

To: Chair & Committee Members, Audit Committee

Date: May 16, 2019

Areas Responsible: Tanya Haywood, Deputy City Manager – Community Services  
Carla Squires, Manager Facilities Division

The Table below summarizes the pending issues from the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Recommendation	Status Update	Date
<b>1.1</b> Management should develop a city-wide Cash Handling Policy. While different departments may have varied requirements for the handling of cash, the city-wide policy should specify that adequate segregation of duties must exist at all times in the cash handling function. Other considerations for the policy can be viewed in the report.	The Cash Handling Policy Note (which will include Petty Cash) was presented to the Corporate Policy Committee (CPC) on October 16. CPC members have until November 13 to provide feedback. It is expected that following the feedback from CPC members, the policy note will be ready to proceed to the policy development stage.	Jul 2019  <u>Previous Dates:</u>  Sep 2018 Jul 2017 Sep 2015 Dec 2014
<b>1.2</b> Management should develop a city-wide Petty Cash Policy. While different departments may have varied requirements for Petty Cash, the city-wide policy should aim to ensure that all Petty Cash funds are properly secured and accounted for at all times. Other considerations for the policy can be viewed in the report.	The Cash Handling Policy Note (which will include Petty Cash) was presented to the Corporate Policy Committee (CPC) on October 16. CPC members have until November 13 to provide feedback. It is expected that following the feedback from CPC members, the policy note will be ready to proceed to the policy development stage.	Jul 2019  <u>Previous Dates:</u>  Sep 2018 Jul 2017 Sep 2015 Dec 2014

Recommendation	Status Update	Date
<p><b>1.4 (i)</b> In order to improve controls over the Petty Cash Advance Vouchers, management should: re-design the form to have the appropriate title indicated instead of "Supervisor". The appropriate title should be an employee who has signing authority on the account. Also, the section "Cash Given To" should be changed to "Requested By". Management should confer with the Department of Financial Management prior to re-designing the form to ensure that it meets their requirements under the city-wide Petty Cash Policy proposed in issue 1.2.</p>	<p>Management indicated that forms are developed by the Finance Department and they are waiting for their direction.</p>	<p>Aug 2019</p> <p><u>Previous Dates:</u></p> <p>Oct 2018 Aug 2017 Oct 2015 Dec 2014</p>
<p><b>1.5</b> In order to improve controls over the Petty Cash Voucher forms, management should re-design the form to include the following sections:</p> <ul style="list-style-type: none"> <li>i) "Requested By"</li> <li>ii) "Approved By" (management employee who has signing authority)</li> <li>iii) "Cash Given By".</li> </ul> <p>Management should confer with the Department of Financial Management prior to re-designing the form to ensure that it meets their requirements under the city-wide Petty Cash Policy proposed in issue 1.2.</p>	<p>Management indicated that forms are developed by the Finance Department and they are waiting for their direction.</p>	<p>Aug 2019</p> <p><u>Previous Dates:</u></p> <p>Oct 2018 Aug 2017 Oct 2015 Dec 2014</p>

Recommendation	Status Update	Date
<p><b>2.2 (i)</b> In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: provide all Petty Cash Custodians with direction on how to properly complete the vouchers.</p>	<p>Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.</p>	<p>Aug 2019</p> <p><u>Previous Dates:</u></p> <p>Oct 2018 Aug 2017 Oct 2015 Dec 2014</p>
<p><b>2.2 (ii)</b> In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: review the vouchers when approving the Petty Cash Reconciliation form and the Cheque Requisition for Petty Cash reimbursement to ensure that the vouchers are properly completed and signed.</p>	<p>Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.</p>	<p>Aug 2019</p> <p><u>Previous Dates:</u></p> <p>Oct 2018 Aug 2017 Oct 2015 Dec 2014</p>
<p><b>2.2 (iii)</b> In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: ensure a manager with appropriate signing authority reviews and signs all Petty Cash Vouchers when the employee is being reimbursed for the expenditure.</p>	<p>Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.</p>	<p>Aug 2019</p> <p><u>Previous Dates:</u></p> <p>Oct 2018 Aug 2017 Oct 2015 Dec 2014</p>

