



EXECUTIVE SUMMARY

December 22, 2004

Report No. 597

Honorable Members of the City Council
City of Jacksonville

INTRODUCTION

Pursuant to Section 5.10 of the Charter of the City of Jacksonville and Chapter 102 of the Jacksonville Municipal Code, we conducted an audit of the Community Services Department's revenue generating activities, cash handling procedures, and collection efforts and present this report thereon.

Community Services is made up of the Adult Services Division, Disabled Services Division, Mental Health & Welfare Division, Veteran Services Division, Victim Services Division, and the Office of the Director. All of these divisions, with the exception of the Disabled Services Division, collect cash and/or are responsible for an imprest fund.

The Adult Services Division collects funds from the sale of tickets for events, raffle tickets, meal and transportation donations, computer class fees, center rentals fees and sunshine pass sales. In addition, the Retired and Senior Volunteer Program (RSVP) is responsible for a \$1,000 imprest fund used to reimburse volunteers for mileage driven to get to their volunteer site.

The Mental Health & Welfare Division is responsible for two imprest funds for SSI Reimbursement and Welfare Work Program. The SSI Reimbursement Imprest Fund totaling \$50,000 is used to reimburse participants for funds distributed to Mental Health and Welfare from the Social Security Administration on their behalf. The Welfare Work Program Imprest Fund, totaling \$9,000, is used by Mental Health and Welfare to provide funds to individuals who are needy and able to work.

The Veteran Services Division is responsible for collecting funds from donations, rent and utility collections, and sales of the LAVATS system. The LAVATS system was developed by the City of Jacksonville in 1995 to record Veteran information, make appointments, and many other features. Other counties began purchasing the system in 1998 after finding that it would work for their Veteran Services Offices. In addition, Veteran Services is responsible for a \$2,010 imprest fund used for various expenses as they arise such as supplies for meetings with Veterans.

The Victim Services Division collects funds for donations, grants, expense reimbursements, and restitutions. Victim Services is also responsible for a \$400 imprest fund used for various expenses as they arise such as emergency medication, fees to obtain ID cards, fees to obtain birth certificates

and emergency food, gas, bus tickets, etc.

The Office of the Director is responsible for overseeing the five divisions and the Office of Volunteer Services and Juvenile Justice. The Office of Volunteer Services and Juvenile Justice do not collect any funds, but Juvenile Justice is responsible for a \$3,000 Imprest Fund used for incentives for juvenile participants as directed by the Juvenile Drug Court judges.

STATEMENT OF OBJECTIVE

The objective of the audit was to document sources of revenue and determine if management controls exist for Community Services to ensure the accurate and timely collection, recording and depositing of those revenues.

AUDIT CONCLUSION

Adequate management controls do not exist over the collection process and proper segregation of duties have not been established over the cash receipts process and imprest funds to ensure the accurate and timely collection, recording and depositing of funds. However, based on our testing, it does appear that cash collections and imprest fund payments are properly processed in most instances.

SIGNIFICANT FINDINGS

- The Community Services Department did not have written policies and procedures that pertain to all specific cash receiving functions within the Department. In addition the City's policies had not been made available to all employees with cash handling responsibilities within Community Services and no formal training had been provided.
- Community Services' employees responsible for handling cash do not have the appropriate job factors and are not evaluated on cash handling duties.
- We found several instances throughout the Community Services Department where adequate segregation of duties did not exist.
- Based on our testing of the various imprest funds, we found that some funds could be reduced. In addition two accounts were found to be dormant and no longer used. The Juvenile Justice Drug Court Imprest bank account has had a balance of \$20.99 since October 2000. The Mental Health & Welfare Work Program Imprest fund has been dormant since the end of 2000 with a balance of approximately \$3,500 in the bank.
- We found that several funds are not reconciled and/or reimbursed monthly as required:
- The cash receipt process used by Victim Services does not take into account all cash received; and thus, Victim Services does not fully comply with the City's policies. Although Victim Services uses a cash receipt log for the receipt of other payments, they do not record the receipt of donations in the log. The log also does not include

- the date the funds are received or deposited. We also found that in the Veteran's Services Division clients are not given a receipt for their payments of rent and utilities.
- The cash collection process should include reconciliations between funds collected and funds deposited. Then the deposits posted to the general ledger should be agreed to the Department's records by another employee. These steps are not always performed.
- We found that donations received by the Independent Living Program were not deposited into the Adult Services Trust Fund. The Independent Living Program donations were deposited into the Independent Living Advisory Committee's bank account.
- Not all receipts are deposited in a timely manner.
- Checks, money orders, and cashier checks are not restrictively endorsed when received at the senior centers for center rentals or grants, nor are checks received by Victim Services.
- An RSVP volunteer has access to and signing authority on the City's RSVP Imprest Fund bank account. A treasury bond does not exist for the volunteer responsible for maintaining the RSVP Imprest Fund.
- The bank signature cards for the RSVP Imprest Fund and the Victim Services Imprest Fund are not up to date.
- Supporting documentation is not present for all of the expenditures from the Juvenile Justice Drug Court Imprest Fund.

Details regarding each of these findings, our associated recommendations and the responses from the Community Services Department can be found in the full report.

OFFICE OF THE COUNCIL AUDITOR

Suite 200, St. James Building



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The Mental Health & Welfare Division is responsible for two imprest funds for SSI Reimbursement and Welfare Work Program. The SSI Reimbursement Imprest Fund totaling \$50,000 is used to reimburse participants for funds distributed to Mental Health and Welfare from the Social Security Administration on their behalf. The Welfare Work Program Imprest Fund, totaling \$9,000, is used by Mental Health and Welfare to provide funds to individuals who are needy and able to work.

