



**Office of the City Manager
Internal Audit Division**

August 26, 2022

TO: Donnie Rosa – General Manager, Board of Parks and Recreation
Steve Kellock – Director of Recreation
Erica McDonald – Manager, Recreation Services - Strategy and Innovation
Peter Fox – Assistant Manager, Recreation Services

FROM: Carmen Fuellbrandt – Chief of Internal Audit

CC: Internal Audit Committee
External Auditor
Auditor General
Jennifer Chow – Senior Internal Auditor
Carrolyn Lok – Senior Internal Auditor

SUBJECT: 2022 Cash Handling Audits: Hillcrest and Killarney Community Centres

As part of the 2022 audit plan, Internal Audit conducted surprise cash handling audits at Hillcrest Community Centre on July 21, 2022 and Killarney Community Centre on July 26, 2022.

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. Business processes and internal controls were reviewed in the following areas:

- Cash handling practices, including a surprise cash count;
- Security of cash handling areas;
- Deposit and reconciliation process;
- Controls related to PCI compliance; and
- Implementation status of selected recommendations from the 2018 Lifesaving Society Audit at the pools.

Conclusion

In general, sufficient cash handling processes were in place to safeguard assets at the two community centres reviewed; however, some improvements are required that will further enhance internal controls and compliance with cash handling policies. Additionally, of the items reviewed that followed from the 2018 Lifesaving Society Audit's recommendations, no major exceptions were noted at the sites reviewed.

Recommendations

Recommendations have been discussed with management, who have taken immediate steps to begin implementing improvements to internal controls as noted below.

A. HILLCREST COMMUNITY CENTRE

1. Track inventory and perform inventory counts

Hillcrest Community Centre holds inventory of swim equipment that is available for sale to the public. This includes items such as goggles, swim hats, and baby swim diapers, which may value up to \$5,000 at any given time.

Currently, inventory is not being tracked and inventory counts are not being performed. These are important controls to ensure the safeguarding of assets. This will also assist with ordering when inventory is low.

Recommendation:

- 1.1 The Hillcrest Community Centre Supervisor of Recreation Services should ensure all inventory purchases and sales are tracked and logged. Functionality within ActiveNet should be explored as it may serve as a suitable inventory tool. This should be completed by November 30, 2022.***
- 1.2 The Hillcrest Community Centre Supervisor of Recreation Services should ensure inventory counts are being performed and the inventory levels are reconciled to levels tracked in ActiveNet. This should be completed by November 30, 2022.***

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

2. Ensure there is a log tracking all cash deposit overages and shortages

There is currently no log to monitor cash deposit overages and shortages. It is important to track cash discrepancies to analyze discrepancy trends so management can investigate when there are unusual patterns.

Recommendation:

- 2.1 The Hillcrest Community Centre Supervisor of Recreation Services should create a Cash Deposit Overage and Shortage log to ensure all cash deposit discrepancies are tracked and trend analysis can be performed. This should be completed by November 30, 2022.***

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

3. Increase frequency of cash deposit pick-ups

The frequency of cash deposit pick-ups is determined by staff on-site based on the amount of cash received by the front desk. As per the 2022 COV Corporate Cash Handling Manual, cash should not exceed \$10,000 on site. GardaWorld is the security company that provides this service and deposits are currently being picked-up weekly.

While in recent years, cash receipts remained low due to lower volume of transactions due to the pandemic, staff report that cash receipts have steadily increased. Currently on average, deposits amount to approximately \$7,000 per week.

To limit the total amount of cash kept on-site and ensure it does not exceed the \$10,000 limit (including petty cash, coin floats, etc.), pick-ups should be increased to twice a week.

Recommendation:

- 3.1 The Hillcrest Community Centre Supervisor of Recreation Services should increase the frequency of the current weekly cash deposits picks-ups to ensure the amount of cash retained on site does not exceed the \$10,000 site limit as per the City's Cash Handling Manual. This should be completed by November 30, 2022.**

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

4. Inventory all monetary items stored in vault

There is a vault on-site which holds monetary and other valuable items such as complimentary access passes or tickets with cash value, lost and found jewellery, staff IDs with key access, coin and vending machine floats. This vault can be accessed by all 39 cashier-receptionist staff.

There is currently no log of all stored items in the vault. In addition, tickets such as complimentary passes or skate rental tickets have cash value and are numbered but not logged, which increases the risk of theft or misappropriation. As per the City's Corporate Cash Handling Manual, "monetary items must be serialized and perpetual inventory records must be maintained".

It is important to have an inventory log of all stored items in the vault as it serves as a deterrent and reduces the risk of theft.

Recommendation:

- 4.1 The Hillcrest Community Centre Supervisor of Recreation Services should log and track all items in the vault. This should be completed by November 30, 2022.**
- 4.2 The Hillcrest Community Centre Supervisor of Recreation Services should track and reconcile all tickets in the vault with cash value on a periodic basis (eg. complimentary community centre passes, skate rental tickets, etc.). This should be completed by November 30, 2022.**
- 4.3 The Hillcrest Community Centre Supervisor of Recreation Services should review all items in the vault and remove any items deemed non-essential. This should be completed by November 30, 2022.**

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

5. Ensure completeness of Occupational Health and Safety Information Board information

The Occupational Health and Safety (OH&S) Information Board is posted in the staff lunch room area, and contains up-to-date information on committee meeting minutes, safety representative contact information, and recent safety talks.

