

2015-2016 Beaver County Audit
Beaver County Recreation Department



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August 18, 2017

Mr. Tim Ishman

Dear Mr. Ishman:

We have audited the financial records of the Beaver County Recreation Department for the period January 1, 2015 through December 31, 2016. Based upon the audit we have issued our report thereon dated August 18, 2017, the last day of fieldwork.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

Based upon our review of the Recreation Department records, we have made findings, observations and recommendations as detailed in this report.

David Rossi
Beaver County Controller

SCOPE:

The scope of this audit encompassed the period from January 1, 2015 to December 31, 2016.

OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the office checking accounts and change fund
- Ensure that funds are deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that costs are properly applied
- Ensure that void receipts are voided for a valid reason
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general procedures

**The Beaver County Recreation Department
Statement of Receipts And Disbursements
January 1, 2015 Through December 31, 2015**

Beginning Bank Balance January 1, 2015\$219,423.48

Receipts:

Total Receipts837,045.58

Adjustments:

Unposted Visa.....1,635.25

Misc. Adjustments3.24

Total Adjustments.....1,638.49

Total Receipts838,684.07

Cash on Hand:

Register Change.....200.00

Change Fund920.00

Total on Hand1,120.00

Total839,804.07

Disbursements:

Total Expenses..... (900,446.00)

Adjustments:

NSF Checks (79.00)

Total Adjustments..... (79.00)

Total Disbursements (900,525.00)

Ending Balance December 31, 2015\$158,702.55

The accompanying notes are an integral part of these financial statements.

**The Beaver County Recreation Department
Statement of Receipts And Disbursements
January 1, 2016 Through December 31, 2016**

Beginning Bank Balance January 1, 2016\$156,023.06

Receipts:

Total Receipts806,918.48
Adjustments:
Deposit Adjustment 11/10/2015 3.24
Unposted VISA4,659.25
Total Adjustments.....4,659.25

Total Receipts811,580.97

Cash on Hand:

Register Change200.00
Change Fund920.00
Total on Hand1120.00

Total812,700.97

Disbursements:

Total Expenses..... (600,351.00)

Adjustments:

Unposted VISA (1635.00)
NSF Checks (72.00)
Total Adjustments..... (1707.00)
Total Disbursements (602,058.00)

Ending Balance December 31, 2016\$366,666.03

The accompanying notes are an integral part of these financial statements.

Recreation Department
Notes to the Statement of Cash Receipts and Disbursements
For the period ending December 31, 2016

Note 1: Summary of Significant Accounting Policies - The Recreation Department reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: County of Beaver Recreation Department Bank 11 – Huntington Bank Account number 01059770144 and Huntington visa Account 01059756728 are maintained by the county Treasurers Office. It is necessary to use both bank accounts to reconcile to New World. These accounts are used for deposits only. Once deposited the staff at the Recreation Department no longer have access to receipts. The recreation staff does not maintain or distribute any checks from these accounts.

Note 3: Daily Deposit - Deposits are not made to the bank on a daily basis, funds are held in the recreation department for as many as twelve days before being delivered to the Treasurer's office for deposit.

Note 4: Register Receipts - Cash register slips are directly related to bank deposit slips. The cash register used for gate receipts is outdated and should be replaced.

Note 5: Bank 11 Disbursements - The Recreation Department does not pay any bills or disburse any funds from Bank 11. These funds are considered County Funds and are disbursed to the General Fund by the Treasurers' Office. All Recreation expenses are paid through the County Controllers Office and the General Fund Checking.

Note 6: Cash on Hand - The Recreation Department had startup funds for the County Swimming Pool in their safe in the amount of \$202.00.

August 23, 2004

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Mr. Tim Ishman
Recreation Department
Brady's Run Park
Beaver, Pa

Dear Mr. Ishman:

Report on Internal Control Structure

We have audited the records of the Beaver County Recreation Department for the period January 1, 2015 to December 31, 2016, and have issued our report thereon dated August 18, 2017 .

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

In planning and performing our audit of the Recreation Department for the period January 1, 2015 to December 31, 2016, we considered the internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial records and the office's compliance with applicable regulations and not to provide assurance on the internal control structure. The management of the Recreation Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed

control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

There were several matters noted involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the county office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial records.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements do not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial records being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above.

For further elaboration on weaknesses of a material value, refer to the "Findings, Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



David Rossi
Beaver County Controller

FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

Finding 1: Invoices Presented to clients for payments are not consecutively numbered

A review of invoices revealed that the Recreation Department is creating their own invoices and that these invoices are not numbered or otherwise individually identifiable. The unpaid invoices are kept with a magnet on the filing cabinet until paid at which time they are filed. The invoices are accessible by people other than the manager and are therefore susceptible to loss or theft which would be imperceptible to management. The current process also make it impossible to properly audit payments, because there is no way to confirm that all invoices were paid.

