



MOSSADAMS

PROPRIETARY AND CONFIDENTIAL

FINAL REPORT

FOR

CULVER CITY

Cash Handling Internal Controls Improvement

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I. OBJECTIVE, SCOPE, AND METHODOLOGY

A. OBJECTIVE

To conduct an assessment of cash handling processes and recommend process improvements to strengthen internal controls and provide the basis for updated policies and procedures.

B. SCOPE

- Leverage the cash handling and revenue collection fieldwork and results from the 2016 Internal Controls Review.
- Provide process development and improvements regarding the following areas:
 - Remote cash count¹
 - Segregation of duties²
 - End of shift reconciliation³
 - Shortages and overages⁴
 - Voids, adjustments, and deleted transactions⁵
 - Reconciliation between receipting and other records of goods sold and services rendered⁶
 - Deposits⁷
 - Access to safes and vaults⁸
- Deliver practical process improvements informed by Culver City's (the City) current operations and best practices and provide supporting guidance such as examples of form templates.

C. METHODOLOGY

- Leverage the cash handling and revenue collection fieldwork and results from the Internal Controls Review to identify areas for process improvement.
- Gather and review documents to support current processes.
- Meet with individuals involved in cash handling from the Revenue Division of the Finance Department to discuss processes.
- Meet with individuals involved in cash handling from the Transportation Department, Police Department, and Parks and Recreation Department to discuss potential process improvements in select areas, including segregation of duties, monitoring, and reconciliation.
- Research best practices in cash handling processes at other jurisdictions.

¹ Internal Controls Review: Finding E-2

² Internal Controls Review: Finding E-3

³ Internal Controls Review: Finding E-5

⁴ Internal Controls Review: Finding E-6

⁵ Internal Controls Review: Finding E-9

⁶ Internal Controls Review: Finding E-10

⁷ Internal Controls Review: Finding E-13

⁸ Internal Controls Review: Finding E-19



D. APPENDIX

This report includes an appendix that provides a variety of resources and examples based on best practices to assist the City implement cash handling internal controls improvements. After reviewing these resources and examples, the City should modify and tailor these examples to best suit its needs.



II. PROCESS OBSERVATIONS AND RECOMMENDATIONS

A. REMOTE CASH COUNTS

Control Objective: Cash controls at remote collection sites are periodically monitored and tested.

Current Process: The Revenue Division does not currently perform any cash counts.

Recommended Process:

- Maintain up-to-date petty cash and change fund inventories.
- Use a risk-based approach to select locations for review and/or perform review of all locations at least once per calendar year.
- Perform the following for cash counts at remote collection sites:
 - Present department staff/fund custodian(s) with memo from Revenue Division regarding unannounced cash counts.
 - Inquire about number of change funds and/or petty cash at the location.
 - Ask for copy of departmental cash handling procedures, if applicable.
 - Review cash handling training records for staff and report about staff in need of training.
 - Perform all cash counts in the presence of at least one department staff member and have a witness sign a log documenting the count.
 - For each change fund and register:
 - Run register total/cash edit listing to show any transactions logged up to this time.
 - Compare change fund to City's records.
 - Review any voids, fee adjustments, or deleted transactions for appropriateness and required approval.
 - For each petty cash fund:
 - Obtain log of outstanding funds.
 - Compare petty cash and receipts to City's records.
 - Use comment section to detail any information that needs to be reviewed or elevated.
 - Advise the staff member that a report of the counts will be delivered to the department shortly. Any unexplained irregularities need to be reported immediately.

Examples or Resources:

- See [Figure A.1: Example of Remote Cash Handling Audit Selection Approach](#)
- See [Figure A.2: Example Change Fund and Cash Drawer Count Form](#)
- See [Figure A.3: Example Petty Cash Count Form](#)
- See [Figure A.4: Example Authorization Letter](#)
- See [Figure A.5: Example Site Visit Report](#)
- See [Figure A.6: Example Petty Cash Inventory](#)



- See [Figure A.7: Example Change Fund Inventory](#)
- See [Figure A.8: Example Petty Cash Request Form](#)
- See [Figure A.9: Example Change Fund Request Form](#)

B. SEGREGATION OF DUTIES

Control Objective: Duties are adequately segregated to ensure proper internal controls.

Current Process: The Revenue Division does not maintain sufficient segregation of duties related to cash handling. There are four employees responsible for providing backup for the main cashier, covering lunch and breaks each day. When staff rotate on the single cash drawer, staff do not balance the drawer before or after using the cash drawer.

There is a lack of segregation of duties involved in the deposit preparation process. Employees who collect cash on a daily basis are also responsible for preparing the deposits. Each morning the deposit is prepared by one individual who also is involved in collecting revenue. The preparation process is not completed out of the sight of the public and the process is completed intermittently due to other business needs.

Mail payments are received and opened by one individual. This individual does not count the amount received or endorse the checks. The employee gives the cash receipts to multiple cashiers for counting and processing depending on the type of payment (i.e., business license payments). Personnel who have access to posting revenue should not have access to cash receipts.

Recommended Process:

- Maintain appropriate segregation of duties as a preventative control against fraud and human error.
- Mitigate controls, such as limiting access to performing voids and adjustments in the system, to reduce risk.
- Segregate duties during deposit preparation.
 - One individual should count, prepare, and sign off on deposit.
 - A second individual should recount, review supporting paperwork, seal, and sign off on deposit.
- Prepare the deposit using the Cash Reconciliation Sheet and Deposit Slip.
 - Prepare the deposit out of sight of the public (i.e., back room).
- Prepare the deposit in dual custody with one of the following:
 - Two individuals count the total deposit and sign off on sealed bag.
 - Install cameras in back room in order to minimize the deposit preparation process to one individual.
- Cash receipts received at the counter from other departments should be immediately counted by two individuals and documented.

Examples or Resources:

- See [Figure B.1: Example Cash Drawer Reconciliation Sheet](#)⁹
- See [Figure B.2: Example Deposit Ticket](#)⁹

⁹ Excel files include formulas to help facilitate accurate cash counts and reconciliations. We have included screenshots as examples.



- See [Figure B.3: Segregation of Duties: Two People](#)
- See [Figure B.4: Segregation of Duties: Three People](#)
- See [Figure B.5: Segregation of Duties: Four People](#)
- See [Figure B.12: Incompatible Activities and Mitigating Controls](#)

OTHER DEPARTMENTS

- **Revenue Division: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., collection of revenue and voiding transactions).
 - Initial daily cash reconciliation should be performed by cashier performing transactions.
 - Assign backup responsibilities that are consistent with primary duties.
 - Backup responsibilities should be assigned as required. For example, all daily cash reconciliations should be reviewed and signed. Therefore, a backup should be assigned for this duty.
 - Consider implementing proposed segregation of duties matrix, see [Figure B.6: Proposed Segregation of Duties – Revenue Division](#).
- **Police - Parking Meters: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Implement review and approval process for prepared deposits (i.e., Parking Supervisor or Sergeant).
- **Police - Property and Evidence: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Implement review and approval process for prepared deposits (i.e., Records and Property Supervisor or Lieutenant) and document this process.
- **Police - Front Desk: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., collection of revenue and voiding transactions)
 - Implement review and approval process for daily cash reconciliations and prepared deposits.
 - Assign responsibility for key activities including reconciliation of deposit documentation to bank records and accounting system and monitoring of overages and shortages.
 - Consider implementing proposed segregation of duties matrix, see [Figure B.7: Proposed Segregation of Duties – Police, Front Desk](#).
- **Transportation – Administration: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., processing mail payments and opening and logging mail payments).
 - Implement review and approval process for daily cash reconciliations and prepared deposits.
 - Restrict revenue collection activities for one administrative secretary or administrative clerk to implement adequate segregation of duties for billing.
 - Consider implementing proposed segregation of duties matrix, see [Figure B.8: Proposed Segregation of Duties – Transportation, Administration](#).



