

Office of City Auditor

Cash Handling Audit Department of Planning and Development

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City of Seattle
Office of City Auditor

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City of Seattle
Office of City Auditor



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Background:

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Executive Summary

As part of its ongoing monitoring of City cash handling sites, the Office of City Auditor conducted this audit to evaluate the cash handling policies, procedures, and practices at the Department of Planning and Development's cash handling sites. The audit's scope was to evaluate internal controls over the Department of Planning and Development's key cash handling processes and procedures at their three cash-handling sites: the Microfilm Desk, the Public Resource Center Desk, and the Cashier's Desk.

Many of the cash handling policies, procedures, and practices at the Department of Planning and Development's cash handling sites appear to be adequate. The sites have adequate physical facilities for safeguarding cash, checks, and credit card slips. Only cashiers and their supervisors can enter the cash handling areas. There have not been not any robberies or fraud identified at any of the sites in recent years. In addition, there were some issues raised in our audit that the department has now addressed. For example, the department will now maintain a formal list of all staff with knowledge of safe combinations and keys to lock boxes.

However, there are a number of areas in which the Department of Planning and Development is not in compliance or is in partial compliance with cash handling controls. The table below summarizes our recommendations for the high and medium risk cash handling controls that the department should bring into full compliance.

General Security Issues	<ul style="list-style-type: none">•Change the combinations on locks and doors that lead to the safe room and cash handling room when key employees transfer or are terminated.•Cashiers should consistently lock their terminals when unattended.•Install security alarms or buzzers at each cash handling site.
Cashiering Activities	<ul style="list-style-type: none">•Only one cashier must be responsible for one desk drawer at any given time.•Develop secure procedures for obtaining change for the cash handling sites.•Provide all sites with counterfeit detection pens.•Require customers to present identification when they pay in person with a check at all sites.•Consecutive pre-numbered receipts should be used at all sites.•Place signs instructing customers to take a receipt at all sites; instruct cashiers to give every customer a receipt.•Cashiers should obtain supervisor approval before voiding point-of-sale transactions.•A person other than the cashier who received the payments should prepare and sign the bank deposit , print the daily cash balancing report, and reconcile the bank deposit with the system report.
Close-Out and Management Oversight	<ul style="list-style-type: none">•Two people should count, verify, and record the prior day's payments received.•A blind reconciliation should be included as a part of close out procedures.•Segregate duties for receiving payments and preparing bank deposits.•Management should regularly investigate substantial variation from norms or void transaction activity.•Develop a written procedure for shortages over \$100.•Temporarily rotate cashiers out of cash-handling to help avoid potential fraud.

Introduction

Cash handling¹ is a highly visible as well as an important government fiscal function; as such, it provides important public relations opportunities for the City. Citizens expect their governments to provide high-quality services and to be accountable for public funds. At cash handling sites, citizens observe government service and cash protection in action, and form judgments about how well their government is performing in both of these areas.

City Council Resolution 29604 requires departments every two years to submit to the Office of City Auditor the City Auditor's Cash Handling Self-Assessment Questionnaire. Adopted in 1997, the main goal of the resolution was to ensure that cash handling sites use professional cash handling procedures that include excellent customer service. Cash handling audits allow both the department and the City Auditor to assess a site's internal controls over cash handling.

As part of its ongoing monitoring of City cash handling sites, the Office of City Auditor conducted this audit to evaluate the cash handling policies, procedures, and practices at the Department of Planning and Development's cash handling sites. Our audit focused on the following three objectives:

1. Ensuring that the Department of Planning and Development's cash handling sites were not exposing the City's money to unnecessary risks.
2. Reviewing the sites to ensure they complied with the City's and the Department of Planning and Development's policies and procedures.
3. Helping Department of Planning and Development management to improve their cash handling policies and procedures.

Background

The Department of Planning and Development earns its revenue from permitting and inspections. It has three cash-handling sites in the Seattle Municipal Tower: the Microfilm Desk, the Public Resource Center Desk (PRCD), and the Cashier's Desk. The Microfilm Desk accepts payments for copies of permits, and land use and building plans. PRCD accepts payments for copies, maps, code books, and letters with fees. The Cashier's Desk accepts payments for building, electrical, mechanical, or refrigeration permits; land use or King County fees, demolition, gas or refrigerator licenses, or street use permits. As part of the Mayor's One-Stop-Shopping program, the Department of Planning and Development also accepts payments for other departments, including Seattle Department of Transportation (SDOT) curb-cut fees and certain Parks Department fees. The Department of Executive Administration's (DEA) Treasury unit receives some checks on behalf of the Department of Planning and Development.

