



**DATE:** September 16, 2014

**To:** Board Of Estimate & Taxation Audit Committee Members

**From:** The Internal Audit Department

**Subject:** Internal Audit Report: Review of Internal Controls for Parks and Recreation's Cash Handling Practices at Town Hall, Eastern Greenwich Civic Center and the Ferry Dock.

Enclosed for your review is an Internal Audit report entitled "Review of Internal Controls for Parks and Recreation's Cash Handling Practices at Town Hall, Eastern Greenwich Civic Center and the Ferry Dock." The report contains observations and recommendations addressing internal controls in place for the sale of beach passes 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 Internal Controls for  
Parks and Recreation's Cash Handling  
Internal Controls at Town Hall, Eastern Greenwich Civic Center and the  
Ferry Dock**

## **Introduction**

The Internal Audit Department recently completed an on-site review of Parks and Recreation's Cash Handling and Internal Controls during September 2014.

## **Scope**

Cash handling techniques were examined at the Town Hall Beach Card Counter, the Ferry Dock and the Eastern Civic Center

## **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 our summary opinion that safeguards and internal controls in place at the three locations were adequate. Of the three locations, internal controls at Town Hall were the most advanced. Several recommendations to improve internal controls are made in this report.

## **Background**

The primary focus of this review was to examine the internal controls in place for the receipt of beach pass and ferry ticket sales related revenue. The total revenue generated Town wide from this activity is \$1.5 million. Included in this total are membership fees, daily beach and parking pass fees as well as the sale of tickets for the ferry. Beach passes are required from May 1 to October 31 for Greenwich Point, Byram Beach, Great Captain's Island and Island Beach.

## **Summary Findings, Observations**

### **Town Hall Beach Counter:**

Hours of operation are 8:15 a.m. to 3:45 p.m. Monday through Friday. Cash, checks and credit cards are accepted. Only cash and credit cards are accepted for one day beach and parking passes. There are two cash drawers, each with startup cash. Season beach and tennis passes are also sold at the counter. The season pass applications are forwarded to Parks and Recreation Administration for processing. The operation is secured by lockable drawers with keys shared by only a few employees. Checks and cash are removed from the drawers at the end of the business day and are secured in a safe overnight. Usually, deposits are made daily. The process is subject to a reconciliation process that matches data stored in RecTrac and the number of tickets sold with the total cash and checks received plus the credit card sales recorded. The deposit is reviewed by a Parks and Recreation employee who does not have cashier responsibilities. The deposits are picked by a security service.

Based on the reconciliation process observed we make only one recommendation for consideration by Parks & Recreation for this location. With this comment we add the observation that controls over the Beach Counter at Town Hall is the strongest of the three locations examined.

**Recommendation I:**

**Receipts should be given to all customers**

Parks & Recreation provides a receipt to all customers except for the residents who purchase a season pass by check. Daily pass purchasers are provided a ticket, season pass purchasers who pay by cash are handed a written prenumbered receipt and credit card purchasers receive a credit card sales receipt. To rely on the theory that the check is the receipt is not an optimal internal control at point of sale, therefore, we make the recommendation that a receipt be issued to all customers.

**Response from Parks & Recreation**

Parks and Recreation is in the process of researching an economical and feasible compliance with this recommendation. We will report back to the BET Audit Committee at a later date.

**Ferry Dock:**

Hours of operation are 9:30 a.m. to 7:30 p.m. Sunday to Saturday. Only cash is accepted at the Ferry Dock. During hours of operation, the Ferry Dock employees sell tickets to ride the ferries to the islands. Beach passes are not sold at this facility. The maximum daily price is \$5 per person with discounts for seniors and children. The employee selling the tickets will place the cash received into an unlocked drawer at the facility. With each sale, the customer will receive a prenumbered ticket. Only one employee is assigned to this station with approximately three employees having access to the building. At the end of the day's business, the dollar value of the number of tickets sold is reconciled to the cash received. The Beach Manager, not the cashier, will prepare the reconciliation and the deposit ticket. The deposits are made daily in accordance with Town policy. The facility has a safe that is utilized to store currency until the Beach Manager arrives to start the reconciliation process.

