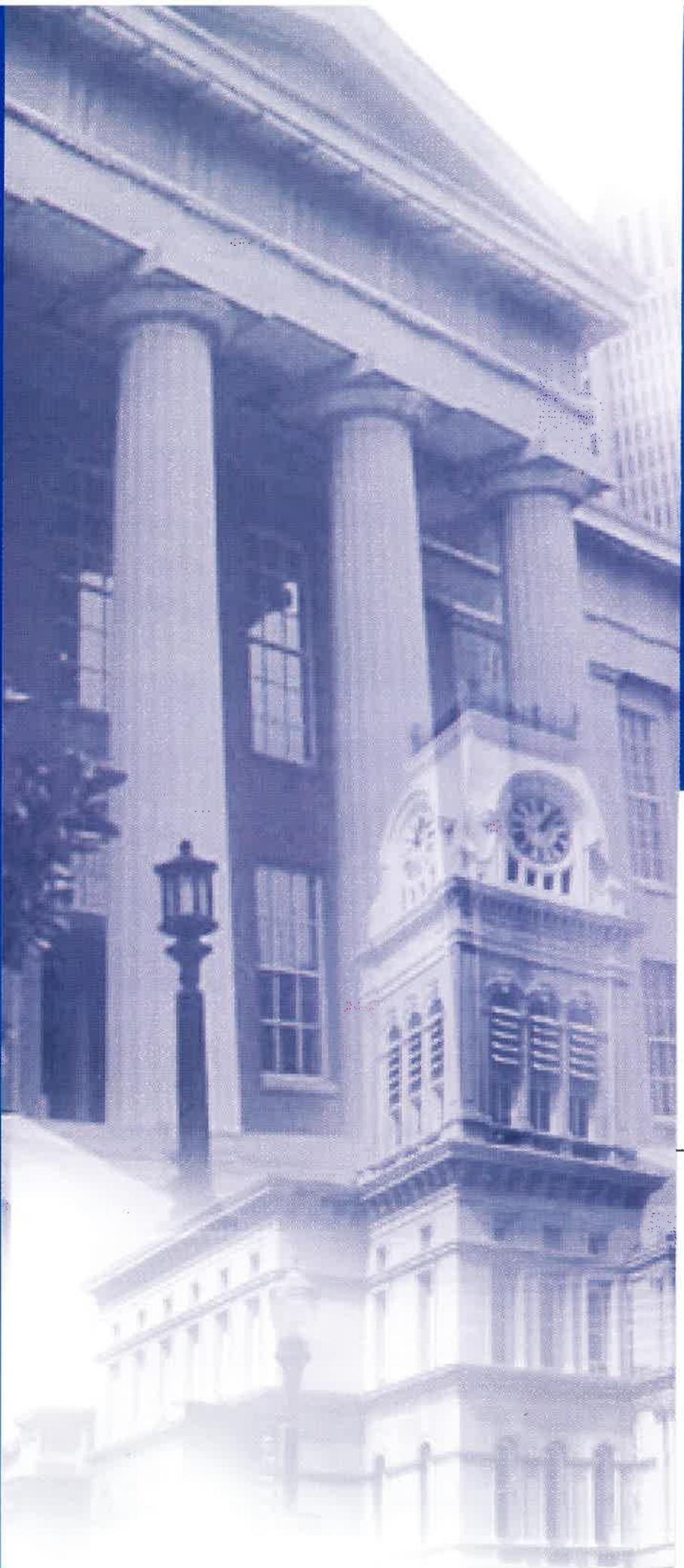




Greg Fischer  
Mayor

Louisville Metro Council

The Office of Internal Audit provides independent, objective assurance and consulting services that adds value to and improves Louisville Metro Government.



# Office of Internal Audit

Louisville Metro Government

Cash Management Policy  
OMB Cash Management Division

# Audit Report

## Louisville Metro Government

### Cash Management Policy Office of Management and Budget Cash Management Division

May 2016



**Table of Contents**

**Executive Summary ..... 2**

**Transmittal Letter ..... 3**

    Introduction..... 3

    Scope..... 4

    Opinion ..... 4

    Corrective Action Plan..... 5

    Internal Control Rating ..... 6

    Background..... 7

    Summary of Audit Results..... 9

**Observations and Recommendations ..... 11**

    1) Office of Management and Budget Cash Management Division..... 11

        1a) General Administration..... 12

        1b) Monitoring and Reconciliation..... 15

    2) Louisville Metro Government Cash Management Policy - Department Level  
    Compliance ..... 16

        2a) Department Level Compliance ..... 17

## Executive Summary

### PROJECT TITLE

**Louisville Metro Government - Cash Management Policy**

### OBJECTIVE AND SCOPE

The objective was to perform a review of the Louisville Metro Government Cash Management Policy, which is owned by the Office of Management and Budget (OMB). The primary focus of the review was an assessment of compliance with the Louisville Metro Government Cash Management Policy at the department level and within the OMB – Cash Management Division. This included how activity was processed, recorded, and monitored. Departmental policies, procedures and records related to the Louisville Metro Government Cash Management Policy were reviewed. The objective was to obtain assurance that the risks are adequately mitigated through internal controls in the process.

