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**Philip J. LaTessa  
Report of The  
Elected City Auditor**

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**Cash Audit**  
**Department of Parks, Recreation and Youth Programs**  
**City of Syracuse**

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**City of Syracuse**  
**Department of Audit**  
**Cash Audit - Department of Parks, Recreation and Youth Programs Golf Courses**

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**Introduction:**

As authorized by Section 5-503 of the City of Syracuse Charter, an examination by the City Auditor in matters of moneys in possession of the city shall be substantially continuous. An unannounced cash audit of the Burnet Park and Sunnycrest Park golf courses was conducted on August 29, 2006. The examination was administered in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as circulated by the Institute of Internal Auditors.

These standards necessitate that the audit is planned and performed to attain a reasonable foundation for the judgments and conclusions regarding the function under examination. This review also included evaluations of applicable internal controls and compliance with requirements of law and regulations when necessary to satisfy audit objectives.

The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the Department of Parks, Recreation and Youth Programs of the City of Syracuse, New York, yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Audit Department upon request. The Audit Department would like to thank the personnel who assisted and cooperated with us during our audit.

**Background Information:**

Included in the various recreational activities and programs administered by the Syracuse Department of Parks, Recreation and Youth Programs is the Golf Program. The aim of the Parks and Recreation Division is to provide formal and informal activities for participants of all ages for the constructive use of leisure time. These activities are offered through the facilities of parks, including the two golf courses located within two of the City's parks, playgrounds, swimming pools, ice rinks, schools, public housing, recreation centers and other facilities that are rented or made available to the division for programming purposes.

The City of Syracuse currently maintains two nine hole golf courses located at Burnet and Sunnycrest Parks. It was suggested to the Audit Department during the site visit to Sunnycrest that at one time this particular course was an eighteen hole golf course that was scaled back to the current nine holes with the construction of Henninger High School

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and the associated annexation of part of the existing recreational grounds for the school's required land use. Whether this is accurate or not, the current configuration is that both parks, one on the east side of the City and the other on the City's west side, are nine hole courses, with Burnet (west side) being slightly larger than the Sunnycrest facility.

Activities within the Golf Program include open golfing, lessons, various leagues (Junior, Adult, Mixed, Women's) and Tournament play. Players pay based on the regularity and type of use of the facilities; this is to say that there are varied charges based on individual entrance to the course, use of a season pass, or as a member of a particular league, etc. The annual revenues generated by the Golf Program are in the range of \$55,000 to \$60,000, inclusive of all greens fees, equipment rental (clubs, handcarts), and vending revenues.

At the start of each season, the Golf Program Director stocks each course club house with assorted drinks, snack items, candy bars, etc. As the need to restock each type of snack item becomes apparent to staff members, those individuals let the director know what is running low and what is needed and he responds in a timely manner. The sales of these items is shown as part of the revenue coming in, by location, for the golfing program, and are recorded as income; it was noted, however that the associated costs of purchasing the drinks and snack items are not factored into the golfing program or used to net down the revenues so as to reflect the net income. In a modest way, this inflates the revenues generated by the golf program. Additionally, there are soda and water vending machines in the club houses, provided through the City's agreement with Coca Cola, and maintained by Coca Cola. The moneys taken in from these machines do not belong to the City and are the responsibility of the vendor to secure; such moneys are not included as the City's "vending revenue" figures for the golf courses.

The financial operations for the Sunnycrest and Burnet Park golf courses are currently handled by personnel in the City's Parks Department and, where applicable, the Finance Department. Each course has a single cash register with tape. Every day that the courses are open and staffed by the City, there are two shifts of staff working, under the direction of the single Golf Program Director that supervises both golf courses. The first shift, or day shift, at each site starts the day with a fresh register tape, a beginning cash bank (the staff at Sunnycrest start with \$59.00 and the Burnet staff start with \$50.00) and a new page in a log book that keeps track of each day's activity. Everyone using the golf course signs the log, giving their name, the time they have arrived and whether they are city residents or non-residents. The type of fee and amount charged to each of the players is also recorded.

The Audit Department was informed that at the end of the first of two daily shifts, the register tape, the information detailed on the daily activity log, and the cash in the register are reconciled so that the person coming in for the second shift is aware if any discrepancies exist or if, as should be the case, the amounts of all three tie out. At the end of the second shift, the day's register tape, the completed daily summary log page and the receipts of the day are put in a sealed envelope and then placed in the depository safe located in club house. The imprest balance is placed in a metal cash box and secured at

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the site until the start of the next day's business. The safe with the daily receipts can only be opened by the Golf Program Director (on-site staff do not have the combination) and is emptied by him approximately once a week.

