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Review
of
Revenue Collections – Treasury Division

Report of Audit 07/08-XX-01

October 19, 2007



Office of Management and Budget

Internal Audit

MEMORANDUM NO. 08-04

DATE: October 19, 2007

TO: Director of Finance/Betty Burrell
Director of Parks and Recreation/Phil Thornburg

SUBJECT: *Review of Revenue Collections – Treasury Division*

Enclosed is the “subject” Final Report of Audit.

Allyson C. Love
Director, Office of Management and Budget

Attachment - Final Report of Audit No. 07/08-XX-01

c: City Commission
City Manager/George Gretsas
Assistant City Manager/Kathleen Gunn
Assistant City Manager/David Hebert
Assistant City Manager/Stephen Scott

ACL/am

REPORT OF AUDIT NO. 07/08-XX-01

DATE: September 26, 2007

TO: Director of Finance/Betty Burrell
Director of Parks and Recreation/Phil Thornburg

FROM: Assistant Internal Audit Director/Renee Foley

BY: Financial Management Analyst/Valerie Florestal

SUBJECT: *Review of Revenue Collections – Treasury Division*

BACKGROUND

The City of Fort Lauderdale (City) Finance Department, Treasury Division operations collects, accounts for and monitors all revenues received by the City. The types of cash receipts processed by the Treasury Division include the following: Utility Billing (UB) payments, miscellaneous receipts, police/fire alarm and inspection fees, parking citations, and special assessments.

SCOPE

The objective of our review was to determine the adequacy of the internal control environment and management procedures used over the operation, verify all cash collection functions are being managed and monitored, and assets properly safeguarded. Judgmental sampling techniques were used to review cash receipt transactions and Brinks Inc., safe, and bank bag logs. As part of this process, a control risk matrix was developed to identify control objectives and internal control strengths and weaknesses. The review included interviews, observations of processes and procedures used, tests of cash receipt/revenue transactions, including UB accounts receivable delinquent report, verification of various logs, adequacy of security system, performed cash count/inventoried safe and followed-up on recommendations on Report of Audit No. 03/04-XX-13 Interim Report on Review of Revenue Collections – Treasury Division (ROA 03/04-XX-13). This review was performed during the months of July and August 2007 according to generally accepted government auditing standards.

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OVERALL EVALUATION

Treasury Division has made strides in implementing recommendations in our audit review issued in 2004; however, this review disclosed management could improve its oversight of revenue collection operations, internal controls, and its recordkeeping systems. The City has over \$2 million in outstanding UB accounts receivable over 90 days past due with no adequate system in place for collection and/or write-off of accounts deemed uncollectible. Internal controls relating to the security environment were not adequate, including the surveillance camera system, which is outdated. Treasury policies and procedures were not comprehensive for all functions in the revenue collection process and no policies and procedures for the Finance Department related to revenue collections was evidenced. No segregation of duties exists between staff opening mail containing checks and those posting cash receipts to the accounting system. Furthermore, incoming checks received via mail are not logged/endorsed upon receipt. The Treasurer is not requiring periodic reviews be conducted to determine whether procedures, controls and logs have been implemented and are operating as required. Furthermore, no log is maintained for bank bag numbers distributed to remote sites. The City does not utilize Brinks armored car services for maximum security when transporting PKR bank bags. Brinks carriers are not identified when picking-up bank bags from Treasury Division. No adequate system exists to investigate and reconcile timely outstanding checks and payments received via YourPay.com¹ to the Master Bank Account. No inventory of keys/safe combinations was evidenced. The City does not have a copy of the corrected Crime/Dishonesty insurance policy. Furthermore, internal controls were not adequate to track and monitor the status of matured Water and Sewer and Excise Tax bonds totaling \$3,100,000 found in the Treasury Division combination safe.

FINDING 1

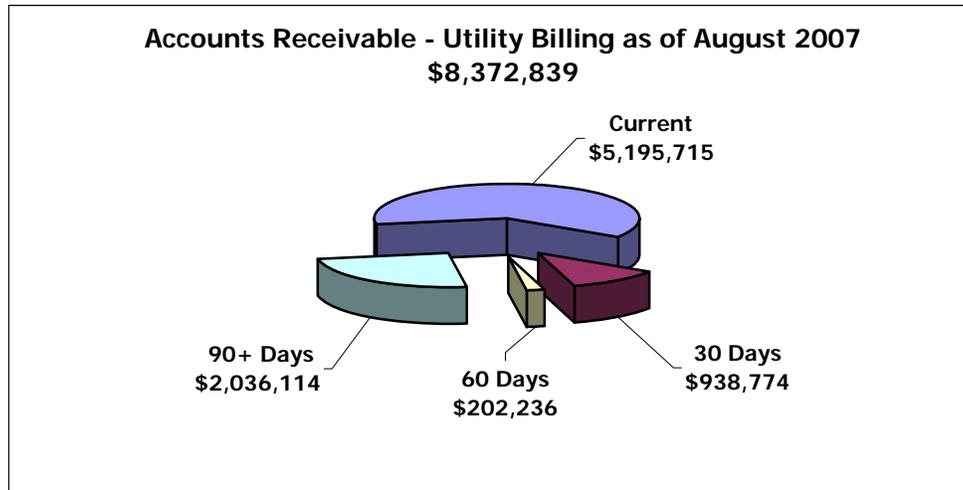
The City has not collected over \$2 million in UB receivables that are over 90 days past due.

¹ On-line payment system.

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City Code of Ordinance, Article V. Finance, Sec. 2-147 (b)(4) states, “Department Head requires the Director of Finance, either personally or through employees in the Finance Department, to perform the following duties and exercise the following powers...and keep regular records and accounts of all assets and liabilities of the City, which shall at all times show the financial condition of the City.”

Government Finance Officers Association recommended practice advises that “...delinquent accounts become more difficult to collect as they age, it is imperative that appropriate steps are taken as soon as possible after an account becomes delinquent or, if possible, before an account becomes delinquent...A decentralized collection process often leads to a fragmented and less efficient collection operation, particularly in collecting delinquent revenues.”



\$2,036,114 (24%) of \$8,372,839 outstanding past due accounts for UB were 90+ days. Furthermore, 87% (\$320,464) of the sampled 14 past due accounts are older than 4 years with the oldest account balance dating back to 1989 (18 years). The status of collection efforts evidenced in the account notes lacked follow-through to resolution. Furthermore, item #2 of **Schedule 1** denotes a lien was filed in the amount of \$6,244. However, Broward County Public Records show that the City released the lien on 8/5/04 in consideration for the sum of \$6,220, which was not posted to this account.

Aggressive action has not been taken by the City Treasurer to collect outstanding UB accounts receivable. Furthermore, the existing system of internal controls is not adequate to track, monitor, and collect past due balances and/or determine accounts deemed uncollectible in order to write-off.