The Veteran Services Division is responsible for collecting funds from donations, rent and utility collections, and sales of the LAVATS system. The LAVATS system was developed by the City of Jacksonville in 1995 to record Veteran information, make appointments, and many other features. Other counties began purchasing the system in 1998 after finding that it would work for their Veteran Services Offices. In addition, Veteran Services is responsible for a \$2,010 imprest fund used for various expenses as they arise such as supplies for meetings with Veterans.

The Victim Services Division collects funds for donations, grants, expense reimbursements, and restitutions. Victim Services is also responsible for a \$400 imprest fund used for various expenses as they arise such as emergency medication, fees to obtain ID cards, fees to obtain birth certificates and emergency food, gas, bus tickets, etc.

The Office of the Director is responsible for overseeing the five divisions and the Office of

Volunteer Services and Juvenile Justice. The Office of Volunteer Services and Juvenile Justice do not collect any funds, but Juvenile Justice is responsible for a \$3,000 Imprest Fund used for incentives for juvenile participants as directed by the Juvenile Drug Court judges.

STATEMENT OF OBJECTIVE

The objective of the audit was to document sources of revenue and determine if management controls exist for Community Services to ensure the accurate and timely collection, recording and depositing of those revenues.

STATEMENT OF SCOPE

The audit period for detailed testing of revenue collections was October 1, 2002 through December 31, 2003. The scope of the audit included all revenues collected by Community Services during this period including donations, event ticket sales, raffle ticket sales, computer class fees, center rentals, sunshine pass fees, rent and utility collections, LAVATS system sales, grants, expense reimbursements, and restitutions. In addition, we examined all imprest funds within Community Services.

STATEMENT OF METHODOLOGY

To test receipts we developed a list of week endings from our audit period to serve as our universe.

A statistical sample was selected for each Division tested using the Stat. v.1.1 statistical sampling program based upon a 90% confidence level and an error rate of + or – 10%. To test imprest funds, we randomly selected five months during our audit period using the Stat.v1.1 program to determine the months to be tested.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under audit. This audit also included an assessment of applicable management controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

AUDIT CONCLUSION

Adequate management controls do not exist over the collection process and proper segregation of duties have not been established over the cash receipts process and imprest funds to ensure the accurate and timely collection, recording and depositing of funds. However, based on our testing, it does appear that cash collections and imprest fund payments are properly processed in most instances.

The responses from Community Services to our findings and recommendations have been inserted into the body of the report.

OBJECTIVE

In order to document the sources of revenue and the management controls that exist to ensure the accurate and timely collection, recording, and depositing of those revenues, we interviewed the employees responsible for collecting, recording, and depositing funds in each Division and determined if the controls in place were sufficient. In addition, we selected a sample of weeks to test the deposits to ensure that both Department and City policies and procedures were being followed. When a Division was responsible for an imprest fund, we determined if the Division was following the City's policies and procedures. In addition, we examined the bank statements and expenditures from each imprest fund to ensure that funds were spent in accordance with their purpose.

Finding #1 **Policies and Procedures**

The Community Services Department does not currently have written policies and procedures that pertain to all specific cash receiving functions within the Department. Even though the City has written policies and procedures regarding the handling of cash, they are not specific to every cash receiving function in the City. In addition they have not been made available to all employees with cash handling responsibilities within Community Services and no formal training has been provided.

Recommendation to Finding #1

We recommend that the Community Services Department draft specific written policies and procedures regarding the handling of cash in every unique situation throughout the department. We further recommend that all employees who handle cash receive the City's policies and procedures and appropriate training on those procedures.

Auditee's Response to Finding and Recommendation #1:

The Department agrees that at the time of the audit, there were not existing written policies and procedures for all specific cash receiving functions within the various Divisions in the Community Services Department.

The Community Services Department is currently expanding upon its existing written policies and procedures regarding cash receiving functions within the Department. Specific procedures relating to policies that have been practiced, but not currently part of a written Standard Operating Procedures (SOP) manual, will also be developed and included.

The Community Services Department is in the process of developing and implementing a new Departmental Financial Directive in January 2005. The directive will dually serve as an SOP manual that will govern the overall policies and procedures of cash receiving functions for the Department. Also included will be policies and procedures specific to each Division.

The Administrative Assistant Senior in the Office of the Director has been charged with the leadership responsibility to review and assess the internal control structure and segregation of duties for the entire Community Services Department. Workshops encompassing all of the appropriate fiscal staff within the Department have served as a planning tool for the

Directive/SOP, as well as a training session that reinforces the City’s general policy. Also, action steps necessary to develop and complete the Directive/SOP for the specific written policies and procedures within each Division were established.

Additionally, all employees within the Department who handle cash have received the City’s policies and procedures as well as appropriate training.

Finding #2 Employee Background Checks

Background checks have been performed on all Community Services’ employees handling cash since the requirement went into effect. Even though employee background checks were not required by the City prior to October 26, 1993, it is advisable that all City employees that handle cash have a background check. We found that 8 of the 54 (15%) employees tested did not have a background check. Our test results by Division are as follows:

<u>Division</u>	<u># Exceptions</u>	<u># Employees Tested</u>	<u>Exception %</u>
Adult Services	4	44	9%
Mental Health & Welfare	1	2	50%
Veteran Services	0	3	0%
Victim Services	3	5	60%

Recommendation to Finding #2

We recommend that background checks be performed on all employees with access to cash.

Auditee’s Response to Audit Finding and Recommendation #2:

The Department agrees and is supportive of the finding that all employees with access to cash should receive background checks.

Further review into the finding indicates that the City of Jacksonville was not performing employment background checks in July 1992. At that time, employees were only required to be fingerprinted and the FBI report was read by JSO at some point. Of the fifty-four (54) employees tested, the eight (8) exceptions were employees hired prior to the City’s requiring of background checks.

