



Date: January 26, 2015
To: Thomas J. Bonfield, City Manager
From: Germaine Brewington, Director of Audit Services
Subject: Cash Collections Performance Audit (January 2015)

Executive Summary

The Department of Audit Services completed the report on the Cash Collections Performance Audit dated January 2015. The purpose of the audit was to examine the cash collection processes, procedures and controls at locations throughout the City of Durham and assess their adequacy.

Background

Seven departments at the City of Durham routinely collect cash on the City's behalf. Finance Policy FP 303-1 titled "Cash Handling – City Cash" provides overall guidance for cash handling. According to Policy FP 303-1, only persons who are certified by the Chief Financial Officer (CFO) shall receive and handle City cash on a regular basis in the scope and course of their employment. In addition, all cash received should be: 1) promptly delivered to the CFO (or designee) or the City's cashiering facility; or, 2) when so authorized, deposited to the credit of the City in a City depository designated by the CFO. The delivery or deposit must be made within twenty-four (24) hours or the next banking day after receipt of the funds. Upon authorization from the CFO or his designee, the Department may elect to make deposits only when the monies on hand amount to as much as two hundred fifty dollars (\$250.00). In any event a deposit of all monies on hand shall be made on the last business day of the month.

Results in Brief

Overall adequate controls existed over cash collections at the City of Durham. However, opportunities for improving controls were identified in the following areas:

- Pre numbered receipts were not used at various cash collection locations. Pre-numbered receipts are a strong control to ensure all receipts collected are deposited intact.
- Some departments, with regard to depositing funds on a timely basis, need to comply with Policy FP 303-1;
- Management needs to strengthen oversight over voided transactions; and
- Departments should reconcile revenues per the LDO system to revenues per the general ledger, especially where limited segregation of duties is an issue.

Issues and Analysis

The attached report details the objectives, observations, and results of the Cash Collections Performance Audit dated January, 2015.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Cash Collections Performance Audit dated January 2015 as presented and approved at the January 26, 2015 Audit Services Oversight Committee meeting.

Attachment