

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector

Internal Audits Section

Regional Parks Department: Prepaid Cards and Cash Controls Audit



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Regional Parks Department Prepaid Cards and Cash Controls Audit

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June 27, 2019

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SUBJECT: PREPAID CARDS AND CASH CONTROLS AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of the Regional Parks Department's (Department) prepaid cards and cash controls for the period of March 1, 2018 through December 4, 2018. The primary objective of the audit was to determine if the internal controls over prepaid cards and cash are effective and in compliance with the Internal Controls and Cash Manual. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We identified several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on June 10, 2019 and discussed our observations with management on June 11, 2019. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Regional Parks Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

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Summary of Audit Results

Our findings and recommendations are provided to assist management in improving internal controls and procedures relating to the Department's prepaid cards and cash.

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
Administration		
1	<p>Management of prepaid cards needs improvement.</p> <p>We recommend the Department create written procedures regarding prepaid cards. We further recommend the Department submit a memo notifying the Auditor-Controller/Treasurer/Tax Collector (ATC) of the Department's request to distribute and purchase prepaid cards and code the purchase of prepaid cards to SAP Enterprise Financial Management System (SAP) Account 53003206. Additionally, we recommend the Department designate a prepaid card custodian, properly segregate duties so that no one person has complete control over prepaid cards and keep prepaid cards in a locked safe. Lastly, we recommend the Department perform monthly inventory counts, annual inventory counts and monthly reconciliations.</p>	9
Administration		
2	<p>Management of the petty cash fund needs improvement.</p> <p>We recommend segregating the duties of issuing cash, maintaining records and reconciling the petty cash fund. Access to the safe should be limited to the authorized fund custodian. We also recommend documentation of safe combination changes are retained by the Department. Additionally, we recommend monthly reconciliations are performed. Lastly, petty cash transactions should be recorded in a log.</p>	11



Cucamonga-Guasti, Glen Helen, Prado, Mojave River Forks, Yucaipa		
3	Management of the cash difference funds needs improvement.	12
	We recommend that the cash difference funds are replenished when the accumulated shortages reach \$100 or 75% of the authorized amount, whichever is lower. We also recommend that the Department submit a Request to Decrease or Close a Cash Fund form to ATC to close the cash difference fund at the Mojave River Forks location as there are no longer cashiers working at that location.	
Calico Ghost Town, Cucamonga-Guasti, Glen Helen, Mojave Narrows, Mojave River Forks, Prado, Yucaipa		
4	Management of the change funds needs improvement.	14
	We recommend segregating duties for receiving cash, preparing deposits and reconciling cash funds. We also recommend that access to the safe is limited to the authorized fund custodians and the safe combinations are changed annually or when an employee who has knowledge of the combination is terminated. The Department should retain documentation of the safe combination changes. The Department should also inform the ATC – Internal Audits Section of any location changes for cash funds. We recommend that a Request for Relief from Liability memo is submitted to ATC for the \$61.75 shortage that was identified at Prado Park. Lastly, we recommend that cash drawers are restricted to one employee at all times.	
Administration, Calico Ghost Town, Mojave Narrows, Mojave River Forks		
5	Cash handling controls over safeguarding cash receipts need improvement.	17
	We recommend management reorganize staff assignments to have effective segregation of duties and reduce the risk that any one person could conceal errors or irregularities. We also recommend cash is kept in a cash drawer or cash box not accessible to unauthorized persons. Additionally, we recommend the Department document the count of shower fees immediately when collected from the shower machines. Further, we recommend two employees are present for emptying the cash drop box at Mojave River Forks or that compensating controls are created to minimize the risk of misappropriation of assets. Lastly, we recommend the Department ensure all employees are aware of proper cash collection procedures.	



