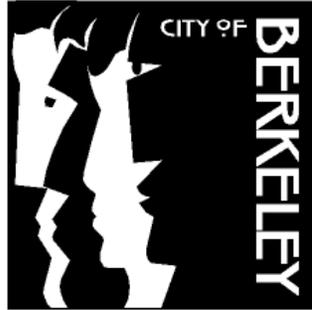


City of Berkeley



Citywide Cash Receipts / Cash Handling Survey

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Citywide Cash Receipts / Cash Handling Survey
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Attachment 1: Citywide Cash Receipts / Cash Handling Questionnaire

Attachment 2: Summary of Information Obtained From Returned Questionnaires

I. PURPOSE AND OBJECTIVE

The objective of the Citywide Cash Receipts / Cash Handling Survey (Cash Survey) was to identify all of the City of Berkeley department locations that receive or handle cash or cash equivalents, and obtain some information about them. Information was obtained from division managers, or other staff assigned by the department director, by means of a questionnaire. The information provided from the returned questionnaires was not audited.

Later this fiscal year, cash receipt / handling audits will be conducted at several City locations. The Cash Survey will be used by the auditors to select the locations that will be audited. This Citywide Cash Receipts / Cash Handling Audit is one of the audits in the fiscal year 2002 audit plan for the City Auditor's Office.

II. SCOPE AND METHODOLOGY

The Cash Survey was performed in accordance with Generally Accepted Government Auditing Standards. We limited our work to those areas specified in the Scope and Methodology section of this report. The scope of the Cash Survey was all City departments as of July 1, 2001, excluding the Mayor and City Council. The following methodology was used to perform the Cash Survey:

- All division managers (or department director designees) were asked to complete a one-page questionnaire for each location in their division that was receiving / handling cash or cash equivalents. This questionnaire asked for general information about the cash receipt / handling operations at these locations. The questionnaires were sent out on August 27 - 29, 2001, and the last questionnaire was returned on January 18, 2002. To help ensure that a questionnaire was completed for every department location that currently receives / handles cash or cash equivalents, the auditor performed the following procedures:
 - First, he verified that one or more Citywide Cash Receipts / Cash Handling Questionnaires was completed for every City division. Alternatively, a division representative was asked to provide a written statement that the division did not receive or handle cash or cash equivalents.
 - Next, Treasury Deposit Receipts were randomly selected from Finance – Treasury. With few exceptions, City department locations deposit all the money they receive with Finance – Treasury. The Treasury receipt documents this activity. The auditor then determined whether a questionnaire had been completed for each of the locations that had deposited money. In some cases, a questionnaire had not been completed for a location, and a division representative was asked to complete one.
 - As a final step, a list of all the cash receipt / cash handling locations, that had been identified by a questionnaire, was prepared and sent to all the Department Directors. They were asked to review this list with their staff for completeness, and submit a questionnaire for all missing cash receipt / cash handling locations.

For purposes of our Cash Survey, cash equivalents are defined as all the possible forms of monetary

payment, including checks, money orders, debit and credit payments, wire transfers, etc. The auditors performed procedures to identify all City department locations that receive or handle cash. However, reliance was placed on department representatives for the provision of accurate information. The information provided in returned questionnaires was not tested or audited to determine whether it was accurate or complete, but may be tested in subsequent audits.

III. SURVEY SUMMARY

Returned questionnaires identified 94 locations (in 18 departments) that receive / handle cash and cash equivalents totaling an estimated \$69,997,640 annually. Approximately \$11,332,849 of the \$69,997,640 is in the form of currency **(1)**. The 94 locations do not include Finance – Treasury. The estimated cash and cash equivalents received and/or handled at this location was not estimated by Finance representatives, however, they reported that most City department locations bring their money to Finance - Treasury to be deposited. The 94 locations also excludes the City and County Employee Credit Union, which Finance representatives reported deposits and accounts for approximately \$4.5 million in parking ticket payments annually, much like a City department location. Excluding Finance – Treasury and the Credit Union, 8 City locations deposit their money directly to a bank or savings institution. Information from the questionnaires is summarized in Attachment 2.

