



AUDIT HIGHLIGHTS

Cash Handling Controls and Accountability

March 7, 2019

Audit Report No. 1906

WHY WE DID THIS AUDIT

The audit was included on the Council-approved FY 2018/19 Audit Plan to review cash handling processes and controls for effectiveness and compliance with related Administrative Regulations (AR).

BACKGROUND

Cash handling encompasses the controls and processes to account for and safeguard monies received in cash, check or electronic form. AR 268 provides the required controls for the City's cash handling staff.

During FY 2017/18, staff at 41 locations throughout the City collected approximately \$330 million for various fines, fees, services and products. This represents about 46% of the \$714 million in revenues received by the City during the fiscal year. Other revenues collected by third parties, such as the state Department of Revenue, are deposited directly to the City's bank account.

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WHAT WE FOUND

Use of a third-party payment processing site has not been subject to control procedures.

PayPal accounts were set up for certain City programs to accept online payments. However, this payment method has not been subjected to the same internal control requirements as other payment types. Further, user access controls can be improved for these accounts.

Improving controls at some locations could help prevent errors and irregularities or make their detection easier.

Cash handling controls at the 12 audited sites were generally operating appropriately, but improvements can be made at a few locations. We found:

- Two locations do not perform dual custody cash balancing.
- For a City special event, AR 268 requirements were not consistently applied and wristband revenue controls can be improved.
- Staff at two City locations perform cash handling duties without sufficient training or experience, and their access to the POS system could be further restricted.
- One location does not maintain appropriate segregation of duties over reservations and associated receipts.
- Some facility reservations are not recorded in a reservation system.

WHAT WE RECOMMEND

We recommend department management work with the City Treasurer's Office to ensure appropriate oversight and compliance with AR 268 *Cash Handling*.

MANAGEMENT RESPONSE

The departments agreed with the recommendations. Further, they will work with the Accounting department for cash handling training and procedures and will comply with AR 268. As well, user access controls have been or will be adjusted.