Recommendation	Status Update	Date
<b>4.9 (ii)</b> Management should develop written procedures outlining the process for reviewing accounts receivable balances on a regular basis. Items that should be included in the procedures can be found in the report.	Management advised that procedures will be developed in consultation with the Finance Department.	Dec 2019  <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014

The following table summarizes the current status of all issues identified in the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Total Recommendations	Closed	Pending
65	57 (88%)	8 (12%)

The Table below summarizes the closed issues from the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Recommendation	Status Update	Date
<p><b>1.3(i)</b> In order to improve the Recreation Division's Policies and Procedures, management should: include copies of forms in the "Recreation Division Facilities – Facility Service Workers and Overnight Janitor Policies, Procedures and General Information" manual and any other manual that makes reference to specific forms. If this is not feasible then management should include a reference in the manual to where the forms can be found.</p>	Completed	Implemented  Closed
<p><b>1.3 (ii)</b> In order to improve the Recreation Division's Policies and Procedures, management should: reword Section 7 - General Program Procedures, subsection B to make it consistent and understandable. In addition, examples of expenses which are acceptable and unacceptable should be included.</p>	Completed	Implemented  Closed
<p><b>1.3(iii)</b> In order to improve the Recreation Division's Policies and Procedures, management should: state the position titles of the employees who are authorized to sign the Petty Cash Voucher Forms.</p>	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>1.3(iv)</b> In order to improve the Recreation Division's Policies and Procedures, management should: include the title of the "Petty Cash Transaction Record" on top of the form and include sections for the preparer and reviewer/approver to sign and date it.	Completed	Implemented  Closed
<b>1.3(v)</b> In order to improve the Recreation Division's Policies and Procedures, management should: change the title of "The Petty Cash Reconciliation Form" in the procedures to the "Daily Petty Cash Reconciliation" form and identify the management position(s) that are authorized to verify and approve the Form.	Completed	Implemented  Closed
<b>1.3(vi)</b> In order to improve the Recreation Division's Policies and Procedures, management should: provide guidelines for the Account Representatives to follow in terms of processing the refund application.	Completed	Implemented  Closed
<b>1.4(ii)</b> In order to improve controls over the Petty Cash Advance Vouchers, management should: ensure that copies of the Petty Cash Advance Voucher are retained on file.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>1.4(iii)</b> In order to improve controls over the Petty Cash Advance Vouchers, management should: ensure that all Advance Voucher forms are properly signed before the funds are disbursed.	Completed	Implemented  Closed
<b>2.1 (i)</b> In order to improve accountability over and access to the Petty Cash funds, management should ensure: that access to the Petty Cash fund is limited to the custodian.	Completed	Implemented  Closed
<b>2.1 (ii)</b> In order to improve accountability over and access to the Petty Cash funds, management should ensure: that the Petty Cash box is appropriately secured overnight and on weekends, preferably in a safe or locked cabinet with limited access.	Completed	Implemented  Closed
<b>2.3</b> Management should consider the use of an excel spreadsheet to record the information for the Petty Cash Transaction Record in an effort to reduce preparation time and help ensure accuracy.	Completed	Implemented  Closed
<b>2.4 (i)</b> In an effort to streamline the Petty Cash reconciliation process management should: consider preparing the reconciliation less frequently, (e.g., weekly) and prior to requesting reimbursement of the Petty Cash funds or whenever the custodian is anticipated to be on leave and/or the funds are to be handed to another individual.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<p><b>2.4 (ii)</b> In an effort to streamline the Petty Cash reconciliation process and ensure appropriate management review of the reconciliation's management should: have the reconciliation reviewed and approved by the Program Supervisor, Facilities.</p>	Completed	<p>Implemented</p> <p>Closed</p>
<p><b>2.5</b> Management should request to have the Program Supervisor, Facilities, Wedgewood Park, included on the signing authority list.</p>	Completed	<p>Implemented</p> <p>Closed</p>
<p><b>3.1 (i)</b> In order to improve the accountability over the cash floats and the security of the cash Internal Audit recommends that management: limit access to the safes at both locations as much as feasibly possible. In addition, the combination to the safes should be changed whenever an individual who knows the combination no longer requires access to the safe.</p>	<p>Combination to the safes has been reviewed and access limited as much as feasibly possible. Combinations have been changed since the review and are changed whenever staff leave the City as an employer and during the semi-annual shutdown. Combinations are not changed every time a staff member changes jobs within the City because many times it is of a temporary nature.</p>	<p>Partially Implemented</p> <p>Closed</p>



