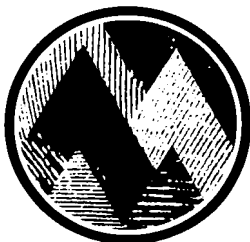


Metro

***Survey of Controls
Over Cash Receipts
at Remote Locations***

October 1998

A Report by the Office of the Auditor



METRO

1998-10135-AUD

Alexis Dow, CPA
Metro Auditor

**METRO**

Office of the Auditor

October 6, 1998

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Councilor Don Morissette
Councilor Ed Washington
Mike Burton, Executive Officer

Re: Controls over cash receipts at remote locations

The accompanying report covers our review of procedures for handing cash received by Metro at locations other than its Accounting Division. Some of these locations include the zoo, solid waste transfer stations, park facilities and convention center. We estimate that there are approximately 100 individual sites, which together collected about \$21 million in fiscal 1997.

Our review focused on: identifying remote sites at which Metro collects cash, determining the amount of cash received at these locations and documenting policies and procedures established to provide controls over cash. We undertook this review as part of our annual audit plan.

We identified some areas for improvement and recommend that Metro:

- Ensure that all cash handling areas have current, detailed, written cash handling policies and procedures meeting guidelines established by the Accounting Division
- Evaluate monitoring procedures for all contractors generating large amounts of cash receipts at Metro facilities and improve them as necessary
- Set up all regular collections on contracts as accounts receivable, handled by the Accounting Division

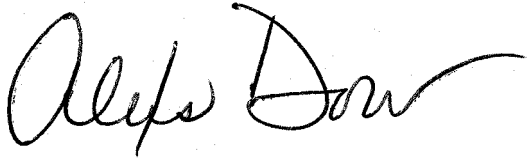
- Evaluate physical security of cash at all cash handling areas and make necessary improvements.

A real benefit of this project is the awareness that our survey created. Staff responsible for cash collections focused on what they were doing, assessed how effective those steps were and, in some cases, prepared or updated their written procedures for handling, recording and securing cash receipts. Controls over cash collections improved as our work progressed.

We reviewed a draft report with the Executive Officer. The last section of this report presents his written response.

Metro staff from all of the departments covered in this report worked together with the Auditor's Office on this project. They shared our commitment to enhance accountability and security. We sincerely appreciate their efforts and commitment to continuous improvement.

Very truly yours,

A handwritten signature in black ink that reads "Alexis Dow". The signature is written in a cursive, flowing style.

Alexis Dow, CPA
Metro Auditor

AD:ems

Auditor: Jim Luckeroth

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Executive Summary

Metro collected about \$28 million at various sites outside of its Accounting Division in fiscal 1997. We identified 14 sites at which these outside collections were made. A few of the sites are located in the Metro Regional Center building, but most of the sites are remote. Personnel at most of these remote sites collect cash at more than one location on the site; we estimated that there are 85 to 100 remote locations where cash is collected.

An adequate system of internal controls over cash is necessary to reasonably assure that all cash received is safeguarded from loss or theft, is accurately recorded in the accounting system, and is deposited in the bank in a timely manner. We reviewed and documented Metro departments' internal controls, but did not do detailed testing of the controls. Our review focused on:

- Identifying remote sites at which Metro departments receive cash
- Determining the amount of cash receipts at these locations
- Documenting policies and procedures Metro departments have established to provide controls over cash at remote locations.

We also reviewed the policies and procedures of the Accounting Division regarding their handling of cash collected at the remote locations.

Conclusions

Metro departments have established policies and procedures, which, if properly implemented, should provide a system of internal controls over cash receipts at remote locations. We did not perform a detailed analysis of the adequacy of the controls or do detailed testing to determine if they were properly and consistently implemented. Our future audits will include more detailed analyses of controls at selected locations.

Recommendations

We will make detailed recommendations for improving cash handling controls at specific locations after we complete the detailed analysis and testing included in our future audits. During the course of this review, however, we noted some actions that we believe Metro managers should consider taking now to improve cash handling procedures.

1. The Accounting Division should provide written general guidelines to be used by the department managers in preparing or updating written cash handling policies and procedures for their departments. We identified several issues to be addressed by the guidelines.

2. Department managers should ensure that each cash handling area in the department has a set of current, detailed, written cash handling policies and procedures that conform to the general guidelines issued by the Accounting Division.
3. Managers at each cash handling area should evaluate whether safe combinations, security alarm codes, and keys to locked cabinets or areas that contain cash should be changed when employees with access leave Metro or transfer to another job.
4. Managers for each cash handling area should review the physical security of cash at locations without safes or other secure cash storage areas; they should provide increased security if needed, especially if individuals who are not authorized to handle cash are allowed in the areas.
5. Department managers, with assistance from the Accounting Division, should review the volume of cash transactions at their cash handling areas to determine if cash registers should be used to provide better recording control of cash received at locations now using alternative methods.
6. Signs should be placed at cash registers advising the public that a receipt is required.
7. Department managers and the Accounting Division should ensure that all revenue contract payments that are received in regular, predetermined amounts are set up as receivables with payments monitored by, and coming directly to, the Accounting Division.
8. Departments that send invoices to customers should follow established procedures and request the Accounting Division to perform this function.
9. Departments that rely on contractors to provide the cash handling for large amounts of cash receipts generated at Metro facilities need to develop and apply audit procedures to reasonably assure that Metro is receiving the correct amount of cash from the contractors.

Chapter 1 – Introduction

An adequate system of internal controls over cash receipts is necessary to reasonably assure that all cash received is safeguarded from loss or theft, is accurately recorded in the accounting system and is deposited in the bank in a timely manner. Metro receives cash at many locations that are remote from its Accounting Division at Metro Regional Center.

Metro records show that in fiscal year 1997 the agency collected about \$109 million in cash for services the agency provides. About \$81 million came into the Accounting Division at Metro. The remaining \$28 million was collected at various Metro sites outside of the Accounting Division.

We identified 14 sites at which these outside collections were made. Some, such as the Data Resource Center and the Administration Division of the Regional Parks and Greenspaces Department, are located in the Metro Regional Center building. Most of the sites, however, such as Blue Lake and Oxbow Parks, Metro South and Central Transfer Stations, the Oregon Zoo and the MERC facilities, are remote from the Metro Regional Center. Most of these remote sites collect cash at more than one location on the site. We estimate that there are as many as 85 to 100 locations where cash is collected.

Objectives and methods

As part of our annual audit plan, we performed a comprehensive audit survey on the controls that Metro departments have over cash receipts at remote locations. We documented the control procedures with interviews, a questionnaire, observations and review of relevant documents. For the purposes of our survey, we defined cash as currency and coin, checks and credit card drafts. We generally limited the scope of the survey to cash received for various services that Metro provides and did not include other sources of funds such as property taxes, bond proceeds, grants, government contributions, interest earned and transfers from other funds.

Our survey focused on determining:

- Locations of the remote sites at which Metro departments receive cash
- Amounts of the cash receipts at the locations reviewed
- Policies and procedures Metro departments have established to provide controls over cash receipts at remote locations.

We also reviewed the Accounting Division's policies and procedures for handling cash generated by activities at the remote locations that we reviewed.

We assessed controls over cash receipts in four broad categories:

- Physical controls for the safekeeping of cash to assure that it is not lost or stolen
- Recording controls which establish a written record of cash receipts from the time they are first received through deposit of the funds in the bank and their recording in the accounting records
- Monitoring controls that provide for management review of the cash handling function
- Compensating controls that are used as alternatives to more elaborate conventional controls that may not be practical in a particular situation.

Because this was an audit survey, as opposed to an audit, we did not do certain detailed work and analysis that is required by generally accepted government auditing standards for full audits. For example, we performed no detailed testing of the internal cash controls. However, we met all applicable generally accepted government auditing standards for the survey work that we accomplished.

Chapter 2 – Regional Environmental Management Department

The Regional Environmental Management Department (REM) collects cash at its two solid waste transfer stations – Metro Central and Metro South. A contractor operates the transfer stations for Metro. However, Metro employees who staff the scalehouses collect the cash. Metro employees also operate the household hazardous waste (H2W) facilities at each transfer station.

Most of the cash collected at the transfer stations is from homeowners and small businesses such as remodelers and others that have small quantities of material to dump. These small customers generate a large number of transactions but bring a relatively small portion of the total tonnage that is deposited at the transfer stations. The largest portion of the material brought to the transfer stations is from the commercial garbage haulers that have credit accounts with Metro.

Based on information from the scalehouses, the Accounting Division sends monthly statements to these commercial haulers who then send their payments directly to the Accounting Division. The Accounting Division also directly receives other solid waste-related payments such as: payment of citations for illegal dumping, user fees and excise tax collections from solid waste facilities that accept Metro-area waste, payments of dumping or H2W fees for customers that did not pay at the transfer stations, lease payments for the contractor's office space at the transfer stations, and sales of publications.

Metro records show that, for fiscal year 1997, the cash receipts for solid waste totaled about \$68.2 million. The transfer stations collected about \$6.1 million of that amount. The balance was in payments received directly by the Accounting Division.

Metro Central and Metro South Transfer Stations

Metro records show that Metro Central collected about \$2.2 million and Metro South collected about \$3.9 million in fiscal year 1997. The cash customers are mostly homeowners and small businesses that pay at the scalehouse with currency, checks or credit cards. The controls over cash receipts at the Metro Central and Metro South Transfer Stations are basically the same, so they will be discussed together and any differences will be noted.

Physical controls

Cashiers working in the scalehouses collect the cash. The scalehouses are locked, and only authorized personnel with proper identification are allowed inside the scalehouses. Cashiers have their own cash register till drawers and individual locked vaults inside the safe. Cashiers are instructed to keep till drawers locked any time they move away from them and to return their till money to their individual vaults when they take breaks. After preparing the deposits of their daily receipts at the end of their shifts, the cashiers drop the deposit bags into a special area in the safe.

Lead workers at each transfer station are in charge of the safes. Only the lead workers and scalehouse supervisor have access to the part of the safe where the cashiers drop their daily deposit bags. The bags are stored there until receipts are deposited. A lead worker at each transfer station has responsibility for the site cash vault. Lead workers have access to the locked area in the safe where cash is stored that is used to make change for the cashiers. The safe is to be locked at all times when not under direct supervision of a lead worker. The daily deposits are taken to the bank by an armored transport service.

Recording controls

Each customer drives onto the scale at the scalehouse, where the cashier weighs the vehicle and takes a deposit from the customer. A customer that wants to pay by check fills out the check except for the amount. The cashier requests identification such as a bank check guarantee card, a credit card or a driver's license. The cashier then puts the check in the cash drawer. If the customer wants to pay by cash, the cashier collects a deposit and puts it in the cash drawer. If the customer wants to pay by credit card, the cashier reviews the card for expiration date.

The customer is then given an ID Board, which looks like a clipboard with a large number on it. The cashier inputs the customer's ID number and deposit amount on the Weighmaster computer terminal. The system generates a reweigh receipt that is given to the customer. The customer then drives to the designated area, unloads, and then drives back onto the scale and gives the cashier the reweigh slip and the ID Board. The cashier reweighs the vehicle and enters the customer's ID number on the Weighmaster terminal, which displays the amount due. If the customer made a cash deposit, the cashier either refunds any overpayment or collects any underpayment. If the deposit was by check, the payment amount is written on the check. If the deposit was by credit card, the proper amount is filled in on the credit card draft and the card is run. The cashier prints a three-part receipt on the Weighmaster system. One copy of the receipt is given to the customer and another is retained for the cash reconciliation process that the cashier will do at shift's end. The third copy is discarded. Initials identify each cashier in the Weighmaster

system, and the documents printed by the system have those initials printed on them.

Customers are charged flat fees of \$5, \$10 and \$15 for household hazardous waste (H2W), depending on volume. Small businesses with hazardous waste from non-household sources can be designated as Conditionally Exempt Generators (CEG's) and are charged on a different fee schedule. At Metro Central, the cashiers at the scalehouse collect the H2W fees. At Metro South, the customers fill out prenumbered envelopes at the hazardous waste facility, put their fees in the envelopes and put the envelopes in a locked box. At 4:00 p.m. each day, a cashier retrieves the envelopes from the box, counts them, and informs an H2W technician of the total count to assure accounting for all of the envelopes. The cashier then takes the envelopes back to the scalehouse for processing with the daily deposit.

