

**Special Project 09-41  
Animal Welfare Center  
As of March 23, 2009**

**City of Tulsa  
Internal Auditing  
October 2009**





**MEMORANDUM  
OFFICE OF THE CITY AUDITOR**

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DATE: October 19, 2009  
TO: Mayor and City Council  
FROM: Phil Wood, City Auditor *Phil Wood*  
SUBJECT: Internal Audit Special Project Report

Enclosed is a report on a special project requested by the Director of Community Development and Education Initiatives regarding the Animal Welfare Center Cash Handling Operations.

We would like to express our appreciation to the members of the Animal Welfare Center, Parks Department and Finance Department for their cooperation, assistance and efforts to improve controls which are the subject of this report

XC:  
Council Administrator, Don Cannon  
Council Secretary, Dana Burks  
Director of Community Development and  
Education Initiatives, Susan Neal  
Director of Working In Neighborhoods, Dwain Midget  
Administrative Manager CDEI-Administration, Ross Weller  
Director of Finance, Mike Kier  
Senior Administrative Services Officer, Wendy Martin  
Treasury Division Manager, Stan Jones  
City Attorney, Deirdre Dexter  
Mayor's Audit Advisory Committee  
External Auditor

**MEMORANDUM**

**INTERNAL AUDITING**



**DATE: September 11, 2009**

**TO: Phil Wood, City Auditor  
Susan Neal , Director CDEI  
Stan Jones, Treasury Division Manager  
Dwain Midget, Director WIN  
Ross Weller, Administrative Manager CDEI**

**FROM: Ron Maxwell, Chief Internal Auditor** *Ron Maxwell*

**SUBJECT: Special Project Report- Animal Welfare Center  
Cash Handling Operations**

**SCOPE**

The Director of Community Development and Education Initiatives (CDEI) requested Internal Audit to evaluate and report on the systems of internal controls for the cash-handling procedures of the Animal Welfare Center (AWC). The audit scope was expanded to include Parks and Recreation centers' (centers) cash-handling procedures because CDEI-Administration uses the same procedures to process revenue collections from both the AWC and the centers.

**SUMMARY AND CONCLUSION**

In March 2009, Finance Department staff noted that revenue for selected services and fees collected at AWC was not being recorded in the general ledger. Staff determined that \$18,941 in AWC revenue collected for the time period September 7, 2008, through October 25, 2008, had not been deposited in the City's bank account. The table below summarizes the missing bank deposits:

Cash	\$ 12,610.50
Checks	\$ 6,330.50
Total Tender	\$ 18,941.00
Total transactions paid by check	129
Duplicate names	18
Minimum number of checks	111

The City of Tulsa has suffered an \$18,941 loss of AWC cash receipts. Crimes may have been committed.

## **RECOMMENDATIONS / ACTIONS TAKEN TO ADDRESS THE LOSS**

A representative of the City's legal department advised Internal Audit that if there was a possibility of criminal activity, this matter should be reported to the Police Department for further investigation. The legal representative also advised that interviews with city employees to specifically discuss the missing bank deposits should not be conducted by Internal Audit unless coordinated with the Police Department. CDEI management has reported the missing bank deposits to the Tulsa Police Department. Internal Audit is available to assist further if requested. Exhibit 1 presents the Missing Bank Deposits Chain of Custody.

Management should strongly consider the following actions:

- Notify AWC customers who paid by check during the period 9/07/08 through 10/25/08 that their bank account information may have been compromised.
- Decide whether to request customers to reissue their checks for services they received between 9/07/08 through 10/25/08 or write off the loss. Considerations for making this decision are the cost benefit of the effort in terms of staff time, time lag since the event, public relations risks, legal considerations, etc.
- Determine the appropriate accounting procedures for recording the revenue loss taking into consideration the impact on AWC's budget.
- Refund escrows to cash customers who complied with sterilization ordinance requirements and have requested refunds.

