

Office of the County Internal Auditor

Fair and Expo Center

Cash Handling
2324-8



March 8, 2024

Background



By the Numbers



320 Acres

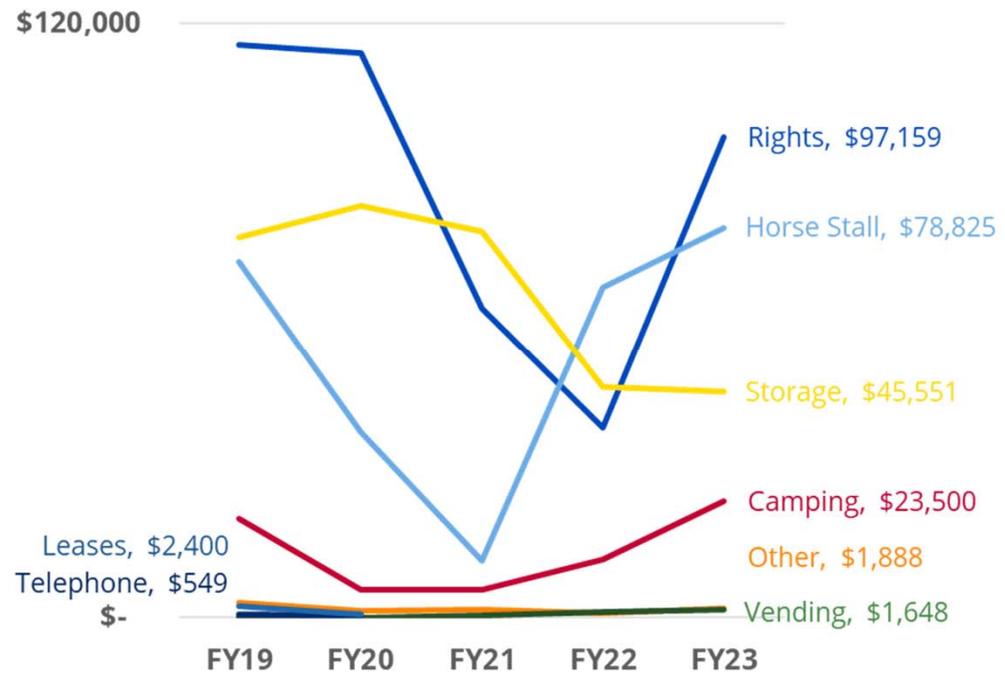
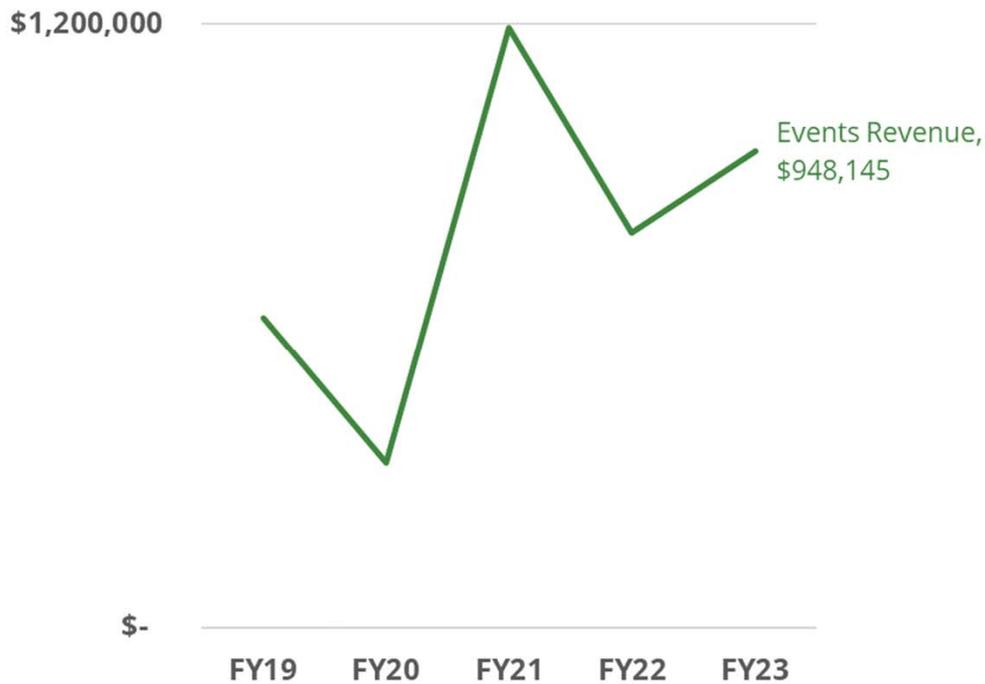
400 Events

17.5 Staff

\$1.2 Million in Revenue



Most Revenue for Events



Audit Objective

- 1. Review internal controls for cash handling as outlined in County Finance policy for cash handling (F-11).**
- 2. Be aware of any issues with compliance with federal and state regulations and requirements, as may be applicable.**