¹ Cash handling refers to not only cash transactions (i.e., bills and coins), but also includes transactions via checks and credit cards.

The Cashier's Desk is the only Department of Planning and Development cash handling site that accepts credit cards. The other two sites accept only cash and checks. Thus, if a person wants to pay with a credit card he/she is sent to the Cashier's Desk.

Most of the \$55-\$65 million in annual Department revenue is handled by the Cashier's Desk. Smaller amounts are taken in at the Microfilm Desk (\$30,000) and the Public Resource Center Desk (\$10,000).

The Department of Planning and Development processes all of its payments with the Hansen automated point-of-sale cash receipting system and Epicor – an external stand-alone accounts receivable system.

Scope and Methodology

The audit's scope was to evaluate internal controls over the Department of Planning and Development's key cash handling processes and procedures at their three cash-handling sites: the Microfilm Desk, the Public Resource Center Desk, and the Cashier's Desk. The audit field work consisted principally of interviews with supervisors and cashiers as well as site visits and documentation review. The objective of this field work was to ensure that the department had cash handling policies, procedures, and practices that mitigate unnecessary risks.

We interviewed appropriate department cash handling personnel with our Cash Handling Questionnaire. Responses were compiled, evaluated, and measured against City and Department of Planning and Development cash handling policies. During the site visit, we substantiated information provided during the interview by observing daily cash handling practices. We documented the data we collected and rated the sites' cash handling operations with an internal controls matrix, which can be seen in Appendix I. We obtained comments on a draft of this report from the Department of Planning and Development, which can be found in the Conclusions and Recommendations section.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary of Conclusions

Many of the cash handling policies, procedures, and practices at the Department of Planning and Development's cash handling sites appear to be adequate. The department cash handling sites have adequate physical facilities for safeguarding cash, checks, and credit card slips. Only cashiers and their supervisors can enter the cash handling areas. There have not been any robberies or fraud identified at any of the sites in recent years. However, the department's practices for safeguarding cash, checks, and credit card slips can be improved. For example, when key employees transfer or are terminated, the sites do not change the combination on locks and codes on the doors that lead to the safe room and cash handling area.

The access to the department's point-of-sale systems is well protected. Each cashier has a unique login ID and password, and each logs out after using the system. Each site has back-up procedures when their automated systems are not functioning.

Although all of the department cashiers have completed the City's cash handling training and they follow cash depositing procedures, they do not use a blind reconciliation process and only one person counts out the till.

Management practices can also be improved. Although department management regularly reviews revenue trends and averages, it does not regularly investigate substantial variations from norms or void transaction activity.

Conclusions and Recommendations

The Department of Planning and Development has procedures that cover most daily cash handling operational processes. However, four areas in particular could be strengthened: general security issues, cashier activities, close out procedures, and management monitoring.

In addition, the Office of City Auditor prepared and submitted to the Department of Planning and Development a separate management memorandum about credit card security issues identified during this cash handling audit.

Management's Response: Department of Planning and Development responses so far have been directed solely on addressing the factual accuracy of the City Auditor's findings. Once we have received the final audit report, we will evaluate implementing the recommendations. We anticipate preparing a formal response in which we address all recommendations and summarize the resulting actions Department of Planning and Development will undertake.

General Security Issues

Conclusion 1: Senior staff does not keep a written list identifying who knows the safe combinations and who has keys to locked boxes and cash handling areas. (Appendix I, item #3)

Given the constant turnover of Department of Planning and Development personnel, it would be reasonable for the department to maintain a written list of people who know the safe combinations and/or have keys to locked boxes and cash handling areas.

Recommendation: Develop and maintain an up-to-date written list of personnel who know the safe combinations and/or have keys to locked boxes and cash handling areas.

Management's response: We have drafted a formal list that will be updated regularly to document employee turnover. This list will be kept in the Personnel File of the Accounts Receivable Accountant, who will be the one responsible for its maintenance.

Office of City Auditor Response: Based on the department's response, we revised our assessment for this control to fully complies.

Conclusion 2: The combinations on locks and doors have not been changed. (Appendix I, item #4)

The combinations on locks and doors that lead to the safe room and cash handling area should be changed each time cashier or other cash handling employees transfer or are terminated. Despite employee turnover at the sites, the combinations have not been changed for a long time.

