors found included: a) different attendance days listed on sign-in/out sheets and attendance logs, b) inaccurate transfer of students' balances from attendance log to attendance log, c) incomplete customer information included on attendance logs, d) unexplained corrections to students' account information, e) discrepancies in calculations of fees due from student, f) errors in calculation of students' ending balances, and g) inconsistencies between payment amounts listed on receipts and attendance logs.

Prior Recommendation

We recommended that the Safekey staff perform appropriate reviews of documents to assure that daily transactions are reflected accurately among supporting Safekey records and receipts. In addition, we recommended that Safekey management reinforce procedures for recording and calculating balances through additional staff training and supervision. If Parks and Recreation is unable to improve the reliability of the data, we recommended that the Department consider centralizing the payment function rather than having all the recordkeeping performed at the sites.

Management's Response to Prior Finding

Management concurs with this finding. Safekey has undergone several internal control process improvements since this audit was performed, as was noted in the general statement at the beginning of this response document.

Corrective Action Taken

During our follow up review testing, we found 3 of 6 instances (50%) where Safekey fees were calculated in error for a net overage of $7. We also found 5 out of 9 occasions (56%) where the information on an attendance sheet and a sign-in/out log did not agree. In addition, we found 1 of 6 weeks reviewed (17%) where cash receipts copies were not forwarded to the Safekey Administrative Office and 2 of 6 instances (33%) where customer information was not complete on the receipt. Additionally, we noted that the beginning balance on 1 of 6 (17%) customer accounts ($55 overstatement) did not carry over correctly from the previous weeks ending balance per the Safekey attendance sheet.

While we chose a small sample for review, these results indicate that the improvements made by Parks were not sufficient to correct the errors.

Corrective Action Status

Not Implemented.

Deposit Procedures Not Followed/Improve Processes

Prior Finding

We found that Safekey staff was not consistently following deposit procedures. Examination of a sample of Safekey deposit detail sheets and the corresponding bank deposit slips disclosed that the sheets were not consistently signed by the two individuals performing the cash verification. Further, the deposits were not prepared on a daily basis.

Loomis is a contracted company that collects and deposits the proceeds from all Safekey sites according to a set weekly schedule. According to Safekey policies and procedures, if an alternate pick up day could not be scheduled during the same week, or if a deposit exceeds the $500, the Zone Supervisor would take the deposit to the bank and notify the Safekey Office.

Employees should not be used to deliver funds to the bank, as this places employees in an unsafe environment and exposes the County to liability.

Prior Recommendation

We recommended that the Director of Parks and Recreation re-train employees on proper deposit procedures and require that they be followed. In addition, the Director of Parks and Recreation should develop and implement a policy that if a scheduled Loomis pickup and deposit is missed, the proceeds be kept in the safe at the Safekey site and deposited with the next courier pickup.

Management's Response to Prior Finding

Management concurs with this finding. The department understands the importance of all staff adhering to the department's deposit procedures. Safekey management has enhanced staff training, internal tracking and financial verification for this process since the audit was performed.

The department's policy of maintaining no more than $500 in cash in the safe is in the process of being reviewed. Safekey staff has been directed to keep all monies in the safe at the Safekey site until contracted pickup can occur.

Corrective Action Taken

During our follow up testing, we found that in 3 of 6 (50%) deposits reviewed the Loomis ticket was not forwarded to Safekey Administration. Further, 2 of the 6 (33%) selections did not include the Bank of America deposit slip. Receipt copies for 1 of the 6 deposits (17%) were not forwarded to the Safekey Administrative Office, and receipts at one of the sites were not used in number order. Also, we found that with 5 of the 6 deposits (83%), the deposit information did not agree between the receipts, the daily detail sheets, the deposit slip and/or the bank statement. As a result, additional deposit testing was performed. The results are discussed in the last section of this report.

In addition, deposit information is no longer being entered onto RecWare, and monthly reconciliations of deposits between SAP, bank statements and RecWare are not being performed.

Corrective Action Status

Not Implemented.

No Reconciliation Procedures over Revenue and NSF Activity

Prior Finding

We found that Parks and Recreation did not perform monthly reconciliations between (1) Safekey revenue recorded in RecWare and SAP, and (2) Safekey revenue and deposit receipts posted to RecWare. In addition, Safekey did not reconcile NSF check activity between SAP and RecWare. As a result, there was potential for errors in customer accounts.

