



City of
ALBUQUERQUE
Office of Internal Audit

STRATEGIC REVIEW

20-401

CULTURAL SERVICES
DEPARTMENT -
KIMO THEATRE
CASH COUNT

OCTOBER 23, 2019

EXECUTIVE SUMMARY

The Cultural Services Department (CSD) change fund located at the Kimo Theatre (Kimo) was accounted for without exception. Procedures for securing cash are adequate; however, the current change fund practices do not fully comply with the City of Albuquerque (City) *Cash Management Manual*.

At the beginning of the cash count, the CSD Kimo Event Supervisor appropriately prevented access to the funds until verifying credentials.

The Office of Internal Audit (OIA) noted compliance issues in the following four areas:

- Policies and Procedures - Worksite specific policies and procedures have not been established;
- Nonfunctioning Cameras – There is a camera in the cash handling area but it is not operational;
- Sub-custodian Statements – The CSD does not have sub-custodian statements for individuals who handle change funds at the Kimo; and
- Safekeeping of Drawer – The key remained in the primary cash drawer.

INTRODUCTION

On October 2, 2019, Office of Internal Audit (OIA) performed a surprise cash count of the change fund maintained by CSD at the Kimo location.

Fund Type	Amount	Fund Location
Change Fund	\$500	Kimo Theatre

The Kimo is open Wednesday through Saturday 12:00pm to 6:00pm and Sunday 12:00pm to 3:00pm. The Kimo offers a variety of entertainment including film, theatre, and musical performances.

A change fund of \$500 is maintained at the Kimo. Two drawers are used for ticketing and concession activities, and the remaining balance of the fund is secured in the safe to make change, as needed. Each assigned individual is responsible for their drawer. Kimo staff also prepare a daily deposit.

OBJECTIVES

The objectives of the surprise cash count were to determine:

- Is the ***change fund*** entrusted to the custodian/sub-custodian(s) accounted for and reconciled to approved fund amount?
- Do ***change fund*** practices and procedures comply with the City *Cash Management Manual* and applicable Administrative Instructions?
- Are procedures for securing cash adequate?

RESULTS

Establishing and monitoring the effectiveness of internal controls is the responsibility of management. The Kimo's current change fund practices do not fully comply with the City's *Cash Management Manual*. OIA noted four compliance issues, which are detailed in the table below.

Change Fund Compliance Issues

Condition	Criteria
1. <u>Department Specific Policies and Procedures:</u> CSD does not have specific policies and procedures for the Kimo's change fund.	The City's <i>Cash Management Manual</i> requires that, each department must establish its own policies and procedures, with the approval of the City Treasurer for the acceptance of cash at various work sites. These procedures should be written to address the unique circumstances at each cash receiving location as well as fulfilling unique department needs.
2. <u>Non-Operational Cameras:</u> There is a camera in the cash handling area but it is not operational.	The City's <i>Cash Management Manual</i> requires each facility to ensure cameras and other security devices are maintained, visible, and in good working order.
3. <u>Sub-Custodian Statements Not on File:</u> The CSD does not have sub-custodian statements for the individuals who handle change funds.	The City's <i>Cash Management Manual</i> requires if anyone other than the Primary Custodian handles change funds a Sub-Custodial Statement of Responsibility should be completed and kept on file at the department.
4. <u>Safekeeping of Drawer:</u> While the cash drawers and safe were locked, the key remained in the primary cash drawer, which would allow any individual to access the fund.	The City's <i>Cash Management Manual</i> requires that each cash fund established is specifically assigned to one individual who is designated as the fund custodian. This individual should have exclusive access to and control of the fund.

RECOMMENDATIONS

CSD should:

- Develop change fund handling policies and procedures specific to the Kimo and submit them to the Treasury Division for approval. Policies and procedures should include:
 - A requirement that employees, with access to handle cash, complete a sub-custodian statement, and
 - A policy for cashiers to retain control of assigned funds while in use.
- Ensure security cameras are operational and in good working order.

- Ensure all sub-custodial statements are kept on file at the department.
- Ensure that the keys do not remain in the drawer, which would allow others to access the funds within the drawer.

NON-AUDIT SERVICE COMMUNICATION

Generally Accepted Government Auditing Standards – 2018 Revision (GAGAS 2018) allows OIA staff to perform non-audit services as long as they do not impair our independence in mind and appearance. Before auditors agree to provide a non-audit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other non-audit services provided, with respect to any GAGAS engagement they conduct. The performance of this non-audit service did not impair the independence of OIA or OIA staff.

Surprise cash counts are classified as a non-audit service and the work performed does not constitute an audit conducted in accordance with GAGAS. Throughout each fiscal year, OIA objectively selects various petty cash or change funds to review. The CSD Kimo was selected in fiscal year 2020.

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