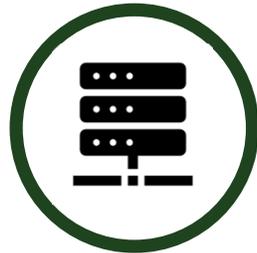


Fieldwork

Interview
and
checklist



Reconciled
systems
with Munis



Best
practices



Findings and Recommendations

Incomplete procedures increase risks



Deschutes County Administrative Policy No. F-11
Effective Date: March 19, 2007

CASH HANDLING PRACTICES POLICY

STATEMENT OF POLICY

It is the policy of Deschutes County to ensure that County directors and managers design, implement and monitor effective cash handling controls.

APPLICABILITY

This policy applies to all County departments and County service districts under the governance of the Board of County Commissioners.

POLICY AND PROCEDURE

This policy sets out overall guidance on cash handling practices.

Cash includes the following:

- Currency (paper money and coin)
- Checks
- Credit card slips
- Money orders
- Travelers checks
- Bank drafts, etc.

1) County directors and managers shall design, implement and monitor effective cash handling controls. Cash handling procedures shall be distributed to all appropriate staff.

2) Management will periodically review internal control policies and procedures pertaining to cash to ensure they are working as intended. It is critical that managers promote an effective internal control environment. Effective internal controls minimize the potential for errors or irregularities to occur, and if they do occur, will detect such errors or irregularities in a timely manner during the normal course of business.

3) To assist directors and managers establish and monitor their cash handling systems, the Internal Audit Program shall develop and circulate a Cash Handling Guide (Guide), which is attached hereto and incorporated herein as Exhibit A. The Guide highlights the internal controls that are required by County departments.

Management should utilize the Guide and checklist as a reference. Some items may not apply to every cash handling system, depending on the quantity of the cash transactions and the functions of the department. Implementation of some of these controls may not be possible due to limited resources. In these cases, compensating controls shall be developed.

4) Exemptions from implementing any internal control policy or procedure must be granted in writing by the County Administrator or his/her designee.

5) Required procedures

a) Cash shall be turned over to the Finance Department or deposited in a designated bank depository within 24 hours of receipt in accordance with Finance policy P-1999-075.

It is the policy of Deschutes County that County directors and managers design, implement, and monitor cash handling controls.

Internal Audit assistance: Guide

Required Procedures
24-hour deposits
Pre-numbered receipts
Bank accounts: F-7
Over/Short reporting: F-9



Fraud Risk Assessment

Australian Government
Commonwealth Fraud Prevention Centre

Learn about fraud and fraudsters
How to assess risks



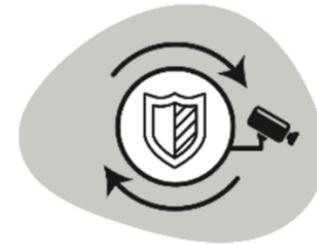
Risk identification



Risk analysis



Risk evaluation



Risk treatment



1. Recommendation

Conduct a fraud risk assessment and document outcomes.



Agree

Have conducted informal fraud risk assessments, but not documented



2. Recommendation

Document procedures to address the risks identified in the fraud risk assessment.



Agree

Will use to update procedures



Incompatible duties

Staff A generate the booking and reservation. They enter it into software which generates an invoice.

Staff B takes in-person and mailed payments, keeps them in a locked drawer, and makes bank deposits.

Staff B enters payments into the County's financial system.

Staff B reconciles the County Financial System to reservation and invoicing systems once a week.



3. Recommendation

Outline major financial processes, along with staff assigned to specific activities, and determine whether any roles are conflicting.



Agree

Will create separation or clarify roles. Currently others have access or awareness to provide oversight



Manual reconciliation = Less confidence



Event Pro-
Reservations
and Booking



Square-
Invoicing and
Payments



Munis-
Financial
Reporting

Name—Date—Amount



4. Recommendation

Design and document an efficient reconciliation process across systems. It might be helpful to create a log of unique identifiers from each system to record how records relate to one another.



Agree

Have not found a technical solution that works. Did not address a log of unique identifiers.

Less Focus on Root Cause



Shared passwords create risk

Processing cash/check payments with Square Virtual Terminal

For payments via Virtual Terminal: login to Square on your computer: <https://squareup.com/login>

PLEASE USE THE UPDATED LOGIN INFO:

User name: [REDACTED]

Password: [REDACTED]

This login will lead you to a dashboard page (see below), where you can select the account you wish to use:

Choose a business or service to manage

Services

Team

Businesses

Search

Card view

List view

Business ↑

Locations



5. Recommendation

Document data security controls for all financial information systems including who has access to data and rights to execute transactions. Each user should have unique access credentials.



Agree

Staff no longer sharing a password. Did not address data security controls.

Less Focus on Root Cause



Questions and Comments?

Complete the Survey!

