

**Performance Audit:
Citywide Cash Handling**

October 2022

**City Auditor's Office
City of Atlanta**

File #22.10



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

October 2022

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

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Management Responses to Audit Recommendations

Summary of Management Responses		
<p>Recommendation #1:</p> <p>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.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>(1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Recommendation #2:</p> <p>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.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>(1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Recommendation #3:</p> <p>We recommend the chief financial officer require Revenue to train departments on proper cash handling activities and department heads enforce the policies and procedures.</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) 03/01/2023 (3) FY2024</p>
<p>Recommendation #4:</p> <p>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.</p>		
<p>Response:</p> <p>Agree</p>	<p>Status:</p> <p>Started</p>	<p>Estimated Completion Date (M/Y):</p> <p>01/01/2023</p>
<p>Recommendation #5:</p> <p>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.</p>		
<p>Response:</p> <p>Partially 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</p>

		(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>



CITY OF ATLANTA

AMANDA NOBLE
City Auditor
anoble@atlantaga.gov

STEPHANIE JACKSON
Deputy City Auditor
sjackson@atlantaga.gov

CITY AUDITOR'S OFFICE
68 MITCHELL STREET SW, SUITE 12100
ATLANTA, GEORGIA 30303-0312
<http://www.atlaudit.org>
(404) 330-6452
FAX: (404) 658-6077

AUDIT COMMITTEE
Danielle Hampton, Chair
Daniel Ebersole, Vice Chair
Amanda Beck, PhD
Donald T. Penovi, CPA
Dargan Burns, III

October 6, 2022

Honorable Mayor and Members of the City Council:

We undertook this audit of citywide cash handling due to inherent risk and because our previous work identified problems in individual operations. The Department of Finance does not have centralized oversight of the city's cash-handling functions. To improve oversight and reduce the risk of undetected loss and errors, we recommend Finance develop a process to identify and document all cash collection sites throughout the city. Our recommendations also focus on the Department of Finance taking a larger role in the city's cash handling functions in order to improve employee training and to ensure sufficient policies and procedures are in place.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We sent a draft report to management on August 25, 2022, and received their response on September 19, 2022. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Duane Braithwaite, Brandi Bell, and Tiajah Sherman.

Amanda Noble
City Auditor

Danielle Hampton
Chair, Audit Committee

Citywide Cash Handling

Table of Contents

Introduction.....	1
Background.....	1
“Cash” Includes Currency, Coins, Checks, and Money Orders.....	1
Finance’s Office of Revenue is Responsible for Cash Handling Citywide.....	2
Most Cash Collected Citywide is Remitted to Revenue.....	2
Collecting Cash is Inherently Risky.....	5
Audit Objectives.....	7
Scope and Methodology.....	7
Findings and Analysis.....	9
Department of Finance Should Strengthen Oversight of Cash Handling.....	9
Majority of City Departments Collect Cash but Practices Varies.....	10
Finance Does Not Maintain List of Cash Collection Points in the City.....	13
Inadequate Financial Policies and Procedures Increases Risk.....	14
Cash Collection, Processing, and Recording Practices in Some Departments Pose a Risk to the City.....	18
Recommendations.....	25
Appendices.....	27
Appendix A: Management Review and Response to Audit Recommendations.....	29
Appendix B: City Collects Cash for Services in 44 Business Units In 20 Departments.....	36
Appendix C: Nearly 50% of Business Units Do Not Have Documented Cash Handling Policies & Procedures.....	40

List of Exhibits

Exhibit 1: Daily Report Form Is Used to Process Cash Receipts.....	3
Exhibit 2: Departments Submit Payments to Revenue for Deposit.....	4
Exhibit 3: Standard Cash Handling Controls for Oversight and Protection of Cash Receipts.....	6
Exhibit 4: City Departments That Collect Cash and Cash Equivalents.....	11
Exhibit 5: City Departments Collected Approximately \$570.5 Million in Cash Receipts in FY21	12
Exhibit 6: Majority of Business Units Safeguard Payments Before Deposit.....	20
Exhibit 7: Employees Take Customer Credit Card Payments Over the Phone.....	22

Introduction

The Department of Finance (Finance) manages and accounts for the city's financial resources. One of its core divisions, the Office of Revenue, is responsible for the city's payment processing activities including ensuring daily bank deposits, accounting, posting city receipts to the general ledger, and managing various electronic payment platforms.

We completed this audit to review the cash handling practices within city departments that accept cash or checks for goods, services, permits, fines, or deposits. Handling cash, including checks and money orders, poses inherent risks. Reduction of on-site staff during COVID-19 increases these risks. This audit will assess controls in place to collect and record payments and safeguard assets.

Background

Cash handling is a business activity that refers to all processes and systems that include accepting, counting, tracking, and dispensing cash as part of the business operation. Twenty different city departments collect cash and check payments. These departments report collecting approximately \$570.5 million in the fiscal year 2021.

"Cash" Includes Currency, Coins, Checks, and Money Orders

Typically, when "cash" is referred to, the common understanding is that it is limited to coins and currency; however, when reviewing financial controls, cashier checks, personal and business checks, and money orders are considered "cash" as well. Checks and money orders are easily changeable to cash and pose the same risk as handling cash. Checks and money orders are paid to the person or organization that is listed in the payee section on the front of the check. The payee is required to endorse the back of the check and either cash it with identification or deposit it into an account that is associated with the name of the payee; however, these controls are not sufficient to detect fraud promptly. Once checks or money orders are compromised, they are often negotiated before the fraud is detected.

Finance's Office of Revenue is Responsible for Cash Handling Citywide

Although the city's cash handling function is decentralized, according to the Department of Finance's website, Revenue (Office of Revenue) is responsible for:

- developing and monitoring city revenue policies that incorporate best practices
- billing, collecting, and recording accounts receivable in the financial system accurately and timely

According to Section 2-377 of the city code, Revenue is responsible for:

- ensuring daily bank deposits, accounting, and posting of city receipts to the general ledger
- managing various electronic payment platforms

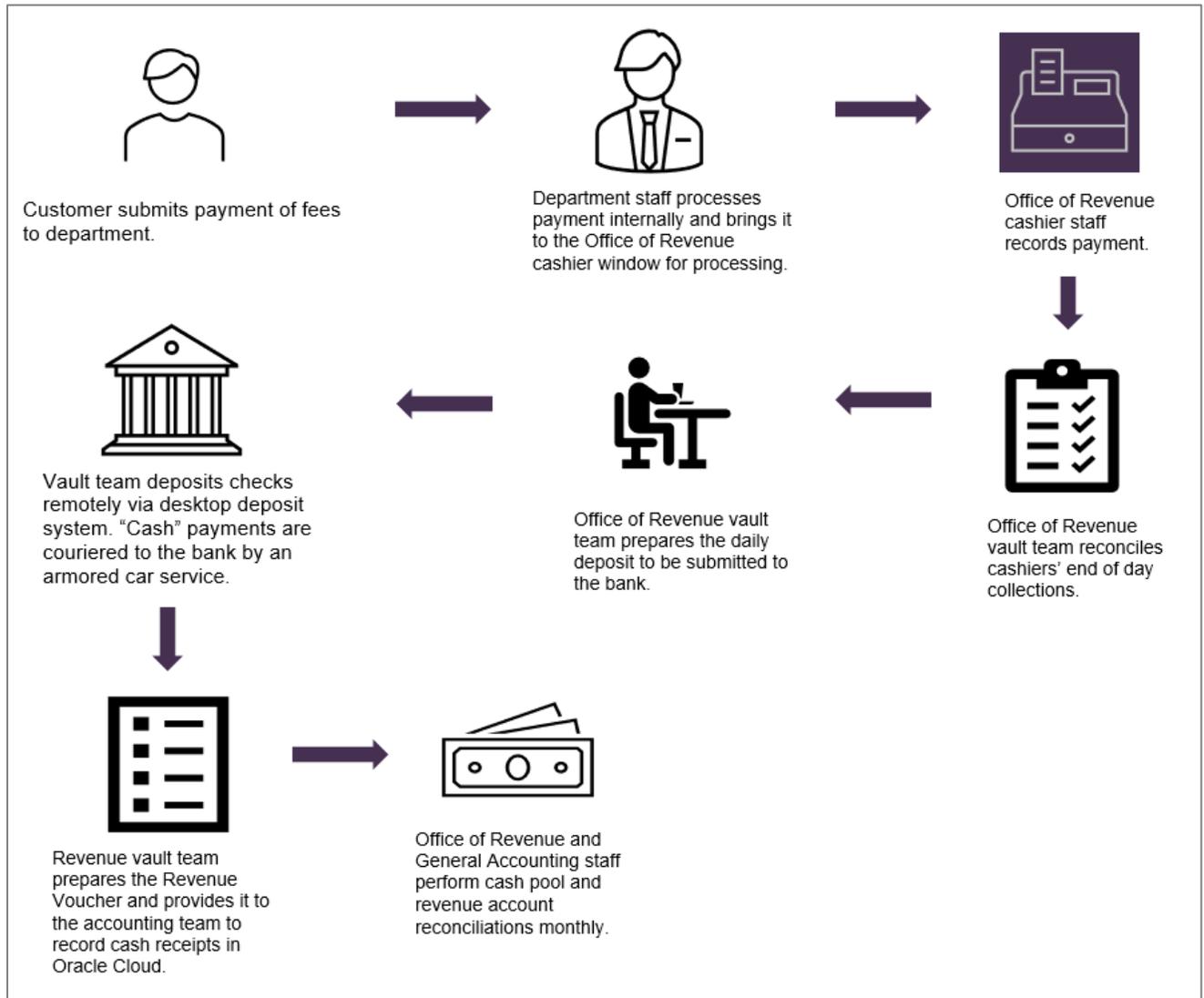
Revenue developed an official policies and procedures document, which is referred to as the Revenue Desk Manual. The manual includes policies and procedures for cash handling citywide that are meant to ensure strong internal controls.