Establishment of comprehensive written policies and procedures, together with effective management oversight for outstanding accounts receivable and an aggressive collection program, will strengthen accountability and

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maximize payments ultimately received for services provided in a timelier manner and result in increased cash flow.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should:

Recommendation 1. *Assign the Treasurer full responsibility and accountability for ensuring comprehensive written policy and procedures are established, issued and aggressively implemented to provide final resolution for past due UB receivable accounts.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Director of Finance will issue a memo to this effect by October 31, 2007. The Treasurer will be directed to draft policies in priority order based on the areas of highest risks and implement immediately upon approval by the Finance Director. This will be an ongoing process as best practices change.” **Estimated completion date October 31, 2007.**

Recommendation 2. *Require the Treasurer to immediately conduct a thorough review of the UB Delinquent Report and follow-up on past due accounts over 30 days documenting results in account notes. Furthermore, perform a review and evaluation of collection agency, Penn Credit Corporation’s performance, determine liens are being filed timely, follow-up to resolution on pending matters.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Director of Finance will issue a memo to this effect by October 31, 2007, and will perform a review and evaluation of collection agency, Penn Credit Corporation’s performance, determine liens are being filed timely, follow-up to resolution on pending matters.” **Estimated completion date January 31, 2008.**

Recommendation 3. *Establish a comprehensive written policy to define/determine when past due accounts, not covered specifically by statutory regulations and after all available efforts have been made, should be deemed uncollectible and written-off. Furthermore, designate authority and responsibility to write-off accounts (e.g., smaller amounts up*

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to a \$500 limit - Treasury staff may handle; debts over \$500 require review and approval by the City Manager).

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Director of Finance will issue a memo to this effect by **October 31, 2007.**”

Recommendation 4. *Ensure the computer applications can produce effective/detailed aging reports to assist in the assessment of the collectibility of past due accounts with the purchase of the new automated UB system. Furthermore, aging reports should be reviewed monthly.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Management had already recognized the crucial importance of procuring a modern, robust and functional Utility Billing System, and the Treasury Division of the Finance Department, in conjunction with the Procurement, Public Works and Information Technology Departments, has devoted enormous time and resources to the due diligence required to select a replacement Utility Billing System for the City. The ability to produce an accurate aging report was an obvious and important requirement for the new system. The vendor finalist was selected by the evaluation committee on September 20, 2007, and final contract negotiations are now underway with the vendor. The Finance Department will request that the City Attorney expeditiously review and approve the vendor contract so that the process of implementing the replacement system can begin as scheduled on January 1, 2008. The implementation process is scheduled to be completed in sixteen months.” **Estimated date completion January 1, 2008.**

FINDING 2

Internal controls relating to the security environment, including the surveillance camera system located in Treasury – UB were not effective to detect and deter potential suspects and criminal activity due to the outdated and poor quality resolution of the equipment.

Surveillance cameras are installed to help deter violent robberies, and should be of an adequate standard to help identify and capture criminals.

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Our review of surveillance cameras and monitors revealed the following conditions.

- Monitors did not provide a high quality definition of viewing. Although the monitors have the capability to view in color, they are being viewed in black and white due to the surveillance cameras ability to only record in black and white.
- No notices are present to advise the public that the premises are monitored 24 hours by surveillance cameras to deter crime.
- No documentation was evidenced to confirm that the panic alarm system installed for the cashiers is periodically tested and in good working order.

A new security system is presently under consideration according to the Treasurer; however, date of implementation is not known.

An updated surveillance system would enhance/assist in providing law enforcement with concise descriptions of suspects and possibly deterring crime and periodic testing would validate the alarm system is working properly in the event of a robbery.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should:

Recommendation 5. *Require the Treasurer to follow-up with the City Manager's Office on the potential purchase of a new surveillance camera system to enhance security and monitoring in the Treasury - UB services areas.*

Management Comment. *Management concurred with the finding and recommendation and stated: "The Director of Finance will issue a memo to this effect by October 31, 2007."*

Recommendation 6. *Require the Treasurer to post notices in the Treasury-UB services area advising the public of the use of 24-hour surveillance camera monitoring.*

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Management Comment. *Management concurred with the finding and recommendation and stated:* “The notices were posted subsequent to this audit report.” **This item is closed.**

Recommendation 7. *Contact the Public Works Director to request the Facilities Manager arrange for the panic alarm system to be periodically (e.g., annually) tested and document and provide results thereof.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Revenue Collections Supervisor (RCS) has arranged for the alarm companies to periodically activate the alarms in test mode in order to test the panic buttons. The RCS will document these tests on a separate spreadsheet for audit purposes.” **This item is closed.**

FINDING 3

Written policies and procedures were not complete for Treasury Division Revenue Collections and revisions were not distributed to all staff. Furthermore, no evidence was provided of policies and procedures for the Finance Department.

CFL Budget Book Fiscal Year 2007, page 131, Finance Departments Fiscal Year 2007 Objectives states, “Start review and revision of Finance policies; reengineer processes that are outdated or inefficient and revise those policies accordingly” and page 135, Finance Departments Major Accomplishments states, “Continued major update of Finance department policies and procedures.”

Our review of the policies and procedures related to Revenue Collections revealed the following conditions:

- No written policies and procedures exist for cash collection functions, such as processing incoming mail, instructions to staff in the event of an armed robbery, etc.
- No written policies and procedures were provided by the Finance Department to assist in areas related to Finance’s responsibilities (e.g., bank reconciliations, outstanding checks, accounts receivable, risk management/insurance), which were requested twice from the Treasurer to no avail.

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- Policy and procedure revisions recommended in the previous ROA No. 03/04-XX-13 were not fully completed (Schedule 2),² nor did each cashier evidence all revisions.

Establishment of comprehensive policies and procedures that are implemented will offer staff guidance, strengthen internal controls, and provide a reasonable assurance that the City's assets are safeguarded against loss and misappropriation.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Treasurer* to:

Recommendation 8. *In conjunction with the Revenue Collection Supervisor (RCS), establish comprehensive policies and procedures for all Treasury cash collection functions and distribute to applicable staff.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "Treasury management is currently organizing and updating existing policies, and creating new policies and procedures where necessary. **Expected completion date June 30, 2008** and will continue as best practices change."

Recommendation 9. *Issue and distribute the policies and procedures for the Finance Department.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "Once the highest priorities (highest risk) policies are completed, Finance will distribute these accordingly with an **expected completion date of June 30, 2008**. Additionally, as best practices change, Finance will update its policies and procedures accordingly."

² Management Comments to Recommendations 10 and 22.

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FINDING 4

No segregation of duties exists between staff opening mail that contained checks and those posting cash receipts to the accounting system; thereby, creating the predominant risk of a misappropriation of the City's assets. Furthermore, incoming checks received via mail are not logged/endorsed upon receipt.

Mail Logs - If checks are received through the mail, the person opening the mail should prepare a check log. If a check log is utilized, it must be constructed and maintained as each check is received. The check log should provide the check date, number, amount, and the payer.

Check Endorsement - All checks must be restrictively endorsed immediately upon receipt.

The responsibility for opening mail should be assigned to employees who have no responsibilities for or access to files or documents pertaining to accounts receivable or cash accounts.