## **SUMMARY OF OBSERVATIONS FOR IMPROVEMENT OF INTERNAL CONTROLS**

Cash-handling internal controls at AWC and areas associated with AWC's revenue processing were inadequate to safeguard the City's assets at the time of the loss. Some improvements have been made, but additional improvements are needed. As of June 30, 2009 Internal Audit identified the following opportunities for improving internal controls:

1. The City does not have written cash-handling policy and procedures for processing its revenue.
2. Deposit procedures used by AWC, centers, and CDEI-Administration increase the risk for fraud, loss of revenue, and untimely deposits.
3. Revenues from AWC and centers are not reconciled to the general ledger.
4. Procedures for depositing credit card revenues from centers create reconciling issues in the City's operating bank account.
5. Courier service schedules between One Technology Center (OTC) and remote locations affect the timeliness of processing revenue deposits and the safety of assets and staff.
6. Cashiering and administrative work areas at AWC and the centers are not secured and do not provide adequate safeguards for City assets and staff.
7. Software use practices by staff at AWC and the centers can compromise the data, reports, and software internal controls.
8. Sequentially numbered bank deposit bags are not tracked.
9. Central Recreation Center (Central) does not have an assigned change fund.
10. The City does not have written policy or procedures for City safes.

Detailed internal control observations and recommendations begin on page 6.

## **AUDIT PROCEDURES AND RESULTS:**

**Procedure 1:** Interviewed staff members from the following areas to document the cash-handling processes and to identify internal controls techniques:

- AWC
- CDEI-Administration
- Zoo Couriers
- Treasury Revenue Processing
- Treasury Administration
- Parks Department Customer Service
- Parks and Recreation Centers
- Security
- Rec/Ware Safari IT Computer Support

**Result 1:** Those interviewed consistently stated:

- AWC collected revenues, recorded transactions in the AWC database, and provided locked deposit transport bags to zoo couriers for transport to OTC during the time period of the missing bank deposits.
- Zoo couriers delivered deposit transport bags to the CDEI-Administration drop safe located on the 5<sup>th</sup> floor of OTC and signed the drop safe logs during the time period of the missing bank deposits.
- The drop safe custodian did not return empty deposit transport bags to AWC in a timely manner. When the AWC supervisor or zoo couriers requested an empty bag for transport of the next deposit, the drop safe custodian would remove an AWC bag from the CDEI-Administration drop safe, remove the contents, return the unprotected contents to the drop safe, and provide the empty bag to the AWC supervisor or the zoo courier so the next AWC deposit could be transported.
- The drop safe custodian discarded the signed drop safe logs, leaving no documentation of transfer of custody from center and zoo couriers to the CDEI-Administration drop safe custodian.

### **Procedure 2:**

Counted AWC revenue collections deposit for the week ending March 27, 2009, to confirm AWC cash-handling procedures described in the interviews. Obtained, reviewed, and tested supporting documentation from areas listed below to verify cash-handling processes, procedures, and internal controls identified in interviews and to determine whether missing deposits could be located:

- GEAC financial information system
- Rec/Ware Safari—Parks software database
- Avirmark—AWC software database
- BOK bank deposit information
- POS—Revenue Processing system
- Manually prepared supporting documentation

### **Result 2:**

Missing deposits were not physically located or incorrectly recorded in other CDEI-Administration general ledger accounts.

### **Procedure 3:**

Assisted AWC staff in contacting four AWC customers who paid by check between 9/07/08 and 10/25/08 to determine whether their checks had been processed by their banks.

### **Result 3:**

Checks from the four AWC customers contacted had not been processed by their banks.

### **Other Information**

The following changes and events beginning April 1, 2008 created additional opportunities for loss or fraud and allowed the missing bank deposits to continue to go unnoticed.