At the end of their shifts, cashiers follow procedures to account for the cash they received during their shift and to prepare the cash receipts for deposit in the bank. They prepare Cashier's Daily Reports on which they list all of the cash in their till drawers. They list the currency by denomination, the total amount of checks and the total amount of credit card drafts. They run adding machine tapes of the checks and credit card drafts, sign and date the tapes and attach them to the checks and credit card drafts. They then list their vault money by denomination. The vault money is a \$500 start fund that each cashier starts the day with for making change. The cashiers then deduct the vault money from the total currency by denomination and list the total of currency, checks and credit card drafts that make up the deposit amount. The cashiers sign and date their reports and put the bank deposit bag numbers on them.

The cashiers also prepare Cash Drawer Recap Reports which reconcile the amount of cash, checks and credit card drafts in their till drawers to the amounts that are recorded in the Weighmaster computer system. The cashiers explain any differences and attach copies of documentation such as weight tickets or coupons.

The cashiers then prepare their cash receipts for deposit. They prepare a deposit slip that lists the amount of currency and checks, endorse the checks "for deposit only" and include the tape listing each check. They put the cash, checks and deposit slip in a tamperproof bank deposit bag, seal the bag and tear a prenumbered strip from the bag. The prenumbered deposit bag strip is retained and attached to the daily Cash Report. The bag number is recorded on the deposit slip, the Cashier's Daily Report and the daily Cash Report. The deposit bag is dropped into a special area in the safe that can only be opened by lead workers and the scalehouse supervisor. The cashiers also transmit credit card sales information directly to the bank each day.

The following day, one of the lead workers reviews the individual cashiers' deposit information and completes a deposit summary form to document the review. The deposit summary lists:

1. The total cash, checks and credit card drafts to be included in that day's deposit.
2. The total dollar amount of H2W coupons collected.
3. The short cash by weight information. This is needed to document cases in which a customer owes money but cannot pay it immediately. The cashier enters the information needed to bill the customer later into a log. If the customer has not paid within about two weeks, the information is sent to the Accounting Division staff, and they send an invoice to the customer.
4. The dollar amount of adjustments that each cashier had to make to that day's cash receipts and the deposit bag numbers of the deposit. The adjustments were shown as variances on the Cash Drawer Recap Report and must be explained.
5. An explanation of the adjustments made by each cashier including the transaction ticket number, amount, material type and reason for the adjustment. Adjustments occur when the cashier has to change a charge to the customer or other information, such as method of payment, after they have already entered it into the Weighmaster system.

A lead worker prepares a Cash Report packet and a Charge Report packet to summarize the day's transactions for the Accounting Division. The Cash Report packet contains a summary of all transactions for that day by material type and payment type and supporting documentation for the cash, check and credit card transactions and the bank deposit. The documentation includes: Cashier's Daily Reports, Cash Drawer Recap Reports, bank deposit slips, credit card drafts, and explanations and supporting documentation for any differences between the deposited amounts and the information as reported by the Weighmaster system. The Charge Report packet contains a copy of the summary report with supporting documentation for all of that day's charges to the commercial haulers' accounts. The cash and charge packets are sent by courier each day to the Accounting Division. The transfer station lead workers also e-mail a report to the Accounting Division each day summarizing statistical and financial information for all of the day's transactions. The report is generated by the Weighmaster system and includes information such as customer account numbers, truck numbers and weights, transaction numbers, charges and type of material unloaded.

An accounts receivable clerk in the Accounting Division enters the information from the summary report of the day's transactions into the accounting system after comparing it with the supporting documentation. The entry is checked for accuracy by the accounts receivable clerk and posted to the general ledger.

Monitoring controls

The scalehouse workers and the Accounting Division staff provide monitoring controls over cash receipts at the scalehouses. Written cash handling procedures and training are provided to scalehouse workers. Cashiers prepare the Cashier's

Daily Reports and the Cash Drawer Recap Reports which account for the cash in each cashier's till drawer and reconcile it to the cash receipts transactions recorded in the computer system. In completing these reports, the cashiers are required to explain the differences between the cash on hand and the computer record and document the reasons for the differences with copies of the prenumbered transaction slips that were adjusted. A lead worker or scalehouse supervisor reviews the differences. When the lead workers review the cashiers' reports and prepare the Cash Report, which they send to the Accounting Division, they reconcile the total of all the cashiers' deposits to the total of the day's transactions recorded in the computer system.

The bank sends a notice of any discrepancies between the cash in the deposit bag and the amount shown on the deposit slip to the Accounting Division which sends a copy to the scalehouse supervisor. The scalehouse supervisor and the cashier then determine the reason for the difference. The scalehouse supervisor said that these discrepancies are usually small amounts, although occasionally a cashier may put vault cash in the deposit bag by mistake.

The transfer stations each send a Cash Report packet, a Charge Report packet and the summary report to the Accounting Division each day. An accounts receivable clerk in the Accounting Division reviews these documents and compares the hard copies with the information received by e-mail. The clerk reconciles any differences noted and also compares the information on the cash receipts summary report with the deposit slips and credit card summaries to ensure that they agree with the amount deposited. The information on the cash receipts summary report is then posted into the accounting system, and a journal detail report verifies the amounts to the cash packet information. The accounts receivable clerk reviews the accounting entries for accuracy and posts them to the general ledger. Accounting Division staff do the monthly reconciliation of the transfer stations' deposits to the bank statements.

Accounting Division staff do annual surprise cash audits at each transfer station. The senior accountants conducting the audits observe and test the facilities' cash handling procedures in four major areas:

1. Proper accounting for cash transactions.
2. Proper accounting for cash on hand.
3. Proper execution of security procedures for the scalehouses and the safes.
4. Proper documentation of the transaction cycle, from payment by the customer to completed deposit being picked up by the armored transport, and review of the flow of documents from the scalehouse to the Accounting Division.

The non-Metro-owned solid waste facilities that accept Metro-area waste send monthly reports to REM that include data on all of their transactions. They also send in a report on the user fee and excise tax collections together with a check remitting the collections. Accounting Division and REM staff monitor information

received from these facilities to assure that the volume of waste reported is reasonable and the user fee and excise tax collections remitted to Metro are accurately calculated based on volume reported.

Chapter 3 – Regional Parks and Greenspaces Department

The Regional Parks and Greenspaces Department provides a wide range of recreational and educational services to the public at several locations throughout the region. The department collects cash for many of these services. The primary locations where cash is handled include Blue Lake Regional Park, Oxbow Regional Park, Chinook Landing and M. James Gleason Marine Facilities, pioneer cemeteries, the Department's Administration Division and the Accounting Division at Metro Regional Center. Small amounts of cash are occasionally collected at other locations such as Smith and Bybee Lakes and Howell Territorial Park from recreation or education program participants that did not preregister.

Blue Lake Park

The Regional Parks and Greenspaces Department reported that cashiers at Blue Lake Park collected \$193,015 in entrance fees in fiscal year 1997 and an additional \$24,202 for a summer concert series and a summer program for kids. Other activities at Blue Lake Park generated an additional \$137,870 from reservations for group picnic sites, boat rental and food concessions, sale of annual passes, environmental education classes, and rental of the Lake House for events such as weddings, parties, and meetings. Most of the cash received from these other activities is collected at the department's administrative office at Metro Regional Center. We will discuss the controls over cash receipts at that location later in this chapter.

Physical controls

A safe is provided in the park office. In addition, a locking cabinet is provided in the entrance booth for temporary storage of cash not needed in the cash register. The safe combination is restricted to nine permanent staff, including regional park supervisors for Blue Lake Park and the marine facilities, park rangers and the department's operations and maintenance manager. The safe and the locking cabinet are locked when unattended. All cash is locked in the safe or locking cabinet when not under an authorized employee's direct control. On busy days, cash in the booth is counted several times a day. Cash that is not needed in the cash register is placed in the locking cabinet and recorded on the Booth Log. At that time, any checks received are stamped "for deposit only". Cash that is not needed for operation of the booth is taken to the park office and placed in the safe.

Only designated staff on official business, including the park supervisor, park rangers, and cashiers are allowed in the entrance booth. The booth is locked at all times. No one is allowed to loiter or take breaks in the booth, and no purses,

backpacks or fannypacks are allowed in the booth. During very busy times, another ticket line or two may be set up outside the booth to handle the crowd. Cash collected by the additional cashiers is placed in the locking cabinet at the end of the shift. When business is slow, the entrance booth is not staffed and entrance fees are paid on the honor system. The customer places the fee in a prenumbered envelope and drops it in a theft-resistant container next to the entrance booth.

Recording controls

At the beginning of the day, a \$60 start fund is brought by a park ranger from the office safe to the entrance booth. The cashier confirms the amount of the start fund, records it in a booth log and places it in the cash register. Each cashier is also required to enter his or her name and time on a Fee Booth Staffing Log when entering or leaving the booth. This form is on the back of the Cash Reconciliation form that is used by the park supervisor or a park ranger at the end of the day to record all cash received and reconcile it to the documentation.

The cashier records all cash received in the entrance booth in the cash register when received and gives receipts to the customers. If the cashier finds it necessary to void a transaction, it is voided on the register and the receipt is attached to the Cash Reconciliation form at the end of the shift.

Customers who purchase annual passes at the booth or at the park office receive a prenumbered receipt. The passes are also prenumbered and each sale is recorded in a log. When it is necessary to have additional cashiers working outside the booth, they issue prenumbered tickets to the customers. The cashiers record the ticket color and starting number on the Cash Reconciliation form. They record the ending number on the form after closing.

The cashiers also receive some passes on concert nights and gate passes from individuals who are attending a group picnic. The passes are treated as cash received, entered in the cash register and turned in with the cash at the end of the shift. Typically, the group is a company or family that has reserved one of the park's picnic areas and paid in advance for the space. The reservation payment does not include entrance fees. The company or group sponsoring the gathering is billed for the entrance fees of the group based on the number of passes collected. The billing is prepared and sent to the customer by the administrative assistant in the department.

On days when the entrance booth is staffed, the park supervisor or a park ranger runs a Z tape on the cash register as many as three times a day, depending on the volume of business. A Z tape is an internally generated cash register tape listing and summarizing all transactions entered on cash registers since the last Z tape was run. It is the primary control for accounting for collections. Cash and passes are removed from the cash register and the locking cabinet and are taken to the park office along with the Cash Reconciliation form. When it is done before park

closing, a \$60 start fund is left in the cash register. A separate Cash Reconciliation form is prepared each time a cash register Z tape is run and a separate deposit is prepared for the collections recorded on each Cash Reconciliation form.

When the booth is unattended, the customer takes a prenumbered envelope from a box located at the entrance booth, fills in the date, vehicle license number and amount of the fee. He then places the fee in the envelope, tears off the receipt flap, seals the envelope and drops it in the theft-resistant fee box at the entrance booth. The receipt flap is placed on the vehicle dashboard in plain sight. The park rangers make compliance checks of these payments during the day. In making the compliance check, they use a Compliance Check Form. The beginning fee envelope number is entered on the form, and the ranger confirms that the number agrees with the number on the Cash Reconciliation form used at the end of the day to record cash received from all sources. The ranger removes the envelopes from the locked fee box, puts the envelopes in numerical order and records missing and extra envelopes, envelopes without payment, the time and the ending envelope number. After driving through the parking area and checking for receipts and season passes, the ranger issues citations or warnings and records what he finds on the Compliance Check Form. The ranger then takes the envelopes to the park office where they are emptied and the cash is put in the safe.

After the park is closed, the park supervisor or a park ranger completes the Cash Reconciliation forms and prepares the cash for deposit. The following information is listed on the Cash Reconciliation forms:

1. Date and time the information was entered.
2. Ticket color and starting and ending number of any roll tickets used.
3. Starting and ending number of self-serve envelopes used.
4. Total sales from roll tickets and self-serve envelopes.
5. Total sales shown on the cash register tape.
6. Annual Pass sales.
7. Miscellaneous sales, such as a reservation fee paid at the park on the day of the picnic instead of at the department office at Metro Regional Center.
8. Total sales from all of the above sources minus passes collected, which will be billed later – this is the net cash that should be on hand.
9. Actual cash deposited and the date of the deposit.
10. Any cash overage or shortage.

