City of Lakeland
Review of Recreation's Athletic Programs Revenues
April 30, 2018

## Background

The Kelly Recreational Complex (Kelly) and Simpson Park Community Center (Simpson Park) of the City of Lakeland's Parks and Recreation Department utilize an in-house computer program to manage and control its athletic programs as well as a different in-house system to manage and control summer camps. These systems are used for the registration and enrollment of participants as well as the recording of any fees collected for participation in the respective programs. These systems are also used to prepare deposit worksheets. These worksheets summarize and document all the pertinent information regarding fees collected (cash and checks) which are to be deposited. These deposit worksheets along with the accompanying bank validated deposit tickets are the source documentation used for the recording of the respective activity in the general ledger. These documents are then scanned for electronic storage and saved as a part of the Recreation documentation files. (This scanning process is relatively new and has only been implemented for a short time).

The Parks and Recreation Department's Fiscal and Operations Manager noted that the revenue from the fiscal year 2018 athletic programs appeared to be less than expected for the Simpson Park complex. The Internal Audit Department was requested to perform a review of the athletic program revenue collections for fiscal year 2018. The Internal Audit Department also reviewed collections from fiscal year 2017 during this phase.

Due to the findings during this initial review process it was decided that the Internal Audit Department would perform a review of three additional years related to the Athletic programs at Simpson Park, giving a five-year review (2014-2018). During this time, Recreation staff found cash ($100) and multiple checks in the office of the Recreation Supervisor in charge of the processes at this facility. The cash was apparently collected revenue from the athletic program that was never deposited. The checks found were related to various activities at the center, including athletics, building rentals and summer camp. These checks were also never deposited.

The majority of checks found were related to summer camp fees. Given this fact, it was decided that the Internal Audit Department would perform a review of the summer camp revenue collections for the past five years (2013-2017) at Simpson Park. It should be noted that the oldest checks found were from 2013. It was also decided at this time that the Internal Audit Department would review an additional five years of the athletic program as well.

In the end, the Internal Audit Department performed a review of the athletic revenue collection process for the past ten fiscal years (2009-2018) at Simpson Park, as well a review of summer camp revenue collection for the past five fiscal years (2013-2017).

## Procedures Performed

Following is a summary of the procedures Internal Audit performed and the results:

- The Internal Audit Department obtained access to the Athletic software program for its analysis. It was ultimately decided to review the revenue activity for all Athletic programs for fiscal years 2009 through 2018 at Simpson Park.

- For each day during these fiscal years, Internal Audit queried the Athletic software program for all deposit worksheets. These worksheets were summarized on an Excel spreadsheet by fiscal year.

- An Oracle posted transaction report was prepared for general ledger account 5308 in which all the athletic program fees or revenues are recorded for these fiscal years. This posted transaction report was sorted to extract all transactions representing deposits made. Each of these transactions was then traced back to the scanned deposit files (if available) and all pertinent information was compared between the Athletic software system and the general ledger. These deposits were then summarized on an Excel spreadsheet by fiscal year.

- The totals for the Athletic revenue system and the deposits per the general ledger were then compared. There were differences noted in the comparison for Kelly but they appeared to be very nominal and were not investigated or pursued at this time. The differences noted in the comparison for Simpson Park were significant and indicated that either the depository documentation or the funds were potentially missing.

- The Internal Audit Department obtained access to the Parks and Recreation system in which camp revenues are collected. It was decided to review all camp revenue collection at Simpson Park for fiscal years 2013 through 2017.

- For each day during these fiscal years, the Internal Audit department queried the software for all deposit worksheets related to camp revenue collection. These worksheets were summarized on an Excel spreadsheet by fiscal year.

- The totals for the camp revenue system and the deposits per the general ledger were then compared. As per the athletic system, there were large differences noted in the comparison for Simpson Park (Kelly noted a very nominal difference). The differences at Simpson were very significant and once again indicated that either the depository documentation or the funds were potentially missing.

- The Internal Audit Department obtained physical records from Kelly Rec for the same years above: 2009-2018 athletics and 2013-2017 camp. These records contained the daily deposit worksheets and the accompanying deposit slip from the bank. These records were then traced back into the Oracle posted transaction report for account 5308, activity 115

(athletics) and account 5308, activities 110,111, and 121 (camp). This step was performed to ensure that all of the deposits made into these respective accounts could be traced back to Kelly Rec or Simpson Park. The only deposits made into these respective accounts should come from these facilities.

- The Internal Audit Department physically went out to Simpson Park to meet with staff and try and locate any records that may point to deposits being made. There were in fact no records located at the facility indicating any of the "missing" deposits were made. It was indicated that the facility had some water intrusion during Hurricane Irma and some boxes of records were damaged and thrown away.

- It was brought up that possibly deposits were made at the bank, and that perhaps the funds were posted to the wrong account(s) internally. Internal Audit accessed the Wells Fargo Commercial Electronic Office system (banking) to verify the deposits made from the Simpson Park location and to see if there was any credence to the above claim. While in the banking system, none of the "missing" deposits were seen to have been made.

- It was also in the banking system that Internal Audit verified and confirmed the deposits that were actually made during this audit time frame from the Simpson Park facility, noting how much cash, how many checks, and how many money orders were actually deposited. From this step, it could be determined how much cash, check, and money order revenue was unaccounted for.

## Summary

Based upon the review procedures performed, it appears as though the Simpson Park athletic program (principally the basketball program) has a large amount of unaccounted for revenue. It seems the differences were nominal from fiscal 2009 through 2012. From fiscal 2013 through 2018 there seemed to be a drastic increase in differences.

