



DATE: November 24, 2014

To: Board Of Estimate & Taxation Audit Committee Members

From: The Internal Audit Department

Subject: Internal Audit Report: Review of Cash Handling Internal Controls for Griffith E. Harris Golf Course

Enclosed for your review is an Internal Audit report entitled "Review of Cash Handling Internal Controls for Griffith E. Harris Golf Course." The report contains observations and recommendations addressing internal controls in place for the sale of green fees by Parks & Recreation.

We would like to express our appreciation for the excellent cooperation extended to us by the personnel of the Parks and Recreation during the course of this review.

Enclosure

cc: P. Mynarski, Comptroller
J. Siciliano, Director of P&R

**TOWN OF GREENWICH
INTERNAL AUDIT**

**Review of Cash Handling Internal Controls for
Griffith E. Harris Golf Course**

Introduction

During November 2014, The Internal Audit Department completed an on-site review of Parks and Recreation's Griffith E. Harris Golf Course's Internal Controls for cash handling.

Scope

Cash handling techniques were examined at the Griffith Harris Golf Course. The activities of the golf professional were not the subject of this audit. These activities will be disclosed in a separate report.

Objective

The objective of this review was to determine if policies and procedures for cash handling and receipting are established, operating effectively and are in compliance with Town policy. Specific audit objectives were to determine if cash and cash equivalences are deposited daily, proper cash receipting practices are in place and cash and checks are safeguarded.

Summary Opinion

It is Internal Audit's findings that internal controls over cash collections for the Griffith Harris Golf Course are strong. We made several administrative type recommendations to improve internal controls. The Recommendations Section of this report addresses our findings.

Background

The primary focus of this review was to examine the internal controls in place for the receipt of green's fee related revenue. The activities of the golf professional were not the subject of this audit. These activities will be disclosed in a separate report.

Summary Findings, Observations

The Griffith Harris Golf Course peak hours of operation are from 6:00 am to 8:30 pm from Memorial Day through Labor Day weekend. Cash, checks and credit cards are accepted. There is one cash drawer with startup cash. All payment transactions are entered into RecTrac. Checks are immediately endorsed. Every customer receives a receipt for a payment transaction. Membership renewals are completed on-line, by mail or at the golf course counter. If the membership applications received by mail are not processed on the date of receipt, applications and payments are secured in a safe. Cash and checks are removed from the drawers during the end of the morning shift and secured in a locked safe. The cash and checks are closed out for the

evening shift at the end of the business day. Deposit slips and summaries are prepared by the cashier. The deposit slips along with the funds are secured in a JPMorgan numerical sequence bank bag. Deposits are made daily. The daily deposit is dropped off in a night depository bank. The process is subject to a reconciliation process that matches the total funds collected as recorded in RecTrac with total cash, checks and credit card sales received.

Overall, it is our opinion that the internal controls in place are operating effectively. However, we make the following internal control recommendations to improve on the existing practice.

Recommendation I:

Access to safe should remain locked at all times.

Internal Audit observed the safe was not locked at all times. An important and basic tenet of internal control over receipts is to ensure that the safe door should be shut and locked at all times when not in use.

Response from Parks and Recreation:

Agree. Implemented March 2015.

Recommendation II:

Cash drawer should be close at all times.

We observed the cash drawer used to store cash during the day is left slightly ajar. If the employee walks away from the desk, the cash in the drawer is readily accessible to anyone present. We recommend that the cash drawer should be closed when not in use.

Response from Parks and Recreation:

Agree. Implemented April 2015.

Recommendation III:

The reconciliation reports should be signed by a supervisor.

One of the basic foundations of proper internal controls for the handling and recording funds received is that management reviews the results of transactions on a daily basis. We noted that the reconciliation is prepared and reviewed by the cashier. Only if there are discrepancies are the reconciliation documents reviewed by the Assistant Golf Course Operation Manager. Exception reviews are an acceptable internal control process but not for recording cash, checks and credit card receipts. The reconciliation report should be reviewed and signed off by the Assistant Golf Course Operation Manager.

Response from Parks and Recreation:

Agree. Implemented March 2015.