This was a compliance review based on policies and procedures for the operational and fiscal administration of the Louisville Metro Government Cash Management Policy. Cashiering functions within five Louisville Metro Government (LMG) departments, including the Louisville Metro Police Department, Louisville Zoo, Develop Louisville, Public Works, and Parks and Recreation were judgmentally selected for review. The review included activity during the second quarter of fiscal year 2015 through the first quarter of fiscal year 2016 (October 1, 2014 through September 30, 2015). The details of the scope and methodology of the review are addressed in the Observations and Recommendations.

### INTERNAL CONTROL ASSESSMENT

### SECTION

**Needs Improvement**

**OMB Cash Management Division**

**Needs Improvement**

**Department Level Compliance**

### RESULTS

Opportunities exist for improving the internal control structure for the Louisville Metro Government Cash Management Policy. Examples include the following.

- **General Administration.** The Louisville Metro Government Cash Management Policy has not been revised since 2008. As a result, the policies do not serve as an appropriate tool to guide LMG departments in processing cashiering activity.
- **Monitoring and Reconciliation.** There were issues regarding recording, monitoring, and reconciling transaction activity, which diminished accountability over funds and the ability to determine the accuracy and completeness of funds.
- **Transaction Processing.** There were issues noted regarding a lack of internal controls related to processing transactions involving credit cards, refunds, voids, and receipts by mail.



OFFICE OF INTERNAL AUDIT  
LOUISVILLE, KENTUCKY

GREG FISCHER  
MAYOR

MAY R. PORTER, CHIEF AUDIT EXECUTIVE

DAVID YATES  
PRESIDENT METRO COUNCIL

**Transmittal Letter**

May 27, 2016

The Honorable Greg Fischer  
Mayor of Louisville Metro  
Louisville Metro Hall  
Louisville, KY 40202

**Subject: Audit of the Louisville Metro Government - Cash Management Policy**

**Introduction**

An audit of the Louisville Metro Government Cash Management Policy, which is owned by the Office of Management and Budget (OMB), was performed. The primary focus of the review was an assessment of compliance with the Louisville Metro Government Cash Management Policy at the department level and within the OMB – Cash Management Division. This included how activity was processed, recorded, and monitored. Departmental policies, procedures, and records related to the Louisville Metro Government Cash Management Policy were reviewed. The objective was to obtain assurance that the risks are adequately mitigated through internal controls in the process.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the audit, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

### Scope

A thorough understanding of the Louisville Metro Government Cash Management Policy was obtained in order to evaluate the internal control structure. This was achieved through interviews of key personnel and examination of supporting documentation. This included obtaining an understanding of the policies and procedures for processing, recording, monitoring, reconciling, and reporting of activity. Testing of activity was also performed to determine the effectiveness of the controls.

The Louisville Metro Government Cash Management Policy was reviewed. In addition, cashiering functions within five Louisville Metro Government (LMG) departments including the Louisville Metro Police Department, Louisville Zoo, Develop Louisville, Public Works, and Parks and Recreation were judgmentally selected for review. Observations and recommendations specific to each department reviewed are detailed in separate audit reports issued to each department.

The objective of the review was an assessment of compliance with the Louisville Metro Government Cash Management Policy at the department level and within the OMB – Cash Management Division. The review included cash management and cashiering activity that occurred during the second quarter of fiscal year 2015 through the first quarter of fiscal year 2016 (October 1, 2014 through September 30, 2015). The details of the scope and methodology of the review will be addressed in the Observations and Recommendations section of this report. The examination would not identify all weaknesses because it was based on selective review of data.

### Opinion

It is our opinion that the internal control structure for the Louisville Metro Government Cash Management Policy and Department Level Compliance needs improvement. The internal control ratings are on page 6 of this report. The ratings quantify our opinion regarding the internal controls, and identify areas requiring corrective action. Opportunities to strengthen the internal control structure were noted. Examples include the following.

- **General Administration.** There were issues noted regarding the general administration of cash management and cashiering activity.
  - The Louisville Metro Government Cash Management Policy has not been revised since 2008. As a result, the policies do not serve as an appropriate tool to guide LMG departments in processing cashiering activity.
  - Some issues were noted regarding the internal controls relative to safeguarding funds. Such issues include but are not limited to unrestricted access to cash drawers and/or the safe.

- **Monitoring and Reconciliation.** There were issues noted regarding monitoring and reconciliation of cashiering activity.
  - There was an instance in which the funds collected from daily sales did not agree with the funds deposited into the bank. The cause of the difference could not be determined.
  - There were instances in which the funds collected from daily sales did not agree with the sales per the applicable cashiering reports. It could not be determined if discrepancies were researched and/or a resolution was reached, as there was no documentation.
  - There were instances in which cashiering activity was not consistently reconciled in the presence of the cashier and the supervisor or a designee.
- **Transaction Processing.** There were issues noted regarding processing transactions related to cashiering activity.
  - There were instances in which multiple employees shared a single cash drawer.
  - There were instances in which voids, fee waivers, and refunds were not properly documented.