Finding #3 Employee Job Factors

Community Services’ employees responsible for handling cash do not have the appropriate job factors and are not evaluated on cash handling duties. Section I.C. of the City’s Cash Receipt Procedures states, “*Job factors are required to identify the specific duties to be performed by individuals handling money.*” We found that 29 of the 54 (54%) employees tested did not have appropriate job factors and 28 of the 54 (52%) employees tested are not evaluated on their cash handling duties. Our test results by Division are as follows:

<u>Division</u>	<u># Exceptions</u>	<u># Employees Tested</u>	<u>Exception %</u>
Adult Services	22	44	50%
Mental Health & Welfare	1	2	50%
Veteran Services	3	3	100%
Victim Services	3	5	60%

Recommendation to Finding #3

We recommend that specific cash handling duties be added to the appropriate employee's job factors and that the employee be evaluated on those factors.

Auditee's Response to Audit Finding and Recommendation #3:

Performance evaluations for all staff responsible for handling cash were reviewed to identify those employees requiring the addition of specific cash handling responsibilities to his/her job factors.

Steps have been taken to ensure that for each employee handling cash, a new job specific competency that addresses his/her responsibilities is in place in the City's new Performance Management system.

Additionally, as an employee's job responsibilities change to include cash handling, the supervisor has the responsibility to add this job specific competency.

Finding #4 Segregation of Duties

One of the basics of good internal control requires a segregation of duties so that different employees are responsible for (1) receiving and recording cash collections, (2) balancing daily cash receipts to related cash recordings, (3) verifying that the deposit amounts reflected in the general ledger are in agreement with departmental records. We found several instances throughout the Community Services Department where adequate segregation of duties did not exist. These areas include the following:

- **Adult Services** - The transportation donations collected are counted and prepared for deposit by the Transportation Program Aide.
- **Mental Health & Welfare** - Deposits for the Mental Health and Welfare Division SSI Reimbursement Imprest Fund are prepared, deposited, and reconciled by the same employee.
- **Victim Services** - The Account Technician prepares the deposit, enters it into the Tax Collector's System, and performs the reconciliation of the cash receipt logbook to FAMIS for restitutions.
- **Victim Services** - The Victim Services Administrative Aide receives the Victim Services Imprest Fund reimbursement checks, prepares the deposit, maintains the checkbook, performs the reconciliation, and prepares the request for reimbursement.

Recommendation to Finding #4

We recommend that all employee duties be re-evaluated and re-assigned, if necessary, in order to establish the proper segregation of duties or an improved segregation of duties as explained above.

Auditee's Response to Audit Finding and Recommendation #4:

The Department is in agreement with this finding with each division successfully addressing its specific finding as follows:

Adult Services Division: *All donations are placed into locked boxes on buses by the riders. Drivers do not have a key to the locked donation boxes. Boxes are brought in to the Transportation Coordinator who then counts and verifies the money with the Driver. Deposit slips are prepared by the Transportation Coordinator and money and slips are given to the Account Technician to lock up until picked up by Dunbar Armored Service each Friday.*

Mental Health and Welfare Division: *SSI reimbursement checks are received by the Executive Secretary I, logged in and then delivered to the Administrative Aide.*

The Administrative Aide processes the checks by verifying the correct amounts and determining how much, if any, of the funds are to be paid to the client. A form with a complete breakdown of all SSI transactions for the clients, along with processing instructions, is attached to the check and then delivered to the Account Clerk.

The Account Clerk completes a deposit slip and deposits the checks in the Imprest Fund bank account. If a client is due a portion of the funds, the Account Clerk processes a check and has two authorized staff sign the check. The check, along with the payment record is then delivered to the Social Services Specialist assigned to the specific client.

On or before the 8th of each month, the Account Clerk reconciles the account and provides the reconciliation to the Administrative Assistant Senior for review and authorization.

On or before the 8th of each month, the Administrative Assistant Senior verifies the reconciliation, signs as custodian and forwards the reconciliation to the Director for final signature.

Victim Services Division: *Upon receipt of checks, the Administrative Aide will restrictively endorse the check, record in the log showing date of receipt, check date and number, name of remitter and amount and then put check in dated sealed envelope.*

The Administrative Assistant verifies the information and then places the checks in a safe to be deposited once a week.

The Account Technician receives the envelope containing the checks, prepares the deposit and enters it into Tax Collector's Collections Receipt (CR) Screen.

The Administrative Assistant reviews the deposit paperwork against the checks for deposit and sends the deposit in a sealed envelope via the Victim Services Division messenger to the Tax Collector's Office.

The Account Technician reconciles the deposits daily against the log, which must be in agreement with the general ledger.

Finding #5 **Imprest Fund Amounts**

Section IV.A of the City’s Imprest/Petty Cash Fund Procedure States, “*The authorized amount of the fund should approximately equal one month of expenditures estimated to be paid from the imprest/petty cash fund.*” Based on our testing of the various imprest funds, we found that the following funds could be reduced:

Division	Imprest Fund Amount	Average Monthly Reimbursements
Mental Health & Welfare – SSI Reimbursement	\$50,000	\$2,833
Retired & Senior Volunteer Program (RSVP)	\$1,000	\$186
Veteran Services	\$2,010	\$225
Victim Services	\$400	\$88

In addition to the above, two accounts were found to be dormant and no longer used. The Juvenile Justice Drug Court Imprest bank account has had a balance of \$20.99 since October 2000. The Mental Health & Welfare Work Program Imprest fund has been dormant since the end of 2000 with a balance of approximately \$3,500 in the bank.

Recommendation to Finding #5

Based on our review of these imprest accounts, we recommend that they be reduced to a level that more accurately reflects their monthly usage and that the two dormant accounts be closed.

