

Metro

Regional Parks and Greenspaces

Cash Handling Controls in Place

December 2006

A Report by the Office of the Auditor



METRO

PEOPLE PLACES

OPEN SPACES

Alexis Dow, CPA

Metro Auditor



METRO

AUDITOR

ALEXIS DOW, CPA

December 21, 2006

To the Metro Council and Metro-area citizens:

Metro's Regional Parks and Greenspaces Department manages more than 11,000 acres of regional parks and natural areas. At some park locations, patrons pay an entrance fee to access the park. Oxbow and Blue Lake Regional Parks provide picnic areas for a fee and Oxbow Park provides camping sites for a nightly fee.

Our audit studies the controls over cash handling procedures at locations where fees are collected, including Blue Lake and Oxbow Regional Parks, Chinook Landing Marine Park and M. James Gleason Memorial Boat Ramp.

Our review found that the Regional Parks and Greenspaces Department has sufficient cash handling procedures in place. However, opportunities exist for improvements in payment options and cash control procedures. We recommend:

- Fee collection machines at the entrance to park locations should have the capability to accept payment by Visa/MasterCard or debit cards.
- Regional Parks and Greenspaces Department management should ensure that personnel are aware of excess cash procedures and conduct surprise cash counts at entrance booths to ensure compliance with cash control policies.
- A standardized cash reconciliation form should be used at all locations where funds are collected.

Detailed recommendations resulting from this review are described on the following pages. The last section of the report presents the written response of Metro Chief Operating Officer Michael Jordan to each recommendation.

We very much appreciate the assistance provided by Regional Parks and Greenspaces personnel and wish to recognize the many people at Metro who are actively committed to improving the efficiency and effectiveness of Metro operations.

Yours very truly,

A handwritten signature in cursive script that reads "Alexis Dow".

Alexis Dow, CPA
Metro Auditor

Auditor: Robert Snoddy

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Executive Summary

Metro's Regional Parks and Greenspaces Department contributes to the Metro area's livability by providing accessible regional open spaces, parks and trails that enable citizens to enjoy outdoor recreational activities. The department also acquires open spaces, parks, trails and stream corridors through the acquisition of open space, trail and greenway corridors; develops programs and plans related to the Regional Framework Plan; and manages more than 11,000 acres of regional parks and natural areas.

At some park locations, patrons pay a vehicle entrance fee to access the park. Oxbow and Blue Lake Regional Parks provide picnic areas for a fee and Oxbow Park provides camping sites for a nightly fee.

We studied cash handling controls in place at Blue Lake and Oxbow Regional Parks, Chinook Landing Marine Park and M. James Gleason Memorial Boat Ramp to determine if Metro's Regional Parks and Greenspaces Department's cash handling procedures are efficient, properly controlled and in compliance with departmental policies and procedures.

Our review found that the Regional Parks and Greenspaces Department cash handling procedures are efficient and provide adequate controls; however, opportunities exist for improvements in payment options and cash control procedures. We recommend that:

- Fee collection machines at the entrance to parks locations be capable of accepting payment by Visa/MasterCard or debit cards.
- Entrance booth personnel perform cash drops when funds exceed the pre-determined limit to relieve the cash register of excess funds, as prescribed in the department's fee collection procedures.
- Cash reconciliation sheets, used for summarizing cash collections and deposit preparation, be standardized.

These recommendations are addressed in the next section of this report.

Introduction and Background

The Regional Parks and Greenspaces Department, a division of Metro, contributes directly to the preservation of the region's livability. Department programs focus on accessible regional open spaces, parks and trails and the maintenance and enhancement of environmental quality.

The Regional Parks and Greenspaces Department actively pursues partnerships with other park and natural area providers, state and federal natural resource management agencies, nonprofit and citizen groups, and a variety of recipients of restoration and education grants. In addition, the department provides and promotes natural history interpretive programs, hands-on stewardship activities, and outdoor recreation opportunities.

The department is also responsible for the management of ten park and natural area locations, consisting of more than 11,000 acres. Of these areas, four locations require a fee for entrance into or use of facilities, including:

- **Blue Lake Regional Park**, located in Gresham, Oregon, is on the shores of a 64-acre natural lake fed by underground springs. Blue Lake Park provides recreational activities, such as boating, fishing, swimming, sports fields and rental of large picnic shelters. Thirty-five reservable picnic areas are available, with fees ranging from \$25 to \$50 per day during weekdays, and \$50 to \$215 per weekend days. There is an entry fee of \$4 per motorized vehicle and \$7 per bus on all days for entrance into Blue Lake Regional Park.

