

10. Cash Handling Practices

- **The Recreation and Park Department lacks comprehensive cash and revenue handling policies and procedures, resulting in Department staff developing a variety of informal and ad hoc procedures. This lack of controls means that significant amounts of cash are not routinely accounted for and recreation center staff are handling or carrying cash without procedures to safeguard or deposit the monies.**
- **Recreation center staff have no standard procedures for storing copies of receipts for cash payments from the Department's customers enrolling in center programs. Many recreation center staff said that they simply put the receipt book in a drawer and never look at it again. At one recreation center, the Upper Noe Valley Recreation Center, staff give two receipts for each payment, including an informal receipt to the nanny or caretaker as well as the formal receipt to the parent.**
- **Recreation center staff often keep the cash in their own wallets or take the money home with them prior to turning the cash into the Revenue Unit at McLaren Lodge. In other instances, the recreation center staff turn the cash into their supervisors, but supervisors stated that they did not know where recreation center staff kept the cash, and did not count the cash or reconcile the receipts with the daily record of cash receipts.**
- **The Department also has several informal petty cash funds. For example, the Oceanview Recreation Center staff collect money to pay for tee-shirts for adult basketball players, without recording the receipts and accounting for the cash to pay for these tee-shirts. The Upper Noe Valley Recreation Center maintains two sets of informal petty cash funds: one fund contains \$50 from cash receipts to buy tennis supplies and the other fund contains \$100 from cash receipts paid by parents to the Kids Gym program to pay a private guitar player to provide entertainment to the children for two hours per week.**
- **Swimming pool receipts are transported in locked boxes by armored transport from the swimming pools to the McLaren Lodge Revenue Unit. Because the bills are crumpled, the bills have to be straightened and flattened prior to running through the bill counter. Although the Department's policy is to have two staff members straighten and count the bills and coins, only one Department employee is assigned to straighten and flatten bills. The management audit observed one employee, alone in a cubicle with a large box of bills, with no other person in the cubicle and no oversight.**

The Recreation and Park Department lacks comprehensive cash and revenue handling policies and procedures, resulting in Department staff developing a variety of informal and ad hoc procedures. This lack of controls means that significant amounts of cash are not routinely accounted for and recreation center staff are handling or carrying cash without procedures to safeguard or deposit the monies.

The Recreation and Park Department developed a cash handling procedure in 1997 that covers staff, such as the Japanese Tea Garden ticket office vendors, who routinely handle cash. The Department does not have current policies or procedures for recreation center staff who handle cash receipts from the recreation center's programs. The Recreation and Park Department last issued a memorandum to recreation center staff in 1998 regarding cash handling procedures. Since that time, the Department has changed its programs or fee structures, such as standardizing fees for the Tiny Tot program, without revising or updating its procedures. Additionally, many recreation center staff are unaware of the memorandum or the Department's policies.

The Recreation and Park Department's Systems for Handling Cash and Other Receipts

The Recreation and Park Department is in the process of converting its revenue tracking system with the intention of reducing the amount of cash handling within the Department. Under the new system, fees for services will be paid by credit card or check, including fees for the Tiny Tot and Latchkey programs. Currently, many recreation center staff receive Tiny Tot and Latchkey program payments, either by check or cash. Under the proposed new revenue tracking system, recreation center staff would handle less cash.

Recreation Center Staff and Handling of Cash

According to the Recreation and Park Department's 1998 memorandum regarding cash handling procedures for field staff:

- All cash or other receipts are considered General Fund revenues and are to be submitted to the Revenue Unit in McLaren Lodge immediately. If recreation center staff accumulate small amounts of cash after the initial program registration period, the recreation center staff can keep up to \$250 in cash receipts for up to one month before submitting to the Revenue Unit.
- Donations from parents or other members of the community are to be submitted to the Revenue Unit to be deposited into a gift fund.

According to the management audit's interviews and observations with recreation center staff, recreation center staff have not received current training or information on cash handling procedures. Many staff said that they try not to handle cash but instances still arise when they receive cash payments from parents or community members.

Receipt Books and Handling of Cash

The Revenue Unit staff issue receipt books to recreation center staff, although the Revenue Unit does not record to whom the receipt book is issued. When parents or other members of the community pay for classes or programs, the recreation center staff person should give a receipt from the receipt book to the parent or community member.

Recreation center staff are consistently filling out receipts but once the receipt is filled out and the cash received, the recreation center staff have no consistent practices for keeping the money or recording the receipts. The recreation center staff either turn the money into the Revenue Unit at McLaren Lodge or give the money to their supervisor to do so. Some recreation center staff fill out the daily record of cash receipts, which is to be turned into the Revenue Unit at McLaren Lodge, along with the copy of the receipt and the cash, checks or money orders, but not all recreation staff do so consistently. There is no standard practice for recreation center staff to reconcile the receipt book against the daily record of cash receipts. Many said that they simply put the receipt book in a drawer and never look at it again. At one recreation center, the Upper Noe Valley Recreation Center, staff give informal receipts to the nanny or caretaker in addition to the formal receipt to the parent.

In many instances, recreation center staff keep the cash in their own wallets or take the money home with them prior to turning the cash into the Revenue Unit at McLaren Lodge. In other instances, the recreation center staff turn the cash into their supervisors, but supervisors often stated that they did not know where recreation center staff kept the cash. Although supervisors stated that generally, when they receive cash from the recreation centers, they transport it to McLaren Lodge, many say that they do not count the cash or reconcile the receipts with the daily record of cash receipts.

Cash Receipts for Field Trips

Recreation center staff collect reimbursement for the cost of field trips from parents and community members. The Park Code provides for field trip reimbursement for the costs of transportation, food, admission charges and other expenses. Under this policy, the Department charges the full amount of the field trip costs up to \$10 per person but only 50 percent of the costs greater than \$10.