Prior Recommendation

Parks and Recreation should be performing these monthly reconciliations to ensure that all cash receipts and NSF activity is being monitored appropriately. The reconciliation should then be reviewed by another employee who does not record or handle cash. We recommended that the Director of Parks and Recreation develop

and implement procedures to ensure proper recording of cash receipts and NSF checks activity.

Management's Response to Prior Finding

Management concurs with this finding. Due to the limitations of the Safari software, the department is currently unable to reconcile information included within the Safari software application with that contained in SAP, without extensive time and effort. Parks and Recreation management is pursuing a new software application that may allow timely and accurate reconciliations of revenue and NSF activity between it and SAP.

Corrective Action Taken

Parks and Recreation does not perform monthly reconciliations on its deposits or non-sufficient funds (NSF) check activity.

However, Parks and Recreation is in the middle of negotiations with Vermont Systems for a new software solution. Funding has been approved and County Management approval has been obtained.

Corrective Action Status

Not Implemented.

Void Policies and Procedures Need to be Strengthened

Prior Finding

Per Safekey policies and procedures, the same individual who receives a customer payment and prepares and issues a receipt, also voids transactions. Therefore, the assurance that a "void" transaction is valid and appropriate is reduced. In addition, Safekey staff does not consistently void customer receipts according to established policies and procedures. Therefore, the reliability of records and the accuracy and proper safeguarding of collected revenue amounts are reduced.

Prior Recommendation

We recommended that when a receipt is voided, two individuals initial the receipt to attest to the validity and appropriateness of the transaction. Replacement receipt numbers should be identified on the void if applicable. Also, we recommended that Safekey implement policies and procedures to track the occurrence and amount of voided receipts. In addition, the Director of Parks and Recreation should direct Safekey staff to follow established policies and procedures when voiding customer receipts and verify that procedures are being followed.

Management's Response to Prior Finding

Management concurs with this finding. Policy and procedures have been strengthened as recommended to ensure the validity of all

voided transactions. Unfortunately, with the limited staff present at the Safekey sites, independent verification (other than the two presently involved in the process) is not always possible. However, staff has implemented the additional procedures described above to review all voids when the paperwork is submitted to the Sunset Park Safekey office. Analysis of the voids by site does occur and a more thorough review is conducted when a pattern or unusual activity is noted.

In addition, Safekey staff is currently following established department policies and procedures when voiding customer receipts. Processes and guidelines are in place within the Safekey Unit to verify that procedures are being followed by the responsible staff. Additionally, one-on-one weekly supervision by zone supervisors occurs to reinforce appropriate procedures that are to be followed.

Corrective Action Taken

Based on follow up testing performed, we found that justification was not noted and the receipts were not forwarded on 2 of 6 (33%) transactions in our sample. Also, processor initials were not documented and approval was not obtained on all six transactions reviewed.

Corrective Action Status

Not Implemented.

ADDITIONAL TESTING OF DEPOSIT TRANSACTIONS

During initial testing of deposits, we identified discrepancies at Thiriot Elementary School. In addition, a deposit discrepancy at Keller Elementary School had been recently reported as a potential theft. As such, deposit(s) review was expanded to include all of FY2013 Safekey deposit activity for both Keller and Thiriot, as well as the last six months of FY2012 activity for Thiriot (ending June 7, 2012). Overall, we found a shortage at Thiriot of $409 and $385 for FY2013 and FY2012 respectively. There was an overage at Keller of only $2 for FY2013 (net of the reported theft of $127). These results were communicated to the Parks Director. The Parks Director's response stated that an investigation by Metro surrounding the shortages at Thiriot resulted in inconclusive evidence in identifying the perpetrator. A Metro investigation of the reported theft at Keller Elementary School yielded similar results.

In addition to the issues found during the initial deposits testing as previously discussed, we examined an additional 32 deposits. We found that a deposit slip was left blank, but should have reflected a deposit amount of $84. We noted that a deposit was delayed and held until the following week. Also, we were unable to locate four deposit transactions and six over/short adjustments on SAP.

We believe the overall lack of internal controls in the Safekey program contribute to these types of discrepancies.

