



City of
ALBUQUERQUE
Office of Internal Audit

STRATEGIC REVIEW

21-401

**PARKS AND RECREATION
DEPARTMENT -
SHOOTING RANGE PARK
CASH COUNT**

OCTOBER 28, 2020

EXECUTIVE SUMMARY

The Office of Internal Audit (OIA) performed a surprise cash count of the Parks and Recreation Department's (PRD) change fund, located at the Shooting Range Park (the Range). The strategic review found that change fund could not be reconciled to the amount reported by the Treasury Division (Treasury). While procedures for securing cash are adequate, current change fund practices at the Range do not fully comply with the City of Albuquerque's (City) *Cash Management Manual*.

OIA noted compliance issues in the following four areas:

- Reconciliation – The change fund did not reconcile to the approved amount reported by Treasury;
- Policies and Procedures - Worksite policies and procedures specific to the Range have not been established; and
- Custodian and Sub-Custodian Statements – The Range does not have current custodian and sub-custodian statements for the individuals who handle change funds.

INTRODUCTION

PRD's Open Space Division manages the publicly operated shooting range located at 16001 Shooting Range Access NW Albuquerque. The Range provides a safe and convenient location for Albuquerque residents and visitors to enjoy shooting sports and to learn the firearm skill. According to management, checks, credit and debit cards are accepted forms of payment.

On September 3, 2020, OIA performed a surprise cash count of the change fund maintained by PRD at the Range location. The below amount was reported by Treasury to be onsite at the Range as of September 3, 2020.

Fund Type	Amount	Fund Location
Change Fund	\$300	Shooting Range Park

The approved amount of imprest¹ funds designated to be at the Range location is \$300. The Range maintains two cash drawers, which are secured in the safe when not in use. However, according to management, cash has not been accepted since May 2020 due to possible COVID-19 risks. At the time of the surprise cash count, management was considering to no longer accept cash and return the imprest funds back to Treasury.

¹ Per the City's Cash Management Manual: "Imprest funds are an advance from a designated government fund set aside for the purpose of making change. Change funds will allow you to day to day business, accepting money from customers and paying back their change."

OBJECTIVES

The objectives of the surprise cash count were to determine whether:

- The change fund was accounted for properly.
- Procedures for securing cash are adequate.
- The cash handling area is secure.

RESULTS

OIA found that the Range's current change fund practices do not fully comply with the City's *Cash Management Manual*. While OIA did note three compliance issues, all employees who handle cash have completed the required cash handling training. These compliance issues are summarized in the table below.

Condition	Criteria
<p>1. <u>The Change Fund Could Not Be Reconciled:</u> The cash count performed by OIA noted the change fund amount was \$350. This does not reconcile to Treasury's approved amount of \$300, creating an overage of \$50. Change fund reconciliations dating back to 2016, show that the change fund has consistently had a balance of \$350. Additionally, the current change fund custodian confirmed that the balance was \$350 when he took over as custodian and that in 2017 he attempted to identify the reason for the increase to no avail.</p>	<p>The City's <i>Cash Management Manual</i> requires that change funds be reconciled daily or at the end of each shift. If there is an overage in the change fund, the Over/Short Report will be completed by the custodian and the money shall be deposited upon discovery into Miscellaneous Revenue 469002-plus department's ID number.</p>
<p>2. <u>Department Specific Policies and Procedures:</u> PRD has not established specific policies and procedures for handling the change fund at the Range.</p>	<p>The City's <i>Cash Management Manual</i> requires that, each department must establish its own policies and procedures, with the approval of the City Treasurer for the acceptance of cash at their various work sites. These procedures should be written to address the unique circumstances at each cash receiving location as well as fulfilling unique departmental needs.</p>

Condition	Criteria
<p>3. <u>Current Custodian and Sub-Custodian Statements Not on File</u>: Although email correspondence from 2017 indicate new custodian and sub-custodian statements were completed and submitted to Treasury, actual custodian statements could not be located. As a result, PRD does not have custodian and sub-custodian statements for the individuals who handle change funds.</p>	<p>The City's <i>Cash Management Manual</i> requires that each cash fund established is specifically assigned to one individual who is designated as the fund Custodian. Additionally, if anyone other than the Primary Custodian handles change funds a Sub-Custodial Statement of Responsibility should be completed and kept on file at the department.</p>

RECOMMENDATION

1. The Shooting Range Park managed by Parks and Recreation Department should either move forward to permanently no longer accept cash and return the change fund to the Treasury Division or management should:
 - Ensure that an Over/Short Report is completed and the current overage amount of \$50 be returned to Treasury so that it can be deposited into Miscellaneous Revenue 469002-plus department's ID number.
 - Develop change fund handling policies and procedures specific to the Shooting Range Park and submit them to the Treasury Division for review and approval. Policies and procedures should include, among other things:
 - A requirement that employees, with access to handle cash, complete a sub-custodian statement, and
 - A policy for cashiers to retain control of assigned funds while in use.
 - Complete and retain all applicable custodian and sub-custodian statements.

DEPARTMENT RESPONSE

Cash will no longer be accepted as a form of payment at the Shooting Range Park and the \$350 change fund will be returned to the Treasury Division.

NON-AUDIT SERVICE COMMUNICATION

Generally Accepted Government Auditing Standards – 2018 Revision (GAGAS 2018) allows OIA staff to perform non-audit services as long as they do not impair staff independence in mind and appearance. Before auditors agree to provide a non-audit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other non-audit services provided, with respect to any GAGAS engagement they conduct. The performance of this non-audit service

did not impair the independence of OIA or OIA staff. Establishing and monitoring the effectiveness of internal controls is the responsibility of management.

Surprise cash counts are classified as a non-audit service and the work performed does not constitute an audit conducted in accordance with GAGAS. Throughout each fiscal year, OIA objectively selects various petty cash or change funds to review. The Range change fund was selected in fiscal year 2021.

SUBMITTED:



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