Audit Recommendation:

It is recommended that the Recreation Department obtain either consecutively pre-numbered invoices or computer software that would create consecutively numbered invoices so that they can be tracked from the time of issue until payment is made.

Finding 2: Scheduling of events are maintained on a desk calendar

A review of Recreation Department scheduling of events revealed that the process is outdated and time consuming. The facility coordinator, Amanda D'Itri, hand writes the schedule out on a desk calendar for each day of every month. While this schedule works well for her it would be confusing for anyone stepping in to do her job. It is also the only copy of the schedule and is thus susceptible to loss. Amanda stated that she could rewrite the schedule from memory but this would not help someone else who had to take over in the case of her extended absence.

Audit Recommendation:

It is recommended that the Recreation Department obtain a computer generated scheduling program that could streamline scheduling and give the coordinator the ability to carry schedules forward and provide copies for management and participants. This would both save time and insure consistency when the facility coordinator is absent.

Finding 3: Cash Register is outdated

Review of cash receipts for the Recreations Department revealed that the cash register at the Ice Arena is outdated and while it is operational it would be more efficient for management to obtain a new model that can better track purchases. Additional conversation with the Recreation Director revealed that the Economy Pool is using the same type of register.

Audit Recommendation:

It is recommended that the Recreation Department purchase new cash registers, for the Ice Arena and the Economy Pool that would be capable of tracking purchases and have accompanying software that will allow the printing of daily receipt reports that can be presented to the Treasurers' office for New World entries. This would both save time and insure proper posting of incoming funds.

Finding 4: Daily receipts that have already been counted are kept in the same safe as current days receipts

Review of the Recreation Department process of cash receipts revealed that after the daily receipts are counted and processed for delivery to the Treasurers' Office they are returned to the same safe as the daily deposits. This procedure allows access to these funds by the cashiers who could potentially remove cash from the envelopes and possibly change reports so that the cash would not be missed. They could also remove an entire day's receipts and it is possible that no one would notice. In addition to this if it was known that large amounts of cash are held behind the cashiers' window it would raise the risk of being robbed.

Audit Recommendation:

It is recommended that the Recreation Department develop a new process for handling cash receipts after they processed. This may include providing a separate area to retain receipts until they can be deposited to the bank.

Finding 5: Cashiers have physical control of change fund

Review of cash controls for the Recreation Department revealed that the change fund is kept in the same safe as daily receipts. All cashiers have access to this change fund and there is no process for making change from the register to the change fund. The change fund is supposed to be counted before each shift but there is no evidence that this is being done on a consistent basis. This process appears to exist because there is only one cashier available during the evenings and on weekends.

Audit Recommendation:

It is recommended that the change funds be kept separate from the daily receipts and that a new process is developed for making change. This could include either management making change or more than one person being present when change is made.

Finding 6: Cash register remains accessible when cashiers take breaks

Further review of cash controls revealed that when cashiers take their breaks the door is locked but the window by register is left open. This leaves open the possibility of someone accessing the cash register while the cashier is on break. It was also observed that there is no on site security relating to this facility which puts both employees and visitors at risk.

Audit Recommendation:

It is recommended that the Recreation department review their break policy especially since there is only one person on duty during evening and weekend hours. It is also recommended that the department review the site security and possibility of a more secure cashiers office and possible security cameras.

Finding 7: Recreation department is holding daily receipts for multiple days before depositing

Further review of cash controls revealed that the Recreation Department is holding daily receipts for multiple days before taking them to the Treasurers' office for deposit. Random sampling shows that as many as twelve days held before being deposited.

Audit Recommendation:

It is recommended that the Recreation Department review its deposit policy and make deposits in a more timely manner.

Finding 8: Deposits are taken to the Treasurers Office instead of directly deposited to the bank

Review of the Recreation Departments daily deposits revealed that the facility coordinator counts and verifies daily receipts, makes out all forms for posting receipts to New World, and then sends the funds to the Treasurers' Office. The Treasurers' Office recounts the funds post the items to New World and makes out deposit tickets before depositing funds to the bank. As stated before the Recreation Department is sometime holding funds for an extended amount of time before sending to the Treasurer. The Treasurer can take up to a week to process the deposits when they are busy. The result is that some deposits are not make for about fifteen to twenty days.

Audit Recommendation:

It is recommended that the Recreation department make daily deposits to the bank. This could be done either through a bank cashier or a night deposit box at Huntington Bank. Reports for posting to New World by the Treasurer's Office could be sent interoffice mail or dropped off at a later time.