The bank deposit slips are then filled out. The currency and coin is listed, and each check received is listed by bank number and amount. The bank deposit bag number is also written on the deposit slip and on the Cash Reconciliation form. The necessary information is filled out on the tamperproof bank deposit bag, and the cash, checks and deposit slip are put inside the bag. The receipt tear strip is removed from the bag and stapled to the Cash Reconciliation form with: Z tapes,

copies of any receipts issued, the Compliance Check Forms for the self-serve fee inspections and any gate pass reimbursement forms. The deposit bag is then sealed and locked in the safe until it can be taken to the bank for deposit. The park supervisor for Blue Lake Park or the Marine Facilities or one of the park rangers makes bank deposits as needed.

Monitoring controls

The park supervisor and the department administration staff apply monitoring controls over cash receipts at the park. The park supervisor provides written cash handling policies and procedures for park employees, and training and a booth manual to personnel before having them work in the entrance booth. He also supervises them closely during their training period, keeps a record of any errors made by the cashiers and provides retraining if needed. Generally, repeated overages and shortages of over \$3 on weekdays and \$6 on weekends or holidays would indicate a need for retraining. If the errors persist after retraining, the cashiers either are moved to jobs in which cash is not handled or terminated.

As noted above, the park supervisor or a park ranger completes the Cash Reconciliation forms at the end of the day. This gives them an overview of all cash received and the supporting documentation. The park supervisor also conducts unannounced cash counts of the entrance booth cash register about once a month during the busy season. He also reviews any voided transactions and determines why they occurred. At the end of the day, the park supervisor reads the car counter at the entrance booth and records the count in the park daybook. This count can be used as an approximate check on the entrance fees collected, after allowing for staff and other business traffic that does not generate fees.

The park supervisor takes a Cash Reconciliation forms package to the department administrative assistant at Metro Regional Center several times a week. As mentioned above, the package includes all the supporting documentation for the cash received and the corresponding bank deposits. The administrative assistant reviews the information, compares it to deposit information received from the bank and reconciles any differences with the park supervisor. The administrative assistant records the deposit information on a Metro Parks Deposit Summary and codes it to the applicable account numbers for use by the Accounting Division. The Deposit Summary with supporting documentation is taken to the Accounting Division for review and posting to the accounting records. Accounting Division staff do a monthly reconciliation of the deposits to the bank statements.

Marine facilities

The Regional Parks and Greenspaces Department operates two marine facilities on the Columbia River that collect fees:

- Chinook Landing Marine Park is a 67-acre marine park near Blue Lake Regional Park that includes boarding docks, a six-lane launch ramp, a seasonal river patrol office, picnic areas, restrooms and a wildlife viewing area
- M. James Gleason Boat Ramp is a launch site at Northeast 43rd Avenue and Marine Drive.

The department reported that boat launch fees of \$113,727 were collected at the two facilities in fiscal year 1997. About 70 percent of that amount was collected at Chinook Landing. The permit fees are \$4 at Chinook Landing and \$3 at M. James Gleason. The M. James Gleason Boat Ramp is operated on a self-serve fee envelope basis year-round with no staffed fee booth. The Regional Park Supervisor for marine facilities said that a staffed fee booth is planned at that location for the not-too-distant future. They operate a staffed fee booth at Chinook Landing during busy times of the year and use self-serve envelopes during the rest of the year. The Regional Park Supervisor for marine facilities and staff are located in the Curry Building at Blue Lake Park.

Physical controls

Marine facilities staff use the safe in the Blue Lake Park office to safeguard their cash receipts. When the fee booth is in use at Chinook Landing, the park supervisor or one of the two park rangers takes the \$50 start-up cash from the safe and the cash register to the fee booth to start the day's operations. The cash register is not left in the fee booth when it is unattended because of the booth's remote location from the park. Typically, the fee booth is operated by seasonal employees who return each year and are experienced in operating the booth. However, all permanent staff and seasonal workers are trained to collect fees in case they are needed for that work.

Staff at the Chinook Landing fee booth also count fees from self-serve envelopes which customers dropped in the locked theft-resistant fee box during the previous evening or early morning, when the booth was unstaffed. The fee box must first be unlocked by the park supervisor or one of the park rangers, who also takes the cash and the prenumbered envelopes to the office at Blue Lake Park and places the cash in the safe. During busy days, permanent park staff will also run a Z tape on the cash register several times a day and take the tape and cash not needed to operate the booth to the safe at the park.

Self-serve fee envelopes are the only means of fee collection at M. James Gleason Boat Ramp. Permanent park staff open the locked fee box and take the money to the safe at Blue Lake Park daily during the week and twice a day on weekends during the busy season. The self-serve fee envelopes are prenumbered, and permanent park staff reconcile the cash to the series of envelopes used. The amount of cash does not always correspond to the number of envelopes used

because customers may take several envelopes but only use one or may put less than the required fee in the envelope.

During the off season, self-serve fee boxes are the only means of fee collection at both facilities. Permanent park staff take the cash from the fee boxes to the safe at the park at least once a week at M. James Gleason and up to three times a week at Chinook Landing and reconcile the fees collected to the series of prenumbered envelopes used.

Marine facilities staff also sell prenumbered annual passes. They sell passes at the Curry Building office or the fee booth. Occasionally, during the off season, staff sell passes from their vehicles at one of the marine facilities. The cash is placed in the park safe.

Recording controls

The cashier records all cash received in the booth in the cash register when received and gives receipts to the customers. When cash is transferred from the fee booth to the office, a Z tape is run and placed with that cash. During the day, park rangers make compliance checks of the self-serve fee payments at the two marine facilities as described above for self-serve payments at Blue Lake Park and record their findings on the Compliance Check Form. At the end of the day, the park supervisor or one of the park rangers completes the Cash Reconciliation forms for all cash received that day from fee booth receipts, the self-serve fee boxes and annual pass sales. The supervisor or ranger completes the Cash Reconciliation forms and prepares the cash for deposit, following the same procedures described in the section on Blue Lake Park. Staff prepare separate Cash Reconciliation forms and deposits for each facility. Bank deposits for the marine facilities are made at the same time as those for Blue Lake Park.

Monitoring controls

The park supervisor and administrative staff of the department apply monitoring controls over cash receipts at the marine facilities. The park supervisor provides written cash handling policies and procedures to employees and training to all permanent and seasonal staff that could be working in the fee booth. The park supervisor or one of the park rangers completes the Cash Reconciliation forms at the end of the day. This gives them an overview of all cash collected and the supporting documentation. The park supervisor also conducts unannounced cash counts at the Chinook Landing fee booth.

The park supervisor takes the Cash Reconciliation forms and attached cash register Z tapes, deposit bag receipts, annual pass receipts and copies of deposit slips to the department administrative assistant at Metro Regional Center three times a week. The administrative assistant reviews the information, compares it to deposit

information she receives from the bank and reconciles any differences with the park supervisor. The administrative assistant records the deposit information on a Metro Parks Deposit Summary and codes it to the applicable account numbers for use by Accounting Division staff. The Deposit Summary, with supporting documentation, is taken to the Accounting Division for review and posting to the accounting records. Accounting Division staff reconcile the deposits to the bank statements monthly.

Oxbow Park

The Regional Parks and Greenspaces Department reported that cashiers at Oxbow Park collected \$73,686 in entrance fees in fiscal year 1997. Activities at the park generated additional cash that year of \$135,753 from reservation fees, family and group camping fees and other miscellaneous sources such as wood sales to campers, collections from the annual Salmon Festival, river rafting trips and environmental education classes. Some of these fees were collected at the park, while others were collected at the department's administrative office at Metro Regional Center.

Most of the controls for cash handling at Oxbow Park are as described previously for Blue Lake Park. Descriptions of the controls that are the same for both locations will not be repeated here. There are some differences, as described below.

Physical controls

A floor safe and a locked fire-safe file cabinet are located in the park office and are used to store cash awaiting deposit. There is no locked storage for cash in the entrance booth, but cash that is not needed to operate the booth is transferred to the nearby park office safe frequently during the day.

The park supervisor said that he, three park rangers and possibly two retired employees know the safe combination. He said that he and the park rangers, as well as two full-time Regional Parks and Greenspaces Department employees who conduct classes at the park, use keys to the fire-safe file cabinet. He said that all of the above staff and most of the seasonal employees working at the park for the last 12 to 15 years have had the use of keys to the fire-safe file cabinet and that, as far as he knows, the safe combination and the keys to the cabinet have not been changed during that time. He also said that all current and most former park employees for the last 10 years have or have had access to the park office security alarm code, which has not been changed. The park supervisor said that he has been at the park for 10 years and is not aware of any thefts of cash during that time.

Recording controls

The recording controls for entry booth and self-serve fee collections and annual pass sales at Oxbow Park are the same as those described above for Blue Lake Park. In addition to those sources of cash, the Oxbow employees collect for camping fees and sales of firewood.

The public campground at Oxbow Park is open year-round. A park employee collects fees for camping at each of the 45 sites each evening the site is occupied. The fee for each campsite is \$10 a night and \$2 for each additional vehicle. Campers are required to pay the regular \$3 fee at the entry booth the day they enter the park. Park employees also have firewood available for campers to purchase at \$3 a bundle. The park also has three group camping areas that must be reserved. Fees for the group sites could be collected at the park or sent ahead of time to the Regional Parks and Greenspaces Department's administration office.

At sundown, a park employee takes a \$50 campground change fund and a book of prenumbered receipts from the locked fire-safe file cabinet and visits each campsite. If the site is occupied, he collects the fee and gives the camper a receipt. The money is placed in a leather campground wallet that is used for this purpose.

After all fees have been collected, the fee collector returns to the park office and puts the \$50 change fund back in the fire-safe file cabinet. He then staples the copies of all issued receipts to the Cash Reconciliation form, records the total amounts of the receipts for each type of collection (camping, firewood, entry) on the Cash Reconciliation form and puts the form in the fire-safe file cabinet. He also keeps a log of all the prenumbered receipts that were issued. The checks that were collected are stamped "for deposit only". The cash and checks are placed in an envelope marked with the source and date and placed in the fire-safe cabinet or in the safe. The park supervisor makes bank deposits as needed.

Monitoring controls

The park supervisor and the department's Administration Division apply monitoring controls over cash receipts at Oxbow Park. The park supervisor provides written cash handling policies and procedures to employees and training to staff that work in the fee booth. The park supervisor or one of the park rangers complete the Cash Reconciliation forms at the end of the day, which gives them an overview of all cash received and the supporting documentation. Each evening, the park supervisor reads a car counter that is located at the entrance fee booth. This count can be used as an approximate check on the entrance fees collected.

The park supervisor takes the Cash Reconciliation forms and the attached documentation to the department administrative assistant at Metro Regional Center every other Monday. The attachments to the form include the cash register Z tapes, copies of deposit slips and receipts for annual passes sold, campsites rented, firewood sold, miscellaneous sales and the bank deposit bag numbered receipt tags.

The administrative assistant reviews the information, compares it to deposit information she receives from the bank and reconciles any differences with the park supervisor. The administrative assistant records the deposit information on a Metro Parks Deposit Summary and codes it to the applicable account numbers for use by the Accounting Division. The Deposit Summary with supporting documentation is taken to the Accounting Division for review and posting to the accounting records. Accounting Division staff reconcile the deposits to the bank statements monthly.

Pioneer cemeteries

The Regional Parks and Greenspaces Department manages and maintains 14 pioneer cemeteries in Multnomah County. The department reported that the cemeteries collected \$235,212 for sales and services in fiscal year 1997. Since July 1, 1997, Metro has required that full payment for cemetery sales and services must be received at least 24 hours prior to the service. Before that date, customers were allowed to purchase the cemetery plots and services on an installment basis. The Accounting Division is still receiving payments on the installment sales accounts.

Physical controls

The Cemeteries Program office is located in the Morrison Building in southeast Portland. The Cemeteries Program manager either meets the purchasers of the burial plots and services at the program office or travels to one of the cemeteries to meet them. The program manager estimates that less than 10 percent of the cash she receives from purchasers is in the form of currency. Most of the purchasers pay by check, and the program also accepts payment by credit card.

The program manager has a safe available in the Morrison Building for safekeeping of cash, if needed. In those cases when the program manager is not available, the park supervisor for marine facilities meets with the purchasers and may receive cash from them. If this happens, the park supervisor may use the safe at Blue Lake Park for safekeeping of the cash. The program manager or park supervisor takes all cash and checks received to the Accounting Division each day. If someone wants to pay by credit card it is done by a phone call from the park supervisor to the administrative assistant at the department office at Metro Regional Center.

