



*City of*  
**ALBUQUERQUE**  
Office of Internal Audit

**STRATEGIC REVIEW**

**17-401**

**PARKS AND RECREATION  
DEPARTMENT – GOLF  
TRAINING CENTER CASH  
COUNT**

**FEBRUARY 22, 2017**

## EXECUTIVE SUMMARY

On December 30, 2016, the Office of Internal Audit (OIA) performed a surprise cash count of the change fund maintained by the Parks and Recreation Department's (PRD) Golf Training Center. OIA counted the change fund, reviewed cash handling certificates, and verified the adequacy of procedures for securing funds.

The \$350 change fund was accounted for without exception.

OIA noted compliance issues in the following three areas:

- Safekeeping of Funds,
- Department Specific Policies and Procedures, and
- Cash Handling Certifications.

## INTRODUCTION

On December 30, 2016, OIA performed a surprise cash count of the change fund maintained by PRD's Golf Training Center.

Fund Type	Amount	Fund Location
Change Fund	\$ 350	Golf Training Center

The Golf Training Center at Balloon Fiesta Park offers a 6-hole pitch and putt course, driving range, equipment rentals and repairs, and golf accessories. The change fund is used to make change for paying customers.

The Golf Training Center separates the \$350 change fund into a cash drawer of \$200, and \$150 in the safe. There is only one cash drawer used for daily transactions, with each cashier having sole custody of the drawer until their shift ends. The Golf Training Center is open seven days a week and deposits are prepared on a daily basis. A manager or the authorized seasonal supervisor will prepare the deposit. Any available cash handling certified employee will take the funds to the bank the next business day.

## OBJECTIVES

The objectives of the surprise cash count were to determine:

- Is the *change fund* entrusted to the custodian/sub-custodian(s) accounted for and reconciled to approved fund amounts?
- Do *change fund* practices and procedures comply with the City of Albuquerque's (City) *Cash Management Policies & Procedures Manual* and applicable Administrative Instructions?
- Are procedures for securing cash adequate?

## **RESULTS**

Establishing and monitoring the effectiveness of internal controls is the responsibility of management.

The \$350 change fund was fully accounted for. However, the following three areas for improvement were identified during the cash count and are further explained in each subheading.

- **Safekeeping of Funds**
- **Department Specific Policies and Procedures**
- **Cash Handling Certifications**

### **Safekeeping of Funds**

OIA noted three situations that compromised the security of the change fund maintained at the Golf Training Center.

1. In addition to the Custodian, two managers, three seasonal staff supervisors and the administrative assistant have access to the safe key. The *Golf Center Manual* does not address access to funds beyond stating the Manager is to take the “opening bank” bag out of the safe, verify it is \$200, and put the money in the drawer.

During the Golf Training Center cash count, OIA observed a seasonal supervisor provide the safe key to a student worker and leave the building. OIA witnessed the student worker open the safe, explain the safe log, place the safe log back in the safe without completing it, and retrieve the remaining portion of the change fund from the safe. In addition, the Custodian did not identify the student worker as one of the employees with access to the safe key.

The City’s *Cash Management Policies and Procedures Manual* states, “only the Custodian and Department Head should have access to the safe keys or combinations.”

2. The Golf Training Center Custodian does not have sub-custodian agreements for the 12 employees with access to the funds.

The City’s *Cash Management Policies and Procedures Manual* states that a Sub Custodial Statement of Responsibility should be completed and kept on file at the department if anyone other than the Primary Custodian handles the funds.

3. The “opening bank” of \$200 maybe disproportionate to the volume of transactions for the Golf Training Center’s winter season. The transaction volume slows down during the winter season when compared to the spring and summer. As a result, the Golf Training Center may be able to reduce the amount of the change fund during the winter season.

The City’s *Cash Management Policies and Procedures Manual* states that working funds should be kept to a minimum at all times and excess funds should be in a locked device or safe.

### **Department Specific Policies and Procedures**

The internal policies and procedures specific to the Golf Training Center are undated and have not been approved by the Department of Finance and Administrative Services Treasury Division (Treasury Division).

The City's *Cash Management Policies and Procedures Manual* require every department to establish its own imprest fund or cash handling policies and procedures, with the approval of the City Treasurer. At a minimum, the procedures should include the custodian authorization, internal controls for the funds, and the process for handling overages and/or shortages.

### **Cash Handling Certifications**

At the time of the cash count, there were five employees at the Golf Training Center that were handling cash but were not certified to do so. Four of the employees had expired cash handling certificates, and one employee did not have a cash handling certificate.

Four of the employees attended the next cash handling class provided by the Treasury Division on January 20, 2017. The Change Fund Custodian attended the cash handling class on February 15, 2017.

Employee Position	Expiration Date	Date Attended Cash Handling Class
Recreation Services Division Manager	March 8, 2014	January 20, 2017
Seasonal Supervisor	July 10, 2016	January 20, 2017
Parks Supervisor <i>Change Fund Custodian</i>	November 13, 2016	February 15, 2017
Seasonal Supervisor	November 13, 2016	January 20, 2017
Recreation Program & Facility Manager	Not Certified	January 20, 2017

Administrative Instruction 2-6 states that all City employees involved with cash handling are required to attend Cash Handling training and receive a Cash Handling Certificate issued by the Treasury Division, every three years.

### **RECOMMENDATIONS**

PRD and Golf Training Center management should:

- Limit access to the safe key to the Custodian and Director only,
  - If the Director determines there is a need for additional employees to access the safe, consider requesting the addition of the employees as Custodians,
- Ensure employees handling cash sign a Sub-Custodian agreement,
- Review the “opening bank” amounts for seasonal necessity and adjust accordingly,
- Update and submit specific Golf Training Center policies and procedures to the Treasury Division for approval,

- Periodically (at least once a year) review policies and procedures and make updates as needed. Cash handlers should be informed and trained on any updates to the policies and procedures, and
- Ensure all Golf Training Center employees handling cash are certified by the Treasury Division every three years.

SUBMITTED:

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Principal Auditor

REVIEWED & APPROVED:

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Lawrence L. Davis, Acting City Auditor  
Office of Internal Audit

APPROVED FOR PUBLICATION:

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Chairperson, Accountability in  
Government Oversight Committee