Finding 9: Several Ballfield and Ice rentals remain unpaid

Review of the Recreation Departments facility rentals revealed that several items remained unpaid for extended periods. Several baseball teams from the adult league have not paid for park rental from prior years. The league made partial payments and was allowed to use the facilities and then did not pay the balance due. Amanda has been trying to collect these balances by first telephoning the teams and then by sending a balance due notice. She has been unable to collect the balance due as the current participants do not want to pay for previous players. The same thing occurred in the adult hockey league several years earlier and those funds were determined to be uncollectable and finally written off as such.

Audit Recommendation:

It is recommended that the Recreation Department set policies that do not allow leagues to use county facilities until payment has been made in full. These policies should be clearly posted and strictly enforced. It should not be the responsibility of Amanda D'Itri to collect payments from teams whose league has not made full payment. It should be up to the league to collect from participants and if they are not paid in full then the League should not have access to the facilities.

Finding 10: Multiple Invoices were presented with a value under \$500.00 to prevent the need for Purchases Orders

Review of the Recreation Department accounts payable invoices revealed that some items were presented for payment at amounts just below the county purchase order amount of \$500.00. Invoices for portable toilets were paid without purchase orders because invoices were kept below the \$500.00 threshold, however when multiple invoices push the total over the \$500.00 amount the requirement for purchase orders still apply.

Audit Recommendation

It is recommended that anytime multiple invoices for the same items are presented for payment and the total is over the threshold for purchase orders that the Recreation Department comply with county policy by either obtaining the proper purchase orders or a Resolution that would allow such purchases.

Finding 11: Review of Recreation procedures revealed that there are no written Standard Operating Procedures

After reviewing the Recreation Departments office procedures it was discovered that the department does not have a written set of standard operating procedures for the staff to follow. Standard operating procedures would insure that each employee knows his or her responsibilities related to their employment.

Audit Recommendation

It is recommended that the Recreation Director create a set of Standard Operating Procedures for the department to increase the efficiency, quality output and uniformity of performance for the department. This would insure that each employee understand their responsibilities while reducing miscommunication and unperformed duties, both daily and in the case of absent employees.

Finding 12: There is a need for a person trained to back up the Facility Coordinator

Review of the Recreation Office operations revealed that the coordinator Amanda D'Itri does not have anyone who is trained to do her job in the event that she is out for an extended time. When she is not in the office her work is not done until she returns. This is further complicated because most procedures are manual and outdated and are not easily understood by someone who has not been trained. Discussion with the Amanda revealed that she has had several assistants\clerks but they do not stay because it is a low paying part time job.

Audit Recommendation

It is recommended that the recreation department initiate a training program in which someone is cross trained to do the Coordinators' job in the event that she is out of the office for an extended amount of time and that they could assist her during peak seasons.

Observation 1: DPW pool invoices are being processed for payment through the Recreation Department.

While these items were not within the time period of my audit I felt it was appropriate for me to state my concerns about the Recreation Department processing payment for invoices related to repairs completed by the Department of Public Works. I am concerned that the Facility Coordinator for Recreation does not understand what she is paying for and whether the bills are necessary or reasonable. I am further concerned that this procedure may result in bills being paid by both the Recreation Department and the Department of Public Works.

Audit Recommendation

It is recommended that these items should be monitored and paid through the Department of Public Works. If the Recreation Department wishes they can monitor these expenses without actually processing the payments.

An exit conference was held on October 27, 2017 for the purpose of discussing the items presented in this report. Those in attendance were:

The Beaver County Recreation Department

Tim Ishman – Director of Recreation
Amanda D'Tri – Facility Coordinator

Beaver County Controller's Office

Charles Gibbons – Auditor

The results of the audit were discussed in their entirety during this conference.

The Director of Recreation is requested to respond with the corrective action planned or taken for the findings. If no corrective action is planned please state this. Please return these responses to the Office of the Controller within thirty days of receipt. The responses will be incorporated and become a part of this report. As part of the Office of the Controller's normal reporting procedure, a copy of this report along with the responses will be distributed to the Beaver County Board of Commissioners and will be posted in the Controller's section of the Beaver County website.

The Directors responses were received on 4/2/2018 and published with the audit.

Date: March 29, 2018

To: Chuck Gibbons

Fr: Tim Ishman, Director of Recreation & Tourism

Re: Reply 2017 Audit

Below is a list of responses to the findings of the first thorough audit conducted on the Recreation Dept., according to Mr. Gibbons, of August 2017 by the Beaver County Controller's office.

The findings listed here are based on his review and direct input from Amanda D'Itri, Facility Coordinator/Business Manager and Recreation Dept. employee of 15+ years.

Finding #1: Invoices presented to clients for payment are not consecutively numbered

Finding #2: Scheduling of events are maintained on a desk calendar

Finding #3: Cash Register is outdated

Recreation Dept. is working with IT to get information from New World on software & hardware solution options and costs that would integrate smoothly and increase efficiencies.