Strong internal controls for cash collection are intended to prevent the misappropriation of City of Atlanta funds. All city cash collection points including vending machines, parking meters, and any other machinery and equipment receiving city funds are required to adhere to the procedures outlined in Revenue's desk manual.

Most Cash Collected Citywide is Remitted to Revenue

Most departments that collect cash or cash equivalent payments process the payments through the Office of Revenue. Once the department receives a payment from the customer, employees record the payment on a daily report form (see Exhibit 1). Departments submit the form to Revenue with the payments collected for bank deposits. The form captures the accounting string (FUND, DEPT, and ACCOUNT), which Revenue uses to record the funds to the correct accounts in the general ledger.

Exhibit 2: Departments Submit Payments to Revenue for Deposit



Source: Developed by auditors based on a walkthrough of Revenue’s cash receipting process

To reconcile payments, cashiers take their work to Revenue’s vault team, which verifies that the sub-ledger system reports agree to the cashiers’ daily forms, which note collections for the day. Once the vault team has reconciled the cashiers’ work, they electronically deposit check payments with a desktop deposit, using image capture. They validate, verify, and prepare all cash for deposit, to be picked up by an armored car service. The vault team then creates a revenue voucher and provides it to the accounting team, which is responsible for recording the city’s cash receipts to the general ledger. The vault team also conducts monthly reconciliations for the cash pool and other cash accounts.

The city maintains thirty-two individual governmental funds. The general fund is the chief operating fund of the city and is used to account for all activities of the city not otherwise accounted for by a specified fund. It is also the largest of the city's funds, comprising mostly general tax revenues, and is used to fund basic city services such as Police and Fire & Rescue.

The city uses enterprise funds to account for the business-type activities such as the water and wastewater system (Watershed Management), the Hartsfield-Jackson Atlanta International Airport (Aviation), and sanitation services (Solid Waste). Enterprise fund departments have separate accounting and financial reporting systems.

Collecting Cash is Inherently Risky

Fraud can occur in organizations with poor accounting controls, outdated processes, and insufficient or unclear accountability over the cash handling function. An updated and comprehensive set of policies and procedures can help employees understand how to handle cash and lessen the associated risks. Cash handling controls, shown in Exhibit 3, can help to mitigate or detect errors and fraud within the cash handling process. The GFOA (Government Finance Officers Association) states that a well-designed and properly maintained system of documented financial and accounting policies and procedures helps to enhance both accountability and consistency and also serves as a useful training tool for staff.

When recording and collecting cash receipts, governmental agencies should have controls in place to ensure the accuracy and completeness of cash receipts and that payments are protected from theft. Additionally, recording receipts timely can reduce the risk of misappropriation of funds. For example, centralizing cash collections to the extent possible provides better accountability because fewer locations or employees are collecting cash. Assigning separate cash drawers to cashiers enhances individual accountability. Segregating duties related to the custody, recording, and depositing functions reduce opportunities for theft to occur, and ensuring payments are reconciled daily assists in detecting record-keeping errors or potential fraud.

Exhibit 3: Standard Cash Handling Controls for Oversight and Protection of Cash Receipts

Control Type	Control Procedure	Responsible Party		
		Cashier Staff	Non-Cashier Staff	Senior Mgmt.
Governance	Identify how, when, and where cash is collected, and duties performed by each employee			✓
	Develop comprehensive cash handling policies and procedures that address key control activities			✓
	Provide initial and refresher training to employees on cash handling procedures			✓
	Properly vet cash handling employees via a criminal background check or similar process			✓
	Evaluate cash handling policies annually and update at least every three years			✓
Collecting & Recording Cash Receipts	Centralize cash collections in the office of the chief fiscal officer or treasurer when possible			✓
	Assign separate cash drawers to each employee responsible for collecting cash		✓	
	Restrictively endorse checks as soon as they are received	✓		
	Issue pre-numbered duplicate receipts for any payment types received	✓		
	Investigate gaps, missing, or voided receipts		✓	
	Use automated systems where practical to account for cash receipts	✓		
	Establish a starting cash drawer amount and verify the starting balance daily	✓		
	Track reported overages/shortages daily for each cashier		✓	
	Record cash receipts timely in the accounting system to establish accountability	✓		
	Reconcile daily cash collection records to cash on hand for each drawer and ensure collections are signed off by the responsible cashier		✓	
	Segregate record-keeping duties from asset custody and deposit preparation		✓	
Physical Access & Security	Require secondary cash counts during custody transfers and document signatures of employees involved		✓	
	Maintain collected funds in a locked and secure area until deposited and restrict access to designated individuals		✓	
	Use tamper-proof bags, or install an anchored, in-ground safe with drop slots		✓	
	Seat employees handling cash in an area with camera coverage		✓	
Depositing Cash Receipts	Deposit cash receipts timely and “intact” (deposit in same form as collected)		✓	
	Prepare and maintain detailed deposit slips		✓	
	Deposit slips should be signed and dated		✓	
Monitoring Cash Receipts	Incorporate adherence to cash handling procedures and reported cumulative overages/shortages as part of annual performance reviews			✓
	Monitor register voids and use of “no sale” key—investigating excessive use		✓	
	Routinely audit cash handling procedures and conduct surprise cash counts			✓
	Perform trend analyses of cash deposits and activity levels			✓

Source: Developed by auditors based on best practices from various sources related to a general cash receipting process

Physical access and security procedures focus on ensuring payments are protected before deposit and access is limited. Controls include secondary cash counts when cash is exchanged between employees, securing cash in locked storage until deposited to limit unauthorized access, using tamper-proof bags after cash is counted to assure that the count remains the same, and using closed-circuit cameras in all cash handling locations to deter employees from theft.

Depositing cash receipts timely and in the same form that it was collected reduces the risk of loss or theft and deters employees from cashing checks from collection proceeds. Ensuring deposit slips are signed and dated provides evidence that deposits have been reviewed, verified, and approved. Monitoring cash receipts include functions such as investigating excessive use of register voids and the “no sale” key, which could be an indication of potential fraud. Conducting surprise cash counts help to ensure the accuracy of collections.

Audit Objectives

This report addresses the following objective:

- Are controls in place for the Department of Finance to ensure cash receipts are properly collected, promptly deposited, and accurately recorded?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. We documented current citywide cash handling procedures based on department survey responses and reviewed cash receipts recorded in fiscal years 2021 and 2022. We also reviewed special event fees recorded to the Atlanta Fire and Rescue Department’s trust fund during fiscal years 2016 through 2022. We limited our review to assessment of control design rather than control effectiveness due to the number of business units we identified which collect payments citywide.

