

## **FOLLOW-UP REVIEW**

<b>Date:</b>	<b>June 1, 2022</b>
<b>Department:</b>	<b>Parks, Recreation, and Community Facilities (PRCF)</b>
<b>Subject:</b>	<b>Mesa Convention Center</b>
<b>Lead Auditor:</b>	<b>Ron Doba, Internal Auditor</b>

### **OBJECTIVE**

The objective of this follow-up review was to determine whether PRCF effectively implemented the action plans based on the recommendations from the November 2019 Mesa Convention Center audit report.

### **SCOPE & METHODOLOGY**

To accomplish our objective, we interviewed staff members and reviewed documentation provided by the PRCF staff.

### **BACKGROUND**

On November 26, 2019, we issued a report on our audit of the PRCF Mesa Convention Center. The objective of the audit was to determine whether effective controls were in place within the PRCF Mesa Convention Center to ensure all due fees and charges are accurately calculated, collected, and recorded; prevent or detect errors, fraud, waste, or abuse; and ensure compliance with policies, statutes, and other applicable requirements. The audit concluded that PRCF needed improved controls to ensure revenue is accurately calculated, collected, recorded in a timely manner, and protected from loss or fraud. The audit report included ten recommendations to help ensure revenue is accurate, recorded timely, and safeguarded. The department agreed to the recommendations and developed action plans to implement the recommended changes.

### **CONCLUSION**

Nine of ten recommendations have been implemented. We plan to conduct another follow-up review in approximately 9 months. The recommendations are summarized in the following table:

<b>Recommendation</b>	<b>Implemented</b>
<b>1-1:</b> Develop controls to ensure concert settlement accuracy and completeness prior to payment issuance.	✓
<b>2-1:</b> Develop more effective internal controls to ensure the accuracy and completeness of fees charged to customers.	✓

<b>2-2:</b> Ensure that all standard fees and charges are authorized and fall within Council approved ranges; and obtain Council approval for all additions or changes to the approved Schedule of Fees and Charges.	✓
<b>3-1:</b> Develop a more effective internal control to ensure employees verify the accuracy of vendor invoices prior to payment.	✓
<b>4-1:</b> All cash and cash equivalents should be kept in a secure location that is only accessible to Box Office staff who sell tickets. Also, the Box Office should obtain a safe that is more conducive to daily use.	✓
<b>4-2:</b> Develop improved internal controls over cash receipts. Examples of improved internal controls include: secondary counts, review of payments and deposits, utilizing a system that dispenses uniquely numbered receipts that are reconciled to deposits, updating procedures to direct staff how and where to secure funds and how to record overages and shortages, etc. The processes related to parking revenues could also be improved to allow for more accurate reconciliation of this revenue.	✓
<b>5-1:</b> Obtain all contract terms in writing, including ticket pricing and fee structures, and amend contracts whenever substantive changes are made to the terms. Also, all contracts and amendments should be signed by both parties.	✓
<b>6-1:</b> Develop a more effective internal control to ensure all refunds are approved in writing by the program supervisor.	✓
<b>7-1:</b> Ensure all direct revenue and expenditures from all applicable periods are included when calculating Direct Cost Recovery percentages; and carefully review calculations for accuracy and completeness prior to reporting results to management.	✓
<p><b>8-1:</b> PRCF Finance staff should implement a process which ensures that revenue is recognized within one accounting period after it is earned. This process should also ensure that accounting methods are applied consistently and accurately.</p> <p><b>Status:</b> The Department did not complete settlements and recognize revenue in a timely manner. A process should be developed to ensure revenue is recognized timely.</p>	<i>Not Implemented</i>