Recording controls

When payment has been received, the purchaser and the program manager sign the purchase contract. The program manager gives the purchaser a copy of the signed contract and a certificate of ownership of an irrevocable license to use the site for burial purposes. The program manager files another copy of the contract at the program office, and takes the original contract and the cash received to the Accounting Division. All signed contracts are recorded in the Metro Pioneer Cemeteries Contract Inventory Control at the program office, which lists:

1. Contract number.
2. Cemetery name.
3. Grave location.
4. Services provided.
5. Purchaser.

6. Amount paid.
7. Payment date.

Upon receiving the signed contract and the cash, accounts receivable personnel in the Accounting Division record the payment in the Metro accounting system and the cash is deposited in the bank. The contracts are filed in the Accounting Division in numerical order.

Before July 1, 1997, installment sales were allowed. Accounting Division staff recorded any of the installment sales contracts that had a balance due on the monthly Cemetery Contract Aging Report. As payments are received, they are deposited and recorded on the aging report. Accounts that are not current are processed for collection. Accounting Division staff also send a Cemetery Cash Receipts summary to the program manager each month. The program staff then post any payments that were made for the installment sales to the Contract Inventory Control. This is important information for the program staff because a marker cannot be placed on the grave until payment in full has been received.

The program manager also orders the required burial services, such as grave opening and closing and concrete liners, from a contractor who bills Metro monthly for his services. The services are listed on the purchase contract that the purchaser and the program manager sign.

Monitoring controls

The Regional Parks and Greenspaces Department issued written cash handling policies and procedures for the cemeteries program. The contracts for cemetery sales and services are issued in numerical order and provide specific information on the services that the purchaser ordered and the amount of their payment. Accounting Division staff compare the cash received with the contract amount. They also assure that program staff have accounted for all contract numbers and receive any voided original contract forms. The Accounting Division staff also compare the services specified on the contracts to those included on the service provider's monthly invoice to assure correct payment to the service provider. A monthly statement on all sales and services is submitted to the operations and maintenance manager of Regional Parks and Greenspaces Department for his review. The manager also reviews the service provider's monthly invoice prior to final payment authorization.

Administration Division

Staff at the Administration Division of the Regional Parks and Greenspaces Department receive cash from several sources, including sales of annual park and marine facility passes, reservation fees for picnic areas and campsites, fees for environmental education and river rafting trips, income from boat and food

concessions and rental of the Lake House at Blue Lake Park. They also receive income from the property lease and management contract for Glendoveer Golf Course, the annual Salmon Festival at Oxbow Park, sales of the Master Plan for Parks and Greenspaces and the Smith and Bybee Lakes Field Guide, a share of the revenue from recreational vehicle registration fees and marine fuel taxes, which is usually received directly by the Accounting Division, and contract, lease and rental income from various sources including leases on properties purchased for later use as parks, open spaces, and trails.

Physical controls

Most of the Administration Division cash receipts are in the form of checks, but some payments are made by credit card and are electronically transmitted to the bank each day. The administrative assistant takes the cash to the Accounting Division. The senior services administrative analyst receives payments due on various rental and lease contracts and takes them to the Accounting Division.

Recording controls

The administrative assistant records any checks received on a Cash Reconciliation form and attaches copies of the checks to the forms, which are filed in the Accounting Division. She also prepares Metro Parks Deposit Summaries that list the department's cash receipts. Separate deposit summaries are prepared for the parks and marine facilities, which make their own bank deposits, and for the various cash receipts which come directly into the Regional Parks and Greenspaces Department administrative office. The administrative assistant codes the amounts received to the applicable account numbers for use by the Accounting Division and takes the deposit summaries with the supporting documentation and the cash to the Accounting Division. In addition, the senior services administrative analyst monitors the payments due on the various rental and lease contracts. As payments on those contracts come in, she records them on the Contract List she maintains and takes the cash to the Accounting Division. The Accounting Division staff post the amounts received to the accounting records. The cash received is deposited with the daily bank deposit.

Monitoring controls

The bank sends a confirmation of the deposits made for Blue Lake and Oxbow Regional Parks and the marine facilities to the administrative assistant who reconciles it to the deposit information received from those sites. Accounting Division staff receive the Metro Parks Deposit Summaries and related documentation from the administrative assistant, review them and reconcile any differences with the Regional Parks and Greenspaces Department. In addition, the senior services administrative analyst monitors the payments due on the various rental and lease contracts. As payments on those contracts come in, she records

them on the Contract List. The Accounting Division personnel do a monthly bank reconciliation of all Regional Parks and Greenspaces Department deposits to the bank statements.

Cash collected by contractors and concessionaires

Metro has lease and management agreements with a contractor for the operation of the Glendoveer Golf Course and received \$769,901 in fiscal year 1997. The contractor pays the lease fees in quarterly payments and pays a percentage of the green fees collected each month. The Regional Parks and Greenspaces Department employs an independent auditor who reports to them annually on compliance of the contractor with terms of the agreements.

The concessionaires for the Lake House, the food booth and the boat rentals at Blue Lake Park send monthly reports to the department's administrative assistant at Metro Regional Center for the months they are operating. The reports accompany the payments for that month. The largest of these payments is received from the Lake House concessionaire and totaled about \$30,000 for fiscal year 1997. Monthly reports include detail on services provided to each Lake House customer, amounts received and Metro's share. The administrative assistant compares this information with the terms of the contracts with each customer to verify that Metro received the correct amount. The food and boat rental revenues are much smaller amounts, and the concessionaires only report their total sales. The administrative assistant verifies that the payment accompanying the report is the proper amount based on reported sales. Metro's share of the food and boat rental revenue was about \$16,000 in fiscal year 1997. The park supervisor or the operations and maintenance manager for the Regional Parks and Greenspaces Department resolves any problems with concession collections.

Chapter 4 – The Oregon Zoo

The Oregon Zoo attracts about 1 million visitors a year. It is the top paid attraction in the state and an important educational resource. The zoo cash office reported cash receipts of \$7.5 million for fiscal year 1997. All of the cash receipts at the zoo are brought to the cash office for processing and deposit.

In addition to the cash receipts that were collected and deposited by the zoo, the Accounting Division also received zoo related cash receipts of about \$1 million in fiscal 1997. Almost all of that amount was receipt of payments from zoo customers invoiced by the Accounting Division at the request of various zoo departments for such things as admissions, train rides or food for large groups from schools or businesses and rental of meeting rooms. The balance was miscellaneous cash receipts such as parking fines at the zoo from the Multnomah County courts, receipts from a collection agency of amounts they recovered from zoo customers who had written bad checks and other receipts from a variety of sources.

Visitor Services Division

The Visitor Services Division generates the largest portion of cash collections at the zoo, about \$6.5 million in fiscal year 1997. This division collects the gate admissions, operates the food service facilities such as restaurants and food carts and the catering services, operates the retail services including gift shops and equipment rentals, provides ticketing for the zoo railroad, and operates a shuttle bus for zoo customers.

Physical controls

The Visitor Services Division has 38 cash registers that are the primary collection points for cash at the zoo. It also has nine vending machines and a number of pay lockers. There are two drop safes for the cashiers to deposit their cash at the end of their shifts. The main safe is in the vault room next to the cash office. The cash office supervisor and the two vault room clerks are the only people who have keys to the vault room. A camera records all deposits into the drop safe at the vault room.

Another drop safe is located in the AfriCafe supervisor's office for use by the cashiers who are located a long distance from the vault room. All cash bag drops into the safe at the AfriCafe must be witnessed and initialed by a supervisor. The cash in that safe is transferred to the vault room safe daily by cash office and security staff. Only cash office personnel have the combinations to the safes. The cash office is equipped with an alarm and only the cash office supervisor and clerks know the alarm code.

Each cashier has a till locker or cabinet near their work area to secure their till drawers during breaks. The keys and locks for the till lockers and cabinets are issued to cashiers at the start of their shifts, along with their beginning cash and cashier deposit bags, and are turned in at the end of their shifts. Cashiers are allowed to have no more than \$10 in personal cash on their person while operating the cash register. They are not allowed to take handbags or other large personal containers into the cash receiving area. Cashiers are not allowed to purchase items from their own till or cash their own checks. Only authorized personnel are allowed in the cash handling areas.

A cash office clerk or supervisor collects excess cash from the cashiers during the day and takes it to the vault room. A lead cashier periodically empties the cash from the vending machines and pay lockers into a bag provided by the cash office without counting it and takes it to the cash office. The cash office bank deposits are taken to the bank by armored transport.

Recording controls

At the beginning of their shifts, cashiers pick up their beginning cash, cashier deposit bag, the key or lock for their till locker or cabinet and a Cashier Report form. The cash office clerk prepares a Cash Control Log form recording the time of day, the Cashier Report number, the cashier deposit bag number, the number on the till locker or cabinet key, the beginning cash amount and the work location for the cashiers. Each cashier counts the cash received and signs the Cashier Control Log to acknowledge receipt of the start cash.

The cashiers record all transactions on the cash registers immediately upon receiving the cash and provide cash register receipts to the customers. The cash registers generate a Z tape that records all transactions for the day and shows the location and date. The cash office supervisor said that inexpensive registers used on the food carts do not always work properly and do not give detail on voids, no sales and refunds. Cashiers are required to get a supervisor's approval before voiding transactions. Cashiers endorse checks, "Metro - Zoo, for deposit only", immediately upon receipt.

Cashiers are individually responsible for their own cash register till drawers. When a cash office clerk or supervisor collects excess cash from cashiers during the day, the amount is recorded on a Cash Collection Receipt that lists the date, time, location, denominations and total amount. The cashier and the cash office clerk or supervisor sign the form to signify agreement with the amount collected. The cashiers keep copies of the form to turn in with their cash at the end of their shifts. The cashiers may also buy change from a cash office clerk who is there for a cash collection.

At the end of the cashiers' shifts, a supervisor, lead worker or cash office clerk takes the ending cashier readings and runs the cash register Z tape. In some cases, the supervisors will compare the cash receipts with the Z tape totals. They then send the Z tapes or summaries of the Z tapes for their locations to the cash office.

The cashiers empty the cash registers of all cash and other forms of payment accepted during their shifts and complete the Cash Summary section of the Cashier Report. They list all coin and currency by denomination, the value of Zoomer shuttle tokens exchanged for cash and the amount of checks, traveler's checks and charge card drafts (net of charge card voids and credit vouchers) received. The amount of the charge card receipts the cashiers list must equal the Clerk Reports from each charge card terminal that they used during their shifts. They also list the total of the Cash Collection receipts they have as a result of the excess cash that was removed from their registers during the day and taken to the vault room. The cashiers enter the total of the above listed amounts, subtract their beginning cash, and enter the total net cash.

The cashiers then follow detailed instructions for preparing their receipts and putting them in their deposit bag. They print their name on the Cashier Report and sign it. They also complete a section of the report that lists all of the locations where they worked during the day and the cashier numbers they used. The Cashier Report is placed in the deposit bag with the day's receipts, and the bag is locked.

The cashiers then take the deposit bag to the drop safe designated for their area and drop it in the safe. If they used the safe at the vault room, they initial and note the time of their drop on the Cashier Control Log on the same line they used to check out their beginning cash. If they used the safe at the AfriCafe, a supervisor must witness the drop. The drop is recorded on the AfriCafe Safe Drop Log by noting the drop time, the deposit bag number and the cashier's name. The cashier and the supervisor then initial the log.

The cashiers also handle many different types of transactions other than regular admissions, food, and merchandise sales by cash, check and credit card. They may receive purchase orders for group admissions and train rides, special event tickets, catering tickets, sales and redemption of gift certificates and others. The cashiers turn in the documentation for these transactions with their cash receipts.

When the lead retail cashier empties the cash from the vending machines and takes it to the vault room, he or she takes the Z reading from the machines and report it to the retail supervisor. The vending machine cash, as well as cash collected for the on-grounds shuttle, the donation boxes, education program cash, and other cash collected at non-cashier sites are also placed in the drop safe. The employee making the drop records it on the Deposit Log For Non-Cashier Drops. A cash office clerk verifies and initials the log entry the next morning, counts the cash and completes one of several forms designed specifically to record information for the particular item.