Our audit methods included:

- reviewing city code and annual budget book information to understand Finance’s role in the city’s cash handling process

- compiling a list of city departments and related business units that collect payments using the chart of accounts and the city's home website
- interviewing Finance staff to understand how departments process cash receipts and submit them to Finance for recording and depositing
- surveying department personnel and conducting follow-up interviews about current cash handling practices
- assessing information provided during department interviews to evaluate the modes, mechanisms, and types of payments collected citywide and to identify methods used to collect, record, reconcile, safeguard, and deposit payments
- reviewing department policies and procedures to determine whether they addressed common cash handling best practices
- compiling departmental collections for fiscal year 2021 through Oracle reports or other documentation
- analyzing departmental payments reported to Revenue for processing to determine whether they were recorded appropriately

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

Department of Finance Should Strengthen Oversight of Cash Handling

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 identified 44 business units within the departments that accept cash or cash equivalents.

While 23 of the 44 business units collecting cash have written cash handling procedures, not all of the procedures address common best practices, including segregating incompatible duties, maintaining chain of custody, safeguarding collections, and reconciling payments. Some departments that collect cash payments employ practices that may pose a risk to the city. For example, two departments allow employees to take customer credit card information over the phone, which could leave customers vulnerable to identity theft and credit card fraud. Also, 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, particularly when payments are not reconciled to customer invoices. We identified three business units that used expense accounts rather than revenue accounts to record collections. Most departments submit collections to Revenue to be processed and deposited, although a small number make direct deposits to the bank; in some cases, city employees transported payments to the bank without using appropriate protocols to ensure the safety of those employees and mitigate the risk of theft.

We recommend that Finance improve its governance and oversight responsibility for the city's cash handling practices, including updating the outdated Revenue Desk Manual. Because cash is inherently risky and the city's cash receipting activities are decentralized, Finance should provide guidance and training as needed to departments to ensure that the city's revenues are protected. We also recommend that Finance put processes in place to identify all cash collection sites and ensure that departments' procedures align with common cash handling best practices, such as ensuring incompatible duties are segregated, reconciliations are performed as payments are collected, and cash is safeguarded and deposited timely.

Majority of City Departments Collect Cash but Practices Varies

Twenty of the city's 25 departments reported collecting cash or cash equivalent payments for various types of transactions, including taxes, license and permit fees, charges for services, and fines. These departments reported collecting approximately \$570.5 million in fiscal year 2021. Depending on the department, payments can be made either in person, by mail, by phone, or online. Different departments accept cash, checks, money orders, and electronic payments, such as debit and credit cards and bank transfers. City departments use different receipting systems to process cash receipts, which include both electronic and manual systems. We identified 44 different business units within the departments that were collecting payments.

Twenty of the city's 25 departments collect cash or cash equivalents. We identified these 20 city departments by surveying all departments and conducting follow up interviews. We initially requested a list from Finance of departments that accept cash, but staff told us the list may be incomplete because they were unaware of every department that collect payments and their related processes. The city accepts payments for taxes, licenses and permits, grants, charges for services, fines, investment income, donations from private sources, employee/retiree reimbursements for health insurance and loan repayments. A complete list of departments and the services for which they accept cash is shown in Appendix B on page 27.

Different departments accept different forms of payment including cash, checks, cashier's checks, money orders, and debit/credit cards (see Exhibit 4). Depending on the department, payments are accepted in person, through the mail, by phone, online, and using ACH (automated clearing house) transactions or wires—both electronic bank-to-bank payments. The payment method noted as "other" in Exhibit 4 includes a lockbox arrangement or Western Union which allows customers to make payments directly to the city's bank.

Exhibit 4: City Departments That Collect Cash and Cash Equivalents

Department		Payment Types Accepted					Payment Collection Methods					
		Cash	Check	Cashier's Check	Money Orders	Debit/Credit Cards	In Person	Mail	Phone	Online	ACH/Wires	Other
1.	Department of Watershed Management	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
2.	Department of Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
3.	Judicial Agencies	✓	✓		✓	✓	✓		✓	✓		
4.	Department of Aviation		✓		✓	✓	✓	✓			✓	✓
5.	Atlanta Police Department	✓	✓	✓	✓	✓	✓	✓		✓		
6.	Department of Parks & Recreation		✓	✓	✓	✓	✓	✓	✓	✓		
7.	Atlanta Fire & Rescue Department	✓	✓		✓		✓	✓				
8.	Mayor's Office	✓	✓	✓	✓	✓	✓	✓	✓	✓		
9.	Department of Law		✓				✓	✓			✓	
10.	Department of Corrections	✓	✓				✓	✓				
11.	Grants & Community Development		✓					✓				
12.	Department of Enterprise Assets Management		✓	✓	✓		✓	✓				
13.	Human Resources		✓		✓		✓	✓				
14.	Atlanta Department of Transportation		✓		✓			✓				
15.	Department of Public Works		✓	✓	✓		✓	✓				
16.	Atlanta City Council		✓		✓		✓	✓				
17.	Office of Inspector General		✓		✓		✓	✓				
18.	Atlanta Information Management		✓	✓	✓			✓				
19.	Department of Procurement		✓				✓	✓				
20.	Atlanta Citizen Review Board	✓	✓		✓		✓	✓				

Source: Developed by auditors based on department survey responses

City departments collected approximately \$570.5 million dollars in cash receipts during fiscal year 2021 (see Exhibit 5). We asked staff how much money they collected in fiscal year 2021. Some departments maintained the data and provided it upon our request; however, for others that did not maintain the data, we pulled the information from Oracle if the department provided the accounting string used to record payments. One department (AIM) stated that it did not collect any cash receipts during the period. Two of the 20 departments reported data for fiscal year 2022, instead of fiscal year 2021; one is due to new system implementation. Two departments (Procurement and Atlanta Citizens Review Board) did not respond to our request to provide financial data.

Exhibit 5: City Departments Collected Approximately \$570.5 Million in Cash Receipts in FY21

Department Name	Estimated Annual \$ Transaction Volume
Department of Watershed Management	\$494,561,338
Department of Finance	\$47,005,187
Judicial Agencies	\$10,484,189
Department of Aviation	\$8,629,562
Atlanta Police Department	\$4,985,268
Mayor's Office	\$1,368,308
Department of Law	\$835,300
Atlanta Fire & Rescue Department	\$696,486
Department of Corrections	\$571,217
Grants & Community Development	\$543,378
Department of Enterprise Asset Management	\$511,287
Human Resources	\$226,505
Atlanta Department of Transportation	\$49,289
Department of Public Works	\$19,498
Atlanta City Council	\$3,111
Governing Board of the Office of Inspector General	\$1,600
Atlanta Information Management (AIM)	\$0
Department of Procurement	*
Atlanta Citizen Review Board (ACRB)	*
Parks and Recreation	*
Total Estimated Annual Transaction Volume	\$570,491,523

*These departments did not respond to our request for fiscal year 2021 financial data.

Source: Auditors' analysis based on our review of financial data maintained by departments or reported in Oracle

The Municipal Court primarily collects payments for traffic-related fines and other ordinance violations; however, it also collects payments for dispositions and copies of documents requested by defendants. These payments are accepted in cash, check, money order, and debit/credit card and in-person, by mail, by phone, or online (also see Exhibit 4 and Appendix B). The Atlanta Police Department collects payments for licenses and permits, grants, and open record requests. The payments are collected via all accepted modes of payments and in-person, by mail, or online. Fire collects payments for fire inspections, permits, and special events fees. These payments are accepted in cash, check, or money order either in person or by mail.

Cash handling processes vary among departments. City departments use different receipting systems to process cash receipts. These systems include Oracle Cloud (city's enterprise management solution); Accela (government software used for planning, building permits, and service request management); ATLCORE (business licensing and permitting portal); Kourts, GolfNow, ActiveNet (Parks and Recreation's point of sale systems used to schedule a tee time and other recreational services); and Excel spreadsheets maintained internally by different departments. The Municipal Court records its payments in Benchmark, its court case management system. Police uses a combination of system and manual processes such as ATLCORE and Excel spreadsheets. Police uses ATLCORE to process alcohol license renewal fees and staff uses spreadsheets to track payments for new alcohol licenses and open record requests. Fire uses Accela to record payments for fire inspection and planning fees. Fire's special event invoices and payments are recorded manually.

Finance Does Not Maintain List of Cash Collection Points in the City

Finance does not have an existing process for recording and tracking departments that collect payments. It is also unaware of the practices that departments have in place for handling cash payments, such as methods used to record and safeguard payments before deposit. Without a comprehensive list of the city's cash collection points and knowledge of whether their cash handling procedures align with best practices, Finance cannot effectively carry out its cash handling oversight responsibilities. 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.