Information reported by City staff about City department cash receipt / handling locations is presented below. Unless stated otherwise, all locations that deposited money deposited it at Finance – Treasury instead of a banking or savings institution.

1. City Attorney

According to the questionnaire completed by City Attorney staff:

- One location receives/handles \$3,500 in checks annually.
- Checks are almost always received by US mail.
- This location has written policies and procedures for cash receipts / cash handling.

2. City Auditor

According to the questionnaires completed by City Auditor staff:

- Two locations receive/handle checks totaling approximately \$240,000 and \$310,788 annually.
- Checks are received by US mail or directly from customers.
- Both locations have written policies and procedures for cash receipts / cash handling.
- Both locations reported that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

3. City Clerk

According to the questionnaire completed by City Clerk staff:

- One location receives/handles \$11,500 annually, mostly in the form of checks, but some cash is also received.
- Most money is received directly from customers; a small portion is received by US mail.

(1) There are many instances where more than one City department location receives / handles the same cash or cash equivalent. For this reason, the total amount of cash / cash equivalent and the total amount of currency reported do not represent an estimate of the amount of money that the City receives annually.

- Pre-numbered receipts are used.
- This location has written policies and procedures for cash receipts / cash handling.
- This location also maintains a change fund.

4. City Manager

According to the questionnaires completed by City Manager staff:

- Two locations handle cash or cash equivalents of \$500,000 and \$88,000 respectively each year.
- One location receives only checks by mail or inter-office mail. The second location receives checks, currency and credit card payments directly from customers.
- Both locations use pre-numbered receipts.
- Only one of the two locations has written policies and procedures for cash receipts / cash handling.(2)
- One of the locations maintains a cash fund, such as a petty cash fund.
- Another location is involved in reconciling or depositing cash receipts for one of the locations.

5. Economic Development

According to the questionnaires completed by Economic Development staff:

- One location handles checks totaling \$200,000 annually. Checks are received by US mail or from customers. This location also receives approximately \$200 in cash annually from Finance – Treasury to reimburse employees for small purchases.
- A notation on the use permit serves as the receipt.
- The location has written policies and procedures for cash receipts/ cash handling.(2)
- Another location is involved in reconciling or depositing cash receipts for this location.

6. Finance

According to the questionnaires completed by Finance staff:

- Eight locations in Finance receive/handle cash and cash equivalents.
 - Three locations receive \$750,000, \$8.7 million, and \$20 million annually.
 - Two parking garages receive \$1.3 million and \$3.8 million.
 - Two parking lots receive \$15,000 and \$270,000.
 - Finance – Treasury receives most of the cash and cash equivalents that the departments receive/handle.
- Finance forwards \$4.7 million in parking ticket fines to the City and County Employees Credit Union, where the money is accounted for and deposited.
- Finance receives cash and cash equivalents in the form of currency, checks, and/or credit cards. Various methods are used to receipt this money.
- Locations generally receive cash and cash equivalents by one or more of the following methods: US mail, customers, City employees, and inter-office mail.
- Five of the eight locations have a cash fund, such as a petty cash fund or change fund.
- Five locations deposit money directly into a banking/savings institution. One of these locations is Finance – Treasury. The other four locations are the parking lots and parking facilities.
- Two of the eight locations do not have written policies and procedures for cash receipts / cash handling.(2)
- Five locations reported that other locations are involved with their reconciliation or deposit of

(2) Pursuant to a November 7, 2001 recommendation from the City Auditor's Office, department representatives developed written policies and procedures.

cash and cash equivalents.

7. Fire (3)

According to the questionnaires completed by Fire staff:

- Nine locations receive / handle cash and cash equivalents.
 - Seven locations receive \$100 - \$3,000 in checks annually from the sale of debris bags.
 - One location receives / handles \$100,000 in currency and checks annually. Much of this money is picked up by Fire employees at Police department locations.
 - One location receives about \$180 in checks and currency annually.
- One location reports that they have a change fund.
- All locations receipt money with a cash register tape, except one, which uses pre-numbered receipts.
- All nine locations have written policies and procedures for cash receipts / cash handling.
- All locations report that other locations are involved with the reconciliation or deposit of cash and cash equivalents at their location.

