

Clay County, Missouri

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Parks Department Audit Cash Handling



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I. Introduction and Scope

Prominent features of Clay County are found in its rich storied American history as well as outdoor activities at Smithville Lake. Since these have been determined to be public resources, they of necessity fall under the Clay County government's apparatus. While inherently fun or recreational destinations for tourists and residents alike, frustration with their respective operations is quite possible and has in fact happened on occasion. Given that reality, an audit to some degree of these highly valued assets seems proper. After all, many local taxpayers frequent these locations and deserve to know what accountability measures are in place.

Still, the wide-ranging breadth of sites under the Clay County Parks Department umbrella by itself must limit the parameters of any such audit. An exploration of auditable characteristics at every component in the Parks apparatus would ultimately render an audit's findings as too broad, complex, and lengthy to have any significant meaning for designated audiences—both internal and external. Given this office's quite explicit duty—RSMo 55.161—in monitoring the receipt of public dollars, however, a start with evaluating the cash handling at retail stores and registers administered by Parks seems logical.

Therefore, this audit in particular aims to assess internal controls present with Parks cash receipting. Verification of adherence to those controls is then a subsequent area to test. Regarding the specific type of audit category in this case, the Generally Accepted Government Auditing Standards (GAGAS) define it as a subset of performance audits. Hence, recommendations will be made and management's input along with feedback sought after arriving at results. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) standards were also consulted, with its five components of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

Timeliness of this audit cannot be understated. The County as a whole has been experiencing problems with its armored bank car service. Its provider, Dunbar, was bought by Brinks. In the transition, the Collector's office first discovered numerous issues—mostly revolving around timely delivery of cash to the bank. A similar trouble looks likely behind a lag in receipting for the month of April with Parks cash. Due to these matters, an emergency contract was issued with Loomis to provide armored bank car services, but some tardy pickups have persisted in early June. What's more, the presence of temporary or seasonal staff only presents an extra inherent risk. Moreover, agreements within official documents for \$52 million of Certificates of Participations (COPs) the County issued in 2018 highlight plans to spend some \$7.4 million on new Park amenities. Examples include a replacement Nature Center of the existing one and an Astronomy building. The COPs outline spending another \$5.2 million on "Park Trail Improvements and Construction" and \$12.5 million on "Parks and historic site improvements". All told, these will likely drive more traffic and dollars to Clay County Parks.

The broader environment in Clay County government remains an important piece of attention, though. A citizen-led petition for a comprehensive state audit of Clay County in its entirety continues, albeit wrapped up in legal arguments and complications at the moment. Further, the annual outside financial statement audit by an external vendor conducts fieldwork around springtime and produces its own report by the summer—busy season for Parks, but perhaps altered with record rainfall recently. The rather narrow or focused scope of this Parks cash receipting audit in turn finds additional value. This strategy reduces the probability of duplicating the state audit's work.

II. Parks Department Background and Audit Plan

According to the County's public website (<https://www.claycountymo.gov/departments/public-services/parks>), the Parks Department oversees a very wide range of County property. Verbatim:

“Clay County Parks, Recreation, Historic Sites manages more than 6,000 acres of parks including two championship golf courses, 24 miles of trails, 777 camp sites, 2 marinas, swim beaches, docks and shelters at Smithville Lake, two renowned museums and other historic sites, and two parks – Rocky Hollow and Tryst Falls - between Kearney and Excelsior Springs.”

Parks derives its statutory authority from RSMo 64 and Clay County Municipal Code Chapter 90. Smithville Lake is on lease by the County from the U.S. Army Corps of Engineers.

To spell things out a little more, the “golf courses” are at Paradise Pointe. There is disc golf course at Camp Branch and Little Platte Park. Trail systems include Smoke & Davey, Bonebender, and Crow's Creek. Equestrian trails are also available. The camp sites are called Camp Branch and Crow's Creek. The marinas are Camp Branch Marina and Paradise Pointe Marina. Relatedly, there is a Sailboat Cove. Swim beaches are at Camp Branch and Little Platte Park. Another park with a shelter is Claybrook, plus cemeteries of Woodhenge and Akers, and there is a free Nature Center to visit. The cited two museums are the Jesse James Farm Museum and Jesse James Bank Museum. Notable historic sites are Mt. Gilead Church, Mt. Gilead School, and Pharis Farm.