Without centralized oversight, the city cannot ensure that payments are collected in a manner that minimizes the risk of loss or theft. We found that Finance does not have a current, comprehensive, and

reliable list of all departments and business units throughout the city that handle cash. We compiled a list of those departments by conducting surveys, reviewing the city's chart of accounts, and interviewing staff. According to the city's budget documents, Revenue's payment processing activities include "ensuring daily bank deposits, accounting and posting of city receipts to the general ledger, and the management of various electronic payment platforms."

Customers for many departments make payments at Revenue's cashier window in City Hall; however, Revenue does not have an existing process to identify departments that collect payments in other locations. Also, Revenue is unaware of how the various departments process and safeguard receipts; as a result, there is a greater risk that theft, fraud, and misappropriation of funds may go undetected. Identifying where and how cash is collected and handled would allow Revenue to ensure that appropriate controls are in place and are suitable, based on the size and complexity of operations. We recommend that 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.

Inadequate Financial Policies and Procedures Increases Risk

Revenue's Desk Manual contains city-wide cash handling policies and procedures that are intended to provide guidance for handling, receiving, and depositing cash; however, Finance has not updated the desk manual since 2014 and it includes outdated information. We found that some departments that collect cash payments do not have documented cash handling policies and procedures. Of those departments with policies and procedures, the procedures do not address common best practices, including segregation of duties, chain of custody, safeguarding, and payment reconciliation. Updated and comprehensive policies and procedures help staff understand how to handle cash and avoid the associated risks.

We recommend that the chief financial officer require departments to develop cash handling policies and procedures and ensure that the policies align with best practices for handling payments and cash receipts such as segregation of duties and daily reconciliations. We also recommend the chief financial officer require Revenue to train departments on proper cash handling activities and department heads enforce the policies and procedures. Finally, we recommend the chief financial officer require the revenue chief to update the Revenue Desk Manual, disseminate it to business units, and develop a schedule to ensure policy and procedural reviews are conducted annually, with updates to occur at least every three years.

Four of the city's departments that collect cash do not have documented policies and procedures for handling payments. We found that of 20 city departments that collect cash, 16 (80%) departments have cash handling policies and procedures in place (see Appendix C). We identified four departments—Fire & Rescue, Public Works, Procurement, and the Office of Inspector General, with no cash handling policies and procedures. Fire & Rescue reported collecting nearly \$700,000 in fees in fiscal year 2021; however, the department does not have documented policies and procedures to guide employees on how to record and deposit payments. Higher incidents of loss or theft are likely to occur in departments without documented cash handling policies and procedures.

According to GFOA, governments should document their financial and accounting policies and procedures, which should contain a list of key controls, ensure separation of responsibilities between management and its employees, identify employees' roles, and provide a detailed step-by-step explanation of how these roles should be performed. Without documented policies and procedures, departments do not have a standard and consistent practice to follow when collecting, recording, and depositing cash. 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 and daily reconciliations.

Policies and procedures for business units could be strengthened to incorporate best practices. Within the 20 city departments that collect cash, 44 business units directly collect cash; 23 (52%) of those business units have documented cash handling policies and procedures in place. We found that the majority of those policies and procedures address controls related to issuing receipts to customers and accounting for payments. Some business units' policies and procedures do not address cash handling best practices, including establishing cashier responsibilities, segregation of duties, chain of custody, safeguarding payments, reconciliations, and deposit mechanisms.

We specifically identified the following best practices were missing across the 23 business units' policies and procedures:

- **Establishing cashier responsibilities:**
 - Of the 23 business units that provided cash handling policies and procedures, 7 business units use a POS (point of sale) system to collect and record cash payments. Of these seven business units, five business units' policies and procedures do not address that cash drawers should be assigned to one employee.

- 19 business units' policies and procedures do not address retaining duplicate copies of receipts.
- **Segregation of duties:**
 - 21 business units' policies do not address that an employee who handles payments should not have access to the safeguard mechanism (e.g., a safe, lockbox, or vault).
 - Of the 23 business units that provided cash handling policies and procedures, 7 business units use a POS (point of sale) system to collect and record cash payments. Of these seven business units, five business units' policies and procedures do not address a supervisor should independently review and approve voids and refunds.
- **Chain of custody:**
 - None of the business units' policies require cash bags to be removed from a safeguard mechanism by two people.
 - 23 business units do not address that cash transferred should be counted by the employee receiving the cash before acceptance, or that a signed copy of the cash record should be kept.
- **Safeguarding payments:**
 - None of the business units' policies require that access to the safeguard mechanism should change after termination of an employee (i.e., access code or keys).
 - 20 business units' policies do not require that the safeguard mechanism should be locked at all times when not in use.
 - 22 business units' policies do not address that the safeguard mechanism should be opened with two employees present.
- **Reconciliation procedures:**
 - 19 business units' policies do not address that there should be a count sheet that documents the cash breakdown which includes coins, bills, checks, credit card slips and register receipts.
 - 17 business units' policies do not address that bank deposit slips or Daily Report Forms should match the cash sheets.
- **Deposit mechanisms:**
 - 16 business units' policies do not provide that funds should be collected and deposited weekly or when the amount exceeds \$250.

- 9 business units transport deposits to the bank. Seven (78%) business units' policies do not address safety protocols regarding employees transporting deposits to the bank.

The policies and procedures of the departments and their respective business units are inconsistent with GFOA standards and cash handling best practices. We recommend that the chief financial officer require departments to develop cash handling policies and procedures and ensure that the policies align with best practices for handling cash receipts. We also recommend the chief financial officer require Revenue to train departments on proper cash handling activities and department heads enforce the policies and procedures.

The Department of Finance's current guidance for cash handling is outdated and contains inconsistent information. Revenue's Desk Manual includes policies and procedures for cash handling; however, the manual has not been updated since July 2014, and the manual references employees who are no longer employed by the city. Also, the manual references systems no longer in use and contains some procedures that reference an older version of Oracle, which was converted to ATCLCloud in 2019.

According to the GFOA, financial and accounting policies and procedures should be documented, evaluated annually, and updated at least every three years. Any changes within the policy should be documented promptly as they occur, along with any updates related to internal controls. GFOA's guidance also recommends that the employee who is knowledgeable and responsible for oversight of the city's cash handling procedures and internal controls should be assigned the responsibility to oversee this process.

The city's revenue chief is responsible for this role; however, the office has not prioritized updating the city's cash handling desk manual. Outdated policies and procedures do not provide clear guidance to staff on current practices, especially if the policies do not address new system processes. 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.

Cash Collection, Processing, and Recording Practices in Some Departments Pose a Risk to the City

The Department of Finance does not have cash handling policies in place to guide departments on how payments should be properly safeguarded, transported, collected, and recorded. We found that in some cases, employees are transporting payments to the bank without appropriate safety protocols. Two departments allow employees to take customer credit card information over the phone, which could leave customers vulnerable to identity theft and credit card fraud. Also, 11 departments (and nearly 46% of city business units) use a manual process to initially record cash receipts, including logging payments in Excel or on the Daily Report Form. Further, some business units with manual processes submitted payments to Revenue without ensuring that incompatible duties were segregated, or that cash receipts were reconciled, which is needed to confirm that collections are complete and accurate. We also identified three business units that recognized payments received as expenses instead of revenues and recorded them as such on the Daily Report Form. Revenue recorded these payments in Oracle Cloud.

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 customer payments to Revenue's cashier window for processing and deposit. We also recommend the chief financial officer provide guidance to departments for accepting payments over the phone to safeguard information and to ensure that departments accept negotiable instruments bear only the name of the "City of Atlanta". We further recommend the chief financial officer direct General Accounting to provide training to departments on the proper use of the chart of accounts and account coding to improve recording.

Some business units have manual processes in place without adequate controls to safeguard collections. The Department of Finance has not documented a standard process for business units to submit manually recorded payments to Revenue. We found that 20 of 44 (46%) business units use a manual process to initially record cash receipts, logging payments either in Excel or on the Daily Report Form. Most of these business units' manual processes lack controls to confirm that cash receipts are complete and accurate and, to ensure incompatible duties are segregated, payments are reconciled before deposit, and manual logs are accurate.

For example, Atlanta Citizen Review Board Administration staff told us that its business unit accepts payments for open records requests and uses Excel to track the payments. Staff also explained that as part of the unit's reconciliation process, administrative staff completes the Daily Report form when payments are received and provides it to the manager for a signature. The process does not require the manager to compare payments to open records request invoices and ensure that the Excel log is complete and accurate. We also found that reconciliation procedures were not documented in the business unit's procedures.