Recommendation

1. Continue to progress towards implementing corrective actions identified in the original audit.

MEMORANDUM
Parks and Recreation

JANE PIKE
DIRECTOR

STEVEN CORRY
ASSISTANT DIRECTOR

TO: Angela M. Darragh, Audit Director

FROM: Jane Pike, Parks and Recreation Director

SUBJECT: Safekey Audit Response

DATE: March 6, 2013

The Clark County Safekey program operates 80 sites throughout Clark County, employs over 300 part-time employees, and services over 3000 participants each program day. Each program site has one part-time supervisor, and the appropriate ratio of part-time program staff to support the number of participants in attendance. In addition to the responsibility of supervising, conducting activities, and providing the best customer service possible, staff are also tasked with preparing bank deposits, and completing other related paper work at the sites.

Safekey administration strives to hire the very best, and the most highly skilled staff to fill the supervisor positions at each site, and in-depth training is also provided on all necessary processes and procedures. Because Safekey relies on part-time staff to prepare required paper work at all 80 sites, constant reinforcement and training is necessary to forge positive results. The discrepancies and procedural flaws that were uncovered in this audit are not a true reflection of the overall performance of the Safekey unit. Although the audit exposed work errors at two of our 80 sites, we believe that through the use of our current monitoring and evaluation processes, these errors and discrepancies would have eventually been detected and corrected.

The two sites that were selected for this audit just happened to be two of the 80 sites where the supervisors that were in place were not consistently following the correct procedures for completing and submitting paperwork, and who were not requesting help as required when needed. As a result of the findings of this audit, the site supervisors at these sites have received additional direct training on deposit and paper work procedures, so as to avoid future errors to the degree of this audit's findings. Zone Supervisory staff were admonished to enhance review of paper work as they visit their assigned sites.

The following are the areas that were cited as not being implemented, followed by a specific response to each item:

1. Customers with outstanding balances are allowed continued Safekey services

Safekey administrative staff continues to place heavy emphasis on enforcing the policy of prepayment before participation is allowed in the program. The incidents at the two audited sites are very rare occasions where site staff neglected to fully follow collection procedures. However, as result of these findings, the supervisors at these two sites were given immediate additional training, and Zone Supervisors were asked to check all paperwork upon each site visit.

2. Unreliable Safekey records

Safekey strives to perform continuous reviews of documents to ensure that daily transactions are reflected accurately among supporting Safekey records and receipts. In addition, Safekey administrative staff provide constant reinforcement to staff on the importance of accurate recording and calculating balances through ongoing training. Although continuous training and reinforcement efforts are employed, the staff at the two audited sites failed to perform at an expected level. However, once the errors from this audit were detected, immediate direct training was provided.

3.) Deposit procedures not followed/Improve process

It was stated in the audit that: Loomis deposit tickets were not being forwarded to Safekey administration, bank deposits did not include Bank of America deposit slips, receipts were not being forwarded, receipts were not being used in numerical order, and deposit information did not agree with other related paper work. These are all a result of the site supervisor's failure to follow the correct processes and procedures, and the failure of the Zone Supervisors to properly monitor the paper work from these two sites.

As a result of this audit, Safekey administrative staff promptly made visits to these two sites to assist the staff with getting the paper work in order, and to provide additional training. These types of findings are not typical of all 80 of our Safekey sites. At these particular sites, the supervisors received additional training and enhanced enforcement measures and follow-up has occurred.

4. No reconciliation procedures over revenue/NSF activity

Parks and Recreation has recently purchased new software from Vermont Systems which will allow for reconciliation of deposits and non-sufficient funds. It is estimated that the new software will be implemented in June of 2013.

5. Voids policies and procedures need to be strengthened

The audit reported: justification was not noted and receipts were not being forwarded, processer's initials were not documented, and approval was not obtained on transactions. Processes and guidelines are in place within the Safekey unit to verify that procedures are being followed. In these instances, staff were not following the prescribed procedures. Additional training and enforcement has occurred.

The audit reported that overall lack of internal controls in the Safekey program contributed to deposit discrepancies. We feel that controls are currently in place to account for the many discrepancies at the audited sites. The deposit discrepancies discovered at the two audited sites are very unusual, and they are not indicative of the day-to-day performance of all sites. However, as a result of the finding of this audit, greater emphasis has been placed on the enforcement of the established policies and procedures.

cc: Mindy Meyers, Manager
Melissa Wright, Finance DASA
Ron Robinson, Recreation Program Supervisor