- In accordance with best practice, when additional supervisory staff is hired, void access should be provided solely to this new staff and the Senior Management Analyst should be responsible for periodically monitoring voids. Until another individual is assigned this void access, in the interest of transparency, the Senior Management Analyst should provide periodic void reports to her manager.
- The responsibility for deposit preparation should be reassigned to someone else within the Transit Division instead of the Senior Management Analyst. The Senior Management Analyst's role should shift to being responsible for reviewing and monitoring deposits to ensure accuracy and completeness.
- **Transportation Department - Equipment Maintenance and Fleet Services: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., processing mail payments and opening and logging mail payments).
 - Implement review and approval process for daily cash reconciliations and prepared deposits.
- **Recreation - Recreation Division: Recommended Process:**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., processing mail payments and opening and logging mail payments).
 - Implement review and approval process for prepared deposits.
 - Assign responsibility for key activities including reconciliation of deposit documentation to bank records and accounting system.
 - Consider implementing proposed segregation of duties matrix, see [Figure B.9: Proposed Segregation of Duties – Recreation](#).
 - Although the Recreation staff is currently maintaining appropriate segregation of duties, this segregation may not be viable in the long-term due to staffing levels. Currently one individual is working in two positions and one of the primary positions that helps provide adequate oversight over cash handling is a part-time position rather than a full-time position. The short staffing levels have required individuals to be “on-call” and prevent others from taking vacations thus suggesting an arrangement that is not sustainable in the long-term. To ensure that appropriate segregation of duties can be maintained in the long-term, the Recreation Department should evaluate the adequacy of its staffing levels as well as consider modifying the Administrative Clerk position to a full-time position.
- **Recreation - Senior and Social Services: Recommended Process**
 - Modify segregation of duties in the following ways:
 - Remove duties that are incompatible (i.e., processing mail payments and opening and logging mail payments; revenue collection and void transactions).
 - Implement review and approval process for daily cash reconciliations and prepared deposits.
 - Assign responsibility for key activities including reconciliation of deposit documentation to bank records and accounting system.
 - Consider implementing proposed segregation of duties matrix, see [Figure B.10: Proposed Segregation of Duties – Recreation, Senior and Social Services](#).
- **Recreation – Aquatics: Recommended Process:**
 - Modify segregation of duties in the following ways:



- Remove duties that are incompatible (i.e., processing mail payments and opening and logging mail payments; revenue collection and monitoring of overages and shortages)
- Implement review and approval process for daily cash reconciliations and prepared deposits
- Restrict cash handling activities from individuals without related duties (i.e., head lifeguard and lifeguard)
- o Consider implementing proposed segregation of duties matrix, see [Figure B.11: Proposed Segregation of Duties – Recreation, Aquatics](#).

C. END OF SHIFT RECONCILIATION

Control Objective: Cash tills are reconciled at the end of each shift by appropriate personnel.

Current Process: Cashiers in the Revenue Division do not have their own cash tills. At the end of the day, the shared till is reconciled by the main cashier. Multiple staff perform transactions out of shared cash drawers throughout the day. This process increases the potential for misappropriation of cash.

Recommended Process:

- Establish a second cash drawer in order to maintain accountability by having individual cash drawers for personnel that handle cash.
- Secure currency at all times, even if custodian is absent only momentarily.
- Balance each cash drawer at the end of shift and use the Cash Reconciliation Sheet.
 - o Reconcile total currency, credit card receipts, and checks to settlement report to ensure drawer is balanced.
 - If the amount of cash/checks/credit card receipts does not match the amount in the report, refer to the Overage and Shortage Checklist.
 - Document the cash count with both the cashier and supervisor signing off on the amount deposited for that till.
 - o Count next day's \$100 starting cash and leave in cash drawer.
 - Remember to leave ample change for the next shift.
 - o A supervisor should sign off on any voided receipts, adjustments performed, or overages/shortages that occur.
 - o Close batch for the day.
 - o All currency, checks, credit card receipts, voided receipts, and the settlement report should be placed in an envelope and stored in the locked vault.
 - On the outside of envelope, fill in the amount of currency, date, and sign and seal
 - envelope.

Examples or Resources:

- See [Figure B.1: Example Cash Drawer Reconciliation Sheet](#)
- See [Figure C.1: Example Shortage/Overage Checklist](#)



D. SHORTAGES AND OVERAGES

Control Objective: Overages/shortages by cashiers are reported, monitored, and investigated in a timely manner.

Current Process: The Revenue Division reports any overages and shortages identified that could not be reconciled by filling out a receipt. The receipt is provided to the supervisor for approval and is kept with the batch reports. A miscellaneous general ledger (GL) account is used to balance the cash drawer. There is currently no monitoring being performed on the frequency of overages and shortages.

Recommended Process:

- When an overage or shortage occurs, staff will refer to the Overage and Shortage Checklist.
 - Once the overage shortage checklist is completed, a supervisor should perform duplicate procedures to attempt to resolve the discrepancy.
- If overage or shortage reason could not be identified, a receipt should be created with preparer and supervisor signature.
 - Supervisor should perform GL entry to balance the drawer.
- A log should be maintained with the date, amount, and nature of overage/shortage that occurred.
 - Personnel should perform monthly monitoring of the overages and shortages to identify any patterns that could raise concerns.

Examples or Resources:

- See [Figure C.1: Example Shortage/Overage Checklist](#)
- See [Figure D.1: Example Shortage/Overage Form](#)
- See [Figure D.2: Example Shortage/Overage Log](#)

E. VOIDS, ADJUSTMENTS, AND DELETED TRANSACTIONS

Control Objective: Voids, adjustments, and deleted transactions require appropriate approval and are regularly monitored.

Current Process: The Revenue Division does not regularly monitor voids and adjustments. Personnel perform voids with approval by a supervisor. However, adjustments are performed without approval by a supervisor. The system does not have the capability to provide adjustments by employees. Therefore, an audit trail for adjustments does not exist. Deleted transactions cannot be performed on the current system.

Recommended Process:

- Determine which staff have access to perform voids or adjustments in the system.
 - Modify the access list to assign only appropriate personnel access (i.e. supervisors, managers) to perform these functions. For example, personnel that do not perform transactions on a cash drawer should not have access to perform voids or adjustments on the system.
- Voids and adjustments should require approval of direct supervisor.



- Only allow access to direct supervisors to perform voids and adjustments on transactions over \$10.
- Perform monthly review of void report to monitor all voids and identify any irregular patterns or areas of risk (supervisor).
 - Report should be printed and signed by management.
- Retain all support for the void in accordance with document retention policies.
- Maintain a daily adjustment log sheet that documents the date, amount, cashier, and supervisor involved with any adjustment performed.
 - Perform monthly review of Adjustment Log to determine any irregular patterns or areas of risk (supervisor).

Examples or Resources:

- See [Figure E.1: Example Adjustment Log](#)

OTHER DEPARTMENTS

Police – Current Process: Currently void access is limited to two individuals. While it was reported that voids are reviewed periodically, this review occurs rarely and the process is not documented.

Recommended Process: Document void process including who has the ability to perform the function and how monitoring of voids is performed and how often.

Recreation: Events – Current Process: Voids can only be performed on the same day as the original transaction, and fee adjustments are supposed to be approved by the supervisor. While voids and fee adjustments are shown on the end of day cash out report, these transactions are not specifically monitored to verify appropriateness.

Recommended Process: Implement a process to perform ongoing monitoring of all fees adjustments and voids to ensure appropriateness.

Transportation Department – Current Process: Within the Transit Division, currently the void function is limited to the Senior Management Analyst.

Recommended Process: In accordance with best practices, when additional supervisory staff is hired, void access should be provided solely to this new staff and the Senior Management Analyst should be responsible for periodically monitoring voids. Until another individual is assigned this void access, in the interest of transparency, the Senior Management Analyst should provide periodic void reports to her manager.

F. RECONCILIATION

Control Objective: Reconciliation is performed between the receipting system and other records of goods provided or services rendered to ensure the complete and accurate collection of all revenue due to the City.

Current Process: At the time of our Internal Controls Review, the City was not performing reconciliations of the point of sale system (CPOS) used for loading transit cards with value to the City's



financial system. The CPOS system is not connected to the revenue collecting system, which causes challenges in reconciliation. Since our review, both the Revenue and Transit Divisions have made great strides in their reconciliation practices. Specifically, the Transit Division has developed a robust process for reconciling the CPOS system and the City's financial system to ensure full revenue collection. While the Revenue Division also has a process for its reconciliation including an inventory of transit cards, it is not as robust as the Transit Division's reconciliation process and neither of these reconciliation processes are documented.

Recommended Process:

- The Transit and Revenue Divisions should continue working together to develop and adopt a standardized, process for reconciling the CPOS system to the financial system to recognize discrepancies in a timely manner. Additionally, the roles and responsibilities for the full reconciliation process should be assigned for each Division. Once established, the City should document this process in a City procedure.
- The Transit and Revenue Divisions should continue working together to develop a standardized, process for inventorying transit cards. Once established, the City should document this process in a City procedure.

Examples or Resources:

- See [Figure F.1: Example CPOS vs. POS Reconciliation Report](#)

OTHER DEPARTMENTS

Police – Current Process: The LiveScan fee collection is not reconciled to the itemized Department of Justice bills to ensure complete revenue collection. While some names are checked at random on the bill and compared to LiveScan applications to make sure that people are being charged appropriately for LiveScan fees, this reconciliation is not complete.