Recommendation: Change the combinations on locks and doors that lead to the safe room and cash handling area when key employees transfer or are terminated.

Conclusion 3: Cash drawers are not consistently secured. (Appendix I, item #7)

During a site visit to the Public Resource Center Desk (PRCD), we found that the cash drawer was not locked when a cashier was away from the cash handling site.

Recommendation: The PRCD cashiers should lock the drawer when leaving the cash handling site even though only a limited amount of money is secured at this site.

Conclusion 4: Department cashiers do not have access to a security alarm or buzzer that alerts management or security personal of robberies or other threatening activities. (Appendix I, item #9)

There is no security alarm or buzzer at any of the department's cash handling sites that would alert management or security personal of robberies or other threatening activities.

Recommendation: Install security alarms or buzzers at each department cash handling site.

Cashiering Activities

Conclusion 5: Three cashiers are responsible for one cash drawer at any given time. (Appendix I, item #10)

At the Microfilm Desk three cashiers work out of one till at the same time. If there was an incident, for example, involving missing or stolen funds, it would be difficult to determine whose fault it was.

Recommendation: One cashier must be responsible for one cash drawer at any given time.

Conclusion 6: There are no clear procedures on how to obtain change for the site. (Appendix I, item #12)

Department employees serve as bank couriers when they obtain cash for the change fund. When staff members at the department cash sites need money for making change, they put money into an envelope and have someone go downstairs to the Key Bank branch in the Seattle Municipal Tower to obtain it.

Recommendation: The department should develop secure procedure(s) for obtaining change for their cash handling sites. At a minimum, a procedure should be in place to document the amount of cash taken to be changed, who did this, and what was obtained.

Conclusion 7: Cashiers do not use a counterfeit detection pen to verify the authenticity of bills. (Appendix I, item #13)

The Microfilm and Public Resource Center Desks do not have counterfeit detection pens. Though the denomination of bills accepted at these desks is small, there is still a possibility of receiving counterfeit currency.

Recommendation: Provide the Microfilm and Public Resource Center Desks with counterfeit detection pens.

Conclusion 8: Cashiers do not require customers to present identification when paying in-person with checks. (Appendix I, item #15)

When somebody pays in-person with a check, the cashiers do not ask for identification. This creates a risk that a customer may use a stolen check.

Recommendation: Require customers to present identification when they pay in-person with a check.

Management response: Personnel at the cashier's desk do check ID on customers paying with a check except for repeat customers who are familiar to the staff. However, the microfilm and PRC desks generally do not.

Office of City Auditor Response: Based on the department's response, we revised our assessment for this control to partially complies because one of the three cashier stations (i.e., Cashier Desk) checks ID and two (i.e., Microfilm and Public Resource Center Desks) do not.

Conclusion 9: Manual receipts are not pre-numbered. (Appendix I, items #24 & #25)

At the Microfilm and Public Resource Center Desks the cashiers use manual receipts that are not pre-numbered, which creates possibilities for fraud.

Recommendation: Consecutive pre-numbered receipts should be used for all manual receipting operations.

Conclusion 10: All cashier areas do not display signs requiring customers to take receipts. Cashiers do not insist that all customers take receipts. (Appendix I, item #27)

Only the main cashier desk on the 20th floor of the Seattle Municipal Tower has a sign requiring customers to take receipts. There are no customer receipt signs at the Microfilm and Public Resource Center desks.

Recommendation: Place signs requiring customers to take receipts at the Microfilm and Public Resource Center desks. Instruct cashiers to give every customer a receipt.

Conclusion 11: Cashiers do not obtain a site supervisor's approval before voiding transactions. (Appendix I, item #44)

Cashiers do not obtain a supervisor's approval before voiding transactions. They make a copy of a previous receipt, enter an explanation into a point-of-sale terminal why it was voided, and then reverse the charge.

Recommendation: Cashiers should obtain a site supervisor's approval before voiding transactions in the point-of-sale system.

Conclusion 12: Cashiers prepare and sign the bank deposit, print the daily cash balancing report, and reconcile the bank deposits with a system report. (Appendix I, items #33 and #36)

Cashiers prepare and sign the bank deposit, print the daily cash balancing report and reconcile the bank deposits with a system report (referred to as the "Treasury report" by the cashiers). To ensure better segregation of duties, the department should assign an individual other than the cashier who receives the money to prepare and sign the bank deposit and print the daily cash balancing report and reconcile the bank deposits with the system report.

