

**Internal Audit Report 15-03
Great Plains Zoo & Museum
September 2015**



City of Sioux Falls
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GREAT PLAINS ZOO & MUSEUM INTERNAL AUDIT REPORT 15-03

INTRODUCTION

The Great Plains Zoo & Delbridge Museum (the Zoo) is an accredited member of the Association of Zoos & Aquariums (AZA). The 45-acre park is open year round and offers over 1,000 live animals from around the world as well as a collection of 150 mounted animals. The Zoo strives to fulfill four major objectives: education, conservation, recreation, and discovery.

BACKGROUND

The City of Sioux Falls entered into a management agreement with the Zoological Society of Sioux Falls for management of the Great Plains Zoo & Delbridge Museum. The Zoological Society operates the facility, manages the animal collection, and the City maintains the grounds within the exhibits. The Society is also a non-profit organization that serves as a fundraising arm for the facility. The current agreement made January 6, 2012 expires December 31, 2016.

The Zoo has approximately 6,000 active memberships estimated to represent approximately 18,000 members. Memberships begin the month of purchase and expire after 12 months therefore memberships vary throughout the year. Admissions have steadily increased over the past five years.

Total Zoo Visitors by Year				
2010	2011	2012	2013	2014
242,839	248,495	251,572	256,191	272,368

The Zoo updated its Financial Procedure Manual in 2015 and has implemented the new procedures which were the subject of our audit.

OBJECTIVES

The objective of this audit was to:

Determine if internal controls are appropriate and functioning properly to ensure

- the orderly and efficient conduct of business, including adherence to internal policies
- the safeguarding of assets
- the prevention and detection of fraud and error
- the accuracy and completeness of the accounting records, and
- the timely preparation of financial information

SCOPE AND METHODOLOGY

The audit included a review accounting records, policies and procedures, management agreements, and testing of internal controls in place at the Zoo from January 1, 2015 through June 30, 2015. Our audit work included the following:

- Interviews with Zoo management.
- Review of management agreements, written policies and procedures, internal documents and third party reports.
- Review of prior audit recommendations.
- Testing of internal controls on a sample basis of internal controls in place during the audit period.
- Observation of internal controls over cash drawers and end of day processing focused on newly updated policies and procedures in 2015.

RESULTS

We reviewed the current financial procedures manual for the Zoo and identified key internal controls focusing on controls over cash handling procedures.

We observed the beginning of day and end of day processing of the cash register drawers and safes noting adherence to the procedure manual. Deposits are prepared timely and taken to the bank by an armored car service. Proper segregation exists between preparing the deposit and the recording of revenue.

We reviewed bank reconciliations and monthly financial statements noting timely preparation and appropriate levels of review and approval.

We examined a selection of expenditures and reviewed for proper approval, segregation of duties, and check signing authorization. A conflict of interest policy is in place and employees responsible for purchasing are aware of and adhere to the policy.

We reviewed the results of the 2014 audit performed by Endorf, Lurken, Olson & Co (ELO) noting an unqualified opinion and no unusual items noted.

CONCLUSION

Internal controls are in place and functioning properly. No concerns or unexpected results were noted. The organization takes the safeguarding of assets very seriously and has recently installed surveillance cameras to enhance the controls already in place. We wish to thank management and staff for their time and cooperation during this audit.

AUTHORIZATION

The Sioux Falls City Council approved this audit by resolution in December 2014 as part of the 2015 Annual Audit Program. The Internal Audit division operates under the authority of an Internal Audit Charter adopted by City Council resolution 11-13.

AUDIT STANDARDS

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

STATEMENT OF INDEPENDENCE

Internal Audit is administratively and operationally independent of the programs and departments it audits, both in appearance and in fact. The Internal Audit Manager is accountable to an Audit Committee appointed by the City Council per section 32.022 of the Code of Ordinances of Sioux Falls, SD.

DISTRIBUTION OF REPORT

This report is intended for the information and use of the Mayor and City Council, management, and others within the City of Sioux Falls. However, the report is a matter of public record and its distribution is not limited.

PERFORMED BY

Kimberly Schroeder
Internal Auditor