Recommended Process: Perform complete reconciliations of DOJ bills to LiveScan applications monthly.

Recreation – Current Process: Although the Recreation Department has processes in place to ensure that all participants pay for classes and that facilities rentals are paid prior to access, these processes are not documented nor is evidence of these reviews consistently retained. Without documentation of such processes, the long-term consistent performance of these processes may be compromised.

Recommended Process: Document in policies and procedures the process for reviewing payment of all class participants and facility rental fees. This documentation should include the requirement to retain evidence of the performance of these reviews having occurred.

G. DEPOSITS

Control Objective: The number of days that cash receipts are not in the custody of the City's bank is minimized.

Current Process: Deposits received by the Revenue Division from an off-site department are stored in a locked drawer until staff is available to count deposit. The primary cashier for payments at the counter



processes the revenue collected from other City departments and also prepares the daily deposits. During the daily deposit preparation process, the primary cashier performs other tasks and sometimes leaves the cash unattended at desk. The revenue collected from City departments is not consistently counted in dual custody and a receipt is not always provided to the departments.

Not all cash from City locations are timely deposited because of delays of transfers of cash stored at the department to the transfer to the Revenue Division. The Parks and Recreation Division and Senior Center transports revenue daily, the Police Department transports three times a week, and the Transportation Department transports once a week. The longer money remains outside of the custody of the bank, the greater the risk that loss or theft can occur.

In addition to delayed deposits, we identified additional opportunities for the City to improve its deposit handling. For example, not all deposits received are counted in dual custody or under surveillance cameras.

Recommended Process:

- Consider providing interdepartmental deposit bags to remote departments to establish individual accountability per each department.
- Due to the deadline of deposit pick up, a primary staff member in the Revenue Division should be assigned to prepare deposits for pickup, without interruption, to prevent delays in preparation.
 - Deposit preparation should be done out of the sight of the public (back office or counting room).
 - All deposits should be handled under dual custody—with two people counting—or in the counting room with the installation of a surveillance camera.
- Deposits received by the Revenue Division from off-site locations should be counted in dual custody.
 - Revenue received should be opened and counted in front of a secondary staff member from the City department. If secondary staff from off-site department is unavailable, staff from Revenue Division should be present for the count.
- A Remittance Advice receipt verifying and reconciling funds to deposit slip should be provided to the City department at all times.
 - If revenue counted is over or short, prepare an Overage Shortage Form and provide a copy to the off-site department staff.
 - Counted revenue should be sealed in a deposit bag and signed by the two individuals present during the count.
- The City should consider integrating systems that identify the amount of revenue collected at the departments and revenue collected in the Revenue Division. This capability will provide additional controls for the City departments to verify the revenue transported was deposited accurately.
- The Revenue Division should implement monitoring of departments' deposit frequency.
 - Create spreadsheet to document the department, the date, and the personnel that delivered the revenue.
 - Or, supervisor of the Revenue Division should perform monthly monitoring of the GL Report charge codes to ensure that departments are depositing cash in a timely basis.
 - If cash is not being deposited frequently, the Revenue supervisor should notify the department.



Examples or Resources:

- See [Figure D.1: Example Shortage/Overage Form](#)
- See [Figure G.1: Example Remittance Advice Form](#)

H. ACCESS TO SAFES AND VAULTS

Control Objective: Access to areas with cash or vaults is reviewed and updated on an ongoing basis.

Current Process: Finance's Revenue Division reported that the vault lock combination has never been changed. Moreover, the Revenue Division has a process of sharing the safe lock combination with unauthorized staff in situations when staff that have access are absent. In addition, the Department stores cash insecurely overnight, such as within a locked metal cabinet rather than a safe or vault. Staff do not store daily cash and prepared deposits in the vault due to limited access to vault.

The City does not have a comprehensive list of all of the safes and vaults in all City locations and the individuals who have access. Additionally, the other locations in the City do not regularly monitor their safe or vault access nor do they periodically change the codes to the safes or vaults.

Recommended Process:

- Identify and limit the number of employees that serve as backups for vault access when the primary employee is unavailable due to illness or vacation.
- Periodically change safe combinations annually or when there is turnover of staff.
 - Limit the number of employees with knowledge of the combination to individuals who have an operational need to access safe contents.
 - Remind staff of the importance of not sharing the safe combination with unauthorized employees.
- Maintain an up-to-date Safe and Vault Access Inventory Log of all individuals who have the combination and whether combinations have changed since any employee with access terminated their employment.
- Explore options for installing cameras over safes or vaults.
- Store all cash currency in the vault securely when not being used in cash drawer or being counted for deposit preparation.

Examples or Resources:

- See [Figure H.1: Example Safe and Vault Access Inventory Log](#)

I. OTHER OPPORTUNITIES

POLICE DEPARTMENT

1. Police – Current Process: When the Property and Evidence Division prepares a deposit, the money is counted in double custody, a deposit is created, and the deposit is then transported to the Revenue Division. Currently, the deposit is not counted upon receipt by the Revenue Division.



Recommended Process:

- The Revenue Division should count the deposit when received and provide the receipt to the Property and Evidence Division supervisor for review and comparison to the prepared deposit records.
- If the count cannot be performed on-the-spot, the Revenue Division should send the receipt through inter-office mail to the Property and Evidence Division supervisor for review and comparison.

2. Police – Current Process: The process for contesting parking citations is handled in-house by one individual. While the system does require a username and password, information about the review of the citation is not maintained within the system such as justification for dismissals. Without this documentation, it is difficult to demonstrate the appropriateness of review and dismissal decisions.

Recommended Process: Determine whether the its parking citation system can store information regarding reviews and dismissals. If the system does not have this capability, the Police Department should develop a manual process for documenting these reviews and dismissal decisions.

3. Police – Current Process: The Police Department's Professional Standards Unit (PSU) is officially responsible for conducting ongoing audits of all property and evidence. However, currently, they are not being performed. Given the nature of operations with the Property and Evidence Division, it may be difficult for the PSU to effectively conduct an audit on its own. The Property and Evidence Division itself, however, is in the process of conducting a complete inventory of all property and evidence and has made significant progress in these efforts.

Recommended Process:

- Consider modifying the responsibilities assigned to PSU regarding audits of property and evidence.
 - The PSU should retain the right to audit the Property and Evidence Division but, instead of being responsible for directly conducting audits themselves, the City should consider assigning PSU the responsibility of overseeing and monitoring periodic audits within the Property and Evidence Division and examining the Division's records to ensure that audits are being appropriately conducted by the Property and Evidence Division.

RECREATION DEPARTMENT

1. Recreation – Current Process: The Recreation Department's refund practices for facility rentals and deposits create opportunity for fraud to occur.

Recommended Process:

- Revise the Recreation Department's practices related to refunds.
 - Develop and implement a checklist for all facility rental and deposit refunds. This process should include timing considerations that would minimize fraud risks such as requiring all check payments clear prior to any refund issuance.
 - Streamline the approval process in such a manner to minimize the chances of duplicate refunds.

2. Recreation – Current Process: Inadequate segregation of duties exists within the Senior and Social Services Division. In particular, Social Services Specialist is responsible for or has the ability to perform all cash handling activities. For example, Social Services Specialist is responsible for monitoring activities he is also performing such as voids, fee adjustments, and overages and shortages.



Recommended Process:

- See [Figure B.3: Segregation of Duties: Two People](#)
- Implement mail payment log

3. Recreation – Current Process: Overall, many of the duties are segregated appropriately within the Recreation Division. For example, void transactions, refunds, and credits all require approval by Recreation Coordinator or Supervisor. Additionally, the Recreation Coordinator and Supervisor perform monitoring of these activities to ensure appropriateness. However, mail payments are not currently handled in accordance with best practices. Four of the five individuals who open mail payments also process payments. Additionally, there is no mail payment log in place nor are mail payments processed in a separate batch.

Recommended Process:

- Implement mail payment log.
- Consider limiting opening of mail payments to individuals who do not process mail payments.
- Process mail payments in separate batch from in-person payments.
- Implement process for Supervisor to reconcile deposit receipts to bank account records.

4. Recreation – Current Process: Within the Aquatics Division, it is unclear why lifeguard staff who are not involved in cash handling activities are responsible for reconciling cash receipts to daily cash, reviewing and approving daily cash reconciliations, and preparing deposits. Additionally, one of the four people responsible for opening mail payments is also responsible for processing payments.