Lock box payments and returns received for 09/10/07 from Intuition Systems, Inc. revealed that the Customer Service Representative I (CSRI) is receiving the mail and entering transactions into the Cash Receipting System. Furthermore, Intuition was unable to apply 4 checks, which they returned for reasons such as missing account number and/or signature. Intuition routinely returns checks to the City when information is not sufficient to allow for processing.

The City Treasurer/RCS did not establish policies and procedures to segregate the duties in the revenue collection process and nor was there a requirement to log checks returned by Intuition.

Establishment of policy and procedures and adequate internal controls for processing incoming mail will ensure that all public money is properly received, safeguarded, recorded, and promptly deposited.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Treasurer* to:

Recommendation 10. *Establish written policy and procedures for processing incoming mail to include the mail being opened by two people or staff member who is not responsible for posting entries to the accounting system, maintenance of a daily log, and immediate*

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endorsement of checks received, and posting of transactions to the accounting system.

Management Comment. *Management concurred with the finding and recommendation and stated:* “Procedures were changed immediately upon receipt of this recommendation, and are now documented procedures.” **This item is closed.**

Recommendation 11. *Establish a daily log for checks received via mail to record date, name of remitter, amount, and signature of person(s) opening the mail.*

Management Comment. *Management nonconcurred with the recommendation and stated:* “This would not be a value-added process, it would be manually intensive, and it would impede Finance’s ability to operate efficiently.” **This item is closed.**

FINDING 5

Periodic, unannounced reviews have not been conducted in order to determine whether procedures, controls and logs are implemented and operating as required. Furthermore, Treasury is not maintaining a log of bank bag numbers that are distributed to remote sites.

ROA No. 03/04-XX-13, Management Comments to Recommendations 22, 4, 15, and 16 (Schedule 2).

Our review to determine that periodic reviews of cash management activities were being conducted by Treasury Accountants revealed none were performed per discussion with the Treasurer and SCSR. Furthermore, during our review of the combination safe log for the period 1/31/06-7/10/06 and the bank bag log for 3/15/07-8/6/07 revealed the following conditions:

Combination Safe Log

- Periodic reviews of the combination safe log were not evidenced to verify accuracy and completeness.

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- Missing times/signatures, opening/closing entries not logged, and conflicting times.
- Dates recorded did not specify the year.
- Column was not added to denote quantity of items locked in safe and title of “Combination Safe Log” was not added as specified.

Bank Bag Log

- Periodic reviews of Treasury’s bank bag logs were not evidenced to verify accuracy and completeness.
- Illegible signatures, no reason noted for voiding, missing information, duplicate numbers with conflicting information, bag numbers with no information, and white-out used on some line items.
- Dates recorded did not specify the year.
- Bank bag numbers distributed to remote sites are not tracked and monitored since no log was maintained.

Management has not taken the appropriate measures to designate a Treasury Accountant to conduct periodic reviews for completeness/accuracy of the cash management operation, and documenting for audit purposes.

Implementation of accounting and administrative controls, as well as periodic reviews of the logs will provide reasonable assurance that the City’s assets are safeguarded against loss and misappropriation and fix responsibility/accountability if a bank bag is missing.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Treasurer* to:

Recommendation 12. *Designate a Treasury Accountant to immediately commence with conducting periodic, unannounced reviews of UB cash collection procedures and logs, to determine whether controls have been implemented and operating as required.*

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Management Comment. *Management concurred with the finding and recommendation and stated:* “The Revenue Collection Supervisor has already begun these reviews. Treasury Accountants will begin their reviews by **December 31, 2007.**”

Recommendation 13. *Document evidence of review conducted and maintain on file for audit purposes.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Revenue Collection Supervisor has begun to keep records evidencing these reviews.” **This item is closed.**

Recommendation 14. *Instruct the RCS to update the combination safe and bank bag logs to include slashes for the month, day and year (e.g., __ /__ /07) in the date columns, add title to combination safe log, and reinforce to staff the importance of recording all required information on both logs. Furthermore, missing bank bag numbers should be investigated till resolution.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The logs have been changed to reflect the changes requested above. Procedures for logging (documenting) were changed immediately upon receipt of this recommendation.” **This item is closed.**

Recommendation 15. *Instruct the Senior Accounting Clerk to establish a log for bank bag numbers that are distributed to remote sites. Furthermore, missing bank bag numbers should be investigated till resolution.*

Management Comment. *Management concurred in principle with the recommendation and stated:* “Management is not convinced that this procedure would add significant value to the control environment, but Treasury will investigate the cost-effectiveness of implementing such.” **Estimated completion date January 31, 2008.**

Recommendation 16. *Instruct the RCS to perform periodic reviews of the combination safe and bank bag logs for accuracy/completeness and document results.*

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Management Comment. *Management concurred with the finding and recommendation and stated:* “The Revenue Collection Supervisor has already begun to perform these reviews.” **This item is closed.**

FINDING 6

The City does not utilize Brinks armored car services for maximum security when transporting PKR bank bags. Furthermore, the newly acquired drop safe in Treasury is not an adequate size for bank bag(s) of a large dimension received from PKR.

The Retail Industry Networks paper, “Preventing Armed Robbery” states, “Armored Car Service is the safest method of transporting cash... owners and operators should consider the time involved with transporting cash along with the risk factors.”

Our review of the Brink’s, Inc. contract services revealed PKR although listed as a pick-up location are still using Park Rangers to transport their bank bags via Treasury Division for further transport to the bank by Brinks, Inc. It should be noted that PKR collected revenue of \$5,930,799 for FY2004/2005, an average of \$494,233 per month. The flat monthly rate for Brinks, Inc. to pick-up daily from the PKR Administration Office is \$280 (0.06%) of PKR’s total monthly revenues; therefore, would be cost beneficial. Furthermore, cost to purchase a larger drop safe to accommodate bank bags received from PKR in Treasury would be eliminated.

Although PKR management indicated that they were going to investigate the possibility of having daily funds picked up from locations where large sums of revenue are received, the current practice continues to be Park Rangers transporting bank bags to the Treasury Division. However, above cost analysis proves it would be cost beneficial to at minimum arrange for Brinks, Inc. to pick-up bank bags directly at the PKR Administration Office since all deposits from remote sites are prepared at this location.

The use of armored car services for transporting bank bags directly to the bank is not only a cost effective method, but increases security/safeguarding the City’s assets and reduces the risks involved with transfer/chain of custody and multiple locations.

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RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of PKR* should require the *Assistant PKR Director* to:

Recommendation 17. *Immediately commence the use of Brinks, Inc. for transportation of daily bank bags from the PKR Administration Office directly to the bank. Furthermore, Brinks logs should be maintained to ensure a documented chain of custody (Sample).*

Management Comment. *Management concurred with the finding and recommendation and stated: “The Parks & Recreation Department began using Brinks to pick up their money on 10/16/07.” This item is closed.*

Recommendation 18. *Update PKR policies and procedures to reflect the use of Brinks armored car services for bank bag pick ups opposed to Park Rangers.*

Management Comment. *Management concurred with the finding and recommendation and stated: “The Parks & Recreation Department will update their policies and procedures to reflect the use of Brinks armored car services for bank bag pickups.” Estimated completion date October 25, 2007.*

FINDING 7

Internal procedures were not adequate to validate the identification of the Brinks carrier picking up the daily bank bags to the signature/photograph on the Brinks Identification Notice, nor was the most up-to-date notice being utilized.