The Department of Public Works' Administration & Finance business unit accepts payments from other areas within the department, such as the Keep Atlanta Beautiful program and Special Operations-Cleanup Support and prepares payments for processing and deposit with Revenue. Staff from these areas indicated on our survey they do not log or track payments before submitting them to the Administration & Finance unit. The department prepares a Daily Report form noting collected payments from other areas, which includes management signoff; however, it does not reconcile payments prior to submitting them to Revenue, and a process does not exist to ensure revenues are properly recorded in Oracle.

Enterprise Assets Management Special Events staff told us that the unit uses Excel spreadsheets to log rental fee payments as they are received; however, there is no segregation of duties; one person collects the payments, logs them, and prepares them for deposit with Revenue. The unit also does not have a reconciliation process in place to ensure that cash receipts are complete and accurate, and payments have been applied to outstanding invoices.

The Mayor's Office of Cultural Affairs (General Office) told us it accepts cash and other payment types for sponsorships and ticket sales at certain city events and the unit makes its own deposits at the bank. They explained that the office does not reconcile payments to invoices before depositing them. The office also uses a form other than Revenue's prescribed Daily Report form to report payments and account coding to Revenue.

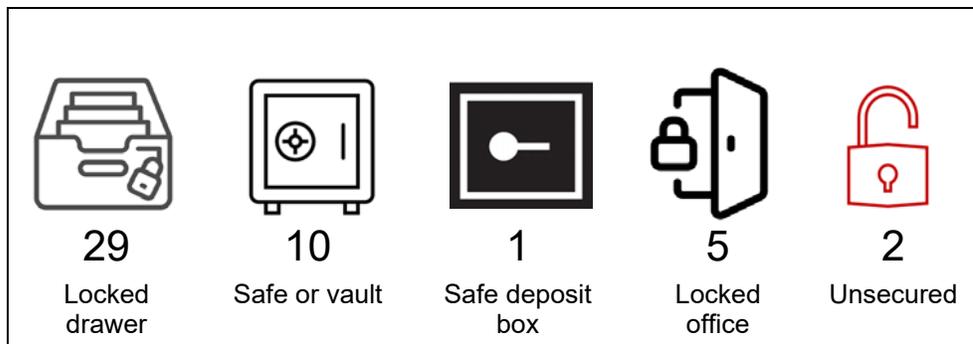
Ensuring that proper controls are in place when using manual processes to record cash receipts helps to reduce fraud risks such as skimming (theft) and also decreases the likelihood that errors will go undetected. Best practices provide that employees responsible for collecting cash and preparing deposits should not also record cash transactions in the accounting records and cash collection records should be reconciled daily; these duties are incompatible and should be segregated. GFOA and other best practices also suggest cash collections should be

centralized in the office of the chief fiscal officer when possible, and governmental entities should use automated systems to process cash receipts where practical to increase cash processing efficiency and to provide more detailed support for reconciliations.

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. We also recommend that the chief financial officer develop specific procedures for proper handling of payments and cash receipts, including segregation of duties and daily reconciliations.

Although most business units secure collections that have not yet been deposited, two do not secure payments at all. We interviewed city staff within the business units to identify whether controls are in place to safeguard payments that have not yet been deposited. We found that most (42 of 44) business units have methods in place to secure payments before they are deposited with the bank. These include securing collected payments in a safe, vault, locked drawer, or safety deposit box (see Exhibit 6). Five business units store payments in a locked office, which provides some protection, but is a weaker control than the other methods. Three business units told us they use more than one method to secure collected funds.

Exhibit 6: Majority of Business Units Safeguard Payments Before Deposit



Note: Three business units said they use multiple methods to safeguard deposits.

Source: Developed by auditors based on departmental survey responses

We also identified two business units that do not secure payments on hand. Fleet Services staff told us that payments are placed in an office door mailbox, which is open to walk-in traffic. Similarly, Code Enforcement’s Compliance Resolution staff said they keep payments in an interoffice mailbox before being submitted to Revenue.

Staff from Public Works' Keep Atlanta Beautiful; Procurement Services & Commodities; Transportation Encroachment and Abandonment; Code Enforcement Customer Service and Police Records Management told us payments are maintained in a locked office until they are sent to Revenue. Locked offices are not considered ideal secured locations for maintaining payments, especially if multiple employees have access to the office and the office is not kept locked at all times.

Best practices suggest that undeposited cash and prepared deposits be secured either in a vault, safe or other locked storage until they are deposited in the bank, and that access be restricted and locked when not in use. Business units that lack appropriate safeguards risk improper handling of payments, including loss or theft. We recommend the chief financial officer provide guidance to departments on safeguarding payments.

Departments allow city employees to transport deposits to the bank without safety protocols. We identified two departments—Parks and Recreation and the Mayor's Office—allow employees to transport payments to the bank for deposit. Parks and Recreation staff said either a recreational center manager or assistant manager is responsible for making bank deposits and staff from two business units within the Mayor's Office told us they walk the payments to the bank, with deposits made sometimes monthly. Neither department requires at least two employees to transport deposits to the bank or have documented policies and procedures that provide safety protocols regarding employees transporting deposits.

The majority of general fund departments submit collected payments to Revenue for deposit, which uses a desktop service to remotely deposit check payments. This function eliminates the need for employees to physically take deposits to the bank. The city also has a contract with an armored transportation service to transport currency and other financial instruments collected by Revenue to the bank. The financial staff of certain enterprise funds, such as Watershed Management and Aviation, told us that they also use remote desktop and armored transportation services to deposit collected payments.

Allowing employees to transport funds to the bank for deposit without providing safety protocols and ensuring employees are trained on those protocols exposes the city to the risk of loss and/or theft and could also lead to employee personal injury. Best practices suggest entities should contract with a local armored carrier service to transport funds to the bank if large amounts and/or frequent trips are involved because these companies are bonded and assume liability for incidents during transport. If an armored car company cannot be used, best practices

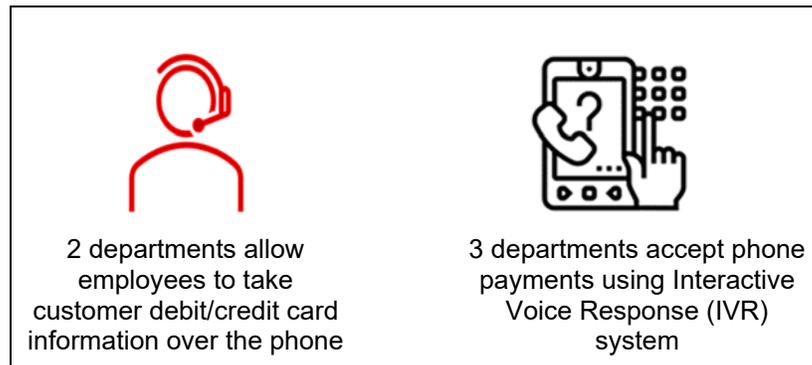
recommend safety measures such as varying the day and time of transporting payments, requiring two people to transport payments to the bank for dual control, and never leaving funds in an unmarked bag.

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.

Customer credit/debit card information is taken over the phone by employees. We identified five departments that accept customer payments by phone; two of the departments—Parks and Recreation and the Mayor’s Office—allow employees to take customer debit or credit card information over the phone for payment instead of requiring customers to use the city’s technology to process phone payments through the IVR (Interactive Voice Response) system (See Exhibit 7).

The IVR system is an automated telephone system that combines pre-recorded messages or text-to-speech technology, allowing customers to provide and access information without a live agent. Additionally, PCI DSS (Payment Card Industry Data Security Standards) requires cardholder information to be protected and encrypted when accepted. If departments fail to properly handle payments, the city could leave customers vulnerable to identity theft and credit card fraud risks.

Exhibit 7: Employees Take Customer Credit Card Payments Over the Phone



Source: Developed by auditors based on departmental survey responses

City of Atlanta check payments included employee names in the “Pay to the Order Of” area. We reviewed three check payments in the amounts of \$21,520, \$94,877.30, and \$95,713.92, for sewer charges that Watershed Management collected in April 2022. The checks were written as payable to the “City of Atlanta” or “City of Atlanta

Watershed Management,” but also included employee names in the “Pay to the Order Of” area. We also reviewed a check payment to the Mayor’s Office as a refund for an invoice overpayment in the amount of \$1,131.50 that included an employee’s name in the “Pay to the Order Of” area. Although we confirmed that these payments were deposited to the city’s bank account, employee names written on checks to the city pose a risk of theft or loss due to check fraud.

