

City of  
**ALBUQUERQUE**  
Office of Internal Audit

Strategic Review

24-403

Senior Affairs Department  
Cash Count of  
Senior Centers

Date

June 26, 2024

**EXECUTIVE SUMMARY**

The Office of Internal Audit (OIA) conducted a surprise cash count of the City of Albuquerque's (City) Senior Affairs Department (Senior Affairs) for all 11 locations that are composed of senior, multigenerational, and sports & fitness centers. The primary objectives of the strategic review were to determine whether imprest funds and daily cash receipts were accounted for at the time of our visit. While the strategic review found that the imprest funds were accounted for without exception, it also noted issues with the safekeeping of cash, inaccurate Custodian/Sub-Custodian Agreements on file, and three employees not compliant with Administrative Instruction No. 2-6 *Employee Cash Handling Training Program*.

**BACKGROUND**

The 11 senior, multigenerational, and sports & fitness centers provide seniors over the age of 50 with a variety of sports and recreation activities. The multigenerational centers invite families and adults of any age to join and operate both youth and senior programs. The activities include arts, trips/outings, meals, special events, support groups, computing, health management, musical concerts, lectures, theater, pottery, aerobics, breakfast, and lunch. In addition, the three sports & fitness centers located at North Domingo Baca, Los Volcanes, and Palo Duro Fitness provide seniors with fitness rooms, equipment, and a wide variety of exercise classes from high impact to low impact, water exercise, and evidenced-based programs. The outdoor recreation programs include hiking, snowshoeing, and downhill skiing. In addition, a variety of games offer different sports, contests, and tournaments. Table 1 provides locations and total change fund.

<b>Locations</b>	<b>Change Fund</b>	<b>Petty Cash</b>
<b>Senior Centers</b>		
Barelas	\$80.00	\$150.00
Bear Canyon	\$80.00	\$150.00
Highland	\$80.00	\$150.00
Los Volcanes	\$80.00	\$150.00
North Valley	\$80.00	\$150.00
Palo Duro	\$80.00	\$150.00
<b>Multigenerational Centers</b>		
Manzano Mesa	\$90.00	\$150.00
North Domingo Baca	\$120.00	\$150.00
<b>Sports &amp; Fitness Centers</b>		
Palo Duro	\$40.00	n/a
Los Volcanes	\$40.00	n/a
North Domingo Baca	\$40.00	n/a
<b>Subtotals</b>	\$810.00	\$1,200.00
<b>Total Funds</b>		<b>\$2,010.00</b>

Table 1: Locations, Change Fund, Petty Cash

Table 2 provides the price schedule for membership and meals.

Prices	
Membership	\$20.00 Annual Fee (includes access to senior fitness for ages 50+, access to the center, and certain classes, activities, and trips; additional fees may be charged)
Seniors (60+)	Free/donation-based lunch (\$2 donation appreciated)
Adults (50-59)	\$3.25 lunch
Adults (50-under)	\$7.67 lunch

Table 2: Prices

Acceptable forms of payment are cash, debit or credit card, and checks.

On February 20, 2024, OIA performed a surprise cash count of the imprest funds maintained by Senior Affairs at all 11 centers as detailed in Table 1 above. The additional two sports & fitness centers located at North Doming Baca and Los Volcanes were completed on February 27, 2024, and on March 4, 2024, respectively. The *Department Imprest Fund List*, which is managed and approved by the City's Treasury Division (DFAS-Treasury), is a listing of change and petty cash funds. It lists all funds located at various locations by City department, unit, custodian(s), and type of cash fund total on hand. The Senior Affairs imprest funds amount is \$2,010.00 and is used to make change for paying customers.

### **OBJECTIVES**

The objectives of the surprise cash count were to determine whether the following were true:

- Procedures for securing cash are adequate.
- The imprest funds are accounted for and reconciled to approved Treasury fund amounts.
- Change fund practices and procedures comply with the City's *Cash Management Policies and Procedures Manual* and applicable Administrative Instructions.

### **RESULTS**

While OIA confirmed that the imprest funds were accounted for without exception, OIA also noted issues with the safekeeping of cash, inaccurate Custodian/Sub-Custodian Agreements, and three employees not compliant with Administrative Instruction No. 2-6 *Employee Cash Handling Training Program*.