In order to drill down from this vast coterie, the Auditor's office attempted to identify main points where cash receipting occurs—not just credit card charges. A manually-created daily spreadsheet from Parks generally lists these out as: entry fee booths, retail items at the campgrounds, and bait houses/stores at the marinas. The campground retail items involve dump fees, pop machines, stalls, wood, ice, laundry, and beaches. For the marina stores, merchandise or charges run the gamut from fishing or pontoon boat rentals to *“boating accessories, life jackets, swim flags, batteries, fishing tackle, bait, ice, fuel, snacks, drinks and much more.”* The Jesse James Museum and Jesse James Bank Museum take in admission fees and sell merchandise. Lastly, the golf courses collect green fees, cart fees, and so forth. These are reflected in daily receipts from the Treasurer.

As far as staff is concerned for the overall Parks Fund, personnel sub-departments with current budgets are Administration, Fee Collection, Rangers, Ops & Maintenance, Camp Branch Marina, Golf Course, and James Farm. Of these, our interest obviously rests with Fee Collection, Camp Branch Marina, Golf Course, and James Farm—although Administration may be pertinent. In Fee Collection, there are a Parks Specialist I and Parks Specialist III with budget for seasonal staff and overtime. The Camp Branch Marina has one Marina Specialist I. Golf Course employs five Golf Course Technicians, three Golf Course Technician Is, one Golf Course Technician II, and one Golf Course Superintendent. James Farm has one Historic Sites Specialist II and one Historic Museum & Exhibit Manager. Administration holds one Administrative Assistant II and a Tourism Coordinator. All personnel essentially report to an Assistant County Administrator over the whole Parks Department.

III. Questions Asked

In order to provide for fairness, sampled cash receipting locations were asked the following questions. Do note that these were logically tailored to fit the specific site. Furthermore, sites at Smithville Lake were grouped whereby we asked Administration these questions and then observed and/or tested actual cash receipting throughout the area.

1. Deposit/sales totals tie to Fee Collection spreadsheet or Treasurer receipt?
 - A. Are the items sold inventoried accordingly?
 - B. How many registers at this location? Their totals?
2. Is there a point-of-sale (POS) system?
 - A. Who can access it? Can cashiers?
 - B. Are there cash balancing/revenue reports in the POS?
 - C. Who reconciles and/or approves those?
3. Double signature on daily deposit?
4. How much is in change drawer? How is petty cash handled?
 - A. Separate fund or paid out of register?
5. How is the money picked up by Loomis? Has it been picked up consistently?
 - A. If not picked up, what is done with the cash?
6. How do you account for over/under amounts?
7. Are registers emptied at end-of-day (EOD) or throughout day?
8. Are there donations? How are they recorded?
9. Are checks accepted, when are they endorsed?
10. Are refunds ever given? How are they handled?
 - A. Refund form, signed by customer, etc.?

IV. Cash Handling Audit

Jesse James Bank Museum: This location was visited the morning of June 12th, 2019. The hours of operation are 10 am until 4 pm Monday through Saturday.

- *Fieldwork questions—*
 1. Yes, but no break out of total ticket sales by ticket price. Per <https://www.visitclaymo.com/business/jesse-james-bank-museum>, the ticket prices are \$6.50 for adults, \$6 for seniors (62+), \$4 for children (8-15), and children under 8 are free. Coupons are also accepted.
 - A. Yes, their Counterpoint system logs this upon the sale and the bank museum requests more inventory as needed.
 - B. There is only one register at the bank museum.
 2. Yes, that is Counterpoint.
 - A. The one individual working the whole bank museum that particular day is able to access Counterpoint. Of note, that includes temporary staff from Penmac. Regular and part-time County staff from Parks/Historic Sites also have regular access.
 - B. The process used is to take the totals in Counterpoint and complete an Excel spreadsheet, then email that to supervisors at the end of the day.
 - C. Only one worker puts together the Excel report, but Historic Sites management reconciles as well as the Treasurer upon making the receipt.
 3. Only one worker operates the bank museum on any given day.
 4. There is \$100 in the change drawer. Petty cash is used only when short on change.
 - A. Petty cash is placed in a separate money bag kept in the safe.
 5. The bank worker takes the cash to the Treasurer.
 - A. N/A
 6. Over/under amounts are documented on the Excel spreadsheet.
 7. Registers are emptied at the end of the day.
 8. There are donations and they are recorded on the Excel spreadsheet as well as in Counterpoint.
 9. Checks are accepted and endorsed simultaneously via a stamp. The worker asks for the check writer's driver's license number, birth date, and phone number.
 10. No refunds are allowed.