Administration, Calico Ghost Town, Cucamonga-Guasti, Glen Helen, Mojave Narrows, Mojave River Forks, Prado, Yucaipa		
6	Controls over depositing need improvement.	19
	We recommend that deposits are reviewed by supervisors and that the review is documented. We also recommend that deposits are made by the next business day when receipts reach \$1,000 in cash and coin. Lastly, we recommend filing practices are standardized for all park locations to ensure audit trails are maintained.	
Cucamonga-Guasti, Glen Helen, Prado		
7	Overages were not deposited to the Cash Overage Fund.	21
	We recommend that the Department record cash overages to the Cash Overage Fund (SAP cost center 2416521046) to properly account for all cash overages in order to comply with the Internal Controls and Cash Manual (ICCM).	
Administration		
8	Management of the Department's petty cash bank account needs improvement.	22
	We recommend the Department perform monthly reconciliations of the bank account to be in compliance with the ICCM. We also recommend that the unreconciled difference in the "ongoing reconciliation" is investigated. If an overage is found, it should be deposited to the Cash Overage Fund. If a shortage is found, a Request for Relief from Liability memo should be submitted to ATC. Lastly, we recommend the reconciliation is reviewed and signed by an employee of a higher-ranking job code if it is being performed by an employee with the authority to sign checks or deposit cash.	



PREPAID CARDS AND CASH CONTROLS AUDIT

The Department

The Regional Parks Department (Department) is responsible for the operation and maintenance of nine regional parks located throughout the County. Visitors to County Parks enjoy open space, walking trails, camping, swimming, fishing, picnicking, equestrian activities and other recreational opportunities. In addition, the Department hosts cultural, educational and special events through the use of park resources and contractual agreements with private and non-profit organizations. Park special events include civil war reenactments and Halloween events at Calico Ghost Town, fishing derbies at multiple parks and other park-wide events across the County. Educational programs include the science day camps at Yucaipa and fishing workshops at multiple parks.

The Department is also responsible for maintaining 17.8 miles of open, accessible and usable trails through the County trails program. Additionally, the Department oversees operation of the Morongo Wildlife Preserve in Morongo Valley, administers leases with the operators of Lake Gregory Regional Park, Glen Helen Amphitheater and Moabi Regional Park and manages concession contracts that offer amenities to park users.

Prepaid Cards

Many departments use prepaid debit cards, gift cards, gift certificates, vouchers or coupons to provide client assistance. These are considered cash for financial reporting purposes, therefore their usage must follow the same basic guidelines that apply to cash funds. Prepaid cards represent a significant risk exposure to the County due to their widespread distribution and convertibility. Therefore, it is essential that prepaid cards are appropriately reported and safeguarded.

The Department uses prepaid cards at their Administration office and the Calico Ghost Town Park. The Administration office has gift cards that are used as prizes for their trout derbies. Calico Ghost Town has two types of vouchers that are given to Tour Guides and Tour Bus Drivers. First, there are \$5 vouchers that are called "Silver Dollar Certificates," which can be redeemed at the park vendors for merchandise or food. The second type of gift cards are Poster Tickets that can be redeemed at the Calico Photo Shop for a poster.



Cash Funds

The Board of Supervisors, by resolution, establishes cash funds for County departments to facilitate their operations. Several different types of cash funds are used throughout the County, including petty cash funds, change funds and cash difference funds.

The Department has a petty cash fund at their Administration office that is used to reimburse staff for small Department expenses. Each of the seven parks we visited have change funds and cash difference funds. Change funds are used exclusively by cashiers for making change for customers. Cash difference funds are used to immediately reimburse a cashier who, while performing official duties, incurs cash shortages in the change fund when receiving or paying out cash.