From reviewing fiscal years 2013 through 2017, it also appears that Simpson Park revenue related to camp cannot be fully accounted for. During this time, there were large differences in camp revenue versus actual deposits. The 2017 comparison was much better, which could be in part due to a change in procedure requiring all documentation to be scanned in and sent to the Treasurer's Office.

Essentially during the Internal Audit review, it was determined that athletic revenue and camp revenue from Simpson Park did not reconcile to deposits made into these accounts. The total amount off from fiscal years 2013 through 2018 total $117,113. The breakdown of this is as follows: cash - $91,093, check - $25,220, and money order - $800. It should be noted here that the following was found in the main office at this facility: $100 cash related to athletics, $3070 in

checks related to athletics and camp, and $100 in money orders related to camp and athletics. These were funds taken in for the various activities listed above but never deposited.

The Internal Audit Department met with staff at Simpson Park to try and locate any missing records that may show deposit activity. Though there was a mention of possible damage of certain records, no actual records were located to show that any of the missing deposits were made.

Through discussions, it was mentioned that the Supervisor sent various staff to make deposits based on the previous day(s) activity at the center, and that perhaps these deposits were never actually made. There were no records found to indicate these missing deposits were even prepared by the supervisor at the time.

Internal Audit does recommend that Recreation implement a reconciliation process between the revenue recorded by athletic program software and the revenue recorded in the general ledger. The revenue recorded in the athletic program should represent all of the fees received for participation in the programs. The revenue reflected in the general ledger represents all of the cash and checks actually deposited for the respective programs. If the existing controls and procedures are followed as prescribed, these amounts should agree or reconcile.

It was also discussed that the Internal Audit Department perform a biannual review of the processes and procedures related to the Fiscal and Operations Manager of the Parks and Recreation Department. This was at their request, and this is in the process of being reviewed and implemented.

Internal Audit staff, as well and certain members of the Finance Department, also sat in on a meeting with key Recreation personnel as they discussed changes in procedures to further prevent this from happening. These discussions will formally be put into memo form and sent to Finance and Internal Audit for review.

Though the findings were unsettling and a bit alarming due to the amount of funds unaccounted for and certain members of staff possibly involved in misconduct, the Parks and Recreation staff were very open and helpful in assisting the Internal Audit Department with anything needed. Access to the in-house software was readily given, requested records were located and provided very quickly, and staff was quick to respond to any questions asked.

| Simpson Revenue Per P&R Athletic System | | | | |
|---|---|---|---|---|
| FY | Cash | Checks | Money Order | Totals |
| 2018 | 8,000.00 | 425.00 | 50.00 | 8,475.00 |
| 2017 | 8,205.00 | 720.00 | - | 8,925.00 |
| 2016 | 8,570.00 | 1,325.00 | - | 9,895.00 |
| 2015 | 9,610.00 | 2,790.00 | 50.00 | 12,450.00 |
| 2014 | 10,325.00 | 3,465.00 | - | 13,790.00 |
| 2013 | 9,105.00 | 4,321.08 | - | 13,426.08 |
| | **53,815.00** | **13,046.08** | **100.00** | **66,961.08** |

| Simpson Deposits into Athletic Account | | | | |
|---|---|---|---|---|
| FY | Cash | Checks | Money Order | Total |
| 2018 | 3,425.00 | 300.00 | 50.00 | 3,775.00 |
| 2017 | 790.00 | 100.00 | - | 890.00 |
| 2016 | - | - | - | - |
| 2015 | 320.00 | 230.00 | - | 550.00 |
| 2014 | 1,645.00 | 745.00 | - | 2,390.00 |
| 2013 | 2,670.00 | 2,401.08 | - | 5,071.08 |
| | **8,850.00** | **3,776.08** | **50.00** | **12,676.08** |
| **Total Athletics Difference** | **44,965.00** | **9,270.00** | **50.00** | **54,285.00** |

| Simpson Camp Revenue per Parks and Recreation System | | | | |
|---|---|---|---|---|
| FY | Cash | Check | Money Order | Totals |
| 2017 | 14,080.00 | 5,355.00 | - | 19,435.00 |
| 2016 | 15,635.00 | 4,850.00 | - | 20,485.00 |
| 2015 | 19,740.00 | 8,055.00 | 1,050.00 | 28,845.00 |
| 2014 | 16,935.00 | 9,145.00 | 150.00 | 26,230.00 |
| 2013 | 9,750.00 | 6,600.00 | - | 16,350.00 |
| | 76,140.00 | 34,005.00 | 1,200.00 | 111,345.00 |

| Simpson Deposits into Camp Account | | | | |
|---|---|---|---|---|
| FY | Cash | Check | Money Order | Totals |
| 2017 | 13,365.00 | 5,355.00 | - | 18,720.00 |
| 2016 | 2,920.00 | 3,650.00 | - | 6,570.00 |
| 2015 | 7,322.00 | 5,475.00 | 450.00 | 13,247.00 |
| 2014 | 2,755.00 | 1,350.00 | | 4,105.00 |
| 2013 | 3,650.00 | 2,225.00 | - | 5,875.00 |
| | 30,012.00 | 18,055.00 | 450.00 | 48,517.00 |
| **Total Camp Difference** | **46,128.00** | **15,950.00** | **750.00** | **62,828.00** |

| Simpson Combined Athletic and Camp Differences | | | | |
|---|---|---|---|---|
| | Cash | Check | Money Order | Total |
| **FY 2013 - FY 2018** | 91,093.00 | 25,220.00 | 800.00 | 117,113.00 |
| **Found in Office** | (100.00) | (3,070.00) | (100.00) | |