Auditee’s Response to Finding and Recommendation #5:

The Department agrees that the funds should be reduced to a level that more accurately reflects their monthly usage. Therefore, each Division conducted a thorough analysis to determine the recommended amount for reduction of monies. These specific Division analyses took into consideration the intended use of the funds as well as the spending patterns.

Mental Health and Welfare Division – SSI Reimbursement Fund: *The division conducted an analysis of four years of expenditures of the SSI Imprest Fund. The results indicate that to reduce the authorized amount to the monthly average of \$2,833 identified in the audit would prevent the division from providing reimbursements to clients during the peak periods. By statute, clients must receive their portion of the SSI reimbursement within 10 working days after receipt by the division. Therefore, an authorized level of \$8,000 was selected. The reduction of the account by \$42,000 was completed on October 11, 2004.*

Mental Health and Welfare Division –Work Program Imprest Fund: *The Mental Health and Welfare Work Program Imprest Fund account #2125001211894 was closed on October 11, 2004. This account has been dormant since late 2000 and is no longer necessary.*

Adult Services Division – Retired and Senior Volunteer Program (RSVP): As recommended, the Program Manager reduced the Imprest Fund Account by \$250.

Veteran Services Division: There are several months during the year that Imprest Fund expenditures are significantly greater than the average cited in the audit report. This increase in expenditures is in preparation for several events during the year. In order to have sufficient funds to support these events, an authorized level of \$1,000 has been established. Setting this level allowed us to reduce the authorized level by \$1,010. We believe this satisfies the intent of the City’s Imprest/Petty Cash Fund Procedures guidelines indicating the amount should be no more than one month of expenditures.

Victim Services Division: As recommended, the Victim Services Division reduced the Imprest Fund Account from \$400 to \$200.

Office of Juvenile Justice Drug Court Imprest Bank Account: The account has been closed and a check for the balance of \$20.99 was returned to the City Treasury.

Finding #6 **Imprest Fund Reconciliations**

Section IV.G of the City of Jacksonville’s Imprest & Petty Cash Fund Procedure Manual states, “...the fund must be reconciled and reimbursed at the end of each month...” In addition Section IX of the City’s Imprest/Petty Cash Fund Procedure states, “The person responsible for reconciling the bank statement should be provided the bank statement unopened to timely prepare the monthly reconciliation. The department head or his designee should periodically review such reconciliation to assure the integrity of the fund.” Based on our testing of the various imprest funds, we found that the following funds are not reconciled and/or reimbursed monthly as required:

Division	Imprest Fund Amount
RSVP	\$1,000
Mental Health & Welfare-SSI Reimbursement Fund	\$50,000
Mental Health & Welfare-Work Program Imprest Fund	\$3,500
Veteran Services	\$2,010
Victim Services	\$400

Recommendation to Finding #6

We recommend that all imprest funds be reconciled monthly and reimbursed if appropriate in accordance with the City’s Imprest and Petty Cash Fund Procedure Manual.

Auditee’s Response to Audit Findings and Recommendation #6:

The Department is in agreement that all imprest funds should be reconciled monthly and reimbursed if appropriate, in accordance with the City’s Imprest and Petty Cash Fund Procedure Manual.

All Imprest and Petty Cash Funds within the Department are now reconciled on or before the 8th of each month and submitted for reimbursement in keeping with the City's policies and procedures.

Finding #7 **Cash Receipts**

Section I.D of the City's Cash Receipts Procedures states, *"The receipt of money should be documented by receipts, cash receipt tapes, invoices, or other appropriate correspondence. Receipts must be pre-numbered and preferably should be three parts (one copy for the customer, one copy to attach to the deposit and the third copy to be filed in numerical order by the agency)."* The cash receipt process used by Victim Services does not take into account all cash received; and thus, Victim Services does not fully comply with the City's policies. Although Victim Services uses a cash receipt log for the receipt of other payments, they do not record the receipt of donations in the log. The log also does not include the date the funds are received or deposited.

We also found that in the Veteran's Services Division clients are not given a receipt for their payments of rent and utilities.

Recommendation to Finding #7

We recommend that Victim Services review their current procedures for all of their cash collections and develop consistent comprehensive procedures including the use of a cash receipt log for all receipts. We also recommend that the cash receipt log be improved by recording the date the funds are received and the deposit date. In addition receipts should be given to all clients of the Veterans Services Division when a payment is received by the Division.

Auditee's Response to Audit Finding and Recommendation #7:

The Department is in agreement with the findings. As a result, the Victim Services Division has established and implemented improved procedures and revised the cash receipt log to include additional information as recommended.

The Veterans Service Division is currently implementing procedures that require the use of books of pre-numbered, multi-copy receipts. The Social Services Specialist completes a receipt when receiving checks, money orders or cash from any clients. One copy of the receipt is given to the client and the remaining carbon copy is retained in the books for the record.

The Directive/SOP will include the procedures mentioned above as well as the standardized forms that will be utilized department-wide.

Finding #8 **Reconciliation of Funds Collected**

The cash collection process should include reconciliations between funds collected and funds deposited. Then the deposits posted to the general ledger should be agreed to the Department's records by another employee. These steps are not always performed. In particular in the Adult

Services Division, funds collected and deposited for the senior centers are not being reconciled at this time because the Accountant position is vacant. A reconciliation of the number of Sunshine Passes sold to the amount of revenue collected is also not being performed in the Adult Services Division. We also noted in the Mental Health & Welfare Division that SSI checks received are not reconciled to the SSI checks deposited and posted in FAMIS.