Park	Petty Cash Fund	Change Fund	Cash Difference Fund	Total Amount of Cash Funds
Administration Office	\$5,500			\$5,500
Calico Ghost Town		\$5,000	\$150	\$5,150
Cucamonga-Guasti		\$2,500	\$150	\$2,650
Glen Helen		\$3,000	\$150	\$3,150
Mojave Narrows		\$1,000	\$150	\$1,150
Mojave River Forks		\$500	\$50	\$550
Prado		\$1,650	\$200	\$1,850
Yucaipa		\$4,700	\$150	\$4,850
Totals	\$5,500	\$18,350	\$1,000	\$24,850



Scope and Objective

Our audit examined the Regional Parks Department's (Department) prepaid cards and cash controls for the period of March 1, 2018 through December 4, 2018. We conducted our fieldwork at the following locations:

- Administration office (San Bernardino)
- Calico Ghost Town (Yermo)
- Cucamonga-Guasti Regional Park (Rancho Cucamonga)
- Glen Helen Regional Park (San Bernardino)
- Mojave Narrows Regional Park (Victorville)
- Mojave River Forks Regional Park (Victorville)
- Prado Regional Park (Chino)
- Yucaipa Regional Park (Yucaipa)

The objective of our audit was to determine if the internal controls over prepaid cards and cash are effective and in compliance with the Internal Controls and Cash Manual.

Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Performance of surprise cash counts of authorized cash funds and prepaid cards
- Review of policies and procedures
- Interview of Department staff regarding cash funds and prepaid cards
- Observation of pertinent cash operations
- Review of cash deposits for the period March 1, 2018 through August 31, 2018
- Examination of original source documents and system generated reports



Finding 1: Management of prepaid cards needs improvement.

The Internal Controls and Cash Manual (ICCM) Chapter 19-2 "Prepaid Debit Cards Guidelines" states that prior to acquiring prepaid cards, departments must develop written procedures for distributing and handling them. Procedures must include instructions on:

- Maintaining a chain of custody with adequate security and documentation.
- Maintaining a continuous written log documenting card receipts, distributions, intradepartmental movement and related documentation. The log should at a minimum contain the name, date, number of cards distributed, amount distributed, signatures of both persons distributing and receiving cards.
- Conducting monthly inventories of cards on hand.
- Conducting monthly reconciliations of cards on hand.
- Reporting annual inventory to Auditor-Controller/Treasurer/Tax Collector (ATC).

The ICCM states the following in the referenced chapters:

- Chapter 19-4 "Request to Distribute Prepaid Cards" states to distribute prepaid cards, departments must submit a memo notifying ATC of the department's request to distribute a pre-determined amount of prepaid cards for the entire fiscal year. If the amount to be distributed in a given fiscal year is \$2,500 or less, the department must submit the notification to ATC Internal Audits Section. If the amount to be distributed in a given fiscal year is over \$2,500, the department must submit the notification to ATC Internal Audits Section and prepare a Board Agenda Item requesting approval from the Board of Supervisors to distribute prepaid cards.
- Chapter 19-5 "Purchasing Prepaid Cards" states to purchase prepaid cards, the department must submit each payment document for the purchase of prepaid cards to ATC – Internal Audit Section regardless of the number of purchases made. It also states to use object code 3206 to purchase prepaid cards. With the recent County-wide implementation of SAP Enterprise Financial Management System (SAP), the general ledger (GL) account is 53003206.
- Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow him/her complete control over a transaction or asset.
- Chapter 19-4 "Card Custodian" states that every department that distributes prepaid cards must designate an employee to be the custodian in charge of the cards.
- Chapter 19-2 "Prepaid Debit Cards Guidelines" states departments distributing prepaid cards must follow all applicable procedures in the Safeguarding Cash section of Chapter 3 because prepaid cards are a cash equivalent. Chapter 3-3 "Safeguarding Cash" states departments



must place all cash held overnight in a safe or a locked file cabinet located in a secure area away from the public.

- Chapter 19-9 "Inventory" states that a critical step in properly accounting for prepaid cards is conducting a monthly inventory. An additional inventory must be conducted on June 30 of each fiscal year or the last business day prior to June 30 if that date falls on a weekend.

