

City of  
**ALBUQUERQUE**  
Office of Internal Audit

Strategic Review

24-402

Department of  
Municipal Development  
Parking Division  
Cash Count

December 14, 2023

## **EXECUTIVE SUMMARY**

The Office of Internal Audit (OIA) conducted a surprise cash count at the Department of Municipal Development (DMD) Parking Division. The primary objectives of the strategic review were to determine whether change funds and daily cash receipts were accounted for at the time of our visit. The strategic review found that, while the change fund was accounted for without exception, issues with improper daily reconciliations, the safekeeping of cash, and excess funds resulting from a machine malfunction were noted.

## **BACKGROUND**

The Parking Division manages parking facilities for the City of Albuquerque and manages parking enforcement activities for businesses, government agencies, and the public. The Parking Division handles payments for fines and citations, automated speed enforcement fees, monthly parking permits, and daily parking costs.

Parking access in the parking garages can be paid monthly, ranging from \$36.75 to \$84.00 based on location. Hourly parking rates are \$1 per 30 minutes with a max charge of \$8 per day. Special Events/Collect Direct rates are \$6 per entry and are collected at the pertinent entrance. There is also hourly parking available at all structures as well as at the surface lots at the Main Library and at Old Town. The Parking Division Main Office is located in the basement of City Hall, and cashiers can take payments for the items listed above Monday through Friday between 8 am and 5 pm. Acceptable forms of payment are cash, debit or credit card, check, and money order.

On October 31, 2023, OIA performed a surprise cash count of the change fund maintained by DMD at the Parking Division. The *Department Imprest Fund List*, which is managed and approved by the City's Treasury Division (Treasury), is a listing of change and petty cash funds. It lists all funds located at various locations by City department, unit, custodian(s), and type of cash fund total on hand. The Parking Division change fund amount is \$7,000.00, and it is used to make change for paying customers. Included in this amount are six banks that have been assigned to designated kiosk machines located at four parking garages: Civic Center, Gold, Copper, and Acropolis. The machines can take payments by cash or card 24 hours a day.

## **OBJECTIVES**

The objectives of the surprise cash count were to determine whether the following were true:

- Procedures for securing cash are adequate.
- The change fund is accounted for and reconciled to approved Treasury fund amounts.
- Change fund practices and procedures comply with the City's *Cash Management Policies and Procedures Manual* and applicable Administrative Instructions.

## **RESULTS**

OIA confirmed that, while the change fund was accounted for without exception, issues with improper daily reconciliations, the safekeeping of cash, and excess funds resulting from a machine malfunction were noted. Overall, the Parking Division change fund practices and procedures

complied with custodian/sub-custodian agreements, and cash handling certificates complied with the City's *Cash Management Policies and Procedures Manual* and applicable Administrative Instructions.

Objective	Criteria	Results
<p>Procedures for securing cash are adequate.</p>	<p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, "the duties of collecting cash, maintaining documentation, preparing deposits, reconciling records, and recording deposits should be separated among different individuals."<sup>1</sup></p> <p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, departments handling cash are responsible for the safekeeping of these City assets. Physical security should be emphasized to every employee involved in cash handling.</p>	<p>While OIA confirmed that the segregation of cash-handling duties is appropriate, one issue was noted with the safekeeping of cash. That issue is discussed in the second objective.</p> <p>The Parking Division's \$7,000.00 change fund is divided among the Parking Division Main Office and in six kiosk machines located in four City parking garages.</p> <p>At the Parking Division's Main Office, cashiers that have a drawer assigned to them start their shift with a set balance ranging from \$200.00 to \$400.00. Both a supervisor and cashier will count the drawer together to ensure it is at the correct beginning balance. Cashiers will collect cash from paying customers throughout the business day. Then, at the end of the shift, both the cashier and supervisor will count the revenues, prepare the daily cash deposit, and reconcile the cash drawer back to its beginning balance.</p> <p>Each cashier with an assigned drawer has a unique number and key for their drawer, and it is not shared. The drawers are kept in a secured vault when not in use.</p> <p>The vault is in a separate and highly secured surveillance-camera room that can only be accessed by badges. Those that enter must complete a sign-in log documenting their name and title, date and time of entry and exit, and reason for entering the room. The vault itself has a dial combination lock, including locked boxes for each cash drawer.</p>

<sup>1</sup> *Cash Management Policies and Procedures Manual*, p. 46, June 2007, updated Jan. 29, 2014, <[https://eweb.cabq.gov/jobs/Content%20Attachments/cash\\_handling.pdf](https://eweb.cabq.gov/jobs/Content%20Attachments/cash_handling.pdf)>, accessed Apr. 17, 2023.