**Corrective Action Plan**

Representatives from the Office of Management and Budget have reviewed the results and are committed to addressing the issues noted. Corrective action plans are included in this report in the Observations and Recommendation section. We will continue to work with the Office of Management and Budget to ensure the actions taken are effective to address the issues noted.

Sincerely,

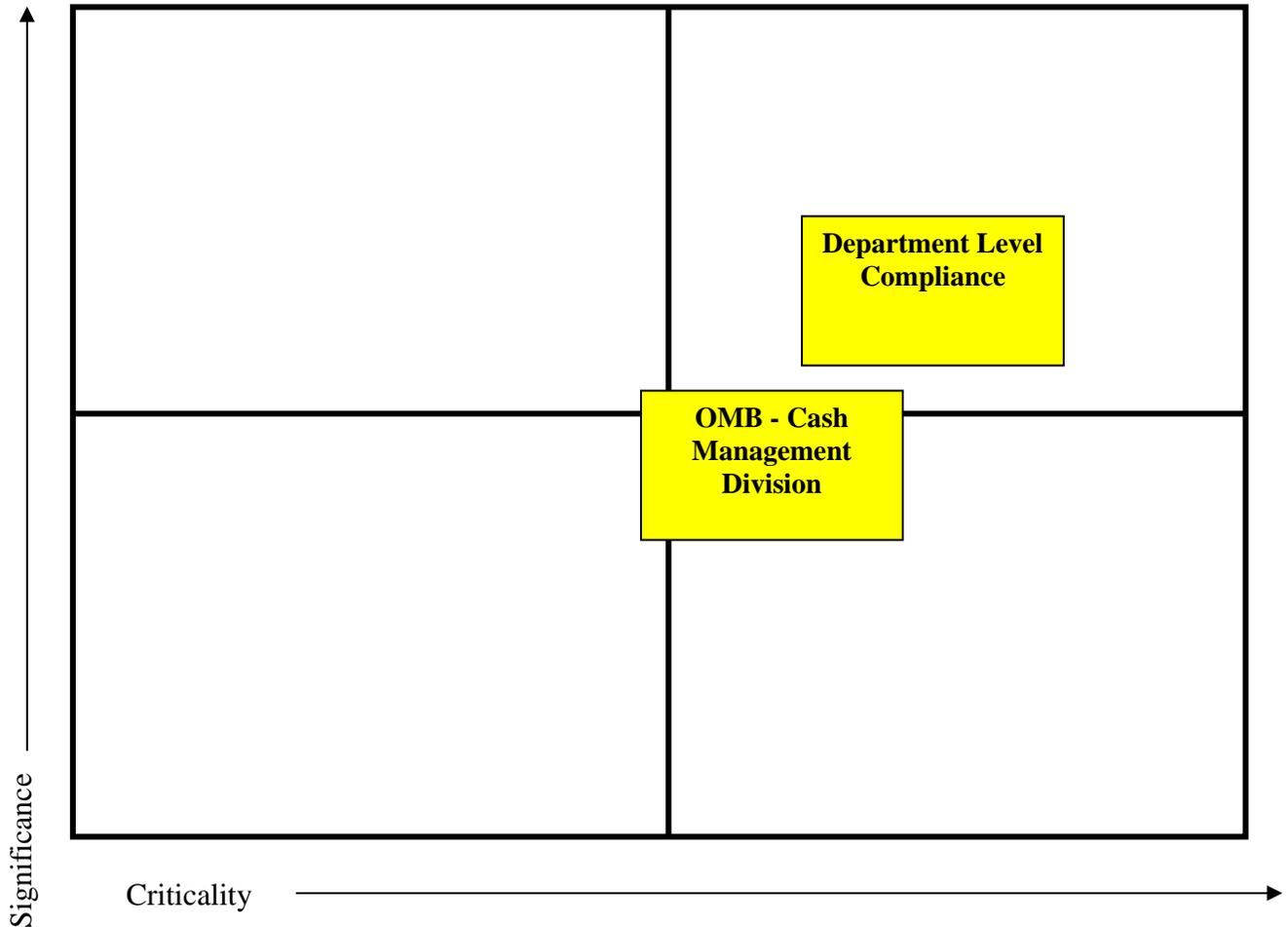


---

May R. Porter, CIA  
Chief Audit Executive

cc: Louisville Metro Council Government Accountability and Ethics Committee  
Chief Financial Officer  
Louisville Metro External Auditors  
Louisville Metro Council President