Recommended Process:

- Remove responsibility from Coordinator for opening mail payments. If additional individual is necessary, assign responsibility to another individual who does not process payments.
- Restrict cash handling activities from individuals without related duties (i.e., head lifeguard and lifeguard)

TRANSPORTATION DEPARTMENT

1. Transportation – Current Process: It is unclear whether the security videos within the Transit Division's counting room are being monitored or how long footage is retained. Because these cameras are an important part of the controls the Transit Division relies on, it is important to determine the true efficacy of this control.

Recommended Process:

- Obtain a definitive answer regarding the monitoring and retention of security videos.
 - If the videos are currently not being monitored, the City should consider cost-effective options for monitoring the videos.
- Determine the City's current retention period for security videos and ensure that this is adequate to serve as an effective investigative tool.



2. Transportation – Current Process: The Transit Division's deposit preparation process involves numerous steps and requires information from a number of different sources (i.e., farebox report, coin counting machine report.) The Division's process is currently not documented in a procedure to ensure continuity, particularly in the event of any personnel turnover.

Recommended Process: The Transit Division should document its deposit preparation process to ensure consistency and compliance in the future as well as provide guidance to new incoming staff



APPENDIX: RESOURCES AND EXAMPLES

To help provide the City with practical support related to its cash handling practices, this appendix that provides a variety of resources and examples. These are based on best practices from other governmental entities. The City should consider how these resources and examples can assist the City in the improvement of cash handling internal controls and, prior to implementation, the City should modify and tailor these examples to best suit its needs.

A. REMOTE CASH HANDLING RESOURCES

FIGURE A.1: EXAMPLE OF REMOTE CASH HANDLING AUDIT SELECTION APPROACH



Remote Cash Handling Audit Selection Approach



Variable	Increase Risk 	Decrease Risk 
Frequency of deposits	Infrequent deposits	Frequent deposits
Amount of deposits	High-dollar value	Low-dollar value
Date of last cash count	Dated cash count	Recent cash count
Result of last cash count	Problematic cash count	Successful cash count
Deposit discrepancies	Sometimes to Often	Rarely to Never
Overages and shortages	Sometimes to Often	Rarely to Never
Allegations of fraud, waste and abuse	Some	None
Amount of change fund	Higher than average	Lower than average
Amount of petty cash fund	Higher than average	Lower than average



FIGURE A.2: EXAMPLE CHANGE FUND AND CASH DRAWER COUNT FORM

Change Fund Location						Change Fund Amount					
Change Fund Custodian						Department Staff					
Audit Staff <i>(Audit Supervisor, if applicable)</i>						Audit Date <i>(Start and End Time)</i>					

Bill Currency			Coin Currency			Coin Rolls		
Denomination	Count	Value	Denomination	Count	Value		Count	Value
\$100.00		\$	\$1.00		\$	Quarter (40#)		\$
\$ 50.00		\$	\$ 0.50		\$	Dime (50 #)		\$
\$20.00		\$	\$0.25		\$	Nickel (40#)		\$
\$ 10.00		\$	\$0.10		\$	Penny (50 #)		\$
						<i>Rolled Coin</i>		
\$ 5.00		\$	\$0.05		\$	<i>Subtotal</i>		\$
\$ 2.00		\$	\$0.01		\$			
			<i>Loose Coin</i>					
\$1.00		\$	<i>Subtotal</i>		\$			
Bill Currency Subtotal		\$				Coin Subtotal		\$

Payment Method		Revenue Recorded		Difference	
Bills & Coins		Bills & Coins		Bills & Coins	
Checks		Checks		Checks	
<i>(count, amount)</i>		<i>(count, amount)</i>		<i>(count, amount)</i>	
		<i>Over/Short Amount</i>	\$		
Credit Cards		Credit Cards		Credit Cards	
<i>(count, amount)</i>		<i>(count, amount)</i>		<i>(count, amount)</i>	-
Grand Total	\$				



OBSERVATIONS:				
Custodian received cash handling training?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
Cash drawer locked?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
Individually assigned drawer?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
All checks meet requirements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
All bills of \$50 or greater negative for signs of counterfeit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
All voids, refunds, adjustments appropriately authorized?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
Overnight storage for undeposited revenue is secure?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable	<i>If no, explain:</i>
COMMENTS:				
Department Staff (Signature)			Date	
Audit Staff (Signature)			Date	
Audit Supervisor (Signature)			Date	



FIGURE A.3: EXAMPLE PETTY CASH COUNT FORM

Culver CITY			
Petty Cash Fund Location	Petty Cash Fund \$		
Petty Cash Fund Custodian	Department Staff		
Audit Staff	Audit Supervisor		
Audit Date	Start Time		
	End Time		
Petty Cash Count Total	\$	Cash \$	
		Coin \$	
Were all petty cash transactions \$50 or less?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
Were any ineligible petty cash expenses included in the receipts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
Is the petty cash fund kept in a locked and secure location?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
Did all cash receipts attached to a petty cash form include authorized signature, account coding, and description of expense?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
If a receipt was lost or stolen, was the lost/missing receipt form completed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
Were any receipts approved by the same employee who was reimbursed or by the petty cash fund custodian?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Applicable
If no, explain finding results:			
Department Staff			
(Signature)			
Date			
Audit Staff		Audit Supervisor	
(Signature)		(Signature)	
Date		Date	



FIGURE A.4: EXAMPLE AUTHORIZATION LETTER



CONFIDENTIAL MEMORANDUM

DATE: <Date>
TO: Executive Team <Department Directors>
FROM: <Name>, Chief Financial Officer
SUBJECT: CITYWIDE UNNANOUNCED CASH COUNTS

The Finance Department's Revenue Division will be performing cash count audits of established change and petty cash funds and cash handling practices at cashiering/point of sale locations. The objective of the count is to test that change funds are present, appropriately accounted for, internal controls over cash receipts and cash handling are properly designed and City policy and procedures are being followed. To ensure the integrity of the process, these cash counts must be unannounced.

Members of the Revenue Division's team will be performing the unannounced cash counts. After presenting identification, staff is expected to work with these individuals to accommodate the counts.

The counts and audits will start as early as [Date] and will continue until all of the locations selected are completed.

If you have any questions, please contact me at (XXX) XXX-XXXX. Identified issues will be reported to the City Manager, which will include additional training needs and/or changes at the location. We greatly appreciate your cooperation.

<Signature>
<Name>
Chief Financial Officer



FIGURE A.5: EXAMPLE SITE VISIT REPORT



MEMORANDUM

DATE: <Date>
TO: Name, Department Head
FROM: <Name>, Chief Financial Officer
SUBJECT: UNNANOUNCED CASH COUNTS – SITE VISIT REPORT

On [Date], I authorized [number] members of the Revenue Division team to perform unannounced cash counts at our [number] cashiering/point of sale locations. The purpose of the counts and site visit is to verify all change funds are present and accounted for, to verify adherence to the City policy and procedures and cash handling training has been provided to cash handlers.

With the specific purpose mentioned above, [Name, Title], and [Name, Title], arrived at the [Site Name] at [Site Location] on [Date] to initiate the unannounced cash counts.

The change funds assigned to [Name, Title], [Name, Title], and [Name, Title], as well as the petty cash fund(s) assigned to [Name, Title] and [Name, Title], underwent the testing, verification and validation process with full cooperation of the Manager On-Duty, [Title, Name].

Results of the counts and site visit are:

- [Number] drawers were counted and compared to change fund records, and exceptions were:
 - i.e. A shortage of \$X in the first drawer
 - i.e. A shortage of \$X in the second drawer
 - i.e. An overage of \$X in the third drawer
- [Number] petty cash fund(s) were counted and compared to petty cash fund records, and exceptions were:
 - i.e. A shortage of \$X in the first petty cash fund
 - i.e. A missing receipt for \$X in the second petty cash fund

All cash handlers stated that Department has no written cash handling policy and procedures, and they have not taken any formal cash handling training in the last [number] years.

Based on the results and the Site Visit Report (attached), my staff had the following recommendations:

- Implement City's daily cash drawer balancing process or seek approval from Revenue Division for process modification to meet departmental needs



- Enroll cash handlers in the next available cash handling training class communicated by Human Resources Department
- Develop, implement and monitor compliance of the department cash handling policy and procedures with Revenue Division's assistance and support

The objective of our cash count is to ensure compliance with the policies of the City. This is not meant to be punitive, but to facilitate and improve the internal controls over the City's cash handling process and policies. If you would like to provide for our review a response to the recommendations, please submit this to the Revenue Manager within fourteen days of the date of receipt. Typical responses can include management's action plan and estimated date of completion. We would also be happy to work with your staff or provide additional training as they implement the recommendations.

This report is solely for the information and use of Culver City and is not intended nor should not be used by anyone other than the City. This restriction is not intended to limit the distribution of this report, which is a matter of public record when issued final.