Finding #4: Daily receipts that have already been counted are kept in the same safe as current day's receipts

The solution being considered is the purchase of a drop safe that could be installed in the room next to the Facility Coordinator/Business Manager's Office. The cost is between \$300- \$400. This safe would only be opened by either the Facility Coordinator or the Director. In doing so, this would resolve the single safe where all monies are currently kept.

Finding #5: Cashiers have physical control of change fund

Due to the operating hours of the Recreation Center (7 days a week from 8 am – 11 pm between September and May) adding staff to better address this issue is not feasible. It is possible during the hours of 8-4, M-F, that some adjustments could be made to better comply with the audits recommendation.

Finding #6: Cash register remains accessible when cashiers take breaks

Anytime a cashier leaves the desk, the register is locked and the key is always taken with them. As of March 2018, security cameras have been installed in this area and the lobby.

Finding #7: Recreation Department is holding daily receipts for multiple days before depositing

The Director attempts to bring deposits over to the Courthouse at least two times/week. The frequency in which this can occur is impacted by the Business Manager's ability to get the receipts reconciled in a timely manner.

Finding #8: Deposits are taken to the Treasurer's Office instead of directly to the bank

This can be done similar to what we do for the Pool. However, it would be even more efficient pending the solution options presented from New World once they have been provided, reviewed and evaluated.

Finding #9: Several Ballfield receipts and Ice rentals remain unpaid

Regarding this finding and Ballfield users, during my tenure only one team bounced a check and is no longer involved in the Men's Baseball League. This was discussed with the previous legal staff and due to the amount it was recommended not pursuing. In addition, this league has historically paid for its playoff games prior to the start of the next season in the following year. The 2018 agreement has added language that addresses this issue. The assertion of teams not paying is misleading. All leagues collect fees and pay the County based on the number of games that are scheduled on our fields, there are and have not been any team fee structure since I started in November 2013.

Regarding Ice users, all fees under my tenure have been collected. I did inherit a situation where fees from leagues were not collected dating back a few years. Attempts were made to try and collect fees from the Adult League but were unsuccessful do to the players who failed to pay were no longer involved, not to mention that written agreements did not existed during this time period. During my first year new procedures were put in place by me that involved written formal agreements that changed the way business was conducted and has eliminated the problem.

Notes: The Ice user agreements require payment by the 1st business day of each month in advance for the upcoming month based on the schedule provided by each user group, in other words "prepay".

Since starting, the Facility Coordinator/Business Manager has had the responsibility of communicating with the defined/designated league representative and tracking/managing payments. In the event issues arise the Facility Coordinator/Business Manager should communicate such issues with the Director. This however does not occur until fees are in arrears, sometimes significantly.

Note: Past practice shows bills being sent post use and often weeks behind.

Finding #10: Multiple invoices were presented with a value under \$500.00 to prevent the need for Purchase Orders

After conversations with Mr. Gibbons, it was understood based on the example provided that this involved porta-johns at the outside Tennis Courts. This was under a PO with Public Works and Director Colville provided the documentation that negated this assertion.

Finding #11: Review of Recreation procedures revealed that there are no written Standard Operating Procedures

This is not 100% accurate. As there are a number of yet to be documented procedures in need of being put to paper, at the time of this audit there were approximately 3 dozen SOP's completed dealing with operations of the front desk, their responsibilities and how business is to be done. The SOP's in need of completion relate to the responsibilities of the Business Manager. Once completed, these SOP's would provide the outline of work needing to be done once the front desk has completed its work and address Finding #12.

Finding #12: There is a need for a person trained to back up the Facility Coordinator

See Finding #11. Yes cross training of a Front Desk Clerk would be beneficial to addressing some of the key responsibilities during periods of vacation and/or illness in order to keep things moving vs. waiting until the Facility Coordinator/Business Manager returns as been past practice. The challenge is the high turnover rate for this position due to it PT nature.

Note: In the recently adopted Comprehensive Rec Plan staffing is addressed. Adding an Assistant however will depend on the financial condition of the Rec Center and the County as a whole along with assessing the organizational environment of the present situation.

Observation #1: DPW pool invoices are being processed for payment through the Recreation Department

This is a work in progress. Prior to 2016 the Pool was under the Department of Public Works. Attempts to pull all records from PW to the Rec Department is continuing and being addressed as they show themselves. Vendors have been advised to change billing addresses to 121 Brady Run. Some have complied while others have ignored.

As Director, I am aware of purchases being made and approve them all. As for the invoices, the Administrative Asst. at PW has been consistently reminded to send them via interoffice mail to the Dept. when they are received.

At the direction of Mr. Gibbons, it has been communicated to mark invoices detailing what the expenditures have been for. It would be appreciated and increase efficiencies if the Controller's Office would document the comments provided on the transmittals vs. simply posting the vendor and the amount. This request has been made on numerous occasions.

Respectfully submitted,
Tim Ishman
Director of Recreation & Tourism