		<p>Only Parking Division Management has access to the vault; when accessing it, two personnel are required.</p> <p>Additionally, the cashiers' workstations are enclosed and protected by glass, have surveillance cameras (which can be viewed by the Parking Manager and Security), and also contain panic buttons at each workstation. A City Hall Security Office is located close to the workstations as well.</p> <p>Daily reconciliation records are comprised of the Administration Log, Speed Enforcement records, Garage Pay Station deposit records, and General Totals Report. All forms are dated, contain the initials of the cashiers and supervisors, and are locked in the vault overnight. These reconciliations are then reviewed the next day by accounting personnel who will then perform the bank deposits.</p> <p>As for the kiosk machines, starting balances are at \$630.00. Cash that is collected from paying customers is accounted for every morning by two kiosk operators, with one being a supervisor, and then reconciled back to its beginning balance. The kiosk machines can automatically count themselves back to their beginning balances and count the cash revenues of the business day separately. Cash and coin revenues are separated via cash and coin boxes, allowing the kiosk operators to quickly secure them in a separate, locked money bag, which is then returned to the Parking Division Main Office – Accounting. The kiosk prints activity reports to account for these monetary actions. Both kiosk operators also date/initial them.</p> <p>For security, kiosks are equipped with a lock to access the interior and a separate lock to</p>
--	--	---

		access the cash and coin boxes. There are also surveillance cameras covering multiple angles of each kiosk area.
<b>Objective</b>	<b>Criteria</b>	<b>Results</b>
The change fund is accounted for and reconciled to approved Treasury fund amounts.	Per the City's <i>Cash Management Policies and Procedures Manual</i> , the change fund is to be reconciled daily and at the end of each shift. A cash count, which is a clear breakdown of the denomination that totals the amount of the fund, is to be performed and should include the date and initials or signatures of the person(s) counting the fund.	<p>OIA randomly selected October 31, 2023, to conduct a surprise cash count of the \$7,000.00 change fund managed by DMD located at the Parking Division. While performing the cash count live, OIA noted there was a shortage of \$105.00. The Parking Division Manager took immediate action by investigating all cashier workstations and was able to locate the \$105.00 in one of their locked drawers. This resulted in a fully accounted change fund of \$7,000. However, OIA did note issues of improper daily reconciliations and the safekeeping of cash. As previously mentioned, policies and procedures require that all change funds are to be reconciled back to their beginning balance and secured in the vault. The Parking Division Manager recognized these issues and took corrective action.</p> <p>OIA also reconciled the revenues of the previous business day from both the cashiers and kiosks in an effort to confirm the daily cash deposit was accurate. While it was accounted for and documented properly, OIA noted one issue involving a single kiosk. Kiosks have two vertically stacked silver coin boxes. On all kiosks, the top box is operational and accepts coin revenues. The bottom box is non-operational. When removing the top coin box to reconcile its revenues, no issues were noted. When the bottom coin box was removed, it seemed to contain an apparently unknown number of coins. OIA was not able to determine the amount as the Parking Division Manager did not have a key to access it. Since coins are not to be received in this bottom box, OIA noted</p>

		this as a malfunction. Again, the Parking Division Manager recognized the issue and took immediate action by contacting the vendor to investigate. Ultimately, a total of \$46.81 was found in the bottom coin box and deposited for the day.
Change fund practices and procedures comply with the City's <i>Cash Management Policies and Procedures Manual</i> and applicable Administrative Instructions.	Per the City's <i>Cash Management Policies and Procedures Manual</i> , a Custodian and Sub-Custodian Statement of Responsibility must be on file for all individuals responsible for the change fund.  Additionally, Administrative Instruction (AI) 2-6, <i>Employee Cash Handling Training Program</i> , states that all City employees who handle City monies and those who oversee cash sites are required to attend the Cash Handling Training, which is provided by the Treasury, every three years.	OIA noted that, out of 13 cash-handling employees, all had completed Cash Handling Training within the past three (3) years. Additionally, of the five (5) employees entrusted with assigned drawers by Treasury, each had their Custodian/Sub-Custodian Agreement on file.  OIA noted that not all cash-handling employees are assigned a drawer by Treasury, so they are not required to have a Custodian/Sub-Custodian Agreement on file. Those with assigned drawers have the agreements on file.

### **RECOMMENDATIONS**

The DMD should do the following:

- Ensure that all employees who are assigned a cash drawer follow policies for closing procedures to ensure all change funds are placed in the vault at the closing of each business day.
- Develop a process when accessing kiosks for fund verification that includes checking the non-operational coin boxes in the event of another malfunction.
- Ensure policies and procedures for any excess funds that are in the kiosk's coin box are recorded per Administrative Instruction No. 2-21 *Recording and Remediation of Cash Overages and Shortages*.


### **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. DMD was selected in the fiscal year 2024.

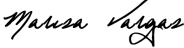
PREPARED:

DocuSigned by:  
  
64A7D650EA3E40A...  
Stacy Martin, Staff Auditor  
Office of Internal Audit

REVIEWED:

DocuSigned by:  
  
FF77AB7F20B4DD...  
Vanessa Meske, Lead Auditor  
Office of Internal Audit

APPROVED:

DocuSigned by:  
  
0F462D006A1E4C8...  
Marisa C. Vargas, Interim City Auditor  
Office of Internal Audit

APPROVED FOR PUBLICATION:

DocuSigned by:  
  
F79F6761B5654D0...  
Shawn L. Penman, Committee Member  
Accountability in Government Oversight Committee