8. Health and Human Services

According to the questionnaires completed by Health and Human Services staff:

- Twelve locations receive / handle \$4,000 - \$223,903 annually, in the form of currency, checks and money orders.
- These locations receive all money from customers, and/or the US mail.
- All twelve locations have written policies and procedures for cash receipts / cash handling.
- Most locations receipt money with a pre-numbered receipt. Three locations receive donations, and do not receipt this money.
- All twelve locations report that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

9. Housing

According to the questionnaires completed by Housing staff:

- Three locations receive / handle cash or cash equivalents, totaling \$13.6 million, \$430,000 and \$25,000 respectively, each year.
- The location receiving the largest amount of money, the Berkeley Housing Authority, receives most of their money by wire transfer. The other two locations receive most of their money in the form of checks, by way of the US mail.
- Two locations, one of which is the Berkeley Housing Authority, deposit the money they receive / handle into a bank account.
- The location that receives \$25,000 annually does not have written policies and procedures for cash receipts / cash handling.(2)
- The location that receives \$25,000 annually reported that another location is involved in their reconciling or depositing of money.
- Two of the locations have a change fund.

(1) Pursuant to a November 7, 2001 recommendation from the City Auditor's Office, department representatives developed written policies and procedures.

(1) Department representatives identified 1 of the 9 cash receipt / cash handling locations during the exit conference process, when the auditees review the draft audit report for errors and omissions. This location has been incorporated into this report.

10. Human Resources

According to the questionnaires completed by Human Resources staff:

- Two locations annually receive \$1,000 and \$300 respectively, mostly in the form of checks.
- Both locations receive most of their money by courier or inter-office mail.
- A photocopy of the customer's check, or an un-numbered receipt, serves as a receipt.
- One of the locations maintains a cash fund, such as a petty cash fund.
- One location does not have written policies and procedures for cash receipts / cash handling.(2)
- One location reported that another location is involved with their reconciliation or deposit of cash and cash equivalents.

11. Information Technology

According to the questionnaire completed by Information Technology staff:

- One location receives \$22,000 annually in the form of checks. Checks are received by mail.
- The location does not have written policies and procedures for cash receipts / cash handling.(2)

12. Library Services

According to the questionnaires completed by Library Services staff:

- Eight locations receive/handle between \$700 - \$600,000 annually.
 - Five locations are library branches which receive \$13,444 - \$38,429 annually.
 - Two locations are located at the Central Library. One receives \$100,168 annually and the other, \$700.
 - One location is Library Services – Administration, which receives approximately \$600,000 annually.
- Library locations receive mostly currency and some checks. Almost all money is received directly from the public.
- Almost all cash received from the public is receipted with a cash register tape.
- All eight locations have written policies and procedures for cash receipts / cash handling.
- All eight locations have a cash fund, such as a petty cash fund or change fund.
- The Central Library and Branch Libraries prepare Cash Reports for Library Services - Administration.

13. Parks, Recreation and Waterfront

According to the questionnaires completed by Parks, Recreation and Waterfront staff:

- Nineteen locations receive or handle cash or cash equivalents.
 - One location receives \$8,000 annually.
 - Eleven locations receive between \$10,000 - \$49,999.
 - Three locations receive between \$50,000 – 99,999
 - Three locations receive between \$100,000 – \$200,000.
 - One location receives \$1.3 million.
- Money is mostly in the form of currency and checks. It is received by US mail, or directly from customers.
- Money received is generally receipted with pre-numbered receipts or a cash register tape receipt.
- Six locations have a cash fund, such as a petty cash fund or change fund.
- Two locations do not have written policies and procedures for cash receipts / cash handling.(1)
- One location receives cash for just part of the year (seasonally).

(2) Pursuant to a November 7, 2001 recommendation from the City Auditor's Office, department representatives developed written policies and procedures.

- Seventeen of the locations reported that other locations are involved with the reconciliation or deposit of cash and cash equivalents at their location.