The cash handling procedures for sale of alcoholic beverages at catered functions differ from those described above for cashiers. In most cases, a food services employee will obtain start money from the cash office to use in making change for liquor sales at the function. When the function is over, Food Services brings the proceeds of the sales to the cash office. The Food Services manager controls the inventory of liquor and can compare the amount of inventory used with the cash receipts to determine if the receipts are reasonable. For some catered events, food services personnel record the amount of alcoholic beverages used at the event and then request that an invoice be sent to the organization holding the event.

There is also a special cash handling procedure for birthday parties held at the zoo. The zoo receptionist completes a Birthday Party Form, collects the total due and puts the payment and the form in an envelope and gives it to the cash office. The cash office clerk completes a birthday party accounting worksheet on which they enter the information from the receptionist's form, fill in actual headcounts, check the calculations and determine the portions of the total amount that are for admissions and those that are for food. The clerk codes the admissions and food amounts separately for accounting purposes.

Monitoring controls

The cash office provides detailed monitoring controls for the Visitor Services Division cash receipts. The cash office gives Cashier Operating Procedures manuals to all cashiers and tests them on their knowledge of the procedures. The cashiers must pass the test before they are allowed to handle cash. The cash office clerks monitor each cashier's performance in complying with the manual. As the clerks perform their cash settlement functions, including completion of the Cashier Reports, they are in a position to determine if the cashiers have followed the required cash handling procedures. If the clerks find that a cashier, lead worker or supervisor has not followed the prescribed procedures, these clerks can talk to him or her about the need for improved performance. The clerks can also document the problem on a Cash/Revenue Error Report. Copies of the report go to the cashier, the Visitor Services Division manager, and the cash office supervisor.

The cash office staff follow an extensive set of procedures to assure that daily cash transactions have been correctly handled and to prepare the bank deposit. The procedures, which are summarized below, are included in a 230-page Zoo Cash Office Procedure Manual that the cash office supervisor updates each year.

The cash office clerks process the cashiers' deposit bags daily, usually on the day following the actual receipt of the cash. The clerks use a settlement machine that interfaces with the coin and currency counters and provides for manual entry of information from the Cashier Reports, checks, credit card transactions and other information such as revenue from vending machines, donation boxes and birthday parties.

The clerks process one cashier bag at a time. The clerks open the bag and remove the Cashier Report. They enter the beginning cash and net cash figures from the report, along with identifying information, into the settlement machine. The clerks process the coins and currency in the counting machines and enter the data for each check and credit card transaction into the settlement machine, along with the discounted value of Canadian currency and checks. The clerks verify that the credit card total matches the sum of that cashier's credit card clerk report and resolve any differences. After all the information has been entered, the clerks print a report that shows any discrepancies. The clerks determine the reasons for the differences, resolve them, and use the corrected amounts to complete the Cash Office Verification section of the Cashier's Reports.

In addition to each cashier's cash receipts, the cash office clerks also process cash received from all of the non-cashier sources through the settlement machine. This includes cash receipts from vending machines, donation boxes and birthday parties. Other transactions such as checks cashed at the cash office and cash overs and shorts are also included.

After entering all of the information for the day, the clerk prints a Store Total tape that lists totals for the coin, currency, checks, credit card transactions, change funds and net cash. The clerk compares each of these amounts to supporting documentation and resolves any differences.

Once the clerk assures that the credit card information has been transmitted from all of the credit card terminals throughout the zoo to the POS (point-of-sale) Partner computer in the cash office, they print a Pending Batch Detail report of the credit card activity. If the totals on this report agree with the credit card transactions total on the Store Total tape, the clerk can transmit the credit card information to the bank.

Before preparing the bank deposit, the clerks perform several steps to separate the cash that will be used for the cashiers' change funds from the bank deposit. They need to assure that they will have the proper amounts and denominations on hand for the change funds. They also do a vault count to assure that the vault has the correct amount of cash on hand.

The clerks then prepare the bank deposit and packets of supporting information for the bank, the Accounting Division and the cash office. The packet for the bank includes:

- Deposit slips for that day's deposit, placed with the currency
- Another deposit slip to pay for a change order (change for the vault)
- Checks with an adding machine tape listing each check
- Currency Deposit form listing the number of bills by denomination and the total value
- Separate deposit slip, in an envelope, for bagged coins or coins over \$25.

The cash office clerk places the deposit in a tamperproof bank deposit bag and fills out the required information on the bag. The clerk removes a tear-off receipt from the bag and staples it to the cash office copy of the deposit slip. The bag is sealed and put in the vault until it is picked up by the armored transport service.

A Daily Deposit Activity form is prepared, along with a tape of the amounts that are recorded on the form. The information includes the deposit date, the amount of currency, coin, checks and any change order payment or other amount included in that day's deposit. This deposit amount is the total for that day to be sent in the next armored transport shipment. The deposit amount is added to the amount of the credit card transactions to arrive at a total that must agree with the Net Total amount on the Store Tape.

The information from the Daily Deposit Activity forms is transferred to a Consolidated Deposit Activity form that is a total of all cash to be sent in the next armored transport pickup. The consolidated report is faxed to the Accounting Division and is also used in filling out the armored transport receipt, which will be signed by the driver when he makes the pickup. The armored transport driver also delivers any cash ordered by the cash office. The clerks count the cash before putting it in the vault and compare it to the cash order sheet that is taped to the inside door of the vault. Any differences must be reconciled.

After the bank deposit has been prepared, a cash office clerk completes the Sales section of the Cashier Reports, using revenue and discount figures from cash register tapes. The clerk also enters the correct revenue and location codes on the form and verifies that a Z tape was run for each cash register. If a Z tape was not run, the clerk makes a note to adjust the next day's readings and informs the cashier's supervisor. The clerk enters several items in the Sales section of the Cashier Report that require manual adjustments to the tendered cash amounts taken from the cash register tapes. These items include the following:

1. Manual voids (not removed from the register).
2. Corrections to void amounts incorrectly removed from the register.
3. Refunds of revenue from vending machines, lockers and the on-grounds shuttle.
4. Refunds from food and merchandise sales and rentals that were not removed on the cash registers.
5. Refunds of admissions and train tickets that were not removed on the cash registers.
6. Refunds of admissions and train tickets that were made at a location that does not sell admissions or train tickets.
7. Special coupons and tickets accepted.
8. Concert meal vouchers issued to volunteers working during concerts.
9. Transfer vouchers for one department purchasing from another that were entered into the cash register.

10. Purchase orders from organizations that will be billed rather than paying at the time of purchase; if the customer does not have a purchase order, information needed to bill them is recorded on a billing acknowledgment form.

The cash office procedures manual gives the clerks detailed instructions on how to handle the voids, refunds, and other adjustments in completing the Sales section of the Cashier's Reports and making any necessary changes to other reports. The cashiers fill out a Refund/Exchange form for each refund and attach it to their Cashier's Report. The cashiers turn in any tickets, coupons, vouchers or purchase orders they have accepted when they turn in their Cashier's Report and the cash receipts. The cash office clerks fill out one Catering Tally Form for each event after counting all tickets from all cashiers.

When the cash office clerks have entered all of the above items that are applicable on the Sales section of the Cashier's Report, they can then calculate and enter the cash sales amount. They enter the net cash amount from the Cash Summary section, compare it with the cash sales amount they entered, record the difference and indicate whether it is over or short. The clerks try to determine the reason for over and short amounts. They record it on the Cashier's Report if they identify the reason. The cash office prepares a daily over and short report for each cashier. Cashiers are subject to disciplinary action if they are at least \$10 over or short and the dollar amount is at least 1% of their total cash sales.

The cash packet, which the cash office sends to the Accounting Division, includes:

- A Cash Summary report that lists the total amounts of currency, coin, checks and credit card transactions and breaks the cash into the accounting codes for posting to Metro financial records
- Credit card drafts with an adding machine tape listing each draft and a Settled Batch Totals By Card Type report from the POS (point-of-sale) Partner terminal
- A copy of the deposit slips
- An adding machine tape listing each check
- A Cash In Transit GL (general ledger) Credit form from the bank for change orders that were delivered by the armored transport
- A tape that lists total currency, loose coin, checks and Canadian currency and checks, subtotaled to show the deposit slip total. To this is added the credit card activity total and a grand total that must match the Net Total amount on the Store Tape
- The Cashier Reports with supporting documentation such as Z tapes, the Clerk Reports on credit card sales, Cash Collection receipts and information on voided transactions
- Birthday party forms
- Data entry information for any miscellaneous cash received
- The Cashier Control Log and AfriCafe Safe Drop Log
- A vault count tape

- Net Cash tape showing the dollar amounts from each Cashier Report with a subtotal, followed by net cashier dollar amounts. The grand total of the tape matches the Store Tape, which is retained in the cash office supervisor's office
- A Daily Financial Report and several other reports that provide various breakdowns of information on attendance and sales for the day.

The cash office also retains copies of the information included in the bank and Accounting Division packets and additional detailed documentation.

The cash office prepares a variety of reports for the zoo managers and Accounting Division staff that give them information on the daily revenue for the departments and the attendance figures. This provides data the managers can use to monitor trends and look for any unusual fluctuations in revenue. The cash office supervisor said that the zoo has large fluctuations in attendance because of weather conditions, but revenue per visitor should be fairly constant within seasonal ranges. The cash office also reports the data on a monthly basis that smooths out the effects of special promotions such as free days.

The Accounting Division and Visitor Services Division supervisors also provide some monitoring controls. The Accounting Division staff receive the daily cash packets from the zoo cash office and record the cash receipts to the appropriate accounts. They also do the reconciliation of the zoo deposits to the bank statements. Accountants from the Accounting Division do periodic surprise cash audits of the cash office. The Visitor Services Division supervisors do some surprise cash counts of the cashiers during their shifts and may also count the cash at the end of the shift.

Other divisions

The other (non-visitor service) divisions generated about \$1.1 million in fiscal year 1997. The Development Office, Education Division, Marketing Division and Security Office brought in about 87 percent of the cash collected by the non-visitor service units. The Administration, Facilities Management and Animal Management Divisions also have small amounts of cash receipts.

With the exception of the coin and currency that people place in donation boxes located around the zoo, almost all of the cash receipts collected by the other divisions is in the form of checks or credit card drafts. Therefore, they do not use cash registers. All of the other divisions bring their cash receipts to the cash office for processing and deposit. The cash office processes and deposits the receipts and reports them to the Accounting Division, along with the cash receipts from the Visitor Services Division.

Zoo Development Office

The largest source of non-visitor services cash receipts, about 44 percent in fiscal year 1997, was the Development Office. The office's function was fund-raising for the zoo. This function was transferred to the Oregon Zoo Foundation beginning in fiscal year 1998. In fiscal year 1997, the Development Office had cash receipts of \$483,740. The Oregon Zoo Foundation staff write a check to the zoo each month from the proceeds of their fund-raising efforts. The check is accompanied by forms that list the donor, the date received, the account number to which the funds are to be posted, and the purpose for which the funds will be used. The cash office supervisor records the check number and deposit date on the form and enters the information into the zoo data system. The funds are deposited along with the other cash receipts.

Education Division

The Education Division was the second largest source of non-visitor services cash receipts, with \$427,722, in fiscal year 1997. Its cash receipts include tuition revenue from education programs as well as scholarship donations and some food and admissions revenue. The division brings its receipts to the cash office along with an Education Programs Cash Payment Form, which lists revenue by category and number of participants. The division registrar also provides a calculator tape of the cash receipts.

A cash office clerk counts the cash and the attendance figures to verify the registrar's totals. They also verify that the admission revenue is the education admission rate times the headcount of the non-Friends of the Zoo participants. Friends of the Zoo members have free admission. The cash office clerk also verifies that all subtotals and totals on the form are correct, stamps each check to identify it as coming from the division and writes the deposit date on the form. The cash office includes the division's cash in the bank deposit corresponding to the sales date of the credit card drafts included in the cash bundle.

Marketing Division

The Marketing Division had \$22,500 in cash receipts in fiscal year 1997 from special events such as birds of prey shows held at various locations away from the zoo. The division brings their cash receipts to the cash office. The cash office completes a Data Entry Form For Miscellaneous Zoo Cash and processes and deposits the cash with the other cash receipts.

Security Office

The security officers collect cash from donation boxes on the zoo grounds when the zoo is closed and put it into bags provided for that purpose. These collections totaled about \$16,500 in fiscal year 1997. They put the bags in the drop safe at the cash office and record the following information on the Deposit Log For Non-Cashier Drops: the date, their name, description and quantity of the items dropped and the time of the drop.