Best practices state a pay-to-order check should specify only the payee who is authorized to receive payment in the “Pay to the Order Of” area, which helps protect the payer from an unauthorized person attempting to cash the check and fraudulently withdraw money from the payer’s bank account. This also protects the payer from unauthorized claims to the check if it is lost or stolen.

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.

Some departments are improperly recording revenue. We found that three departments—Fire & Rescue, Law, and City Council, are recording payments to the wrong accounts.

In addition to collecting fire inspection and planning fees, Fire also collects special event fees from vendors when emergency management personnel are required at city events. We reviewed a Daily Report form dated February 2022, which showed that a payment collected as a special event fee was recorded to a supplies expense account instead of a revenue account. Staff told us that payments received for special event fees have been recorded to the expense account since 2016. From May 2016 through March 2022, Fire collected a total of \$230,530 in special event fees that were recorded to the supplies expense account, and we did not identify any reclasses to revenue during the period.

Certain payments collected by City Council and Law are also recorded improperly to expense accounts on the Daily Report Form submitted to Revenue. City Council staff told us it collects payments for open record requests, consistent with the Georgia Open Records Act. The state law allows the city to charge fees for time spent on the search, redaction, and production of the documentation. The Law Department also collects fees to fulfill open record requests, as well as claims settlement fees and other fees.

Law staff provided documents showing that payments collected for fiscal year 2021, totaling \$48,443, for open record request fees,

settlement fees, and other fees were recorded in the litigation expense account, instead of a revenue account. City Council collected payments in the same year totaling \$3,111 that were commingled with expense transactions and recorded to the Consulting and Professional Services expense account. We also found that in some instances the description on the Daily Report form lacked information to determine whether the account coding was appropriate.

Revenue's cashiers record payments to accounts reported by departments on the Daily Report form and do not review account coding for appropriateness. A component of Finance's mission is to deliver a clear and accurate picture of the city's current and future financial position. Also, according to GAAP (Generally Accepted Accounting Principles), charges for services are considered revenue which arise from charges to customers for purchases, which should be presented separately to provide a calculation of net expense. GASB (Governmental Accounting Standards Board) defines expenses as outflows during a period from providing or producing goods, rendering services, or carrying out other activities. Improperly recording revenue to expense accounts results in discrepancies in public financial reporting and could lead to department heads using faulty budget information to make decisions.

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. We also recommend the chief financial officer require departments to provide detailed descriptions of collected payments on the Daily Report form to Revenue for recording.

Recommendations

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

1. develop a process to identify and document all cash collection sites throughout the city and require departments to report updates as changes occur

In order to improve inadequate policies and procedures and better align with best practices, the chief financial officer should:

2. 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
3. require Revenue to train departments on proper cash handling activities and department heads enforce the policies and procedures
4. 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

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

5. 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
6. 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
7. 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

8. 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
9. direct General Accounting staff to provide training to departments, including Revenue cashier staff, on the correct account coding to improve recording
10. require departments to provide detailed explanations of collected payments on the Daily Report form to Revenue for recording

Appendices

Appendix A: Management Review and Response to Audit Recommendations

Report # 22.10	Report Title: Citywide Cash Handling	Date: October 2022
<p>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.</p>		
<p>Risk Category: Revenue Collection & Cost Recovery</p>		<p>Response: Agree</p>
<p>Related Findings:</p> <ul style="list-style-type: none"> More centralized oversight of city cash handling functions would decrease risk of loss. Finance did not have an existing process for recording and tracking departments that collect payments, and it was unaware of the practices departments had in place for handling cash payments. 		
<p>Proposed Action: A cash handling policy has been drafted requiring any department/unit accepting any type of payment to have prior authorization from the Department of Finance, Chief Financial Officer. This policy has not yet been finalized.</p> <ol style="list-style-type: none"> Short-term goal: Designate staff to utilize the City Auditor's listing and expand it to include physical locations of cash collection sites. Mid-range goal: Include in the new City Cash Handling Policy a requirement to report changes to the Office of Revenue (OOR) designee within a certain timeframe of the change. Designee will then update the Cash Collection Site document. Long-range goal: Use the new cashier management system city-wide, requiring each cash collecting business unit (BU) to designate staff to train with an OOR trainer, pass a test, and then be granted access to the system. The business unit would purchase software licenses for each staff member who collects cash for their area. This would allow the OOR to control the listing of cash collection sites. 		<p>Current Status: Started</p>
<p>Business Owner: Office of Revenue</p>		<p>Estimated Implementation Date (M/Y): (1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Additional Comments: Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, as well as the implementation of the new Business License and Cashier Management System, currently in the RFP development stage.</p>		

<p>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.</p>		
<p>Risk Category: Safeguard Assets</p>		<p>Response: Agree</p>

Related Findings:

- Of 44 business units that reported collecting cash; 21 had no written or documented cash handling policies and procedures in place. Among the units with written procedures, some did not address cash handling best practices, including establishing cashier responsibilities, segregation of duties, chain of custody, safeguarding payments, reconciliations, and deposit mechanisms.
- Two business units did not secure payments on hand. Staff told us payments were placed in an office door mailbox, which is open to walk-in traffic, or in an interoffice mailbox before being submitted to Revenue. Five business units stored payments in a locked office, which provides some protection, but is a weaker control than the other methods like a safe or vault.

Proposed Action:

A cash handling policy has been drafted requiring each department/unit to agree to comply with the City’s Cash Handling Policy, to establish its own procedures to ensure compliance, and to provide OOR with a copy. This policy has not yet been finalized.

- (1) Short-term goal: Designate staff to utilize the City Auditor’s listing to request copies of the Cash Handling Policies & Procedures from the BU’s that have one, review them and require changes where necessary to address cash handling best practices. Require all cash handling policies and procedures to be approved by the OOR.
- (2) Mid-range goal: Include in the new City Cash Handling Policy a requirement to use standardized forms and templates.
- (3) Long-range goal: Eliminate the acceptance of currency and coins where possible by coordinating with AIM to implement POS systems. Procure a city-wide contract with an armored car service, which would collect cash daily from all cash collection sites with significant amounts of cash collected. Each BU would be required to use standardized tamper-proof containers for currency and coins, remote deposit capture for checks, the IVR system for electronic payments over the phone, and a POS system for in-person card transactions.

Current Status:

Started

Business Owner:

Office of Revenue

Estimated Implementation Date

- (M/Y): (1) 11/01/2022
(2) 01/01/2023
(3) FY2024

Additional Comments:

Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, the implementation of the new Business License and Cashier Management System (currently in the RFP development stage), and the process of procuring the city-wide contract for armored car services.

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.

Risk Category:

Safeguard Assets

Response:

Agree

Related Findings:

- Of 44 business units that reported collecting cash, 21 had no written or documented cash handling policies and procedures in place. Among the units with written procedures, some did not address cash handling best practices, including establishing cashier responsibilities, segregation of duties, chain of custody, safeguarding payments, reconciliations, and deposit mechanisms.

Proposed Action: (1) Short-term goal: Designate staff to create and distribute a job aid outlining the cash handling best practices for BU's to reference. (2) Mid-range goal: Designate staff to develop a training program for BU's cash-handling staff and their managers and hold an initial virtual training for all BU's currently handling cash. (3) Long-range goal: Add a Financial Trainer position to the OOR, whose full-time responsibility is to develop and update OOR policies and procedures, subsequently develop trainings, travel to the cash collection sites to determine the training needs, then provide the necessary trainings to all city staff who are responsible for handling cash, to include cashier management system training.	Current Status: Not Started
Business Owner: Office of Revenue	Estimated Implementation Date (M/Y): (1) 12/01/2022 (2) 03/01/2023 (3) FY2024
Additional Comments: Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, the implementation of the new Business License and Cashier Management System (currently in the RFP development stage), and our ability to create a budgeted FTE to add to the OOR.	

