



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM CGAP

15-19 City Cash Receipts

July 2015

Purpose

The purpose of this audit was to evaluate whether specific City departments were abiding by the internal cash receipting policies and procedures while adequately safeguarding resources. The audit period covered January through December 2014.

Highlights

We conclude that in most locations adequate internal controls over receipts were in place and City resources were adequately safeguarded.

The Office of the City Auditor previously reviewed City cash receipts in 2011 in report 12-05. To offer citizens convenient service, the City's cash receipt activities continued to be decentralized by location and department. We examined 11 of the 49 deposit locations in this audit, as follows:

Groups Tested in Audit	2014 Total Deposits	
Sales Tax	\$	187,030,772
City Engineering	\$	6,559,039
Police Department	\$	4,996,184
Municipal Court	\$	4,601,162
Parks/ Rec & Cultural Services (5)	\$	3,081,133
City Clerk	\$	1,437,187
Information Technology	\$	1,190,767
Totals Tested Locations	\$	208,896,243

City staff at most locations recorded payments in their local system and the City's accounting system, prepared the deposit, and provided deposit details to the City Finance Department for reconciliation. Unpaid invoices and non-sufficient fund collection processing were addressed centrally by the City Finance staff. Beginning in 2014, the City utilized remote check deposit processing in certain departments to streamline the deposit process and increase cash flows. Also in 2014, when local departments were responsible to bill customers, payments were remitted to City Finance to better segregate duties.

As noted in our previous audit, limited staffing in some locations made it difficult to segregate duties appropriately. Please see page two of this report for observation details.

Management Response

Management was in agreement with our recommendations.

Recommendations

1. Parks, Recreation and Cultural Services employees accepting payments should not have the ability to void or cancel payments. If the duties cannot be separated due to limited staffing, management should use review procedures to ensure accuracy and completeness.

2. Parks, Recreation and Cultural Services should investigate use of the computer system for cemetery receipts and pre-need agreements. Cemetery receipts and pre-need agreements should be logged and reconciled. Mail should be opened by a second person or directed to City Finance.

3. Municipal Court staff should reconcile the system to the online payment processor.

For efficiency and effectiveness, Municipal Court staff should continue to pursue assistance to automate the reconciliation process.

City Council's Office of the City Auditor

City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575

Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387

www.SpringsGov.com/OCA

15-19 CITY CASH RECEIPTS

Observation 1

Parks, Recreation and Cultural Services staff accepting payments also had system permissions allowing changing and cancelling of payments.

This would allow staff to accept a payment, then void or adjust the transaction and not record the payment in the City's account.

Improved procedures were put in place in some locations. The recommendation from the 12-05 audit was considered partially implemented.

Recommendation

User permissions allowing payment cancels and changes should be removed from staff accepting payments or procedures should be put in place to review all voided payments and refunds to ensure accuracy and the completeness of information included in the system.

Observation 2

One cemetery employee received payments, prepared deposits, and recorded revenue. The system was not utilized to create customer receipts or track pre-need agreements. Pre-numbered receipts and pre-need agreements were not logged, or reconciled to ensure all receipts were recorded. Policies and procedures were out of date.

The cemetery was in the process of planning a system upgrade. One objective of the system upgrade was to better separate duties among the small staff and reduce reliance on manual processes.

Recommendation

Investigate using the system to issue receipts and track pre-need agreements, which would better separate duties. If a manual process is used, all pre-numbered receipts and pre-need agreements should be logged and reconciled to the receipt book and cemetery system. A second employee should open mail and create a listing of payments by mail, which should be sent to City Finance for reconciliation.

Observation 3

Municipal Court on-line credit card payments were not reconciled to the system of record. If payments were not properly posted to the City's bank account, this error would not be detected promptly.

Recommendation

We recommend Municipal Court staff reconcile the system of record to the online payment processor.

For efficiency and effectiveness, Municipal Court staff should continue to pursue assistance to automate the reconciliation process.