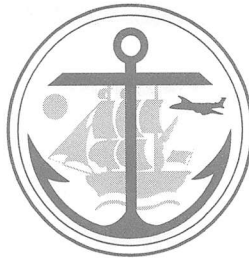


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*Rick Mystrom, Mayor*

OFFICE OF THE INTERNAL AUDITOR

October 29, 1997

## **Internal Audit Report 97-17 Cash Control Procedures Follow-up Audit Anchorage Parking Authority**

**Introduction.** The Anchorage Parking Authority (Parking Authority) is a public corporate authority of the Municipality of Anchorage (Municipality) and exists independently of and separately from the Municipality. Revenue generated by Parking Authority operations includes citation revenue (in process of transferring to Anchorage Police Department), permit revenue, garage revenue, lease revenue, on-street meter revenue, Saturday Market revenue and other miscellaneous revenue.

**Scope.** The objective of this audit was to determine the adequacy of cash control procedures at the Parking Authority and to follow-up on the prior audit findings reported in Internal Audit Report 96-08, dated August 2, 1996. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of July through August 1997 and was requested by the Municipal Audit Committee.

**Overall Evaluation.** Cash controls have improved in some areas previously identified in Internal Audit Report 96-08 while other areas still required improvement. Written cash handling procedures still did not include all cash handling functions and were not consolidated into one formal written policy and procedure. The physical security of cash and related items had improved, although cash was not always properly secured at the parking garages. Cash receipts were not always deposited timely although the percent of untimely deposits had decreased significantly. Cashiers had received cash handling training as recommended in the prior audit.

## FINDINGS AND RECOMMENDATIONS

### 1. Written Cash Handling Procedures Required Strengthening.

- a. **Finding.** Written cash handling procedures for the Parking Authority required strengthening. The written procedures did not include cash handling procedures specific to cash collection for parking lots, leases, Saturday Market and other miscellaneous activities. They also did not cover all aspects of the cash handling function such as petty cash and change fund procedures, procedures for training cashiers, procedures for performing unscheduled cash counts and reconciliations, night drop procedures, credit card sales or the securing of cash. Additionally, we found that the written cash handling procedures had not been consolidated into one formal written policy and procedure. Specifically, they consisted of an outdated policy and procedure, two memorandums and a customer service attendant handbook. A similar finding was noted in the prior audit.
- b. **Recommendation.** Written procedures for collecting, securing, depositing, and reporting cash should be expanded to include cash handling procedures specific to all areas for which cash is received and include all aspects of cash handling. In addition, the written memorandums and the customer service attendant handbook covering cash handling procedures should be incorporated into a formal written policy and procedure and be provided to all employees handling cash.
- c. **Management Comments.** Management stated, "Management concurs with this finding. A process to identify and document all cash handling procedures was begun in 1996. However, recent turnover in the controller position has delayed its completion. We will complete the process and consolidate the procedures in a formal

written policy for presentation to the Board of Directors before the end of March 1998.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Cash Not Always Properly Secured.**

- a. **Finding.** Cash was not always properly secured at the parking garages. During the audit we observed several instances of improper cash control procedures. For example, in two instances observed, the customer service attendant left their cash drawer unsecured for as long as one hour. We also noted that a cash storage facility located inside a booth could not be locked to properly secure cash during lunch and other breaks. The booth is generally occupied by another relief attendant during lunch, allowing access to the unsecured cash.
- b. **Recommendation.** Cash should be properly secured at all times. Temporary storage facilities used to store cash should be locked with the keys in the possession of the appropriate booth attendant.
- c. **Management Comments.** Management stated, “Management concurs with this finding. Temporary cash storage facilities in the garage booths have been repaired.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Cash Receipts Were Not Always Deposited Timely.**

- a. **Finding.** Cash receipts were not always deposited in a timely manner. Our review of eighty-one individual deposits revealed nine that were made between three and eleven business days after the day of collection. Although a similar finding was noted in the prior audit, the instances of untimely deposits have decreased from 66% to 11%. However, during the audit, the Parking Authority entered into a contract with Loomis Armored Inc. for pick up and deposit of cash receipts. Our observations indicated that this procedure has resulted in daily pick up of cash receipts.
- b. **Recommendation.** All cash receipts should be deposited daily to provide for proper controls.
- c. **Management Comments.** Management stated, "Management concurs with this finding. As noted in the finding, the Parking Authority has contracted to have an armored car service pick up cash receipts daily from all of our facilities correcting this problem."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on September 3, 1997.

Audit Staff:  
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