



*City of*  
**ALBUQUERQUE**  
Office of Internal Audit

**STRATEGIC REVIEW**  
**18-401**

**SOLID WASTE  
MANAGEMENT  
DEPARTMENT –  
MONTESSA PARK  
CONVENIENCE CENTER  
CASH COUNT**

**OCTOBER 25, 2017**

## EXECUTIVE SUMMARY

On July 21, 2017, the Office of Internal Audit (OIA) performed a surprise cash count of the change fund maintained by the Solid Waste Management Department's (SWMD) Montessa Park Convenience Center (Montessa Park). OIA counted the change fund, reviewed cash handling certificates, and verified the adequacy of procedures for securing funds.

The Montessa Park Cashier appropriately prevented access to the funds until credentials had been verified, and the \$400 change fund was accounted for without exception.

OIA noted compliance issues in the following three areas:

- Safekeeping of Funds,
- Department Specific Policies and Procedures, and
- Cash Handling Certifications.

## INTRODUCTION

On July 21, 2017, OIA performed a surprise cash count of the change fund maintained by SWMD's Montessa Park.

Fund Type	Amount	Fund Location
Change Fund	\$ 400	Montessa Park Convenience Center

Montessa Park is one of three SWMD convenience centers where the public can drop off trash for transfer to the Cerro Colorado Landfill. The change fund is used to make change for paying customers.

Montessa Park is assigned a change fund of \$400, and assigns each cashier a daily balance of \$200. Each cashier is responsible for using only their assigned funds. Montessa Park is open seven days a week and prepares deposits on a daily basis.

## 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 amounts?
- Do *change fund* practices and procedures comply with the City of Albuquerque's (City) *Cash Management Policies & Procedures Manual (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 Montessa Park Cashier properly safeguarded City funds by requesting OIA credentials prior to allowing access to the cashier booth. Credential verification is crucial for safeguarding City funds and is not always completed by City departments. The \$400 change fund was fully accounted for. However, the following three areas for improvement were identified during the cash count and are further explained in each subheading.

- **Safekeeping of Funds**
- **Department Specific Policies and Procedures**
- **Cash Handling Certifications**

### **Safekeeping of Funds**

OIA noted four situations that compromised the security of the change fund maintained at Montessa Park.

1. The cashier at the time of the surprise cash count did not have all funds secured. The coins were in a coin holder to the side of the register and not secured in the cash drawer.

The *Manual* requires cash and coins be locked in a safe, the cash drawer, or in another secure location, except when in use.

2. Both cashiers accessed the cash register without switching out the drawer.

The *Manual* stresses the importance that every cash handler have sole responsibility for a cash drawer. The *Manual* further specifies that cash handlers should never let anyone touch the drawer except the person to which it is assigned.

3. The bank bags are stored in the safe with the keys in the locks. Each individual must access the safe using their own identifiable code; however, nothing prevents access to both bank bags once the safe is open.

The *Manual* states that excess funds should be in a locked device or safe.

4. The Montessa Park Custodian does not have sub-custodian agreements for four employees with access to handle the funds.

The *Manual* states that a Sub Custodial Statement of Responsibility should be completed and kept on file at the department if anyone other than the Primary Custodian handles the funds.

### **Department Specific Policies and Procedures**

The internal policies and procedures specific to the SWMD convenience centers were last revised on March 25, 2010, and have not been approved by the Department of Finance and Administrative Services Treasury Division (Treasury Division).

The *Manual* requires every department to establish its own specific procedures, with approval of the City Treasurer. At a minimum, the procedures should include the custodian authorization, internal controls for the funds, and the process for handling overages and/or shortages. Additionally the department specific procedures should establish limits regarding the amount of cash in the drawer at any one time.

### **Cash Handling Certifications**

At the time of the cash count, there were five individuals without cash handling certificates. One employee had an expired cash handling certificate, while one employee and three staffing agency contractors did not have cash handling certificates. The Director, Fiscal Manager and one staffing agency contractor attended the cash handling class provided by the Treasury Division on September 20, 2017. The other two staffing agency contractors are no longer with SWMD.

Employee Position	Expiration Date	Date Attended Cash Handling Class
Director	Not Certified	September 20, 2017
Fiscal Manager	September 4, 2011	September 20, 2017
Staffing Agency Contractor	Not Certified	September 20, 2017
Staffing Agency Contractor	Not Certified	n/a
Staffing Agency Contractor	Not Certified	n/a

Administrative Instruction 2-6 requires cash-handling training for all individuals handling City monies and those responsible for managing the related activities, including directors, fiscal managers, fiscal officers, supervisors and managers. The Treasury Division issues a Certificate of Completion when training has been completed and a refresher course must be completed every three years.

## **RECOMMENDATIONS**

SWMD and Montessa Park management should:

- Update and submit specific Convenience Center policies and procedures to the Treasury Division for approval. Policies and procedures should include:
  - A requirement that employees, with access to handle cash, complete a Sub-Custodian agreement,
  - A policy for cashiers to retain control of assigned funds while in use,
  - A requirement for cash and coin to be secured in the cash drawer or safe when not in use, and
  - A process to identify employees who are required to attend the cash handling certification class, and track the expiration dates to allow employees ample time to schedule and take the recertification class every three years.
- Periodically (at least once a year) review the policies and procedures and make updates as needed. Cash handlers should be informed and trained on any updates to the policies and procedures.

SUBMITTED:

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Principal Auditor

REVIEWED:

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Senior Information Systems Auditor

APPROVED:

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Lawrence L. Davis, Acting City Auditor  
Office of Internal Audit

APPROVED FOR PUBLICATION:

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Chairperson, Accountability in  
Government Oversight Committee