Recommendation	Status Update	Date
<p><b>3.1 (ii)</b> In order to improve the accountability over the cash floats and the security of the cash management should: keep the change floats in the limited access deposit section of the safes until needed. Management, along with a second individual, should count the change float at the beginning and end of management's work day, record the count on a form and sign and date the form. If the float is required during the day management and another individual should retrieve the float, provide the change required and place the float back in the safe.</p>	<p>Change floats cannot be kept in the limited access section of the safe because the floats are required at times when management is not available to open this section of the safe.</p> <p>The Accounts Representative checks the change float twice a week and the Manager/Program Supervisor checks it periodically.</p>	<p>Partially Implemented</p> <p>Closed</p>
<p><b>3.1 (iii)</b> In order to improve the accountability over the cash floats and the security of the cash Internal Audit recommends that management: ensure that the drawer balance report is prepared and that the cash is checked for accuracy at all lunch/dinner breaks.</p>	<p>Completed</p>	<p>Implemented</p> <p>Closed</p>
<p><b>3.2</b> Internal Audit recommends that the Facility Service Workers count their floats at the beginning and end of each shift. These counts should be verified by another individual and both employees should sign the Master Float Record to indicate that the count was performed. The Master Float Record should be re-designed to accommodate the second verification signature.</p>	<p>Management advised that due to staff schedules and hours of operation, Recreation facilities open early in the morning with one staff person. Therefore, the opening cash count cannot be verified. However, all other cash counts are now being performed and documented on the Master Float Record. Change in staffing hours will be considered for all new recreation facilities as part of the internal control structure.</p>	<p>Partially Implemented</p> <p>Closed</p>