The deposits for both golf courses are taken to the main Parks and Recreation offices where they are reconciled with the deposit slips, the cash and the register tapes and prepared for eventual deposit at the Bureau of Treasury at City Hall. The Department of Audit was provided with copies of the cash reports for the deposits made on September 5, 2006, which included the cash receipts from the day of the site visits; the Sunnycrest deposit was \$696.25 and the Burnet deposit totaled \$1,931.50. However, when the detailed information for each location's receipts for August 29<sup>th</sup> was requested, it could not be produced by the Parks Department.

### **BURNET GOLF COURSE:**

The unannounced visit to the Burnet Park Golf Course was made on August 29, 2006 in the mid-afternoon. Being a rainy day, there had only been one golfer on the course thus far, and the other revenues reflected the rental of a golf club and the sale of several snack items. The total for the activity for the day by mid-afternoon was \$7.75, which when added to the imprest balance of \$50.00 should have resulted in cash totaling \$57.75. The count of cash tallied a total of \$57.50. The Summer Aide interviewed during the site visit said that for variances like the one discovered during the cash audit, the shortages were made up by staff from their own money since the variances were generally small amounts.

The beginning cash bank of \$50.00 is placed in a cash box that is stored overnight in an unlocked cabinet. During the site visit, it was reported that there had been a recent robbery and the cash box lock had been broken and not functioning. The staff was advised that the cash box needed to be replaced immediately and that it should be secured at night in a cabinet that provided increased security, and staff agreed saying that such changes were already under way.

### **SUNNYCREST GOLF COURSE:**

The visit to the Sunnycrest Golf Course followed on the same date, August 29, 2006. At the point in the day that the site interview was started, there had been no golfers using the course, probably due to the weather conditions; as the interview progressed, two adult golfers entered the club house and registered, paying the standard greens fee (\$6.00 each, for a total of \$12.00) to use the golf course. A cash count was completed which should have produced a total of \$71.00, the combined total of the \$59.00 in beginning cash (per the information provided to the Finance Department by the Department of Parks and Recreation) and the \$12.00 taken in for the two golfers.

The cash count showed a total for cash of \$62.85 in the cash register, which was \$8.15 short of the amount that should have been in possession at that time. The staff person interviewed indicated that at the end of each day the amount showing on the daily cash

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register tape was removed from the cash register and placed in the envelope that was the daily deposit. What ever cash was left became the next day's starting cash and thus the cash bank did not remain at the stated \$59.00 with such daily variations.

The Audit Department also was informed that the cash kept on hand was placed in a cash box that was secured in a locked cabinet, the security of which had been recently improved as a response to an attempted robbery that had resulted in damage to the soda vending machines in the club house. Vandals had tried to get the coins and bills out of the machines and had tried, unsuccessfully, to get to the cash box as well. The manner in which the cash box was secured each night at Sunnycrest Park was determined to be an improvement over the way security was maintained at Burnet Park and appeared to be sufficient.

**Objectives:**

The objective of the audit was to confirm that the cash on hand was adequately safeguarded and accounted for. The Audit Department also determined that the receipts were properly and timely deposited. Finally, a fraud risk assessment was performed to determine if there are sufficient protections against theft of monies and services.

**Scope:**

The scope of the examination entailed reviewing the cash on hand at the time of the two unannounced visits to the golfing facilities at Sunnycrest and Burnet Parks on August 29, 2006, and the receipts for that day's activity up to the time of the visits. The processes related to the handling of cash were analyzed based on the audit objectives.

**Methodology:**

The Department of Audit made an unannounced visit to the city's golf courses at Burnet and Sunnycrest Parks locations on Tuesday, August 29, 2006. Staff at each location, as well as the Administrative Officer from the Parks Department, were interviewed to achieve a general understanding of their financial operations.

A reconciliation of the cash on hand balances was undertaken in the presence of custodians to record all start up cash and/or change funds on Cash Count Detail Sheets. The monies were then recounted by the custodians to verify the return of the funds intact. The Department of Audit attempted to reconcile each location's cash on hand, meaning the starting cash for each register and any cash taken in during the hours of operation preceding the site visits to the cash recorded in the city's general ledger and the receipts turned into the Bureau of Treasury for the day of the audit visits, with the understanding that additional moneys would possibly be collected on the day of the unannounced audit visit, after the visits had taken place.

**Conclusion:**

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The Audit Department uncovered several accounting errors during the examination into the cash on hand on August 29, 2006 for the Sunnycrest Park and Burnet Park golf courses. The accounting and depositing of the receipts from golf courses was found to be inconsistent with the stated procedures, as noted in the “Background Information” section of this audit. This inconsistency prevented the Audit Department from confirming that the reported daily deposits for each golfing facility for August 29<sup>th</sup> were *at least equal to* the cash totals observed during the visits. Also, the Audit Department discovered that the stated cash-on-hand for the Sunnycrest location was not kept consistent with the amount reported to the City’s Finance Department and subsequently reported in the City’s ledger.

