

CITY OF ALLENTOWN

CASH COUNT – Finance – Revenue & Audit 04/30/2021

Date of Report: May 14, 2021

The Finance Department ensures the financial stability of the city by managing all financial functions in an efficient, cost-effective and responsive manner. The Finance department oversees long range strategic financial planning and provides city departments and the public with timely and accurate financial information, while assuring clarity and accountability.

Finance - Revenue and Audit involves the administration of various taxes and user charges levied by the City, in accordance with appropriate enabling legislation. It also involves enforcement activities directed at collecting delinquent taxes, user charges and miscellaneous invoices, as well as audits conducted to ensure all business-related taxes payable to the City are calculated properly and paid timely.

Finance – Revenue & Audit maintains 3 cash register drawers.

OBJECTIVE

The audit objectives were:

1. To perform a surprise cash count of all cash funds maintained by Finance – Revenue & Audit.
2. To ensure the funds and supporting documentation of cash drawer balances for the day(s) of our visit were present and properly reported.
3. To determine the existing policies and procedures including AIMs were being followed and whether internal controls were adequate to ensure that all cash is collected, accurately recorded, safeguarded and deposited.
4. To evaluate the reasonableness of the amount of the funds.
5. To identify any potential cash receipt and cash handling internal control weaknesses including but not limited to the physical security of the funds.

PROCEDURES

This audit was conducted in accordance with generally accepted governmental auditing standards and utilized an approach that included staff interviews, reviews of documents, and reports and examinations of individual financial transactions.

Our process began by counting the individual cash funds while being observed by Finance – Revenue & Audit personnel. The physical counts were compared to the prescribed system (cash drawers). Any discrepancies between the prescribed totals and the physical count were validated with the Finance – Revenue & Audit personnel.

FINDINGS, RECOMMENDATIONS AND RESPONSES

CASH COUNT: OVERAGES/SHORTAGES

Based on the review performed, controls were adequate, and no exceptions were noted.

INTERNAL CONTROL OPPORTUNITIES

1. Non-City Personnel in the Cashiering Area

The 1st Floor Cashiering Area is restricted by key card access. Access to the area is limited to essential personnel.

During our surprise cash count, we observed a Treasury Accountant providing access to the Cashiering Area to a non-city employee. The non-city employee was provided access to the area to use a paper cutter.

Recommendation

Access to the 1st floor Cashiering Area should be limited and should NEVER include non-city personnel. Treasury Staff should be reminded that access is limited.

Key card access to the room should be reviewed periodically by Administration and adjustments made as required.

Administration's Response

The Administration agrees with your recommendation. Proper procedures regarding entry to the locked cashiering area will be reviewed with staff.

2. Lack of Check Endorsement

A restrictive endorsement on a check can be used to limit the use of a check. The most common form of restrictive endorsement is "For Deposit Only," which limits the ability to cash a check over the counter or endorse the check over to another party.

During our surprise cash count, we noted that checks received at the register are not endorsed when received.

Recommendation

To limit lost or tampered checks, checks received at the register should be endorsed indicating they are for "Deposit Only, City of Allentown".

Administration's Response

The Administration agrees with the recommendation. The Finance Department will begin this process for all checks received at the registers. Since this requires the purchase of a custom stamp, we will begin this process in Finance effective approximately 60 days from date of this response.

On May 13, 2021, the Deputy Finance Director sent an email to all Bureau Managers, Office Managers, and Cabinet Members requesting that every department that receives checks through a register should also adhere to this practice for consistency purposes.