



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#117685

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DATE: 5/20/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE TARRANT COUNTY RESOURCE CONNECTION**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Tarrant County Resource Connection.

BACKGROUND:

In accordance with Local Government Code, Chapter 115, Section 115.001, Examination of Records, the Auditor's Office reviewed the billing and collection process at the Tarrant County Resource Connection for a period of four (4) months ending October 31, 2013. The objective of the review was to determine whether controls were adequate to reasonably ensure that fees for recreational facilities and conference rooms were accurately billed, collected, and deposited. The Auditor's Office also determined whether tenants were billed in accordance with their respective contracts or Memorandums of Understanding.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

SUBMITTED BY: Auditors

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506

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April 15, 2014

Ms. Judi Ketchum, Director of Resource Connection
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Tarrant County Resource Connection

SUMMARY

In accordance with Local Government Code, Chapter 115, Section 115.001, *Examination of Records*, we reviewed the billing and collection process at the Tarrant County Resource Connection for the four months ending October 31, 2013. The objective of our review was to determine whether controls were adequate to reasonably ensure that fees for recreational facilities and conference rooms were accurately billed, collected, and deposited. We also determined whether tenants were billed in accordance with their respective contracts or Memorandums of Understanding.

Based on the tenant contracts selected for our review, monthly leases and utilities were billed accurately. However, the following requires management's attention:

Observation 1 Controls over the billing and collection of pool and special event fees were not adequate.

Observation 2 Deposits were not always made in accordance with the Local Government Code.

Since adequate documentation did not exist, we were unable to determine whether all pool and special event fees owed to the County were accurately billed, collected, and deposited. We discussed these issues with management on April 9 and April 15, 2014. Attached to this report is a written response from the Director of the Resource Connection.

BACKGROUND

The mission of the Tarrant County Resource Connection is to partner with other agencies to provide employment, education, health, and human services in a one-stop environment to promote self-sufficiency, self-reliance and wellness. Tarrant County is the lead agency in this collaborative project and provides the administrative and management services for the agencies on the Resource Connection campus.

The Resource Connection contracts with the agencies, including several Tarrant County departments, to provide leased space on the campus. The Commissioners Court approves the contracts with these agencies. The agencies are also billed for other costs such as utilities and janitorial services.

The Resource Connection also maintains a pool, gym, and soccer fields and offers a variety of wellness classes, activities, and events that are open to the general public for a fee.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 Controls over the billing and collection of pool and special event fees were not adequate.

Background

The Resource Connection handles customer billings and collections on site. Pool memberships are month-to-month and are billed *only* if the member uses the pool during a given month. The Resource Connection also leases its recreational facilities, including the pool, gym, and soccer fields, for private events. Interested parties sign a contract and then are billed based on the actual duration of the event. A minimum security deposit of \$75 is required for events hosting 100 guests or more.

On a daily basis, the front desk receptionist records the monies that she collects in an Excel spreadsheet and emails the spreadsheet to the Director of Resource Connection. The receptionist also remits the collected monies to the secretary who prepares the daily deposit. The Director reviews and reconciles the secretary's deposit with the front desk receptionist's Excel spreadsheet. Then, the Director or her designee makes the deposit with the Auditor's Office. Leasing agencies typically mail their payments directly to the Auditor's Office.

Observations

During our review, we found that controls over the billing and collection of pool and special event fees were not adequate. Furthermore, documented policies and procedures do not exist for the billing and collecting of special event, recreational, and pool fees. As a result, we could not determine whether recreational fees owed to the county were accurately billed, collected, recorded, and deposited.

Specifically, we observed the following:

- The events calendar showed a reservation on March 9, 2013 for seven hours. We could not locate an invoice or payment related to this event in the County's general ledger. According to management, this event was cancelled, but they could not provide any documentation supporting this statement.
- Special pool events are scheduled on a dry erase board. After the amounts were billed, this information was erased. Therefore, no supporting documentation exists to verify whether the events were accurately billed and paid.
- Six customers were billed, and subsequently paid, a different amount than the amount indicated on the source documentation.
- Three manual receipts totaling \$70 were not deposited with the Auditor's Office.

Recommendations

All rentals of the County facilities should be accurately billed and collected. Documentation should exist supporting the amounts invoiced and collected. We also recommend that an independent review and reconciliation of the events calendars, invoices, and the County's general ledger be performed to ensure that all fees are accurately billed.

Management should also develop written procedures related to invoicing, collection, recording, and the deposit of recreational fees. These developed procedures should also be clearly communicated to the appropriate staff.

Observation 2 *Deposits were not always made in accordance with the Local Government Code.*

Background

Local Government Code 113.022(a), Time for Making Deposits, states:

A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Observation

Out of 358 payments recorded, we found 192 payments, or 53%, that were not deposited by the fifth business day after the day the money was received. The number of days between the day the cash was received and the day it was deposited with the Auditor’s Office range between 6 and 111 business days, as follows:

Number of Days	Amount	Number	Percentage
6-10 days	\$3,652.50	50	13.97%
11-25 days	\$4,572.50	97	27.09%
26-50 days	\$1,487.00	37	10.34%
51-75 days	\$160.00	6	1.68%
76-100 days	-	-	-
Greater than 100 days	\$140.00	2	0.56%
Total	\$10,012.00	192	53%

We also observed that security deposits collected for special events were not deposited with the Auditor’s Office. Rather, these deposits were kept onsite in the Resource Connection’s safe until returned to the customers.

Recommendation

To comply with Local Government Code, deposits, including security deposits, should be made within five business days after receipt of the funds.

CLOSING REMARKS

We appreciate the responsiveness and cooperation of the Resource Connection staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachment:
Management response dated May 7, 2014

Distribution:
G.K. Maenius, County Administrator

Audit Team:
Imad Mouchayleh, Audit Manager
Melissa Askey, Senior Internal Auditor
Matt Jones, Internal Auditor



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May 7, 2014

Ms. S. Renee Tidwell, CPA
Mr. G. K. Maenius, County Administrator
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Resource Connection

Dear Ms. Tidwell:

The Resource Connection is in receipt of your Auditor's Report dated March 25, 2014 (received via email 5/7/2014). I appreciate your team's review of our practices and processes and consider this a learning experience. Where I do not disagree with the findings, I would like to respond to the Observations.

Observation 1: Controls over the billing and collection of pool and special event fees were not adequate.

- The events calendar showed a reservation on March 9, 2013 for seven hours. We could not locate an invoice or payment related to this event in the County's general ledger. According to management, this event was cancelled but could not provide any documentation supporting the statement.

Resource Connection Response:

During that timeframe, we were converting from an excel spreadsheet reservation calendar to an Outlook reservation calendar. The receptionist/reservationist transferred scheduled events from excel to Outlook, and only put the events that were actually taking place on Outlook. Normally there would be a note that the event had cancelled in excel, but because we were in the midst of the change she failed to do so.

In the Outlook calendar, all information pertinent to the scheduled event is put in the Notes section. This should provide a better audit trail.

- Special pool events are scheduled on a dry erase board. After the amounts were billed, this information was erased. Therefore, no supporting documentation exists to verify whether the events were accurately billed and paid.

Resource Connection Response:

To remedy this, the Aquatic Director has been set up with an Outlook Calendar to schedule all her events and has been informed to maintain those records for audit purposes. Again, the Notes section is a good tool for recordkeeping.

- Six customers were billed, and subsequently paid a different amount than the amount indicated on the source documentation.
- Three manual receipts totaling \$70 were not deposited with the Auditor's.

Resource Connection Response:

Pool members are billed for an entire month if they use the pool once or every day of the month. Often, pool members come the first time mid-month and change their billing status from individual to family or vice versa. The months of June – September are extremely busy in the pool and as a result the chance exists for the billing change information not to get communicated to the bookkeeper timely.

Therefore, at our January, 2014 Advisory Board Meeting a policy was put in place whereby if a member changes his/her status mid-month, it will not take effect until the following month. This will reduce the risk of a billing incorrectly.

Per the Audit Team's recommendations, written procedures related to invoicing, collection, recording and deposit of recreational fees have been done and will be presented to the Advisory Board at the May 21, 2014 meeting. The procedures have been clearly communicated to appropriate staff. In addition, weekly meetings will be held to review the upcoming scheduled events and the past week's events to reconcile scheduling and billing.

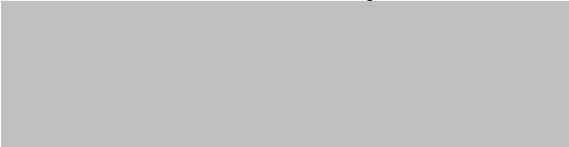
I am also working with the Auditor's office to set up a system that will allow our customers to use their debit/credit card to make payments.

Observation 2: Deposits were not always made in accordance with the Local Government Code.

Resource Connection Response:

I was not aware of the 5 business day rule – for the last 17 years I have likely not been timely in making deposits. Since January when the Audit Team provided us a copy of the rule, we have been in compliance. In addition, I am working with the Auditor's Office to set us up to make deposits directly to Chase Bank, which is less than ¼ mile from the Resource Connection Campus. This will enable us to make multiple deposits each week if necessary.

As I stated earlier, I appreciate the Audit Team's recommendations and consider the process a learning experience. My entire staff has been made aware of the importance of recordkeeping and to approach their routines and protocols with an audit trail in mind.



Jodi Ketchum
Director