14. Planning

According to the questionnaires completed by Planning staff:

- Eight locations receive or handle cash or cash equivalents.
 - Two locations handle \$4.5 million annually (same money handled twice)
 - One location receives \$600,000 annually.
 - One location receives \$130,000 annually.
 - Three locations receive \$16,500 - \$30,000 annually.
 - One location receives \$70 annually.
- Locations receive / handle most money in the form of checks; however, currency and credit card payments are received at some locations.
- Most locations receive their money directly from customers, with some money received by US mail. One location receives all money by inter-office mail.
- Most locations receipt money with a cash register tape or a pre-numbered receipt.
- Two locations use a cash fund, such as a petty cash fund or change fund.
- One location deposits money directly into a bank.
- All locations have written policies and procedures for the receipt / handling of cash.
- Five locations report that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

15. Police (4)

According to the questionnaires completed by Police staff:

- Seven locations receive/handle cash or cash equivalents.
 - Six locations receive/handle between \$33,000 - \$150,000
 - One location receives/handles \$500,000
- Locations receive most of their money by U.S. mail, from customers, employees, or City locations. One location receives a lot of its money by wire transfer, and another receives a small portion of its money by courier.
- Locations most often receive/handle money in the form of currency or checks (three almost entirely currency). One of the locations receives money by wire transfer and by check, while another receives some money from credit cards.
- Various methods are used for receipting money. Cash register tape and handwritten receipts are the most common.
- One location deposits money into a credit union account.
- Three of the seven locations have a cash fund, like a petty cash fund or change fund. One of these locations maintains a large cash fund for making purchases. It receives approximately \$33,000 annually.
- All locations have written policies and procedures for the receipt / handling of cash.
- Six locations report that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

16. Police Review Commission

- (4) Department representatives identified 3 of the 7 cash receipt / cash handling locations during the exit conference process, when the auditees review the draft audit report for errors and omissions. These locations have been incorporated into this report.

According to the questionnaire completed by the Police Review Commission staff:

- One location receives / handles \$500 annually, mostly in the form of checks, but also some currency.
- The location receives money directly from customers, and by US mail.
- The location has written policies and procedures for cash receipts / cash handling.
- Pre-numbered receipts are used at this location.

17. Public Works

According to the questionnaires completed by Public Works staff:

- Six locations each receive / handle cash or cash equivalents totaling \$1.9 million, \$400,000, \$60,000, \$10,000, \$4,000 and \$60.
- Locations receive mostly checks and currency. One location also receives a lot of credit card payments.
- Most locations receive the majority of their cash and cash equivalents by US mail and/or directly from customers. One location receives money mostly by courier.
- One location has a cash fund, such as a petty cash fund.
- Two locations do not have written policies and procedures for cash receipts / cash handling; one receives only \$60, but the other receives \$400,000 annually.(2)
- Three locations reported that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

18. Rent Board

According to the questionnaires completed by Rent Board staff:

- Four locations receive or handle cash or cash equivalents.
 - One location receives / handles \$2.5 million annually
 - Three locations each receive / handle \$67,000, 46,991 or \$200 annually.
- All locations receive / handle mostly checks. One location also receives significant money from credit card payments.
- Locations receive cash and cash equivalents directly from the customer or by US mail.
- All locations use pre-numbered receipts to receipt cash and cash equivalents received.
- The location that handles \$200 annually does not have written policies and procedures for cash receipts / cash handling.(2)
- Two locations reported that other locations are involved with their reconciliation or deposit of cash and cash equivalents.

IV. AUDITOR CONCERN

Some Locations Did Not Have Written Policies and Procedures for Cash Receipts / Cash Handling

(2) Pursuant to a November 7, 2001 recommendation from the City Auditor's Office, department representatives developed written policies and procedures.

Returned questionnaires identified thirteen department locations that did not have written policies and procedures for cash receipts / handling specifically for these locations. Nine of these locations received or handled \$300 - \$20,000,000 annually. On November 7, 2001 the auditors sent department directors a letter, recommending that written policies and procedures be developed by December 11, 2001 for these locations. By December 17, 2001 all locations had established written policies and procedures.

Managers over certain cash receiving / handling locations may not have previously established written policies and procedures because their specific location handles cash without processing it, handles money infrequently, or only handles small amounts of money. Nevertheless, the auditors recommend that written policies and procedures be established for all locations that receive / handle cash and cash equivalents. Written procedures are one of the basic internal controls that help ensure that all City money is adequately safeguarded, properly accounted for, and used only for authorized purposes.

