



# City of Amsterdam

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Recreation Department

2023M-29 | July 2023

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# Report Highlights

City of Amsterdam

## Audit Objective

Determine whether the City of Amsterdam (City) Recreation Director (Director) maintained adequate collection records.

## Key Findings

The Director maintained limited and inadequate collection records and staff did not issue receipts for collections or maintain inventory records for the beverage events. As a result, there is a substantial risk that not all collections were remitted to the Treasurer's office. For example:

- The total projected fees for the six-week summer camp program were \$12,014; only \$5,213 was collected, resulting in a projected revenue shortage of \$6,801 for the summer camp.
- \$4,303 was deposited from sales during the eight-hour Oktoberfest but officials did not maintain any support for the number of beverages sold. In addition, cash from the sales was periodically placed in a vehicle's glove compartment until it was brought to the Director's home, over the weekend, before being deposited.
- \$895 in cash was remitted for the four-hour Craft Beer Fest the day of the event. Tickets cost \$45 to drink beer and \$5 for designated drivers. Officials could not support the number of tickets sold for the event.
- \$286 was remitted for the 10-hour Italiafest and wine tasting with no record of how many people attended the event. However, based on the ticket cost of \$10 per person, about 28 people paid to attend the day of this event.

## Key Recommendations

- Ensure adequate records are maintained for all collections and maintain inventory records for the beverage events.

City officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

## Background

The City is located in Montgomery County and is governed by an elected five-member Common Council (Council) responsible for managing City operations. The Mayor is the chief executive officer and is responsible, along with other administrative staff, for the day-to-day administration of the City. The Controller is the chief fiscal officer and is responsible for managing the City's financial affairs, including providing oversight of the Recreation Department's (Department) financial operations.

The Director is responsible for the day-to-day management of the Department and ensuring that staff collect payments and remit them to the Treasurer's office for processing.

### Quick Facts

Population	17,836
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#### Recreation Department Revenues

2020-21	\$59,537
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2021-22 (through January 31, 2022)	\$99,111
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## Audit Period

July 1, 2020 – January 31, 2022

# Recreation Department

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Department<sup>1</sup> staff collect payments from customers and remit them to the Treasurer's office to be recorded in the collection system and deposited. Payments are collected at several locations: City Hall, the swimming pool, the summer camp and individual events (i.e., Craft Beer Fest, Oktoberfest and Italiafest). Payments from walk-in customers at City Hall could be collected by Treasurer office staff, the Director or the Assistant Director. In addition, customers could make online payments through a third-party vendor which remits the collections to the City twice a month. The Treasurer's office staff provide the Director with receipts from the collection system for all funds received through their office.

## **What Collection Records Should Be Maintained?**

The Director should develop adequate collection procedures for all departmental collections. He should also maintain adequate supporting documentation for all collections and ensure collections remitted to him reconcile to the supporting documentation (e.g., receipt books, swimming pool sign-in sheets, registration forms).

Departmental personnel should issue a duplicate receipt when no other adequate evidence of collection is available. Duplicate receipts should be press-numbered and indicate payment date, payee name, amount, purpose, form of payment (i.e., cash or check) and recipient name. Receipts serve as evidence of individual collections and help ensure accounting records are complete and accurate. Collections should be remitted for processing to the Treasurer's office intact (in the same form and amount as received) and timely (generally within three business days).

The Director should keep adequate inventory records for all purchased goods which are going to be used or sold at the recreation events. The inventory records should include beginning and ending inventory count for each event including documentation for all used and sold goods. The Director should also follow up on any inventory variances.

## **The Recreation Director Did Not Maintain Collection Records**

The Director did not develop any collection procedures or provide adequate oversight of collections for the Department. As a result, records of collections were incomplete, and the Director was unable to reconcile collections to supporting documentation for any function or event. Department staff did not

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<sup>1</sup> The City Charter defines this title as "Recreation Department" as referred to in the report, but City officials use the name "Tourism, Marketing and Recreation Department" operationally.

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issue receipts when receiving payments from customers. Department staff provided the collected cash and checks to the Director, who then remitted the collections to the Treasurer's office for processing. The Director was unable to identify which collections were made by his staff versus those made by the Treasurer's office because he did not maintain detailed collection records. The Director kept poor collection records or no records at all for the Departmental collections. In addition, he did not keep inventory records for the beverage events (Craft Beer Fest and Oktoberfest; see the respective sections below). When we discussed the importance of having adequate collection records with the Director, he stated he was unaware that Departmental records were inadequate.

