

1. Rec-Trac system was utilized to track membership attendance, but was not used as a point-of-sale system to record cash received for gate admissions at the East and West Pools.

Per inquiry with Megan Goudy – Program Manager and Kristan Turner – Recreation Supervisor, from 2007 through 2017 the Rec-Trac system was used to record pool membership attendance at the East and West Pools. However, it was not utilized as a point-of sale (POS) system to record cash receipts for gate admissions to the East and West Pools.

NOTE: Per inquiry with Recreation and Park Program Managers and Recreation Supervisors, they were told by Heather Ernst that the primary reason the Rec-Trac system was not utilized as a POS system was that the band width of the point-to-point wireless system between the West Pool and the Community Center was not capable of supporting cash transactions. When requests to upgrade the communication system between the West Pool and the Community Center were made to Heather Ernst in order to incorporate the Rec-Trac System, Heather Ernst resisted.

NOTE: Per inquiry with Adam Maynard – IT, the wireless point-to-point system was unreliable and had to be reset on a daily basis. However, if pool membership attendance was being recorded through Rec-Trac, then cash transactions for gate admissions should have been possible as well.

2. The revenue set-up in the Rec-Trac system do not align with the revenue accounts set-up in the CMI system.

The revenue accounts set-up in the Rec-Trac system for the Recreation and Parks Department to record pool, community center, senior center, and other revenue do not align with the accounts in the CMI system. Some accounts related to programs and concessions are not set-up in the Rec-Trac system leading to revenue generated by the Recreation and Parks Department to be recorded into the wrong account within the Rec-Trac system and subsequently into the wrong account within the CMI system. Reference observation item 3.

3. Revenue transactions are not recorded in the correct accounts within the Rec-Trac and CMI systems

Per inquiry with Geoff Dews – Recreation Supervisor and Karrie Martin – Fiscal Officer, in 2009, concession commission payments totaling \$13,412.24 were incorrectly recorded in account 101.000.44230 (RENTAL COMM CTR) when these revenues should have been recorded in accounts 101.000.44222 (CONCESSIONS – EAST POOL) and 101.000.44233 (CONCESSIONS – WEST POOL).

Per inquiry with Kristan Turner – Recreation Supervisor, Geoff Dews – Recreation Supervisor, and Karrie Martin – Fiscal Officer, for the period 2015 through 2017, the Durant Enterprises commission payments to the City of Hilliard were incorrectly recorded in account 101.000.44900 (MISC COMM CTR) when these revenues should have been recorded in accounts 101.000.44220 (CONCESSIONS – COMM CENTER).

Per inquiry with Geoff Dews – Recreation Supervisor and Karrie Martin – Fiscal Officer for the period 07/01/2018 through 10/31/2018 three transactions were described as concession related revenue receipts in the Rec-Trac transaction description. The first transaction occurred on 07/25/18 for the amount of \$4,024.76. This amount was tied to the Rec-Trac GL Summary report and the CMI Detailed Revenue Transaction report for account 101.000.44902 (MISC. SWIM POOL – EAST POOL) and 101.000.44903 (MISC. SWIM POOL – WEST POOL). This indicates these transactions were recorded in the incorrect account (the correct account are 101.000.44222 – CONCESSIONS EAST POOL and 101.000.44223 CONCESSIONS WEST POOL respectively). The second and third transactions occurred on 09/17/2018 and 10/04/18 for the amount of \$2,194.14 and \$1,93.22, respectively were tied to the Rec-Trac GL Summary report and the CMI Detailed Revenue Transaction report for account 101.000.44220 (CONCESSIONS COMM CTR).

NOTE: Because these transactions were recorded in the incorrect accounts and the transaction descriptions recorded in the CMI and Rec-Trac systems are general in nature, SD could not determine the exact allocation of the estimated concession revenue identified (i.e. East Pool to West Pool).

4a. Fixed assets are not properly tracked.

The City of Hilliard Finance Department does not conduct or observe 100% physical inventories of the City's fixed assets on a regular basis. The last observed physical inventory of the Recreation and Parks fixed assets occurred in October, 2011. This observation was performed by randomly selecting 20 fixed assets from a population of 418 total fixed assets recorded (4.78%) in the FAS module for the Recreation and Parks Department.

NOTE: The City of Hilliard capitalization policy requires property purchased with an acquisition value equal to or greater than \$1,000.00 to be capitalized. As a result, SD only reviewed fixed assets with an acquisition value equal to or greater than \$1,000.00.