Recommendation to Finding #8

We recommend that cash receipts be reconciled to deposits on a daily basis. This should be performed by an employee other than the person who receives the cash. When items such as tickets or passes are sold, the cash received should be reconciled to the number of tickets or passes missing from inventory. Verifying that the deposits posted to the general ledger are in agreement with department records should then be performed by an employee other than the employee performing the reconciliation or receiving the cash.

Auditee's Response to Audit Finding and Recommendation #8:

The Department is in agreement with the findings.

***Adult Services Division:** Cash collected is being reconciled within Community and Senior Center Services and is deposited at the Tax Collector's Office. The funds are collected by the Community Activities Coordinator, Drivers and Service Coordinators and are deposited for the senior centers by the Accountant Senior on a weekly basis. The monies from the Sunshine Pass are being reconciled, documented and deposited by the Center Supervisor weekly. Monies are collected and deposited by Dunbar Armored Car Service.*

***Mental Health and Welfare Division:** A spreadsheet has been developed and maintained by the Account Technician that records all SSI reimbursement transactions. The spreadsheet lists the client's name, case number, amount received, date and amount of deposit. This figure is now easily tracked in FAMIS to ensure the account balances are accurate. This spreadsheet is kept on the shared drive and accessed by the Administrative Assistant Senior weekly and balanced against SSI deposits.*

Finding #9 **Adult Services Trust Fund**

We found that donations received by the Independent Living Program were not deposited into the Adult Services Trust Fund. The Independent Living Program donations were deposited into the Independent Living Advisory Committee's bank account. Section 110.341 of the Ordinance Code stated, "*The chief of the Adult Services Division shall deposit into the fund all donations and contributions of money, including grants, received for use toward achieving the purposes, functions and goals of the Adult Services Division Programs.*"

Recommendation to Finding #9

We recommend that beginning immediately all donations received by the Independent Living Program be deposited into the Adult Services Trust Fund. In addition, procedures should be developed dictating how the donations will be processed and accounted for upon receipt.

Auditee's Response to Audit Finding and Recommendation #9:

The Department agrees with this finding and as a result, the Independent Living Programs (ILP) has deposited all donations into the Adult Services Division Trust Fund.

Donations are made by the ILP clients and given to the Community Activities Coordinator. The Coordinator and the CSA II count the money and sign a log stating the amount. It is then given to the Program Manager to verify and sign. The CSA III inputs the amount in Jax2K, prints a copy with the Collection Receipt (CR) number and takes it to the Tax Collector. When the deposit is made, a copy of the validated deposit slip from the Tax Collector is sent to the Administrative Assistant Senior for verification and recording to the Adult Services Division Trust Fund.

Finding #10 Timely Deposits

Section I Part F of the City of Jacksonville's Cash Receipt Procedures states, "All money received should be deposited the same day or the day after receipt, but must be either deposited in the bank or transmitted to the Tax Collector within 1 week." Section II.A.4 of the City of Jacksonville's Cash Receipts Procedures states, "Money should be processed quickly to enable it to be deposited within, at a maximum, a week of its receipt." We noted problems in the following areas:

Adult Services Division

- a. We found that the checks for 18 of 87 (21%) deposits selected for testing were not deposited in a timely manner. Specifically, one of the deposits for meal donations (1) was not deposited within two weeks, two senior prom donations were not deposited within one week, and 15 center rental checks were not deposited within one week. It should be noted that two weeks was used for meal donations because donations are collected from the centers every two weeks.

- b. We found six weeks in which deposits were not made weekly for the 18 (33%) weeks selected for testing.

Victim Services

We found that 40 of the 70 (57%) deposits tested were not deposited within one week of receipt. Please see below for details by deposit type:

- a. Two of four (50%) donation deposits tested were not deposited within one week.
- b. Eight of 20 (40%) grant deposits tested were not deposited within one week.
- c. Six of 16 (38%) reimbursement deposits tested were not deposited within one week.
- d. Twenty-three of the 30 (77%) restitution deposits tested were not deposited within one week.

Recommendation to Finding #10

We recommend that Community Services develop a procedure for imprest funds and offer training on these procedures to all employees responsible for imprest funds. In addition, all employees

should be provided with a copy of the City's Imprest/Petty Cash Funds Procedure and sign a statement stating that they have received them.

Auditee's Response to Audit Finding and Recommendation #10:

The Department agrees with the finding and is in the process of developing and implementing a new Directive/SOP in January 2005 that will govern the overall policies and procedures of cash receiving functions of the Department. Employees are in receipt of the City's Imprest/Petty Cash Fund Procedure and have signed a statement that they have received a copy of this document.

***Adult Services Division:** All cash from each center will be collected, counted and deposited at the Tax Collector's Office weekly. The cash/checks are counted weekly and Dunbar Armored Car Service picks up cash every Friday morning, with the exception of holidays. The cash is collected by the Service Coordinator, and counted by the Service Coordinator and the Center Supervisor. It is placed in a money bag with a receipt and taken by the Center Supervisor to the Louis Dinah Senior Center. It is given to the Accountant or the Account Clerk and placed in a safe. All centers' cash deposits are tallied and the Account Clerk and the Accountant prepare the deposit slip. Monies are then picked up and deposited every Friday by Dunbar Armored Car Service, excluding holidays.*

***Victim Services Division:** Checks are deposited with the Tax Collector within one week of receipt. Appropriate staff members have received training from the Administrative Assistant Senior on the Departmental procedure.*

Finding #11 **Check Endorsements**

Checks, money orders, and cashier checks are not restrictively endorsed when received at the senior centers for center rentals or grants, nor are checks received by Victim Services.

Recommendation to Finding #11

We recommend that all checks be restrictively endorsed upon receipt.

Auditee's Response to Audit Finding and Recommendation #11:

The Victim Services Division as well as all Adult Services Programs have purchased and are using a "For Deposit Only" stamp for checks and money orders received.

