

Internal Audit Report 2018-008

**Riverside County Regional Parks and Open
Space District Audit**

Report Date: September 24, 2018



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September 24, 2018

Scott Bangle
Director
Riverside County Regional Parks and Open Space District
4600 Crestmore Rd
Riverside, CA 92509

Subject: Internal Audit Report 2018-008: Riverside County Regional Parks and Open Space District Audit

Dear Mr. Bangle:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Regional Parks and Open Space District to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over cash handling, safety and maintenance, and special events operations.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling. However, we determined Riverside County Regional Parks and Open Space District's internal controls over safety and maintenance and special events operations provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report.

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Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

We thank the Riverside County Regional Parks and Open Space District's management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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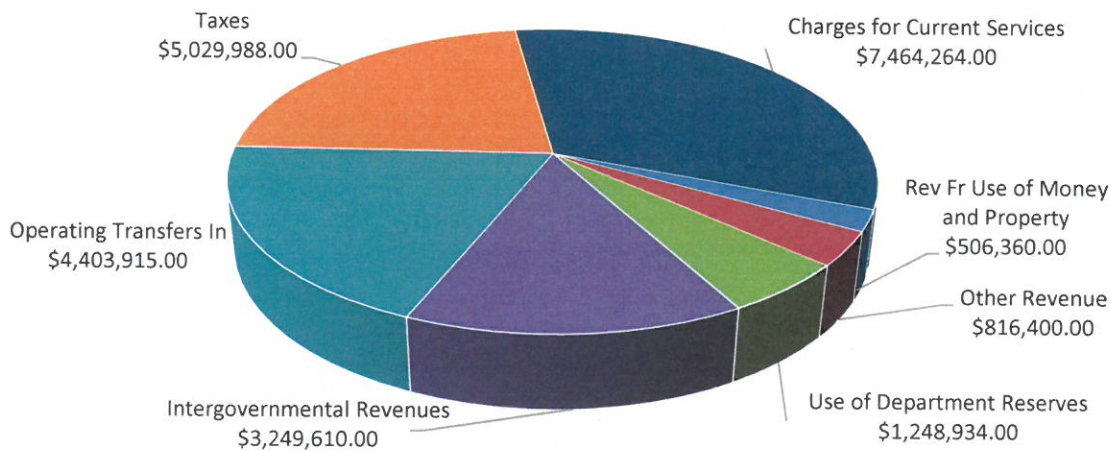
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Executive Summary

Department Overview

The Riverside County Regional Park and Open Space District (Parks) protects, develops, and manages a system of areas of scenic, recreational, and historic importance. For fiscal year 2017/18, Parks operated with an adopted budget of \$22.7 million and 139 authorized positions. *County of Riverside, Fiscal Year 2017/18 Adopted Budget, Volume 1, November 2017, 447*

Parks Budget by Category of Source



Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over cash handling, safety and maintenance, and special events operations.

Audit Scope and Methodology

Following a risk based approach, our scope initially included the following:

- Cash handling
- Information Technology vulnerability patch management
- Safety and maintenance
- Special events operations
- Training of employees and volunteers
- Transfer of assets

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Through inquiry, observations, and examination of relevant documentation, we focused our scope to internal controls over cash handling, safety and maintenance, and special events operations.

Audit Highlights

Existing Conditions

- Deposits of cash receipts do not occur on a daily basis as required by Standard Practice Manual 602, *Cash Deposits in Outlying Areas*. We found one park location had not deposited cash receipts for the previous two days totaling \$5,176.
- Volunteer training for cash handling is not closely monitored. Department was unable to identify which volunteers handle cash on a regular basis and which of those volunteers had completed cash handling training.

Improvement Opportunities

- Ensure all deposits of cash receipts are made daily and that this standard is communicated to all Park employees.
- Ensure all volunteers are trained on cash handling procedures and that this process is closely monitored.