Recommendation: A person other than the cashier who received the payments should prepare and sign the bank deposit, print the daily cash balancing report, and reconcile the bank deposit with the system report.

Close out Procedures

Conclusion 13: Only one person confirms and records the amount of cash, credit card and check payments received for the previous day's transactions. (Appendix I, item #32)

Recommendation: Two people should count, verify and record the prior day's payments received.

Conclusion 14: A blind reconciliation process is not a part of close out procedures. (Appendix I, item #31)

Cashiers print a point-of-sale system report before they count the money in the cash drawer and then balance to the system report. Therefore, they know the amount of cash to which they must balance their deposit. Without a blind reconciliation process, overages may not be detected and an opportunity for fraud is created.

Recommendation: A blind reconciliation should be included as a part of close out procedures. One possible solution would be to require the cashier to enter the counted cash, check and credit card totals into the point-of-sale system before they have access to the system-generated balancing total.

Conclusion 15: Individuals receiving mail, telephone, and/or online payments also prepare the bank deposits. (Appendix I, item #34)

Cashiers receive mail, telephone, and online payments and prepare bank deposits. To ensure better segregation of duties, the department should assign an individual other than the cashier who receives the payments to prepare bank deposits.

Recommendation: Individuals other than those receiving mail, telephone, and/or online payments (in this case these are cashiers) should prepare bank deposits.

Management Oversight

Conclusion 16: Management does not regularly investigate substantial variations from norms or void transaction activity. (Appendix I, items #43 and #45)

Management does not regularly investigate substantial variations from norms or void transaction activity. An Accounting Technician II audits cash tills every other month.

Recommendation: Management should regularly investigate substantial variations from norms or void transaction activity.

Conclusion 17: Policies and procedures do not specify the reporting requirement when shortages over \$100 occur. (Appendix I, item #47)

DPD reported they have never had a cash or check shortage of \$100 or more, therefore they do not have a policy or written procedure to immediately report shortages over \$100 to the Treasury Division of the Department of Executive Administration and the City Auditor. If the shortage is over \$5, the cashiers research it themselves or ask the site supervisor for help. Department staff stated that the sites have never had any shortages that were not resolved.

Recommendation: Develop a written procedure indicating what a cashier should do in the case of a shortage over \$100.

Conclusion 18: Management does not verify the cash and check amount on the deposit slips to the system-generated balancing reports. (Appendix I, item #48)

Department of Planning and Development management does not verify the balancing reports as the cashiers always balance their daily deposits to the system generated report. Department officials explained that if there are any discrepancies, they will be discovered by the Department of Executive Administration and referred back to the department. Treasury reported that they

have received Treasury Reports from the Department of Planning and Development in which the lines of entry do not add up to the deposit slip total. They also reported there is no adjustment line in department's report, so sometimes it means that the report is out of balance.

Recommendation: Department of Planning and Development management should verify the cash and check amount on the deposit slips to the system-generated balancing reports. The department should also add an adjustment line into its reports to the Department of Executive Administration.

Management response: In regards to out-of-balance reports, this doesn't mean actual cash amounts are missing or out of balance. Cashiers identify transactions that were posted improperly due to human error (for example, processed as a check when paid with credit card), timing issues between cash receipt & cash deposit, or overpayments/shortpayments by customers, & these debit/credit balances go into an Over/Short account. This account is monitored & reconciled, but is used as a short-term clearing account for the purpose of making timely cash deposits & Treasury reports. If an overpayment is made, the reimbursements paid through Accounts Payable are posted to this account, & as the account is reconciled, Accounts Receivable contacts customers to collect on any balances left due to a short payment.

Office of City Auditor Response: After reviewing the department's response, we did not revise our assessment for this control.

Conclusion 19: The department does not reconcile credit card transactions, and credit card statements have not been received by Department of Planning and Development or the Department of Executive Administration (DEA) Treasury since January 2008. (Appendix I, item #51)

During our second site visit the department's Principal Accountant reported that the Department of Planning has not received credit card statements since January 2008. A Treasury official informed us that the Department of Planning and Development elected to have credit card statements sent directly to a specific department official who is no longer employed with the department. Subsequently, the department reported that they located the credit card statements for the last six months.