Administration

The following conditions were identified:

- The Department does not have documented procedures for prepaid cards.
- A memo notifying ATC of the Department's request to distribute a pre-determined amount of prepaid cards was not submitted.
- A request to purchase prepaid cards was not submitted to ATC.
- Prepaid card purchases were not coded to SAP GL Account 53003206 (prepaid cards).
- One employee was assigned duties that included receiving, maintaining records and performing distributions of prepaid cards.
- A prepaid card custodian was not designated.
- Monthly and annual inventory counts of prepaid cards were not performed.
- Monthly reconciliations of prepaid cards were not performed.

The Department was unaware of the ICCM procedures regarding prepaid cards. Prepaid cards are susceptible to potential theft if controls are not in place to effectively safeguard prepaid cards.

Recommendation:

We recommend the Department create written procedures regarding prepaid cards. We further recommend the Department submit a memo notifying ATC of the Department's request to distribute and purchase prepaid cards and code the purchase of prepaid cards to SAP Account 53003206. Additionally, we recommend the Department designate a prepaid card custodian, properly segregate duties so that no one person has complete control over prepaid cards and keep prepaid cards in a locked safe. Lastly, we recommend the Department perform monthly inventory counts, annual inventory counts and monthly reconciliations.

Management's Response:

To meet the requirements of the ICCM chapter 19, the Department will develop a written procedure regarding the distribution and handling of prepaid cards. Although, this procedure has yet to be drafted, the Department will continue to comply with the "Segregation of Duties" policy, designate a card custodian, and complete a monthly and annual inventory of all prepaid cards. The



Signature/Fund Custodian Authorization form will be submitted to ATC by June 30, 2019.

To fulfill ICCM chapter 19-4 and 19-5, the Department will submit a memo notifying ATC of the department's request to distribute a pre-determined amount of prepaid cards and enter the information into SAP coding to the 3206 in the general ledger. The Department does not purchase the prepaid cards, but instead receives them from Friends of Regional (F.O.R.) Parks as prizes for our fishing derbies. The Department was unaware that we had to observe this policy. Currently, the Administration does not have any prepaid cards on hand. Once the assigned card custodian receives them from F.O.R. Parks, the Department will complete an inventory count and monthly audit of the prepaid cards.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.

Finding 2: Management of the petty cash fund needs improvement.

The ICCM Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow him/her complete control over a transaction or asset. Effective segregation of duties reduces the risk that one person could perpetrate and conceal errors and irregularities in the normal course of his/her duties. Chapter 3-3 "Safeguarding Cash" states that access to where cash is handled should be limited. The safe combination should be restricted to as few employees as possible and should be changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Even if there are no staffing changes, combinations must be changed annually. Chapter 4-7 "Reconcile Cash Funds" states that County departments must reconcile their cash funds at least once a month. Chapter 4-10 "Petty Cash – Disbursements" states that departments must maintain a log recording each petty cash transaction.

Administration

The following conditions were identified:

- Two employees had been assigned duties of issuing reimbursements, maintaining records and reconciling the petty cash fund.
- Five employees in the fiscal section of the office had access to the safe combination.
- A record of safe combination changes was not maintained by the Department, therefore it could not be determined when the combination was last changed.



- The Department did not perform reconciliations of the petty cash fund.
- The Department did not maintain a petty cash log.

The Department was not familiar with the petty cash guidelines in the ICCM. When there are inadequate segregation of duties, multiple employees having access to the safe combination, safe combinations not being changed in a timely manner, monthly reconciliations not being performed and petty cash transactions not being recorded in a log, the risk of misappropriation of assets increases.

Recommendation:

We recommend segregating the duties of issuing cash, maintaining records and reconciling the petty cash fund. Access to the safe should be limited to the authorized fund custodian. We also recommend documentation of safe combination changes are retained by the Department. Additionally, we recommend monthly reconciliations are performed. Lastly, petty cash transactions should be recorded in a log.

