

Detroit Public Schools Office of the Auditor General



OFFICE OF ATHLETICS

FOLLOW UP TO THE CASH RECEIPTS FROM ATHLETIC EVENTS REPORTS

REPORT NO: 10-015

REPORT DATE: December 15, 2010

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OBJECTIVE, SCOPE & METHODOLOGY

The objective of our review was to determine corrective actions taken by Management to address the recommendations and matters of consideration outlined in the April 2010 “Review of Cash Receipts process at Basketball Games.” The scope of this review included the findings and recommendations outlined in the aforementioned audit report.

We observed cash management procedures during and subsequent to DPS football games for School Year 2010 – 2011 to assess the level of compliance with our recommendations and matters of consideration. We ended our field work on this effort November 16, 2010.

The OAG performed follow up by reviewing the cash management processes at the following games:

- Denby @ Pershing
- Central @ Mumford
- Cass @ King
- Douglas @ Denby
- Central vs Cass @ Renaissance

- Mumford @ King
- King @ Northwestern
- Ford @ Renaissance
- Kettering @ Central
- Cody vs Crockett @ Osborn

DETAIL RESULTS

In our April 2010 audit, we reported that the Office of Athletics (1) was not in compliance with the School Administrative Financial Manual (SAFM) and Athletic Manual, (2) was not consistently implementing its policies; and (3) matters for consideration that include better monitoring of athletic activities, presence of OPS officers and payment procedures for workers. We determined that seven of conditions associated with recommendation #1 have been resolved, while four conditions of non-compliance associated with recommendation #2 have not been resolved. Two of the Matters for Consideration are in-process and one is unresolved.

Prior Audit Recommendation #1

Status: Resolved

The Office of Athletics (Athletics) should train all Athletic Coordinators on the cash management process and monitor for compliance.

The Administrator of Athletics has held training sessions for the Athletic Coordinators and issued new and revised policies to improve monitoring. A new policy requires schools to forward their ticket sales report to Athletics for review.

Based on our observations of the ten football games above, we noted the following conditions from our prior report that have been addressed. As a result, the prior audit recommendation #1 is resolved.

Resolved Conditions From Prior Report	
1.	Ticket selling and ticket taking performed by same person
2.	Free admission for Staff, Administrator, Coaches, Scouts, Children, etc.
3.	Cash was accepted without tickets being sold
4.	Cash proceeds were not immediately reconciled
5.	Cash proceeds reconciled by one person
6.	Cash proceeds were not deposited into the Office of Athletics Revenue Account
7.	Untimely deposit of funds

Prior Audit Recommendation #2

Status: Unresolved

The Office of Athletics should issue a policy to address the noted areas (conditions in our prior report) to help ensure consistency among participating high schools.

Based on our observations the following areas remain unresolved:

1. Concessions sales continue to be an area of concern. Concessions are considered a fundraising activity, however, schools did not consistently retain fundraising approval forms and/or profit and loss statements. These forms are necessary to help ensure accountability of funds.
2. The funds for the cash box at the start up of sporting events are not being provided by the bookkeeper. The person providing the funds, in most cases was the Athletic Coordinator, which indicates the use of personal funds. This could create an environment where expenses are paid out of cash and where school and personal funds are co-mingled.
3. Basic food handling procedures at the concession stands have not been addressed. For example, when serving prepared hot foods, safety gloves, hair nets, and food temperatures were not consistently observed.
4. There continues to be a lack of controls over inventory of food sold during the concession sales at sporting events. This may not be the total responsibility of the Office of Athletics, however,

some guidelines should be in place to help ensure the safety of spectators. The specific conditions from our prior report have not been addressed.

Unresolved Conditions From Prior Report	
1.	Concession sales were not recorded on an approved fundraising form
2.	Initial gate and concessions funds were not provided by the Bookkeeper
3.	Food handling procedures for concessions
4.	Inventory procedures for concessions

As a result of these unresolved conditions, recommendation #2 is unresolved.

MATTERS FOR CONSIDERATION

In addition to the recommendations, we suggested the Office of Athletics implement three matters for consideration.

Matters for Consideration		Status
1.	Work with Finance Department to establish cash management processes that allow greater monitoring of athletic activities at the schools. Consider implementing a requirement for reports such as the Ticket Sales Reconciliation to be submitted for each sporting event or periodically.	In - Process
2.	Work with the Office of Public Safety to ensure officers are present at games on time and near the ticket seller.	In - Process
3.	Work with Payroll to develop a method to ensure DPS staff that work additional hours at sporting events are paid through the normal payroll process and not with a check from the school’s bank account utilizing the AC-24 process.	Unresolved

The above suggestions were not part of our original scope. However, we invite the Office of Athletics to continue to make an effort to address these matters. Most importantly, working with the Office of Payroll to develop a method to help ensure DPS staff working at sporting events are tracked and paid through payroll is important to ensure accountability and compliance with Federal law.