During the 2020-21 fiscal year, the summer camp and swimming pool were closed and the Craft Beer Fest, Oktoberfest and Italiafest were cancelled due to the COVID-19 pandemic. We reviewed the following Departmental activities and events held in the 2021-22 fiscal year.

Summer Camp – The Department has a six-week summer camp program, and participants can pay tuition fees on a daily or weekly basis. Cash, check and credit card tuition payments are accepted at City Hall by the Treasurer's office. Summer camp staff collect cash and check tuition fee payments only, and give the payments to the Director on a weekly basis, who then remits the collections to the Treasurer's office. Fees collected at City Hall by the Director or Assistant Director are remitted to the Treasurer's office daily. Although the Director told us that the summer camp staff had a press-numbered duplicate receipt book to record all collections, he was unable to locate the receipt book. Furthermore, the Director told us that the names of the campers are added to the weekly sign-in sheet when tuition payments are made. However, he did not perform reconciliations between the collections turned over to him, the sign-in sheets and collection records.

The Director did not provide us collection records or supporting documentation for tuition fees collected by the Department. He maintained a spreadsheet that listed the amounts remitted to the Treasurer's office without any details identifying the campers that paid and their tuition fees. There was no specific collection documentation such as receipts or a listing of campers attending the program with their related tuition fees and payment dates. The Director provided sign-in sheets that listed the names of the campers attending the program. Although the Director told us that all tuition fees were collected, he was unable to provide collection documentation identifying the payment status of campers from the sign-in sheets. Tuition fees were based on individual and family full-time attendance or a flat fee per day for part-time attendance. Because the Department did not maintain any of the camper's enrollment documentation, we were unable to identify the number of campers that paid a weekly or daily rate. Additionally, mailed-in payments and payments paid at the Treasurer's office were processed by the Treasurer's office staff as recreation activities with no reference to the summer camp program or identification of the campers and their tuition amounts.

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The Director kept poor collection records or no records at all. ...

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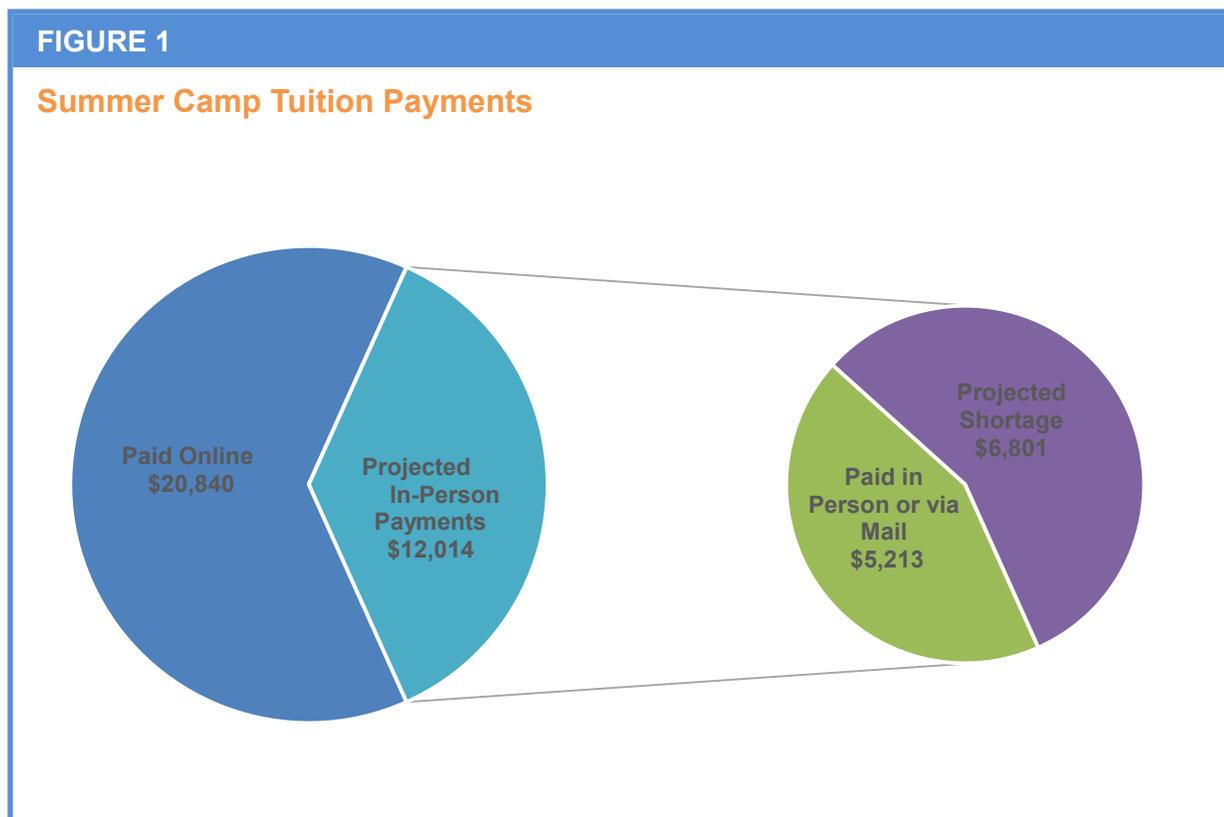
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Although the Director told us that the summer camp staff had a press-numbered duplicate receipt book to record all collections, he was unable to locate the receipt book.