**Internal Control Rating**

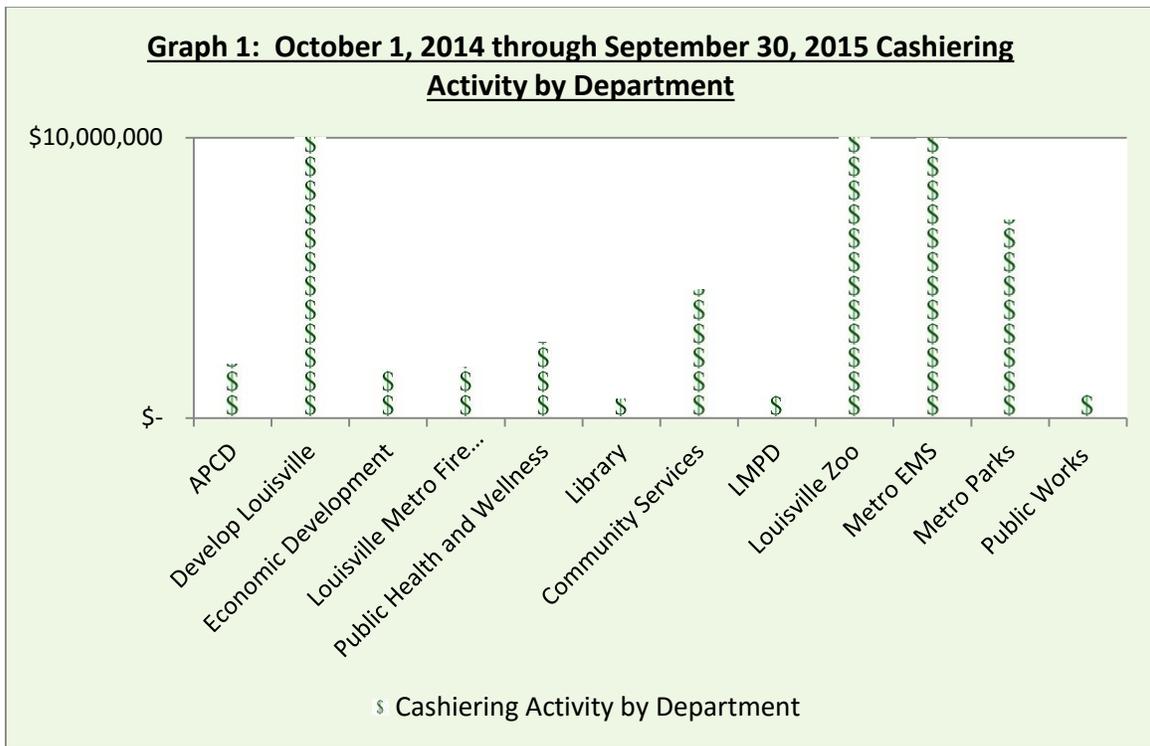


<u>Legend</u>			
<b><u>Criteria Issues</u></b>	<b><u>Satisfactory</u></b> Not likely to impact operations.	<b><u>Needs Improvement</u></b> Impact on operations likely contained.	<b><u>Inadequate</u></b> Impact on operations likely widespread or compounding.
<b><u>Controls</u></b>	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
<b><u>Policy Compliance</u></b>	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
<b><u>Image</u></b>	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
<b><u>Corrective Action</u></b>	May be necessary.	Prompt.	Immediate.

**Background**

The Office of Management and Budget owns the Louisville Metro Government Cash Management Policy (the Policy). The Cash Management Division of OMB (Cash Management) is responsible for developing, maintaining, and communicating the policy. The policy is a key element in ensuring controls including accountability, authorization, approval, segregation of duties, security of assets, and monitoring and reconciliation are embedded in cashiering and cash handling processes throughout LMG. Further, the Policy serves as a tool to promote consistency among the various cashiering functions. Louisville Metro Government consists of 23 departments, 13 of which routinely collect funds for goods and/or services provided on LMG’s behalf. Cashiering activity by department during October 1, 2014 through September 30, 2015 is graphically depicted below at Graph 1: October 1, 2014 through September 30, 2015 Cashiering Activity by Department.

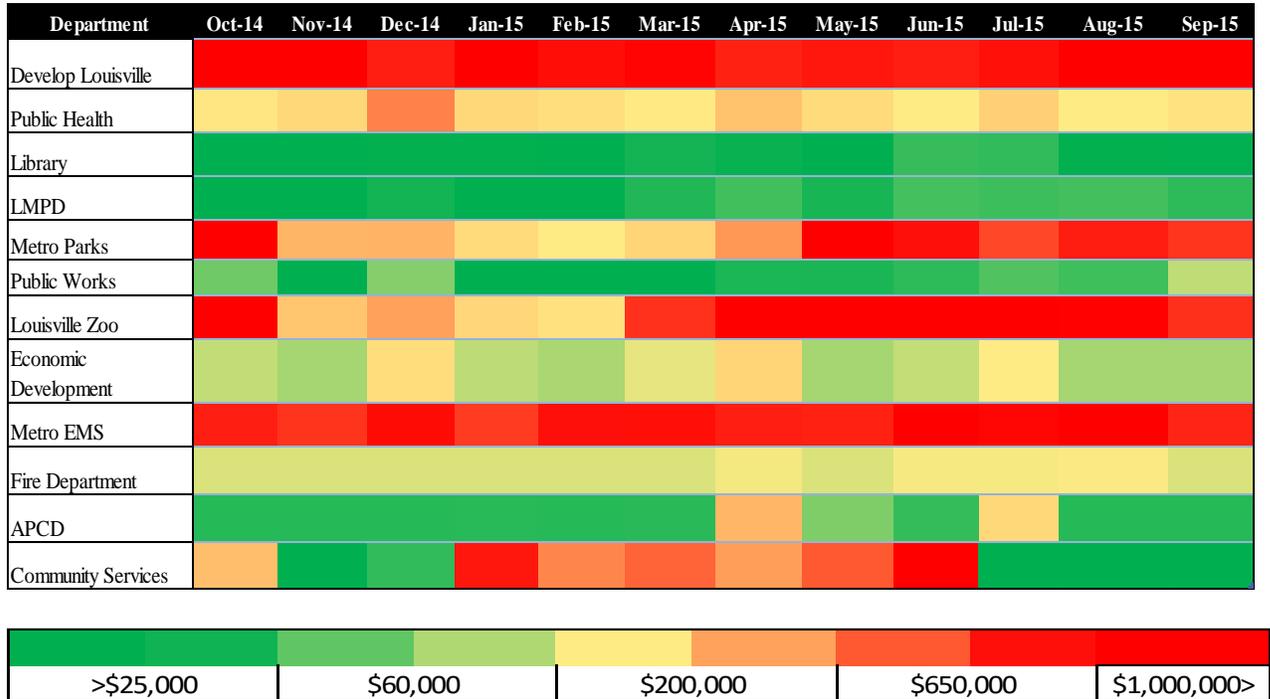
**Graph 1: October 1, 2014 through September 30, 2015 Cashiering Activity by Department**