Management's Response:

Since the completion of the cash control audit, the Department has created a log that documents the change of the safe combination and completed a monthly reconciliation of the Administration petty cash. The Department will continue to complete monthly reconciliations of the Administration petty cash as stated in ICCM 4-7. The Department has a log in place recording all petty cash transactions that occurs and has limited the number of staff who has access to the safe combination.

To comply with ICCM chapter 2-3 "Segregation of Duties", the Department will ensure that the issuing cash, maintaining records, and reconciling petty cash are not concurrent to the same employee.

Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding.

Finding 3: Management of the cash difference funds needs improvement.

The ICCM Chapter 5-3 "Cash Handling Error Shortages" states to replenish the cash difference fund when accumulated shortages reach 75% of the authorized amount or \$100, whichever is lower. Departments must replenish their cash difference fund at least once per fiscal year, as long as the replenishment amount is greater than or equal to \$25. Chapter 2-4 "Periodic Reconciliations"



states that the existence and value of assets should be periodically verified and reconciled with prior records. Chapter 4-4 "Fund Custodian" states at all times, the fund custodian must be able to account for the specific physical location of all assets that make up the fund.

Cucamonga-Guasti

The cash difference fund was not replenished when accumulated shortages reached 75% of the authorized amount.

Glen Helen

The cash difference fund was not replenished at year-end and shortages were over \$25.

Prado

The following conditions were identified:

- The cash difference fund was not replenished when accumulated shortages reached \$100.
- The cash difference fund was not replenished at year-end and accumulated shortages were over \$25.

Mojave River Forks

The Department could not locate the \$50 cash difference fund at the time of fieldwork.

Yucaipa

The following conditions were identified:

- The cash difference fund was not replenished when accumulated shortages reached \$100.
- The cash difference fund was not replenished at year-end and accumulated shortages were over \$25.

The Department was unfamiliar with cash difference fund guidelines in the ICCM. Staff was unaware of the location of the cash difference fund at Mojave River Forks. When the cash difference fund is not replenished in accordance with the ICCM, it may become depleted, causing the park to use cash from sales to compensate for any cash shortages. When the location of assets cannot be accounted for, the risk of theft or loss increases.

Recommendation:

We recommend that the cash difference funds are replenished when the accumulated shortages reach \$100 or 75% of the authorized amount, whichever is lower. We also recommend that the Department submit a Request to Decrease or Close a Cash Fund form to ATC to close the cash difference fund at the



Mojave River Forks location as there are no longer cashiers working at that location.

Management's Response:

The Department has completed a cash control training for all parks between the months of December-18 and March-19. Staff was provided an overview of cash control policies. Since the completion of this audit, the replenishment of the cash difference funds have improved. The Administration fiscal team will provide a follow-up training to the Park Leads (Superintendents, Assistant Superintendents and Lead Ranger IIIs) on July 8, 2019 during their monthly Park Leads meeting to recap policies addressed in this audit report. The Park Leads will then train their park staff. Beginning in July 2019, Administration fiscal staff(s) will also begin monthly site visits to complete routine petty cash, change funds, and prepaid card audits.

Management will review the need for the cash difference fund at Mojave River Forks.

Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding.

Finding 4: Management of the change funds needs improvement.

The ICCM states the following in the referenced chapters:

- Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow him/her complete control over a transaction or asset.
- Chapter 3-3 and 3-4 "Safeguarding Cash" state that the safe combinations should be changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County Department, or is assigned other duties. Even if there are no staffing changes, combinations must be changed annually. It also states that the safe combination should be restricted to as few employees as possible. During business hours, keep cash in a cash drawer or cash box not accessible to unauthorized persons. Additionally, employees must not allow another employee to use their cash drawer at any time.
- Chapter 4-4 "Fund Custodian" states the Department must notify ATC – Internal Audits Section of all changes in the physical location where the fund assets reside.