- *Recommendations and observations—*
 1. Only one worker presents some risk. It may not be financially prudent to add staff, however.
 2. Admissions sales on the Z-Tape could be broken out by the various prices for each customer (adult, senior, child, free child, etc.).
 3. There is a document entitled “Cash Receipts Procedures” available at the farm museum, but bank museum staff seemed unaware of it.

RECOMMEND: Ensure procedures are available at bank museum, trained to, and updated regularly.

- *Management’s response (from the Finance Department)—*A copy of the “Cash Receipts Procedures” was not physically at the bank, however if any employee had questions regarding the procedures or any deviations were noted, one would be provided. Management strongly disagrees with the auditor’s implication in the recommendation that employees are not trained to the procedures and that the procedures are not updated regularly. Employees are trained in the proper controls necessary to their work area and the procedures are updated when a change is warranted. In addition, the auditor does not comment that there any deviations from the established controls. There is a lack of effect, cause, and criteria of this finding and the recommendation does not address a potential resolution to the unidentified cause. Without the proper elements of a finding in compliance with Generally Accepted Government Auditing Standards, the audit becomes vague and does not provide the details for real improvement in internal controls.
- *Auditor’s comments—*The fact remains that staff was not aware of the document. This was not a finding, but a recommendation. The respondent will note that a series of ten questions were asked. Further, GAGAS (in Ch. 8 of the 2018 revision or Ch. 6 of the 2011 revision) denotes that findings follow the format of criteria, condition, cause, and effect during fieldwork. It is not a requirement in reporting (see Ch. 9 of the 2018 edition or Ch. 7 of the 2011 edition). The Finance Department may be more familiar with the outside financial statement audit format, where the company uses this reporting structure. Not all audits have to adhere to that outline, however. The Missouri State Auditor, in fact, does not use such format.

Jesse James Farm Museum: This location was visited the afternoon of June 12th, 2019. The hours of operation are 9 am until 4 pm Monday through Saturday and 12 pm to 4 pm on Sunday.

- *Fieldwork questions—*
 1. For 6/10/19, the Z-Tape showed \$295.93 for cash totals, but the Treasurer receipt reports \$296.43. There were \$112 in payments by credit card, but reconciled to \$111.50. Credit sales/admissions did total to \$111.50. The overall total deposit remained \$407.93. Management at the farm museum explained via an email on the 13th that \$0.50 was found the following morning, the 11th, and added to the deposit. A note was added by the cashier that was on her desk. We did count the cash from the deposit on the 11th and got their same number of \$162.
 - A. As with the bank museum, their Counterpoint system logs this upon the sale and the bank museum requests more inventory as needed.
 - B. As with the bank museum, there is only one cash register at the farm museum.

2. The farm museum utilizes Counterpoint as well.
 - A. Cashiers can access Counterpoint and record sales there. They log in with their three initials and a code known only to staff.
 - B. The same process is used as at the bank museum, whereby the Counterpoint log drives an Excel spreadsheet.
 - C. Historic sites management, collocated at the farm museum, reconciles the report.
3. The cashier is to sign the Z-tape, as well as the management at the farm museum, but sometimes the cashier does not do so. The sampled 6/10 deposit lacks such a signature.
4. As with the bank museum, \$100 is in the change drawer. An additional change bag of \$200 is in the safe, if needed. We counted the extra change bag while on site and confirmed \$200. Petty cash is rarely used and is also in the safe.
 - A. Separate. We also counted the petty cash total of \$522.21, matching what was supposed to be there.
5. Farm museum management takes the cash to Kearney Trust bank. The 6/11 deposit had not been taken when we visited in the afternoon on the 12th.
6. Over/under amounts are documented on the Excel spreadsheet.
7. Registers are emptied at the end of the day.
8. There are donations and they are recorded on the Excel spreadsheet as well as in Counterpoint.
9. Checks are accepted and endorsed simultaneously via a stamp. The cashier asks for ID, as with credit cards.
10. Refunds are very rarely given and generally discouraged. Extraordinary events causing cancellations of wedding reservations and so forth may call for a refund, though.
 - A. As much documentation is available is saved and noted.