We appreciate the cooperation of your staff and the department during this process. Please feel free to contact me should you have any questions.

<Signature>

Name

CHIEF FINANCIAL OFFICER

cc: Name, City Manager

Name, Assistant Chief Financial Officer

Name, Director of Human Resources



SITE VISIT REPORT

[Department/ Division Name]

[Location Name]

[Address]

[Date of Visit]

BACKGROUND

The City's Cash Handling Policy and Procedures (*Reference #*) states that all cash handling activities in every department/facility comply with all Revenue Division cash handling policies and procedures and that every employee, volunteer, vendor or other person assigned cash handling duties attends the City's cash handling training. The word cash includes coin, currency, checks, travelers' checks, money orders and debit/credit card receipts and electronic files (cash). The term cash handling activities includes the process of receipt of cash in payment for goods, services, fees or taxes, applying these payments to customer or City accounts, balancing cash batches, completing documents related to remit batches, preparing deposits, reconciling customer or City accounts and maintaining a petty cash or change fund.

On [Date], [Name, Title], authorized [number] members of his team to perform unannounced cash counts at our [number] cashiering/point of sale locations. The purpose of the counts and site visit is to verify all change funds are present and accounted for, to verify adherence to the City policy and procedures and cash handling training has been provided to cash handlers.

OBJECTIVES

- To verify that all change funds are present and accounted for; all internal controls over cash receipts and cash handling have been developed and are being utilized
- To verify adherence to the City cash handling policy and procedure
- To verify that cash handling training has been provided to cash handlers
- To document findings and recommendations related to cash handling practices

SCOPE AND METHODOLOGY

This report is the result of unannounced cash counts at the [Location Name] located on [Location Address]. The following procedures were performed at this site:

- Interviews with personnel
- Count of change funds collected and reconciliation
- Count of petty cash funds and reconciliation
- Review of records, reports, and other applicable documentation



FINDINGS AND RECOMMENDATIONS

There were variances in the cash noted in the verification of the change and petty cash funds. All cash handlers stated that [the Department Name] has no written cash handling policy and procedures, and they have not taken any cash handling training in the last [number] years. The issues observed are summarized in the following sections:

CASH DRAWER COUNT AND HANDLING PRACTICES

CRITERIA

The City's Cash Handling Policy (*Reference #*) and procedures state the following:

[Cite specific policy requirement]

CONDITION

Access to the three cash drawers at this location was provided:

- We counted the cash drawer assigned to [Name]. This cash drawer's value is [\$X] – as reported by the fund custodian and recorded in the City's records. The cash in the cash drawer totaled \$X, creating a shortage of \$X. We were informed that this drawer is not counted on a daily basis and the custodian could not determine when, how or why this shortage occurred.
- We counted the cash drawer assigned to [Name]. This cash drawer's value is [\$X] – as reported by the fund custodian and recorded in the City's records. The cash in the cash drawer totaled \$X, creating a shortage of \$X. We were informed that this drawer is not counted on a daily basis and the custodian could not determine when, how or why this shortage occurred.
- We counted the cash drawer assigned to [Name]. This cash drawer's value is [\$X] – as reported by the fund custodian and recorded in the City's records. The cash in the cash drawer totaled \$X, creating an overage of \$X. Although not required, we were informed that the custodian counts the drawer on a daily basis using a calculator with tape. [Further explanation]

CAUSE

- With no Departmental written balancing procedures, there are varying interpretation of what is expected from the City's policy
- Varying skills and experience of cash handlers
- No current cash handling training

EFFECT

- Violations of policy
- Increased risk of mishandling of funds

RECOMMENDATION

- Implement City's daily cash drawer balancing process or seek approval from Revenue Division for process modification to meet departmental needs
- Develop, implement and monitor compliance of the department cash handling policy and procedures with Revenue Division's assistance and support



POLICY, PROCEDURE AND TRAINING

CRITERIA

Departments are responsible for ensuring that every employee, volunteer, vendor or other person whose assigned duties involve handling City cash or funds adheres to the Department's written cash handling procedures and that they attend the City's cash handling training and obtain certification within a reasonable time of being assigned cash handling duties. Training and certification will be provided by the Human Resources Department.

CONDITION

- We identified that [the Department Name] has no written cash handling procedures.
- We identified that cash handlers have not been to Cash Handling training in more than [number] years.
- [The Location Name] has only one locking cash drawer position at the counter and the cash handlers work out of each other's cash drawers.

CAUSE

- Lack of departmental written procedures for daily cash handling
- Lack of scheduling for current cash handling training
- Insufficient number of locking cash drawers
- Department cash handlers are not informed as to what is expected in daily cash handling
- Cash handlers use only one cash drawer resulting in inappropriate segregation of custody control

EFFECT

- Violations of policy
- Increased risk of mishandling of funds

RECOMMENDATION

- Enroll cash handlers in the next available cash handling training class
- Install a locking cash drawer at the counter



FIGURE A.6: EXAMPLE PETTY CASH INVENTORY



Petty Cash Inventory

FUND/ CODE	DEPT.	LOCATION NAME	FUND/ DRAWER #	FUND CUSTODIAN	APPROVER	AMOUNT	AS OF DATE	ACCT. STATUS <i>Active or Inactive</i>	NOTES
	Finance	Revenue Division							
	PRCS	Recreation Reg. Ctr							
	PRCS	Vets Memorial Bldg							
	PRCS	Senior Center							
	PRCS	The Plunge							
	PRCS	Teen Center							
	Police	Records							
	Police	Investigation							
	Transportation	Transit Office							
	Fire								
	City Attorney								
	City Manager								
	HR								
	IT								
	Public Works								
					<i>Total</i>	\$			



FIGURE A.7: EXAMPLE CHANGE FUND INVENTORY



Change Fund Inventory

FUND/ CODE	DEPT.	LOCATION NAME	FUND/ DRAWER #	FUND CUSTODIAN	AMOUNT	AS OF DATE	ACCT. STATUS Active or Inactive	NOTES
	Finance	Revenue Window	#1					
	Finance	Revenue Window	#2					
	PRCS	Recreation Reg. Ctr	#1					
	PRCS	Recreation Reg. Ctr	#2					
	PRCS	Vets Memorial Bldg	#1					
	PRCS	Senior Center	#1					
	PRCS	The Plunge	#1					
	PRCS	Teen Center	#1					
	Police	Records	#1					
	Transportation	Transit Office	#1					
				Total	\$			



FIGURE A.8: EXAMPLE PETTY CASH REQUEST FORM



Petty Cash Request and Authorization Form

I. REQUEST			
<input type="checkbox"/> New Fund		<input type="checkbox"/> Annual Update	
<input type="checkbox"/> Change in Custodian / Alternate		<input type="checkbox"/> Change in Amount	
<input type="checkbox"/> Add / Delete Custodian / Alternate			
Amount Authorized \$		Date	
II. CUSTODIAN			
Name		Signature	
III. ALTERNATES			
Name		Signature	
Name		Signature	
Name		Signature	
IV. APPROVALS			
Department Head Name		Signature & Date	
CFO/ACFO Name		Signature & Date	
V. ACCOUNTING USE ONLY			
Account Name		Acctg. Initials	
Bank #		Date	
Acctg. Number			



FIGURE A.9: EXAMPLE CHANGE FUND REQUEST FORM



Change Fund Request and Authorization Form

I. REQUEST			
<input type="checkbox"/> New Fund		<input type="checkbox"/> Annual Update	
<input type="checkbox"/> Change in Custodian / Alternate		<input type="checkbox"/> Change in Amount	
<input type="checkbox"/> Add / Delete Custodian / Alternate			
Amount Authorized \$		Date	
II. CUSTODIAN			
Name		Signature	
III. ALTERNATES			
Name		Signature	
Name		Signature	
Name		Signature	
IV. APPROVALS			
Department Head Name		Signature & Date	
CFO/ACFO Name		Signature & Date	
V. ACCOUNTING USE ONLY			
Account Name		Acctg. Initials	
Bank #		Date	
Acctg. Number			



B. SEGREGATION OF DUTIES RESOURCES

FIGURE B.1: EXAMPLE CASH DRAWER RECONCILIATION SHEET

Note: This sheet is an Excel file that includes formulas.



