



September 15, 2023

TO: Steve Jackson – General Manager, Board of Parks and Recreation
Steve Kellock – Director of Recreation
Tony Syskakis – Supervisor, Aquatic Services
Tanya Donaldson – Assistant Supervisor, Aquatic Services

FROM: Carmen Fuellbrandt – Chief of Internal Audit

CC: Internal Audit Committee
External Auditor
Auditor General
Alan Chau – Senior Internal Auditor

SUBJECT: **2023 Cash Handling Audits: New Brighton Pool and Second Beach Pool**

As part of the 2023 audit plan, Internal Audit conducted cash handling audits at New Brighton Pool and Second Beach Pool.

A. AUDIT SCOPE

The scope of the audit included a review of controls over the safeguarding of cash and compliance to City and Park Board policies related to payment processing. Business processes and internal controls were reviewed in the following areas:

- Cash handling practices, including a cash count;
- Security of cash handling areas;
- Deposit and reconciliation process;
- Inventory management process; and
- Privacy and records management.

B. CONCLUSION

In general, sufficient cash handling processes were in place to safeguard assets at New Brighton Pool and Second Beach Pool; however, some improvements are required in areas related to refund processing and safeguarding of cash and assets on-hand to enhance internal controls and compliance with cash handling policies.

Recommendations have been discussed with management, who have committed to implementing the recommended action items as noted in Section C of this report.

Submitted by:

Carmen Fuellbrandt, CPA, CMA, CIA
Chief of Internal Audit

C. FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

C.1 Retain adequate supporting documentation for refund transactions (New Brighton Pool)

A sample of refund transactions was reviewed and revealed that while the refund receipt was retained along with the reason for the refund, neither customers' names nor signatures were presented. Management clarified that their standard practice is to ask customers to print their names or sign on refund receipts, to ensure the validity of refunds processed.

To mitigate the risk of potential fraudulent claims, cashiers should ensure customers' names and/or signatures are recorded on the refund receipts, thereby confirming their receipt of the refund. This practice is particularly crucial in situations involving a cash refund.

Recommendation:

C.1.1 The Assistant Supervisor of Aquatic Services should issue a reminder to cashiers regarding the information required on refund receipts, including customers' names and signatures. This should be completed by June 30, 2024.

Management Comment

Agree, with modification that the Assistant Supervisor of Aquatic Services will ensure the Clerk III does this and also includes in annual in-service training.

C.2 Ensure refund transactions are reviewed on a regular basis (New Brighton Pool and Second Beach Pool)

It is stated in the Corporate Cash Handling Procedures Manual that all refund transactions must be reviewed on a regular basis by the supervisor. However, upon enquiry with Aquatic Services department, it was noted that there is currently no dedicated review process in place for refunds at both New Brighton Pool and Second Beach Pool. Conducting regular reviews of refund transactions would reduce the risk of human errors or fraudulent activities.

Recommendation:

C.2.1 The Assistant Supervisor of Aquatic Services should establish refund review procedures, which are documented and provided to cashier staff, to ensure all refund transactions are reviewed by the supervisors at New Brighton Pool and Second Beach Pool on a regular basis. This should be completed by June 30, 2024.

Management Comment

Agree

C.3 Maintain a list of staff who know the safe combinations and ensure it is kept up-to-date (New Brighton Pool)

As stated in the Corporate Cash Handling Procedures Manual, a list of authorized employees with safe combinations must be dated and posted inside the safe door.

During the on-site inspection at New Brighton Pool, it was observed that there was no record of list of staff who had knowledge of the safe combinations maintained inside the safe door.

Maintaining an up-to-date list would aid in identifying authorized employees with safe combinations and in complying with the requirements outlined in the Corporate Cash Handling Procedures Manual.

Recommendation:

C.3.1 The Assistant Supervisor of Aquatic Services should maintain a list of staff who know the safe combinations and ensure it is kept up-to-date for New Brighton Pool. This should be completed by June 30, 2024.

Management Comment

Agree - We believe there was a list at New Brighton at the time, but it may have ripped and not been replaced. We will ensure this does not happen again.