Subsequent Matters for Consideration

While performing our observations at the games, we noted two additional items of concern. The first of which was noted in our September 2009 audit report “Cash Receipts from Athletic Events.” The second was newly observed while attending the football games.

1. Game workers were paid amounts inconsistent with policy. For example, parking assistants were paid \$25, while another assistant was paid \$70.
2. We also noted the Office of Athletics was charging spectators to park at Championship games held at King High School. The Office of Athletics and DPS may not be authorized or license to charge for parking at any of its facilities. In addition, tickets with a proper waiver/disclaimer were not provided to parkers. The lack of providing this type of ticket/voucher to parkers increases DPS exposure to risks and our liability is unlimited.

CONCLUSION

The Office of Athletics has taken action to ensure that all athletic coordinators are trained on cash management procedures and is making efforts to ensure procedures are consistently applied throughout sporting events. Continued efforts should be put towards addressing lack of policies and procedures for concession sales, food handling, and paying DPS staff for working additional hours at sporting events outside the payroll process. Addressing these items could help strengthen accountability within Athletics.

MANAGEMENT RESPONSE

From: Alvin L. Ward, Sr. – Administrator of Athletics

Subject: Response to - Follow Up to the Cash Receipts From Athletics Events Report No: 10-015

Introduction

In August 2010, the Detroit Public School League began its' fall sports season, which included cross country (boys and girls), volleyball (girls), swimming (girls) golf (girls), tennis (boys), soccer (boys) and football. The Office of Athletics scheduled pre-season meetings with Athletic Coordinators, eligibility chairmen and all sports coaches, covering schedules, eligibility, rules, regulations, transportation, budget, equipment, and additional cash management processes for football games. With the assistance from the Office of the Auditor General we were able to resolve and correct several conditions related to cash management procedures at our school's home football games and our district sponsored "games of the week" as they were recommended in report number 10-010.

General Response to Recommendation #1

It should be noted; from August 2010 to November, 2010 the Office of Athletics did not received any revenue deposits from the schools. This matter is still being critiqued by the Cash Management Department. Some schools have submitted their ticket sales report and this issue will be addressed at the next Athletic Coordinators' meeting.

General Response to Recommendation #2

1. The Office of Athletics will continue to inform the Athletic Coordinators of use of proper fundraising approval forms and/or profit and loss statements. The fundraising process will continue to be referred to the local school administrators for their compliance.

2. The funds for the cash box at the start of sporting events concern will be addressed at the next Athletic Coordinators' meeting. They will be informed not to use personal cash as start up monies.

3. The basic food handling and inventory control procedures for concessions at athletic events will again be covered at the next Athletic Coordinators' meeting. A request will be made for a representative from the Food Service Department to attend the meeting and update on the processes.

4. This is not the total responsibility of the Office of Athletics; however it will addressed in item number three (3) above.

MATTERS FOR CONSIDERATION

1. The Office of Athletics will continue to work with the Finance Department to improve cash management processes at athletic events.
2. The Office of Athletics will continue to work with the Office of Public Safety to ensure a feasible number of officers are present at games on time and near ticket sellers.
3. The Office of Athletics will work with Payroll/Budget to explore creating a line item that will allow for DPS staff working additional hours at sporting events, to be paid outside of the checking account and through the normal payroll process. The recommended process to ensure proper tracking of funds, accountability and compliance with Federal Law would be through the use of form 6619. Our goal is to have this process in place by the end of the winter season.

SUBSEQUENT MATTERS FOR CONSIDERATION

1. The Office of Athletics distributed the “game staff/workers” payment amounts to Athletic Coordinators at the Fall pre-season meeting. Game workers should be paid according to the policy distributed. It did not include amounts for parking assistants, because we do not have such a position. We will continue to monitor the consistency of payment amounts to game staff.
2. The Office of Athletics did charge spectators to park at King High School for a highly publicized football game out of safety concerns by parents and school staff; however, we will not continue to do so in the future.

CONCLUSION

The Office of Athletics wishes to thank the Office of the Auditor General for their support and will continue to collaborate with them and also the departments of Budget, Cash Management and Food Service, to become most effective with all fiduciary and compliance responsibilities.

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