



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA, CGMA  
Internal Audit Executive

FILE COPY

December 6, 2013

Gary D. Bess, Director of Parks, Recreation, and Forestry  
5600 Clayton Avenue  
Saint Louis, Missouri 63110-1310

RE: Forest Park Improvements (Project #2013-RRV09)

Dear Mr. Bess:

Enclosed is the Internal Audit Section's revenue review report of Parks, Recreation and Forestry, Forest Park Improvements for the period July 1, 2011 through December 31, 2012. A description of the scope of our work is included in the report.

Fieldwork was completed on June 14, 2013. Management's responses to the observations and recommendations noted in the report were received on November 27, 2013 and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

Enclosure:

cc: Daniel W. Skillman, Commissioner of Parks



# CITY OF ST. LOUIS

**DEPARTMENT OF PARKS, RECREATION AND FORESTRY**

**FOREST PARK IMPROVEMENTS**

**REVENUE REVIEW**

**JULY 1, 2011 THROUGH DECEMBER 31, 2012**

**PROJECT #2013-RRV09**

**DATE ISSUED: DECEMBER 6, 2013**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS**  
**DEPARTMENT OF PARKS, RECREATION AND FORESTRY**  
**FOREST PARK IMPROVEMENTS**  
**REVENUE REVIEW**  
**JULY 1, 2011 THROUGH DECEMBER 31, 2012**

**EXECUTIVE SUMMARY**

**Purpose**

The purpose was to determine if the Department of Parks, Recreation and Forestry effectively and efficiently manages risks to ensure:

- Compliance with applicable laws, regulations, and policies and procedures.
- Proper safeguarding of assets.
- Proper and timely recording, depositing and reporting of revenues received.

**Scope and Methodology**

The review included revenues from July 1, 2011 through December 31, 2012 and was confined to evaluating internal controls over fiscal activities relating to the objectives noted above. Review procedures included:

- Inquiries of management and staff.
- Observations of relevant processes.
- Compliance with policies and procedures, as well as applicable laws and regulations.
- Limited tests of controls.
- Follow-ups on prior audit observations.
- Other procedures considered necessary.

**Background**

The Office of the Director of Parks, Recreation, and Forestry is responsible for the supervision and coordination of all activities in the Department. The office works to coordinate efforts of community groups to maximize their positive impact on City parks, activities and programs. The Department has oversight over purchases, accounts payable and accounts receivable for the Department.

## Exit Conference

An exit conference was conducted at the Commissioner of Parks' Office on July 10, 2013. The Department of Parks, Recreation and Forestry was represented by the Commissioner of Parks. The Internal Audit Section was represented by the Internal Audit Supervisor and the Auditor-in-Charge at the exit conference.

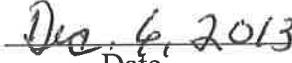
## Conclusion

The opportunity exists for the Department of Parks, Recreation and Forestry to improve internal controls over revenues. The following are observations resulting from the review:

1. Opportunity to segregate the Department's cash collections and receipts from recording, preparing of RCF and depositing duties.
2. Opportunity to reconcile the daily cash log to daily deposits and City's general ledger.

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

  
Date

**CITY OF ST. LOUIS  
DEPARTMENT OF PARKS, RECREATION AND FORESTRY  
FOREST PARK IMPROVEMENTS  
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**TABLE OF CONTENTS**

| <b>Description</b>   | <b>Page(s)</b> |
|--|----------------|
| <b>OBSERVATIONS</b>  |                |
| Status of Prior Observations   | 1              |
| Summary of Current Observations  | 1              |
| <b>DETAILED OBSERVATIONS, RECOMMENDATIONS<br/>AND MANAGEMENT'S RESPONSES</b> | 2-3            |

## OBSERVATIONS

### Status of Prior Observations

Internal Audit Section (IAS) has not performed a recent revenue review of Forest Park Improvement fund. Internal Audit Section followed-up on observation included in the State Auditor's report issued December 2008. The State Auditor's status of prior observation is as follows:

- The numerical sequence of receipt slips is not accounted for properly, and voided receipts are not properly defaced and retained in the Parks Division. **(Resolved)**

### Summary of Current Observations

Several control procedures were noted in the processing of revenues. These included, but were not limited to the following:

- Proper safeguarding of assets.
- Receipts are pre-numbered, sequentially issued and accounted for.

The opportunity exists for management to improve internal controls over revenues. The following are observations resulting from our review:

1. Opportunity to segregate the Department's cash collections and receipts from recording, preparing of RCF and depositing duties.
2. Opportunity to reconcile the daily cash log to daily deposits and City's general ledger.

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

## DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

### 1. **Opportunity To Segregate The Department's Cash Collections From the Receipts Duties**

The Department collects funds for Parks' use permit, and concession agreements.

- Collection of funds is done by the Clerk Typist II, Administrative Assistant II, Executive Assistant and/or Executive Secretary to the Director.
- The Receipt Coding Form (RCF) is prepared and completed by the Administrative Assistant II and the Executive Assistant.
- The cash receipts are entered into the daily cash log by the Administrative Assistant II.
- The daily deposits to the Treasurer's Office is prepared and made by the Executive Secretary to the Director and the Account Clerk II.

Good management internal controls segregate the responsibilities for the collection of funds from the recording, depositing of funds collected.

Management has not assigned the responsibility for the segregation of the daily cash receipts and recording from daily deposit and the reconciliation to the City's general ledger.

The lack of segregation of duties for the collection of cash from the recording, depositing of cash and the reconciliation may lead to the loss of cash from theft and the misuse of funds.

#### **Recommendation:**

The Internal Audit Section recommends that the Department segregate the collection of cash from the recording, deposit and reconciliation of cash receipts functions.

#### **Management's Responses**

*These duties within the Park Division are already segregated. The collection of funds within the Park Division is done by either the Clerk Typist II or the Administrative Assistant II. The Receipt Coding Form (RCF) is completed by the Administrative Assistant II and is given to the Executive Secretary to the Director who in turn prepares and makes the deposit with the Treasurer's Office. The reconciliation of the daily deposits to the city's General Ledger is done twice a month by the Account Clerk II. The only time the Account Clerk II makes the deposit with the Treasurer's Office as well as the Reconciliation to the General Ledger is when the Executive Secretary to the Director is off on approved leave. This is not a*

1 . *Continued...*

*frequent occurrence. When this does occur, there is not another employee to handle the deposits or the reconciliation to the General Ledger.*

2 . **Opportunity To Reconcile The Daily Cash Log To Daily Deposits And City's General Ledger**

The Department of Parks, Recreation and Forestry records daily collection in a cash log and the access database. The daily cash log is reconciled to the permits issued database monthly. The daily cash log is not reconciled to the daily deposits or general ledger.

Good management practices require the reconciliation of the original source listing of funds collected to the daily deposits and general ledger.

Management has not assigned the responsibility for the reconciliation of the daily cash log to the daily deposits and the City's general ledger.

Lack of reconciliation may result in the loss of funds due to theft. Posting errors to the general ledger may not be detected timely.

**Recommendation:**

The Internal Audit Section recommends the Department performs a daily reconciliation of the daily cash log to the daily deposits and a monthly reconciliation of the cash log to the general ledger.

***Management's Responses:***

*We will make/develop a means to have this reconciliation to the General Ledger take place monthly.*