- On April 1, 2008 there were several changes in key, experienced cash-handling personnel, procedures, and reporting responsibilities including:
  - AWC unofficially but operationally began reporting to Working In Neighborhoods (WIN) rather than the Police Department. The official change date was July 1, 2008.
  - New AWC manager began work and the key staff member responsible for cash-handling at AWC transferred to another department so no one in AWC knew how deposits had been processed.
  - CDEI-Administration, formerly Parks Administration, was formed to provide administrative support to WIN and AWC as part of WIN, Planning, and Parks and Recreation.
  - CDEI-Administration determined that AWC deposits would be processed in the same manner as the centers—a courier would bring deposits to CDEI-Administration for processing and deposit into the bank.
  - Five of the six accounting assistants in CDEI-Administration transferred to other City jobs and were replaced.
  - One of the new accounting assistants, who transferred from Public Works, was assigned the responsibility for processing deposits and became the drop safe custodian. The employee had no cash-handling experience prior to being hired by CDEI-Administration.
- On July 26, 2008, CDEI-Administration moved from their south Phoenix location to OTC, 5<sup>th</sup> floor. The CDEI-Administration drop safe used for collection and storage of deposits waiting to be processed remained at the south Phoenix location until August 26, 2008, when it was moved to OTC, 5<sup>th</sup> floor. Deposits were left in the safe when CDEI-Administration moved to OTC. Additional deposits may have been dropped into the safe while it was still at the south Phoenix location. The centers and AWC deposits delivered to OTC were stored in various locking file cabinets and desk drawers until the CDEI-Administration drop safe was moved to OTC. Some deposits were sent back to the centers to be held in their safes while CDEI-Administration created a procedure to transfer processed deposits to the bank. According to interviews a backlog of unprocessed deposits accumulated and continued to build up until a priority was placed on processing deposits. Deposit processing was caught up in December 2008.
- The Accountant IV Supervisor at CDEI-Administration was on leave from September 2, 2008, to October 20, 2008. The only long-term, experienced Accounting Assistant remaining in the department acted as supervisor for the purpose of signing leave slips and some other administrative responsibilities but did not perform the full range of supervisor duties.
- Finance was involved in the external financial audit and got behind on regular monitoring duties. When the audit was completed and Finance staff caught up, they noticed that certain AWC fees and revenues had not been posted to general ledger revenue accounts.

## **DETAILED OBSERVATIONS AND RECOMMENDATIONS**

### **Observation #1**

#### **The City does not have written cash-handling policy and procedures for processing its revenue.**

According to Title 6 of Tulsa's Revised Ordinances the Finance Department, Treasury Division is assigned the responsibility of depositing, maintaining and investing the funds of the City.

Many areas within the City are responsible for accepting cash, checks, and credit cards (tender). They use various methods to process and deposit the tender. Treasury Revenue Processing is the only group interviewed that had a cash-handling policy and procedures with adequate internal controls

### **Recommendation #1**

Management should develop and implement a written, citywide cash-handling policy and procedures. The cash-handling policy and procedures should include the following:

- Cash-handling training for all City employees whose jobs entail working with cash
- Cash drawer accountability and security
  - Providing locking cash drawers for each individual staff member assigned a cash fund
  - Require employees to use only their individual logons to process transactions
  - Procedures for keeping the cash drawer locked when employees are not at their cashier's station
- Daily balancing of cash drawers and reconciling to appropriate end-of-day software reports to ensure the integrity of each day's business is captured and retained
- Definition of a "process ready" deposit (remittance source document [RSD] and tender that agree or documentation of overages and shortages)
- Steps to prepare a "process ready" deposit
- Timely delivery of deposits and tender to Treasury Revenue Processing
- Annual and/or periodic refresher cash-handling training for all employees working with cash
- Establishing change funds and petty cash funds
  - Assigning and changing custodians
  - Balancing
  - Replenishment
  - Annual review of the dollar level and the need

Establishing policy and procedures will provide guidance for all departments and increase the safety and security of the City's assets.