- *Recommendations and observations—*

1. Driving to the bank presents a risk, but it is a short distance compared to other armored bank deliveries.
2. Admissions sales on the Z-Tape could be broken out by the various prices for each customer (adult, senior, child, free child, etc.).
3. The “Cash Receipts Procedures” are helpful in keeping staff on the same page for cash handling. They could be detailed more to include some assumed procedures.

RECOMMEND: Add the following to this document—

- Cashier to sign Z-tape as well as management reconciler.
- Ask for ID from customers paying by check.

- *Management’s response (from the Finance Department)—* Management disagrees that the cashier and management reconciler should have to sign the tape as this information is

documented at other steps in the procedures and would not be an effective control. Management disagrees that asking ID from customers paying checks as the amount of checks is minimal and if a check was returned and uncollectable it would be turned over to the prosecuting attorney's office bad check division. There is a lack of effect, cause, and criteria of this finding and the recommendation does not address a potential resolution to the unidentified cause. Without the proper elements of a finding in compliance with Generally Accepted Government Auditing Standards, the audit becomes vague and does not provide the details for real improvement in internal controls.

- *Auditor's comments*—On the Z-Tape we checked, there was a \$0.50 discrepancy. Having the cashier review the tape may prevent this in the future. Staff members are already asking for ID for checks, the step just isn't in the procedures. This was not a finding, but a recommendation. The respondent will note that a series of ten questions were asked. Further, GAGAS (in Ch. 8 of the 2018 revision or Ch. 6 of the 2011 revision) denotes that findings follow the format of criteria, condition, cause, and effect during fieldwork. It is not a requirement in reporting (see Ch. 9 of the 2018 edition or Ch. 7 of the 2011 edition). The Finance Department may be more familiar with the outside financial statement audit format, where the company uses this reporting structure. Not all audits have to adhere to that outline, however. The Missouri State Auditor, in fact, does not use such format.

4. Petty cash at \$522.21 is a random number and hard to track.

RECOMMEND: Lower petty cash to an even number of **\$500** by turning over **\$22.21** to the Treasurer and document. The Auditor's office will adjust the number(s) in Eden, account #240-108000-000-000 or #240-108000-000-870. For any future uses of petty cash, make sure to reimburse the fund via a purchase order with receipts as invoices.

- *Management's response (from the Finance Department)*— We disagree with the Auditor that \$522.21 is "hard to track". The amount can be properly tracked with the controls established, and is set to match the needs of the department without being excessive. We do not understand what criteria the finding is based on as "hard to track" is a very ambiguous criteria. There is a lack of effect and cause of this finding and the recommendation does not address a potential resolution as to the unidentified cause. Without the proper elements of a finding in compliance with Generally Accepted Government Auditing Standards, the audit becomes vague and does not provide the details for real improvement in internal controls.
- *Auditor's comments*—The problem is that the current petty cash total in the general ledger accounting software, Eden, shows \$3,653.25. This is less than the total petty cash and bank change funds we identified for all of Parks at \$5,132.21. So, it is not being properly tracked. This was not a finding, but a recommendation. The respondent will note that a series of ten questions were asked. Further, GAGAS (in Ch. 8 of the 2018 revision or Ch. 6 of the 2011 revision) denotes that findings follow the format of criteria, condition, cause, and effect during fieldwork. It is not a requirement in reporting (see Ch. 9 of the 2018 edition or Ch. 7 of the 2011 edition). The Finance Department may be more familiar with the outside financial statement audit format, where the company uses this reporting structure. Not all audits have to adhere to that outline, however. The Missouri State Auditor, in fact, does not use such format.

Smithville Lake: This location was visited the morning of June 14th, 2019. The hours of operation are 7 am until 8 pm Monday through Thursday and 7 am until 9 pm Friday through Sunday.