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.	Risk Category: Process Improvement	Response: Agree
Related Findings: <ul style="list-style-type: none"> Revenue's Desk Manual includes policies and procedures for cash handling; however, the manual has not been updated since July 2014. 		
Proposed Action: Update the existing Revenue Desk Manual to remove obsolete information and update system references, as well as specific staff names, replacing them with job titles.	Current Status: Started	
Business Owner: Office of Revenue	Estimated Implementation Date (M/Y): 01/01/2023	
Additional Comments:		

<p>Recommendation 5:</p> <p>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.</p>	<p>Risk Category:</p> <p>Safeguard Assets</p>	<p>Response:</p> <p>Partially Agree</p>
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<p>Related Findings:</p> <ul style="list-style-type: none"> 20 of 44 (46%) business units that reported collecting cash, used a manual process to initially record cash receipts. Most of these business units’ manual processes lacked controls to confirm that cash receipts are complete and accurate, to ensure incompatible duties are segregated, payments are reconciled before deposit, and manual logs are accurate.

<p>Proposed Action:</p> <p>This may require a review of the Code of Ordinances to update our oversight in this regard. As it stands today, Code Sec. 2-961 gives each department autonomy, although we do agree with encouraging the departments who do not have proper controls to implement those controls. Additionally, it may not be feasible for some departments to direct their customers to the OOR (i.e., Parks & Rec).</p> <p>(1) Short-term goal: Designate staff to utilize the City Auditor’s listing to contact each BU and determine if they have the necessary tools to put proper controls in place. If not, strongly encourage them to do so.</p> <p>(2) Mid-range goal: Include in the new City Cash Handling Policy requirements for internal controls to be reviewed annually.</p> <p>(3) Long-range: Require each BU to utilize the new cashier management system to collect and record cash collections and follow a standardized process for internal controls to safeguard, reconcile, and deposit the funds. This should eliminate the use of manual logs.</p>	<p>Current Status:</p> <p>Not Started</p>
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<p>Business Owner:</p> <p>Office of Revenue</p>	<p>Estimated Implementation Date (M/Y): (1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
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<p>Additional Comments:</p> <p>Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, as well as the implementation of the new Business License and Cashier Management System, currently in the RFP development stage.</p>

<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>Risk Category:</p> <p>Process Improvement</p>	<p>Response:</p> <p>Agree</p>
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Related Findings:	
<ul style="list-style-type: none"> Two departments allowed employees to transport payments to the bank for deposit and neither department has documented policies and procedures that provided safety protocols regarding employees transporting deposits. 	
Proposed Action: It may not be cost-effective for some BU's to contract with an armored car service. However, we are willing to work with the COO's office to establish logistical proposals for the BU's with significant cash receipts, and/or to consolidate some of the smaller cash collection sites for cost-effectiveness, to utilize an armored car service and direct the remaining BU's to safely and securely transport cash to the OOR. This determination would be made on a case-by-case basis for each BU. <ol style="list-style-type: none"> Short-term goal: Designate staff within the BU's to examine existing armored car service contracts for the ability to add multiple pickup locations and eliminate employees transporting funds directly to the bank. Mid-range goal: Require the necessary BU's to contract with an armored car service for bonded transport of funds to the bank, while the remaining BU's transport the funds to the OOR. Long-range goal: Procure a city-wide contract with an armored car service, which would collect cash daily from designated cash collection sites. Each BU would be required to use standardized tamper-proof containers for currency and coins, remote deposit capture for checks, the IVR system for electronic payments over the phone, and POS system for in-person card transactions. All would integrate with the new cashier management system. 	Current Status: Not Started
Business Owner: Office of Revenue	Estimated Implementation Date (M/Y): (1) 10/01/2022 (2) 01/01/2023 (3) FY2024
Additional Comments: Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, the implementation of the new Business License and Cashier Management System (currently in the RFP development stage), and the process of procuring the city-wide contract for armored car services.	

Recommendation 7: 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.	Risk Category: Safeguard Assets	Response: Agree
Related Findings: <ul style="list-style-type: none"> Two of the departments allowed employees to take customer debit or credit card information over the phone for payment instead of requiring customers to use the city's technology to process phone payments through the IVR (Interactive Voice Response) system. 		
Proposed Action: (1) Short-term goal: Designate staff to utilize the City Auditor's listing to contact all cash handling BU's and direct them to use the IVR system if taking card payments over the phone.	Current Status: Not Started	

<p>(2) Mid-range goal: Include in the new City Cash Handling Manual procedures for taking payments over the phone, requiring BU's to utilize the IVR system for those electronic payments.</p> <p>(3) Long-range goal: Integrate the IVR system with the new cashier management system for streamlined processing of electronic payments over the phone.</p>	
<p>Business Owner: Office of Revenue</p>	<p>Estimated Implementation Date (M/Y): (1) 11/01/2022 (2) 01/01/2023 (3) FY2024</p>
<p>Additional Comments: Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, as well as the implementation of the new Business License and Cashier Management System, currently in the RFP development stage.</p>	

<p>Recommendation 8: 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>Risk Category: Safeguard Assets</p>	<p>Response: Agree</p>
<p>Related Findings:</p> <ul style="list-style-type: none"> We identified check payments that were written as payable to the "City of Atlanta" or "City of Atlanta Watershed Management," but also included employee names in the "Pay to the Order Of" area. 		
<p>Proposed Action:</p> <p>(1) Short-term goal: Designate staff to develop a job aid, which includes the requirement that all negotiable instruments must bear the name "City of Atlanta" in the 'Pay to the Order of' section, and any instruments that bear any employee's name must be rejected.</p> <p>(2) Mid-range goal: Include in the new City Cash Handling Manual the same requirement as listed above.</p> <p>(3) Long-range goal: Utilize the new cashier management system to scan images of each negotiable instrument to be readily available for audit.</p>	<p>Current Status: Not Started</p>	
<p>Business Owner: Office of Revenue</p>	<p>Estimated Implementation Date (M/Y): (1) 12/01/2022 (2) 01/01/2023 (3) FY2024</p>	
<p>Additional Comments: Implementation Dates may change depending on our ability to fill the current vacancies in the Office of Revenue, as well as the implementation of the new Business License and Cashier Management System, currently in the RFP development stage.</p>		

<p>Recommendation 9: 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>Risk Category: Monitoring and Reporting</p>	<p>Response: Agree</p>
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Related Findings:	
<ul style="list-style-type: none"> We found three departments that were incorrectly recording payments to expense accounts instead of revenue accounts. 	
Proposed Action: Coordinate with General Accounting to schedule training with Revenue cashiering staff regarding the proper use of the chart of accounts. Then the OOR would create and distribute job aids to each department listing only the codes necessary for the types of payments they would receive.	Current Status: Not Started
Business Owner: Office of Revenue	Estimated Implementation Date (M/Y): 10/01/2022
Additional Comments: Implementation date may change depending on our ability to coordinate schedules with General Accounting staff.	

Recommendation 10: We recommend the chief financial officer require departments to provide detailed explanations of collected payments on the Daily Report form to Revenue for recording.	Risk Category: Monitoring and Reporting	Response: Agree
Related Findings:		
<ul style="list-style-type: none"> In some instances, the description on the Daily Report form lacked information to determine whether the account coding was appropriate. 		
Proposed Action: Designate staff to contact all BU's and communicate the importance of detailed explanations of collected payments, then require the BU's to correct forms lacking necessary detail to accurately record payments.		Current Status: Not Started
Business Owner: Office of Revenue		Estimated Implementation Date (M/Y): 10/01/2022
Additional Comments:		

Appendix B: City Collects Cash for Services in 44 Business Units In 20 Departments

Departments and Related Business Units That Accept Cash Payments		
Department Name	Business Unit	Services for Which Cash Is Collected
Department of Watershed Management	Cash Operations	Collects payments from residential, business, and wholesale customers for meter deposits, meter sales, and the provision of water and wastewater services
	Credit & Collections	Collects delinquent water and wastewater payments from residential, business, and wholesale customers and fees related to Senate Bill 206 payoff requests
	Accounting and Accounts Payable	Collects industrial pre-treatment fees on behalf of the Office of Watershed Protection and vendor reimbursements for invoice overpayments
	Capital Projects	Collects monthly fees from sale sludge vendors and other local jurisdictions based on the tonnage of waste dumped into city wastewater facilities.
Department of Finance	Office of Revenue (Payment Processing)	Collects daily bank deposits, accounting, and posting of city receipts to the general ledger and managing various electronic payment platforms citywide. Includes processing and depositing payments collected by the Revenue's Business License & Excise Tax division regarding general business license fees, hotel/motel taxes, car rental taxes, alcohol taxes, franchise fees, building and land rental leases, and professional taxes.
	Grants Accounting	Collects grant payments from state and federal agencies for reimbursable program/project expenditures and some private foundation grants
Judicial Agencies	Municipal Court (Finance Unit)	Collects fines and fees for violations of state laws and city ordinances, including but not limited to, parking disputes, traffic and moving violations, drug offenses, and panhandling
Department of Aviation	Finance	Collects payments for land rental and airline tract fees, airport space rental fees, and fines for violations.
	Security	Collects payments for several fines and fees including, fees for the issuance of security entry badges to employees, vehicle access permit fees, fingerprinting fees, and fines for breaches or notices of violations.
	Ground Transportation	Collects permit fees for taxi and hotel vehicle access on airport grounds