### **Response to Recommendation #1**

Management agrees with the recommendation that a citywide policy is needed, and will complete the policy by December 1, 2009. We also agree a procedural manual is appropriate and will work with each department with cash handling responsibilities to complete procedures. Treasury will begin policy development with Animal Welfare and Parks and Recreation, and will address each of the audit recommendations. We will complete procedures by June 30, 2010.

## **Observation #2**

### **Deposit procedures used by AWC, centers, and CDEI-Administration increase the risk for fraud, loss of revenue, and untimely deposits.**

AWC and centers submit their revenue collections to CDEI-Administration for processing and deposit into the bank. CDEI-Administration cash-handling procedures include:

- Counting tender and agreeing it to end-of-day reports submitted with the tender
- Often but not always, separating the tender from documenting reports so tender from all centers can be grouped on an RSD by like revenue sources. Supporting report documentation is not always kept with the RSDs. This process of separating tender from supporting documentation damages the integrity of the individual centers deposits and creates additional record keeping and reconciliation.
- Taking RSDs and an unvalidated copy of the bank deposit slip to Treasury Revenue Processing for input into the City's financial system.
- Taking the tender and deposit slip directly to the bank. The bank deposit and the delivery of the RSDs to Treasury Revenue Processing are often done several days apart. This creates reconciling issues for the Finance Department.
- Creating an Excel spreadsheet deposit log that tracks which center's deposits were grouped on a specific RSD for deposit.
- Reconciling the deposit log back to the centers' software, RecWare/Safari (Safari), to be sure that all centers' revenue collections were deposited.

CDEI-Administration revenue processing practices are a carryover from the time when City offices were not consolidated at OTC. This intermediate processing step now delays deposit of revenue into the City's operating account, delays data input into the City's financial system, and creates reconciling issues in the City's operating bank account.

## **Recommendation #2**

Management should consider removing AWC and the centers cash-handling responsibilities from CDEI-Administration. AWC and the centers should be required to prepare **daily** "process ready" deposits that retain the integrity of the day's business and comply with the City's cash-handling policy (see Recommendation 1), and deliver them directly to Treasury Revenue Processing.

Management should create a standard RSD that has all quick codes, general ledger numbers, and other management information needed to record all Safari report information on one RSD and maintain the integrity of the day's business.

CDEI-Administration should retain the responsibility for miscellaneous revenue deposit preparation for revenues that come directly to them from outside sources such as Zoo Friends contract payments and various grant payments received by Parks and the Zoo. The deposits should be "process ready" and submitted to Treasury Revenue Processing in compliance with the City's cash-handling policy recommended in Observation 1.

## **Response to Recommendation #2**

Management agrees with this recommendation and notes that training by Treasury is already underway to achieve compliance. Select representatives from the recreation centers were trained on making deposits on September 22<sup>nd</sup> and September 23<sup>rd</sup>. Direct delivery of deposits to Revenue Processing was implemented effective October 1<sup>st</sup>.

**Observation #3**

**Revenues from AWC and the centers are not reconciled to the general ledger.**

CDEI-Administration processes and deposits revenues from AWC and the centers into the bank and provides documentation to Treasury Revenue Processing for entry into the City's financial system. They reconcile center deposits that are tracked on an Excel spreadsheet to a month-end Safari report to ensure that all Safari revenues are reported. This reconciliation assures that all Safari revenues were deposited but does not assure that they were correctly recorded in the general ledger.

After the missing bank deposits were noted, CDEI-Administration started tracking AWC deposits recorded in the general ledger, but they do not reconcile these deposits with AWC software used for recording initial transactions.

**Recommendation #3**

Management should consider reconciling the AWC and center revenue deposits to the City's general ledger. To facilitate this reconciliation centers must prepare daily RSDs that match the supporting Safari reports and retain the integrity of the day's business. These RSDs must be individually processed by Treasury Revenue Processing.

General ledger posting of individual center deposits from a properly prepared RSD will provide adequate information for CDEI-Administration to reconcile Safari to the general ledger.