Management from Parks concurred with finding one and partially concurred with finding two. Their response and plan of action is included in the body of this report.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling. However, we determined Riverside County Regional Parks and Open Space District's internal controls over safety and maintenance and special events operations provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Cash Handling

Background

Parks facilities include nine regional parks with camping, fishing, and other amenities, the Jurupa Boxing Club and Sports Park, and seven historic and educational sites that foster an appreciation of nature and history. Seventeen of these locations accept cash payments. For fiscal year 2017-2018, the top five locations had an annual revenue of \$4.4 million.

Testing was performed on cash handling processes such as segregation of duties, securities of deposits, timeliness of deposits, and daily and monthly reconciliations. Standard Practice Manual 602, *Cash Deposits in Outlying Areas*, requires all fines, fees and other revenue collected to be deposited daily. We tested to ensure Parks had adequate internal controls over cash handling processes through observations, interviews, and analysis of completed documents provided by the department.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy of Park's internal controls for cash handling to safeguard cash from loss, errors, and irregularities.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed county and Park's policies and procedures
- Conducted interviews and performed walk-throughs with Park's personnel
- Conducted surprise cash counts
- Reviewed training records for Park's volunteer personnel
- Tested internal controls over cash management

Finding 1: Timeliness of Deposits

We conducted surprise cash counts at three park locations and found that one location had not deposited cash receipts for the previous two days (Saturday and Sunday). These deposits totaled \$3,112 and \$2,064, respectively, for a grand total of \$5,176. Standard Practice Manual 602, *Cash Deposits in Outlying Areas*, requires all fines, fees, and other revenue collected to be deposited daily. Any exemptions to this policy requires the approval from the Chief Accountant of General Accounting, Auditor-Controller's Office. Park employees would make deposits during the banks'

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business hours and not over the weekend when the banks were closed. Cash receipts not made on a daily basis increases the risk of misappropriations.

Recommendation 1.1

Ensure deposits are made on a daily basis in accordance with Standard Practice Manual 602, *Cash Deposits in Outlying Areas*.

Management's Response

“Concur. At the location that was found to have cash receipts still on site from Saturday and Sunday collections, the Area Park Manager promptly instructed staff to take all cash to the bank that day, reminded them of the deposit timing requirements, and instructed them to use the night-drop option for weekend deposits.”

Actual/Estimated Date of Corrective Action: **“Finding was resolved in November 2017.”**

Recommendation 1.2

Ensure the standard that deposits for cash receipts are made daily is communicated to all Park employees.

Management's Response

“Concur. As a standard practice, all new Park employees/volunteers are required to review the Cash Handling Procedures staff manual and sign the Cash Handling Acknowledgement form as part of the on-boarding process with District Human Resources on their first day of work. These signed forms are maintained in the employee's/volunteer's permanent file at the District.

In addition to the above procedure, District management updated the Cash Handling Procedures staff manual to include operating procedures for the newly-installed cloud-based Point-of-Sale system that was implemented Districtwide. All employees/volunteers who handle cash were required to review the updated manual, sign the Cash Handling Acknowledgement form with the current date, and submit the signed form to District Human Resources.”

Actual/Estimated Date of Corrective Action: **“July 2018”**

Finding 2: Volunteer Training

Volunteer training for cash handling is not closely monitored. Management was unable to identify which volunteers handled cash on a regular basis and which of those volunteers had completed cash handling training. Parks policies and procedures on cash handling requires all volunteers that handle cash, to receive cash handling training. Parks relies on supervisors at each location to ensure each volunteer is trained on cash handling. However, Parks does not have an administrative function that ensures all park volunteers receive cash handling training. Parks previously had a volunteer supervisor responsible for monitoring training but the position has not

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been re-filled. Volunteers not properly trained on cash handling procedures risk policies and procedures not being followed and can increase the number of errors.

Recommendation 2

Implement a process to ensure all volunteers receive cash handling training.

Management's Response

“Partially Concur. While the District does concur with the recommendation that all volunteers receive cash handling training, management would like to provide additional background information related to the finding.