 Cash Drawer Reconciliation Sheet			
Username <Username>		Date 8/1/17	Batch #
Bag #		Remittance #	
		DEPOSIT	CHANGE FUND
Total Credit/Debit*			
Total Check*			*Tape balances
LOOSE	COINS		
	Pennies		
	Nickels		
	Dimes		
	Quarters		
	Other		
	Total Loose Coin	\$0.00	
ROLLED	Pennies		
	Nickels		
	Dimes		
	Quarters		
	Other		
	Total Rolled Coin	\$ -	
	Total Coin	\$ -	
BILL CURRENCY			
	\$1		
	\$2		
	\$5	\$40.00	
	\$10		
	\$20		
	\$30		
	\$100		
	TOTAL BILL CURRENCY	\$ 40.00	
	Total Cash Drawer		\$ -
	Checks	\$ -	
	Bill Currency	\$ 40.00	
	Coin	\$ -	\$ 40.00 Deposit Total
	Credit/ Debit Cards	\$ -	
		\$ 40.00	Batch Total
	Cash Edit: Grand Total		
Enter total from receipting system			
		\$ -	
	Over (Short)	\$ 40.00	
Complete Form			
Cashier: _____		Verified: _____	



FIGURE B.2: EXAMPLE DEPOSIT TICKET

Note: This sheet is an Excel file that includes formulas.


Deposit Ticket

Remittance # 0 **Bag #** 0

CURRENCY COUNT

Denomination	Count	Amount
\$1	0	\$0.00
\$2	0	\$0.00
\$5	8	\$40.00
\$10	0	\$0.00
\$20	0	\$0.00
\$50	0	\$0.00
\$100	0	\$0.00
TOTAL BILL CURRENCY		\$ 40.00
TOTAL COIN		\$ -
TOTAL CHECK		\$ -
TOTAL		\$ 40.00



FIGURE B.3: SEGREGATION OF DUTIES – TWO PEOPLE

Role #1 Cashier	Role #2 Supervisor
Receipt cash and reconcile at end of shift	Review and approve end of shift reconciliation
Initiate voids, fee adjustments, delete transactions	Review and authorize void, adjust, delete transactions
Deposit preparation	Review and approve deposit
Transport and make deposit	Reconciling receipts (i.e. multiple end of shift reconciliations) to deposit
	Recording Deposit to GL – <i>If applicable</i>
	Reconcile Deposit Record to Accounting and/or Bank Account(s)
	Open and log mail payments
Assumptions: This assumes system controls to support segregation of duties. Without these automated controls, additional monitoring must be performed. Independent cash counts should be performed most often at these locations.	

FIGURE B.4: SEGREGATION OF DUTIES – THREE PEOPLE

Role #1 Cashier	Role #2 Supervisor	Role #3 Manager
Receipt cash and reconcile at end of shift	Review and approve end of shift reconciliation	
Initiate voids, fee adjustments, delete transactions	Review and authorize void, adjust, delete transactions	
Deposit preparation	Review and approve deposit	
Transport and make deposit		Reconciling receipts to deposit
		Recording Deposit to GL – <i>If applicable</i>
		Reconcile Deposit Record to Accounting and/or Bank Account(s)
	Open and log mail payments	
Assumptions: This assumes system controls to support segregation of duties. Without these automated controls, additional monitoring must be performed.		



FIGURE B.5: SEGREGATION OF DUTIES – FOUR PEOPLE

Role #1 Cashier	Role #2 Cashier	Role #3 Supervisor	Role #4 Manager
Receipt cash and reconcile at end of shift	Receipt cash and reconcile at end of shift – process mail payment separately	Review and approve end of shift reconciliation	
Initiate voids, fee adjustments, delete transactions		Review and authorize void, adjust, delete transactions	
Deposit preparation	Transport and make deposit	Review and approve deposit	
			Reconciling receipts to deposit
			Recording Deposit to GL – <i>If applicable</i>
			Reconcile Deposit Record to Accounting and/or Bank Account(s)
Open and log mail payments			
Assumptions: This assumes system controls to support segregation of duties. Without these automated controls, additional monitoring must be performed.			



FIGURE B.6: PROPOSED SEGREGATION OF DUTIES – REVENUE DIVISION

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Senior Account Clerk (A), Accountant II, Accounting Technician	Revenue Operations Manager
Processes mail payments	Senior Account Clerk (A), Accountant II	Management Analyst
Reconciles cash receipts to daily cash	Senior Account Clerk (A), Accountant II, Accounting Technician	Senior Account Clerk (A) Accountant II Accounting Technician
Reviews and approves daily cash reconciliations	Management Analyst, Revenue Operations Manager (Backup)	Senior Account Clerk (B) Senior Account Clerk (C)
Prepares deposits	Senior Account Clerk (A), Accountant II, Accounting Technician (Backup)	
Reviews and approves prepared deposits	Management Analyst, Revenue Operations Manager (Backup)	
Transports deposits	Not applicable	
Initiates void transactions	Senior Account Clerk (A), Accountant II, Accounting Technician	
Approves void transactions	Management Analyst, Revenue Operations Manager (Backup)	
Adjusts fees or transactions	Not applicable	
Delete transactions	Not applicable	
Reconciles deposits to the accounting system	Revenue Operations Manager	
Monitors overages and shortages	Management Analyst, Revenue Operations Manager (Backup)	
Monitors voids, adjustments, and deleted transactions	Management Analyst, Revenue Operations Manager (Backup)	
Opens and logs mail payments	Accounting Technician	
Initiates refunds and/or issues credits	Senior Account Clerk (A), Accountant II, Accounting Technician, Management Analyst	
Approves refunds and/or credits	Revenue Operations Manager, Management Analyst (Backup)	
Prepares invoices and performs billing activities	Senior Account Clerk (C), Senior Account Clerk (B)	
Monitoring completeness and accuracy of billing activities	Management Analyst, Revenue Operations Manager	



FIGURE B.7: PROPOSED SEGREGATION OF DUTIES – POLICE, FRONT DESK

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Police Officers, CSO, Records Technicians, KW	Management Analyst Lieutenant of Records & Property CSO's Records & Property Supervisor Records Technicians (5) Police Officers (sworn)
Processes mail payments	Records Technicians, KW, Management Analyst	
Reconciles cash receipts to daily cash	Records Technicians, KW, Management Analyst	
Reviews and approves daily cash reconciliations	Records and Property Supervisor, Lieutenant of Records and Property (Backup), Management Analyst (Backup)	
Prepares deposits	Records and Property Supervisor, KW (Backup), Records Technicians (Backup)	
Reviews and approves prepared deposits	Lieutenant of Records and Property, Management Analyst (Backup)	
Transports deposits	Records and Property Supervisor, KW (Backup), Lieutenant of Records and Property (Backup)	
Initiates void transactions	Records Technicians, KW	
Approves void transactions	Records and Property Supervisor, Lieutenant of Records and Property	
Adjusts fees or transactions	Not applicable	
Delete transactions	Not applicable	
Reconciles deposits to the accounting system	Lieutenant of Records and Property, Management Analyst (Backup)	
Monitors overages and shortages	Records and Property Supervisor, Lieutenant of Records and Property	
Monitors voids, adjustments, and deleted transactions	Records and Property Supervisor, Lieutenant of Records and Property	
Opens and logs mail payments	CSO, Records and Property Supervisor	
Initiates refunds and/or issues credits	Police Officers, CSO, Records Technicians, KW	
Approves refunds and/or credits	Records and Property Supervisor, Lieutenant of Records and Property	
Prepares invoices and performs billing activities	Management Analyst	
Monitoring completeness and accuracy of billing activities	Management Analyst	



FIGURE B.8: PROPOSED SEGREGATION OF DUTIES – TRANSPORTATION, ADMINISTRATION

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Administrative Secretary (A), Administrative Secretary (B), Administrative Clerk (A)	Senior Management Analyst
Processes mail payments	Administrative Secretary (A), Administrative Secretary (B)	Administrative Secretary (A)
Reconciles cash receipts to daily cash	Administrative Secretary (A), Administrative Secretary (B), Administrative Clerk (A)	Administrative Secretary (B)
Reviews and approves daily cash reconciliations	Senior Management Analyst	Administrative Clerk (A)
Prepares deposits	Administrative Clerk (B)	Administrative Clerk (B)
Reviews and approves prepared deposits	Senior Management Analyst	
Transports deposits	Administrative Clerk (B)	
Initiates void transactions	Administrative Secretary (A), Administrative Secretary (B), Administrative Clerk (A)	
Approves void transactions	Senior Management Analyst	
Adjusts fees or transactions	Not applicable	
Delete transactions	Senior Management Analyst	
Reconciles deposits to the accounting system	Senior Management Analyst	
Monitors overages and shortages	Senior Management Analyst	
Monitors voids, adjustments, and deleted transactions	Senior Management Analyst	
Opens and logs mail payments	Administrative Clerk (A), Administrative Clerk (B)	
Initiates refunds and/or issues credits	Administrative Secretary (A), Administrative Secretary (B), Administrative Clerk (A)	
Approves refunds and/or credits	Senior Management Analyst	
Prepares invoices and performs billing activities	Administrative Clerk (B), Senior Management Analyst (Backup)	
Monitoring completeness and accuracy of billing activities	Senior Management Analyst	



