

Date: August 16, 2007
To: Audit and Finance Committee
From: Gary Ray, City Auditor *AR*
Subject: Audit of Police Records – Fee Collection Process

Attached is our report on the Police Records Fee Collection Process. The first page is the Audit Report and the additional pages are Corrective Action Plans detailing observations, comments, recommendations and dispositions. We have attached the Police Department's response to the report.

Police Records personnel have properly corrected the audit findings. We would like to thank them for their cooperation and professionalism throughout the audit process.

If you have any questions, please call me at 3210, or Jerry Faccone at 2403.

c: George Gascon, Police Chief
David Zielonka, Assistant Police Chief
Shirl Butler, CJIS Administrator

AUDIT REPORT

Department: Police
Division: Technical Services

Audit Subject: Police Records – Fee Collection Process

Date Completed: June 25, 2007

Audit Period: February 2007 – March 2007

Purpose: The objectives of the audit were to:

- Review the cash funds at the Police Department and the collection of fees and revenues.
- Determine the adequacy of the policies, procedures and controls regarding Police Department cash handling and fee collection processes.
- Determine that proper fees are collected, reconciled, recorded, and deposited in accordance with applicable policies.
- Determine that all Police Department fees are collected and deposited.

Scope: To accomplish this audit we:

- Reviewed the internal controls over the cash handling and fee collection processes.
- Reviewed all written procedures involving the handling of cash and revenues.
- Observed the reconciliation of cash and revenue receipts.
- Performed detailed testing of one month of Police Department transaction activity, comparing all fees to the Schedule of Fees and Charges, and tracing all revenue receipts to the transaction documentation, the general ledger and the bank statement.
- Made inquiries and performed audit procedures to gain assurance that all fees were collected and deposited.

Comments: The audit resulted in two findings that are detailed in the attached Corrective Action Plans along with recommendations for improvement.

Conclusion: Auditing procedures revealed that good internal controls exist in the collection, reconciliation, recording and depositing of Police revenues. Fees are being charged in accordance with the City of Mesa Schedule of Fees and Charges and Police Department personnel are properly handling cash and revenues.

Corrective Action Plan 1

Audit Subject: Police Records – Fee Collection Process

Title: Check Endorsement

Observations: A check was not restrictively endorsed upon receipt.

Comments: The Police Department has three cash registers:

- A public counter register used for police bonds and the sale of public records, located in the lobby area behind bulletproof glass.
- An officer counter register, located in the Police Records room, used for the sale of public records, restitution revenue from court, sales of Mesa PD badges and weapons to retiring officers, and miscellaneous revenues.
- A cash register for administrative fees for vehicle impounds, located next to the public counter register in the lobby area.

On the day selected for the observation of the reconciliation of revenues, a cashier failed to restrictively endorse a check for \$150 received at the vehicle impounds register. This was the only check received at this register on that day. The register did not have an endorsement stamp. It was explained that this was a new register for the new vehicle impound change fund, resulting from a State of Arizona Statute allowing the establishment of a thirty-day vehicle impound administrative fee.

City of Mesa Management Policy #210 details approved cash handling procedures. Section VI. C. 2. a., requires that checks received for payment be restrictively endorsed upon receipt. This helps avoid the possible misuse or misappropriation of funds.

Recommendations: An endorsement stamp should be ordered for this cash register. In the meantime, the stamp from the nearby public counter register should be used immediately when a check is received.

Disposition: Police Records ordered a check endorsement stamp that is now in use at the vehicle impounds register.

Corrective Action Plan 2

Audit Subject: Police Records – Fee Collection Process

Title: Voided Transactions

Observations: There were no explanations for three voided cash transactions.

Comments: The majority of voided cash register transactions reviewed had a correcting transaction on the register tape along with adequate supporting documentation. Audit testing revealed, however, three voided cash transactions with no explanations. These totaled \$165, consisting of two police record fees of \$10 and \$5, and a vehicle impound fee of \$150. The situation was discussed with the Police Records personnel who did not recall specific reasons for the voids but believed they were keypunch errors.

City of Mesa Management Policy #210 details approved cash handling procedures. Section VI. B. 3., states that voids should be appropriately documented and approved. This helps prevent the possible misappropriation of funds.

Recommendations: All voids should be adequately explained in writing. The cashier should include initials and employee number with the explanation for the void and present the documentation to a supervisor for approval.

Disposition: Police Records has instituted a new procedure whereby a cashier, when voiding a transaction, must write the reason for the void on the void receipt placed in the cash drawer. Initials and employee number must be included with the explanation.



MESA POLICE DEPARTMENT
TECHNICAL SERVICES DIVISION
INTEROFFICE MEMO



TO: Chris Brady, City Manager *CB*
THROUGH: George Gascón, Chief of Police
FROM: Shirl Butler, Technical Services Manager *Shirl Butler*
DATE: July 13, 2007
SUBJ: Response: Police Records – Fee Collection Process *Shirl Butler*

Police Records agrees with the audit findings and recommendations. As noted in the draft audit report both findings have been addressed. In addition to the recommendation on the voided cash transactions Police Records has also instituted the procedure requiring that a supervisor (or in their absence a senior specialist) must initial all voids.