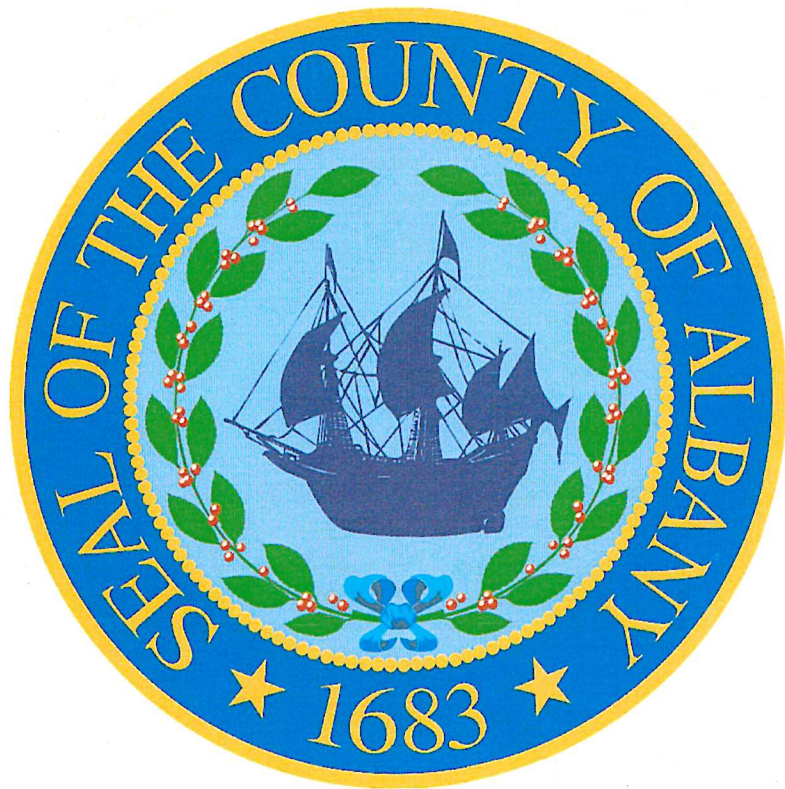


ALBANY COUNTY

Department of Audit and Control

Department of Recreation  
Hockey Facility  
Revenue Audit  
Final Report



August 2021

Susan Rizzo, Comptroller

Stephanie Slominski CIA, Chief Auditor

## **Background**

The Albany County Hockey Facility, a sub department of the Albany County Department of Recreation<sup>1</sup>, offers recreational and competitive programs for people of all ages and abilities. The programs include camps, training schools, private and public skating sessions. Additionally, various groups rent the skating rink for team practices and games. Currently, the cost for groups to rent the facility is \$200.00 per hour. The pro shop, once operated by an outside entity has been discontinued. Skate shop services offered previously, e.g., skate rentals and sharpening are now provided internally by facility employees. The Hockey Facility is open approximately ten - eleven months of the year, from July through April/May.

## **Follow Up on Past Observations**

During the previous audit, performed in 2017 auditors from the Comptroller's Office noted the following two observations:

- When the Hockey Facility was absorbed into the Department of Recreation<sup>1</sup>, there was a lapse in communication and information related to financial transactions was entered into the County's accounting system incorrectly. The issue was identified, communicated to management and corrected.
- An agreement existed to rent parking lot space to the Albany County Airport, which is located adjacent to the facility. No documentation for the agreement could be provided, and no rent collections were recorded. Subsequent to the audit, the agreement was terminated and a payment for the rental received. The payment received was for the rental period between September 2016 and November 2017. The County no longer rents space in the Hockey Facility parking lot to any organization.

## **Objective**

- Determine if adequate controls exist to ensure all revenue is collected and that accurate records are produced for tracking purposes; and
- Determine if adequate procedures are in place related to the handling of payments received.

## **Scope**

Fieldwork was performed on June 16, 2021. The scope of this audit included all billing and deposit transactions for Calendar years 2020 and 2021. The following periods were selected as a sample for testing:

- December 2020, February 2020 & 2021, May 2021.

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<sup>1</sup> The Albany County Recreation Department was established in 2017, previously the Hockey Facility operated as an independent Albany County department.

## Approach

To accomplish these objectives the auditors performed the following:

- Conduct interviews with Hockey Facility Rink Manager and Department of Recreation Commissioner to gain an understanding of procedures and identify controls; and
- Review samples of billing and payment documentation provided.

## Observations

We noted two observations during our audit:

1. Adequate written procedures do not exist related to depositing receipts collected from skate shop services, as a result large amounts of cash and checks accumulate during periods of high business activity. Deposits are currently made on a monthly basis, as such, there is a risk that funds could be misplaced or subject to theft.
  - a. Bank deposits should be performed on a regular and more frequent basis, however should correspond with the level of business activity during any given period. We recommend that management develop written procedures for cash and check handling that reflects the sporadic nature of the business activity. Cash and checks should be deposited on a weekly or bi-weekly basis, accumulated receipts on the premises should never exceed \$2,500. Additionally, the final deposit of each month should be on or before the last day of the month to ensure records are accurate.
2. Skate shop services are performed internally and fees collected, however no mechanism exists for the collection of New York State Sales Tax or the filing of a related Sales Tax Return. Failure to collect appropriate sales tax and file periodic sales tax returns creates the risk of an unexpected tax liability and the assignment of penalties and interest by the taxing authority.
  - a. We recommend management establish a suitable process to collect<sup>2</sup> NY State Sales Tax, and file periodic sales tax returns, engaging the assistance of the Finance Office as necessary.

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<sup>2</sup> Management indicates that in the past when the skate shop services were provided internally, the sales tax was simply calculated on gross taxable revenue to reduce administrative burden.

**Conclusion**

We noted two moderate risk observations related to bank deposits and the collection of sales tax, however, we determined that overall, management at the Albany County Hockey Facility has adequate procedures in place related to billing and tracking of revenue.

In addition, during our site visit we presented department management with an introduction to the countywide project of migrating all receivables into the General Billing and Receivables Modules in the County's MUNIS Accounting System.

**Management Response**

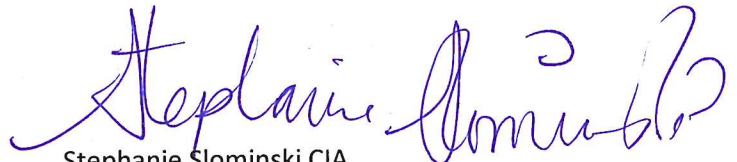
We communicated our audit results to the management responsible for the Hockey Facility and discussed recommendations. Management was in agreement with our observations and will take the necessary steps to implement our recommendations. At the time this report was issued, Hockey Facility Management was referred to the Albany County Finance Department to initiate a process for reporting sales tax collected and submitting payments and will work with staff from Comptroller's Office to establish a written procedure related to handling bank deposits.

I would like to thank management from the Department of Recreation and the Hockey Facility for their cooperation with our audit team in performing this review.

Sincerely,



Susan Rizzo,  
Albany County Comptroller



Stephanie Slominski CIA,  
Chief Auditor

cc: Edward Dott, Executive Deputy Comptroller  
Michael Wheeler, Executive Deputy Comptroller