Cash office clerks process the cash the next day. They initial the log to indicate they received the bags. They then count the cash, run a calculator tape to subtotal each bag's cash by denomination and also calculate the grand total of all bags on the tape. The clerks then complete a data entry form for donations and miscellaneous income for each bag. The clerks sell the coins to the vault so that currency can be used during cash settlement. The deposit-ready cash is placed in an envelope with the data entry form and the tape attached. It is then stored inside the vault and will be processed with the next bank deposit.

The cash office reports information on amounts and locations of the donation collections to the security manager. The security manager uses the information to monitor fluctuations in cash receipts and may also count the cash prior to the security officers' collections to pretest the collections process.

Remaining divisions

The Administration, Facilities Management and Animal Management Divisions had small amounts of cash receipts in fiscal year 1997, totaling about \$6,500. The cash office clerks record these receipts on data entry forms for miscellaneous income and process and deposit them along with the other cash receipts.

Chapter 5 – Metropolitan Exposition-Recreation Commission

The Metropolitan Exposition-Recreation Commission (MERC) manages the region's convention, trade, spectator and performing arts facilities. MERC is a semi-autonomous body established by the Metro Code. The facilities managed by MERC include the Civic Stadium, the Portland Center for the Performing Arts (PCPA), the Oregon Convention Center (OCC) and the Portland Metropolitan Exposition Center (Expo). The City of Portland owns the Civic Stadium and PCPA.

The MERC Administration Division includes a fiscal operations group that performs many of the accounting services for the MERC facilities. MERC Fiscal Operations provides summaries of cash receipt and deposit information to the Accounting Division. The information includes the dates and amounts of the deposits, an identification of the related events and services and the account codes which the Accounting Division uses in posting the information to the accounting system. For deposits to the MERC operating accounts the information provided by MERC Fiscal Operations includes copies of the bank deposit slips. MERC Fiscal Operations does not send copies of the bank deposit slips to the Accounting Division for deposits to the special deposit accounts. The special deposit accounts are used to deposit funds for items such as advance ticket sales and rental deposits for events at MERC facilities. Metro accounting staff reconcile the deposit information received from MERC to the monthly bank statements.

Civic Stadium

The Civic Stadium has two anchor tenants: the Portland Rockies baseball team and Portland State University football. It also is the site of many high school and college sports events and concerts. The cash receipts at Civic Stadium are from rental fees collected from users of the facility, concessions and catering sales, and ticket sales to stadium events and to other events which MERC Ticket Services at the stadium sells as Ticketmaster and Fastixx agents.

Rental deposits

The administration and sales office at Civic Stadium receives rental deposits from organizations planning to hold events at the stadium. The rental fees for fiscal year 1997 were \$265,426. The administrative secretary said that rental fees are almost always paid in advance but occasionally are paid as part of the final settlement after the event.

The rental amount is determined by the terms of a limited license agreement. The organization sends the rental deposit check to the stadium, and the administration and sales staff verify that the amount is correct. If the renting organization sends the limited license agreement with the check, the staff makes a copy of the check for the stadium's files and forwards the original copy of the agreement with the check to MERC Fiscal Operations. If the renting organization sends the rental check in without the agreement, the administration and sales staff attach a note to the check indicating the number of the limited license agreement and the name and date of the event. They then send the check to MERC Fiscal Operations after making a copy for the stadium's files.

The staff generally send the checks to MERC Fiscal Operations on the day they are received, but lock them in the petty cash box at the stadium if they are held overnight. MERC Fiscal Operations staff prepare the bank deposit of rental receipts and include them in their summaries of receipts and deposits which they send to Metro's Accounting Division. Accounting Division staff record the amounts in the general ledger and also reconcile the deposits to the monthly bank statements.

Ticket sales

MERC Ticket Services staff are responsible for ticket sales at Civic Stadium. They sell tickets to events at the stadium and to any event that is on Fastixx or Ticketmaster, no matter where it is held. MERC Ticket Services reported ticket sales receipts of \$1.4 million from these sources in fiscal year 1997.

Physical controls - All ticket sales are done from within enclosed ticket booths for the sales made outside the stadium or enclosed ticket windows for sales done inside the stadium. Only authorized personnel are allowed inside the enclosed ticket sales areas and the money room.

Ticket Services uses a safe for storage of cash and checks when they are not under an authorized employee's direct control. The safe is located in the money room. Access to the safe is limited to the Ticket Services supervisor, the Ticket Services manager and two part-time supervisors. The safe and the locked areas are to be locked at all times when unattended, and the safe combination and keys to locked areas are changed when employees who had access are no longer employed at the stadium. Keys to the locked areas are stamped "do not duplicate". Cash-handling staff have access to a security alarm that would alert management or security personnel of robberies or threatening activities. Bank deposits are placed in tamper proof deposit bags and placed in the safe. Deposits are taken to the bank by an armored transport service.

Recording controls - For ticket sales at the outside booths, the Ticket Services supervisor or Ticket Services manager (supervisors) set up start cash banks, usually

of \$500, and issue an allotment of tickets for each ticket seller prior to each event. The ticket seller needs the start cash to make change.

The supervisor records the amount of starting cash and the number of tickets drawn from the computer and issued to the ticket sellers at each price for Ticketmaster and Fastixx tickets on a Ticket Draw Slip. In the case of roll-tickets, the supervisor records the starting number, price and color of each roll issued and records it on a Roll-Ticket Sales Report.

The ticket sellers verify that their starting cash and ticket allotments are correct and report any discrepancies to the supervisor before leaving the money room. If the ticket seller agrees that the amounts are correct, the supervisor gives them a copy of the Ticket Draw Slip or Roll-Ticket Sales Report and explains any special instructions for the event such as discounts. The ticket sellers are then ready to begin selling. Only one ticket seller is responsible for each cash drawer at any given time. A supervisor stamps checks "for deposit only" upon receipt.

When the supervisor calls the ticket sellers back to the money room, the ticket sellers return the cash receipts, the unsold tickets, discount coupons they accepted and ticket stubs to the supervisor. The supervisor then balances the cash receipts against the daily ticket sales. As part of this process, he obtains journals of ticket sales activity generated by the Ticketmaster and Fastixx systems and completes the Ticket Draw Slip or Roll-Ticket Sales Report. He counts the tickets, coupons and ticket stubs and records the ending numbers for roll-tickets. The supervisor counts all currency, coins and checks, determines how many tickets were sold and reconciles the cash receipts to the tickets sold for each ticket seller. When the reconciliation is completed, the supervisor returns all starting cash to the safe and puts unsold tickets that were drawn from the computer back into the computer system.

The supervisor prepares the receipts for deposit. The deposit slip lists the amounts of coin and currency and the deposit slip or an attached tape lists the amounts of each check. The deposit slip is a three-part form. The top copy is placed with the cash and checks in a tamperproof deposit bag and sent to the bank by armored transport service. The second copy of the deposit slip is sent to MERC Fiscal Operations, and the third copy is retained in Ticket Services. The supervisor notes any overages or shortages on the copies of the deposit slips that go to MERC Fiscal Operations and Ticket Services. MERC has set up an account to record these amounts.

The procedures for ticket sales at the windows inside the stadium are basically the same as those for sales made at the outside booths, but there are some differences. The start cash bank is usually limited to \$100 for the inside windows. Also, credit cards are accepted for sales at the inside windows and must be included when balancing cash receipts against ticket sales. During the day, a supervisor sells tickets at the inside windows because it would not be practical to hire a ticket seller for the relatively small volume of sales.

Monitoring controls - As noted above, a supervisor (Ticket Services Supervisor or Ticket Services Manager) reconciles the cash receipts to the daily ticket sales. This gives them an overview of sales and supporting documentation for each ticket seller. If the ticket seller is over or short after the reconciliation, the supervisor recounts the currency, checks, ticket stubs and coupons and confirms starting and ending roll-ticket numbers. The ticket seller then makes a search of the ticket booth to look for any cash, tickets or other sales document that may have been left behind. If the ticket seller is still over or short after this double-check procedure, the shortage or overage is recorded in the Ticket Sellers' Log Book.

Ticket Services provides ticket sellers with written cash handling procedures for ticket sales. All ticket sellers are given cash handling training prior to selling tickets, and criminal background checks are made on new cash handling and supervising employees. Voided and canceled tickets are retained, and ticket sellers are required to get a supervisor's approval before voiding transactions.

The supervisor sends a copy of the bank deposit slips to MERC Fiscal Operations. He also sends summaries of daily ticket sales by event to MERC Fiscal Operations and to the Accounting Division. The Accounting Division staff reconcile the information from the daily ticket sales summaries to the daily deposit information and resolve any differences with Ticket Services and Fiscal Operations. MERC Fiscal Operations includes ticket sales in the summaries of cash receipts and deposits that they send to the Accounting Division. The Accounting Division staff post the amounts to the general ledger and reconcile the deposits to the monthly bank statements.

Concessions and catering

Concessions and catering at Civic Stadium are provided by Fine Host, a contract service provider. The Consolidated Annual Financial Report shows revenue from concessions and catering at Civic Stadium of \$1 million in fiscal year 1997.

The same contractor provides the concessions and catering service at Civic Stadium, Expo and the OCC and concessions service at the PCPA. The contractor is responsible for all cash handling of concessions and catering receipts for the services they provide at these locations. MERC Fiscal Operations monitors the cash receipts by reviewing documentation provided by the contractor. Since it is the same for all locations, a description of the documentation and monitoring of the concessions and catering cash receipts by MERC and Metro is included in the report section on the OCC only.

Portland Metropolitan Exposition Center

The Portland Metropolitan Exposition Center (Expo) provides public assembly facilities for consumer and trade shows and exhibitions. The cash receipts at Expo

are from facility rental fees, deposits on anticipated expenses, ticket sales, concessions and catering revenue and parking fees.

Rental deposits

Expo's administration office receives rental deposit checks from organizations planning to hold an event. Total rental receipts for Expo were \$1 million in fiscal year 1997. The administration staff photocopy the deposit checks, stamp them "for deposit only" and send them to MERC Fiscal Operations for processing and deposit. MERC Fiscal Operations staff prepare the bank deposit of rental receipts and include them in their summaries of receipts and deposits which they send to Metro's Accounting Division. Accounting Division staff record the amounts in the general ledger and reconcile the deposits to the monthly bank statements.

Ticket sales

Ticket sales at Expo can be handled in three ways. The organization that is promoting the event can choose to sell the tickets themselves, contract with a ticket sales service or use MERC. MERC Ticket Services reported receipts of \$259,653 from ticket sales at the events that they handled. Ticket Services personnel apply the same controls over cash receipts for ticket sales at Expo that are discussed above for ticket sales that they make in the outside ticket booths at Civic Stadium. Therefore, that discussion will not be repeated here.

There are some differences at Expo because of the different location. For example, the supervisor brings the start cash from Civic Stadium and uses a walk-in vault with a floor safe that is located in the administration office. This is separate from the safe that is used by the concessions and catering contractor to store their bank deposits until they are picked up by the armored transport service.

The supervisor sends summaries of daily ticket sales by event to MERC Fiscal Operations and to the Accounting Division. The Accounting Division staff reconcile the information from the daily ticket sales summaries to the daily deposit information and resolve any differences with MERC Ticket Services and Fiscal Operations. MERC Fiscal Operations staff include the ticket sales in the summaries of cash receipts and deposits which they send to Metro. Metro's Accounting Division staff post the amounts to the general ledger and reconcile the deposits to the monthly bank statements.

Concessions and catering

Fine Host, a contract service provider, provides concessions and catering at Expo. MERC Fiscal Operations stated that revenue from concessions and catering at Expo was \$1.5 million in fiscal year 1997.

The same contractor provides the concessions and catering service at Expo, Civic Stadium and the OCC, and concessions service at the PCPA. The contractor is responsible for all cash handling of concessions and catering receipts for the services they provide at these locations. MERC Fiscal Operations staff monitor the cash receipts by reviewing the documentation provided by the contractor. Since it is the same for all locations, a description of the documentation and monitoring of the concessions and catering cash receipts by MERC and Metro is included in the report section on the OCC only.

