



Annual Report

Fiscal Year 2013

March 2014

As required by Rapid City Municipal Code
2.95.130 the annual report addresses:

1. Audits completed in the preceding year;
2. Major findings;
3. Corrective actions taken by management; and
4. Significant findings not fully addressed by management.

Background

The 2013-2014 Audit Plan which guided the work of COMPASS Independent Audit staff in 2013 was approved by:

- ❑ The COMPASS Audit Committee in December 2012.
- ❑ The City Council in January 2013.

Completed Audits

- ❑ City Wide Cash Handling – February 2013
- ❑ City Wide Charge Account Program – August 2013
- ❑ Airport Car Rental and Parking Contracts –
December 2013
- ❑ City Wide Cash Handling II – December 2013

Significant Findings

- ❑ City Wide Cash Handling audits found weaknesses in internal controls in several areas including:
 - Policies and procedures
 - Fund documentation
 - Receipts
 - Segregation of duties
 - Safeguards over assets
 - Management oversight
 - Training

Significant Findings

- ❑ The City Wide Charge Account Audit found several issues with the operation of the charge account program including:
 - Internal controls were not adequate to minimize the risk of loss or misuse.
 - Lack of a mechanism to ensure vendors meet minimum requirements enabling control over charge accounts.
 - The City does not issue identification to all employees.

Significant Findings

❑ The Airport Car Rental and Parking Contracts Audit findings:

- Airport management and concessionaires generally were in compliance with the terms and requirements of the lease and concession agreements.
- Rental car concession contracts did not reflect current practice for reconciling the minimum annual guarantee.
- Lack of a formal agreement and required information regarding the credit card service fee.
- Written policies and procedures had not been developed for the contract monitoring process.

Management Actions

❑ City Wide Cash Handling Audits:

- Many recommendations have been implemented by department management.
- The Finance Office is in the process of developing guidelines for written cash handling policies and procedures.
- Training on proper internal controls has not been provided.

Management Actions

- ❑ City Wide Charge Account Program Audit :
 - The Finance Officer estimates the audit's recommendations will be implemented between October 2014 and March 2015.

- ❑ Airport Car Rental and Parking Contracts Audit:
 - Airport management agreed to implement all five audit recommendations..