4b. Fixed assets are not properly disposed or transferred.

Per inquiry with the Finance Assistant (AP), department personnel responsible for fixed assets are not consistent in notifying the Finance Department when fixed assets are removed from service or transferred.

5. Disbursement transactions are not recorded in the correct accounts within the CMI system.

Beginning in 1999 and continuing through 2002, the annual expense recorded in account 101.306.53217 (FIREWORKS) remained consistent at \$23,000.00. In 2003 and 2004, the expense recorded in account 101.306.53217 was \$0.00 for both years. In 2003, \$23,000.00 was recorded in account 101.306.53696 (HILLIARD'S STATION); and in 2004, \$23,000.00 was recorded in the capital expense account 101.306.55696 (FIREWORKS). Per inquiry with the Fiscal Officer, it was determined that since the \$23,000.00 recorded in account 101.306.53696 in 2003 was the only amount recorded in this account from 1996 through 2018, and the \$23,000.00 recorded in the capital expense account 101.306.55696 in 2004 would not typically be capitalized, these amounts should have been recorded in account 101.306.53217 (FIREWORKS).

NOTE: Beginning in 2005 and continuing through 2018, the annual fireworks expense was recorded in account 101.306.53218 (FIREWORKS). Per inquiry with Karrie Marting – Fiscal Officer, the CMI system was upgraded in 2006. New account numbers were created to separate the accounting records recorded from the upgrade forward and the accounting records prior to the upgrade.

6a. Stale vendors are not removed from the Vendor Master File.

A total of 5,711 vendor numbers are recorded in the CMI Vendor Master File (VMF). There are 3,759 vendors (65.82% of the total number of vendors recorded in the CMI VMF) in which a transaction between the City of Hilliard and the vendor has not occurred in more than three years.

NOTE: The percentage of stale vendors recorded in the CMI VMF may be higher than 65.82% since 611 vendors recorded in the CMI VMF do not indicate the last date in which the City of Hilliard paid the vendor.

6b. Duplicate vendor entries (Vendor names) are recorded in the CMI Vendor Master File.

A total of 5,711 vendor numbers are recorded in the CMI Vendor Master File (VMF). There are 222 vendor names (3.89% of the total number of vendors recorded in the CMI VMF) that are recorded in the CMI system as having the same vendor name as one or more of the other vendors recorded in the VMF.

6c. Duplicate addresses are recorded for different vendors in the CMI Vendor Master File.

A total of 5,711 vendor numbers are recorded in the CMI Vendor Master File (VMF). There are 392 vendors (6.86% of the total number of vendors recorded in the CMI VMF) that are recorded in the CMI system as having the same address as one or more of the other vendors recorded in the VMF.

6d. Vendors are recorded in the CMI Vendor Master File with P.O. Box addresses.

A total of 5,711 vendor numbers are recorded in the CMI Vendor Master File (VMF). There are 689 vendors (12.06% of the total number of vendors recorded in the CMI VMF) that are recorded with P.O. Box addresses.

7. Blanket purchase orders (PO) are issued for a majority of purchases.

A blanket PO does not include a description of the specific item(s) to be purchased, the quantity of those item(s), the quality of those item(s) (if applicable), or the cost of those item(s) purchased. Blanket POs are issued for a specific vendor against a specific account. However, the authorized amount of blanket POs is estimated and could be as high as the total amount budgeted for the year for the relevant account.

As a result, a three-way or two-way match cannot be performed between the invoice/receipt and blanket PO or the receiver (if applicable) and the blanket PO since the blanket PO does not include specific information regarding the purchase.

Blanket (BL) POs comprise 44.14% of all POs issued since 2006 compared to 41.47% of regular (RG) POs issued, 8.73% of contract (CT) POs issued, and 5.62% of multi-vendor (MV) POs issued.

8. Purchasing process/system is not Designed Properly to Effectively Mitigate Loss due to Fraud or Theft.

Purchasers are able to purchase goods, under a blanket Purchase Order (PO), receive the goods, and sign/initial the corresponding receipt or invoice.

Good purchased under blanket POs are not received properly on a consistent basis. This includes proper verification that the goods purchased were received by the Parks and Recreation Department, the goods purchased were of the correct quality and quantity, and the correct price recorded on the receipt or invoice is the correct price for the goods received.