



CITY OF ST. LOUIS

DEPARTMENT OF HUMAN SERVICES

CASH RECEIPT CONTROLS

FOR THE MONTH OF OCTOBER 2012

PROJECT #2013-CRC-1

DATE ISSUED: APRIL 29, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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Internal Audit Executive

FILE COPY

April 29, 2013

William F. Siedhoff, Director
Department of Human Services
1520 Market Street, Room 4065
St. Louis, Missouri 63103

RE: Special Project – Department of Human Services (Project #2013-CRC-1)

Dear Mr. Siedhoff:

Enclosed is the Internal Audit Section's cash receipt controls review report of the Department of Human Services for the month of October 2012. A description of the scope of our work is included in the report.

Fieldwork was completed on January 11, 2013. Management's responses to the observations and recommendations noted in the report were received on April 25, 2013 and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

Enclosure:

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES
CASH RECEIPT CONTROLS
FOR THE MONTH OF OCTOBER 2012**

EXECUTIVE SUMMARY

Purpose

The purpose was to determine if the Department of Human Services effectively and efficiently manages risks to ensure the:

- Proper safeguarding of assets.
- Proper segregation of duties.
- Reliability and integrity of financial and operational information.
- Compliance with applicable laws, regulations, statues and ordinances.

Scope and Methodology

The review included cash receipts for the month of October 2012 and was confined to evaluating internal controls over fiscal activities relating to the objectives noted above. Review procedures included:

- Inquiries of management and staff.
- Observations of relevant processes.
- Compliance with policies and procedures, as well as applicable laws and regulations.
- Limited tests of controls.
- Follow-ups on prior audit observations.
- Other procedures considered necessary.

Background

The Department of Human Services strives to enhance the quality of life for the citizens of St. Louis through the provision of social services via subcontracts, direct services, and partnerships with public and private entities.

The Department of Human Services is mandated by the City of St. Louis Charter to administer social welfare programs and does this through its six programs: Program Management, Aging Services, Homeless Services, Veterans' Affairs, Youth and Family Services, and the Office on the Disabled.

Exit Conference

An exit conference was conducted at the Department of Human Services office on April 23, 2013. The Department of Human Services was represented by the Fiscal Manager, Accounting Coordinator, Fiscal Accountant II (Homeless Services), Accountant II (Mental Health, Veterans' Affairs and Youth and Family Services), Accountant II (St. Louis Area Agency on Aging) and Accountant I. The Internal Audit Section was

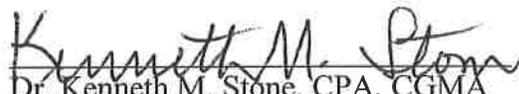
represented by the Audit Supervisor and Auditor-in-charge.

Conclusion

The opportunity exists for the Department of Human Services to improve controls over cash receipts. The following is observation resulting from the review.

- Opportunity to comply with City Charter on the deposit of money received.

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.


Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive


Date

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DEPARTMENT OF HUMAN SERVICES
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OBSERVATIONS

Status of Prior Observations

- Internal Audit Section (IAS) has not performed recent cash receipt controls review of the Department of Human Services.

Summary of Current Observations

Several control procedures over cash receipts were noted. These included, but were not limited to the following:

- Proper segregation of duties in the collection of cash receipts.
- Proper safeguarding of assets.
- Reconciliation of cash deposits to the City general ledger.

The opportunity exists for management to improve internal controls over the Department of Human Services fiscal activities. The following is observation resulting from our review:

- Opportunity to comply with City Charter on the deposit of money received.

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Comply With City Charter On The Deposit Of Money Received

The Auditor found that 13 out of 21 deposits had cash/checks receipts that had been held before being deposited, not deposited on the next day. The length a cash/check receipt was held ranged from 2 to 7 days. In the 13 deposits there were 22 checks held for longer than 1 day totaling \$17,369.04.

The City Charter Article XV Section 24 states that "All money belonging to the city received by any officer or agent thereof shall be deposited daily in the Treasurer's Division unless otherwise provided."

The Department of Human Services collects funds and deposits the funds with the Treasurer's Office. If funds are collected after the deposit was made with the Treasurer's Office the funds are held until the next time a deposit is made.

The lack of daily deposit may result in the misplacement and loss of funds, and the opportunity for the misappropriation of funds. The lack of daily deposits is a violation of City Charter.

Recommendation:

The Internal Audit Section recommends that the Department of Human Services insure that all funds received are deposited daily in the Treasurer's Office.

Management's Responses:

The Department of Human Services Fiscal Manager has requested a "Waiver" for depositing monies received by our Department on a daily basis to the Treasurer's Office for the following reasons.

We do not have a high volume of cash/checks collections as most of the funds received by our Department are wired in directly to the City's bank account. Also cash and checks are not received on a daily basis. Therefore, we do not contract with an outside firm to pickup and deliver cash/checks.

The Department's procedure requires escorting the employee (clerk) carrying cash/checks to the Treasurer's Office.

The two days scheduled each month to receive monies for Metro Bus Passes/Tickets are generally within two to five days which makes it sensible to deposit them together.

Continued...

It takes time for the accountant to determine the program name (fund/center number) for private donations received (especially for SLAAA). And the RCF cannot be created until it is determined which fund-center-account is to be used.

We have a safe deposit locker in our office, where cash receipts are stored overnight.