Brink’s Identification Notice/List states, “This is a new authorization; you are cautioned to compare photos and actual signatures of all persons who may represent themselves to have such authority. All previous notices are revoked.”

Our review to determine whether authorized Treasury staff verified the identification of Brinks carriers conducting pick-ups and transporting bank bags to the bank during a walkthrough on August 9, 2007, revealed Senior Customer Service Representative (SCSR) did not request the identification

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from a carrier. Furthermore, authorized Treasury staff was not utilizing the most current Identification Notice and discarding the superseded list. The outdated Identification Notice that was being used did not include the carrier that had been conducting pick-ups for the period 07/06/07 through 08/09/07. It was also noted that authorized Treasury staff are not signing clearly for each bank bag when transferring custody to the Brinks carrier.

No written policy/procedure has been established to require Treasury staff when transferring bank bags to the Brinks carrier to request identification and perform a comparison to the photograph and signature on the Identification Notice provided by Brinks, as well as discard outdated lists.

Verification of the identification of authorized carriers and comparison to the current Identification Notice is essential to safeguarding the City's assets and preventing any misappropriation.

RECOMMENDATION 19

The Director of Finance should require the Treasurer to establish a written policy and procedure to specify the authorized staff responsible for transferring bank bags to Brinks carriers, who must require a positive identification to be made by comparing signature/photograph to the most current Identification Notice. Furthermore, when updated Identification Notices are received, require outdated list to be immediately discarded. Authorized staff should clearly indicate which bank bags are being transferred to Brinks custody when signing log.

MANAGEMENT COMMENT

Management concurred with the finding and recommendation and stated: "The suggested policy and procedures were developed and implemented immediately upon receipt of this recommendation. Additionally, appropriate personnel action was taken regarding the abovementioned incident." **This item is closed.**

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FINDING 8

No adequate system was in place to investigate and reconcile timely outstanding checks and on-line payments received to the Master Bank Account. As a result, customer accounts may not accurately reflect payments received.

Ernst & Young, Management Letter for Year Ended September 30, 2006, page 4, Bank Reconciliations states, "Additionally, we recommend that the City investigate and dispose of reconciling items promptly, primarily as it relates to the Master Bank Account. Doing so will strengthen the controls around cash including those to prevent misappropriation of assets."

Outstanding Checks

\$41,728 (4.01%) of \$9,455,739 total checks outstanding on the June 2007 bank reconciliation are older than January 1, 2007.

Check Amount	Qty of Checks	% Total O/S Checks	Year Issued
\$ 958.64	6	0.01%	2005
40,769.02	418	4.00%	2006
\$41,727.66	424	4.01%	

Furthermore, the two oldest checks outstanding dated August 24, 2005 (675 days old) are payable to City employees that could be easily contacted to determine the reason for non-presentation to the bank.

According to the Controller, the Finance Department analyzes outstanding checks at the end of the calendar year for the previous year to send funds to the State as unclaimed property. However, the City is not precluded from investigating stale-dated checks for prompt reconciliation/clearance over and above the regulatory requirements for unclaimed property.

YourPay.com¹

Our review of on-line payments received for UB revealed an unreconciled balance of \$3,455. This balance was understated \$542 on the reconciliation spreadsheet maintained by SCSR. This balance represents funds deposited in the Master Bank Account exceed those posted in the Cash Receipting System. Furthermore, we noted reconciliation of on-line payments did not occur for May and June 2007.

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No written policy/procedure was evidenced to perform a monthly reconciliation of the on-line payments received and research unreconciled accumulated balance.

Controls are strengthened when outstanding items are investigated and reconciled promptly on the City's Master Bank Account.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should:

Recommendation 20. *Establish a written policy and procedure for investigation of stale-dated checks outstanding (180 days) on the Master Bank Account reconciliation.*

Management Comment. *Management nonconcurred with the recommendation and stated:* "The Finance Department has written policies and procedures for classifying stale dated checks and, as such, are remitting to the State on an annual basis. Finance is unable to dedicate resources to the investigation of individual checks beyond the requirements set by State Statute." **This item is closed.**

Recommendation 21. *Require the Controller to immediately contact the two City employees with checks outstanding for two years and take the appropriate action to clear.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "The two checks were inadvertently listed on the reconciliation when, in fact, the checks had been voided already. This has been corrected subsequent to the audit." **This item is closed.**

The *City Treasurer* should:

Recommendation 22. *Require the Accountant II to immediately investigate the cumulative unreconciled amount of \$3,455.34 for payments received via the on-line system.*

Management Comment. *Management nonconcurred with the recommendation and stated:* "This reconciliation was self-developed by

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staff, was not sanctioned by management, and is not the appropriate source for reconciliation.” **This item is closed.**

Recommendation 23. *Require a monthly review be performed to ensure all on-line payments are received in the Master Bank Account and posted to the Cash Receipting System with no accumulated unreconciled amount and document results.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “RCS is working with the Accountant to produce a spreadsheet to be used city-wide in reconciling individual deposits to the bank statements. Treasury continues to reconcile cash on a daily basis, and the Central Accounting Division reconciles the master bank account on a monthly basis.” **This item is closed.**

FINDING 9

Inventory of all keys/safe combinations that provide accessibility to the various cash storage units was not established. Furthermore, all keys do not have “do not duplicate” imprinted as required; thus, reproduction of keys to secure locations is a possibility.

ROA No. 03/04-XX-13, Management Comment to Recommendation 12 (Schedule 2).

Our review to determine whether access was restricted to cash storage units and assets were properly safeguarded during a walkthrough performed on August 9, 2007, revealed the following exceptions.

- RCS did not establish an inventory of keys/safe combinations.
- 14 (78%) of 18 keys maintained by SCSR, cashier 2 and 3, and relief cashier were not imprinted with “do not duplicate.”

Management did not take the appropriate measures to establish a log for custody of keys/safe combinations and to imprint “do not duplicate” on all keys.

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Establishment of a key inventory/safe combination log will provide a means to restrict access and adequately safeguard assets.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Treasurer* to instruct the *RCS* to:

Recommendation 24. *Immediately establish an inventory/log of all keys and safe combinations, incorporating dates for issuance and retrieval of keys and combination change dates and justification.*

Management Comment. *Management concurred with the finding and recommendation and stated: “Management has completed this task.” This item is closed.*

Recommendation 25. *Immediately require all keys currently used to access cashiering units and doors to be imprinted with “Do Not Duplicate” or investigate the option to use Medeco³ keys that can only be duplicated by the designated authorized representative.*

Management Comment. *Management concurred with the finding and recommendation and stated: “All keys that were not properly inscribed are now inscribed with “Do Not Duplicate.” This item is closed.*

FINDING 10

The City does not have a copy of the current Crime/Dishonesty Insurance Policy to evidence coverage in the event of a loss/claim that the City purchased in March 2007.