Parking fees

Metro Auto Park/Ace Parking Management (a Joint Venture) operated parking at Expo under contract. The Comprehensive Annual Financial Report shows total parking fees collected for fiscal year 1997 of \$1.1 million. The contractor is responsible for cash handling of parking receipts at Expo. The Expo administration and MERC Fiscal Operations staff monitor the cash receipts. The agreement, which expired on June 30, 1998, provided for a percentage commission. The new agreement with Ace Parking Management is for labor services only. Controls are similar under both contracts and are discussed below.

The contractor prepares daily reports listing car counts by the half-hour, the bank deposit amount for the day, over and short amounts and a breakdown of the daily parking fees, passes, recreational vehicle fees and other information. The Expo administration staff issue the car entry tickets, exhibitor passes and recreational vehicle passes to the contractor for each event on prenumbered colored tickets to differentiate the various passes from daily car entries. The contractor returns unused tickets to Expo administration staff who reconcile the cash collections reported by the contractor to beginning and ending numbers of issued tickets. The administration staff also have car counter readings which they can compare to the totals reported by the contractor and to the number of tickets sold.

The contractor prepares a bank deposit daily. The deposit slips show the amounts of currency, coin and checks being deposited with a tape showing the amount of each check. Credit cards are not accepted for parking. The deposits are put in tamperproof bank deposit bags and placed in a safe that is also used by the concessions and catering contractor until they are picked up by an armored transport service.

Each Monday, Expo administration staff send the contractor's daily reports with the supporting documentation, including copies of the bank deposit slips, to the Assistant Fiscal Operations Director at MERC. Under the old agreement, after the Assistant Fiscal Operations Director reviewed the reports and documentation, he prepared a payment authorization for the contractor's commission based on a percentage of gross sales and sent it to Metro's Accounting Division for payment. Under the new agreement, MERC will receive an hourly labor services invoice for

the previous month. The Accounting Division reconciles the bank deposits of parking receipts to monthly bank statements.

Oregon Convention Center

The OCC provides space and services for conventions and trade shows. In addition, it also serves as a meeting and entertainment place for local citizens. The cash receipts at OCC are from rental of facilities, concessions and catering, ticket sales, parking fees, various services provided to facility users by OCC staff and a visitor information center.

Rental deposits

The sales department at OCC receives checks from organizations that are renting the OCC facilities. The Comprehensive Annual Financial Report lists rental receipts of \$1.6 million for fiscal year 1997. The rent is based on the terms of a limited license agreement between MERC and the customer.

Sales department staff post the rental deposits to individual customers' accounts in an internal record keeping system, endorse the checks "for deposit only" and send them to MERC Fiscal Operations with identification of the customer, the event and the date. MERC Fiscal Operations staff include the rental receipts in the bank deposits which they prepare. The rental receipt amounts are included in the summary of receipts and deposits, which MERC sends to the Accounting Division. The Accounting Division staff post the amounts to the general ledger and reconcile the deposits to the monthly bank statements.

Concessions and catering

Concessions and catering at OCC is provided by Fine Host, a contract service provider. The Comprehensive Annual Financial Report lists revenue from concessions and catering at OCC of \$4.8 million for fiscal year 1997.

The same contractor provides the concessions and catering services at OCC, the Civic Stadium and Expo and concessions service at the PCPA. The contractor is responsible for all cash handling of concessions and catering receipts for the services they provide at these locations. MERC Fiscal Operations monitors the cash receipts by reviewing the documentation provided by the contractor. The assistant Fiscal Operations director stated that the contractor is responsible for maintaining a complete computerized accounting system that will include an inventory system, event sales reports, accounts payable logs and payroll on a weekly, monthly and year-to-date basis. On a weekly basis the contractor provides the following information:

1. Operating statement (profit and loss).
2. Subsidiary report detailing daily cash sales (concessions) by event, including deposit slips.
3. Subsidiary report detailing sales by invoice (catering) with copies attached.
4. Daily sales report summary.
5. Cost of sales report (derived using purchases and beginning and ending inventory).
6. Payroll register and labor distribution.
7. Accounts payable log detailing each invoice with copies attached.
8. Summary log of the liquor impress checking account with attached documentation.
9. Billing for expense reimbursements.

On a monthly basis, the contractor also includes the following items:

1. Summary of the weekly operating statements with a column for adjustments.
2. Schedule of monthly and year-to-date sales with comparisons to the prior year.
3. Copy of the last inventory count reports.
4. Accounts receivable aging schedule.
5. Billing for management fees and profit sharing.

The contractor prepares the bank deposits daily and places them in the vault. The deposits are taken to the bank as needed. The MERC Fiscal Operations staff include the contractor's deposits in the summary of the cash receipts and deposits which they send to the Accounting Division and attach copies of the prenumbered deposit slips. The Accounting Division staff post the amounts to the general ledger and also reconcile the bank deposits of the contractor's receipts to the monthly bank statements.

Ticket sales

MERC Ticket Services staff are responsible for ticket sales at OCC. They reported sales receipts at OCC of \$2 million for fiscal year 1997.

Ticket sales at OCC are done at permanent box offices and at remote locations within the building. The Ticket Services personnel apply the same controls over cash receipts for ticket sales at OCC that are discussed above for ticket sales at Civic Stadium. Therefore, that discussion will not be repeated here. One difference, due to the change in location, is that the supervisor uses the safe at OCC to store start money for the ticket sellers. The sealed tamperproof deposit

bags are inserted into the MERC administrative office safe at OCC until picked up by the armored transport service.

The supervisor sends a copy of the bank deposit slips to MERC Fiscal Operations. He also sends summaries of daily ticket sales by event to MERC Fiscal Operations and to the Metro Accounting Division. The Accounting Division staff reconcile the information from the daily ticket sales summaries to the daily deposit information and resolve any differences with MERC Ticket Services and Fiscal Operations. MERC Fiscal Operations includes the ticket sales in the summaries of cash receipts and deposits, which they send to Metro. The Accounting Division staff post the amounts to the general ledger and reconcile the deposits to the monthly bank statements.

Parking fees

City Center Parking, a contractor, operates parking at OCC. The Comprehensive Annual Financial Report shows total parking fees collected for fiscal year 1997 of \$697,097. The contractor is responsible for cash handling of parking receipts at OCC and prepares the daily deposits that are placed in the drop safe at OCC. The contractor has a key that allows him to drop the deposit bags into the safe through a locked drop safe door in the hall. The contractor also prepares daily sales reports that they send to OCC Special Services (security). The sales reports list the number of cars that paid, the number of cars that did not pay, the number of passes and the over or short amounts. There are car counters that the contractor cannot access that are read twice a day by security staff. Security staff compare the daily sales reports to the car counter totals for reasonableness.

MERC Fiscal Operations receives copies of the deposit slips from the contractor. They report the parking deposits to Metro's Accounting Division on the summary of cash receipts and deposits, which they send to Metro for posting to the general ledger. The Accounting Division staff also reconcile the bank deposits to the monthly bank statements.

Utility services

The OCC provides utility services to organizations that are renting the OCC facilities. The services are provided through the Operations Office and include electrical, telephone, compressed air, natural gas, water, audio/visual and lighting services. The service desk staff collect cash receipts for these services, except for telecommunications, which is handled by the telephone system coordinator. The Comprehensive Annual Financial Report lists revenue of \$1 million from utility services for fiscal year 1997.

The utilities services requested by the customers are recorded on a service order form. The operations secretary receives payments for all of the services except

telephone. The secretary said that the payments are almost always in the form of checks or credit card drafts, but that some currency is received. She keeps the payments locked in her desk unless she is working with them. The secretary prepares a daily report that reconciles the cash receipts for the day to the total amounts on the applicable service orders. She sends this report to MERC Fiscal Operations with the checks, credit card drafts and currency and copies of the service orders attached.

The telephone system coordinator receives the payments for telephone services provided to customers. He said the payments are all in the form of checks or credit card drafts and that he does not handle currency. The coordinator takes all of the payments and the supporting service order forms to MERC Fiscal Operations for processing and deposit.

MERC Fiscal Operations prepares the utility service payments for deposit and reports them to the Accounting Division on the summary of cash receipts and deposits. Accounting Division staff post the amounts to the general ledger and reconcile the bank deposits to the monthly bank statements.

Business Center services

The Business Center at OCC is a three-person office that provides marketing and multi-media services, such as preparing displays, to organizations using the OCC facilities. A contractor did this function until this year. The Business Center did not provide us with actual cash receipts information for prior years, but the Metro budget for fiscal year 1998 anticipated sales of \$102,900.

The Business Center uses a cash register to record sales. The administrative assistant runs a Z tape at the end of the day and completes a form that is used to reconcile the documentation to the cash received. She prepares the deposit slip and puts the cash, the deposit slip and the Z tape into the safe at the Fiscal Operations office daily through a locked drop safe door.

MERC Fiscal Operations reports Business Center bank deposits to Metro's Accounting Division on the summary of cash receipts and deposits. Accounting staff post the amounts to the general ledger accounts listed on the summary. They also reconcile the bank deposits to the monthly bank statements.

Visitor Information Center

The Visitor Information Center at OCC is part of the sales department. It is located in the lobby of the OCC and operated by the volunteer coordinator and the staff of volunteers. The Visitor Information Center had cash receipts of \$73,400 in fiscal year 1997.

The volunteer coordinator is responsible for providing the start cash to the volunteers who staff the center and make the sales. The volunteers sign for the cash each shift. The cash is kept in a locked office when not under the direct control of the coordinator or the volunteers. The coordinator said that there are usually two volunteers working each four-hour shift.

The volunteers record their sales on a log. At the end of each shift, the coordinator reconciles the cash to the sales log and puts both in the safe at the Fiscal Operations office through a locked drop safe door.

Once a week the coordinator prepares a bank deposit slip for the week's cash receipts and takes it to the Fiscal Operations office. The accounting staff in the Fiscal Operations office prepare the cash receipts for deposit and report them on the summary of cash receipts and deposits which they send to the Metro Accounting Division. Accounting Division staff post the amounts to the general ledger accounts listed in the summary. They also reconcile the bank deposits to the monthly bank statements.

OCC vault

The vault at OCC is located in the MERC Fiscal Operations office area. The safe and locked areas are locked at all times when unattended. The safe combination and keys are changed at the transfer or termination of employees who had access. The departments at OCC that receive cash, the concessions and catering contractor, the parking contractor and MERC Ticket Services when they are working at OCC use the vault for the safekeeping of their cash receipts that are ready for deposit. Cash received for rental deposits at Civic Stadium and Expo and rental deposit and catering receipts from PCPA which have been sent to MERC Fiscal Operations are also placed in the vault.

MERC Fiscal Operations staff prepare the deposits for the departments that do not prepare their own. For these deposits, the staff assure that the amounts to be deposited are supported by the accompanying documentation. They then prepare the deposit slips, show the amount of each check deposited either on the slip or on an attached tape and show the makeup of the deposit in coin, currency and checks. They place the deposits in tamperproof bank deposit bags. An armored transport service picks up all of the cash that has been prepared for deposit.

Portland Center for the Performing Arts

Portland Center for the Performing Arts (PCPA) operates three buildings with four theatres and ancillary support spaces for a broad array of music, drama, dance and cultural events. The buildings include the Portland Civic Auditorium, the Arlene Schnitzer Concert Hall and the New Theatre Building containing the Newmark and Dolores Winningstad Theatres.

The cash receipts at PCPA are from rental of facilities, ticket sales, concessions and catering, a gift shop, a checkroom, souvenir sales and money collected to cover an event's estimated expenses.

Rental deposits

The PCPA Booking and Sales Department receives rental deposits from organizations that will be using the PCPA facilities. The Metro Comprehensive Annual Financial Report lists total rental fees of \$1 million for PCPA facilities for fiscal year 1997. The booking and sales staff reported receiving \$35,000 in rental deposits for that year. The deposits are made by check. The staff records the rental deposits in a department log and in the RIC system and places a photocopy of the check in the event file. RIC is a computer based record keeping system used by MERC to accumulate information on events being held in their facilities. The staff send the rental deposits to MERC Fiscal Operations, usually on the day they are received. If they need to hold the checks overnight, staff keep them in a locked file cabinet. MERC Fiscal Operations staff prepare the rental deposit cash for deposit and record the amounts on the summaries of cash receipts and deposits which they send to the Metro Accounting Division. The Metro Accounting Division staff post the amounts to the general ledger accounts designated on the summary. They also reconcile the bank deposits to the monthly bank statements.