Management response: The Department of Planning and Development has received statements prior to January 2008 and has not received statements after June 2008. All Wells Fargo statements are sent to Treasury attn: Teri Allen. Treasury has the complete history of credit card statements which are available to Department of Planning and Development as needed. DPD does not reconcile credit card transactions. This task is performed by Treasury staff in DEA.

Office of City Auditor Response: We revised our assessment for this control to fully complies.

Conclusion 20: The Department of Planning and Development does not coordinate cashier vacations or temporally reassign cashier's duties. (Appendix I, item #52)

Recommendation: To avoid potential cashier fraud, cashiers should be rotated off cash handling duties, and their duties should be temporarily reassigned to another individual.

Management response: We don't reassign cashiers for the purpose of preventing fraud. Sometimes cashiers go on out-of-class assignments which is similar to reassignment, but this isn't done as a fraud-prevention mechanism and is at the desire of the employee, not the department. We would not be able to have employees take vacations at times not requested by the employee, as this would be inconsistent with Citywide personnel procedures and Local 17 Bargaining Agreements. As we only have three full-time employees budgeted for the desk, it wouldn't be feasible for us to send employees on reassignment for the review of possible revenue fluctuations, & hiring another position would probably negate any benefit from doing so.

Office of City Auditor Response: After reviewing the department's response, we did not revise our assessment for this control.

Appendix I - Cash Handling Assessment Matrix

To evaluate the Department of Planning and Development's (DPD) cash handling processes and procedures, we developed an assessment matrix of several important internal controls regarding cash handling practices.

Control Compliance Criteria:

- **Green Rating** = DPD complies with the stated control.
- **Yellow Rating** = DPD partially complies with the stated control.
- **Red Rating** = DPD does not comply with the stated control.

Risk Level Criteria:

- **Green Rating (Low Risk)** = Internal controls appear to be adequate.
- **Yellow Rating (Medium Risk)** = Strengthened internal controls would be ideal.
- **Red Rating (High Risk)** = Internal controls should be strengthened as soon as possible.

General Security Issues			
	Compliance Level	Comments	Risk Level
1. Only authorized personnel have access to cash handling areas, keys to those areas, and/or safe combinations.	Fully Complies	Only authorized personnel have access to cash handling areas, keys to those areas, and/or safe combinations.	Low Risk
2. Keys to cashier areas are stamped "Do Not Duplicate."	N/A	They do not have keys, but have cypher locks.	N/A

3. Senior staff maintains a list identifying who knows safe combinations and has keys to locked boxes and cash handling areas.		DPD officials could not provide us with the list.	
	Fully Complies	<i>Management response: We have drafted a formal list that will be updated regularly to document employee turnover. This list will be kept in the Personnel File of the Accounts Receivable Accountant, and he will be the one responsible for its maintenance.</i> <i>OCA Response: Based on the department's response, we revised our assessment Appendix for this control.</i>	Low Risk
4. Management changes safe combinations and keys when key employees transfer or are terminated, or for other security reasons.		The combinations on locks and the codes on the doors that lead to the safe room and cash handling area haven't been changed for a long time.	
	Not in Compliance		High Risk
5. Cashiers lock safes and secured areas when they must leave the area.		Cashiers lock the safe and secured areas when they must leave the area.	
	Fully Complies		Low Risk
6. Each individual uses a unique login ID and password to access the automated point-of-sale system.		Each individual uses a unique login ID and password to access the automated point-of-sale system.	
	Fully Complies		Low Risk
7. Each individual locks his/her terminal when leaving it unattended.		A cashier at Public Resource Center Desk did not lock their terminal. There is a high risk of theft because of easy access to the cash handling area and the unlocked drawer.	
	Partially Complies		High Risk
8. Each individual logs out after he/she is finished using the system.		Each cashier logs out after he/she is finished using the system.	
	Fully Complies		Low Risk
9. Cashiers have access to a security alarm or buzzer that alerts management or security personnel of robberies or other threatening activities.		The sites don't have alarms or buzzers. It would be prudent to have an alarm or buzzer in case of robbery or other threatening activities.	
	Not in Compliance		Medium Risk