CFL Budget Book Fiscal Year 2007, page 133, Goal for Risk Management states, “Protect the City’s physical and financial assets against loss by maintaining effective insurance programs, minimizing the City’s exposure to risk, providing for appropriate reserve levels, funding incurred liabilities, and providing for the proper cost allocation of incurred losses.”

³ Medeco's patented Medeco system means it's virtually impossible for an individual to get a copy of a key without permission. Only Medeco security professionals are authorized to copy a key and can only do so with consent.

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An employee dishonesty policy should cover an employer against theft by its employees. In addition employers are protected from covered losses due to burglary and destruction. The exact definition of "who" is covered is defined in the policy, but should include all current or former employees, partners, members, directors, volunteers, trustees, seasonal employees and temporary persons.

Our review to determine adequate insurance coverage was in place for crime and employee dishonesty revealed both the Risk Manager and the Treasurer could not provide a copy of the City's policy purchased March 1, 2007 (\$8,688.87). As a result of this review, the Risk Manager contacted the City's insurance broker⁴ to request a copy of the policy. The Risk Manager was advised that the broker had returned the policy to the carrier⁵ for corrections and that it was not yet available.

No system was in place to ensure all insurance policies contain adequate coverage and in the event that corrections are needed, resolution is sought in a timely manner and documented.

Follow-up to obtain insurance policies that the City paid for and adequacy of the coverage is paramount to reducing risk/exposure to major liability issues; thereby, minimizing losses to the City.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Risk Manager* to:

Recommendation 26. *Immediately obtain a copy of the Crime/Dishonesty insurance policy, review for adequacy/completeness, forward approved copy to Finance, and maintain a copy on file.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "The review of insurance policies, including Crime/Dishonesty policy, is standard operating procedure for Risk Management, which is a Division of Finance. Risk Management is the appropriate Division of Finance to house insurance records. With recent turnover of Risk Managers, retrieval of policy copies may not have been as

⁴ Thomas Rutherford, Inc.

⁵ Travelers C&S Co.

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expedient as OMB had requested, but the policy was purchased in March 2007.” **This item is closed.**

Recommendation 27. *Provide a copy of the current Crime/Dishonesty insurance policy to the City Treasurer for his review and access in the event of a claim.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “A copy of the policy has been provided to Treasury.” **This item is closed.**

FINDING 11

Internal controls are not adequate to track and monitor the status of matured Water and Sewer and Excise Tax bonds found in Treasury Division combination safe.

City Records Retention Manual, BOND REGISTERS Item #251 states, “This record series consists of registers used to record the redemption of coupons for municipal bonds. The register is evidence of payment and may include upon what authority bonds and bond interest coupons were issued, details of bondholders, balances, identifying date, number of each bond, interest paid, and maturation dates. The register may also indicate that the coupons have been paid, upon what authority they were destroyed, and the date of destruction. See also “BOND ADMINISTRATION RECORDS,” “BOND RESOLUTIONS/ORDINANCES,” and “BONDS AND BOND INTEREST COUPONS.” These records may have archival value. RETENTION: a) Record copy. Permanent. b) Duplicates. Retain until obsolete, superseded, or administrative value is lost. BONDS AND BOND INTEREST COUPONS Item #226 This record series consists of retired bonds and bond interest coupons that have been redeemed. Information in these records may include, but is not limited to, identifying date, number of each bond, and quality and value of bond by maturity. Retired bonds and bond interest coupons may only be disposed of provided payments have been recorded in the bond register. See also “BOND ADMINISTRATION RECORDS,” “BOND REGISTERS,” and “BOND RESOLUTIONS/ ORDINANCES.” RETENTION: a) Record copy. 5 fiscal years after paid, exchanged, or transferred and recorded in bond register provided applicable audits have been released. b) Duplicates. Retain until obsolete, superseded, or administrative value is lost.”

Our review of the contents of the combination safe on September 13, 2007, revealed a total of \$3,100,000 matured Water and Sewer and Excise Tax bonds were being stored (**Schedule 3**).

The City Treasurer was unaware of the expired bonds maintained in the combination safe and did not know if there was an associated bond register(s). Subsequent to Internal Audit’s count, the Treasurer contacted

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the City's bond counsel for instruction as to what should be done with them and can they be destroyed.

Restricted safes should be cleared of outdated items not requiring safekeeping and completed bond register(s) located prior to destruction of expired paper bonds found in safe and maintained permanently in order to be in compliance with record retention requirements.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Finance* should require the *Treasurer* to:

Recommendation 28. *Locate Bond Register(s) related to expired bonds in Schedule 3. Furthermore, the Bond Register(s) should be maintained in the safe on the 6th floor Finance area.*

Recommendation 29. *Follow-up with bond counsel till resolution regarding the proper disposition of expired/matured Water and Sewer and Excise Tax bonds.*

Management Comment. *Management concurred with the finding and recommendations 28 and 29 and stated: "Management contacted Bond counsel who recommended destroying all bonds that are verified as paid. Performance of a verification of bonds as paid will be completed by January 31, 2008."*

Recommendation 30. *Periodically conduct a thorough review of the contents of the combination safe and remove items not required to be in safekeeping.*

Management Comment. *Management concurred with the finding and recommendation and stated: "The Revenue Collection Supervisor and/or the Treasurer will do a review of the contents of the safe at least annually." This item is closed.*

REPORT OF AUDIT NO. 07/08-XX-01

ADDITIONAL MANAGEMENT COMMENTS

FINDING 11

“Management disagrees with this comment. It is somewhat misleading to state that “a total of \$3,100,000 matured Water and Sewer and Excise Tax bonds were being stored.” As the auditor is aware, the bonds that were located in the safe have zero value. The Treasurer will destroy all bonds that have been verified as paid.”

EVALUATION OF MANAGEMENT COMMENTS

Management comments provided and actions taken and/or planned are considered responsive with the exception of recommendations 11, 20, and 22, respectively.