PARKS AND RECREATION SAFEKEY FOLLOW-UP AUDIT

AUDIT DEPARTMENT
Angela M. Darragh, CPA, CFE, CISA
Audit Director

Findings, Recommendations, and Corrective Actions Status
As of November 2, 2012

Original Report Issuance Date: September 21, 2011

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
1	Customers with O/S Balances are Allowed to Continue Safekey Services						
	Safekey is accepting children with outstanding balances in the Safekey program, which reduces assurance that fees would be collected for services already provided.	Safekey either follow its policies and procedures for outstanding balances or re-evaluate them to reflect current practices followed by Safekey staff.	Y	During follow up testing, we found that in 3 of 10 (30%) accounts reviewed, Safekey continues to allow customers to carryforward outstanding balances from one week to the next. Management Response: Current policies and procedures are sufficient; this is an enforcement issue. Participants must pay before using the program. Greater enforcement efforts are in place.		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
2	Safekey Fees for Children Receiving State Financial Assistance						
	Safekey collects fees for a child receiving State of Nevada (State) financial childcare assistance from two sources: the State, in the form of a reimbursement, and the parent in the form of a co-pay. Examination of a sample of five children disclosed that three or 60% of the five co-pay amounts were insufficient to recover the full amount of charges. The total amount of unrecovered Safekey charges for the five selections was $8.40 for one week. The rates established for Safekey should be sufficient to recover costs incurred from operations. If the full rate is not recovered through co-pays from customers after State reimbursement, this affects the ability of Parks and Recreation to cover costs. In addition, Safekey currently does not have recalculation, reconciliation or verification procedures over this program.	Co-pay amounts that Safekey collects from the parents should be based on the difference between the Safekey charges (based on the Safekey fees) and the State reimbursement amounts. Safekey should create and implement monthly recalculation, reconciliation, and verification procedures to improve monitoring efforts.	N	Per testing of State Assisted Safekey customers, we found a net difference from the three selections reviewed totaling an over payment from the State of $28.18, which was not communicated with the State. Additionally, recalculation, reconciliation, and verification processes were not addressed. However, we agree with Park's original response that the amount is immaterial and further corrective action is not warranted at this time.			✓

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
3	Unreliable Safekey Records						
	We found numerous deficiencies in the information listed on the attendance records indicative of a manual operation of recordkeeping and weak controls over cash collection for Safekey activities. The errors included: a) different attendance days listed on sign-in/out sheets and attendance logs, b) inaccurate transfer of students' balances from attendance log to attendance log, c) incomplete customer information included on attendance logs, d) unexplained corrections to students' account information, e) discrepancies in calculations of fees due from student, f) errors in calculation of students' ending balances, and g) inconsistencies between payment amounts listed on receipts and attendance logs.	Safekey staff perform appropriate reviews of documents to assure that daily transactions are reflected accurately among supporting Safekey records and receipts. Safekey management reinforce procedures for recording and calculating balances through additional staff training and supervision. If Parks and Recreation is unable to improve the reliability of the data, the Department should consider centralizing the payment function rather than having all the recordkeeping being done at the sites.	Y	During follow up testing of individual customers, we found 3 of 6 instances (50%) where Safekey fees were calculated in error for a net overage of $7. We also found 5 out of 9 occasions (56%) where the information on an attendance sheet and a sign-in/out log did not agree. In addition, we found 1 of 6 weeks reviewed (17%) where cash receipts copies were not forwarded to the Safekey Administrative Office and 2 of 6 instances (33%) where customer information was not complete on the receipt. Additionally, we noted that the beginning balance on 1 of 6 (17%) customer accounts ($55 overstatement) did not carry over correctly from the previous weeks ending balance per the Safekey attendance sheet. Management Response: Safekey Administrative staff places heavy emphasis on the importance of completing paper work correctly at all 80 Safekey sites. These are obvious paper work errors that went undetected at these sites prior to the audit. Once detected the supervisor received immediate additional training. As a results of this action, paperwork is now being completed and submitted correctly.		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
4	**Deposit Procedures Not Being Followed/Improve Processes**						
	Safekey staff is not consistently following deposit procedures. Examination of a sample of Safekey deposit detail sheets and the corresponding bank deposit slips disclosed that the sheets are not consistently signed by the two individuals performing the cash verification. Further, the deposits are not prepared on a daily basis. Loomis is a contracted company that collects and deposits the proceeds from all Safekey sites according to a set weekly schedule. According to Safekey policies and procedures, if an alternate pick up day could not be scheduled during the same week or if a deposit exceeds the $500, the Zone Supervisor would take the deposit to the bank and notify the Safekey Office. Employees should not be used to deliver monies to the bank as this places employees in an unsafe environment and exposes the County to liability.	Re-train employees on proper deposit procedures and require that they be followed. Develop and implement a policy that if a scheduled Loomis pickup and deposit is missed, the proceeds be kept in the safe at the Safekey site and deposited with the next courier pickup.	Y	We found in 3 of 6 (50%) deposits reviewed that the Loomis ticket was not forwarded to Safekey Administration. 2 of the 6 (33%) selections did not include the bank deposit slip. Receipt copies for one of the deposits were not forwarded to the Safekey Administrative Office, and receipts at one of the sites were not used in number order. We also found that with 5 of 6 (83%) deposits, the deposit information did not tie between the receipts, the daily detail sheets, the deposit slip and/or the bank statement. In addition, deposit information is no longer being entered onto RecWare, and monthly reconciliations of deposits between SAP, bank statements and RecWare are not being performed. In reviewing an additional 32 deposits, we found that a deposit slip was left blank, but should have reflected a deposit amount of $84. We noted that a deposit was delayed and held until the following week. Also, we were unable to locate four deposit transactions and six over/short adjustments on SAP. Management Response: These are obvious paper work errors at the two audited sites that went undetected prior to the Audit. Standard practice requires that all paperwork match and is intact prior to forwarding to the Safekey Admin office. Errors may be the result of staff not asking for assistance and not following paperwork and deposit procedures as outlined. Current deposit procedure is that all monies be receipted and ready for the very next Loomis pick up. No money should be left in the safe. Immediate training and emphasis was provided to the sites as a result of the Audit findings. These sites are now in compliance, and Zone Supervisors have been directed to examine attendance and deposit paper work on each site visit.		✓	