Department Name	Business Unit	Services for Which Cash Is Collected
Atlanta Police Department	Property Evidence Unit/Central Cashiering	Collects cash payments by the department's revenue generating units and cash and property turned over from arrestees.
	Licenses and Permits Unit	Collects payments for the issuance of new and renewal of various license and permit fees, including but not limited to, alcohol licenses, gaming room permits, adult entertainment permits, and retail and tattoo establishment permits.
	Records Management	Collects payments for fees assessed to public open record requests.
	Fiscal	Collects payments for vendor reimbursements for invoice overpayments and judicial payments for the city's portion of fees earned on adjudicated RICO (Racketeer Influenced and Corrupt Organizations) state and federal cases.
	Code Enforcement Customer Service	Collects reimbursement payments for funds the city used to remove violations found on a property.
	Code Enforcement Compliance Resolution	Collects fees including, but not limited to, the issuance of property title reports, credit reports, asbestos surveys, and reimbursements for funds used to cancel lis pendens.
	Code Enforcement Vacant Property Registrations	Collects registration and renewal fees of vacant real property.
Department of Parks & Recreation	Parks and Recreation	Collects license and permit fees related to events held in city-owned parks, the removal of trees from city parks, fines for unauthorized tree removals and uncleaned city-owned areas after events, payments for services offered by various recreational centers and golf courses, and contributions and donations.
Atlanta Fire & Rescue Department	Business Affairs	Collects fees for the issuance of fire reports, fire plan reviews, fire inspection permits, and payments from vendors for special events held in the city that require the presence of Fire emergency management personnel.

Department Name	Business Unit	Services for Which Cash Is Collected
Executive Offices (Mayor's Office)	Business Management Office	Collects payments for vendor reimbursements for invoice overpayments.
	Film & Entertainment	Collects payments for film permits. It also acts a pass-through unit for Enterprise Asset Management for rental payments collected from applicants who rent city hall space for filming purposes.
	Special Events	Collects permit fees from applicants who request to rent city hall facilities for special events.
	Cultural Affairs (General Office)	Collects council contribution and corporate sponsorship payments for annual city festivals (e.g., Elevate).
	Cultural Affairs (Chastain Arts Center)	Collects art class registration fees and payments from its gallery and gift shop merchandise sales.
Department of Law	City Attorney Group	Collects open record request fees, reimbursements for invoice overpayments, restitution, and settlement fees due to the city. It also acts as a pass-through unit for payments collected on behalf of other city departments (i.e., Aviation, Watershed Management).
Department of Corrections	Administration & Public Transaction Unit	Collects various payments, including, locker rental fees paid by visitors, arrest report fees, vending machine commissions, inmate commissary payments, commissions from inmate telephone contract, and fees per MOU agreement for housing federal (US Marshal) inmates.
Grants & Community Development	Office of Fiscal Operations	Collects loan repayments from individuals who have been provided federal assistance for home ownership programs.
Department of Enterprise Asset Management	Citywide Vending	Collects pass-through commission from vending machine contractors for the city. Payments are distributed to the appropriate departments for processing and deposit.
	Real Estate - Community Affairs Portfolio	Collects rental payments from non-profit and for-profit organizations that rent space at the city-owned neighborhood centers.
	Real Estate	Collects annual payments from EUE Screen Gems and Live Nation for tickets and parking fees collected for events and lease payments for cell phone towers on city-owned properties.
	Special Events	Collects payments for renting city owned spaces out for certain events.

Department Name	Business Unit	Services for Which Cash Is Collected
Human Resources	Budget & Administration	Collects reimbursements for the employee portion of benefits from employees and retirees, including COBRA (Consolidated Omnibus Budget Reconciliation Act) and open record request fees.
Atlanta Department of Transportation	Customer Service	Collects payments for open record request fees
	Abandonment & Encroachment Permits	Collects permit fees for the issuance and renewal of sidewalk dining, abandonment, encroachment, and dedication permits.
Department of Public Works	Office of Commissioner - Administration and Finance	Collects vending checks and other payments units within the department received for processing and deposit through Revenue
	Fleet Services	Collects payments from vendors for reimbursement of invoice overpayments.
	Solid Waste	Collects fees from the public for rental of additional or replacement trash container or recycle bins. The unit also collects reimbursements from employees or vendors for payroll or invoice overpayments.
	Keep Atlanta Beautiful	Collects grant payments from other government entities and private sources and rebate checks for recycling
	Special Operations-Cleanup Support	Collects fees from special event organizers for sanitation services performed.
Atlanta City Council	Office of City Council Research and Policy Analysis	Collects payments for open record requests.
Office of Inspector General	Ethics	Collects payments regarding fines and sanctions for violations against the city code of ethics, such as the failure to file or a late submission of the Financial Disclosure Statement
Atlanta Information Management (AIM)	Financial Administration	Collects reimbursements for invoice overpayments
Department of Procurement	Services & Commodities	Collects rebate checks and payments for proceeds from surplus sales. It also collects bid bond checks, which are held as "earnest money" for awarded contracts, but eventually returned to contractor.
Atlanta Citizen Review Board	Administration	Collects payments for open record request fees but also collects contributions and donations from private sources

Source: Developed by auditors based on departmental survey responses

Appendix C: Nearly 50% of Business Units Do Not Have Documented Cash Handling Policies & Procedures

Departments and Related Business Units That Accept Cash Payments			
Department Name	Business Unit	Cash Handling Policies & Procedures Exist?	
		Yes	No
Department of Watershed Management	Cash Operations	✓	
	Credit & Collections		✓
	Accounting and Accounts Payable	✓	
	Capital Projects		✓
Department of Finance	Office of Revenue (Business License & Excise Tax)	✓	
	Office of the Controller (Grants Accounting)	✓	
Judicial Agencies	Municipal Court	✓	
Department of Aviation	Finance		✓
	Security	✓	
	Ground Transportation	✓	
Atlanta Police Department	Property Evidence Unit/Central Cashiering	✓	
	Licenses and Permits Unit	✓	
	Records Management		✓
	Fiscal	✓	
	Code Enforcement Customer Service		✓
	Code Enforcement Compliance Resolution		✓
	Code Enforcement Vacant Property Registrations		✓
Department of Parks & Recreation	Parks and Recreation	✓	
Atlanta Fire & Rescue Department	Business Affairs		✓
Executive Offices (Mayor's Office)	Business Management Office		✓
	Film & Entertainment		✓
	Special Events	✓	
	Cultural Affairs (General Office)	✓	
	Cultural Affairs (Chastain Arts Center)		✓

Department Name	Business Unit	Cash Handling Policies & Procedures Exist?	
		Yes	No
Department of Law	City Attorney Group	✓	
Department of Corrections	Administration & Public Transaction Unit	✓	
Grants & Community Development	Office of Fiscal Operations	✓	
Department of Enterprise Asset Management	Citywide Vending	✓	
	Real Estate - Community Affairs Portfolio	✓	
	Real Estate		✓
	Special Events		✓
Human Resources	Budget & Administration	✓	
Atlanta Department of Transportation	Customer Service	✓	
	Abandonment & Encroachment Permits		✓
Department of Public Works	Office of Commissioner - Administration and Finance		✓
	Fleet Services		✓
	Solid Waste		✓
	Keep Atlanta Beautiful		✓
	Special Operations-Cleanup Support		✓
Atlanta City Council	Office of City Council Research and Policy Analysis	✓	
Office of Inspector General	Ethics		✓
Atlanta Information Management (AIM)	Financial Administration	✓	
Department of Procurement	Services & Commodities		✓
Atlanta Citizen Review Board	Administration	✓	
Number of business units		23	21
Percentage (%) of business units		52.3%	47.7%

Source: Developed by auditors based on business units' submissions of cash handling policies and procedures