It is our opinion that the internals in place are adequate. We discovered no unusual practices or protocols. We make the following internal control recommendations to improve on existing practices.

**Recommendation II:**

**The desk drawer utilized to store cash during the business day should be secured.**

We noted the desk used to store cash during the day could not be physically locked. If the employee walks away from the drawer, the cash is readily accessible to anyone present. To provide for a simple solution, we recommend that the cash drawer be upgraded to include a lock and key mechanism. The keys should be distributed to a very limited number of employees.

**Response from Parks & Recreation:**

Agree. We will have this implemented by the beginning of the next season, which starts May 1, 2015.

**Recommendation III:**

**The implementation of Rec Trac at this facility would enhance internal controls.**

Our first inclination for this facility was to recommend the purchase of a simple cash register to control receipts. We were informed that Parks & Recreation is in the process of considering using RecTrac at this facility. This would create a more efficient integrated environment with Town Hall. The computer software would function similar to a cash register as totals would be automatically tabulated and used for the end of the day's reconciliation. If RecTrac is in fact installed with a secure drawer, a cash register would represent an unneeded redundancy.

**Response from Parks & Recreation**

We will look into implementing RecTrac at the Ferry Dock.

**Recommendation IV:**

**If technically possible, the facility should offer credit card sales.**

We make recommendation simply to decrease the amount of cash handling.

**Response from Parks & Recreation**

Should implementation of RecTrac prove to be impracticable, we will explore alternative credit card processing solution.

**Eastern Civic Center:**

This review scope only included how the Eastern Greenwich Civic Center (EGCC) handled cash transactions for daily beach and parking passes. The Civic Center only accepts cash. They do not process season passes. The practice of accepting only cash is similar to the Ferry Dock. The EGCC will sell the passes and issue prenumbered tickets to the customers. The daily funds are accumulated in a petty type cash box that is kept near the counter during the business day. This is an unsecured area. After 5:00 p.m., the cash box is not transferred to the safe, which is available at the facility. A reconciliation form is used. The funds are always kept at Parks & Recreation facilities. The cash is deposited through a protocol that allows for secured service pickup.

Our summary opinion is that the reconciliation process is strong but security over the cash box during the day is not adequate. Some of the recommendations we make are the same as those at the Ferry Dock

**Recommendation V:**

**The petty cash type box used to accumulate cash funds sales and the end of the day procedures to secure the daily funds accumulated should be subject to a more secure environment.**

We observed that a petty cash type box is used to store cash during the day. At the end of the shift and before the funds are picked up, the box is not stored in the safe available at the facility. Our summary opinion is that the internal controls surrounding the physical security of the box are not adequate. Proper internal controls dictate that funds be kept in storage devices that are secure with accessibility allowed to only a few authorized employees. The model used at the

Town Hall Beach Pass Counter is a good example of how funds are properly secured during the day's operations, access is limited and funds are removed at the close of business to a permanent safe. Our recommendation is simple; secure the cash in a lock drawer and at the end of the day secure the cash in the available safe.

**Response from Parks & Recreation:**

Agree. We will have this implemented by the beginning of the next season, which starts May 1, 2015.

**Recommendation VI:**

**The implementation of Rec Trac at this facility would enhance internal controls.**

Our first inclination for this facility was to recommend the purchase of a simple cash register to control receipts. We were informed that Parks & Recreation is in the process of considering using RecTrac at this facility. This would create a more efficient integrated environment with Town Hall. The computer software would function similar to a cash register as totals would be automatically tabulated and used for the end of the day's reconciliation. If RecTrac is in fact installed with a secure drawer, a cash register would represent an unneeded redundancy.

**Response from Parks & Recreation**

Agree. We will look into implementing RecTrac at the Eastern Civic Center.

**Recommendation VII:**

**If technically possible, the facility should offer credit card sales.**

We make recommendation simply to decrease the amount of cash handling.

**Response from Parks & Recreation**

Should implementation of RecTrac prove to be impracticable, we will explore alternative credit card processing solution.