Summary Audit Findings & Recommendations			Summary Management Disposition		Summary Status		
Ref	Finding	Recommendation(s)	Concurrence	Corrective Actions Status	Implemented	Not Implemented	Other
5	**No Reconciliation Procedures over Revenue/NSF Activity**						
	Parks and Recreation does not perform monthly reconciliations between (1) Safekey revenue recorded in RecWare and SAP, and (2) Safekey revenue and deposit receipts posted to RecWare. Furthermore, Safekey does not reconcile NSF check activity between SAP and RecWare. As a result, there is potential that errors exist in customer accounts.	Perform monthly reconciliations to help ensure that all cash receipts are being accounted, recorded appropriately, and deposited in their entirety on a timely basis, and to ensure that NSF activity is being monitored appropriately. The reconciliation should then be reviewed by another employee who does not record or handle cash. Develop and implement procedures to ensure proper handling of cash receipts and NSF checks activity.	Y	Due to the limitations of the Safari software, the department is currently unable to reconcile information included within the Safari software application with that contained in SAP, without extensive time and effort. Parks and Recreation management is pursuing a new software application that may allow timely and accurate reconciliations of revenue and NSF activity between it and SAP. Management Response: New software from Vermont Systems has been purchased. This new software will enable the department to reconcile information with SAP. Anticipated implementation is August 2013.		✓	
6	**Void Policies and Procedures Need to be Strengthened**						
	Per Safekey policies and procedures, the same individual who receives a customer payment and prepares and issues a receipt, also voids transactions. Therefore, the assurance that a "void" transaction is valid and appropriate is reduced. In addition, Safekey staff does not consistently void customer receipts according to established policies and procedures. Therefore, the reliability of records and the accuracy and proper safeguarding of collected revenue amounts are reduced.	When a receipt is voided, two individuals initial the receipt to attest to the validity and appropriateness of the transaction. Replacement receipt numbers should be identified on the void if applicable. Safekey should implement policies and procedures to track the occurrence and amount of voided receipts. Safekey staff should follow established policies and procedures when voiding customer receipts and management should verify that procedures are being followed.	Y	During follow up testing, we found that justification was not noted and the receipts were not forwarded on 2 of 6 (33%) transactions in our sample. Also, processor initials were not documented and approval was not obtained on all six transactions reviewed. Management Response: In these instances, part-time site staff neglected to follow the correct procedure for voided transactions. A justification memo is always required for voided transactions. In addition, transactions are required to be initialed by three processers, and forwarded. Training is provided to staff each year, at the start of the school year, and as needed. The staff at these sites have been directed to follow established policies and procedures when voiding customer receipts.		✓	