**Review of Revenue Collections - Treasury Division
Sample of 14 Past Due Utility Billing (UB) Accounts Receivable**

Schedule 1

<i>Per UB System</i>								
Item No.	Current	Days			Balance Due	Aged from	Over 4 years	Notes on Account (typed verbatim)
		30	60	90+				
1	\$ 231.96	\$ 490.84	\$ 1,600.21	\$ 16,753.46	\$ 19,076.47	5/25/2001	\$ 16,753.46	05/15/2001 Sprinkler a/c w 2 baths changed to comm a/c. 01/21/2004 Letter from cust req settlement sent to K Shallenberger-PBS
2	-	-	-	6,243.85	6,243.85	5/23/1989	6,243.85	No notes. 05/23/1989 Lien Balance Forward \$6,219.65 08/13/2007 Lien Interest Due \$6,805.83
3	-	-	-	3,040.43	3,040.43	6/1/2006		No notes. Bankrupcy filed.
4	-	-	-	6,763.80	6,763.80	2/1/2006		02/16/2006 Advise cust to hire a pro to ck on leaks
5	-	-	-	3,187.43	3,187.43	1/14/1991	3,187.43	12/21/1999 Status changed to "B" and back to "L" Have copy of stmts no proof liens paid.
6	-	-	-	8,934.11	8,934.11	11/4/2004		11/12/2004 E Waternab checking for leaks doesn't use it. 04/18/2005 Sent to Collections. 10/18/2005 Withdrawn from collections.
7	-	-	-	2,736.47	2,736.47	4/10/2007		04/24/2007 Ed turned metter off, was spinning wildly.
8	-	-	-	2,538.41	2,538.41	2/10/2000	2,538.41	02/12/1998 2nd bill sent sewer chrgs marked past due. 1st bill sent on 10/1997 turn off is not paid. This is Library, put service on and backbill 09/1997. 08/04/2004 K Clifford/P&R owes county money researching 08/19/2004 Adjustes made, a/c correct.
9	-	-	-	4,341.30	4,341.30	6/2/2004		10/13/2004 Prom note, cust to pay \$185.24 08/01/2005 Sent to collections. 03/09/2006 Withdrawn from collections.
10	-	-	-	3,145.04	3,145.04	10/31/2001	3,145.04	01/05/2001 Customer called will pay off balance next bill. 12/12/2001 Bankrupcy 11/12/01.
11	-	-	-	8,072.67	8,072.67	9/19/2005		09/15/2006 Sent to collections. 03/15/2007 Withdrawn from collections.
12	2,541.80	2,542.25	2,555.97	288,595.68	296,235.70	1/7/1996	288,595.68	08/19/1998 Cust called info changing meter size. 12/01/1999 Why paying higher no answer, no notes. 04/15/2001 Possible leak 3,000 4/16 to 4/17. 05/31/2006 Why bill is \$262,000+ paymts of \$607.79? Stormwater fees in litigation
13	-	-	-	2,724.26	2,724.26	9/22/2006		12/15/2006 Given final to lien dept.
14	-	-	-	2,879.01	2,879.01	3/16/2006		03/20/2006 Mailed Prom note. 06/15/2006 Bill pd out someone else's banck a/c for 1yr. 11/16/2006 Customer daughter to pay less amount to t/on 02/26/2007 Lien fee posted. 03/14/2007 M Christopher to put a/c in her name, pay deposit
Total	\$ 2,773.76	\$ 3,033.09	\$ 4,156.18	\$ 359,955.92	\$ 369,918.95		\$ 320,463.87	

**Results of Follow-up on Report of Audit 03/04-XX-13
Interim Report of Review of Revenue Collection - Treasury Division**

Rec. #	Recommendation	Management Response/Comment	Status	Condition Found During Follow-up (Noted based on limited testwork to verify issue resolved/corrected)
1	The City Treasurer should require the Revenue Collection Supervisor (RCS) to update written procedures to specifically define responsibilities and duties expected to be performed by staff for all cash collection functions (e.g., cash handling, balancing/wrap up/assemblage of source documentation, and daily reconciliation of cash receipts to bank reports), as well as revenue collection, accounting and safeguard procedure expectations from remote sites Citywide and other recommendations contained in this report.	Management concurred with the recommendation and stated: "The procedures have been updated and are available for your review. Procedures and Expectations of Clerk III and Customer Service Rep I/Cashier have also been prepared."	Partially Implemented	Updates were not fully completed since no policies exist for all cash collection functions, such as processing incoming mail, instructions to staff in the event of an armed robbery, etc.
2	The City Treasurer should require the RCS to distribute hard copies of new/updated procedures and discuss expectations and the importance of internal controls with Treasury staff and Department personnel from remote sites. Additionally, maintain copy of procedures in a centralized location for operations staff to access if necessary.	Management concurred with the recommendation and stated: "Expectations and responsibilities have been discussed with the staff and a copy of the procedures was distributed."	Partially Implemented	
3	The City Treasurer should require the RCS to initiate action to restrict access to (printing/viewing) summary reports (Payment, Cash Code and Ring) to supervisory staff (RCS, Senior Customer Service Representative and Clerk III) only. Furthermore, instruct cashiers to count their register drawers independently, without utilization of control reports.	Management concurred with the recommendation and stated: "Action has been taken to restrict access to summary reports by cashier. Programming was done by an independent contractor and must be corrected by that individual. We have contacted our Account Analyst to request that the change is made. In the meantime, we have set procedure that the Clerk III or CSR II will run the reports."	Implemented	
4	The City Treasurer should require the RCS to distribute/track (via log) two bank bags to cashiers upon their arrival for morning and afternoon deposits. Upon arrival of Brinks carrier in the afternoon, all bank bag numbers distributed should be verified to those in the safe and recorded in the Brinks Log Book to ensure no deposits are missing. Furthermore, require the Senior Accounting Clerk to track bank bag numbers distributed to remote sites to include at minimum Department/Division, series of bank bag numbers provided, contact person receiving bags, and date distributed.	Management concurred with the recommendation and stated: "Bank bag log is completed and procedure is in place and is available for your inspection."	Partially Implemented	No system is in place to review and monitor the Bank Bags Log that lists all pre-numbered, tamperproof plastic bank bags held by the City and the date on the log does not include the year. Furthermore, Treasury is not maintaining a log of bank bag numbers that are distributed to remote sites.

**Results of Follow-up on Report of Audit 03/04-XX-13
Interim Report of Review of Revenue Collection - Treasury Division**

Schedule 2

Rec. #	Recommendation	Management Response/Comment	Status	Condition Found During Follow-up (Noted based on limited testwork to verify issue resolved/corrected)
5	The City Treasurer should require the RCS to require staff to legibly sign name in full on all cash collection documentation (e.g., Cash Verification Sheets (CVS), Brinks/safe logs) used in day-to-day operations to evidence chain of custody from the Cashier who collected revenue through to when Brinks carrier picks up bank bags, including Park Rangers delivering bank bags from remote sites to Treasury.	Management concurred with the recommendation and stated: "The Brinks Log is written legibly by City personnel and Brinks personnel. It may be reviewed at any time."	Corrective action <u>not</u> taken	Treasury staff are not signing clearly for each bank bag when transferring custody to the Brinks Carrier i.e. log is only signed once by SCSR against all the bags taken on a given day, which makes it unclear the actual bags the signature applies to.
6	The City Treasurer should require the RCS to require CVS form be revised to clearly reflect what signor is authorizing and who is an authorized signor.	Management concurred with the recommendation and stated: "The Cash Verification Sheet has been revised to clearly reflect what signor is authorizing."	Implemented	
7	The City Treasurer should require the RCS to require Customer Service Representative IIs to prepare deposit tickets in order to have an internal verification/independent reconciliation of funds collected by cashiers.	Management concurred with the recommendation and stated: "The procedure states that the Clerk III or CSR II in her absence will write up the deposit slip for each deposit."	Implemented	
8	The City Treasurer should require the RCS to discontinue storing deposits/bank bags in lockers and purchase a drop safe to be installed/bolted to floor of 1st floor safe room to centralize and secure deposits and establish a drop safe log.	Management concurred with the recommendation and stated: "Safeguard has been contacted regarding the availability of Drop Safes. In addition, other options are being pursued with the objective of complying with this recommendation in the very near future."	Implemented	
9	The City Treasurer should require the RCS to require Balancer perform reconciliation/wrap up of all cashiers' daily cash receipts to evidence signature via a form which should also contain at minimum, date reconciled, date reconciliation was performed, cashiers with their respective station totals, grand total for all cashiers, and any variances/notes. Additionally, each revenue source should be labeled/grouped in a systematic order.	Management concurred with the recommendation and stated: "There is a form that has been created for Balancer's use on an excel spreadsheet. The form is available for your inspection at any time."	Implemented	
10	The City Treasurer should require the RCS to establish a procedure to make proper accounting entries to correct posting errors to customer utility accounts which shall only be done when proper/adequate support documentation and Supervisor authorization is obtained.	Management concurred with the recommendation and stated: "The Clerk III/Balancer is required to obtain management approval for any accounting entries used to correct posting errors. In addition, the balancer must have adequate documentation for the correction."	Corrective action <u>not</u> taken	Not included on the policies and procedures provided by Treasury during our review.