\*The data included in the Graph 1 and Graph 2 is based on a combination of information provided by the OMB- Cash Management Division and projections made by the Office of Internal Audit. Departments without significant activity were excluded. The OMB – Business Office and Cash Management function are also excluded from the graphics.

Cashiering activity varies in both the amount and pattern of transactions over the course of a year. Cashiering activity by department for each month during the review period is graphically depicted below at Graph 2: Departmental Cashiering Activity Heat Map.

**Graph 2: October 1, 2014 through September 30, 2015 Departmental Cashiering Activity Heat Map**



The Louisville Metro Government Cash Management Policy audit was a scheduled audit. The Office of Management and Budget should be commended for proactively requesting a review of Department Level Compliance.

## **Summary of Audit Results**

### **I. Current Audit Results**

See Observations and Recommendations section of this report.

### **II. Prior Audit Issues**

The Office of Internal Audit has not performed any previous reviews of the Louisville Metro Government Cash Management Policy.

### **III. Statement of Auditing Standards**

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

### **IV. Statement of Internal Control**

An understanding of the internal control structure was obtained in order to support the final opinion.

### **V. Statement of Irregularities, Illegal Acts, and Other Noncompliance**

The review did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the review that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

### **VI. Views of Responsible Officials / Action Plan**

A draft report was issued to the Office of Management and Budget on April 8, 2016. An exit conference was held at the Office of Internal Audit in the City Hall Annex on May 2, 2016. Attending were Daniel Frockt, Monica Harmon, and Angie Dunn representing the Office of Management and Budget and May Porter, Glenn Reed, Laketa Short, and Andrew Gooze representing Internal Audit. Final audit results were discussed.

The views of the Office of Management and Budget officials were received on May 8, 2016 and are included as corrective action plans in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

*“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or no longer than 30 days of receipt of the draft report.”*

The Office of Management and Budget response was provided within this required timeframe.

## Observations and Recommendations

### 1) Office of Management and Budget Cash Management Division

#### Scope and Methodology

A review of the Louisville Metro Government Cash Management Policy, which is owned by the Office of Management and Budget (OMB), was performed. The primary focus of the review was an assessment of compliance with the Louisville Metro Government Cash Management Policy at the department level and within the OMB – Cash Management Division. The operating policies, procedures and records specific to cashing activity were reviewed. The primary focus was the operational and fiscal administration of the activity. This included how activity was processed, recorded, and monitored. The objective is to obtain assurance that the risks are adequately mitigated through internal controls in the process.

The Office of Management and Budget – Cash Management Division activity was tested using a sampling approach. Testing was performed on a sample of transactions related to processing activity occurring during the review period, the second quarter of fiscal year 2015 through the first quarter of fiscal year 2016 (October 1, 2014 through September 30, 2015).

The examination would not reveal all non-compliance issues because it was based on selective review of data.

#### Observations

Issues were noted with Office of Management and Budget Cash Management Division. As a result, the effectiveness of the internal control structure needs improvement. Areas in which there are opportunities to strengthen the controls include the following.

- 1a) General Administration
- 1b) Monitoring and Reconciliation

Details of these begin on the following page.

