



DATE: September 16, 2014

To: Board Of Estimate & Taxation Audit Committee Members

From: The Internal Audit Department

Subject: Internal Audit Report: Limited Scope Review of Land Use Zoning Enforcement Department's Internal Controls for Cash Receipts.

Enclosed for your review is the Internal Audit's report entitled "Limited Scope Review of Land Use Zoning Enforcement Department's Internal Controls for Cash Receipts." The report contains observations and recommendations regarding internal controls utilized by Zoning Enforcement for cash collections from the issuance of permits.

We would like to express our appreciation for the excellent cooperation extended to us by the personnel of the Land Use Zoning Enforcement Department during the course of this review.

Enclosure

cc: P. Mynarski, Comptroller
K. Deluca, Director of Planning & Zoning
J. Couture, Zoning Enforcement Officer

**TOWN OF GREENWICH
INTERNAL AUDIT**

**Limited Scope Review of
Land Use Zoning Enforcement Department's Internal Controls for
Cash Receipts**

Audit Scope, Objective and Background

The Internal Audit Department recently completed an on-site review of the Land Use Zoning Enforcement Department's internal controls of cash handling on September 16, 2014.

The objective of this review was to determine if policies and procedures for cash handling and receipting are established and operating effectively. Specific audit objectives were to determine if cash and checks received during the business day are deposited daily, proper cash receipting practices are in place and cash and checks are properly safeguarded. The Land Use Zoning Enforcement Department generates approximately \$240,000 in annual revenue.

The Zoning Enforcement Department provides land use planning, building, safety and code enforcement services to residential and commercial properties. As part of the services, the zoning enforcement office issues permits to build, alter, repair or demolish buildings or other types of construction projects. The Department collects fees for permits issued.

Summary Opinion

It is Internal Audit's findings that internal controls over cash collections for the Land Use Zoning Enforcement Department are adequate but not optimal. It is our opinion that proper internal controls can be readily obtained by instituting a few simple recommendations. The Recommendations Section of this report addresses our observations to improve internal controls.

Summary Findings and Observations

A request for a zoning permit requires a signed application form by the owner of the property, a payment of the required fees and submission of plans, drawings and photographs of the property. Cash and check payments are accepted. Credit card payments are not accepted. With each application, the customer receives a manually written prenumbered three part form receipt. All checks received at Zoning Enforcement counter are immediately endorsed. The completed zoning permit application, payment and prenumbered receipt are placed in an unlocked cash box drawer. The zoning permit applications are entered into proprietary software entitled "City View" for processing at a later time during the day. At the end of the business day, the cash box drawer is transferred to a locked file cabinet. A safe is not available in the Department. It is the policy of the department to make daily deposits of the cash and checks received from the day's business. A reconciliation process is prepared that matches data entered into City View and the amount of cash and checks received from application fees. The reconciliation is reviewed by the Zoning Enforcement Officer. The review process conducted by the Zoning Enforcement Officer is a strong internal control practice as the Officer is not involved in the currency handling process and does not produce the actual reconciliation. The deposit summaries are hand delivered to the Finance Treasury Department.

One of our inquiries addressed the question as to why the Department does not hand the City View produced receipt to the applicant while the applicant is present. It is the position of the

Department that the lines for service queue to a substantial length during the hours open to the public and to have applicants wait for the information to be entered into City View to produce the receipt would decrease the number of applicants that could be processed and add to the time that an applicant would have to stay in the office, thereby, decreasing public service. It was also noted that if the practice of immediately entering the data into City View was adopted, the ability to research some data points later in the day would be lost and this would lead to an increase in the error rate. It is our observation that this office is extremely busy during the hours open to the public. It is our opinion that the current practice of using prenumbered hand written receipts is adequate.

For security over cash and checks, we do note a couple of observations that lead us to recommendations. Our first observation was that the drawer that stores cash and checks during the business day is not properly secured. Our second observation is that whenever a deposit cannot be made during a business day the petty cash type box used to secure the funds is locked in a file cabinet overnight. Cabinets are not the optimal way to store large amounts of cash and checks. File cabinet storage of currency, physical security, access and even location are a concern. A safe is a far superior alternative.

We also received testimony that the operational history of the Department has not always conformed to Town policy that receipts collected during the day should be included in the daily deposit. Since we were informed but did not observe this practice, we cannot comment on the extent to which this happened in the past. We can, however, note that this did not happen on the day we made our observations. We do make a recommendation that the Town Policy be adhered to, a recommendation that is made from testimonial without metrics with the intent to highlight required policy.

Recommendation I

The desk drawer utilized to store cash during the business day should be secured.

We noted the desk used to store cash during the day is not locked. If the employee walks away from the desk, the cash in the drawer is readily accessible to anyone present. To provide for a simple solution, we recommend that the cash drawer should be able to be locked by a key. Keys should be distributed to a very limited number of employees.

Response from Land Use Zoning Enforcement

A locked cash drawer with slit opening for checks and cash, mounted under counter would be easier for staff and would require less individuals to have access.

Recommendation II

The Department should consider the feasibility of obtaining a safe to store cash and checks.

For whatever reason that cash and checks received during the business day are not deposited the same day, we recommend that a safe be used to store the currency. The current practice of using a cabinet file for this type of storage is not optimal.

Response from Land Use Zoning Enforcement

I agree.

Recommendation III

Deposits should be done daily in accordance with Town policy.

We received testimonial that occasionally cash and checks are held at the department for several days. All funds received during the day should be deposited daily in accordance with Town policy.

Response from Land Use Zoning Enforcement

This was due to inadequate staffing. This has been addressed by adding a new part time ASA II.