



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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22-08 City of Colorado Springs Parks, Recreation, and Cultural Services Cash and Funds Receipts Internal Control Review

April 2022

Purpose

The purpose of this audit was to evaluate whether specific service locations of the Parks, Recreation, and Cultural Services Department were abiding by the internal cash receipting policies and procedures while adequately safeguarding resources.

Highlights

We conclude that overall the Parks, Recreation, and Cultural Services Department (PRCS) complied with cash receipts policies and procedures for the locations we reviewed. We noted improvements in compliance since our previous review in January 2017. We identified two recommendations and one opportunity for improvement to strengthen internal controls.

Our audit period covered the twelve months ended December 31, 2021. To offer citizens convenient service, cash receipt activities continued to be decentralized by location and department.

Our audit focused primarily on cash handling activities of the Hillside Community Center. We also reviewed cash management transactions at a high level for other locations. We reviewed user access to the recreation management system used by PRCS, and access to the City's Accounts Receivable (AR) system.

We would like to thank the PRCS and Finance staff for their assistance and support during this review.

Management Response

Management was in agreement with our recommendations.

Recommendations

1. City PRCS Management should assign system administrator responsibility to a PRCS staff member and ensure periodic reviews of access permissions.
2. City Finance Management should work with City Information Technology (IT) to review user access permissions for Accounts Receivable transaction processing, update as required, and periodically review to ensure accuracy.

Opportunity for Improvement

1. Update the department cash control policy regarding cash refunds and periodically review transactions to ensure policy compliance.

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Observation 1

- Recreation system user access was not regularly reviewed.
- There were individuals with recreation system administrator profiles who were not active City employees.

Although mitigating controls were in place, recreation system user access should be updated as employees change roles or leave the organization.

Administrator access should be limited to assigned individuals that do not have access to cash.

Recommendation

PRCS Management should:

- Designate responsibility for update and monitoring of recreation system user access.
- Assign one primary and one secondary city employee as recreation system administrators.

Management Response

We agree with Observation 1. We have designated a primary and secondary system administrator as of the date of this response. System administrators will periodically review user access to our registration system, at least annually.

Observation 2

During our review we noted City employees with AR system access without related responsibilities.

We observed that PRCS staff members process a limited number of invoices. There are mitigating controls related to transactions to help ensure adequate segregation of duties.

Recommendation

City Finance Management should work with City IT to:

- Review user access permissions for AR transaction processing and update as required.
- Periodically review permissions to ensure accuracy.

Management Response

City Finance agrees with this recommendation. City Finance will work with the City IT team to confirm current AR user access. Finance will review access permissions and work with IT to update roles as identified by June 30, 2022. Going forward, in Q2 2022, IT will implement a process that will provide a feed from HR to Financials to disable terminated users nightly. Finance will work with IT and department managers to develop a process to identify changing user needs due to changing employee roles. We will implement this new process by December 31, 2022.

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Opportunity for Improvement 1

We noted that cash refunds provided at Sertich Ice Center were allowed although PRCS policy stipulates that they are prohibited.

Recommendation

PRCS Management should:

- Update the department's cash control policy to indicate that cash refunds are allowed on an exception basis only and require prior management approval.
- Periodically review cash refund transactions for the department to ensure policy compliance.

Management Response

We agree with Opportunity for Improvement 1 and will update the department policy to clarify the language regarding cash refunds. The policy update will be completed and approved by June 30, 2022. In addition, any cash refunds issued will be reviewed periodically for policy compliance.