The findings listed below suggest a number of improvements that are being recommended for implementation by the Parks Department next year when the golf courses resume operation; as stated, Parks Department staff verbally related that they had already identified several areas where better systems and controls were needed and were in the process of making changes or had already modified procedures with the intention of improving security for receipts.

**Findings and Recommendations:**

**Finding 1: Cash On Hand Not Consistent With Cash Reported To Finance Department (Sunnycrest Park Golf Course)**

**The Department of Audit traced the cash on hand for each location to the city’s general ledger. It was discovered during this examination that the City’s Department of Finance had been informed that the Parks Department kept \$59.00 on hand at Sunnycrest as the imprest amount for this particular facility. The actual cash-on-hand did not reconcile to the amount reported.**

Recommendation 1: The management at the Parks Department should devise and implement a method for keeping the imprest balance at Sunnycrest Park Golf Course at a consistent dollar level which matches the cash bank amount communicated to the City’s Finance Department and reporting with accuracy the receipt of cash taken in as daily revenue. The reporting technique that gets employed should be able to accommodate cash discrepancies, in the case of both over and under variances.

**Finding 2: Daily Reconciliation Detail Not Provided To The Audit Department To Allow For Confirmation Of Cash Recognized During Unannounced Site Visits**

**The information provided verbally by on-site staff confirmed the information provided to the Audit Department when it initially obtained a general outline of the financial operations associated with the two golf courses; it was stated that after the daily receipts were taken from the golf courses they were taken to the Parks Department’s administrative offices where there was a reconciliation of cash and**

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**checks to the daily register tapes and summary sheets maintained at each location. From this procedure a cash report was prepared to accompany the deposit going to City Hall. The Audit Department was given a copy of the cash report that was compiled for the deposit that included the day's receipts for the day of the site visit, but Parks was unable to provide the daily detail that backed up the cash report.**

Recommendation 2: The Parks Department needs to maintain and be able to produce, within a reasonable period of time, the daily backup detail for deposits made that include revenues from the golf courses. Failure to do so prevents any meaningful third party reconciliation of receipts.

**Finding 3: Cash Box At Burnet Golf Course Needs Replacement To Provide Adequate Cash Security and Better Security Measures For Holding Cash Bank Overnight Need To Be Implemented**

**During this audit, it was discovered that the Burnet Golf Course had experienced a recent robbery attempt, leaving a broken cash box that was still in use (Reference the Background Information specifically for Burnet Golf Course). It was further discovered that the cash box was placed in an unsecured room overnight.**

Recommendation 3: The Parks Department was advised after the site visit that it needed to purchase a new cash box which locked and that it further needed to make sure that the cash kept on the premises was kept in a locked cabinet, not in the unsecured storeroom area that had previously been used at this location. It is the recommendation of the Department of Audit that prior to opening the Burnet Golf Course in the Spring, proper security be established, both in reference to the cash box used at Burnet Golf Course and the method utilized in securing the cash held as the daily cash bank. Whether the Parks Department feels it can do this independently or needs the assistance of another department (i.e. the Syracuse Police Department) is for the management at Parks to determine; which ever decision is made, corrective actions are strongly recommended for the opening of the 2007 golf season.

**Finding 4: Lack Of Inventory And Internal Controls For Monitoring And Reporting Sales Of Drinks, Snacks, Etc.**

**The description of how the snack items are delivered to the golf courses by the Golf Program Director, restocked on an as-needed basis and accounted for as revenue are all suggestive of needing improvements for inventory controls and accounting internal control purposes. By comparison, the inability of Parks administrative staff to provide the detail requested for the moneys deposited from the golf courses for the day of the unannounced site visits has served to support the suspicion that**

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**monitoring and reporting for the snack items is in need of an evaluation and possible reconfiguration by the department. Something that reports and links the purchase and sale of these items would help Parks Department more accurately present the true costs and revenues associated with this particular program.**

Recommendation 4: The Parks Department should evaluate the controls being used to monitor the sale of snack items as they relate to inventory and sales. A spread sheet should be developed and used for monitoring snack items that would provide an overview of the purchase of supplies, inventory, when items are delivered to each location and subsequent sales and link these aspects together. This would also help to confirm that snack items are in fact sold and have not been stolen, consumed by staff, etc.

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*Management Response:*

In responding to the draft version of the cash audit of the City's golf courses presented to the Department of Parks Recreation and Youth Programs for comment, the following comments were provided to the Department of Audit:

The Commissioner of Parks, Recreation and Youth Programs stated that the department "would implement internal controls to address the concerns that have been outlined in the audit". He further indicated that he trusted that the department could "come up with a simple plan to record candy sales, fees etc. as it relates to our golf courses." The Commissioner acknowledged that there have been "burglaries from time to time, where our inventory has been stolen". He stated that the department will take steps to improve the situation, and that he appreciated the City Auditor's assistance in regard to this audit and ongoing efforts to improve the controls to make the golf courses more secure.

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City of Syracuse  
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