- Chapter 5-3 “Cash Handling Error Shortages” states that if a shortage is found in the change fund, a reimbursement should be made from the cash difference fund. Additionally, the Department should log the amount of the reimbursement, the date of occurrence and the name of the cashier who incurred the shortage.

Calico Ghost Town

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- The Department did not maintain records of safe combination changes.
- The change fund was not kept in a locked drawer.

Cucamonga-Guasti

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- At the park entrance kiosk, one register could not be locked.
- Change funds were not limited to one cashier.

Glen Helen

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- The Department did not maintain records of safe combination changes.
- All full-time staff had access to the safe combination.
- Change funds were not limited to one cashier.

Mojave Narrows

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- The Department did not maintain records of safe combination changes.
- Change funds were not limited to one cashier.

Mojave River Forks

The change fund was not found at Mojave River Forks. The fund was moved to Mojave Narrows Park but ATC – Internal Audits Section was not notified.

Prado

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- The Department did not maintain records of safe combination changes.
- All full-time staff had access to the safe combination.



- Change funds were not limited to one cashier. Cashiers were observed sharing one change fund.
- A shortage of \$61.75 was identified in the change fund which was not reported and was not reimbursed using the cash difference fund.

Yucaipa

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- Although change funds are removed from registers and locked away during breaks, the key is left on the wall next to the drawer which is accessible to anyone in the kiosk.

The Department was unaware of the ICCM procedures regarding change funds. The risk of misappropriation of assets increases when there are inadequate segregation of duties, multiple employees that have access to the safe combination, safe combinations that are not changed in a timely manner and cash drawers that are not limited to one employee. When ATC – Internal Audits Section is not notified of changes in cash fund locations, this can lead to inaccurate accounting of assets. When shortages are not reported timely, investigations of those shortages may be more difficult as employees may have left employment with the County and documents may not be available. When shortages are not reimbursed by the cash difference fund timely, the change fund could become depleted, and not be available to make change for customers.

Recommendation:

We recommend segregating duties for receiving cash, preparing deposits and reconciling cash funds. We also recommend that access to the safe is limited to the authorized fund custodians and the safe combinations are changed annually or when an employee who has knowledge of the combination is terminated. The Department should retain documentation of the safe combination changes. The Department should also inform the ATC – Internal Audits Section of any location changes for cash funds. We recommend that a Request for Relief from Liability memo is submitted to ATC for the \$61.75 shortage that was identified at Prado Park. Lastly, we recommend that cash drawers are restricted to one employee at all times.

Management's Response:

The Department has completed a cash control training for all parks between the months of December-18 and March-19. Staff was provided an overview of cash control policies. The Administration fiscal team will provide a follow-up training to the Park Leads on July 8, 2019 during their monthly Park Leads meeting to recap policies addressed in this audit report including, but not limited to segregation of



duties and a timely submission of their cash difference funds. The Park Leads will then train their park staff. Beginning in July 2019, Administration fiscal staff will also begin monthly site visits to complete routine petty cash, change funds, and prepaid card audits. During this time, the Department's fiscal staff will research the change fund shortage at Prado and address the shortage based on the auditor's recommendation.

Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding.

Finding 5: Cash handling controls over safeguarding cash receipts need improvement.

The ICCM Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow him/her complete control over a transaction or asset. Effective segregation of duties reduces the risk that one person could perpetrate and conceal errors and irregularities in the normal course of his/her duties. Chapter 3-4 "Safeguarding Cash" states that during business hours, keep cash in a cash drawer or cash box not accessible to unauthorized persons. Chapter 2-3 "Recording" states that sufficient and relevant data should be recorded to provide an audit trail to document evidence that a transaction took place. Chapter 6-7 "Mail Receipts" states that two or more employees should be present when mail receipts are opened.

Administration

The following conditions were identified:

- Employees were assigned duties that included receipting, preparing deposits and performing reconciliations.
- At the time of fieldwork, deposits were left unattended on an employee's desk.