Finding #12 **RSVP Bank Account**

An RSVP volunteer has access to and signing authority on the City's RSVP Imprest Fund bank account. A treasury bond does not exist for the volunteer responsible for maintaining the RSVP Imprest Fund. Section IV.K of the City's Imprest/Petty Cash Fund Procedure states, "The City will purchase specific position treasury bonds covering each employee/custodian responsible for the imprest account funds."

Recommendation to Finding #12

We recommend that the volunteer be relieved of all cash handling duties, including removal from the bank signature card, and in the future volunteers not have responsibilities involving cash transactions.

Auditee's Response to Audit Finding and Recommendation #12:

The Adult Services Division RSVP Program Manager and Clerical Support Aide III now conduct the cash handling duties previously assigned to the volunteer. The volunteer's name has been removed from the bank signature card and no longer participates in the handling of cash.

Finding #13 **Bank Signature Cards**

The bank signature card for the RSVP Imprest Fund is not up to date. We found that the RSVP Imprest Fund bank signature card includes an employee who is no longer with RSVP. Likewise, the Victim Services Imprest fund bank signature card includes an employee who is no longer with Victim Services and does not include the employee responsible for signing checks.

Recommendation to Finding #13

We recommend that all bank signature cards be updated to include the employees with current signature authorization on the accounts. A procedure should also be established to monitor any future changes in employees so that bank signature cards will be updated in a timely manner

Auditee's Response to Audit Finding and Recommendation #13:

The Adult Services Division RSVP bank signature card was updated on July 23, 2004. The Program Manager is responsible for updating changes to the signature card within two business days as required.

The Victim Services Division has updated the bank signature card.

Finding #14 **Supporting Documentation**

Supporting documentation is not present for all of the expenditures from the Juvenile Justice Drug Court Imprest Fund. Section VII.A of the City's Standard Procedure of Imprest & Petty Cash Funds states, "The reimbursements shall be supported by original invoices or receipts." Also, the City's Standard Procedure of Imprest & Petty Cash Funds in section IX states, "Records must be kept for review and inspection by both the Department of Administration and Finance and Council Auditor's Office." The Department was able to produce canceled checks for \$3,000 but only \$514.10 in supporting documentation. These expenditures have not been reimbursed and the balance in the bank account is \$20.99. Because this account was not reimbursed on a monthly basis as required by the City's Standard Procedures Manual, the problem was not discovered earlier.

Recommendation to Finding #14

We recommend that all employees who are authorized to have an imprest/petty cash fund be given a copy of and read the City's Standard Procedure of Imprest & Petty Cash Funds and sign a

statement stating the same. Because this bank account is no longer being used, we recommend that it be closed.

Auditee's Response to Audit Finding and Recommendation #14:

All Departmental employees who are authorized to have an imprest/petty cash fund have been given a copy of the City's Standard Procedure of Imprest and Petty Cash Funds and signed a statement stating the same.

The Juvenile Justice Drug Court Imprest Fund account has been closed and the balance of \$20.99 returned to the City Treasury.

Finding #15 **Safe Access**

We found that employees at the Mental Health and Welfare Division have access to the safe, but are not responsible for handling cash.

Recommendation to Finding #15

We recommend that only selected employees who have cash handling duties have access to the safe.

Auditee's Response to audit Finding and Recommendation #15:

At the time of the audit, the Mental Health and Welfare Division's Administrative Assistant Principal, Administrative Aide, Account Clerk and Executive Secretary I had access to the safe. All these employees had cash handling responsibilities and required access to the safe to ensure security for checks and/or cash received in their daily job duties. Currently, only the Administrative Aide and Account Clerk have access to the safe. These are the two primary employees that handle cash within the Division.

We would like to thank the employees in Community Services for their cooperation during the course of our audit and would like to commend them for their hard work providing the City's residents with tools to facilitate their well being through intervention, education and opportunity.

Respectfully submitted,

Richard Wallace, CPA
Council Auditor

Audit Performed by:
Jennifer Spinelli, CPA
Sonia Summerford-Danna

Attachment: Auditee's Cover Letter to Responses

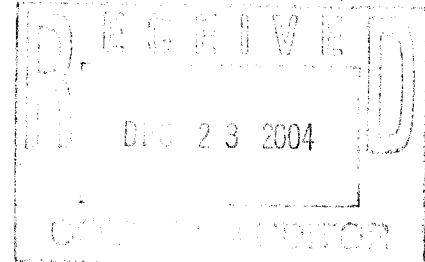
DEPARTMENT OF COMMUNITY SERVICES
Office of the Director



MEMORANDUM

TO: Pamela Markham, Assistant Council Auditor
Council Auditor's Office

FROM: Sandra Hull-Richardson, AMIO *SAAR*
for Dr. Delphia S. Williams, Director
Community Services Department



DATE: December 23, 2004

RE: Amendment to the Community Services Department's Audit Report #597
submitted December 21, 2004

The response for the Mental Health and Welfare Division Work Program Imprest Fund was mislabeled SSI Reimbursement and the SSI Reimbursement response was omitted. Please include the following correction:

Response to Finding and Recommendation #5:

The Department agrees that the funds should be reduced to a level that more accurately reflects their monthly usage. Therefore, each Division conducted a thorough analysis to determine the recommended amount for reduction of monies. These specific Division analyses took into consideration the intended use of the funds as well as the spending patterns.

Mental Health and Welfare Division – SSI Reimbursement Fund: The division conducted an analysis of four years of expenditures of the SSI Imprest Fund. The results indicate that to reduce the authorized amount to the monthly average of \$2,833 identified in the audit would prevent the division from providing reimbursements to clients during the peak periods. By statute, clients must receive their portion of the SSI reimbursement within 10 working days after receipt by the division. Therefore, an authorized level of \$8,000 was selected. The reduction of the account by \$42,000 was completed on October 11, 2004.