The Lake House, overlooking Blue Lake, is used for weddings and special events. The Lake House can be rented for \$500 to \$1,400 per day, depending on the season, day and hours of the event.

- **Oxbow Regional Park** is a 1,200-acre natural area park located within the Sandy River Gorge. The river draws swimmers, rafters, kayakers and anglers. The park also offers a wooded campground, reservable picnic shelters, playgrounds, equestrian trails and a number of environmental education opportunities. Five reservable picnic areas are available, with fees ranging from \$170 to \$280 per weekend day, based on the size of the shelter. There is a park entry fee of \$4 per motorized vehicle and \$7 per bus on all days for entrance into Oxbow Regional Park. The campgrounds at Oxbow Regional Park are open year-round and campsites are available on a "first-come, first served" basis. The camping fee is \$15 per night, with firewood available for sale at the park entry booth for \$4 per bundle.
- **Chinook Landing Marine Park**, a 67-acre marine park with six launching lanes on the Columbia River, is the largest public boating facility in Oregon. The park offers picnic and viewing areas, wetland and wildlife habitat, disabled-accessible docks and a seasonal river patrol station. There is an entrance fee of \$5 per vehicle.

- **M. James Gleason Memorial Boat Ramp** is a convenient public boat launch on the Columbia River, minutes from downtown Portland. Amenities include launch lanes, boarding docks, river maps and a river patrol office. A \$5 entrance fee per vehicle is required.¹

Audit scope and objective

This audit studies the controls over cash handling procedures and deposit preparation at locations where fees are collected for entrance into the park, reservation of picnic areas, or overnight camping. These locations include Blue Lake and Oxbow Regional Parks, Chinook Landing Marine Park and M. James Gleason Memorial Boat Ramp.

The objectives of the review were to determine if:

- Cash collections at Metro operated parks are performed in accordance with established written policies and procedures.
- Cash collections are deposited in a timely manner.
- Procedures exist to identify cash shortages and overages.
- Internal controls are in place, including separation of duties and physical security over cash.

Our audit methodologies consisted primarily of observing cash handling procedures at various park locations where cash transactions occurred, including entering these transactions into the cash register and preparing cash reconciliation sheets and deposits. We did not review the recording of these transactions into the general ledger and accounting system.

This audit was conducted in accordance with government auditing standards. These standards require that we review internal controls and report significant deficiencies that are relevant to the objectives. Any significant internal control deficiencies found during the course of the audit are described in the report.

¹ Metro GreenScene, Summer 2006.

Revenue inflows and fee collection procedures

Fiscal year 2006 revenue inflows for Oxbow and Blue Lake Regional Parks, Chinook Landing Marine Park and the M. James Gleason Boat Ramp are noted in Table 1, below:

Table 1
FY 2006 parks revenue

Revenue	Oxbow Park	Blue Lake Park	Chinook Landing	Gleason Boat Ramp
Entrance fees/boat launch fees	\$ 90,611	\$ 204,382	\$ 87,527	\$ 46,148
Picnic area rental	22,653	101,861		
Annual passes	9,226	9,225	45,142	28,662
Camping site fees	58,667			
Lake House rental		43,266		
Concessions revenue		27,529		
Contract revenue (boat rental)		48,517		
Miscellaneous revenue	4,863	13,314	2,723	233
TOTALS	\$ 186,020	\$ 448,094	\$ 35,3920	\$ 75,043

There are risks associated with handling cash – cash is particularly vulnerable because it is easily concealed and readily negotiable. To mitigate this risk, the Regional Parks and Greenspaces Department has developed written fee collection procedures for Oxbow and Blue Lake Regional Parks, Chinook Landing Marine Park and M. James Gleason Boat Ramp. The primary objectives of these procedures are to provide guidance and direction to employees by ensuring they are trained in proper cash collection procedures, including preparation of cash reconciliation sheets and safeguarding of funds. Signs posted at entrance booths to the parks state that receipts are to be provided to patrons when payment is made. The purpose of providing receipts to patrons is for proof of payment and to deter employees from taking the cash and not ringing the transaction into the cash register.

How fees are collected and reported

Oxbow and Blue Lake Regional Parks

During summer months when park activity increases at Oxbow and Blue Lake Regional Parks, the entrance booths at these locations are staffed by park employees from mid-morning until sunset, dependent on weather and business conditions. These employees collect a \$4 park entry fee per motorized vehicle or \$7 per bus. Options for paying the entry fee when the booth is staffed include cash, check, money order or Visa/MasterCard. A receipt is provided to the patron, which is to be placed on their dash as proof of payment.