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The Director recorded tuition payments totaling \$26,053 in his spreadsheet for the summer camp program. We reviewed all tuition payments processed online through the third-party vendor and found that the vendor maintained detailed information of the weekly tuition payments per child totaling \$20,840. The Director could not provide any collection documentation for an additional \$5,213 paid in person or by mail. We reviewed the sign-in sheets and found that 344 (64 percent) of the 541 campers for the 2021-22 fiscal year paid their tuition online.

We calculated that the total tuition fees for the six-week program paid in person or by mail for the remaining 197 campers for the six-week program would have totaled \$12,014. However, the Director's spreadsheet noted only \$5,213 in tuition fees, which was \$6,801 less than expected (Figure 1).



Overall, except for the tuition payments processed online, the summer camp program did not have collection records. Without adequate collection documentation and weekly reconciliations, City officials could not ensure that all tuition payments were received, properly recorded and deposited.

Swimming Pool – The Department operates a swimming pool that is open to the public for a \$1 cash admission fee per person and is collected on site. All swimmers are required to sign in on the daily attendance sheets, and the

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lifeguards write the total number of admissions on each sign-in sheet. Each day the head lifeguard brings the sign-in sheets and collected cash to the Director for the previous day's collections. The Director keeps the sign-in sheets on file but does not verify that the collected cash agrees to the total number of admissions for the day. The Director periodically remits the collections to the Treasurer's office for processing.

We reviewed all 100 sign-in sheets provided by the Director. There were 82 dated sign-in sheets with 3,074 pool admissions for 31 of the 40 days that the swimming pool was open. The remaining 18 sign-in sheets with 650 pool admissions were not dated. The Director told us that these sign-in sheets were for the 2021-22 fiscal year swimming pool season. The Treasurer's office recorded 13 remittances from the Director for collections totaling \$3,890 for pool admission fees. The Director could not explain why the remitted collections exceeded the sign-in sheets by \$166. The Director did not maintain any records to identify when the daily collections were remitted to the Treasurer's office. We attempted to trace the remitted collection receipts to the dated sign-in sheets and determined that they did not correspond to each other. The differences between the amounts remitted and the dated sign-in sheets ranged from \$305 over the sign-in sheets to \$160 under the sign-in sheets. Based on the sign-in sheet dates, some pool admission fees were deposited up to nine days after collection. We found that pool admission fees were not supported and not remitted timely or intact to the Treasurer's office.

The Director did not have documentation identifying the dates the pool was open and closed. He was only able to provide the first and last day of the swimming pool season and the total number of days the pool was open. The pool was open 40 days; however, we were only provided sign-in sheets for 31 days and there were no sign-in sheets for nine days. In addition, we could not determine if any of the 18 undated sign-in sheets were for any of the nine days we were not provided sign-in sheets for.

Without adequate collection records, City officials did not ensure that all collections for the swimming pool were remitted to the Treasurer's office and deposited.

Craft Beer Fest – Craft Beer Fest was held on Saturday, August 14, 2021 from 1 to 5 p.m. Customers could purchase admission tickets in advance through an online vendor or the event sponsor for \$40 per person. Tickets were sold on the day of the event by the Assistant Director and another employee for \$45 per person. Individuals that identified themselves as designated drivers were admitted to the event for \$5 per person.

