



OFFICE OF INTERNAL AUDIT

Report to the
Board of Supervisors

One Stop Shop

Cash Controls

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Executive Summary

The Office of Internal Audit has completed an audit of Development Services' One Stop Shop (OSS) Cash Controls. This audit was included in the Office of Internal Audit's Fiscal Year 2010-2011 Annual Audit Plan, approved by the Board of Supervisors. Our audit was planned and conducted in accordance with Generally Accepted Government Auditing Standards. The purpose of our audit was to determine if cash handling procedures at Development Services' One Stop Shop are adequate.

Development Services' One Stop Shop receives payments from residents and developers for fees related to construction planning, permitting, and development process. OSS accepts payments at the main office in Florence as well as satellite locations in Casa Grande, Apache Junction, and Oracle. Development Services has consolidated all of the fee collections for Building Safety, Air Quality, Environmental Health, Planning & Development and Public Works through the One Stop Shop. During the fiscal year ending June 30, 2011, OSS processed payments of about \$7 million. To record fees collected and issue customer receipts, One Stop Shop utilizes the ACCELA system, which interfaces with the County Treasurer's financial system.

Our conclusion is cash handling procedures at One Stop Shop have been adequately implemented. Because OSS has implemented a deposit interface with the County Treasurer's financial system, transactions are recorded at the time of sale. This control reduces the risk of error or deliberate misappropriation of cash. We performed an unannounced cash count and determined assigned cash was properly accounted for. In addition to the automated Treasury interface, OSS has implemented a process that includes diligent management review and oversight. We reviewed transactions for a five-day period and noted the following:

- All receipt numbers were accounted for;
- Cashiers, supervisory personnel, and Treasury personnel signed each day's deposit;
- Deposits were made timely and reconciled with receipts.

Additional controls, however, may be needed as a result of recent cutbacks in cashiering personnel at satellite locations. Also, we noted the change fund was not appropriately reduced when OSS discontinued accepting cash for most transactions.

We would like to thank the management and staff of Development Services for their assistance and cooperation during the course of this audit.

The following report provides additional details of our audit observations and recommendations.

Lori Stripling
Pinal County Internal Audit Officer

Background

The Office of Internal Audit has completed an audit of Development Services' One Stop Shop (OSS) Cash Controls. The audit was conducted in accordance with Generally Accepted Government Auditing Standards and included such tests of internal controls as deemed necessary.

Development Services' One Stop Shop receives payments from residents and developers for fees related to construction planning, permitting, and development process. OSS accepts payments at the main office in Florence as well as satellite locations in Casa Grande, Apache Junction, and Oracle. Development Services has consolidated all of the fee collections for Building Safety, Air Quality, Environmental Health, Planning & Development and Public Works through the One Stop Shop. During the fiscal year ending June 30, 2011, OSS processed payments of about \$7 million. To record fees collected and issue customer receipts, One Stop Shop utilizes the ACCELA system, which interfaces with the County Treasurer's system.

Scope and Methodology

The purpose of our audit was to determine if cash handling procedures at Development Services' One Stop Shop are adequate.

To accomplish our objectives, we:

- Interviewed appropriate Development Services management and staff
- Reviewed policies, procedures and other documents related to Cash Handling
- Performed a surprise cash count of all funds held by OSS
- Determined if established procedures were being followed and were adequate

SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS

Overall Evaluation

Our conclusion is cash handling procedures at One Stop Shop have been adequately implemented. Because OSS has implemented an automated deposit interface with the County Treasurer's financial system, transactions are recorded at the time of sale. This control reduces the risk of error or deliberate misappropriation of cash. We performed an unannounced cash count and determined assigned cash was properly accounted for. In addition to the automated interface with the Treasurer's system, OSS has implemented a process that includes diligent management review and oversight. We reviewed transactions for a five-day period and noted the following:

- All receipt numbers were accounted for;
- Cashiers, supervisory personnel, and Treasury personnel signed each day's deposit;
- Deposits were made timely and reconciled with receipts.

Additional controls, however, may be needed as a result of recent cutbacks in cashiering personnel at satellite locations. Also, we noted the change fund was not appropriately reduced when OSS discontinued accepting cash for most transactions.

Details of our finding are discussed in the audit results section below.

Audit Results

A. Cash Handling Controls

We noted recent staff reductions have weakened the OSS internal control environment. Also, while OSS has discontinued accepting cash for most transactions, the change fund has not been reduced accordingly.