- *Fieldwork questions—*

1. There is considerably higher volume of activity at Smithville Lake compared to the historic sites. Consequently, the Audit team sampled various line items of the Fee Collection spreadsheet. Regardless, the totals from the combined deposit of all Smithville locations did match the spreadsheet form for 6/11/19. One particular line item we tested was wood sales at Crow’s Creek and Camp Branch campgrounds. The backup from the point-of-sale system, RecTrac, confirmed the right amount as on the spreadsheet. Next, we counted the cash and credit receipts for 6/13/19 for Camp Branch Marina while we visited the safe room. The charges on the fee collection spreadsheet were \$0.60 over what receipts showed, but cash was exact. Sometimes there are corrections weeks later made to credit charges on account of fees charged by the credit card companies. Those are currently being worked out with the vendor CardConnect, a new system as of 4/1/19.
 - A. The RecTrac system, implemented 4/1/19, does inventory specifically by item at each site with retail sales.
 - B. There is one register at six locations with cash receipting: Crow’s Creek boat ramp, Crow’s Creek shelter, Camp Branch (Park office), Sailboat Cove, W Boat Ramp, and Little Platte Park. The marinas have one register each as well, making eight total. All other workers with cash are given “tackle boxes” for making change as cash transactions only. This occurs at entrance fee booths. In fact, we visited the entrance booth at Crow’s Creek. The worker had one car up to that point and the \$5 fee accordingly.
2. RecTrac is the POS. Three sub-departments are set up as 11-Office, 25-Crow’s Campground, and 20-Camp Branch, which combine their associated deposits. The Marinas employ a different system called Gilbarco.
 - A. Cashiers at the registers log in to the computer system with username and password. This tracks who is stationed at each site.
 - B. There are cash balancing reports from these systems, as we tested for wood sales.
 - C. Parks administration at the Parks office reconciles these reports the following morning. There are double signatures on both cash counting and reconciling, which we verified for 6/11.
3. As noted above, there are double sign-offs for deposit sheets and reconciling sheets.
4. Change drawer amounts for the beginning of each day vary by location. The marinas have \$100, each side of the office at Camp Branch has \$100, Camp Branch has \$200, and Crow’s Creek has \$300. These totals are counted out at the end of each day. Each fee booth collector begins with \$100 in their tackle box. This is funded by a bank kept in the safe of \$4,050 and returned after each shift to be counted.
 - A. Petty cash is used sparingly, often for Post Office expenses and ran through the County purchase order system. This amount of \$260 is kept in the bank.

5. Loomis is bound by contract to pick up deposits from the Park office on a daily basis. Parks uses Security Bank. As noted in the introduction, there have been occasions of funds not being picked up on schedule.
 - A. If not picked up, there is a log in the safe that documents when pickups occur. The cash is sealed in a tamperproof bag. Of note, seven seasonal staff from Penmac or another company—in addition to Clay County staff—know the combination to the safe.
 6. Over/under amounts are documented on the Excel spreadsheet.
 7. Registers are emptied at the end of the day. Tackle boxes are emptied at the end of each shift.
 8. There are no donations for Smithville Lake's sites.
 9. Checks are accepted. Those paying by check are asked for address, phone number, driver's license, and date-of-birth. They are then endorsed with a stamp. Credit cards are accepted without ID, but new chip readers have been installed and are in use.
 10. Refunds are extremely rare, if ever. They have occurred with boat rentals and are documented.
- *Recommendations and observations—*
 1. Having seven temporary/seasonal staff with access to the safe presents a possible risk. The employees are required to go through checks by Penmac or other temp agencies, though.
 2. The SOPs are thorough and well thought-out. Consider updating them to the new RecTrac and CardConnect systems soon and train to them.
 3. Petty cash at \$260 is a random number and hard to track.

RECOMMEND: Lower petty cash to an even number of **\$200** by turning over **\$60** to the Treasurer and document. The Auditor's office will adjust the number(s) in Eden, account #240-108000-000-000 or #240-108000-000-870. For any future uses of petty cash, make sure to reimburse the fund via a purchase order with receipts as invoices.

- *Management's response (from the Finance Department)—* We disagree with the Auditor that \$260 is "hard to track". The amount of \$260 can be properly tracked with the controls established, and is set to match the needs of the department without being excessive. We do not understand to what criteria the finding is based on as "hard to track" is a very ambiguous criteria. There is a lack of effect and cause of this finding and the recommendation does not address a potential resolution as to the unidentified cause. Without the proper elements of a finding in compliance with Generally Accepted Government Auditing Standards, the audit becomes vague and does not provide the details for real improvement in internal controls.
- *Auditor's comments--*The problem is that the current petty cash total in the general ledger accounting software, Eden, shows \$3,653.25. This is less than the total petty cash and bank change funds we identified for all of Parks at \$5,132.21. So, it is not being properly tracked. This was not a finding, but a recommendation. The respondent will note that a series of ten questions were asked. Further, GAGAS (in Ch. 8 of the 2018 revision or Ch. 6 of the 2011 revision) denotes that findings follow the format of criteria, condition, cause, and effect during fieldwork. It is not a requirement in reporting (see Ch. 9 of the 2018 edition or Ch. 7 of the 2011 edition).

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