Cashiering Activities			
	Compliance Level	Comments	Risk Level
10. One cashier is responsible for only one cash drawer at any given time.		At the Microfilm Desk there are three cashiers who share one cash drawer. In case of shortages or employee theft it will be difficult to prove whose fault it is. Since the Microfilm cash handling site is very small, it would be difficult to have more than one cash drawer for each cashier and the amount of cash per day handled by the cashiers is small. Therefore, we categorized it as medium risk. For the other cash sites, one cashier is responsible for only one cash drawer at any given time.	
	Partially Complies		Medium Risk
11. Cashiers record all transactions in the cash/point-of-sale register immediately upon receiving money.		Cashiers record all transactions in the cash/point-of-sale register immediately upon receiving payment.	
	Fully Complies		Low Risk
12. An armored car service delivers cash to the site that will be used for making change.		When cashiers need money for making change, they put money into an envelope and have someone go downstairs to the Seattle Municipal Tower Key Bank branch to obtain it.	
	Not in Compliance		Medium Risk
13. Cashiers use a counterfeit detection pen to verify the authenticity of bills.		They use a counterfeit detection pen to verify the authenticity of bills only at the Cashier's Desk. At the Microfilm Desk they could not find the pen when we visited that site, and at Public Resource Center Desk they did not have any. The last two desks do not receive bills of high denomination but not having the pen increases the risk of accepting counterfeit money.	
	Partially Complies		Medium Risk
14. Cashiers endorse checks "City of Seattle, For Deposit Only" immediately upon receipt.		Cashiers endorse checks "City of Seattle, For Deposit Only" immediately upon receipt.	
	Fully Complies		Low Risk

15. Cashiers require customers to present identification when paying in-person with checks.		Cashiers do not ask customers to present identification when paying in-person with checks.	
	Partially Complies	<i>Management response: Personnel at the cashier's desk do check ID on customers paying with a check except for repeat customers who are familiar to the staff. However, the microfilm and PRC desks generally do not.</i> <i>OCA Response: Based on the department's response, we revised our assessment Appendix for this control.</i>	Medium Risk
16. Cashiers do not exchange personal checks made payable to the City for cash.		Cashiers do not exchange personal checks made payable to the City for cash.	
	Fully Complies		Low Risk
17. Cashiers do not accept second-party checks.		Cashiers do not accept second-party checks.	
	Fully Complies		Low Risk
18. Cashiers do not give cash back for checks written over the amount due.		Cashiers do not give cash back at the Cashier's Desk. They can accept cash over the amount due, which will be credited as a deposit for future fees or payments.	
	Fully Complies		Low Risk
19. Cashiers receive authorization for credit card transactions through their credit card terminal before they complete a credit card transaction with a customer.		Cashiers receive authorization for credit card transactions through their credit card terminal before they complete a credit card transaction with a customer.	
	Fully Complies		Low Risk
20. When a customer pays with a credit card, the cashier matches the signature on the back of the credit card with the signature on the credit card slip, and also checks the credit card's expiration date.		The cashier's check signatures on the back of the credit cards as well as expiration dates if payment is done in person.	
	Fully Complies		Low Risk
21. Refunds are made only by check/warrant/credit		Refunds are made by City Treasury warrant/check. The	
	Fully		

card and only to the individual who made the payment.	Complies	cashiers are authorized to refund not more than a thousand dollars. If a bigger refund is needed, reviewers (i.e., senior management) must authorize it with their signature.	Low Risk
22. The site has back-up procedures when the automated system is down.		A customer brings a fee worksheet to a cashier. The cashier produces a copy of the fee worksheet, stamps it as paid, initials the customer's copy (the cashiers do not initial their copy), puts the payment with the copy and applies the payment when the Permit and Receipt Tracking system (Hansen) is working again . Cashiers also mail or fax receipts when the system is down or when a payment is made over the phone.	
	Fully Complies		Low Risk
23. All cash/point-of-sale registers can generate receipts.		All cash/ point-of-sale registers can generate receipts.	
	Fully Complies		Low Risk
24. All manual and system-generated receipts are pre-numbered.		System-generated receipts are pre-numbered, but Microfilm Desk and Public Resource Center Desk manual receipts are not pre-numbered.	
	Not in Compliance		High Risk
25. Receipts are uniquely numbered so that duplicate numbers will not occur.		Receipt numbers are automatically generated by the point-of-sale system, but Microfilm Desk and Public Resource Center Desk manual receipts are not pre-numbered.	
	Not in Compliance		High Risk
26. Cashiers provide register receipts to all customers.		Cashiers provide register receipts to all customers.	
	Fully Complies		Low Risk
27. Cashier areas display signs stating customers must take a receipt.		There is a sign at the Cashier's Desk but not at the other two desks.	
	Partially Complies		Medium Risk
28. Cashiers secure manual receipt forms in locked storage place when not in use.		Cashiers secure manual receipt forms in locked storage place when the forms are not in use.	
	Fully Complies		Low Risk

