17-03 Cash Handling - Part B Cash Procedures and Testing Audit, Second Follow-up

Status of Corrective Actions in Management Responses
As of September 2018
Original Report Issuance - July 2017
Follow-up Status: Additional follow-up needed for PCI DSS Policy exception; scheduled April 2019.

City Auditor's Office
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Public Works - Parking Revenues

Finding	Recommendations	Management Response	Follow-up Status
Oversight of City Funds			
A reconciliation of the coin collected at the meters is not conducted. The software system has the ability to produce detailed reports that would allow for a reconciliation of the funds. Without a process to ensure the amount collected was counted and received by the City, the funds are at greater risk of misappropriation. MPP 407 Section VII.F.3 states, in part, "For locations with computerized cash receipt systems ... the computer totals shall be reconciled to the cash receipts to be deposited ..." A reconciliation of the credit card revenues at the meters is being conducted by the Finance Department.	We recommend a reconciliation of the meter coin collections be performed systematically and significant shortages be reviewed.	The Management Assistant will run IPS report to cross reference the counting of the collections. Significant shortages will be reviewed. Measures have been implemented as of May 31, 2017. We are in the process of replacing all non-audit meters with IPS smart meters.	July 2017: All non-audit meters replaced with IPS smart meters. 03/02/18: IPS coin collection report compared to daily bank deposits have been cross referenced with no shortages.
			Audit Comment to Follow-up: The reconciliation recommended was not performed on a systematic and ongoing basis by staff due to a misunderstanding of the recommendation. Discussed the expectation that an ongoing reconciliation be performed by as a standard operating procedure within the department with Public Works management on 03/13/18. Additional follow-up on this item is scheduled for August 2018. Noted a review was performed by staff for January 22-26 upon document request from audit with no significant shortages.
			August 2018: An audit of the reconciliation of the meter collections for the time period July 9-15 was performed. IPS coin collection report compared to daily bank deposits have been cross referenced with no shortages. No further follow-up needed.
Best Practices			
Cash handling procedures are not documented for the parking meter and parking lot collection and count process. Establishing written policies detailing cash handling controls is the first step to clarify processes and employee expectations when carrying out their day-to-day functions concerning cash handling. The City's MPP 407 Cash Handling Policy does not include standards for the coin drop and count process. The process owner for the current drop and count process is Public Works. Conducting cash operations without documented process standards is not within best practices for cash handling. Documented internal control procedures, when in use, also assist with departmental succession planning.	We recommend coin drop and count procedures be developed, documented, and communicated to applicable staff.	A parking consultant is scheduled for an on-site visit in June 2017 to develop and establish coin drop and count procedures. Procedures will be in place in the next several months (June – August 2017). Follow established procedures to ensure policies and procedures are being followed correctly.	Parking consultant made site visit in June 2017 and a preliminary findings report was drafted with recommendations to overall parking program. Staff is working with consultant to draft a new contract for establishing Best Practices Manual, which includes developing coin drop and count procedures. Best Practices Manual should be in place by July 2018.
			Audit Comment to Follow-up: Documented procedures for the coin drop and count are not yet completed as of the follow-up date 03/02/18. Additional follow-up on this item is scheduled for August 2018.
			August 2018: Documented procedures for the coin drop and count were created in a bullet format and can be updated/revised as necessary. No further follow-up needed.

Finding	Recommendations	Management Response	Follow-up Status
Citywide Best Practices			
Cash handling controls and procedures were not clear to many employees with access to the City's cash based on observations and interviews during the audit. Most exceptions in the audit are process errors that reflect practices that are noncompliant with the City's documented cash handling procedures in Management Policies and Procedures 407. Without appropriate knowledge and implementation of established internal controls over currency and cash handling, the City's funds are at greater risk of misappropriation.	We recommend the City Manager's Office determine a procedure and process owner to deliver a standard training process for employees responsible for cash handling. Training should be mandatory, be conducted prior to the employee performing cash handling duties, and also ongoing as a periodic reminder of City policies and employee responsibilities. Results of the training should be that employees have sufficient knowledge and understanding of the City's policies and internal controls regarding cash handling.	The City Manager's Office will create a standard training program for employees responsible for cash handling. The training will be mandatory, conducted prior to an employee performing cash handling duties, and recur periodically as a reminder of both City policies and employee responsibilities. The goal of the training will be that employees have sufficient knowledge and understanding of the City's policies and internal controls regarding cash handling. This training will be included in the July 1, 2017 mandatory citywide training set for applicable employees and will recur on an annual basis. The training set is due for completion by August 31, 2017. Completion of the training will be tracked on a monthly basis and reported to supervisory staff in effort to ensure compliance.	Cash handling policy training was assigned to applicable employees through TargetSolutions. One department was granted a waiver until the cash handling policy is updated. At that time, the training will be updated and assigned again.
			Audit Comment to Follow-up: The cash handling policy has not yet been updated as of follow-up date 03/28/18. Additional follow-up on this item is scheduled for August 2018.
			August 2018: Cash handling policy #304 was issued to the management team for comments prior to finalization in August. Sufficient progress on the recommendation has been achieved. No further follow-up needed.
Lack of PCI DSS Policy			
Examination of the City of Reno Management Policies and Procedures identified there are no policies addressing Payment Card Industry Data Security Standard (PCI DSS) best practices and standard procedures surrounding credit card data. PCI DSS Requirement 9.10 states, "Ensure that security policies and operational procedures for restricting physical access to cardholder data are documented, in use, and known to all affected parties." Inquiries conducted during the audit identified the lack of training and understanding of PCI standards from employees that handle credit card data. Without appropriate knowledge of and implementation of PCI best practices, credit card data in the City's possession may be compromised.	We recommend the City Manager's Office establish a citywide PCI policy for credit card transactional processing that is based on best practices and make it known to all affected parties.	The City Manager's Office will establish a citywide PCI DSS policy for credit card transactional processing that is based on best practices. By following already established procedures to create a new policy, all affected parties will be notified. The draft policy will be completed by June 30, 2017, with a goal of completing the approval process by July 31, 2017. The City Manager's Office will review the policy on an annual basis to determine if any updates need to be made.	The Department of Information Technology is actively working on researching a PCI policy. It has been determined that a single policy may not be most applicable for the organization. Once the policies are developed, they will be reviewed annually with all City policies.
			Audit Comment to Follow-up: This item has not been resolved as of follow-up date 03/28/18. Additional follow-up on this item is scheduled for August 2018.
			September 2018: This item has not been resolved as of second follow-up date 09/21/18. Additional follow-up on this item is scheduled for April 2019.