



## CITY AUDITOR'S OFFICE

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**To:** Honorable Mayor and Council Members

**Cc:** Margie C. Rose, City Manager  
Constance Sanchez, Director of Finance  
Miles Risley, City Attorney  
Rebecca Huerta, City Secretary  
Kim Womack, Director of Communications, Media, E-Government

**From:** Arlena Sones, City Auditor *Arlena Sones*

**Date:** September 2, 2016

**Subject:** AU16-F04 Financial Services Department, Central Cashiering Audit Follow-Up Report

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As part of the annual audit plan approved by City Council, we conducted a follow-up of the Financial Services Department, Central Cashiering audit report dated June 6, 2014.

The objectives of the original audit were related to controls over cash collections, batch posting of electronic payment data, and physical security of staff and other Central Cashiering assets. The original audit contained 13 issues (including one confidential security issue), all of which were accepted by Financial Services management.

On August 1, 2016 management indicated that all recommendations had been implemented. We reviewed the areas of highest risks and found that all recommendations reviewed had been fully implemented, and they are working as intended.

We would like to commend the Financial Services Department and Central Cashiering for their efforts.

# AU16-F04 FINANCIAL SERVICES DEPARTMENT CENTRAL CASHIERING AUDIT FOLLOW-UP REPORT

Issue No.	Recommendation	Management Assertion	Audit Confirmation
<b>A. Cash Deposits</b>			
1	Does management review every cashier packet for mathematical accuracy and to ensure the completeness of the individual cashier's fund?	<i>Implemented</i>	<i>Implemented</i>
<b>B. Cash Counts</b>			
2	Did management re-assess the balances of cash held at its various locations and conduct/document unannounced cash counts on all cash funds in its possession?	<i>Implemented</i>	<i>Implemented</i>
<b>C. Cash Overages and Shortages</b>			
3	Does management review cashier overages/shortages every 30 days and take appropriate action based on the results of its review to be in compliance with Policy F-5.0?	<i>Implemented</i>	<i>Implemented</i>
<b>D. Voids, Reversals, and Deleted Transactions</b>			
4	Has management developed written procedures for the appropriate use of voids and reversals?	<i>Implemented</i>	<i>Implemented</i>
	Does Central Cashiering post a credit to the customer's account to leave an audit trail instead of deleting transactions?	<i>Implemented</i>	<i>Implemented</i>
	Does management enforce its own requirement that voids and reversals have the written authorization of a supervisor?	<i>Implemented</i>	<i>Implemented</i>
	Do supervisors authorize their own void requests?	<i>Implemented</i>	<i>Implemented</i>
<b>E. Record Retention</b>			
5	Did management develop, document, and implement more efficient record keeping procedures for cashiering reports and merchant bank statements to meet the State's retention schedule?	<i>Implemented</i>	<i>Implemented</i>
<b>F. Non-Sufficient Funds</b>			
6	Did management develop and implement procedures to notify all departments of NSF checks, and develop and implement procedures to prosecute those who do not make good on NSF checks?	<i>Implemented</i>	<i>Did not review</i>
<b>G. Mandatory Vacations</b>			
7	Did management consider a mandatory vacation policy for employees with financial responsibility, and ensure adequate back-up is available to perform all duties in their absence?	<i>Implemented</i>	<i>Did not review</i>
<b>H. Cashier Window Signage</b>			
8	Did management consult with the Public Information Office to ensure compliance with City standards for signage, and post current utility rates and a sample receipt?	<i>Implemented</i>	<i>Did not review</i>

Issue No.	Recommendation	Management Assertion	Audit Confirmation
<b>I. Procedures Manual</b>			
9	Did management identify the significant functions performed by Central Cashiering staff and supervisors, and develop, document, and implement procedures for each of these functions?	<i>Implemented</i>	<i>Implemented</i>
	If so, do the procedures include monitoring to be conducted by supervisors to deter and detect fraudulent behavior?	<i>Implemented</i>	<i>Implemented</i>
	Are procedures made readily available to all personnel?	<i>Implemented</i>	<i>Implemented</i>
<b>J. Check Verification Services</b>			
10	Did management work with Check Rite to develop a method of verifying checks presented for payment or did it use electronic check conversion services of the City's depositor?	<i>Recommendation no longer valid</i>	<i>Did not review</i>
<b>K. Electronic Data Payment Files</b>			
11	Did management work with the bank to resolve the Monday scripting error?	<i>Implemented</i>	<i>Did not review</i>
	If not, did management revert back to manually processing interface files?	<i>N/A</i>	<i>Did not review</i>
	Is each electronic file reviewed prior to uploading?	<i>Implemented</i>	<i>Did not review</i>
	Are the record count and dollar amount of batches provided to Central Cashiering to ensure accurate posting of customer payments?	<i>Implemented</i>	<i>Implemented</i>
<b>L. Daily Reconciling Activities</b>			
12	Did management simplify and document the process of reconciling daily receipts to the bank statement?	<i>Implemented</i>	<i>Did not review</i>
	Are reconciling revenue items reported back to the originating department for research prior to writing-off the amounts?	<i>Implemented</i>	<i>Did not review</i>

**Staff Acknowledgement**

Jacey Reeves, Auditor

Sarah Arroyo, Assistant Auditor