Reservations for rental of picnic areas and group camping areas (at Oxbow Park) are made and payment received by the Guest Relations Coordinator, who is based at the Blue Lake Park office. Cash, check, or Visa/MasterCard may be used as payment for rental of picnic areas and group camping areas. These transactions are entered into the cash register when reservations are made and payment is received.

Fees for overnight camping at Oxbow Park are collected by park rangers who go to individual campsites to collect these funds. Camping fees may be paid with either check or cash. Oxbow Park's campsites are open year-round and available on a "first-come, first served" basis. The camping fee is \$15 per night.

In instances when park activity is minimal and the entrance booth to the park is not staffed, patrons must still pay the \$4 or \$7 fee for entrance into the park. If the patron pays with cash, the payment is fed into the cash collection machine, which then dispenses a receipt and change (if warranted) in the form of silver dollars. The patron is to place the receipt on their dash as proof of payment.



Cash collection machine at Blue Lake Park, which only accepts cash

If payment is made by check (or if the cash machine is not working and payment is by cash), the patron removes a green numbered entry fee envelope from the dispenser next to the cash machine and fills in the date, vehicle license number, and state onto the entry fee envelope. The check is then enclosed into the entry fee envelope and the patron removes the stub from the envelope. The stub is placed on the dash as proof of payment, while the envelope with the fee enclosed is deposited in the fee box.

When the entrance booths to Oxbow or Blue Lake Park are staffed, and substantial funds have been collected (defined as more than \$200 for Oxbow Park and \$500 for Blue Lake Park, not including start funds) by the staff member in the entry booth, a cash drop is to be performed. Park personnel are required to relieve the cash register of excess cash and deposit it in the safe. The purpose of the cash drop is to minimize the amount of cash on-hand at the entrance booths, thereby mitigating the risk of loss.

At the end of their shifts, booth personnel zero out the cash register by running a "Z" tape. The "Z" tape records cash register transactions conducted by the employee during their shift. The employee then takes the funds collected, including the start fund, and cash register receipts to a secure site within the park office and prepares a cash reconciliation sheet and deposit. Any overages or shortages are noted on the cash reconciliation sheet and are researched by park management. Completed cash reconciliation sheets and deposit information are submitted to Metro Regional Center for additional review, account coding and entry into the computer system.

During summer months, an armored car picks up bank deposits three times a week at Blue Lake Park (in conjunction with deposits for funds collected at Chinook Landing and M. James Gleason Boat Ramp) and twice a week at Oxbow Park. At other times of the year, park staff is responsible for making bank deposits at least twice weekly.

Chinook Landing Marine Park Procedures for cash collection at Chinook Landing Marine Park are similar to the processes at Oxbow and Blue Lake Regional Parks. During the busy season (May through mid-October), a park employee usually staffs the entrance booth from Thursday to Sunday. Patrons pay an entry fee of \$5, and payment may be by cash, Visa/MasterCard, or check for the exact amount of the fee. A receipt is provided to the patron, which is to be placed on their dash as proof of payment.

On busy days, or when the cash register contains more than \$325 (not including starting cash) a cash drop is to be made.

In instances when the entrance booth is not staffed, payment for entry into the park can be made by using either the cash machine or fee envelopes. Envelopes are collected 1-2 times per day during the busy season (May through mid-October) and a minimum of three times per week during the remainder of the year.

The cash machine at Chinook Landing Marine Park allows patrons an additional option to pay the entrance fee using a Visa/MasterCard. The patron enters their credit card into the machine, and the cash machine dispenses a receipt indicating payment. The receipt is placed on the dash as proof of payment.



Fee machine at Chinook Landing Marine Park with Visa/MasterCard capability

M. James Gleason Boat Ramp Park employees do not staff this location. Patrons pay the \$5 entrance fee, but the only collection device is a fee box. The only option for patrons to pay the entrance fee is by cash or check, using the fee collection envelopes provided. Moreover, patrons must have exact change, as there is no staff available to make change.



Fee collection box at M. James Gleason Boat Ramp

Annual Passes Annual passes for admission and parking at Oxbow and Blue Lake Regional Parks, Chinook Landing Marine Park and the M. James Gleason Boat Ramp may be purchased for \$40 and are available at entrance booths, online, by telephone, at the Blue Lake or Oxbow Regional Park offices or at Metro Regional Center.

