



Performance Audit:

Cash Handling

What We Found

The city's cash receipting function is decentralized with 20 of 25 departments collecting cash, including checks and money orders, for various services, permits, fines, and reimbursements. The Department of Finance does not maintain a list of cash collection points in the city and does not monitor whether departments have controls in place to safeguard collections from theft or fraud.

We found 21 of the 44 business units collecting cash did not have written cash handling procedures. Not all of the procedures in place in the remaining business units addressed key elements of cash handling, including segregating incompatible duties, maintaining chain of custody, safeguarding collections, and reconciling payments.

Some departments that collect cash payments employed practices that pose a risk to the city. For example, two departments allowed employees to take customer credit card information over the phone, which could leave customers vulnerable to identity theft and credit card fraud. Almost half of city business units that collect cash use a manual process to initially record cash receipts, which could leave collections at risk for theft and error, particularly when payments are not reconciled to customer invoices. Although most business units secure collections that have not yet been deposited in a safe or locked drawer, two do not secure payments at all.

Most departments submit collections to the Department of Finance's Office of Revenue to be processed and deposited. However, some city employees transport payments to the bank without having appropriate protocols to ensure the safety of those employees.

We identified three business units that improperly recorded revenue collections in expense accounts rather than revenue accounts. Recording revenue in expense accounts understates both revenues and expenses and could lead to department heads using faulty budget information to make decisions.

Why We Did This Audit

We undertook this audit to review the cash handling practices within city departments. Handling cash, including checks and money orders, poses inherent risks. This audit will assess controls in place to collect and record payments and safeguard assets.

What We Recommended

To strengthen oversight of the city's cash handling function, the chief financial officer should:

- develop a process to identify and document all cash collection sites throughout the city

To improve inadequate policies and procedures the chief financial officer should:

- require the revenue chief to update the Revenue Desk Manual, assist departments in developing cash handling policies and procedures, and train departments on proper cash handling activities

To improve the city's cash collection, processing, and recording practices the chief financial officer should:

- determine whether business units have appropriate controls in place to collect and safeguard payments
- develop policies that require departments to follow best practices for receiving, processing, transporting and depositing payments
- provide training to departments on correct account coding and require departments to provide detailed explanations on the Daily Report form

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Management Responses to Audit Recommendations

Summary of Management Responses		
Recommendation #1:		
We recommend the chief financial officer develop a process to identify and document all cash collection sites throughout the city and require departments to report updates as changes occur.		
Response: Agree	Status: Started	Estimated Completion Date (M/Y): (1) 11/01/2022 (2) 01/01/2023 (3) FY2024
Recommendation #2:		
We recommend the chief financial officer require and assist departments in developing cash handling policies and procedures that align with best practices for handling payments and cash receipts such as segregation of duties, daily reconciliations, and safeguarding payments.		
Response: Agree	Status: Started	Estimated Completion Date (M/Y): (1) 11/01/2022 (2) 01/01/2023 (3) FY2024
Recommendation #3:		
We recommend the chief financial officer require Revenue to train departments on proper cash handling activities and department heads enforce the policies and procedures.		
Response: Agree	Status: Not Started	Estimated Completion Date (M/Y): (1) 12/01/2022 (2) 03/01/2023 (3) FY2024
Recommendation #4:		
We recommend the chief financial officer require the revenue chief to update the Revenue Desk Manual, disseminate it to departments, and develop a schedule to ensure policy and procedural reviews are conducted annually, with updates to occur at least every three years.		
Response: Agree	Status: Started	Estimated Completion Date (M/Y): 01/01/2023
Recommendation #5:		
We recommend the chief financial officer develop a process to determine whether all business units within each department have appropriate controls in place to collect and safeguard payments; and encourage those that do not to discontinue collection efforts and direct customers to make payments to Revenue's cashiers, who will handle payment processing and deposits.		
Response: Partially Agree	Status: Not Started	Estimated Completion Date (M/Y): (1) 11/01/2022 (2) 01/01/2023

		(3) FY2024
<p>Recommendation #6:</p> <p>We recommend the chief financial officer develop policies that require departments to have an agreement in place with an armored car service company for deposits or follow best practices when employees are required to make deposits.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Not Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>(1) 10/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Recommendation #7:</p> <p>We recommend the chief financial officer develop cash handling policies that require departments to have customers make payments using the IVR system for phone payments and prohibit employees from accepting customer debit/credit card payments over the phone.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Not Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>(1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Recommendation #8:</p> <p>We recommend the chief financial officer develop city-wide cash handling policies that provide guidance on ensuring negotiable instruments bear only the name of the “City of Atlanta” and do not bear employee names in the “Pay to the Order” area.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Not Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>(1) 12/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Recommendation #9:</p> <p>We recommend the chief financial officer direct General Accounting staff to provide training to departments, including Revenue cashier staff, on the correct account coding to improve recording.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Not Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>10/01/2022</p>
<p>Recommendation #10:</p> <p>We recommend the chief financial officer require departments to provide detailed explanations of collected payments on the Daily Report form to Revenue for recording.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Not Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>10/01/2022</p>