

DEPARTMENT OF RECREATION AND YOUTH SERVICES
REVIEW OF GENESEE VALLEY ICE RINK

Office of Public Integrity
Date: May 13, 2014

I. EXECUTIVE SUMMARY

In this review the Office of Public Integrity (OPI) examined cash collection activity at the Genesee Valley Park Sports Complex ice arena. We examined the accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City and Bureau policies. We accounted for all cash receipts reported within the scope period. Additionally, the results of this review indicate adequate internal control procedures over ice rink operations and, in general, compliance with City and Bureau cash handling policies. However, we noted the following findings that require management attention to ensure compliance with City and Bureau policies and to improve internal control over cash collections.

- ◆ The Office of Public Integrity noted that personnel at Genesee Valley Park did not always follow the cash deposit procedures outlined in the City's and Bureau's cash handling policies.
- ◆ OPI noted certain errors that appear to be clerical that accounted for inaccurate records of ice time used and uncollected permit application fees.

II. BACKGROUND, OBJECTIVES AND SCOPE

A. Assignment

The Office of Public Integrity routinely reviews cash handling procedures, accountability for cash collections and compliance with prescribed policies within City departments. OPI selected the Genesee Valley ice rink for this examination of cash handling activities. We performed the last review of this area in 2009.

B. Background

The Department of Recreation and Youth Services, Bureau of Recreation provides leisure time programs and services to residents. Genesee Valley Park (GVP) Sports Complex is an all season facility that offers ice skating and aquatics amenities. The ice arena offers periods of open skating, skating lessons, birthday parties, reserved skating by permit and participation in hockey leagues. The Bureau's central office processes permits for use of the GVP rink, however, personnel at GVP record and deposit most cash collections.

During the 2012-2013 season the Genesee Valley ice rink generated the following revenue:

Summary of Revenue
Genesee Valley Ice Rink
2012-2013 Ice Skating Season

Open skating and skate rentals	\$ 24,001.75
Permit Sales	130,425.00
Hockey league revenue	53,850.00
Other revenue	<u>12,693.00</u>
Total Revenue	<u>\$220,969.75</u>

The Department of Finance issued the most recent City Cash Collection Policies in March 2012. Additionally, the Bureau of Recreation issued a separate cash handling policy in May 2000, which supplements the City's overall policy. The Office of Public Integrity used these two policies as standards to review and evaluate internal controls and procedures in this examination.

C. Objectives And Scope

The objectives of the review were to assess the adequacy and effectiveness of internal controls, determine accountability of reported cash collections, and ascertain compliance with the City Cash Collection Policies and the Bureau of Recreation Cash Handling Policies. The scope of this review included all ice rink revenue reported for Genesee Valley Park Sports Complex for the 2012 - 2013 season.

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

III. RESULTS OF REVIEW

The results of our testing indicate that, in general, internal control procedures over ice rink operations are adequate and ice rink personnel appear to comply with prescribed policy. Additionally, we accounted for all reported cash receipts within the test period. However, certain deficiencies exist that require management attention to improve internal accounting and administrative practices and to ensure compliance with City and Bureau cash handling policies.

A. Untimely Deposits

City Cash Collection Policies and the Bureau of Recreation's Policy and Procedure No. 00-1 require that City personnel deposit all cash within five days of receipt or immediately upon the accumulation of \$100, whichever occurs first. The Office of Public Integrity noted that personnel do not always deposit ice rink revenue in accordance with these policies.

For the 2012-2013 season, the Bureau collected \$204,763 in cash receipts for ice rink revenue. The Office of Public Integrity noted that Bureau personnel deposited 23 of the 289 payments late. They made one deposit three days late, three deposits two days late and nineteen deposits one day late. These deposits accounted for \$18,462 or 9.02% of the total cash deposited in the test period. The following table summarizes these late deposits.