OFFICE OF THE CITY AUDITOR
Citywide Cash Receipts/Cash Handling Questionnaire

Attachment 1

Division Name:	Location/Unit Name:
Contact Person:	Phone Number:

1	Approximately how much cash and cash equivalent (checks, debit/credit cards, wire transfers, etc.) does this location receive/handle annually? \$_____		
	Identify percentages:	%Currency _____	%Check _____
			%Other _____ Specify _____
2	Identify the approximate percentage of cash and cash equivalent received by:		
	Mail% _____	Inter-Office Mail% _____	Customer% _____
			Courier% _____
			Other% _____ Specify _____
		Yes	No
3	Is Cash or Cash Equivalent received all year round at this location?	<input type="checkbox"/>	<input type="checkbox"/>
4	Does this location keep cash on hand for making purchases, reimbursing employees, giving change, etc.?	<input type="checkbox"/>	<input type="checkbox"/>
5	Does this location deposit money directly into a savings or banking account (instead of being delivered to Finance-Treasury or another City location)?	<input type="checkbox"/>	<input type="checkbox"/>
6	Are there written policies and procedures for cash receipt / handling specifically for this location?	<input type="checkbox"/>	<input type="checkbox"/>
7	Please identify the methods this location uses to receipt the cash it receives:		
	Cash Register Tape	<input type="checkbox"/>	<input type="checkbox"/>
	Pre-numbered Receipts	<input type="checkbox"/>	<input type="checkbox"/>
	Tickets/Passes	<input type="checkbox"/>	<input type="checkbox"/>
	Others (Please identify): _____		
8	Are other locations involved in reconciling the cash and cash receipt support documentation, or the preparation of deposit slips, for the cash received at this location?	<input type="checkbox"/>	<input type="checkbox"/>
	If yes, explain: _____		
9	Please identify the FUNDS\$ accounts used to account for the cash received at this location:		
	Budget Code: _____	Budget Code :	_____
	Budget Code: _____	Budget Code :	_____
	Budget Code: _____	Budget Code :	_____
	Budget Code: _____	Budget Code :	_____

There are _____ (state number) locations that receive cash in the division(s) that I manage. A questionnaire has been completed for each. The information that I have provided about each location is accurate to the best of my knowledge.

Print Name	Signature	Date

Citywide Cash Receipts / Cash Handling Survey
Summary of Information Obtained From Returned Questionnaires

- Ninety-Four City department locations (excludes Finance – Treasury and the City and County Credit Union) receive / handle cash and cash equivalents totaling an estimated \$69,997,640* annually. Approximately \$11,332,849* is currency. Most of the money that City departments receive is brought to Finance – Treasury for deposit.
- Twelve locations receive / handle cash and cash equivalents totaling more than an estimated \$1,000,000 annually. One of these locations is the City and County Credit Union which deposits and accounts for approximately \$4.5 million dollars annually from parking ticket payments.
- Forty-Five locations receive / handle cash and cash equivalents totaling more than \$10,000, where more than 5% is in the form of currency.
- Nine locations that receive / handle more than \$300 in cash and cash equivalents reported that they do not have written policies and procedures specifically for the receipt / handling of cash or cash equivalents in their area. Pursuant to a November 7, 2001 recommendation from the City Auditor’s Office, department representatives developed written policies and procedures by December 17, 2001.
- Thirty-four locations keep cash on hand, like a change fund or petty cash fund, for making purchases, reimbursing employees, giving change, etc.
- Ten locations that receive cash or cash equivalents, including Finance–Treasury and the City and County Credit Union, deposit money into a savings or banking account, rather than delivering the funds to Finance-Treasury for deposit.
- Sixty-Six locations reported that another location is involved with the reconciling and depositing of cash and cash equivalents received / handled at their location.

Note

- * There are many instances where more than one City department location receives / handles the same cash or cash equivalent. For this reason, the total amount of cash / cash equivalent and the total amount of currency reported above do not represent the estimated amount of money that the City receives annually. For example, millions of dollars is received annually at the Planning – Permit Service Center and then given to Planning – Administration to deposit. In this instance, both these locations would report the receipt / handling of the same money.