Recommendation	Status Update	Date
<b>3.3 (i)</b> To help improve the security of and accountability over the cash deposit and sales float management should: have the FSW's sign the deposit envelope instead of initial it to help improve the audit trail over the cash deposit.	Completed	Implemented  Closed
<b>3.3 (ii)</b> To help improve the security of and accountability over the cash deposit and sales float management should: require the FSW who recounts and verifies the cash sales to also recount and verify the sales float.	Completed	Implemented  Closed
<b>3.3 (iii)</b> To help improve the security of and accountability over the cash deposit and sales float management should: require the FSW who recounts and verifies the cash sales to also witness the drop of the cash in the safe. This FSW should sign the "Deposits" log sheet to indicate they witnessed the cash drop.	Completed	Implemented  Closed
<b>3.3 (iv)</b> To help improve the security of and accountability over the cash deposit and sales float management should: adjust the "Deposits" log sheet to add a column to capture the signature of the FSW's who witness the cash drop.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>3.4 (i)</b> To strengthen internal control over the deposit preparation process, management should: have a second employee accompany the Accounts Representative when opening the safe, agreeing the deposit envelopes to the "Deposits" log sheet and preparing the deposit. In addition, the cash in the deposit envelopes should be counted and verified to the amount documented on the envelope at this time.	Completed	Implemented  Closed
<b>3.4 (ii)</b> To strengthen internal control over the deposit preparation process, management should: retain the top strip of the deposit bag and keep it with the deposit documentation.	Completed	Implemented  Closed
<b>3.4 (iii)</b> To strengthen internal control over the deposit preparation process, management should: keep the deposit bag in the safe at the Wedgewood Park Recreation Centre location until it is picked up by Brinks.	Completed	Implemented  Closed
<b>3.5 (i)</b> Internal Audit recommends that management: purchase a sorter/roller machine for use in counting and rolling the 25 cent coins.	Completed	Implemented  Closed
<b>3.5 (ii)</b> Internal Audit recommends that management: revise the Locker Revenue Log to include a signature column for the 2 employees who collect and count the coins to sign.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>3.6</b> It is recommended that management consider installing security cameras in the Wedgewood Park Recreation Centre to discourage theft of the City's assets and to help protect the employees. In addition, since the Wedgewood Park Recreation Centre will soon be replaced by the Paul Reynold's Community Centre it is recommended that management consider installing security cameras in the new building.	Completed	Implemented  Closed
<b>4.1</b> Management should determine if the Class computer system can be set up to track pass use. If so, the type of pass use should be entered into the system. Management should print a monthly report of pass usage and compare it to pass sales to determine reasonableness. The usage of complimentary and attendant's passes should also be reviewed for reasonableness. Management should sign and date the reports to indicate they have been reviewed. If the Class system cannot be configured to track pass usage, then management should record them on a spreadsheet and conduct the same reasonableness tests mentioned above.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>4.2 (i)</b> In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: determine if the Class computer system can produce a report showing sales and pass usage by category for each shift. This report should capture all sales, including racquetball and facility rental sales, for the shift and can replace the sales now being manually recorded on the Daily Cash Balance report. Management should also develop a new manual form for the FSW's to use to capture the wrist band numbers issued during their shift and for reconciling revenue received to the revenue recorded on the Daily Cash Balance Report – Detailed.	This item is completed.	Implemented  Closed
<b>4.2 (ii)</b> In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure the Account Representative signs and dates the Daily Cash Balance Report – Detailed and the manual Daily Cash Balance report or the new report indicated above, if implemented, to indicate review and approval.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>4.2 (iii)</b> In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure that all Complimentary passes and other sales records are maintained with the sales documentation for a period of, at least, the current year plus 7 years in compliance with the City's Records and Information Management Policy.	Completed	Implemented  Closed
<b>4.2 (iv)</b> In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: instruct the Facility Services Worker to identify the original transaction being refunded on the Daily Cash Balance Report – Detailed when a refund is processed for a transaction made during the same shift.	Completed	Implemented  Closed
<b>4.2 (v)</b> In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure the Summary of Sales Report is both signed and dated by the preparer and the reviewer.	Completed	Implemented  Closed
<b>4.3</b> Management should consider ordering pre-numbered passes for all passes used at the Recreation Division.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>4.4</b> Management should ensure that the cabinet where the unissued passes are stored is locked when not in use. This will increase the security and accountability of the passes.	Completed	Implemented  Closed
<b>4.5</b> Management should re-design the Log Sheets to include an area at the bottom of each sheet for management to sign and date to indicate review and approval. In addition, passes should be sold in sequence whenever possible. If for some reason the passes are sold out of sequence an explanation should be provided on the sheet.	Completed	Implemented  Closed
<b>4.6 (i)</b> In order to improve controls over refunds, management should: revise the application form to include an area for the applicant's signature and date.	Completed	Implemented  Closed
<b>4.6 (ii)</b> In order to improve controls over refunds, management should: revise section 5 of the Application to include a space for the Accounts Representative to sign his/her name.	Completed	Implemented  Closed
<b>4.6 (iii)</b> In order to improve controls over refunds, management should: ensure that the Refund Confirmation is reviewed and approved by a supervisor/manager.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>4.7 (i)</b> In order to strengthen internal controls over refunds, management should ensure: that section 5 of the Application for Refund, Credit, etc. is completed by the Accounts Representative.	Completed	Implemented  Closed
<b>4.7 (ii)</b> In order to strengthen internal controls over refunds, management should ensure: that the Refund Confirmations have the sections – “Received By” and “Date Processed” completed.	Completed	Implemented  Closed
<b>4.7 (iii)</b> In order to strengthen internal controls over refunds, management should ensure: that the confirmation of registration and receipt from the Class system are attached to all Applications for Refund, etc.	Completed	Implemented  Closed
<b>4.7 (iv)</b> In order to strengthen internal controls over refunds, management should ensure: that the refund amount is recorded in section 6 of the Application and a copy of the credit/debit slip showing the refund is attached.	Completed	Implemented  Closed
<b>4.7 (v)</b> In order to strengthen internal controls over refunds, management should ensure: current Application for Refund, etc., forms are used for all refunds.	Completed	Implemented  Closed