- Recent staff reductions, due to budgetary cuts, have compromised the separation of duties between inspectors and cashiers, primarily at satellite locations. While previously there were dedicated cashiers, staff members who work with customers and perform inspections now also accept payments from customers. One Stop Shop management recognizes this potential conflict, and is considering restricting cashiering functions for inspectors to authorized hours only. The ability to implement this control will need to be confirmed by Information Technology. We believe this would be a good compensating control. Also, Information Technology may be able to provide the OSS Manager with "audit" information to monitor individual activity within the ACCELA system. Further, the installation of signs at satellite locations, which include a telephone number and instructions to call if a proper receipt is not provided, will also enhance internal controls.

- The One Stop Shop change fund of \$450 is excessive. With the exception of burn permits less than \$10, OSS no longer accepts cash payment for most transactions. As a result, the change fund should be reduced accordingly, to limit the amount of county funds exposed to loss.

Establishing strong internal controls reduces the likelihood of misappropriation of County Funds.

Recommendations:

- 1. The One Stop Shop Manager should establish additional compensating controls at satellite locations, to include restricting the cashiering function for inspectors to specified hours, reviewing “audit” information about system activity, and posting a sign informing customers to obtain a proper receipt and to call One Stop Shop Management if they have any concerns about their receipt.*
- 2. The One Stop Shop Manager should determine the appropriate amount needed for the change fund and return excess funds to the County Finance Department.*

Attachment:

Management Response and Action Plan



P I N A L • C O U N T Y

Wide open opportunity

MEMORANDUM FROM DEVELOPMENT SERVICES - ONE STOP SHOP

DATE: JULY 12, 2011
TO: LORI STRIPLING, INTERNAL AUDIT OFFICE
FROM: ANGELA SANCHEZ, OSS MANAGER
THROUGH: KEN BUCHANAN, ACM/DS
RE: ONE STOP SHOP CASH CONTROL AUDIT MANAGEMENT RESPONSE AND ACTION PLAN

A reduction in force for FY 11/12 has resulted in a shortage of One Stop Cashiers to cover the Florence office and three district offices. We are currently training additional personnel from Building Safety, Planning and Development and Environmental Health to assist in the cashiering duties.

In order to maintain cash control, checks and balances and avoid one person having access to all phases and functions of the permitting and receipting process, policies are currently being modified to ensure proper separation of duties are maintained.

Unfortunately, IT has been unable to restrict cashiering access to specified days or hours for back up cashiers. Therefore, we have limited our back up cashiers to a small knowledgeable group. Supervisory staff will be actively monitoring all receipts, reconciliations, and deposits on a daily basis to ensure that all policies and procedures are followed. In addition, Development Services and One Stop staff continues to work with the IT Department to provide further security access measures to the cash receipting and permitting ACCELA software as it becomes available.

We have also taken the necessary steps to reduce our cash drawer, on July 8, 2011 \$200 was deposited at the Treasurer's Office officially reducing our cash drawer from \$450 to \$250 (see deposit slip and Request for Decrease of Change Fund attached).

We will continue to be proactive in our efforts to monitor and tighten cash controls within One Stop and Development Services. Attached you will find the One Stop Audit Management Response and Action Plan.

ONE STOP AUDIT ACTION PLAN

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
<p>1. <i>The One Stop Shop Manager should establish additional compensating controls at satellite locations, to include restricting the cashiering function for inspectors to specified hours, reviewing "audit" information about system activity, and posting a sign informing customers to obtain a proper receipt and to call One Stop Shop Management if they have any concerns about their receipt.</i></p>	<p>Yes</p>	<p>According to IT our Accela permitting and receipting system will not allow us to limit access to specified hours. However, we have completed cashier training and have limited the training to a small number of trainees who will have access. We are still working with IT on access issues; however we will be actively monitoring back up cashiers, as well as holding surprise site visits to audit cash handling procedures in each district office. It is our goal to maintain tight cash controls by being proactive in monitoring cash handling policies and procedures.</p> <p>Post a Notice in all Main and all District Offices:</p> <p>Notice <i>Receipts are only issued during regular office hours. If you are not provided a receipt for your transaction or are asked to pay an amount other than what is on your computer generated receipt please call the One Stop Manager at: (520) 866-6993.</i></p>	<p>07/15/2011</p>	<p>A. Sanchez</p>

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
2. <i>The One Stop Shop Manager should determine the appropriate amount needed for the change fund and return excess funds to the County Finance Department.</i>	Yes	Reduce to \$250.00, spoke to Finance they want to back date the change fund reduction to the end of the fiscal year so we will process by 7/15/2011 and they will move via journal entry to prior year.	07/15/2011	A. Sanchez