CDEI-Administration should reconcile AWC general ledger deposits to AWC software monthly revenue reports.

**Response to Recommendation #3**

Management agrees that revenue recorded in the Parks Department's Safari System and Animal Welfare's subsidiary system should be reconciled to deposits in the General Ledger on a monthly basis.

CDEI-Administration will start reconciling Safari receipts directly to the General Ledger in October 2009. Centers will prepare their own daily deposits that match their daily Safari reports.

Sealed and numbered bank bags for each day's business will be taken by courier directly to Treasury Revenue Processing for transfer to the bank. Individual RSDs will be prepared for each deposit, initially by CDEI-Administration as center staff adjusts to the new deposit process. Center staff will transition to preparing their own RSDs by the end of 2009.

#### **Observation #4**

#### **Procedures for depositing credit card revenues from centers create reconciling issues in the City's operating bank account.**

On April 1, 2009, the centers began accepting credit card payments. There are 14 machines located at various centers and CDEI-Administration. All machines are assigned to one merchant ID number. First Data, the City's credit card processing agent, combines the totals from all 14 machines into one deposit into the City's operating bank account. At 11:30PM each evening, these 14 machines are programmed to close the day and produce individual batch settlement reports. Even though the batch settlement reports are produced nightly, there are varying lag times in the centers' delivery of the batch settlement reports to CDEI-Administration. Not all settlement batches for the same day are deposited together. CDEI-Administration processing causes another delay in getting the batch settlement reports to Treasury Revenue Processing for entry into the City's financial system. These timing differences and deposit differences are making the required daily reconciliation of the City's operating bank account impossible. It became apparent during the cash-handling testing phase that each group involved was not aware of the needs of other groups or the problems their processes were causing others.

#### **Recommendation #4**

Management should consider forming a work group that includes all users of the information to identify the issues and challenges. The group should consider creating a process that will provide all end users the data needed to efficiently and effectively do their jobs.

One solution that could be considered is outlined below:

- Create a general ledger clearing account for daily posting of total Parks credit card revenue.
- Fax or e-mail all 14 machines' batch settlement reports to CDEI-Administration each morning.
- CDEI-Administration would accumulate the daily batch settlement reports in a spreadsheet, balance the spreadsheet total to the Parks merchant ID daily total that is received from the First Data report, prepare a daily RSD from the spreadsheet data, code the RSD for deposit into the Parks credit card clearing account, and deliver the RSD to Treasury Revenue Processing for input into the financial system each day with no more than a one day lag time.
- Once a month when CDEI-Administration has received the Safari reports and supporting documentation for the month from the centers, they should reconcile the clearing account for Parks credit card revenue, and create a journal entry for Finance to post the revenue to the appropriate Park's revenue accounts.
- Develop a monitoring control that ensures that the clearing account is reconciled on a monthly basis.

This process would allow Finance General Ledger to reconcile the City's operating bank account daily and provide end users adequate management information detail.

#### **Response to Recommendation #4**

Management agrees and in July 2009 implemented a plan very similar to the recommendation to solve the timing problem.

**Observation #5**

**Courier service schedules between OTC and remote locations affect the timeliness of processing revenue deposits and the safety of assets and staff.**

Twice weekly, a center manager picks up revenue collections and mail from all centers and delivers them to OTC. When collections are high, couriers and collections are exposed to risk levels that may not be acceptable.

**Recommendation #5**

Management should consider reviewing the frequency and security of courier service between the centers and OTC. Management should also consider reviewing all City courier services between OTC and remote City locations.

Increasing the frequency of courier services, especially during high volume/activity times, will increase the safety of assets and staff by decreasing the dollar amount transported, decreasing the amount of cash held at the centers, and increasing the timeliness of deposits into the City's operating bank account.