At the time of field work for this audit, which occurred in November 2017, the District's Volunteer Services Coordinator position was unfilled due to an unplanned resignation. Internal audit staff inquired with District HR clerks about the status of cash handling training for volunteers. Although the District has a volunteer management database system in place for several years that tracks such information, the clerks who were temporarily assigned to oversee volunteer administration in the absence of a Volunteer Services Coordinator were not well-versed in generating reports. As a result, the clerks were unable to satisfy the auditor's request for information even though it was available in our database at that time.

Since the time of the field work for the audit, the Volunteer Services Coordinator position has been filled and includes a dedicated HR clerk that assists with the training and administration of volunteers. The Coordinator and HR clerk are proactive in ensuring all volunteers are properly trained in cash handling and that their current Cash Handling Acknowledgement forms are on file.”

Actual/Estimated Date of Corrective Action: **“April 2018”**

Auditor's Response:

At the time of our fieldwork, the staff members responsible for monitoring volunteer training were unable to identify which volunteers had received cash handling training. While the volunteer management database system may have the capabilities to generate a report of volunteers with cash handling training, at the time of our fieldwork, the staff members responsible for monitoring the training were unable to produce this report. As a result, we concluded that this function is not being monitored administratively as the persons responsible to do this could not tell us who had received training and who still needed to be trained.

Safety and Maintenance

Background

Park activities are categorized into seven major programs: administration, business operations, interpretation, natural resources, regional parks, recreation, and planning and construction. The regional parks program covers the operations and maintenance of its nine parks.

Safety and maintenance is overseen by the two area managers for the parks. Inspections of each park is performed on a weekly basis. An inspection form is completed by a maintenance supervisor and submitted using the Zendesk system. The Zendesk system is also used to submit work order requests and to manage the safety and maintenance. Any time an issue is noted by a supervisor, the issue is submitted through the Zendesk system and then assigned for completion. The area managers monitor the system to ensure all jobs are completed.

Parks will inspect and maintain playgrounds in compliance with the Consumer Product Safety Commission's Public Playground Safety Handbook (publication #325) guidelines, American Society for Testing and Materials publication F1487-11, *Standard Consumer Safety Performance Specification for Playground Equipment for Public Use*, and any local, state, and federal laws.

In addition, Parks employs Certified Playground Safety Inspectors. These employees attain this certification through the National Recreation and Park Association.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment to verify the existence and adequacy of internal controls over safety and maintenance to help ensure parks are well maintained and the conditions are safe for use.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies and procedures as well as industry standards for the safety and maintenance of Parks
- Conducted interviews and performed walk-throughs with Parks personnel
- Conducted site visits and inspections of park locations
- Selected a sample of park inspections and performed limited testing on the documentation

Results

Based upon the results of our audit, we determined Riverside County Regional Parks and Open Space District's internal controls over safety and maintenance provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Special Events Operations

Background

Parks provides its facilities for individuals and organizations to host special events. The locations that offer special events include areas such as, regional parks, historic museums, nature centers, recreation facilities, and trails. Activities including food and merchandise vendors, live performances, and musical entertainment are often included.

Parks hosted approximately 53 special events over eight locations during fiscal year 2016/17. These events included activities such as campouts, company picnics, family reunions, weddings, and triathlons.

Each event is required to submit proof of insurance in the form of an insurance certificate naming the county as additionally insured. In addition to providing the required insurance documents, the following information is also required in order to host a special event:

- A complete narrative description of the proposed special event or interim use, including the reasons the proposed use is considered compatible
- Special event or interim use mission and objectives
- A summary of the applicant's previous experience hosting similar events or interim uses
- Logistical plans, including fire and security protection, parking, first aid/medical considerations, and communications plans
- Applicable fees, estimated revenue, and estimated economic impact to the surrounding community, if applicable
- The complete application packet and approvals along with review notes shall be provided, along with applicable promotional literature

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment over special events to ensure required documents were obtained prior to each event, including evidence that insurance requirements were met.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed applicable Parks policies and procedures, board policies, and county ordinances
- Conducted interviews and performed walk-throughs with Park's personnel

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- Selected a sample of special events, verified proof of insurance was documented, and other required documents were submitted

Results

Based upon the results of our audit, we determined Riverside County Regional Parks and Open Space District's internal controls over special events operations provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.