Cash drops Park staff at entrance booths are required to move cash from cash registers to a safe when funds exceed a prescribed amount. To determine personnel's adherence to this policy, we chose the busiest months (May through August) to review for compliance. We randomly chose 214 cash reconciliation sheets from a population of 427 from the period May 28 through August 31, 2006 for funds received at Blue Lake and Oxbow Regional Parks and Chinook Landing. Our review revealed that out of 214 samples, 59 cash reconciliation sheets exceeded the dollar limits set forth and no cash drop had been performed.

Recommendations

Our review found that cash handling procedures are efficient and provide adequate controls; however, opportunities exist for improvements in payment options and cash control procedures. We recommend that:

- 1. Fee collection machines for entrance into Oxbow and Blue Lake Regional Parks and M. James Gleason Memorial Boat Ramp should have the capability to accept payment by Visa/MasterCard.** Presently, the fee payment machine at Chinook Landing Marine Park is the only machine capable of accepting credit card payment for entrance into the park. The City of Portland uses cash machines that accept payment by coin or credit card and dispense a receipt to be placed on the side window of the vehicle. According to the Transportation Division Manager, Parking Operations for the City of Portland, approximately 75% of parking *revenue* is collected from credit card transactions, with over 50% of total *transactions* paid for by credit card. Fee collection machines, which can accept payment by cash or credit/debit card, would provide options for patrons to pay the entrance fees into park locations. An added benefit of accepting payment by credit card is the reduction of cash that would be handled by Parks Department personnel.
- 2. Regional Parks and Greenspaces Department management should ensure that personnel are aware of excess cash procedures and conduct surprise cash counts at entrance booths to ensure compliance with cash control policies.** We found cash drops were not always being performed when funds collected at staffed entrance booths exceeded the amount stated in department procedure manuals. The purpose of cash drops is to minimize the amount of cash on hand at entrance booths, thereby reducing the risk of loss.
- 3. A standardized cash reconciliation form should be used at all locations where funds are collected.** A standardized form will assist administrative personnel at Metro Regional Center in the accurate and more efficient input of information into the accounting system.

Response to the Report

Metro Chief Operating Officer Michael Jordan

Audit: Cash Handling Controls in Place

Date: December 2006

AUDIT RESPONSE

Recommendation 1

Fee collection machines for entrance into Oxbow and Blue Lake Regional Parks and M. James Gleason Memorial Boat Ramp should have the capability to accept payment by Visa/MasterCard.

Agree

Yes

No (specify reasons for disagreement)

What action will be taken (if any)?

Fee machine upgrades for all fee collection locations have been requested in the FY 08 budget.

Who will take action?

Jeff Tucker and Teri Dresler will work with park managers to procure, install upgrades and institute new cash handling procedures around credit/debit card payments and reconciliation.

When will action be accomplished?

Upon approval of FY 08 budget.

Follow-up necessary to correct or prevent reoccurrence.

Audit: Cash Handling Controls in Place

Date: December 2006

AUDIT RESPONSE

Recommendation 2

Regional Parks and Greenspaces Department management should ensure that personnel are aware of excess cash procedures and conduct surprise cash counts at entrance booths to ensure compliance with cash control policies.

Agree

Yes X

No (specify reasons for disagreement)

What action will be taken (if any)?

Cashier training manuals will be updated and issued to all parks cashiers upon hire. Management as a regular practice beginning summer of 2007 will conduct random cash audits.

Who will take action?

Jeff Tucker, Teri Dresler, and park managers will work together to accomplish these tasks.

When will action be accomplished?

At the beginning of summer 2007 cashiers will be trained on proper procedures and park managers will conduct random audits.

Follow-up necessary to correct or prevent reoccurrence.

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Audit: Cash Handling Controls in Place

Date: December 2006

AUDIT RESPONSE

Recommendation 3

A standardized cash reconciliation form should be used at all locations where funds are collected.

Agree

Yes

No (specify reasons for disagreement)

What action will be taken (if any)?

A standardized cash reconciliation form will be produced and instituted by March 1, 2007.

Who will take action?

Jeff Tucker, Teri Dresler and park managers will collaborate and agree on a suitable cash reconciliation form.

When will action be accomplished?

March 1, 2007 the form will be implemented.

Follow-up necessary to correct or prevent reoccurrence.



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Name of Audit Report: Cash Handling Procedures in Place, December 2006

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