**Response to Recommendation #5**

Management agrees with the recommendation and is in the process of examining frequency, routes, selection of courier and determination as to whether specific pick-ups may be used by security services during peak revenue periods on an irregular basis. Improvements to make transporting cash and cash items more secure will be completed by December 31, 2009.

### **Observation #6**

#### **Cashiering and administrative work areas at AWC and the centers are not secured and do not provide adequate safeguards for City assets and staff.**

The front office cashiering area at AWC has glass at the counter that separates the cashiers from the public, but the door to this office is left open. All AWC staff, volunteers, and the public have unrestricted access to the office. The cash drawer at AWC cannot be locked because the lock is broken. It is held shut with a piece of grey duct tape.

The two centers we visited have front counters that are open. There is nothing to separate the cashier from the public. The doors to the areas are not always locked. One of the two centers had a cash drawer that is not locked. The other one uses the top of the safe in the manager's office to hold the tender during the day. The door to the manager's office is not locked.

### **Recommendation #6**

Management should consider making the areas where cash transactions are processed secure for both the staff and assets by:

- Keeping the AWC front office door closed and locked at all times and allowing only authorized individuals to access the area. Where possible, doors to the front counters and offices at the center should be locked during business hours.
- Installing locking cash drawers at the centers and AWC to protect tender and transaction documents during the cash receipting session.

### **Response to Recommendation #6**

Management agrees with the first point noted in this recommendation and will provide a more secure environment where cash handling processes occur by December 31, 2009.

Management is exploring the cost and impact to install the most efficient security including installation of card readers. A more secure process will be implemented by June 30, 2010.

Both points will be considered for inclusion in the forthcoming Cash Handling Procedures Manual being created by Treasury.

## **Observation #7**

### **Software use practices by staff at AWC and the centers can compromise the data, reports, and software internal controls.**

#### **Observation #7 (a)—AWC**

AWC staff are provided individual and unique logons that are password protected. Staff often work out of each other's logons, negating the single accountability and the individual identification by cashier ID reflected on the end-of-day reports.

#### **Recommendation #7 (a)—AWC**

Management should consider requiring all staff members use their own individual logons and passwords for processing transactions. This practice is for each cashier's protection and holds each individual accountable.

#### **Response to Recommendation #7(a)**

Management agrees with this recommendation and will require all staff members to obtain and use individual logons and passwords by December 31, 2009.

#### **Observation #7 (b)—Centers**

Safari allows users to change data after the day has been closed. Safari also allows center staff to select revenue types that are printed on end-of-day reports, creating an opportunity for not reporting all revenues collected. According to the computer support analyst, these software weaknesses cannot be resolved within the software and must be controlled with training. Some centers' staff issue manual receipts for cash and check transactions or rely on the credit card receipt until they are willing to take the time to enter transactions into Safari. Sometimes, data entry is not done on the same day the tender is received.

#### **Recommendation #7 (b) Centers**

Management should consider conducting staff training at least annually but more often if necessary to ensure Safari users understand:

- How to correct errors without damaging the integrity of the data
- All transactions must be entered into Safari at the time of the transaction
- Issuing manual receipts is unacceptable
- Credit card payments must be entered into Safari at the time the credit card transaction is processed
- End-of-day transaction reports must be processed to print all revenue types

#### **Response to Recommendation #7 (b)**

Management agrees with this recommendation and will include each of the listed bullet points in staff training regarding all of the bullet points. Steps have already been put in place to ensure system integrity by limiting access to administrator rights to four key personnel.

#### **Observation #7 (c)—AWC**

AWC does not enter deposits for live animal trap rentals into any software database. These deposits are wrapped separately and held in the safe until the trap is returned.

**Recommendation #7 (c)—AWC**

Management should consider tracking the deposits for live animal trap rentals in the software or an Excel spreadsheet. This action will help improve security of City assets (traps and tender).

**Response to Recommendation #7 (c)**

Management agrees with this recommendation and will explore opportunities to develop an automated monitoring system to track deposits for live animal trap rentals and equipment/inventory used to trap live animals. A tracking system will be in place by December 31, 2009.