Objective	Criteria	Results
<p>Procedures for securing cash are adequate.</p>	<p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, "the duties of collecting cash, maintaining documentation, preparing deposits, reconciling records, and recording deposits should be separated among different individuals."<sup>1</sup></p> <p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, departments handling cash are responsible for the safekeeping of these City assets. Physical security should be emphasized to every employee involved in cash handling.</p>	<p>OIA confirmed that the segregation of cash-handling duties is appropriate at each of the centers during the cash count. The Senior Affairs change fund amount is \$2,010.00 and is divided among the eleven locations as seen in Table 1. The senior centers have two (2) change fund drawers each for \$40 and one (1) petty cash drawer for \$150. The multigenerational centers have four (4) change fund drawers each for \$40, one (1) change fund drawer for \$50, and one (1) petty cash each for \$150. The sports and fitness centers have a total of three (3) change fund drawers each for \$40. The funds are dual-counted at the beginning of each shift and at the end of every shift along with counting the revenues, preparing the daily cash deposit, and reconciling the cash drawers back to their beginning balance.</p> <p>Daily reconciliation records are composed of the FY2024 Remote Receiving Form, Change Fund Reconciliation form, EOS Close Out (cash journal), POS Drawer Monies, GL Distribution (Dynamic), GL Distribution with Paycodes, Paycode Summary Report, Direct Journal Accounting Entries, Pass Sales Receipt, Deposit Ticket, Bank Deposit Ticket, and a deposit bag confirming a unique identification number, date of deposit, deposit amount, and signatures of reconcilers. This information is locked in the vault overnight. The reconciliations are then reviewed the next day by accounting personnel who will then perform the bank deposits.</p> <p>Each location has cashiers behind desks within rooms that are only accessible by locked doors and have protective glass. The drawers are kept in a locked register and login credentials are used to open and close the register. Back-up cash handlers are used if needed.</p>

<sup>1</sup> *Cash Management Policies and Procedures Manual*, p. 46, June 2007, updated Jan. 29, 2014, <[https://eweb.cabq.gov/jobs/Content%20Attachments/cash\\_handling.pdf](https://eweb.cabq.gov/jobs/Content%20Attachments/cash_handling.pdf)>, accessed Apr. 17, 2023.

		<p>OIA examined the safekeeping of the change funds and petty cash at each center when not in use and confirmed the change funds are stored in locked wall or floor-type vaults with combination locks needed to access the funds. The petty cash funds are stored in locked wall or floor-type vaults or sometimes in the manager's locked desk drawer in a bag with a key lock. Surveillance cameras monitor the cash handling areas with a live feed that is viewable by the manager and administration. There are also cameras in the offices where the wall or floor vaults are located.</p> <p>While OIA was inspecting the procedures for securing cash, OIA identified locations where petty cash funds were not being used, as follows.</p> <ul style="list-style-type: none"> <li>• One (1) center was not aware petty cash was still onsite and believed it was returned to Treasury. When OIA inquired regarding its status with Treasury, OIA was informed the fund was never returned. Upon disclosing this information to the center's manager, the individual found the fund stored and locked in their desk drawer. The petty cash fund is now in use at that center.</li> <li>• One (1) center informed OIA that it does not need or use petty cash funds. The fund is currently secured in a locked vault.</li> </ul>
Objective	Criteria	Results
<p>The change fund is accounted for and reconciled to approved Treasury fund amounts.</p>	<p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, the change fund is to be reconciled daily and at the end of each shift. A cash count, which is a clear breakdown of the denomination that totals the amount of the fund, is to be performed and should include the date and</p>	<p>OIA randomly selected February 20, 2024, to conduct a surprise cash count of the \$2,010.00 change fund managed by Senior Affairs at nine (9) centers. The additional two sports &amp; fitness centers located at North Doming Baca and Los Volcanes were completed on February 27, 2022, and on March 4, 2024, respectively. OIA physically counted the entire change fund and confirmed it was accounted for with no exceptions.</p>