Mental Health and Welfare Division – Work Program Imprest Fund: The Mental Health and Welfare Work Program Imprest Fund account #2125001211894 was closed on October 11, 2004. This account has been dormant since late 2000 and is no longer necessary.

cc: Richard Wallace, Council Auditor ✓



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DEPARTMENT OF COMMUNITY SERVICES
Office of the Director



MEMORANDUM

TO: Pamela Markham
Assistant Council Auditor

FROM: Dr. Delphia S. Williams, Director
Community Services Department

Dr. Delphia S. Williams

DATE: December 21, 2004

RE: Response to Community Services Department Audit Report #597

Response to Finding and Recommendation #1:

The Department agrees that at the time of the audit, there were not existing written policies and procedures for all specific cash receiving functions within the various Divisions in the Community Services Department.

The Community Services Department is currently expanding upon its existing written policies and procedures regarding cash receiving functions within the Department. Specific procedures relating to policies that have been practiced, but not currently part of a written Standard Operating Procedures (SOP) manual, will also be developed and included.

The Community Services Department is in the process of developing and implementing a new Departmental Financial Directive in January 2005. The directive will dually serve as an SOP manual that will govern the overall policies and procedures of cash receiving functions for the Department. Also included will be policies and procedures specific to each Division.

The Administrative Assistant Senior in the Office of the Director has been charged with the leadership responsibility to review and assess the internal control structure and segregation of duties for the entire Community Services Department. Workshops encompassing all of the appropriate fiscal staff within the Department have served as a planning tool for the Directive/SOP, as well as a training session that reinforces the City's general policy. Also, action steps necessary to develop and complete the Directive/SOP for the specific written policies and procedures within each Division were established.

Additionally, all employees within the Department who handle cash have received the City's policies and procedures as well as appropriate training.



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Response to Audit Finding and Recommendation #2:

The Department agrees and is supportive of the finding that all employees with access to cash should receive background checks.

Further review into the finding indicates that the City of Jacksonville was not performing employment background checks in July 1992. At that time, employees were only required to be fingerprinted and the FBI report was read by JSO at some point. Of the fifty-four (54) employees tested, the eight (8) exceptions were employees hired prior to the City's requiring of background checks.

Response to Audit Finding and Recommendation #3:

Performance evaluations for all staff responsible for handling cash were reviewed to identify those employees requiring the addition of specific cash handling responsibilities to his/her job factors.

Steps have been taken to ensure that for each employee handling cash, a new job specific competency that addresses his/her responsibilities is in place in the City's new Performance Management system.

Additionally, as an employee's job responsibilities change to include cash handling, the supervisor has the responsibility to add this job specific competency.

Response to Audit Finding and Recommendation #4:

The Department is in agreement with this finding with each division successfully addressing its specific finding as follows:

Adult Services Division: All donations are placed into locked boxes on buses by the riders. Drivers do not have a key to the locked donation boxes. Boxes are brought in to the Transportation Coordinator who then counts and verifies the money with the Driver. Deposit slips are prepared by the Transportation Coordinator and money and slips are given to the Account Technician to lock up until picked up by Dunbar Armored Service each Friday.

Mental Health and Welfare Division: SSI reimbursement checks are received by the Executive Secretary I, logged in and then delivered to the Administrative Aide.

The Administrative Aide processes the checks by verifying the correct amounts and determining how much, if any, of the funds are to be paid to the client. A form with a complete breakdown of all SSI transactions for the clients, along with processing instructions, is attached to the check and then delivered to the Account Clerk.

The Account Clerk completes a deposit slip and deposits the checks in the Imprest Fund bank account. If a client is due a portion of the funds, the Account Clerk processes a check and has two authorized staff sign the check. The check, along with the payment record is then delivered to the Social Services Specialist assigned to the specific client.

On or before the 8th of each month, the Account Clerk reconciles the account and provides the reconciliation to the Administrative Assistant Senior for review and authorization.

On or before the 8th of each month, the Administrative Assistant Senior verifies the reconciliation, signs as custodian and forwards the reconciliation to the Director for final signature.

Victim Services Division: Upon receipt of checks, the Administrative Aide will restrictively endorse the check, record in the log showing date of receipt, check date and number, name of remitter and amount and then put check in dated sealed envelope.

The Administrative Assistant verifies the information and then places the checks in a safe to be deposited once a week.

The Account Technician receives the envelope containing the checks, prepares the deposit and enters it into Tax Collector's Collections Receipt (CR) Screen.

The Administrative Assistant reviews the deposit paperwork against the checks for deposit and sends the deposit in a sealed envelope via the Victim Services Division messenger to the Tax Collector's Office.

The Account Technician reconciles the deposits daily against the log, which must be in agreement with the general ledger.

Response to Finding and Recommendation #5:

The Department agrees that the funds should be reduced to a level that more accurately reflects their monthly usage. Therefore, each Division conducted a thorough analysis to determine the recommended amount for reduction of monies. These specific Division analyses took into consideration the intended use of the funds as well as the spending patterns.

Mental Health and Welfare Division – SSI Reimbursement: The Mental Health and Welfare Work Program Imprest Fund account #2125001211894 was closed on October 11, 2004. This account has been dormant since late 2000 and is no longer necessary.

Adult Services Division – Retired and Senior Volunteer Program (RSVP): As recommended, the Program Manager reduced the Imprest Fund Account by \$250.