The Department employees who collected admission fees did not issue receipts, maintain an inventory of the number of tickets sold or maintain records of the cash collected. At the end of the event, both employees counted the cash, and the

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Assistant Director put the cash in a sealed envelope and wrote \$895, the amount collected, on the envelope. The Assistant Director was then escorted by a police officer to City Hall where she locked the envelope in a safe. On the next business day, Treasurer's office employees took the envelope from the safe, counted and recorded the cash and then issued a receipt from the collection system for the \$895. However, without any collection records, we could not determine the completeness of the remitted collections. The online vendor sold 40 tickets totaling \$1,505 and remitted the collections by mailing three check payments that were received and recorded by the Treasurer's office clerks. The event sponsor sold 45 tickets totaling \$1,800, which was subtracted from the sponsor's beverage invoice that the City paid after the event. The Mayor expressed concern over the lack of oversight provided during the event and told us that he will discontinue the Department's participation in Craft Beer Fest going forward.

The practice of operating events without documenting collections or providing adequate oversight creates opportunities for the misappropriation of funds and possible waste of taxpayers' money.

Oktoberfest – Oktoberfest was held on Saturday, October 9, 2021, from 11 a.m. to 7 p.m. The Department was selling beverages for \$5 or \$6 per 16-ounce cup (cup). Customers could purchase 22-ounce mugs (mugs) for \$20 at the event and receive their first beverage for free. Every subsequent refill of the mugs cost the respective price per cup. Mugs were also available for sale through the online third-party vendor for \$16 prior to the event.

Department employees did not sell beverages at the event. Instead, the Director asked the Assistant Director to find volunteers to sell beverages for Oktoberfest through social media. The Director said there were approximately 12 to 14 volunteers<sup>2</sup> who sold beverages at the event and placed the collected cash in a box. The volunteers did not issue receipts or document the sales and they were allowed to keep tips. The Director told us that several times during the event, he took the cash from the box without counting it and put the cash in the glove compartment of his vehicle. The volunteers did not count the collected cash or provide an accountability for the beverage sales. At the end of the event, the Director put the cash box in his car and called the Controller to coordinate a safe location to store the cash. The Controller told the Director to take the money home and bring it to work on the Monday after the event. The Director told us he did not count the money until he arrived in his office on Monday. The Director also told us he could not remember if he gave the money to the Controller or to the Treasurer's office. On Tuesday, the Treasurer's office issued a receipt from the collection system for \$4,303 that represented the collections deposited for Oktoberfest. The Director filled out a manual receipt for the same amount

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... [The Director] took the cash from the box without counting it and put the cash in the glove compartment of his vehicle.

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2 One of the volunteers was a City employee from the Treasurer's office.

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and date, which he kept on file, and was his only record for beverage sales at Oktoberfest. He used the receipt as a remittance slip when turning over the money to the Treasurer's office. Due to the lack of collection records, we could not determine whether all collections were remitted to the Treasurer's office.

Without collection policies and procedures, oversight and collection documentation, City officials could not ensure that funds were not misappropriated and all collections were remitted to the Treasurer's office.

Italiafest – Italiafest was held on Saturday, September 18, 2021, from 11 a.m. to 9 p.m., and included a wine tasting event for \$10 per person. The Assistant Director and another employee collected the fees from participants and placed the collections in a cash box. After the event, the Director took the cash and remitted \$286 to the Treasurer's office on the Monday after the event. However, the remitted cash did not correspond to the \$10 entry fee per person. Based on the ticket cost, about 28 people paid to attend the wine tasting. There was no documentation for the collections and the Director could not provide an explanation for the inconsistency.

Without adequate collection records, City officials do not have assurance that all collections were remitted to the treasurer's office and deposited.

## **What Do We Recommend?**

The Director should:

1. Develop adequate collection procedures for all Departmental collections.
2. Maintain adequate records to account for all Departmental collections.
3. Ensure Department staff maintain adequate documentation for all collections (e.g., duplicate receipts, summer camp registration forms, vendor registration and sponsorship forms, sign-in sheets).
4. Reconcile Departmental collections to supporting documentation.
5. Maintain adequate inventory records for all events (i.e., beginning and ending inventory count and detailed documentation for all used and sold goods).
6. Reconcile inventory records for each event and follow-up on any variances.

# Appendix A: Response From City Officials

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## CITY OF AMSTERDAM, NEW YORK

Office of the Mayor

Mayor Michael Cinquanti

July 10, 2023

NYS Office of the State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12<sup>th</sup> floor  
Albany, NY 12236

To Whom it May Concern:

This letter is being sent in response to the Office of the State Comptroller's draft review report on the City of Amsterdam's Recreation Department. We appreciate the time you spent evaluating the City Recreation Department's cash collection practices, and we have given your recommendations very careful consideration. We assure you that this matter is a high priority for the City of Amsterdam.