	initials or signatures of the person(s) counting the fund.	OIA also examined the previous business day's reconciliation documents to confirm the cash deposits were accurate and that the change funds were reconciled to their beginning balance including dates and initials. All were accounted for with no exception and all forms were appropriately dated.
Change fund practices and procedures comply with the City's <i>Cash Management Policies and Procedures Manual</i> and applicable Administrative Instructions.	<p>Per the City's <i>Cash Management Policies and Procedures Manual</i>, a Custodian and Sub-Custodian Statement of Responsibility must be on file for all individuals responsible for the change fund.</p> <p>Additionally, Administrative Instruction (AI) 2-6, <i>Employee Cash Handling Training Program</i>, states that all City employees who handle City monies and those who oversee cash sites are required to attend the Cash Handling Training, which is provided by the Treasury, every three years.</p>	<p>OIA reviewed the provided documentation from the centers and from Treasury. After reviewing the documents, issues were identified regarding outdated records for the Custodian/Sub-Custodian Agreements.</p> <p>OIA noted the following issues with twelve (12) of the nineteen (19) Custodian and Sub-Custodian Agreements for seven (7) of the eleven (11) locations visited, as follows.</p> <ul style="list-style-type: none"> <li>• Five (5) Custodian Agreements are no longer valid due to employees retiring or transferring to locations without cash handling within Senior Affairs.</li> <li>• Five (5) Custodian or Sub-Custodian agreements are on file which do not reflect the accurate location in which their holders currently work. As a result, two (2) centers are not utilizing their petty cash funds.</li> <li>• Two (2) centers do not have Custodian/Sub-Custodian Agreements on file for, at a minimum, the center's custodian.</li> </ul> <p>Additionally, OIA noted that out of sixty-nine (69) cash-handling employees, three (3) employees had expired cash handling training certificates. However, once OIA informed Senior Affairs management of these issues, the centers addressed them. All employees were re-certified and provided the updated certificates.</p>

**RECOMMENDATIONS**

The Senior Affairs Department should do the following:

1. Develop a process to ensure knowledge transfer occurs regarding all on-site imprest funds when custodians and/or management are rotated between cash handling locations.
2. Return all unused imprest funds to Treasury to safeguard City monies and comply with the City's *Cash Management Policies and Procedures Manual*.
3. Ensure all cash-handling employees complete the required Cash Handling Training before handling City monies. Also, routinely monitor when cash handling training certificates expire to ensure employees are scheduled for refresher training on time.
4. Ensure that all Custodian/Sub-Custodian agreements comply with the City's *Cash Management Policies and Procedures Manual* when employees retire, transfer, or new management at the centers.

DFAS-Treasury should do the following:

5. Obtain Custodian/Sub-Custodian Agreements from all centers. Also, routinely monitor Custodian/Sub-Custodian Agreements to ensure employees' agreements are on file to ensure the centers' imprest funds comply with the City's *Cash Management Policies and Procedures Manual*.
6. Develop a process to determine whether imprest fund amounts documented on the *Department Imprest Fund List* are accurate and being used by all locations on a routine basis. If not, consider requesting their return to Treasury.
7. Consider performing an inventory on all imprest fund locations to determine their compliance with the City's *Cash Management Policies and Procedures Manual*, Administrative Instruction No. 2-6 *Employee Cash Handling Training Program*, and their need for the use of imprest funds.

**NON-AUDIT SERVICE COMMUNICATION**

*Generally Accepted Government Auditing Standards – 2018 Revision* (GAGAS 2018) allows OIA staff to perform non-audit services as long as they do not impair our independence in mind and appearance. Before auditors agree to provide a non-audit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other non-audit services provided, with respect to any GAGAS engagement they conduct. The performance of this non-audit service did not impair the independence of OIA or OIA staff.

Surprise cash counts are classified as a non-audit service and the work performed does not constitute an audit conducted in accordance with GAGAS. Throughout each fiscal year, OIA objectively selects various petty cash or change funds to review. Senior Affairs was selected in the fiscal year 2024.

PREPARED:

DocuSigned by:



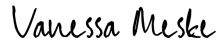
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Stacy Martin, Staff Auditor  
Office of Internal Audit

REVIEWED:

DocuSigned by:



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Vanessa Meske, Lead Auditor  
Office of Internal Audit

APPROVED:

DocuSigned by:



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Marisa C. Vargas, Interim City Auditor  
Office of Internal Audit

APPROVED FOR PUBLICATION:

DocuSigned by:



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Victor Griego, CPA  
Accountability in Government Oversight Committee Chairperson



Audit Name: Senior Center Cash Count  
 Department Name: Senior Affairs  
 AGO Date; June 26, 2024

#24-403

**APPENDIX B**

Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled *Department Response* whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Responsible Party	Department Response	<u>OIA Use Only</u> Status Determination*
The Senior Affairs Department should:  1. Develop a process to ensure knowledge transfer occurs regarding all on-site imprest funds when custodians and/or management are rotated between cash handling locations.	Senior Affairs Department	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur  <u>ESTIMATED COMPLETION DATES</u> The expected implementation date is set for June 30, 2024. Moving forward, the review process will occur annually during the Recreation Division staff training week.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