## **1a) General Administration**

- **Policies and Procedures.** The Office of Management and Budget owns the Louisville Metro Government Cash Management Policy (the Policy). The Cash Management Division of OMB (Cash Management) is responsible for developing, maintaining, and communicating the policy. This includes ensuring the policy consists of the most current guidelines and best practices.
  - The Louisville Metro Government Cash Management Policy related to cash receipts and reconciliations has not been revised since 2008 and the Policy related to credit cards has not been revised since 2006. As a result, the Policy does not serve as an appropriate tool to guide LMG cashiering functions in processing cashiering activity, because aspects of the Policy are no longer applicable. Examples include the following.
    - The policy regarding credit cards advises LMG agencies to store customer records, including credit card data, in locked cabinets. Storing credit card data, specifically account numbers, is a security risk and is unnecessary.
    - The policy regarding cash receipts and reconciliations notes that deposits are made by the business office of each department. However, due to centralization of the business office, which occurred in 2011, many departments do not have a designated “business office”. Further, current methods for depositing funds include utilization of a courier service and EZ Card transports. Select cashiering functions may deliver deposits to Cash Management, without the use of a courier service.
- **Safeguarding of Assets.** An issue was noted regarding the internal controls relative to safeguarding funds. Safeguarding of assets is the responsibility of all employees. By nature, cash receipts are prone to theft or misappropriation. Accordingly, it is important to have effective internal controls in place to safeguard these assets.
  - All Cash Management employees have the combination to the safe. Each employee has the ability to access the contents of the safe without assistance or detection. Only the person(s) directly responsible (at least two people) for the activity should have the combination to the safe.

## **Recommendations**

Appropriate personnel should consider the following recommendations concerning the Office of Management and Budget Cash Management Division.

- ✓ Revise the Louisville Metro Government Cash Management Policy to ensure the policy reflects the most current guidelines for processing cash management activity. The Policy should be reviewed at least annually. The Policy should serve as a cohesive and comprehensive tool to guide LMG cashiering functions. Additional considerations for ensuring the policy promotes consistent compliance and understanding include the following.
  - As there may be multiple cash-collecting functions within a single LMG department, applicable personnel should develop and maintain a listing of each cash-collecting function and the corresponding department. This includes

- departments tasked with processing one-off transactions that require the exchange of cash, check, or credit cards.
- The Louisville Metro Government Cash Management Policy should be distributed to each applicable agency. It should be accessible to each agency by way of MyMetro and SharePoint.
  - Applicable personnel should periodically review departmental cashiering function specific policy and procedure documents to ensure alignment with the Louisville Metro Government Cash Management Policy.
  - Applicable staff within cash-collecting functions should receive training regarding the Policy.
- ✓ Evaluate the need for maintaining multiple cash-collecting functions within a single LMG department. Alternatives include online payment options, credit transactions only, and/or maintaining a centralized cashiering function within each applicable department.
  - ✓ Limit safe access to supervisory and authorized personnel only. Combinations or keys to safes should be restricted to the custodian of the cash and designated back-up personnel. Combinations or locks should be changed as necessary, and upon reassignment or termination of personnel with access. Management should consider the need to require safe access under dual control.

**Office of Management and Budget Cash Management Division's Corrective Action Plan**

The Office of Management and Budget Cash Management Division concurs with and will implement the recommendations related to general administration. In addition, the Office of Management and Budget Cash Management Division stated the following:

OMB is currently in the process of drafting a Revenue Control Policy that will serve as an updated Cash Management Policy. The Revenue Control policy will be in alignment with suggested best practices issued by the Government Finance Officers Association (GFOA) and will provide comprehensive guidance to Metro Agency's for ensuring proper cash management procedures. This policy will be provided to all Metro Agencies through the use of SharePoint and the MetroNet. Additionally, Cash Management staff will provide individualize training to cashier staff for each Metro Agency impacted by the policy. The targeted completion date for policy issuance is July 1, 2016. Individual Agency training will occur during the first couple of months following issuance.

OMB Cash Management recognizes the importance of streamlining cashier functions throughout Metro Government. An evaluation of the need to maintain multiple cash collecting sites for each Metro Agency will be completed in conjunction with OMB Cash Management's recommended solution to address overall cash compliance issues.

The Office of Management and Budget Cash Management Division does not concur with and will not implement the recommendations related to safe access. In addition, the Office of Management and Budget Cash Management Division stated the following:

The OMB Cash Management Division is a relatively small unit, consisting of 6 staff members and 1 supervisor. All members of Cash Management are identified as

authorized personnel by Management and considered custodians of the cash received into that office. OMB accepts the risk identified in this report for granting more than 2 or 3 individuals access to the safe.

## **1b) Monitoring and Reconciliation**

- **Monitoring and Reconciliation.** The Cash Management Division of the Office of Management and Budget is responsible for depositing, recording, and reconciling the funds from various Louisville Metro Government departments.
  - There were 25 of 26 instances in which the signature of the preparer and the date of preparation were not included on the reconciliation. The reconciliation is a tool used to verify that funds received from the department are accurately, timely, and completely deposited. The signature and date are imperative in ensuring accountability over the performance and timeliness of the reconciliation. Further, the signature is necessary to verify proper segregation of duties. The person(s) performing the reconciliation should not be the same person(s) responsible for making the deposit.

### **Recommendations**

Appropriate personnel should consider the following recommendations concerning the Office of Management and Budget Cash Management Division.

- ✓ In performing the reconciliation of cash management activity, applicable personnel should consider the following:
  - All reconciliations should be evidenced by way of the signature of the preparer and the date.
  - The Cash Management Standard Operating Procedures should be updated to include documentation of proper segregation of duties, which may include but is not limited to, the signature of the person(s) performing the assigned task.