Close-Out Activities			
	Compliance Level	Comments	Risk Level
29. All cash/point-of-sale registers can produce a system-generated balancing report.	Fully Complies	All cash/point-of-sale registers can produce a system-generated balancing report.	Low Risk
30. The system-generated balancing reports include the date and the cashier's initials.	Fully Complies	The system-generated balancing reports include the date and the cashier's initials.	Low Risk
31. Close out procedures include blind reconciliation.	Not in Compliance	Cashiers print a point-of-sale system report and then count out the till.	High Risk
32. Two people confirm the payments received.	Not in Compliance	At the beginning of the next day one cashier counts out the till.	High Risk
33. Cashiers do not prepare and sign the bank deposit and do not print out the daily cash balancing report.	Not in Compliance	Cashiers prepare and sign the bank deposit and print the daily cash balancing report.	High Risk
34. Individuals receiving mail, telephone, and/or online payments are not the individuals who prepare bank deposits.	Not in Compliance	Individuals receiving mail, telephone, and/or online payments also prepare the bank deposits.	High Risk
35. The department requires details of currency and/or checks on the deposit slips.	Fully Complies	Cashiers record details of currency and checks as attachments to the deposit slips.	Low Risk
36. Cashiers do not reconcile bank deposits with system reports.	Not in Compliance	Cashiers reconcile the bank deposits with a system report (referred to as the "Treasury report" by DPD).	High Risk
37. The department requires the preparation of duplicate or triplicate deposit slips.	Fully Complies	Cashiers prepare deposit slips in triplicate.	Low Risk
38. The department requires the preparation and recording of daily deposits within 24 to 48 hours as required by City policy.	Fully Complies	Cashiers record and prepare daily deposits within 24 hours.	Low Risk
39. The department requires the use of tamper-proof deposit bags for making	Fully Complies	Cashiers use tamper-proof deposit bags for making deposits.	Low Risk

deposits.			
40. An armored car service picks up deposits.	Fully Complies	Deposits are picked up by a Brinks armored car.	Low Risk
41. An individual other than the person making the deposit receives bank statements and deposit slips.	Fully Complies	One of the cashiers prepares the deposit slip. The individual who receives the bank statement is one of the Accounting Technicians or the Accounting Technician III.	Low Risk

Management Oversight			
	Compliance Level	Comments	Risk Level
42. Management regularly reviews revenue trends and averages.	Fully Complies	Management does a monthly review. This review is done primarily to compare their revenues to expenses and to identify any areas that are out of balance.	Low Risk
43. Management investigates all substantial variations from norms such as voids, no sales, refunds, errors, etc.	Not in Compliance	Management does not investigate all substantial variations from norms such as voids, no sales, refunds, or errors. They may miss some important information by not doing this.	High Risk
44. Cashiers must receive a site supervisor's approval before voiding transactions.	Not in Compliance	Cashiers do not receive a site supervisor's approval before voiding transactions. The cashier will make a copy of the voided transaction, enter the explanation into the Permit Tracking System (Hansen) about why a transaction is being voided, and enter the correct amount into Hansen.	High Risk
45. Management regularly reviews void transaction activity.	Not in Compliance	Management does not review void transaction activity.	High Risk
46. Cashiers report all overages and shortages to management.	Fully Complies	Cashiers report all overages and shortages to management.	Low Risk
47. Cashiers or managers immediately report shortages over \$100 to the Treasury Division of the Department of Executive Administration and the City Auditor's Office.	Not in Compliance	DPD cashiers have only a informal, unwritten policy to follow when a cash or check shortage occurs. The DPD cashiers we interviewed stated that they have never had a shortage over \$100. If the shortage is over \$5 the cashiers	High Risk