FIGURE B.9: PROPOSED SEGREGATION OF DUTIES – RECREATION

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist.	PRCS Director Acting Recreation Coordinator
Processes mail payments	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist.	Recreation Supervisor Recreation Specialist (A) Recreation Specialist (B)
Reconciles cash receipts to daily cash	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist.	Recreation Specialist (C) Recreation Specialist (D)
Reviews and approves daily cash reconciliations	Acting Recreation Coordinator, Recreation Supervisor	
Prepares deposits	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist.	
Reviews and approves prepared deposits	Acting Recreation Coordinator, Recreation Supervisor	
Transports deposits	(B) Recreation Specialist, (C) Recreation Specialist, Acting Recreation Coordinator, Recreation Supervisor	
Initiates void transactions	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist.	
Approves void transactions	Acting Recreation Coordinator, Recreation Supervisor	
Adjusts fees or transactions	Acting Recreation Coordinator, Recreation Supervisor	
Delete transactions	Acting Recreation Coordinator, Recreation Supervisor	
Reconciles deposits to the accounting system	Recreation Supervisor, Director (Backup)	
Monitors overages and shortages	Acting Recreation Coordinator, Recreation Supervisor(Backup)	
Monitors voids, adjustments, and deleted transactions	Acting Recreation Coordinator, Recreation Supervisor(Backup)	
Opens and logs mail payments	Acting Recreation Coordinator (Backup), Recreation Supervisor, Director (Backup)	
Initiates refunds and/or issues credits	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist	



Activity	Assigned individuals	Title
Approves refunds and/or credits	Acting Recreation Coordinator (Backup), Recreation Supervisor, Director (Backup)	
Prepares invoices and performs billing activities	Recreation Specialist, Recreation Specialist, Recreation Specialist , Recreation Specialist	
Monitoring completeness and accuracy of billing activities	Acting Recreation Coordinator, Recreation Supervisor (Backup), Director (Backup)	



FIGURE B.10: PROPOSED SEGREGATION OF DUTIES – RECREATION, SENIOR AND SOCIAL SERVICES

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Social Services Specialist	PRCS Director Acting Recreation Coordinator Recreation Supervisor Recreation Specialist (A) Recreation Specialist (B) Recreation Specialist (C) Recreation Specialist (D)
Processes mail payments	Social Services Specialist	
Reconciles cash receipts to daily cash	Social Services Specialist	
Reviews and approves daily cash reconciliations	Social Services Manager	
Prepares deposits	Social Services Specialist	
Reviews and approves prepared deposits	Social Services Manager	
Transports deposits	Social Services Specialist, Administrative Clerk, Nutrition Specialist	
Initiates void transactions	Social Services Specialist	
Approves void transactions	Social Services Manager	
Adjusts fees or transactions	Social Services Manager	
Delete transactions	Social Services Manager	
Reconciles deposits to the accounting system	Social Services Manager	
Monitors overages and shortages	Social Services Manager	
Monitors voids, adjustments, and deleted transactions	Social Services Manager	
Opens and logs mail payments	Administrative Clerk, Nutrition Specialist	
Initiates refunds and/or issues credits	Social Services Specialist	
Approves refunds and/or credits	Social Services Manager	
Prepares invoices and performs billing activities	Social Services Specialist	
Monitoring completeness and accuracy of billing activities	Social Services Manager	



FIGURE B.11: PROPOSED SEGREGATION OF DUTIES – RECREATION, AQUATICS

Activity	Assigned individuals	Title
Processes cash payments (in-person, online)	Coordinator, Rec Leader II, Rec Leader II	PRCS Director Social Services Manager
Processes mail payments	Rec Leader II, Rec Leader II	Coordinator
Reconciles cash receipts to daily cash	Coordinator, Rec Leader II, Rec Leader II	Rec Leader II Rec Leader II
Reviews and approves daily cash reconciliations	Pool Manager, Pool Manager, Manager	Pool Manager Pool Manager
Prepares deposits	Rec Leader II, Rec Leader II	Head Lifeguard
Reviews and approves prepared deposits	Pool Manager, Pool Manager, Manager	Lifeguard Manager
Transports deposits	Rec Leader II, Pool Manager, Pool Manager	
Initiates void transactions	Rec Leader II, Rec Leader II	
Approves void transactions	Social Services Manager, Pool Manager, Pool Manager, Manager	
Adjusts fees or transactions	Social Services Manager, Pool Manager, Pool Manager, Manager	
Delete transactions	Social Services Manager, Pool Manager, Pool Manager, Manager	
Reconciles deposits to the accounting system	Director, Social Services Manager	
Monitors overages and shortages	Director, Social Services Manager	
Monitors voids, adjustments, and deleted transactions	Director, Social Services Manager	
Opens and logs mail payments	Pool Manager, Pool Manager	
Initiates refunds and/or issues credits	Director, Social Services Manager	
Approves refunds and/or credits	Director, Social Services Manager	
Prepares invoices and performs billing activities	Coordinator	
Monitoring completeness and accuracy of billing activities	Director, Social Services Manager	



FIGURE B.12: INCOMPATIBLE ACTIVITIES AND MITIGATING CONTROLS

Cash Handling Activity	Incompatible Activity	Mitigating Control(s)
Processing Mail Payments	Opening Mail Payments	Log mail payments Separate batches for in-person and mail payments Segregation of duties recommended
Opening Mail Payments	Processing Mail Payments	Log mail payments Separate batches for in-person and mail payments Segregation of duties recommended
Deposit Preparation	Bank Reconciliation	Not applicable - Segregation of duties required
Processing Payments	Approval of void, fee adjustment, and delete transactions	Ongoing monitoring of all voids, fee adjustments, and deleted transactions Prompt investigation and action on all inappropriate activities Segregation of duties recommended
Processing payments- in-person or mail	Prepares invoices and performs billing activities	Strong system controls around billing activities (i.e. pre-programmed fee amounts, automatic billing calculations, monitoring of billing discrepancies including adjustments and incomplete billing) Reconciliation processes in place to ensure complete and accurate billing Strong system controls around cash collection including system requirement for approval of fee adjustments, voids, and deleted transactions
Processing of payments and/or prepares invoices and performs billing activities	Monitoring of overages and shortages, monitoring of fee adjustments, voids, deleted transactions, refunds, and credits	Not applicable - Segregation of duties required



C. END OF SHIFT RECONCILIATION RESOURCES

FIGURE C.1: EXAMPLE SHORTAGE/OVERAGE CHECKLIST



Shortage/Overage Checklist

<i>Steps to follow if you identify a shortage or overage in your drawer</i>	
<input type="checkbox"/>	1. Recount the physical cash.
<input type="checkbox"/>	2. Re-total all of the checks and re-total all of the credit cards.
<input type="checkbox"/>	3. Review all transactions performed and entered into the system during the shift for the following errors:
<input type="checkbox"/>	a. A transposition keying error was made(i.e. \$12 keyed in as \$21)
<input type="checkbox"/>	b. Check that cash denominations entered in cash detail are accurate
<input type="checkbox"/>	c. Entering multiple zeros (i.e. \$200 keyed as \$20)
<input type="checkbox"/>	d. A transaction was entered into the system twice
<input type="checkbox"/>	e. Voids and adjustments entered incorrectly, reconcile to receipts
<input type="checkbox"/>	f. Payment type is entered incorrectly (i.e. \$10 cash keyed in as \$10 check)
<input type="checkbox"/>	4. If the discrepancy was not found after the above instructions:
<input type="checkbox"/>	a. Request that a supervisor performs same above procedures
<input type="checkbox"/>	b. Fill out Shortage/Overage Form if discrepancy remains.
<input type="checkbox"/>	c. Obtain appropriate signatures



D. SHORTAGES AND OVERAGES

FIGURE D.1: EXAMPLE SHORTAGE/OVERAGE FORM


 Shortage / Overage Form		Date _____	
		Dept/Div/Location _____	
		Dept	Div
		Location	
I. SHORTAGE		II. OVERAGE	
Amount	\$	Amount	\$
III. EXPLANATION <i>*If theft, embezzlement or other misconduct is suspected, include in explanation</i>			
IV. CERTIFICATION <i>I certify to the best of my knowledge and belief that the information provided is true, correct and complete.</i>			
Cashier		Supervisor	
_____		_____	
Printed Name		Printed Name	
Certification		Certification	
_____		_____	
Signature		Signature	
Date		Date	
<i>For differences of \$20 or more, the following additional certifications are required</i>			
Department		CFO/ACFO	
Head			
_____		_____	
Printed Name		Printed Name	
Certification		Certification	
_____		_____	
Signature		Signature	
Date		Date	