### **Office of Management and Budget Cash Management Division's Corrective Action Plan**

The Office of Management and Budget Cash Management Division concurs with and will implement the recommendations related to monitoring and reconciliation. In addition, the Office of Management and Budget Cash Management Division stated the following:

This was a training issue in which one of the staff accountants was unaware that the reconciliations required a signature and date. That accountant has been trained and the appropriate SOP's will be updated per this recommendation.

## **2) Louisville Metro Government Cash Management Policy - Department Level Compliance**

### **Scope and Methodology**

A review of compliance with the Louisville Metro Government Cash Management Policy at the department level was performed using a sampling approach. Cashiering functions within five Louisville Metro Government (LMG) departments, including the Louisville Metro Police Department, Louisville Zoo, Develop Louisville, Public Works, and Parks and Recreation were judgmentally selected for review. Observations and recommendations specific to each department reviewed are detailed in separate audit reports issued to each department.

The objective of the review was an assessment of compliance with the Louisville Metro Government Cash Management Policy at the department level. A specific focus was to identify common issues amongst LMG departments and to evaluate the consistency of cashiering activity between departments. The review included cashiering activity that occurred during the second quarter of fiscal year 2015 through the first quarter of fiscal year 2016 (October 1, 2014 through September 30, 2015). The operating policies, procedures, and records related to the cashiering activity were reviewed for each selected department.

The examination would not reveal all non-compliance issues because it was based on selective review of data.

### **Observations**

Issues were noted with the Louisville Metro Government Cash Management Policy - Department Level Compliance. As a result, the effectiveness of the internal control structure needs improvement. Areas in which there are opportunities to strengthen the controls include the following.

#### 2a) Department Level Compliance

Details of these begin on the following page.

## **2a) Department Level Compliance**

- **Policies and Procedures.** In addition to adhering to the Louisville Metro Government Cash Management Policy, many departments have developed policies and procedures specific to their cashiering functions. Some departmental policies and procedures had not been updated or revised to include current procedures. This increases the risk of non-compliance with intended policies and procedures and can lead to inconsistencies and inefficiencies with activity processing.
- **Segregation of Duties.** In two departmental cashiering functions reviewed, a single individual was responsible for all or a combination of recording, reconciling, reporting, and depositing activity. When possible these functions should be performed by different employees as it provides proper segregation of duties.
- **Monitoring and Reconciliation.** Each departmental cashiering function is responsible for reconciling cashiering activity at the end of each shift. There were issues regarding recording, monitoring, and reconciling transaction activity, which diminished accuracy, completeness, and accountability over funds. Specifics include the following.
  - There were instances in which the funds collected from daily sales did not agree to the daily bank deposit or to applicable cashiering reports. The discrepancies were identified during the reconciliation process. However, they should also be researched and resolved. It cannot be determined if any research and/or a resolution took place as there was no documentation noted.
    - Discrepancies, including one in the amount of \$2,470, were not tracked and reviewed to identify trends and common causes.
  - There were instances in which credit card transactions were not reconciled to ensure complete and accurate deposit into the bank. The causes of the lack of reconciliation included difficulties in determining the amount of credit card fees system timing issues, and complex third-party reporting.
  - There were instances in which starting cash banks and end-shift reconciliations were not consistently verified or performed under dual control. Further, dual control was not evidenced by way of the signatures of both the preparer and reviewer.
- **Safeguarding of Assets.** Safeguarding of assets is the responsibility of all employees. By nature, cash receipts are prone to theft or misappropriation. Accordingly, it is important to have effective internal controls in place to safeguard these assets. Some issues were noted regarding the internal controls relative to safeguarding funds. Examples include the following.
  - There were instances in which access to funds within the cash drawer was not properly restricted due to a combination of a malfunctioning cash drawer and improperly secured cash drawer keys.
  - There were instances in which access to the safe was not properly restricted to only necessary employees. In addition, there was one instance in which the combination to the safe had not been changed since 2013.
  - There were instances in which multiple employees shared a single cash drawer. When this occurs, custody of cash register receipts is exchanged without a

documented independent verification of the amount. This weakens accountability since it is not possible to attribute any discrepancies to a single individual.