C.4 Ensure posting of up-to-date version of the Corporate Cash Handling Procedures Manual and timely completion of the Cash Handling Compliance Checklist annually (New Brighton Pool and Second Beach Pool)

It was observed that the copy of the Corporate Cash Handling Procedures Manual posted in the New Brighton Pool office was last revised in March 2019. Whereas, the version available on Currents was revised in April 2022. It is important to keep the up-to-date version of Corporate Cash Handling Procedures Manual posted in the cash handling area to ensure compliance to the current operational procedures and standards.

The Corporate Cash Handling Procedures Manual requires all sites involved in cash handling to complete the Cash Handling Compliance Checklist annually to assess compliance with the Corporate Cash Handling Procedures Manual. It was noted from Revenue Services – Customer Service & Collections department that they maintain records of previously completed compliance checklists, and the most recent compliance checklist on record completed by New Brighton Pool and Second Beach Pool dates back to 2020. Timely completion of the Cash Handling Compliance Checklist annually would serve as a verification that staff are aware of the procedures and requirements related to cash handling and facilitate compliance to the Corporate Cash Handling Procedures Manual.

Recommendations:

C.4.1 The Assistant Supervisor of Aquatic Services should ensure the Corporate Cash Handling Procedures Manual posted in the cash handling area at New Brighton Pool is up-to-date. This should be completed by June 30, 2024.

C.4.2 The Assistant Supervisor of Aquatic Services should ensure timely completion of the Cash Handling Compliance Checklist annually for New Brighton Pool and Second Beach Pool. This should be completed by June 30, 2024.

Management Comment

Agree - the Assistant Supervisor of Aquatic Services will ensure this is done and maintained by the Clerk III.

C.5 Enhance physical security for the cash handling areas (New Brighton Pool and Second Beach Pool)

For safety measures, an evacuation plan should be in place for all sites to help facilitate safe evacuations in case of emergencies. During the on-site inspection at New Brighton Pool and Second Beach Pool, it was noted that there were no evacuation plans in place. The presence of an evacuation plan would reduce the risk of injuries or loss of lives in case of emergencies.

Recommendation:

C.5.1 The Assistant Supervisor of Aquatic Services should ensure an evacuation plan is posted and accessible for staff in the cash handling area at New Brighton Pool and Second Beach Pool to follow in case of emergencies. This should be completed by June 30, 2024.

Management Comment

Agree – the evacuation plan is in the lifeguard pool safety plan, in the back part of the office but we will keep a copy of that part of it in the cash booth as well.

C.6 Assess the feasibility of enhancing security of the safe (New Brighton Pool)

The safe at New Brighton Pool is single-layered, whereas the safes in use at other outdoor pools, such as Kitsilano Pool and Second Beach Pool, are dual-layered, consisting of both an inner and an outer safe. The inner safe is more restricted in access, and only the staff responsible for preparing deposit have access to it.

Management stated that due to limited space in the office of New Brighton Pool, replacing the existing safe with a larger safe that comprises of both an inner and an outer safe might not be feasible. Management will analyze the feasible way to enhance the security of the safe at New Brighton Pool.

Enhancing the security of the safe would reduce the risk of cash misappropriation and enhance accountability.

Recommendation:

C.6.1 The Assistant Supervisor of Aquatic Services should assess and implement a practical approach to enhance the security of the safe in use at New Brighton Pool. This should be completed by June 30, 2024.

Management Comment

Agree

C.7 Ensure proper periodic review and update of safe float (New Brighton Pool)

As specified in the cash count procedure posted to staff within the cash handling area at New Brighton Pool, the safe float should be counted at least twice a day by the opening cashier and closing cashier. Additional counts may be required during the day if the funds in the safe float are used to make change.

Review of the cash count records at New Brighton Pool for the period of July 1 to 17, 2023 revealed several instances where cash was counted only once or not at all. To ensure compliance to the cash count procedure, two daily counts of the safe float should be performed by the opening cashier and closing cashier.

Recommendation:

C.7.1 The Assistant Supervisor of Aquatic Services should ensure two daily counts of the safe float are conducted by the opening cashier and closing cashier at New Brighton Pool. This should be completed by June 30, 2024.

Management Comment

Agree