
Cash Handling Audits
Muttart Conservatory, Fort Edmonton Park, Cemeteries

Recreation Facilities Branch
Community Services Department

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1. Introduction

The City Auditor in conjunction with Corporate Services, Finance Branch selected six cash handling sites for review in 2001. Sites were selected based on a number of criteria including estimated revenue; volume of transactions processed; cash handling risk; date of previous audit, if any, undertaken in the area; and history of problems and control weaknesses identified. Earlier in 2001 three cash reviews were completed based on the above criteria, this report finalizes the 2001 Cash Handling Plan with reviews of the remaining cash sites: the Muttart Conservatory, Fort Edmonton Park and Municipal Cemeteries.

Cash Handling Reviews determine whether cash resources are handled in a manner consistent with established City requirements and to assess the adequacy and effectiveness of internal controls within each cash handling location. Cash Handling Reviews consist of an objective review and evaluation of the cash handling practices and procedures (including credit cards, debit cards and cheques) relating to receiving, transporting, storing, depositing, recording and safeguarding City money.

2. Background

The Recreation Facilities Branch is responsible for the operation and programming of all municipal recreation facilities. The Branch includes eight sections: Attractions, Muttart Conservatory and Golf Courses, Heritage Facilities, Commonwealth Stadium Enterprises, Sport and Fitness Facilities, Business Development, Arenas and Branch Operations, and Community Leisure Centres.

The Muttart Conservatory primarily consists of General Operations, the Pavilion, a Giftshop, and greenhouses. The Muttart has an annual attendance of approximately 125,000 visitors, annual revenues (based on 2000) of \$918,000 and annual operating expenditures of \$1.7 million. In 2000, Fort Edmonton Park had approximately 190,000 visitors, with operating expenses of \$3.4 million and revenues of \$1.5 million. The Heritage Facilities section includes the City Archives and seven Municipal Cemeteries. The cash handling operations of the Municipal Cemeteries was the focus of this section.

3. Review Objective

The OCA's objective in conducting these audits was to assess the adequacy and effectiveness of the internal controls over cash handling in the three areas.

4. Summary of Results

4.1 Muttart Conservatory

The OCA reviewed the cash handling procedures at the Muttart Conservatory with focus on such areas as cash equipment, vault, skimsafes, lock box security, and overall cash procedures for skimming excess amounts, refunds, voids, no sales, cancellations, deposit preparation, and maintenance of pass inventory records. Community Services had recently completed a proactive review at the Muttart centering on pass management, cash handling and security. Some of the changes implemented have been assessed by the OCA in this review for their adequacy and effectiveness.

The overall results of this review provided several Opportunities for Improvement (OFI) that were presented to management. Two of the OFI's centered on strengthening existing procedures over pass reconciliation's, surprise cash counts and cash register control keys. Other OFI's focused on necessity of support documentation for refunds and the need of transaction reports for ongoing monitoring.

The OCA also recommended that individuals have their own unique log-on into the City's Point of Sale System to ensure that transactions can be traced back to the person who generated the transaction. The final OCA recommendation related to the gift shop inventory and the need to report and analyze the differences between the year ending physical inventory count and the actual financial activity for that period. The OCA believes that these improvements will make the controls more effective.

4.2 Fort Edmonton Park

The OCA reviewed the physical security and cash handling procedures and practices at Fort Edmonton Park, and conducted several audit tests to assess the adequacy and effectiveness of cash handling controls. Areas reviewed included (a) cash equipment, vaults, skimsafes; (b) skimming of excess amounts; (c) refunds, voids, cancellations and no sales; (d) reconciliation of daily sales and deposit preparation; and (e) maintenance of pass inventory records. The review focused primarily on the revenue derived from admission charges at the front entrance, sales of various items at a gift shop in the Train Station and at five on-site stores, five rides/ games that are operated in the park, and bookings made by Fort staff.

This review provided some Opportunities for Improvement (OFI) that were presented to management. Two of the OFI's centered on strengthening existing controls over pass inventories, and two dealt with the need for adequate backup documentation for exceptional occurrences such as refunds and discounts. Other issues addressed in the OFIs included surprise cash counts, exception reports (refunds, voids, cancellations, and no sales), segregation of duties, accountability for City funds, ride ticket reconciliations, accounting for shortages and overages, and security of cash/change floats.

4.3 Cemeteries

TurnKey Management Consulting is in the process of completing a review of systems and related procedures at the Cemeteries. This review included, among other things, a

transactional analysis and process mapping of cash handling and recording procedures. The draft report contains recommendations that call for internal process and technology changes. In conjunction with the TurnKey Management review, the Corporate Services Information Technology Branch (IT) did a preliminary analysis of the information systems currently in place at the Municipal Cemeteries. The IT report recommended that current systems be replaced with a 'single point of entry' system for all cemetery data. Implementation of such a system would address many of the control issues identified in the TurnKey Management Draft Report. The Administration has represented that 2002 composite budget funds have been provided for decommissioning and replacement of the existing system.

The OCA also performed a cursory review of cash handling procedures at the Cemeteries and found no control issues that were not already addressed in at least one of the two reports referred to above. The Administration has assured us that the recommendations contained in the final reports will be given their due consideration and will provide us with rationale for any recommendations that are not accepted. The Administration is also working towards developing best practice procedures to address recommendations that resulted from other Community Services Cash Handling Site Reviews. Any such procedures developed, if applicable, would be implemented at the Cemeteries.

5. Conclusion

In all cash reviews conducted by the OCA, the OCA's goal is to provide assistance in helping the Administration to strengthen internal controls and to improve methods of prevention and detection of fraud. The OCA discussed with Community Services representatives throughout this audit the observations followed by recommendations to strengthen internal controls.

The Community Services Department has taken steps to ensure that their cash handling procedures are updated to reflect these control recommendations.

We wish to thank the staff at the Muttart Conservatory, Fort Edmonton Park and Cemeteries – Recreational Facilities Branch Community Services department for their cooperation and support during these reviews.