Recommendation	Status Update	Date
<b>4.7 (vi)</b> In order to strengthen internal controls over refunds, management should ensure: a copy of any original documents are attached to Applications for Refund, etc., when changes are made to the request (i.e., changes from credit to account to a refund).	Completed	Implemented  Closed
<b>4.8</b> Management should obtain a report of all refunds processed during a specified period (e.g. monthly) from the Class computer system and review it for reasonableness. This report should be reviewed by a manager with no ability to issue refunds in the Class computer system. The report should be signed and dated to indicate review and should be maintained on file.	Completed	Implemented  Closed
<b>4.9 (i)</b> Management should ensure that the overdue accounts are reviewed in an effort to collect the outstanding amounts and/or resolve the outstanding credits. All collection activity during this review should be documented and maintained on file.	Completed	Implemented  Closed
<b>5.1 (i)</b> In an effort to alleviate these issues (attendance and payroll), management should: review the attendance/payroll forms to determine if there can be one sign in sheet and one payroll form for all three areas - aquatics, fitness and Facility Service Workers.	Management completed a review of the attendance/payroll forms and decided the information could not be included all on one form due to variances in classifications, pay rates, etc.	Not Implemented  Closed

Recommendation	Status Update	Date
<b>5.1 (ii)</b> In an effort to alleviate these issues (attendance and payroll), management should: date stamp the payroll documents when they are received.	Completed	Implemented  Closed
<b>5.2</b> Internal Audit recommends that the Accounts Representative initial/sign and date the Time Ticket Report and a manager review, initial/sign and date the report to indicate review and responsibility for these procedures. This will also create an audit trail that will help in the event that these documents are required for review at a future date.	Completed	Implemented  Closed
<b>5.3 (i)</b> In an effort to improve internal control over Aquatics attendance reporting management should ensure that: explanations are recorded on the Aquatic Staff Payroll Form when actual hours differ from the scheduled hours. Although explanations are recorded in a separate book that is available for management to review, having the explanations recorded directly on the form would make it easier for management to review the payroll and help ensure that the information is readily available in the future if required.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>5.3 (ii)</b> In an effort to improve internal control over Aquatics attendance reporting management should ensure that: all Aquatic Staff Payroll Forms submitted for approval are original documents and that they are signed and dated by the Timekeeper.	Completed	Implemented  Closed
<b>5.3 (iii)</b> In an effort to improve internal control over Aquatics attendance reporting management should ensure that: employees properly complete the Aquatics Sign-in Sheet by recording the Time In and Time Out for each shift, including am and pm.	Completed	Implemented  Closed
<b>5.3 (iv)</b> In an effort to improve internal control over Aquatics attendance reporting management should ensure that: shift differentials are recorded properly.	Completed	Implemented  Closed
<b>5.4 (i)</b> In order to improve controls over Fitness staff and Facility Service Workers attendance/payroll records, management should ensure: the Time Keeper signs and dates the Casual Staff Payroll Reports and the Program Supervisor records the date after approving the form.	Completed	Implemented  Closed

Recommendation	Status Update	Date
<b>5.4 (ii)</b> In order to improve controls over Fitness staff and Facility Service Workers attendance/payroll records, management should ensure: actual hours worked agree with the work schedule. If changes are made then explanations should be recorded on the payroll forms.	Completed	Implemented  Closed