Calico Ghost Town

At the time of fieldwork, the deposit was left outside the safe at the kiosk.

Mojave Narrows

Shower fees of \$440 were not counted immediately after shower machines were emptied.

Mojave River Forks

Only one employee is present when emptying the locked cash drop box at the end of the day.

Audit Findings and Recommendations



The Department is unaware of ICCM requirements regarding receipting of cash. The Department does not enforce ICCM requirements to keep cash in a cash drawer or cash box that is not accessible to unauthorized employees or the general public. Additionally, the employee responsible for documenting the count of shower fees was on leave and employees covering his duties were unaware of the documenting procedures. The risk of misappropriation of assets increases when there are inadequate segregation of duties, deposits are left unattended, sales are not documented in a timely manner and there is only one employee present while emptying the cash drop box.

Recommendation:

We recommend management reorganize staff assignments to have effective segregation of duties and reduce the risk that any one person could conceal errors or irregularities. We also recommend cash is kept in a cash drawer or cash box not accessible to unauthorized persons. Additionally, we recommend the Department document the count of shower fees immediately when collected from the shower machines. Further, we recommend two employees are present for emptying the cash drop box at Mojave River Forks or that compensating controls are created to minimize the risk of misappropriation of assets. Lastly, we recommend the Department ensure all employees are aware of proper cash collection procedures.

Management's Response:

The Department has completed a cash control training for all parks between the months of December-18 and March-19. Staff was provided an overview of cash control policies. The Administration fiscal team will provide a follow-up training to the Park Leads on July 8, 2019 during their monthly Park Leads meeting to recap policies addressed in this audit report. The Park Leads will then train their park staff. Beginning in July 2019, Administration fiscal staff(s) will also begin monthly parks visits to ensure policies are being followed.

As discussed in the audit meeting, the Department will install a new cash drop box to ensure that two staff will be present when emptying and preparing the deposit at Mojave River Forks. This change will take place in July 2019. In the meantime, staff have been instructed that two staff must be present during the end of day closeout.

Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding.



Finding 6: Controls over depositing need improvement.

The ICCM Chapter 9-4 "Bank Deposit Guidelines" states that supervisors must verify deposits are intact and document evidence of review. It also states that deposits of cash must be made by the next business day when the amount of receipts reaches \$1,000 in cash and coin. Chapter 2-3 "Recording" states that all transactions and pertinent events should be accurately and properly recorded on documents and records. It also states that sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place.

Administration

All five deposits tested had no documented evidence of supervisor review.

Calico Ghost Town

The following conditions were identified:

- All sixteen deposits tested had no documented evidence of supervisor review.
- Two of the sixteen deposits tested were not made within one business day when cash and coin exceeded \$1,000.

Cucamonga-Guasti

The following conditions were identified:

- Five of the eleven deposits tested had no documented evidence of supervisor review.
- One cash drawer reconciliation form was filled out incorrectly.
- One register tape could not be located, therefore the transaction could not be verified.

Glen Helen

The following conditions were identified:

- Five of the ten deposits tested had no documented evidence of supervisor review.
- One cash drawer reconciliation form was filled out incorrectly.

Mojave Narrows

The following conditions were identified:

- All nine deposits tested had no documented evidence of supervisor review.
- Four of the nine deposits tested were not made within one business day when cash and coin exceeded \$1,000.

Mojave River Forks

The Department was unable to provide documentation of cash sales collected from drop box.



Prado

The following conditions were identified:

- All twelve deposits tested had no documented evidence of supervisor review.
- Seven of the twelve deposits tested were not made within one business day when cash and coin exceeded \$1,000.

Yucaipa

The following conditions were identified:

- All ten deposits tested had no documented evidence of supervisor review.
- Five of the ten deposits tested were not made within one business day when cash and coin exceeded \$1,000.

