

# INTERNAL AUDIT REPORT

2011-09

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Kincaid Outdoor Center Cash Controls

Parks and Recreation Department

July 12, 2011

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MUNICIPALITY OF ANCHORAGE  
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*Mayor Dan Sullivan*

July 12, 2011

Honorable Mayor and Members of the Assembly:

I am pleased to present **Internal Audit Report 2011-09, Kincaid Outdoor Center Cash Controls, Parks and Recreation Department** for your review. A brief summary of the report is presented below.

In accordance with the 2011 Audit Plan, we have completed an audit of the Kincaid Outdoor Center Cash Controls. The objective of this audit was to determine if the Kincaid Outdoor Center had proper cash controls in place and if these controls were in compliance with Municipal Policy and Procedure 24-1, *Collecting, Securing, Depositing and Reporting Cash*. Our audit included a surprise cash count and a review of cash controls. In addition, we selected a sample of cash receipts and reviewed backup documentation for compliance and accuracy. Finally, we reviewed permit and class documentation to determine if the Kincaid Outdoor Center had properly accounted for revenue.

Based on our review, we determined that cash control procedures at the Kincaid Outdoor Center were generally satisfactory and revenue was properly accounted for. However, the safe key and combination were not properly secured and a \$100 change fund was short \$22.

There was one finding in connection with this audit. Management was responsive to the finding and recommendation.

A handwritten signature in black ink, appearing to read "Peter Raiskums".

Peter Raiskums, CIA, CFE  
Director, Internal Audit



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**Internal Audit Report 2011-09**  
**Kincaid Outdoor Center Cash Controls**  
**Parks and Recreation Department**

**Introduction.** The Parks and Recreation Department (Department) oversees the activities of the Kincaid Outdoor Center (Center) located in Kincaid Park (Park). The Center and adjacent grounds can be rented for a variety of services including picnics, parties, weddings, receptions, barbeques, meetings and sporting events. Rental fees vary depending on the rented area, duration of use, number of people, equipment used and whether alcohol is served.

The Park consists of 1,400 acres of park land with about 37 miles of trails to run, bike, walk, hike or ski. Many programs and events are held throughout the year at the Park and fees may be charged for services such as park use, equipment rental, and instructional programs.

**Objective and Scope.** The objective of this audit was to determine if the Center had proper cash controls in place and if these controls were in compliance with Municipal Policy and Procedure (P&P) 24-1, *Collecting, Securing, Depositing and Reporting Cash*. Our audit included a surprise cash count and a review of cash controls. In addition, we selected a sample of cash receipts and reviewed backup documentation for compliance and accuracy. Finally, we reviewed permit and class documentation to determine if the Center had properly accounted for revenue.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was requested by the Administration.

**Overall Evaluation.** Cash control procedures at the Center were generally satisfactory and revenue was properly accounted for. However, the safe key and combination were not properly secured and a \$100 change fund was short \$22.

## FINDINGS AND RECOMMENDATIONS

### 1. Cash Control Procedures Not Always in Compliance With P&P 24-1.

- a. **Finding.** Cash control procedures at the Center did not always comply with P&P 24-1. Non-compliance with applicable policies and procedures may weaken the cash control environment and may result in possible irregularities. Specifically, we found the following:
- **Safe Key and Combination Not Secured** – The safe key and combination were not properly secured. Specifically, the safe key was found in a basket sitting on top of a microwave oven, which was above the safe. The key was attached to a large key ring that said “Safe Key” on it. In addition, the safe combination was found in an unlocked box mounted on a wall above the safe. According to Center staff the safe key was left in the basket overnight and the box was never locked.
  - **Change Fund Not Safeguarded** – During a follow-up surprise cash count we found that a \$100 change fund, recently placed in the safe, was short \$22. Staff were unable to explain why the change fund was short \$22.
- b. **Recommendation.** The Department’s Director should ensure that cash controls at the Center comply with P&P 24-1.
- c. **Management Comments.** Management stated, “Management concurs and has taken immediate steps to correct deficiencies, redefine roles of staff, and requirements to meet P&P 24-1.”

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- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on June 3, 2011.

Audit Staff:  
Jayi Schin