<p>The Senior Affairs Department should:</p> <p>2. Return all unused imprest funds to Treasury to safeguard City monies and comply with the City’s <i>Cash Management Policies and Procedures Manual</i>.</p>	<p>Senior Affairs Department</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p><u>ESTIMATED COMPLETION DATES</u>                  The Department is currently assessing the needs of each site to serve our clients. The audit findings will be shared with the Division Manager and discussions with Fiscal staff will take place by July 1, 2024 to determine Department needs. This evaluation process will be conducted on an annual basis.</p>	<p><input checked="" type="checkbox"/> Open  <input type="checkbox"/> Closed  <input type="checkbox"/> Contested</p>
<p>The Senior Affairs Department should:</p> <p>3. Ensure all cash-handling employees complete the required Cash Handling Training before handling City monies. Also, routinely monitor when cash handling training certificates expire to ensure employees are scheduled for refresher training on time.</p>	<p>Senior Affairs Department</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p><u>ESTIMATED COMPLETION DATES</u>                  The Department will ensure on an annual basis to review that all cash-handling employees are completing the required Cash Handling Training through the Fiscal and HR teams, as part of our end-of-year review preparation process.</p>	<p><input checked="" type="checkbox"/> Open  <input type="checkbox"/> Closed  <input type="checkbox"/> Contested</p>

<p>The Senior Affairs Department should:</p> <p>4. Ensure that all Custodian/Sub-Custodian agreements comply with the City's <i>Cash Management Policies and Procedures Manual</i> when employees retire, transfer, or new management at the centers.</p>	<p>Senior Affairs Department</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p><u>ESTIMATED COMPLETION DATES</u> The Department will comply with this recommendation by July 1, 2024 and on-going at an annual review that coincides with the Recreation Division annual training week.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
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<p>The DFAS-Treasury should:</p> <p>5. Obtain Custodian/Sub-Custodian Agreements from all centers. Also, routinely monitor Custodian/Sub-Custodian Agreements to ensure employees' agreements are on file to ensure the centers' imprest funds comply with the City's <i>Cash Management Policies and Procedures Manual</i>.</p>	<p>DFAS-Treasury</p>	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>DFAS Treasury concurs with the recommendation. DFAS Treasury will partner with Senior Affairs to review, revise and collect Custodian/Sub-Custodian Agreements from all staff responsible for managing imprest funds across all senior centers. In addition, DFAS Treasury has developed a semi-annual verification process that will be implemented in the beginning of FY 2025. The process will be aimed at monitoring and reviewing fund amounts, uses of funds, custodians/sub-custodian's credentials, and replenishment frequency. These efforts are geared towards maintaining a more accurate record system within Treasury to ensure adherence to the City's Cash Management Policies and Procedures Manual.</p> <p><u>ESTIMATED COMPLETION DATES</u> September 2024</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
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<p>The DFAS-Treasury should:</p> <p>6. Develop a process to determine whether imprest fund amounts documented on the <i>Department Imprest Fund List</i> are accurate and being used by all locations on a routine basis. If not, consider requesting their return to Treasury.</p>	DFAS-Treasury	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>DFAS Treasury concurs with the recommendation. In response, DFAS Treasury has developed a process to conduct semi-annual reviews of all imprest funds citywide. This review will consist of both Treasury and departments reviewing fund amounts, uses of funds, custodians/sub-custodian's credentials, and replenishment frequency. If the Treasury determines that a department's imprest funds are unnecessary, then Treasury will require the department to close the imprest fund.</p> <p>Recently, Fiscal Managers/Fiscal Officers and Cash sites were formally notified of the upcoming semi-annual verification process through a Treasury Deposit Training session.</p> <p><u>ESTIMATED COMPLETION DATES</u> September 2024</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>
<p>The DFAS-Treasury should:</p> <p>7. Consider performing an inventory on all imprest fund locations to determine their compliance with the <i>City's Cash Management Policies and Procedures Manual</i>, <i>Administrative Instruction No. 2-6 Employee Cash Handling Training Program</i>, and their need for the use of imprest funds.</p>	DFAS-Treasury	<p><input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur</p> <p>DFAS Treasury concurs with the recommendation. To ensure compliance and accuracy, DFAS Treasury will engage in an imprest fund inventory for all city departments responsible for managing imprest funds. This inventory will consist of reviewing fund amounts, uses of funds, custodians/sub-custodian's credentials, and replenishment frequency. All information relating to imprest funds and custodian/sub-custodian agreements will be filed with Treasury and the department. This inventory will be conducted annually starting FY 2025 and will be geared towards maintaining a more accurate record system within Treasury to ensure adherence to the <i>City's Cash Management Policies and Procedures Manual</i>.</p> <p><u>ESTIMATED COMPLETION DATES</u> June 2025</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>