Genesee Valley Ice Rink Revenue
Analysis of Delinquent Deposits
For the 2012-2013 Skating Season

<u>Days Deposited Late</u>	<u>Frequency of Occurrence</u>		<u>Percent of Total Dollars</u>	
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Timely Deposits	266	92.04%	\$186,301	90.98%
Deposited 1 day late	19	6.57%	6,192	3.03%
Deposited 2 days late	3	1.04%	12,170	5.94%
Deposited 3 days late	<u>1</u>	<u>0.35%</u>	<u>100</u>	<u>0.05%</u>
Totals	<u>289</u>	<u>100.00%</u>	<u>\$204,763</u>	<u>100.00%</u>

Timely deposits of cash are important because a delay in deposit results in a greater risk of theft or diversion. Additionally, personal checks received in payment may be good upon receipt, but not at a later point in time. Finally, undeposited cash is idle cash and does not contribute to the best possible utilization of City resources.

◆ Recommendation

All cash collections should be deposited in accordance with City and Bureau policies.

B. Inaccuracies in Billing System

During the course of the review we noted certain errors that appear to be clerical that accounted for inaccurate records of ice time used and uncollected permit application fees. These included the following:

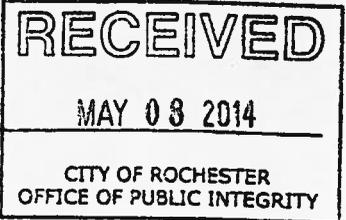
1. We examined 26 permits for GVP for the 2012-2013 season and noted that GVP personnel collected a total of \$130,425 for these permits. However, based on the Ice Usage Time Sheets provided by GVP personnel, we calculated total permit fees to be \$126,295. This is a difference of \$4,130 and it appears that this occurred because GVP personnel did not accurately record all permit usage times on the Ice Usage Sheets.
2. We noted 11 instances in which GVP personnel either did not collect the \$15 permit application fee or they applied it to the balance of the permit. As a result, the loss to the City was \$165.

◆ Recommendation

GVP personnel should exercise care and diligence in the preparation of Ice Usage Time Sheets and ensure that they collect the \$15 permit application fee for all permit applications.

IV. DEPARTMENTAL RESPONSE

The response to this report of the Department of Recreation and Youth Services begins on the next page.



To: Daniel Mastrella, Manager of Internal Audit, OPI

From: Marisol O. Ramos-Lopez, Commissioner, DRYS 

Date: May 8, 2014

Subject: **GVP Ice Rink Audit Review**

Findings: Untimely Deposits

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For the 2012-2013 Season, the Bureau collected \$204,763 in cash receipts for ice rink revenue. The Office of Public Integrity noted that Bureau personnel deposited 23 of the 289 payments late. They made one deposit three days late, three deposits two days late and nineteen deposits one day late. These deposits accounted for \$18,462 or 9.02% of the total cash deposited in the test period. The following table summarizes these late deposits.

Response: Although there has been great improvement from the 2010 Audit of GVP Sports Complex deposits from 76% timely deposits to 92% timely deposits in 2014, Management will continue to enforce the Cash collections deposit in accordance with City and Bureau policies.

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1. We examined 26 permits for GVP for the 2012-2013 season and noted that GVP personnel collected a total of \$130,425 for these permits. However, based on the Ice Usage Time Sheets provided by GVP personnel, we calculated total permit fees to be \$126,295. This is a difference of \$4,130 and it appears that this occurred because GVP personnel did not accurately record all permit usage times on the Ice Usage Sheets.

Response: Although ice usage can change due to customers request for additional time the day of their event/game due factors sometimes outside their control (ie; school transportation for high school hockey teams), the Recreation management will reinforce the importance of the Sign-in/Log Sheet to Rink Managers accuracy to improve accuracy and clerical errors for Ice usage.

Findings: Uncollected Permit Application Fees

We noted 11 instances in which GVP personnel either did not collect the \$15 permit application fee or they applied it to the balance of the permit. As a result, the loss to the City was \$165.

Response: This was rectified shortly after the change went into effect after July 1st, 2013 after an internal review by recreation management displayed that the new process for permit application had been changed and had not been adhered to by all managers.

MLR:jp

cc: Eric Rose
John Picone