According to recreation center staff, field trip participants tend to pay on the day of the trip. Some recreation center staff take no cash for field trip reimbursements but other staff do take some cash. Recreation center staff routinely give field trip receipts, whether check or cash, to the supervisor. The supervisors say that they lock the money in their office or carry it home until they can turn it into a money order.

Informal Money Receipts and Petty Cash Funds

Prior to FY 2005-2006, the Recreation and Park Department had not established formal rates for the Tiny Tots program, resulting in different program charges at different recreation centers. Consequently, recreation center staff were collecting fees without

authorization. At that time, the funds were not identified as Tiny Tot program receipts but were deposited into a General Fund account for youth programs.

The Park Code now includes standardized fees for the Tiny Tots program but recreation center staff still receive other revenues informally. In prior years, Department staff were allowed to keep cash from program fees to create a petty cash fund for each recreation center. Although this practice was formally ended by the Department, vestiges of petty cash funds remain. For example, the Oceanview Recreation Center staff collect money to pay for tee-shirts for adult basketball players, without recording the receipts and accounting for the cash. These monies are then used as a fund to pay for additional tee-shirts. Also, the Upper Noe Valley Recreation Center maintains two sets of informal petty cash funds. The Upper Noe Valley Recreation Center has approximately \$50 retained from cash receipts for programs, which are used to pay for tennis supplies, and approximately \$100 per week from cash receipts paid by parents to the Kids Gym program, which are paid to a private guitar player to provide entertainment to the children for two hours per week.

Donations from Parents, Community Members and Friends Groups

Under the 1998 cash handling policy, donations from parents or other members of the community are to be submitted to the Revenue Unit to be deposited into a gift fund. More recently, the San Francisco Parks Trust established a voluntary program in which friends groups or other community groups could set up an account to support various Recreation and Park Department programs. The Recreation and Park Department should write a formal policy, defining and reconciling policies and procedures for cash donations to the Department's gift fund and the San Francisco Parks Trust accounts.

Handling of Swimming Pool Cash

In FY 2004-2005 the Recreation and Park Department changed its system for receiving cash at the swimming pools. Due to the lay-off of the swimming pool cashiers, the Department set up locked boxes at each of the swimming pools for customers to deposit their fees. These locked boxes are transported regularly by armored transport to McLaren Lodge.

Once the locked boxes arrive at McLaren Lodge, the Revenue Unit staff transfer the cash from the locked boxes to bank deposit bags and placed in the safe. Because the bills are crumpled, the bills have to be straightened and flattened prior to running through the bill counter. Although the Department's policy is to have two staff members straighten and count the bills and coins, only one Department employee, who can be on transitional temporary work assignment rather than a regular Revenue Unit employee, is assigned to straighten and flatten bills. The management audit observed one employee, alone in a cubicle with a large box of bills, with no other person in the cubicle and no oversight.

Further, in the May of 2004 report on aquatics staffing, the Controller's Office recommended that the Department (a) develop policies and procedures to record cash sales accurately by pool, (b) require lifeguards to record daily pool usage for all types of

patrons, and (c) develop procedures for Revenue Unit staff to reconcile weekly cash receipts from the pools against attendance. Although the Recreation and Park Department began more accurate recording of daily pool usage in FY 2004-2005, the Department has not developed policies and procedures to record cash sales accurately by pool and for Revenue Unit staff to reconcile weekly cash receipts from the pools against attendance.

Conclusions

The Recreation and Park Department lacks updated cash and revenue handling procedures that reflect the Department's current practices. Although the Department's intention is to reduce the amount of cash handled by recreation and other staff, many staff still handle cash. Recreation center staff expressed concern that without cash handling procedures, they are at vulnerable if cash counts are inaccurate or cash is lost. Throughout the Department, staff are developing ad hoc procedures to handle cash and revenues, with no standard or widely recognized practices on recording, keeping, or depositing cash or revenue receipts. The Department needs to revise and update its cash and revenue handling procedures, ensuring that staff are well acquainted with their responsibilities and requirements for handling cash, and that adequate controls are in place to protect against theft or loss.

Recommendations

The Recreation and Park Department General Manager should:

- 10.1 Direct the Director of Operations and the Director of Administration and Finance to revise the cash-handling policies and procedures to (a) identify all staff who are responsible for handling cash, (b) procedures for receiving, recording, keeping, transporting, and depositing cash and other revenues, and (c) training for all staff required to handle cash or revenues.
- 10.2 Direct the Director of Operations and the Director of Administration and Finance to identify and end all cash handling practices outside of the formal policies and procedures, including informal petty cash funds and payments to individuals to provide services.
- 10.3 Develop a formal policy, defining and reconciling policies and procedures for cash donations to the Department's gift fund and the San Francisco Parks Trust accounts.
- 10.4 Direct the Director of Administration and Finance to develop formal protocols requiring (a) at least two employees present at all cash counts, and (b) routine reconciling of cash counts with attendance records and other use tallies as appropriate.

- 10.5 Direct the Director of Operations and the Director of Administration and Finance to implement the May of 2004 Controller's Office aquatic program report findings and recommendations to develop (a) policies and procedures to record cash sales accurately by pool, and (b) procedures for Revenue Unit staff to reconcile weekly cash receipts from the pools against attendance.

Costs and Benefits

Although the Budget Analyst did not identify lost cash receipts due to the Department's inadequate cash handling practices, the Department's risk of loss is high. Implementation of the Budget Analyst's recommendations would tighten controls over cash handling and reduce the risk of loss through mishandling or theft.