The City also requires that the OH&S Board have information on Employee Family Assistance Programs, which would be the most recent three months of board meeting minute updates from Homewood Health Clinic. However, this information was missing from Hillcrest's OH&S Board. It is important that mental health and wellness information is available to all staff and staff know where to access it.

Recommendation:

- 5.1 The Hillcrest Community Centre Supervisor of Recreation Services should ensure all Homewood Health updates are posted onto the Occupational Health and Safety Board in a timely manner. This should be completed by November 30, 2022.***

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

6. Ensure the Pool Organic Spill Kit is complete

Organic Spill Kits are kits that are used for an organic spill in the pool areas, including pool deck and change rooms. Although kits are not used often, it is best practice to have a complete kit readily available for staff to use in a timely manner in the event of an organic spill (e.g. blood, urine, etc.). This kit should include items such as:

- A portable container (such as a tote or bucket to hold contents);
- Gloves;
- Rags or paper towels;
- Chlorine dilute spray bottle; and
- Goggles and/or face-mask.

Upon inspection of the Organic Spill Kit, there were no face-masks or goggles inside the spill kit as it was hung separately on the wall. Also, the chlorine dilute spray bottle was missing. It is important for such items to all be readily available in the kit for timely access to all contents to clean-up a spill.

Recommendation:

- 6.1 The Hillcrest Community Centre Supervisor of Recreation Services should ensure that there are no missing contents in the Organic Spill Kit. This should also include a chlorine dilute spray bottle and goggles and/or face-mask. This should be completed by November 30, 2022.***

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

B. KILLARNEY COMMUNITY CENTRE

7. Ensure there is a log tracking all cash deposit overages and shortages

There is currently no log to monitor cash deposit overages and shortages. It is important to track cash discrepancies to analyze discrepancy trends so management can investigate when there are unusual patterns.

Recommendation:

7.1 The Killarney Community Centre Supervisor of Recreation Services should create a Cash Deposit Overage and Shortage log to ensure all cash deposit discrepancies are tracked and trend analysis can be performed. This should be completed by November 30, 2022.

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

8. Inventory all monetary items stored in vault

There are two vaults in the room behind the cashier to hold all valuables or sensitive items. There is a large outer vault which holds monetary and other valuable items such as tickets with cash value, coin and vending machine floats. This vault can be accessed by all 20 cashier-receptionist staff.

At the time of the audit, there was no evidence of an inventory log of all stored items in the vault. This list is important to serve as a deterrent and reduce the risk of theft. Staff subsequently provided a list of items stored in the safe upon request. This list should continue to be reviewed and reconciled on a regular basis.

Recommendation:

8.1 The Killarney Community Centre Supervisor of Recreation Services should continue to log and track all items in vault. This should be completed by November 30, 2022.

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

9. Ensure supervisor is notified of missed pick-up for deposits

During Internal Audit's site visit, staff discovered that there was a cash deposit in the inner safe that GardaWorld was to be picked up two days prior. Because staff did not realize the deposit pick-up was missed, the supervisor could not follow-up with GardaWorld. This results in a risk of exceeding the \$10,000 on-site cash limit if a deposit is not picked as scheduled.

Recommendation:

9.1 The Killarney Community Centre Supervisor of Recreation Services should communicate a reminder to emphasize the importance of ensuring that any missed deposit pick-ups are identified on a timely basis and appropriate arrangements are made to re-schedule for pick-up as soon as possible. This should be completed by November 30, 2022.

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

10. Ensure completeness of Occupational Health and Safety Information Board information

The Occupational Health and Safety (OH&S) Information Board is posted in the staff lunch room area, and contains up-to-date information on committee meeting minutes, safety representative contact information, and recent safety talks.

The City also requires that the OH&S Board have information on Employee Family Assistance Programs, which would be the most recent three months of board meeting minute updates from Homewood Health Clinic. However, this information was outdated on Hillcrest's OH&S Board as the most recent minutes were from January, February and March of 2022 even though the April and May 2022 minutes are available. It is important that mental health and wellness information is available to all staff and staff know where to access it.

Recommendation:

10.1 The Killarney Community Centre Supervisor of Recreation Services should ensure all Homewood Health updates are posted onto the Occupational Health and Safety Board in a timely manner. This should be completed by November 30, 2022.

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

11. Ensure the Pool Organic Spill Kit is complete

Organic Spill Kits are kits that are used for an organic spill in the pool areas, including pool deck and change rooms. Although kits are not used often, it is best practice to have a complete kit readily available for staff to use in a timely manner in the event of an organic spill (e.g. blood, urine, etc.). This kit should include items such as:

- A portable container (such as a tote or bucket to hold contents);
- Gloves;
- Rags or paper towels;
- Chlorine dilute spray bottle; and
- Goggles and/or face-mask

Upon inspection of the Organic Spill Kit, paper towels and face-masks/goggles were missing from the spill kit (paper towels were in a wall dispenser and face-masks / goggles were hung separately

on the wall). The chlorine dilute spray bottle was also missing. It is important for such items to all be readily available in the kit for timely access to all contents to clean-up a spill.

Recommendation:

11.1 The Killarney Community Centre Supervisor of Recreation Services should ensure that there are no missing contents in the Organic Spill Kit. This should also include paper towels, a chlorine dilute spray bottle and goggles and/or face-mask. This should be completed by November 30, 2022.

Management Comment

Concur – Confirmation Report requested to Recreation Leadership Team in December 2022

Submitted by:



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