**Results of Follow-up on Report of Audit 03/04-XX-13
Interim Report of Review of Revenue Collection - Treasury Division**

Schedule 2

Rec. #	Recommendation	Management Response/Comment	Status	Condition Found During Follow-up (Noted based on limited testwork to verify issue resolved/corrected)
11	The City Treasurer should require the RCS to require Supervisors who access drop safe and give bank bags/deposits to Brinks carriers to verify all bank bags distributed to cashiers that day are those retrieved from the safe and recorded in the Brinks Log Book. This should be evidenced by legible signature (full name) to the right of Brinks carrier's signature in order to verify quantity of bank bags picked up. Furthermore, require Brinks carrier to write legibly their full name and signature and to identify the quantity of bank bags picked up in the Brinks Log Book.	Management concurred with the recommendation and stated: "Supervisors are now responsible for verifying that the armored car vendor legibly signs for all individually listed bank bags and the aggregate total number of bags."	Implemented	
12	The City Treasurer should require the RCS to inventory all and remove master/spare keys in combination safe located on the 1st floor in City Hall and lock/secure in safe located on the 6th floor Finance Department with access restricted to the RCS and Senior Customer Service Representative.	Management concurred with the recommendation and stated: "All master and spare keys are secured in the safe on the 6th floor, which has restricted access."	Partially Implemented	An inventory of keys/safe combinations was not established.
13	The City Treasurer should require the RCS to require all keys currently used to access any cashiering units/doors have "Do Not Duplicate" imprinted on them.	Management concurred with the recommendation and stated: "All cashiers are currently using keys with "Do Not Duplicate" imprinted on them."	Corrective action <u>not</u> taken	All keys do not have "do not duplicate" imprinted as required; thus, reproduction of keys to secure locations is a possibility.
14	The City Treasurer should require the RCS to assign Cashiers (Customer Service Representative I's) to one set each of station keys to take home, which should be kept on their person at all times. Full-time and relief drive-thru cashier should continue to secure their keys in drive-thru safe with exception of the lid key, which should be kept on their person at all times.	Management concurred in principle with the recommendation and stated: "Additional discussion on this recommendation would be appropriate. The proposed procedure would require retrieval of keys from the 6th floor on a daily basis, since each station would have their own keys and the drive-thru keys at the same time. This would be a staff time intensive procedure and another method might be available that would achieve the desired results in a more cost effective manner."	Implemented	
15	The City Treasurer should require the RCS to revise safe log to require dual signatures from each individual signor that are easily legible, reason for entering safe clearly depicted. A column should be added to denote quantity of items (cash drawers/change boxes) being locked in safe, and entitled "Combination Safe Log."	Management concurred with the recommendation and stated: "The safe log has been revised pursuant to your recommendations."	Partially Implemented	Column was not added for staff to denote quantity of items locked in safe and title of "Combination Safe Log" was not added.

**Results of Follow-up on Report of Audit 03/04-XX-13
Interim Report of Review of Revenue Collection - Treasury Division**

Schedule 2

Rec. #	Recommendation	Management Response/Comment	Status	Condition Found During Follow-up (Noted based on limited testwork to verify issue resolved/corrected)
16	The City Treasurer should require the RCS to require time safe was opened/closed always be recorded. Furthermore, periodic reviews of Combination and Safe Logs should be performed to verify all information requested is recorded as required.	Management concurred with the recommendation and stated: "Opened and closed times are now being reflected in the log."	Corrective action <u>not</u> taken	Combination safe log was missing times/signatures, opening/closing entries not logged, and conflicting times. Dates recorded did not specify the year. Periodic reviews of Combination Safe Log were not performed to verify all information requested is recorded as required.
17	The City Treasurer should require the RCS to discontinue storing non-City funds in the City's combination safe.	Management concurred with the recommendation and stated: "The non-City funds are no longer stored in the City's safe."	Implemented	
18	The City Treasurer should require the RCS to require cashiers working the drive-thru facility to only use cash register drawer with lock to secure cash collected.	Management concurred with the recommendation and stated: "Public Services has been notified of the requirements. After they are finished working on the new Fire Station or have a 'rain day', they will revise the cabinetry in the Drive Thru. Treasury has already agreed to pay for the enhancements and the details are being worked out."	Implemented	
19	The City Treasurer should require the RCS to require Senior Customer Service Representative to validate daily cash receipts/deposits for Treasury to Previous Day Detail (Bank) Reports daily. Any deposits that have not been actually deposited to the City's bank account after two (2) days should be further investigated, brought to Treasurer's attention and the bank contacted. RCS shall periodically monitor for implementation.	Management concurred with the recommendation and stated: "Reconciliation of the bank deposits to our bank logs is being performed daily. Due to staffing limitations, an Accountant is currently performing this duty. Missing deposits will be investigated and brought to the Treasurer's attention when appropriate."	Implemented	
20	The City Treasurer should require procedure in Recommendation 19 be implemented by personnel at remote sites collecting City revenues validate the daily cash receipts/deposits in the Daily Cash Report for their Department to Previous Day Detail (Bank) Reports.	Management concurred with the recommendation and stated: "We will forward a recommendation to the City Manager requesting that a memorandum be issued to all departments requiring that bank deposits be made timely; bank deposits validated to the daily bank statement and collection reports for recording by Treasury be forwarded within 5 business days of the bank deposit."	Corrective action <u>not</u> taken	Finance did not provide evidence of recommendation forwarded to the City Manager.