Recreation Revenue Shortages: The City has taken numerous steps to improve record keeping and separate duties involving cash collections, particularly collections that pertain to recreation events. Online recreation event registration reports are reconciled against daily credit card deposits. In-person registration forms will only be accepted if accompanied by payment. All in-person payments, whether made by cash, check or credit card, are logged by a staff person in the controller's office before a receipt is issued by the treasurer's office. This payment log has been consistently maintained since February 2022.

A significant source of the summer camp revenue shortage noted during the audit period was a failure by the City to get Common Council's approval to waive summer camp fees for various children in the community. Most of these fee waivers were granted to underprivileged or disadvantaged children. The intentions behind many of these waivers were honorable, however the City acknowledges that they were mishandled. Summer camp fee waivers are now strictly prohibited without a sponsor from the community. To ensure prompt and timely payment by all campers, an attendance roster is compared to the enrollment report each Monday. No one is permitted to attend for the upcoming week unless payment in full has been received.

Many changes to cash handling practices at the City pool were also made effective prior to the pool's opening this summer. Two pool staff members were given modest pay increases to take responsibility for the oversight of daily cash collections. New forms were created that increase the detail that must accompany the daily cash deposits that are turned into the treasurer's office. The new daily cash summary report requires a staff member to verify that the amount of cash collected matches the total number of admissions for the day. The controller is reviewing these forms after the receipt is posted to the accounting system. If there are any regular discrepancies or inconsistencies with the cash that is

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received, then staff from the controller's office will make arrangements to meet with the pool staff for one-on-one cash-handling training.

A biometric safe was recently purchased for the pool building to securely store the cash box overnight. A thorough cash management policy document is being developed to formally address cash collection practices within the City.

Lack of supporting records for alcohol sales at City events: The City will no longer be directly involved in the sale of any alcoholic beverages at City-sponsored events. This change went into effect immediately following the State Comptroller's fieldwork where this issue was first identified. In the future, a third-party vendor will be utilized as needed to handle any alcohol sales at City-sponsored events.

A corrective action plan will be prepared upon release of the final report. Please let me know if you have any questions.

Sincerely,

Michael Cinquanti  
Mayor, City of Amsterdam, NY

CC: Louise Biron, City Controller

61 CHURCH STREET, AMSTERDAM, NEW YORK 12010  
PHONE 518-841-4311 FAX 518-842-9064  
mcinquanti@amsterdamny.gov

## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed the Director, Assistant Director, Mayor, Controller and Treasurer's office staff to gain an understanding of the Department's collection processes for the different events and programs.
- We reviewed the City Charter and interviewed the Director, Mayor and Controller to determine if there were cash receipt policies and procedures.
- We reviewed all available summer camp collection records and sign-in sheets for our scope period. We traced collections to the Director's spreadsheet and receipts from the Treasurer's office collection system. We analyzed the sign-in sheets to determine the weekly attendance and compared the attendees' names to the collection documentation from the online vendor. Based on the online tuition collections, we calculated an average tuition per attendee and projected the expected tuition collections paid in person and through the mail for the remaining campers on the sign-in sheets. We compared the projected revenue to the recorded collections in the Director's spreadsheet.
- We reviewed all swimming pool sign-in sheets and collection records for our scope period. We compared the amounts and dates of the sign-in sheets to the Treasurer's office collection system receipts to determine whether the collections were remitted accurately and timely. We calculated the number of days with no sign-in sheets and projected the revenue for these days based on our calculated average attendance per day. We compared the projected revenue to the receipts from the collection system to determine the reasonableness of the reported collections.
- We reviewed all collection records for the Craft Beer Fest, Oktoberfest and Italiafest during our scope period.
- We interviewed the Director and Assistant Director and reviewed the Treasurer's office receipt records and the related remittance receipt from the Director for Italiafest to determine whether the collections appeared reasonable based on the collected participation fee per person.
- We reviewed all collection documentation for the summer camp, swimming pool, Craft Beer Fest, Oktoberfest and Italiafest to determine whether the Director maintained adequate supporting documentation for the recorded collections.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

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reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Council has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Council to make the CAP available for public review in the City Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/local-government/fiscal-monitoring](http://www.osc.state.ny.us/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/local-government/resources/planning-resources](http://www.osc.state.ny.us/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/local-government/required-reporting](http://www.osc.state.ny.us/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/local-government/publications](http://www.osc.state.ny.us/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

## Contact

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[www.osc.state.ny.us/local-government](http://www.osc.state.ny.us/local-government)

Local Government and School Accountability Help Line: (866) 321-8503

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