

CITY AUDITORS OFFICE



SAFEKEY CASH COUNTS

Report No. CAO 2200-0607-04

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CITY AUDITOR

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BACKGROUND

Safekey is a before and after school recreational enrichment program provided by the Las Vegas Community Schools and the City of Las Vegas. The program is held at 65 elementary schools within the City as permitted under the Open Schools Open Doors Agreement between the City and the Clark County School District. Certain Safekey sites operate nine months of the year while others operate for twelve months of the year. The program provides activities for children including sports and fitness, arts and crafts, music and drama, games, special events and homework assistance.

Safekey has approximately 300 employees including a site leader and staff at each site. The program is managed by a supervisor, a field supervisor, a coordinator, and six recreational leaders. The recreational leaders oversee an assigned number of Safekey sites and make visits to the sites to review operations and collect deposit paperwork.

In conjunction with this audit, we initiated an audit of Safekey payment collection controls. The results of that audit are included in the Audit of Safekey Payment Collection Controls report (CAO 1601-0607-05). These two reports should be reviewed together to gain useful insight into the condition of the controls surrounding Safekey cash handling and payment collection controls.

OBJECTIVES

Our objectives in completing this audit were to:

- Verify that funds on hand agreed to recorded revenue (i.e., receipt copies).
- Verify adherence to City and Safekey cash handling policies and procedures.
- Document findings and recommendations related to improving the safeguarding of cash and cash handling practices.

SCOPE AND METHODOLOGY

This report is the result of unannounced cash counts at nine Safekey sites. These sites were judgmentally selected for review by the auditors.

Fieldwork was performed in accordance with generally accepted governmental auditing standards. The following procedures were performed at the nine Safekey sites visited:

- Observation of operations.
- Interviews with personnel.
- Count of funds collected and reconciliation to receipt copies.
- Review of records, reports, and other applicable documentation.

FINDINGS AND RECOMMENDATIONS

During our audit, there were no differences noted in our reconciliations of funds to receipt copies. However, our audit identified issues management should address related to cash handling controls at Safekey sites. These issues are summarized in the following sections. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. CASH HANDLING PRACTICES

Criteria:

- The following are excerpts from the *Department of Leisure Services Safekey Cash Handling Procedures*:
 - When a payment is made by check, write Drivers License # (or ID #), State, and expiration date on front of check.
 - When a payment is made by check, stamp the back of the check with the Citys endorsement.
 - If payment is made in cash, no change is to be given. If parent does not have exact amount, record amount overpaid on the credit balance report.
- The Citys Cash Handling Policy (FN302) states the following:
 - Checks collected during the day shall be restrictively endorsed (For Deposit Only) immediately upon receipt.
- Accountability for revenues is enhanced with manual receipt books being assigned to each staff accepting payments.
- Non-city funds should not be co-mingled or held with city funds to avoid responsibility for loss of non-city funds.

Condition:

- At all of the sites visited, the Safekey staff did not write a Driver's License or ID number on the front of the checks on receipt of Safekey registration payments as required by City and Safekey policy.
- At one of the sites visited, the site leader would wait until the end of the day to endorse the back of each check with the authorized stamp.
- At one site visited, we identified that change had been given to parents.
- At five of the sites visited, multiple Safekey staff used the same receipt book when accepting payments for Safekey registration.
- At one of the sites visited, donations were being collected and held for a local non-profit organization in conjunction with a benefit drive.

Cause:

- Varying interpretations of policy.
- Varying skills and experience of site leaders.
- Receipt books are assigned to sites rather than to individuals.
- Lack of policy on retention of non-city funds.

Effect:

- Violations of policy.
- Increased risk of mishandling of funds.

Recommendation:

Safekey management should address the cash handling deficiencies noted during the Safekey site visits as follows:

- Recreation Leaders should enforce adherence to the following policies:
 - Drivers license numbers or identification numbers should be written on the front of checks received.
 - Checks should be immediately stamped with the Citys restrictive endorsement.
 - Change should not be given to customers.
- Manual receipt books should be assigned to each individual authorized to receive payments.
- Safekey management should develop a policy prohibiting the retention of non-city funds by Safekey staff.

2. SAFEKEY SIGNAGE

Criteria:

- The Citys Cash Handling Policy (FN302) states the following:
 - A sign shall be conspicuously displayed giving the customer notice of their right to a receipt.
- The Citys Check Acceptance Procedure (FN304a) states the following:
 - Display a sign near the cashier area showing the Citys cooperation with the Clark County District Attorneys Office. This places bad check writers on notice and may make regular, honest customers more patient with the procedures.

Condition:

- At three of the sites visited, a sign was not conspicuously displayed informing customers of their right to a receipt.
- At one of the sites visited, there was no sign posted to show the City's cooperation to fight bad check fraud with the Clark County District Attorney's Office.

Cause:

- Lack of adherence to city signage policy at Safekey sites.

Effect:

- Customers may not be informed of their right to a receipt.
- Increased risk of loss with undistributed customer receipts.

Recommendation:

Safekey management should develop policies on approved signage that should be displayed at each Safekey site and provide uniform signage for all sites.

MANAGEMENT RESPONSES

**TO
SAFEKEY CASH COUNTS**

1. CASH HANDLING PRACTICES

Recommendation:

Safekey management should address the cash handling deficiencies noted during the Safekey site visits as follows:

- Recreation Leaders should enforce adherence to the following policies:
 - Drivers license numbers or identification numbers should be written on the front of checks received.
 - Checks should be immediately stamped with the Citys restrictive endorsement.
 - Change should not be given to customers.
- Manual receipt books should be assigned to each individual authorized to receive payments.
- Safekey management should develop a policy prohibiting the retention of non-city funds by Safekey staff.

Management Plan of Action:

A policy/guideline will be added to our Standard Operations Procedure manual, handbooks, staff manual, cash handling policies, lead instructors manual and at 3 annual in services that staff will not solicit or handle money that is non-city funds. All FTE and P/T staff will begin to sign acknowledgement that all policies and procedures are understood and will be followed or corrective action will be taken respectively.

Estimated Date of Completion: Sept. 30, 2006

2. SAFEKEY SIGNAGE

Recommendation:

Safekey management should develop policies on approved signage that should be displayed at each Safekey site and provide uniform signage for all sites.

Management Plan of Action:

Requesting quotes for purchase of A-frames for permanent signage. These will be placed at all 67 sites with appropriate descriptive communications.

Estimated Date of Completion: Nov. 30, 2006