FIGURE D.2: EXAMPLE SHORTAGE/OVERAGE LOG

<div><div>CulverCITY</div><div>Shortage/Overage Log</div></div>						
DATE	BATCH #	DEPT/DIV/LOC	OVERAGE/ SHORTAGE	CASHIER	SUPERVISOR	COMMENTS
			\$			



E. VOIDS, ADJUSTMENTS, AND DELETED TRANSACTIONS RESOURCES


FIGURE E.1: EXAMPLE ADJUSTMENT LOG

 Adjustment Log (Fees, Voids, Delete)				Department _____ Division _____ Location _____			
DATE	TIME	AMOUNT	CUSTOMER	CASHIER	SUPERVISOR	REASON	COMMENTS



F. RECONCILIATION RESOURCES

FIGURE F.1: EXAMPLE CPOS VS. POS RECONCILIATION REPORT



CPOS vs. POS Reconciliation Report

Week of _____, 20__

	CPOS: TAP Card	POS: Munis Report	<i>Differences</i>	<i>Explanation / Resolution</i>
Add Value				
Regular				
Senior				
College				
Total				

Performed by:

Performed on:


Signature / Initials

Date



G. TIMELY DEPOSIT RESOURCES


FIGURE G.1: EXAMPLE REMITTANCE ADVICE FORM

		Remit Number		
		Cash Receipts Batch ID		
Remittance Advice		User ID	Batch Date	Batch #
CASH COUNT				
Bill Currency	\$	Remit Total	\$	
Loose Coin	\$	Remit Date		
Rolled Coin	\$	Department		
Checks	\$	Division		
Cash/Check Total	\$	<div>APPROVAL: TWO SIGNATURES REQUIRED* *Both signers certify that information on this report is true and correct that cash receipts are included and accounted for.</div> <div>Cashier/Preparer Signature</div> <div>Supervisor/ Reviewer's Signature</div>		
	<i>Amount of Deposit to Bank</i>			
Credit Cards	\$			
Debit Cards	\$			
Credit/ Debit Total	\$			
	<i>Settlement Transmitted to Bank</i>			
TOTAL BATCH DEPOSIT	\$			



H. SAFE AND VAULT ACCESS RESOURCES

FIGURE H.1: EXAMPLE SAFE AND VAULT ACCESS INVENTORY LOG

 Safe and Vault Access Inventory Log								
As of Date	Dept.	Division	Location	Location Description	Type & Access Type (# of digits)	Name	Title	Date of Last Change
	Finance	Revenue	N/A	Back Room	Vault – Combination	Nagam Rao	Manager	
							Accountant II	
							Associate Analyst	
							Senior Account Clerk	
							Senior Account Clerk	
	PRCS	Recreation	Vets Memorial Building (VMB)	VMB Manager's Office	Drop Safe - Combination	Susan Obrow		
						Terri Conn	Admin. Clerk	
						Alma Limon	Admin. Clerk	
						Terrica Miller	Admin. Clerk	
						Martin Santacruz	Admin. Clerk	
	PRCS	Recreation	Recreation Office					
	PRCS	Recreation	Plunge				Lead Rec 2	
							Coordinator	
	Police	Parking			Safe – Combination	Dianne Gifford	Parking Supervisor	
							Sergeant	
	Police	Records			Safe – Combination (7)	Kori Williams		
							Lieutenant	
	Trans.	Transit			Safe – Combination (6)		Director	
							Transit Ops Mgr.	
							Equip Maint Mgr.	
							Sr. Mgmt Analyst/Finance	



III. MANAGEMENT RESPONSE

Culver City Finance staff collected management responses from departments in April and May 2019. These responses are provided in the table below.

CONTROL OBJECTIVE	MANAGEMENT RESPONSE
1. The City has up-to- date cash handling policies and procedures that guide cash handling throughout the City.	Finance will develop a City wide policy for Cash Handling and train departments on an annual basis. Finance will then assist individual departments in developing documentation, procedures and segregation of duties that are specific to their location and practices. The policy will discuss all matters of cash handling, use of software, cash deposits, how to store cash, check acceptance policy and detecting counterfeit cash.
2. Cash controls at remote collection sites are periodically monitored and tested	Finance has proposed adding two positions in the FY 2019/2020 Budget, Sr. Admin Analyst and Sr. Accountant. Both positions will be responsible for conducting annual and random petty cash audits citywide and maintaining the petty cash audit program.. Finance is also implementing an employee reimbursement module as a part of the General Ledger system. It will automate the process and guidelines will be established to limit the use of petty cash per transaction.
3. Duties are adequately segregated to ensure proper internal controls.	See Management Response #1



4. Periodic cash handling training is performed.	Finance is working with Bank of America to develop cash handling training that addresses receiving cash, securing cash, processing daily cash deposits, check acceptance procedures and detecting counterfeit cash.
5. Cash tills are reconciled at the end of each shift by appropriate personnel.	Finance will work with departments citywide to determine the best way to reconcile cash drawers at the end of each shift or Staff will ensure the drawer is kept safe and locked until such time as there are two staff positions available to count and verify the drawer.
6. Overages/shortages by cashiers are reported, monitored, and investigated in a timely manner.	As a part of the cash handling policy, there will be procedures implemented to address overages/shortages, limits will be established to determine when an investigation of discrepancies is merited and all overages/shortages citywide will be tracked separately via the general ledger system.
7. System controls are assigned appropriately to ensure proper internal controls over the application of fees and rates.	There is a new User Fee Rate Study currently underway. Once that study is complete and approved by Council, Finance will work with the IT Division to ensure that all fees included in the Master Fee schedule is uploaded into all subledgers and financial accounting systems.
8. Receipts are provided for all cash transactions.	All Departments are aware of the necessity to issue receipts for all transactions and have been doing this on a consistent basis.



<p>9. Voids, adjustments, and deleted transactions require appropriate approval and are regularly monitored.</p>	<p>The Tyler cashiering system has been modified to prevent cashiers from voiding or deleting their own transactions. This feature will be set up in cashiering systems citywide, if possible. Departments have also implemented procedures that require supervisory approval for voids and deletions and back up is retained within the departments.</p>
<p>10. Reconciliation is performed between the receipting system and other records of goods provided or services rendered to ensure the complete and accurate collection of all revenue due to the City.</p>	<p>The Accounting Staff of the Finance Department are developing procedures for quarterly reconciliations between the general ledger system and all subledger systems.</p>
<p>11. Each cashier has their own cash till.</p>	<p>See Management Response #1</p>
<p>12. Safety/protection measures are adequate to ensure persons handling cash at locations are physically protected</p>	<p>Finance will review this concern in conjunction with the financial resources available to implement security glass, security doors, cameras, monitoring software, etc.</p>



13. The number of days that cash receipts are not in the custody of the City's bank is minimized.	See Management Response #1
14. Cash is stored securely when not in the custody of the City's bank.	See Management Response #1
15. Access to areas with cash is sufficiently restricted.	Finance will review this concern in conjunction with the financial resources available to implement additional security measures. Policies and procedures will be developed as per Management Response #1.
16. Strong controls exist over payment remittances.	The City has requested a quote from Bank of America for lock box services.



17. All checks are endorsed immediately upon receipt.	Finance has issued endorsement stamps to all departments who receive checks.
18. Cash drawers are only unlocked during transaction to accept payment or make change.	This matter has been addressed in all departments with the exception of Public Works. Policies and procedures will also be completed as per Management Response #1
19. Access to areas with cash or vaults is reviewed and updated on an ongoing basis.	Finance will review this concern in conjunction with the financial resources available to either change codes or purchase new safes. Policies and procedures will be developed as per Management Response #1.
20. The City has a robust cashiering system that interfaces with its financial system.	Finance is coordinating with IT to ensure that all subledger systems have a direct interface in the Munis cashiering system. This will improve reconciliations and eliminate data entry errors.
21. Adequate policies and processes exist to ensure secure and appropriate handling of all credit card transactions.	Finance is working with IT to update it's PCI Compliance requirements and acquire new hardware for accepting credit cards with a chip. Policies and procedures will also be developed to meet PCI Compliance requirements and internal audit requirements.
22. Items with cash value are stored securely and inventory is monitored.	New procedures will be developed to require all items of value to be stored securely, inventoried, and reconciled periodically.



23. Strong controls exist related to the acceptance of checks.

See Management Response #1

24. Bills are consistently inspected for signs of counterfeit.

See Management Response #1