- There were instances in which mail was opened solely by a member of the cashiering staff. The mail was not logged upon receipt. A best practice is to open mail under dual control, specifically mail with cash receipts (i.e. check, money order, credit card information) and to document the mail receipts by way of a log.
- **Daily Cash Management Activity.** In many departmental cashiering functions activity is recorded and documented by way of automated receipts and reports as well as manually created reports. The quantity of reports and the manual nature of many of the reports used in the daily reconciliation process increase the risk of error and reduce transparency. It is difficult to ensure that all revenue is accurately and completely reconciled, recorded, and deposited.
- **Point of Sales System Reporting Issues.** The reports generated using the reporting capabilities of various point of sales systems and cash registers do not consistently agree to corresponding system reports or supporting data. The cause of the differences cannot be determined. As a result, the reliability of the reports is limited.
- **Transaction Processing.** Some issues were noted regarding the internal controls relative to transaction processing. Transaction processing includes activities involving processing individual transactions within the cashiering system, including monitoring and reporting the transactions. Accordingly, it is important to have effective internal controls in place to deter misappropriation of assets, establish accountability, and to ensure the integrity of reporting and transactions.
  - There were instances in which journal entries did not agree to the corresponding reports included in the supporting documentation.
  - There were instances in which it could not be determined that a refund was made to the credit card used in the originating transaction.
  - There were instances in which the issuance of refunds and fee waivers were not properly documented.
- **Transporting Receipts and Documentation.** The OMB - Cash Management Division is responsible for depositing, recording, and reconciling funds for many departmental cashiering functions. A courier service may be used to transport funds and related documentation to Cash Management. However, some cashiering functions are responsible for depositing funds into the bank and transporting the related reports to Cash Management without the use of a courier service. Some issues were noted regarding the transport of funds and documentation to the OMB - Cash Management Division.
  - System reports and corresponding reconciliations are not consistently transported directly to the OMB - Cash Management Division by authorized personnel. This increases the risk that the reports could be altered or misplaced. Further, there is an increased risk of a data breach, as the reports may contain sensitive, protected, or confidential data. (i.e. account information).
  - There were instances in which the courier log was inaccurately and inconsistently documented. Inaccurate and inconsistent completion of the courier log causes it not to be a reliable tool for tracking the exchange of the daily receipts.

## **Recommendations**

Recommendations related to the aforementioned observations have been issued to each department reviewed and are detailed in separate audit reports issued to each department and OMB. In addition, the Office of Management and Budget should consider the following recommendations regarding Department Level Compliance with the LMG Cash Management Policy.

- ✓ Coordinate efforts to implement recommendations or alternative corrective actions across all LMG departmental cashiering functions to promote compliance with the LMG Cash Management Policy and consistent processing of cashiering activity.
- ✓ Consider a more impactful role in ensuring compliance with the LMG Cash Management Policy. Additional duties may include, but are not limited to the following.
  - Revise the current LMG Cash Management Policy and distribute it to all applicable cashiering functions. The Policy should be accessible to all applicable personnel.
  - Periodically evaluate departmental cash function policies and procedures to ensure proper alignment with the Louisville Metro Government Cash Management Policy.
  - Provide periodic trainings for cashiering staff to ensure intended procedures and best practices are followed.
  - Periodically perform random compliance reviews at each cashiering function. The goal of such compliance reviews is to identify and correct inefficiencies, training issues, and inappropriate policies and procedures.
- ✓ Develop a policy regarding the occurrence of cash drawer overages and shortages. The policy should include a preferred method to document and track the occurrence of discrepancies. It should also consist of a progressive corrective action plan for repeated occurrences.
- ✓ Consider requiring all cashiering functions that process activity above a predetermined threshold to use a courier service to transport funds and corresponding documentation to the Cash Management Division.

## **Office of Management and Budget Cash Management Division's Corrective Action Plan**

The Office of Management and Budget Cash Management Division concurs with and will implement the recommendations related to Department Level Compliance with the LMG Cash Management Policy. In addition, the Office of Management and Budget Cash Management Division stated the following:

OMB is in the process of identifying solutions to address overall compliance issues with adhering to Louisville Metro Cash Management policies and procedures.

An Over and Short policy will be included with the new OMB Revenue Control Policy.

The use of a courier service is included as a requirement in the drafted OMB Revenue Control Policy.



The purpose of this survey is to solicit your opinion concerning the quality of the **Louisville Metro Government - Cash Management Policy Audit Report**. Please feel free to expand on any areas that you wish to clarify in the comment area at the end. Please return the completed survey electronically to [IAUDITIMB@Louisvilleky.gov](mailto:IAUDITIMB@Louisvilleky.gov) or to ATTN: Internal Audit 609 W. Jefferson St Louisville, KY 40202. We sincerely appreciate your feedback. The survey can also be completed online at the following link: <https://louisvilleky.wufoo.com/forms/audit-report-satisfaction-survey/>

### **Survey**

1. The audit report thoroughly explained the scope, objectives, and timing of the audit.  
  
 Strongly Agree  
 Agree  
 Neither Agree or Disagree  
 Disagree  
 Strongly Disagree
  
2. The audit report reflects knowledge of the departmental/governmental policies related to the area or process being audited.  
  
 Strongly Agree  
 Agree  
 Neither Agree or Disagree  
 Disagree  
 Strongly Disagree
  
3. The audit report is accurate and clearly communicated the audit results.  
  
 Strongly Agree  
 Agree  
 Neither Agree or Disagree  
 Disagree  
 Strongly Disagree
  
4. The audit recommendations were constructive, relevant, and actionable.  
  
 Strongly Agree  
 Agree  
 Neither Agree or Disagree  
 Disagree  
 Strongly Disagree
  
5. **\*\*Was there anything about the audit report that you especially liked?**
  
6. **\*\*Was there anything about the audit report that you especially disliked?**

Office of Internal Audit

Phone: 502.574.3291

[www.louisvilleky.gov/InternalAudit/](http://www.louisvilleky.gov/InternalAudit/)