

Detroit Public Schools Office of the Auditor General



OFFICE OF HEALTH, PHYSICAL EDUCATION, SAFETY AND ATHLETICS CASH RECEIPTS FROM ATHLETIC EVENTS

REPORT NO: 09-209

REPORT DATE: SEPTEMBER 25, 2009

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OBJECTIVES, SCOPE & METHODOLOGY

The objective of our review was to assess the internal controls over cash receipts at DPS – Athletic events and to identify where such controls can be enhanced.

The audit scope focused on cash management procedures performed during and after football games for the School Year 2009-2010. Auditors from the Office of the Auditor General (OAG) attended football games during the period of August 27 through September 11, 2009 and included the following: Pershing @ Denby; Cass @ Central; Northwestern @ Renaissance; Osborn @ Southwestern; (King @ Ford; Southwestern @ Cody; Mumford @ Renaissance – Triple Header hosted at Renaissance); Denby @ Finney; Western @ Pershing; Denby @ Cass; King @ Mumford and Ford @ Cody.

The OAG performed the review by inquiry with the former Athletic Director, observing football games and examination of The School Administrative Financial Manual (SAFM) and DPS Interscholastic Athletic Manuals. The manuals provided the criteria for cash management operations and procedures at athletic events while observing selected football games provided insight to the current cash management practices and procedures performed by the athletic coordinators and school bookkeepers.

RESULTS

We noted over \$28,000 was collected from gate receipts and concession sales at the 10 events, for an average of \$2,333 per game. One of the events attended on September 4, 2009 was a triple-header, therefore 12 different games were observed. The following is a summary of our collective observations made before, during, and after the football games ended. These observations, corrective actions, and matters for consideration can be applied to future DPS athletic events where monies are collected.

General Observations:

- At 3 of 10 events school officials did not reconcile cash receipts to tickets sold immediately after the game
- At 6 of 10 events, DPS and non- DPS staff were paid for working the game. The authorization for payment for the positions of Field Coordinator \$150.00 - \$175.00, Assistant Coordinator \$65.00 - \$73.00 and Ticket Taker/Seller \$25.00 - \$35.00's could not be found within the DPS Athletic Manual or SAFM
- Six events had concession stands and all failed to employ inventory management controls
- Nine of 10 events collected cash in open areas, where safety was a potential issue
- Cash collected from the cash box was not performed under dual control or recorded
- Lack of consistency for free admission of: children, staff, administrator, coaches, scouts, etc
- Security did not stay in close proximity of where money was exchanged at all times
- Security was not always present prior to the start of each game at 4:00 p.m.

RESULTS CONTINUED

Non-compliance with the Detroit Public Schools Interscholastic Athletic Manual:

- At 1 of 10 events, gate attendants did not utilize tickets to account for sales revenue
- The same person sold and collected tickets at 3 of 10 events observed
- Public restrooms were not available for games held at Southeastern or Redford High (Henry Ford @ Cody)
- Gate and concession change funds were provided by the Athletic Coordinator and fund raising sponsor
- Receipts stored in the bookstore were not adequately safeguarded

Non-compliance with the School Administrative Financial Manual (SAFM):

- Cash receipts from football games should be deposited using the "District Account Blue Deposit Forms
- Payments to DPS staff utilizing the AC 24 Process circumvents the payroll system process
- Eight of ten schools have not deposited cash receipts from athletic events into their banking institution as of 9/17/09

CORRECTIVE ACTIONS

- A formal reconciliation of tickets sold and cash collected should be performed under dual control immediately after the football games; utilizing the Ticket Sales Form
- Update the Athletic Manual to reflect current policy, specifically guidelines for payment to school officials' as Field Coordinators, Ticket Takers and Ticket Sellers
- An inventory of concession stand products should be taken before and after the game and a ledger of items sold maintained to provide a basis for revenues earned during the game
- Monies collected from the cash box should be recorded and transferred under dual control
- Update and clarify the Athletic Manual to reflect guidelines concerning the admission of children, staff, administrators, coaches and scouts - who will be allowed in free or at reduced admissions to athletic events
- Work with the Office of Public Safety to ensure adequate police coverage of activities that occurs at athletic events
- Cash boxes should be purchased and used at all sporting events to protect and organize monies received from ticket sales

COORECTIVE ACTIONS (Continued)

Ensure Compliance with Current Operating Policies within the DPS Athletic Manual and SAFM:

- DPS tickets must be sold when admission is charged at DPS athletic events
- Segregate the ticket-taker and ticket-seller duties
- Ensure restroom facilities are available for players and spectators
- Provide each school with start-up monies for athletic events as determined by The Office of Health and Physical Education
- All receipts should be locked in a safe or a secured restricted area at all times
- Payments to employees should follow current operating procedures through Accounting/Payroll
- Gate and concession stand revenues should be deposited within 48 – 72 hours after the athletic event occurred
- Original invoices and receipts must be maintained to support the purchases of inventory for Concession stands and AC 24's

MATTERS FOR CONSIDERATION

- The Athletic Manual states that all gate receipts go to the host school while the SAFM requires that revenues from athletic events be deposited into the District's Account. This conflict between Policy and what has become standard operating practice should be resolved and communicated to all stakeholders
- Monies provided for the change box should be verified by a witness
- Concessions sale activities should follow fundraising procedures/requirements, including obtaining a Community Use Permit
- A receipt should be provided each time the funds are transferred from one party to another, until the funds are deposited in the bank
- Consider using counterfeit pens to ensure the integrity of large (\$50 - \$100) bills received
- Consider establishing a re-admittance policy in case of emergency situations
- Left-over food and beverages should be handled according to proper food safety guidelines
- Consession stands did not display proper food handling standards or certificates


Consider meeting with the Accounting Department to establish procedures whereby key financial documents such as, but not limited to, those listed below would be provided to Accounting for review following athletic events:

- Ticket Sales Report Form
- A copy of the Pre- numbered receipt from the Bookkeeper evidencing receipt of cash from the Athletic Coordinator
- A copy of the journal entry to record receipts
- Copies of AC 24's for payment to referees and staff
- A copy of the Bank Deposit Slip

MANAGEMENT RESPONSE

DATE: October 30, 2009

TO: Odell Bailey, Auditor General

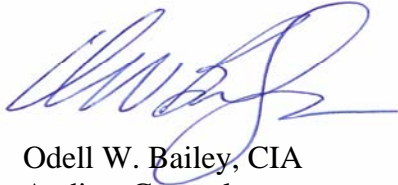
FROM: Sharon E. Appling, Athletics and Senior Coordinator 

SUBJECT: **Athletics Cash Flow Report**

This memorandum is a statement of full and complete concurrence with the findings of the Athletic Cash Flow Report conducted by the auditors of the Auditor General. A formal, detailed response is to follow and will include procedures to address irregularities and take corrective actions in the funds collections, concessions, accounting and cash flow procedures to be collaboratively established by the Offices of School Leadership, Department of Athletics, Cash Management, and Inspector General. Your support and the professional assessment by your auditors have been invaluable during the past eight weeks of my interim appointment as supervisor of athletics for the district.

Our review was performed in accordance with U.S. General Accounting Office Government Auditing Standards and Standards of the Institute of Internal Auditors.

This report is intended solely for management and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report which is a matter of public record

A handwritten signature in blue ink, appearing to read 'Odell W. Bailey', is positioned above the printed name.

Odell W. Bailey, CIA
Auditor General

APPENDIX I

Cash Gate Receipts - 2009 DPS Football Games