Staff have not received training on preparing and reviewing deposits. Additionally, management is unfamiliar with the guidelines and procedures stated in the ICCM regarding depositing monies by the next business day when the amount of receipts reaches \$1,000 in cash and coin. Further, the Department does not have standardized recordkeeping practices. When an independent review is not performed by a supervisor, transactions may not have been correctly recorded and assets accounted for. The chances of misappropriation of assets are increased when Departments accumulate large amounts of receipts. When recordkeeping practices are inconsistent, the chances of losing documents are increased and transactions may not be able to be verified.

Recommendation:

We recommend that deposits are reviewed by supervisors and that the review is documented. We also recommend that deposits are made by the next business day when receipts reach \$1,000 in cash and coin. Lastly, we recommend filing practices are standardized for all park locations to ensure audit trails are maintained.

Management's Response:

The Department has completed a Cash Control training for all parks between the months of December-18 and March-19. Staff was provided an overview of cash control policies. The Administration fiscal team will provide a follow-up training to the Park Leads on July 8, 2019 during their monthly Park Leads meeting to recap policies addressed in this audit report. The training will include the requirement of two signatures when reviewing and completing deposits. A reminder of daily deposits will also take place at the monthly staff meeting to ensure that deposits are made the next business day when receipts reach \$1,000.



Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding.

Finding 7: Overages were not deposited to the Cash Overage Fund.

The ICCM Chapter 6-8 "Remittance Overages" states to deposit all overages into the Cash Overage Fund. (SAP Cost Center: 2416521046)

Cucamonga-Guasti

Two overages were not deposited to the correct SAP cost center (2416521046 – Regional Parks Overages).

Glen Helen

One overage was not deposited to the correct SAP cost center (2416521046 – Regional Parks Overages).

Prado

Three overages were not deposited to the correct SAP cost center (2416521046 – Regional Parks Overages).

When overages are not properly reported, the Department's revenue is overstated.

Recommendation:

We recommend that the Department record cash overages to the Cash Overage Fund (SAP cost center 2416521046) to properly account for all cash overages in order to comply with the ICCM.

Management's Response:

To fulfil the requirements of the ICCM chapter 6-8, the department will deposit all overages in the Cash Overage Fund.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.



Finding 8: Management of the Department's petty cash bank account needs improvement.

The ICCM Chapter 9-5 "Bank Reconciliation" states that Departments must reconcile their records to the bank statement by the 15th day of the following month. The employee with authority to sign checks or deposit cash may complete the reconciliation if it is reviewed and signed by an employee of a higher-ranking job code. Additionally, if the records and bank statement do not agree, investigate and resolve any differences.

Administration

The Department updates an "ongoing reconciliation" which was an excel worksheet that included all cleared items and uncashed checks. However, this reconciliation was not performed monthly and included an unreconciled difference. Additionally, the worksheet was updated by an employee who performed deposits and was not reviewed by an employee of a higher-ranking job code.

The Department was unfamiliar with the ICCM procedures regarding reconciling bank accounts. The risk of misappropriation of cash and the risk of accounting errors increase when monthly reconciliations are not performed.

Recommendation:

We recommend the Department perform monthly reconciliations of the bank account to be in compliance with the ICCM. We also recommend that the unreconciled difference in the "ongoing reconciliation" is investigated. If an overage is found, it should be deposited to the Cash Overage Fund. If a shortage is found, a Request for Relief from Liability memo should be submitted to ATC. Lastly, we recommend the reconciliation is reviewed and signed by an employee of a higher-ranking job code if it is being performed by an employee with the authority to sign checks or deposit cash.

Management's Response:

Since the completion of the cash control audit, the Department has reconciled the petty cash monthly bank account. A Request for Relief from Liability was submitted to ATC for the unreconciled difference. Subsequently, the petty cash bank account has been reconciled monthly by the Fiscal Specialist and Administrative Supervisor I and has proper documentation.

Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding.