

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**ARENA EVENT SETTLEMENT PROCEDURES
MANAGEMENT REQUESTED REVIEW**

April 2004

Alex J. McLaughlin, Comptroller

April 5, 2004

William M. Barber, Commissioner:

The Department of Audit and Control has reviewed the Arena/Forum event settlement procedures as requested by the Parks and Recreation Department.

The principle objective of our review was to ensure that the procedures that have been established to control the process of closing out Arena/Forum events and making settlement payments are adequate to protect the interests of all parties involved.

We examined procedures to control settlements for each type of possible closing. We examined four different events from 2003.

Based on the results of our examination, it is our opinion that the Arena Box Office is properly controlling the settlements. It is also our opinion that some procedures should be modified to internal controls at the Arena and Forum.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Daniel A. Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Jeffrey P. Kraham, County Executive

ARENA DOES NOT HAVE WRITTEN POLICIES OR PROCEDURES FOR EVENT SETTLEMENTS

During the course of our review, we noted that the Arena does not have any written policies or procedures for event settlements.

Written policies and procedures provide the guidelines necessary to ensure that the various functions are being performed by the appropriate personnel in the proper manner.

Failure to maintain written policies and procedures may result in functions being performed by inappropriate personnel or in an inappropriate manner. In addition, there are no guidelines to refer to when questions arise.

RECOMMENDATION:

We recommend that the Arena prepare, implement and maintain written policies and procedures regarding the process of settling events at the Arena and Forum.

RECORD KEEPING FUNCTIONS SHOULD BE SEPARATED FROM CASH HANDLING AND CHECK WRITING FUNCTIONS

During the course of our review, we evaluated existing practices from the perspective of proper internal control. We noted that an employee with the authority to sign checks is also responsible for reconciling the monthly bank statement. The same employee is occasionally responsible for making daily bank deposits.

Effective internal control requires that cash handling functions be separated from record keeping functions.

Inadequately separated functions are an internal control weakness that increases the risk of errors or irregularities.

RECOMMENDATION:

We recommend that Management reassign responsibility for reconciliation of the Broome County Veterans Memorial Arena bank account to an employee that does not have responsibility for making bank deposits or the authority to sign checks.

**ARENA REVENUE NOT REMITTED TO COMMISSIONER OF FINANCE IN
TIMELY MANNER**

During the course of our review, we noted that a check written to the Commissioner of Finance by the Arena manager on March 3, 2003 for \$8,771.25 was not deposited in the General Fund until June 10, 2003. The check was revenue from the Section IV Wrestling Championships on February 21st and 22nd.

The timely deposit of cash and checks is vitally important to adequate internal control.

There is no procedure to ensure that the revenue from the various events at the Arena and the Forum is received accurately and timely by the Commissioner of Finance.

The \$8,771.25 was not earning any interest and the check could have been lost or stolen.

RECOMMENDATION:

We recommend that the Arena develop a procedure to ensure that revenue from all of the events at the Arena and the Forum is accurately deposited with the Commissioner of Finance in a timely manner.