Results of Follow-up on Report of Audit 03/04-XX-13
Interim Report of Review of Revenue Collection - Treasury Division

Rec. #	Recommendation	Management Response/Comment	Status	Condition Found During Follow-up (Noted based on limited testwork to verify issue resolved/corrected)
21	The Finance Director should require reconciliation of bank statements to occur monthly, including NSF's.	The following was stated: "With our current staffing, it would not be possible to perform the required duties of the audit from October to December pursuant to our contract and Commission mandate, customary day-to-day activities and prepare timely NSF and bank reconciliations. However, we will continue to monitor the daily bank statement to ensure that bank deposits prepared and submitted by Treasury are recorded. This procedure augments the daily review of all bank clearings performed by Central Accounting."	Implemented	
22	The Finance Director should require City Treasurer to establish a procedure to perform periodic monitoring of the cash management activity to determine whether controls are implemented and operating as intended.	Management concurred with the recommendation and stated: "We will continue to meet with Treasury staff to discuss and reinforce procedures and internal controls to ensure compliance. In addition, a designated Treasury Accountant will conduct periodic, unannounced reviews of procedures and logs."	Corrective action <u>not</u> taken	Our review to determine that periodic reviews of cash management activities were conducted by Treasury Accountants revealed none were performed per discussion with the Treasurer and SCSR and/or evidenced.

**Review of Revenue Collections Inventory of
Water and Sewer and Excise Tax Bonds contained in 1st Floor Combination Safe**

Schedule 3

Title of Bond	Bonds Present		Bonds Not Present		Number of Bonds Present	Number of Bonds not Present	Amount of Each Bond	Total Value	
	Commencing Number	Ending Number	Commencing Number	Ending Number					
CFL - Water and Sewer Revenue Bond - Issue of 1978 with interest of 5.90% - Aggregate Amount of \$26,000,000	1501	1600			100		\$ 5,000.00		\$ 500,000.00
	1601	1660			100		5,000.00		500,000.00
TOTALS					200		\$ -		\$ 1,000,000.00
CFL - Water and Sewer Revenue Bond - Issue of 1973 with interest of 5.80% - Aggregate Amount of \$13,000,000	1570	1719			150		5,000.00		750,000.00
TOTALS					150		\$ -		\$ 750,000.00
CFL Excise Tax Improvement Bond, Series of 1971 with interest of 5.30%- Aggregate Amount of \$7,500,000	1071	1071			1		5,000.00		5,000.00
	1096	1149			54		5,000.00		270,000.00
	1150	1171			22		5,000.00		110,000.00
TOTALS					77		\$ -		\$ 385,000.00
CFL Excise Tax Improvement Bond, Series of 1973 with interest of 6.00%- Aggregate Amount of \$6,100,000	1009	1028			20		5,000.00		100,000.00
TOTALS					20		\$ -		\$ 100,000.00
CFL Excise Tax Improvement Bond, Series of 1967 with interest of 5.00%- Aggregate Amount of \$11,500,000	1436	1437			2		5,000.00		10,000.00
			1438	1440		3	5,000.00	15,000.00	
	1441	1443			3		5,000.00		15,000.00
			1444	1450		7	5,000.00	35,000.00	
	1451	1452			2		5,000.00		10,000.00
			1453	1454		2	5,000.00	10,000.00	
	1455	1459			5		5,000.00		25,000.00
			1460	1461		2	5,000.00	10,000.00	
	1462	1467			6		5,000.00		30,000.00
			1468	1468		1	5,000.00	5,000.00	
	1469	1469			1		5,000.00		5,000.00
			1470	1472		3	5,000.00	15,000.00	
	1473	1485			13		5,000.00		65,000.00
			1486	1487		2	5,000.00	10,000.00	
	1488	1491			4		5,000.00		20,000.00
			1492	1494		3	5,000.00	15,000.00	
	1495	1498			4		5,000.00		20,000.00
			1499	1499		1	5,000.00	5,000.00	
	1500	1500			1		5,000.00		5,000.00
			1501	1501		1	5,000.00	5,000.00	
	1502	1509			8		5,000.00		40,000.00
			1510	1511		2	5,000.00	10,000.00	
	1512	1512			1		5,000.00		5,000.00
		1513	1513		1	5,000.00	5,000.00		
1514	1524			11		5,000.00		55,000.00	
		1525	1528		4	5,000.00	20,000.00		
1529	1533			5		5,000.00		25,000.00	
		1534	1536		3	5,000.00	15,000.00		
1537	1538			2		5,000.00		10,000.00	
		1539	1539		1	5,000.00	5,000.00		
1540	1540			1		5,000.00		5,000.00	
		1541	1543		3	5,000.00	15,000.00		
1544	1546			3		5,000.00		15,000.00	

**Review of Revenue Collections Inventory of
Water and Sewer and Excise Tax Bonds contained in 1st Floor Combination Safe**

Schedule 3

Title of Bond	Bonds Present		Bonds Not Present		Number of Bonds Present	Number of Bonds not Present	Amount of Each Bond	Total Value	
	Commencing Number	Ending Number	Commencing Number	Ending Number					
CFL Excise Tax Improvement Bond, Series of 1967 with interest of 5.00%- Aggregate Amount of \$11,500,000			1547	1547		1	5,000.00	5,000.00	
	1548	1551			4		5,000.00		20,000.00
			1552	1552		1	5,000.00	5,000.00	
	1553	1561			9		5,000.00		45,000.00
			1562	1562		1	5,000.00	5,000.00	
	1563	1565			3		5,000.00		15,000.00
			1566	1567		2	5,000.00	10,000.00	
	1568	1573			6		5,000.00		30,000.00
			1574	1575		2	5,000.00	10,000.00	
	1576	1576			1		5,000.00		5,000.00
			1577	1577		1	5,000.00	5,000.00	
	1578	1578			1		5,000.00		5,000.00
			1579	1586		8	5,000.00	40,000.00	
	1587	1597			11		5,000.00		55,000.00
			1598	1598		1	5,000.00	5,000.00	
	1599	1607			9		5,000.00		45,000.00
			1608	1610		3	5,000.00	15,000.00	
	1611	1614			4		5,000.00		20,000.00
			1615	1616		2	5,000.00	10,000.00	
	1617	1617			1		5,000.00		5,000.00
			1618	1619		2	5,000.00	10,000.00	
	1620	1624			5		5,000.00		25,000.00
			1625	1629		5	5,000.00	25,000.00	
	1630	1631			2		5,000.00		10,000.00
			1632	1635		4	5,000.00	20,000.00	
	1636	1636			1		5,000.00		5,000.00
		1637	1640		4	5,000.00	20,000.00		
1641	1641			1		5,000.00		5,000.00	
		1642	1642		1	5,000.00	5,000.00		
1643	1643			1		5,000.00		5,000.00	
		1644	1647		4	5,000.00	20,000.00		
1648	1648			1		5,000.00		5,000.00	
		1649	1649		1	5,000.00	5,000.00		
	1650	1650			1	5,000.00		5,000.00	
TOTALS					133	82	\$ -	\$ 410,000.00	\$ 665,000.00
Franchise Bond for Cable Television Operations in the CFL for \$200,000 effective 05/09/2003 from Travelers Casualty and Surety Co of America	10088717934	10088717934			1		200,000.00		200,000.00
GRAND TOTAL					581	82	\$ -	\$ 410,000.00	\$ 3,100,000.00

Legend:

This series of bonds were labeled "VOID PAID" in bottom right hand corner.
Bond numbers not present in the safe; therefore, amount of each bond based on series issued.