		<p>research it themselves or ask the site supervisor for help. They said that they have never had any shortages that were not resolved. If they did, they said they would report the unresolved shortages to their supervisor on the same day of balancing.</p>	
<p>48. Management verifies the cash and check amount on the deposit ticket (slip) to the system-generated balancing reports (DPD automated system report, titled “Treasury Report).</p>	<p style="text-align: center;">Not in Compliance</p>	<p>DPD reported the following: when the daily balancing information is sent to DEA Treasury, it includes the Deposit Ticket (Slip), Daily Cash Document, Credit Card Transaction Report, Online Transaction Report (Breakdown Report), Treasury Report, Collection Receipt report, a Balancing Worksheet, and a Cashier Research Report; management currently does not review the daily balancing information, because if there are any discrepancies, they will be caught by DEA and referred back to DPD; therefore, the daily balancing information is not sent to Treasury unless it balances with the system generated report balancing report. Treasury, however, reported that they sometimes receive a Treasury Report from DPD in which the lines of entry do not add up to the Deposit Ticket (slip) total. They also reported there is no adjustment lines in daily balancing information, so sometimes it means that the information is out of balance.</p> <p>Management response: <i>In regards to out-of-balance reports, this doesn't mean actual cash amounts are missing or out of balance. Cashiers identify transactions that were posted improperly due to human error (for example, processed as a check when paid with credit card), timing issues</i></p>	<p style="text-align: center;">High Risk</p>

		<p><i>between cash receipt & cash deposit, or overpayments/shortpayments by customers, & these debit/credit balances go into an Over/Short account. This account is monitored & reconciled, but is used as a short-term clearing account for the purpose of making timely cash deposits & Treasury reports. If an overpayment is made, the reimbursements paid through Accounts Payable are posted to this account, & as the account is reconciled, Accounts Receivable contacts customers to collect on any balances left due to a shortpayment.</i></p> <p><i>OCA Response: DPD management's response does not address the need for adjustment lines and management verification of the cash and check amounts on the deposit ticket.</i></p>	
49. Each month the department's accounting office reconciles the site's bank statements.	Fully Complies	DPD reports this task is performed by Treasury staff in DEA.	Low Risk
50. Individuals responsible for receiving cash, checks, and credit card payments are not the individuals who reconcile the bank statements.	Fully Complies	DEA Treasury staff reconciles DPD's deposits with the data received from the bank. Cashiers may be consulted by Treasury when there are discrepancies.	Low Risk
51. The department's accounting office reconciles credit card transaction totals to the credit deposits on the bank statement.	Fully Complies	<p>Bank statements for credit cards have not been sent to Treasury or DPD since January 2008.</p> <p>Management response: <i>The Department of Planning and Development has received statements prior to January 2008 and has not received statements after June 2008. All Wells Fargo statements are sent to City</i></p>	Low Risk

		<p><i>Treasury staff. Treasury has the complete history of credit card statements which are available to Department of Planning and Development as needed. DPD does not reconcile credit card transactions. This task is performed by Treasury staff.</i></p> <p><i>OCA Response: Based on the department's response, we changed our assessment of this control.</i></p>	
<p>52. Cashiers must take annual vacations, and another individual handles their responsibilities during their absence.</p>	<p>Not in Compliance</p>	<p>DPD reports that they are currently not enforcing any vacation rules over and above what the City's policies are. Some duties cannot be done by anyone other than certain cashiers who have been trained on these duties. Thus DPD has to wait until one of these cashiers returns from vacation. Otherwise DPD cashiers are interchangeable and DPD can hire a temporary cashier for a short time.</p> <p><i>Management response: We don't reassign cashiers for the purpose of preventing fraud. Sometimes cashiers go on out-of-class assignments which is similar to reassignment, but this isn't done as a fraud-prevention mechanism and is at the desire of the employee, not the department. We would not be able to have employees take vacations at times not requested by the employee, as this would be inconsistent with Citywide personnel procedures and Local 17 Bargaining Agreements. As we only have three full-time employees budgeted for the desk, it wouldn't be feasible for us to send employees on reassignment for the review of possible revenue fluctuations, & hiring another position would probably negate</i></p>	<p>High Risk</p>

		<i>any benefit from doing so.</i>	
		<i>OCA Response: After reviewing the department's response, we did not revise our assessment of this control.</i>	
53. Cashiers must complete the Department of Executive Administration's Finance Division cash handling training.	Fully Complies	All DPD cashiers have completed the Department of Executive Administration's Finance Division cash handling training.	Low Risk
54. Cashiers must complete the department's cash-handling training.	N/A	DPD does not have a cash-handling training course, but all the cashiers completed the Department of Executive Administration's Finance Division cash handling training.	N/A