Veteran Services Division: There are several months during the year that Imprest Fund expenditures are significantly greater than the average cited in the audit report. This increase in expenditures is in preparation for several events during the year. In order to have sufficient funds to support these events, an authorized level of \$1,000 has been established. Setting this level allowed us to reduce the authorized level by \$1,010. We believe this satisfies the intent of the City's Imprest/Petty Cash Fund Procedures guidelines indicating the amount should be no more than one month of expenditures.

Victim Services Division: As recommended, the Victim Services Division reduced the Imprest Fund Account from \$400 to \$200.

Office of Juvenile Justice Drug Court Imprest Bank Account: The account has been closed and a check for the balance of \$20.99 was returned to the City Treasury.

Response to Audit Findings and Recommendation #6:

The Department is in agreement that all imprest funds should be reconciled monthly and reimbursed if appropriate, in accordance with the City's Imprest and Petty Cash Fund Procedure Manual.

All Imprest and Petty Cash Funds within the Department are now reconciled on or before the 8th of each month and submitted for reimbursement in keeping with the City's policies and procedures.

Response to Audit Finding and Recommendation #7: The Department is in agreement with the findings. As a result, the Victim Services Division has established and implemented improved procedures and revised the cash receipt log to include additional information as recommended.

The Veterans Service Division is currently implementing procedures that require the use of books of pre-numbered, multi-copy receipts. The Social Services Specialist completes a receipt when receiving checks, money orders or cash from any clients. One copy of the receipt is given to the client and the remaining carbon copy is retained in the books for the record.

The Directive/SOP will include the procedures mentioned above as well as the standardized forms that will be utilized department-wide.

Response to Audit Finding and Recommendation #8:

The Department is in agreement with the findings.

Adult Services Division: Cash collected is being reconciled within Community and Senior Center Services and is deposited at the Tax Collector's Office. The funds are collected by the Community Activities Coordinator, Drivers and Service Coordinators and are deposited for the senior centers by the Accountant Senior on a weekly basis. The monies from the Sunshine Pass are being reconciled, documented and deposited by the Center Supervisor weekly. Monies are collected and deposited by Dunbar Armored Car Service.

Mental Health and Welfare Division: A spreadsheet has been developed and maintained by the Account Technician that records all SSI reimbursement transactions. The spreadsheet lists the client's name, case number, amount received, date and amount of deposit. This figure is now easily tracked in FAMIS to ensure the account balances are accurate. This spreadsheet is kept on the shared drive and accessed by the Administrative Assistant Senior weekly and balanced against SSI deposits.

Response to Audit Finding and Recommendation #9:

The Department agrees with this finding and as a result, the Independent Living Programs (ILP) has deposited all donations into the Adult Services Division Trust Fund.

Donations are made by the ILP clients and given to the Community Activities Coordinator. The Coordinator and the CSA II count the money and sign a log stating the amount. It is then given to the Program Manager to verify and sign. The CSA III inputs the amount in Jax2K, prints a copy with the Collection Receipt (CR) number and takes it to the Tax Collector. When the deposit is made, a copy of the validated deposit slip from the Tax Collector is sent to the Administrative Assistant Senior for verification and recording to the Adult Services Division Trust Fund.

Response to Audit Finding and Recommendation #10:

The Department agrees with the finding and is in the process of developing and implementing a new Directive/SOP in January 2005 that will govern the overall policies and procedures of cash receiving functions of the Department. Employees are in receipt of the City's Imprest/Petty Cash Fund Procedure and have signed a statement that they have received a copy of this document.

Adult Services Division: All cash from each center will be collected, counted and deposited at the Tax Collector's Office weekly. The cash/checks are counted weekly and Dunbar Armored Car Service picks up cash every Friday morning, with the exception of holidays. The cash is collected by the Service Coordinator, and counted by the Service Coordinator and the Center Supervisor. It is placed in a money bag with a receipt and taken by the Center Supervisor to the Louis Dinah Senior Center. It is given to the Accountant or the Account Clerk and placed in a safe. All centers' cash deposits are tallied and the Account Clerk and the Accountant prepare the deposit slip. Monies are then picked up and deposited every Friday by Dunbar Armored Car Service, excluding holidays.

Victim Services Division: Checks are deposited with the Tax Collector within one week of receipt. Appropriate staff members have received training from the Administrative Assistant Senior on the Departmental procedure.

Response to Audit Finding and Recommendation #11: The Victim Services Division as well as all Adult Services Programs have purchased and are using a "For Deposit Only" stamp for checks and money orders received.

Response to Audit Finding and Recommendation #12: The Adult Services Division RSVP Program Manager and Clerical Support Aide III now conduct the cash handling duties previously assigned to the volunteer. The volunteer's name has been removed from the bank signature card and no longer participates in the handling of cash.

Response to Audit Finding and Recommendation #13: The Adult Services Division RSVP bank signature card was updated on July 23, 2004. The Program Manager is responsible for updating changes to the signature card within two business days as required.

The Victim Services Division has updated the bank signature card.

Response to Audit Finding and Recommendation #14: All Departmental employees who are authorized to have an imprest/petty cash fund have been given a copy of the City's Standard Procedure of Imprest and Petty Cash Funds and signed a statement stating the same.

The Juvenile Justice Drug Court Imprest Fund account has been closed and the balance of \$20.99 returned to the City Treasury.

Response to audit Finding and Recommendation #15: At the time of the audit, the Mental Health and Welfare Division's Administrative Assistant Principal, Administrative Aide, Account Clerk and Executive Secretary I had access to the safe. All these employees had cash handling responsibilities and required access to the safe to ensure security for checks and/or cash received in their daily job duties. Currently, only the Administrative Aide and Account Clerk have access to the safe. These are the two primary employees that handle cash within the Division.

DSW/ac
cc: Richard Wallace, CPA, Council Auditor
Council Auditor's Office