**Observation #8**

**Sequentially numbered bank deposit bags are not tracked.**

BOK provides Treasury with sequentially numbered, self-sealing bank deposit bags. Treasury Revenue Processing uses these bags to maintain single accountability for the deposit preparer. Other areas like CDEI-Administration use these bags to transport their deposits to the bank.

**Recommendation #8**

Management should consider whether tracking deposit bag numbers would enhance internal controls.

**Response to Recommendation #8**

Management agrees with the recommendation and will reformat the logs at each center and the log at Revenue Processing to include bag numbers on each log. This change will be complete by December 31, 2009.

### **Observation #9**

#### **Central Recreation Center does not have an assigned change fund.**

Central has a new building and has become a prime rental facility. Before July 2008, the Central staff had to send customers to local area businesses to obtain the exact change needed to do business with the City. In July 2008, part of the Parks customer service function and its change fund were moved to Central. Custodial responsibilities for the change fund are still assigned to a Parks customer service staff member located on the 5<sup>th</sup> floor of OTC who goes to Central two days a week to provide customer service support. All Central staff members use the Parks customer service change fund. This creates a situation where a Parks customer service staff member is assigned responsibility for the change fund that is used by multiple recreation center staff members. The Parks customer service staff member has responsibility for the change fund but no control. This situation evolved because Central's responsibilities and purpose changed with the construction of the new building.

### **Recommendation #9**

Management should consider annual reviews of change funds at each recreation center to determine:

- Necessity of change fund
- Appropriate dollar amount of the change fund
- Custodial assignments
- Training on use, balancing, and security

### **Response to Recommendation #9**

Management agrees with the recommendation and will review change funds with each bullet point listed above on an annual basis. This recommendation will be included in the procedural manual forthcoming from Treasury.

**Observation #10**

**The City does not have written policy or procedures for City safes.**

According to staff members responsible for changing safe combinations, there is no written policy or procedures for tracking City safes inventory, custodians, and combinations. It is a City practice to provide a copy of a safe combination to Treasury Administration. The envelopes that contain the combinations are sealed and secured in a locked file cabinet in Treasury. While testing for CDEI-Administration compliance, we noted duplicate envelopes for many areas. It appears that when new combinations are brought to Treasury, previous combinations are not shredded.

**Recommendation #10**

Management should consider completing an inventory of all the safes that are currently in use by City departments, and identifying custodians. They should also consider creating a written policy and procedures that include combination security, frequency of combination change, custodian tracking and change procedures, and physical security of safes. Providing Treasury Administration with a copy of safe combinations should be formalized in the policy and procedures.

**Response to Recommendation #10**

Treasury is already in the process of identifying all the safes, locations and custodians. Policy and procedures related to safe security will be included in the forthcoming Cash Handling Procedures Manual being created by Treasury.

**Observation #11**

**Parks Customer Service public access has been established at Central because of OTC building security and public parking issues.**

Central staff accept facility rental payments and distribute keys for all Parks facilities. Two of the three full-time staff assigned to Central were transferred to other centers. Manpower temporary employees replaced the full-time staff and now provide customer service at Central. There are two Parks customer service representatives located on the 5<sup>th</sup> floor of OTC. They schedule facility rental reservations by phone, process mail payments, and perform other duties. One of these Parks customer service representatives goes to Central on Mondays and Fridays to provide additional customer service support.

**Recommendation #11**

Management may want to consider moving the two Parks customer service representatives from OTC to Central which would consolidate all Parks customer service activities at Central. This change could reduce the need for the Manpower temporary employees and centralize Parks Customer Service for the citizens.

**Response to Recommendation #11**

Management recognizes the value of this recommendation. Steps are underway to move the customer service function to Central, and will be completed by December 31, 2009.

# **EXHIBIT 1**

# Exhibit 1

## Missing Bank Deposits Chain of Custody

