



**Supplemental Material
Received at the Meetings of
City Council
Redevelopment Agency
Housing Authority
Financing Authority**

For

April 3, 2007

Item #18: Internal Audit Report: The Revenue Division's Cash Controls

- a. City Auditor's "cash handing principals" presented to the City Council by Martin Kolkin.



Cash Handling Principles

The City Auditor recommends the following five cash handling principles for all operations that work with cash or checks:

These principles reduce the opportunity for errors, theft, or cash mishandling.

1. Separation of Duties

Assign different employees to perform different duties, including:

- Receiving cash;
- Comparing cash received to activity records;
- Making bank deposits; and
- Comparing bank deposits to bank statements.

2. Dual Custody

At least two employees must be present when cash is counted or taken into a vault.

3. Fixed Responsibility

Fix responsibility for cash to specific employees throughout the business cycle:

- Limit access to cash to only employees with fixed responsibility over that step of the collection process; and
- Count and sign-off on cash transfers, particularly at the beginning and end of shifts.

4. Physical Security

Always store cash in a secure area, including:

- Never leave cash unattended;
- Each cashier must have locking cash drawers/registers; and
- Never leave an open vault unattended.

5. Comparison of records

Compare records on a daily basis, including:

- Cash receipts with activity records;
- Activity records with bank deposit receipts; and
- Bank deposit receipts with bank statements.

Different employees must be assigned to do each comparison.

NOTE: Cash handling principles do not replace departmental cash procedures.