Ticket sales

PCPA Ticket Services sells tickets for events at the four PCPA theatres and to events at non-PCPA facilities through Ticketmaster and Fastixx. MERC Ticket Services reported PCPA ticket sales receipts of \$1.7 million for fiscal year 1997. The ticket services manager reported that the amount of revenue earned by PCPA on those ticket sales in processing and service charges and commissions was \$183,585.

Physical controls - Ticket Services has safes and an alarm system at PCPA and Civic Auditorium. Only authorized individuals are allowed in the cash handling areas. The ticket services manager keeps a list of employees who have the safe combinations and alarm codes. The operations department controls the issuance of keys to locked areas and the keys, which are stamped "do not duplicate", are returned when an employee with access leaves. The safes are to be locked at all times. Bank deposits are placed in tamperproof deposit bags, and deposits are taken to the bank daily by armored transport service.

Recording controls - The Ticket Services supervisors count cash in the safes, ticket sellers' change bags and cash drawers at the beginning and end of each shift and record and initial the totals at each location. The supervisors are to report any discrepancies to the manager or assistant manager. When they arrive for their

shifts, the ticket sellers are required to count their starting cash and report any overages or shortages to a supervisor.

The ticket sellers use computer-ticketing systems that generate reports of their sales by transaction for most events. The computer ticketing systems require the use of a password. For some events, the ticket sellers use roll-tickets, which are balanced to cash received by beginning and ending ticket numbers. Ticket sellers must get a supervisor's approval to void a transaction.

Ticket sellers are responsible for balancing their cash receipts to their own ticket sales at the end of their shifts. They complete a balancing sheet, on which they list their cash receipts broken down by currency and coin, checks, credit card drafts, and gift certificates cashed. They also list the ticket sales by type: Ticketmaster, Fastixx, tickets sold for non-PCPA events, roll-ticket sales, gift certificates sold and gift shop sales, other cash they might have received, their start cash and any over or short amounts. For the roll-ticket sales, they record the number of tickets sold and the price at which they sold; and any service charges are recorded separately. They also record the certificate number of any gift certificate sold or redeemed. The ticket sellers run tapes of the checks and the credit card drafts. All pre-pulled tickets, duplicate tickets, refunds, voids, ticket stubs, unsold tickets and coupons are retained and accounted for in the balancing process by the ticket seller or a supervisor.

When a gift certificate is redeemed the ticket seller fills in the event for which it was used and who redeemed it and draws a line across the front of the certificate. If they receive any donated tickets, they record them on a form and bring it to the attention of a supervisor. The detailed instructions for the ticket sellers also cover how refunded, voided and exchanged tickets are to be handled.

When ticket sellers accept checks from customers, they must initial the checks, indicating they have confirmed that the customers are not on a NSF (non-sufficient funds) checklist. They must also verify the customers' signature with picture identifications; record the event date, time and seat location on the check; and stamp the back of the check with the endorsement stamp. When accepting credit cards for ticket sales, sellers must verify that the show accepts credit cards and write down the reference and authorization numbers. They also record the seat locations, day, date and time. At the end of their shift, ticket sellers run audit tapes from the credit card terminal and include them with copies of their credit card drafts after assuring that the recorded sales balance with the documentation.

The supervisors review the ticket sellers balancing sheets and sign them after they have verified all of the items. The supervisors also prepare a PCPA Daily Settlement Form that reconciles the totals from the ticket sellers balancing sheets to the reports generated by the computerized ticket sales system, the audit tapes from the credit card terminals and the amount deposited in the bank.

The supervisors prepare the deposit slips. They prepare one for credit card sales and one for currency, coin and checks. The credit card sales are recorded and sent

to the bank automatically, so a deposit slip is prepared for use by PCPA and MERC Fiscal Operations. The credit card deposit slip does not go to the bank. On the credit card deposit slip, the supervisor lists the date of the actual deposit and the batch numbers and totals for each batch with a total for all batches. On the deposit slip for currency, coin and checks, the supervisor lists the currency and coin by denomination. Another supervisor re-counts the currency to verify the amounts and initials PCPA's copy of the deposit slip. The total of checks is listed, and a tape of the individual check amounts is attached. The supervisor completes the deposit slip and writes the bank deposit bag number on the slip. After preparing the deposit and placing it in the deposit bag, the bag is sealed. An armored transport service picks up the deposits and leaves a signed receipt that was prepared by the supervisor.

The supervisor provides a breakdown of the deposit amount by source on the copy of the deposit slip that is sent to MERC Fiscal Operations and also on the copy retained by PCPA. The purpose of the breakdown is to give MERC Fiscal Operations staff the information they need to record the cash receipts in the proper accounts. After review of the deposit documentation by PCPA Ticket Services managers, copies of credit card and cash deposit slips are sent to MERC Fiscal Operations. Copies of gift certificates sold and the originals of gift certificates that were redeemed are attached to the deposit slips.

Monitoring controls - The Ticket Services manager has provided detailed written instructions and cash handling training for supervisors and ticket sellers. The ticket sellers and supervisors are required to sign a copy of the written instructions to acknowledge they have read and understand them and that failure to follow them will result in disciplinary action. As noted above, the Ticket Services supervisors review the ticket sellers' balancing sheets and verify all of the items. In addition, the Ticket Services management reviews all deposits. This gives them an overview of the cash received and the supporting documentation. The MERC Fiscal Operations staff periodically count cash at the PCPA facilities on a surprise basis.

MERC employees are not permitted to cash personal checks at MERC facilities or to pull tickets for their own use or for other employees. All employee ticket purchases must be directed to Ticket Services Management.

MERC Fiscal Operations reports the PCPA ticket sales cash receipts to the Metro Accounting Division on the summaries of cash receipts and deposits. Accounting Division staff post the amounts to the general ledger accounts listed on the summaries.

MERC Ticket Services sends summaries of daily ticket sales by event to MERC Fiscal Operations and to the Metro Accounting Division. Accounting Division staff reconcile the information from the daily PCPA ticket sales summaries to the daily deposit information and resolve any differences with MERC Ticket Services and Fiscal Operations. They also reconcile the bank deposits to the monthly bank statements.

Concessions

Fine Host, a contract service provider, provides the concessions at PCPA. MERC reported revenue from concessions at PCPA of \$811,283 in fiscal year 1997. The same contractor provides both the concessions and the catering services at Civic Stadium, Expo and the OCC and concessions only at PCPA (where the event promoters choose from one of five caterers). The contractor is responsible for handling all cash receipts from the concessions and catering services they provide at these facilities. MERC Fiscal Operations monitors the cash receipts by reviewing documentation provided by the contractor. Since it is the same for all locations, a description of the documentation and monitoring of the concessions and catering cash receipts by MERC and Metro is included in the report section on the OCC only.

Catering

PCPA Event Services receives a commission from the caterers who provide the catering services to the event promoters at the PCPA facilities. The administrative secretary keeps a log of events from which Event Services expects to receive a payment. If she does not receive a check, she contacts the caterer to determine the reason. Total net commissions range from \$22,000 to \$52,000 annually.

The caterer sends a copy of his invoice to Event Services along with his commission payment to PCPA. The administrative secretary reviews the invoice and verifies that the amount of the commission payment is correct. She enters the payment on her spreadsheet and sends the check, the invoice and her tape of the amounts to MERC Fiscal Operations. The administrative secretary locks the commission checks in her desk when she is not working with them. MERC Fiscal Operations prepares the Event Services catering cash receipts for deposit and reports them on the summary of cash receipts which they send to the Metro Accounting Division. Accounting Division staff post the amounts to the general ledger accounts listed on the summary. They also reconcile the bank deposits to the monthly bank statements.

Souvenir sales and checkrooms

PCPA Event Services is responsible for souvenir sales and operation of the checkrooms. They reported cash receipts of \$82,602 and \$11,272 from the souvenir sales and checkrooms, respectively, for fiscal year 1997.

Souvenir sales - PCPA collects commissions from the vendors who sell souvenirs at the events. Before the building opens to the public, a PCPA house manager or admissions lead and the vendor take an inventory of the merchandise to be sold. After the event, the house manager or admissions lead takes an inventory of the

leftover merchandise. They determine how much merchandise was sold and the prices at which it sold and compute the gross sales and PCPA's commission. The house manager records the inventory and sales information on a Souvenir Sales Report that is signed by the house manager and the vendor. The house manager collects the commission from the vendor and locks the cash in the Event Services assistant manager's desk. Only the house managers, the Event Services manager and assistant manager have keys to the desk. Employees that have keys must return them if they transfer or terminate their employment. The Event Services assistant manager includes the cash in the next day's bank deposit. The bank deposits are made through the box office. If the souvenir sales are made by an in-house seller rather than a vendor, the house managers have a \$100 start cash drawer available in the New Theatre Building box office or the Civic Auditorium house manager's office safe which the house managers check out to the seller, if needed. The start cash is returned to the box office or Civic Auditorium safe immediately after the event.

Checkrooms - There are checkroom attendants at each event who collect fees from patrons for checking their coats. The attendants also sell earplugs. The house managers give the checkroom attendants \$20 start cash for making change. The cash is kept locked in the house managers' office desks at Arlene Schnitzer Concert Hall and the safe at Civic Auditorium and in the locked checkroom drawer at the New Theatre Building.

The checkroom attendants collect one dollar for each item checked by a patron. The attendants complete a Checkroom Settlement form listing the number of items checked and earplugs sold and the amount of cash collected. The attendant signs the form and the house manager verifies the amounts and also signs the form. The attendant returns the \$20 start cash to the house manager who returns it to locked storage. At the end of the shift, the house manager places the money and the Checkroom Settlement form in an envelope and locks it in the Event Services assistant manager's desk. Only the house managers and Event Services department manager and assistant manager have keys to the desk. The Event Services assistant manager deposits the checkroom cash through the box office.

The Event Services assistant manager sends copies of the deposit slips for the souvenir and checkroom cash receipts and a copy of the Souvenir Sales Report to MERC Fiscal Operations. MERC Fiscal Operations includes these deposits in the summary of cash receipts and deposits, which they send to the Metro Accounting Division. The Accounting Division staff post the amounts to the general ledger accounts listed on the summary. They also reconcile the bank deposits to the monthly bank statements.

48 - Hour requirement money

The contract between an event promoter and MERC requires that the promoter have enough money on deposit in the PCPA box office as of two business days

before an event to cover estimated expenses for the event. This is referred to as 48-hour requirement money. If additional money is needed, as estimated by the Event Services assistant manager, the promoter is required to provide it in the form of a cashier's check or cash. The assistant manager said that it seldom happens that additional funds are needed and estimated that Event Services collected between \$500 and \$1,000 for this purpose in fiscal year 1997. The assistant manager deposits the cashier's check or cash through the box office.

PCPA volunteer gift shop

The PCPA operates a gift shop in the New Theatre Building. Volunteers staff the shop and report to the volunteer coordinator in Event Services. The volunteer statistics report lists sales of \$5,661 for fiscal year 1997. The volunteers also conduct tours of the facilities and assist visitors. The gift shop volunteers obtain a start cash bank of \$30 at the beginning of their shifts. Cash registers are not used in the gift shop. The volunteers keep the cash in a drawer and list their sales on a gift shop sales form. The form shows the price of each item and the total collected for each sale. At the end of the volunteer's shift, they total the sales and complete the form, which lists the date, the volunteer's name, the shift worked, the beginning and ending start cash balance and the sales broken down by cash, credit card and checks. The volunteers put their sales forms and cash receipts in a locked cabinet at the end of their shifts.

Once a month the volunteer coordinator takes an inventory of the gift shop merchandise and reconciles it to the volunteers' sales forms and the cash receipts. At that time, the volunteer coordinator prepares a deposit slip and takes it and the cash receipts to the box office for deposit with other PCPA cash receipts and sends a copy of the deposit slip to MERC Fiscal Operations. MERC Fiscal Operations includes these deposits in the summary of cash receipts and deposits which they send to the Metro Accounting Division for posting to the general ledger. Accounting Division staff also reconcile the bank deposits to the monthly bank statements.

Chapter 6 – Remote Sites in Metro Regional Center

In addition to the remote sites discussed in the previous chapters, there are also cash collection points located in the Metro Regional Center building that are remote from the Accounting Division. We discussed the controls over cash receipts for one of these, the Regional Parks and Greenspaces Department's Administration Division, in Chapter 3. The remote cash collection points located in the Metro Regional Center discussed in this chapter are the Data Resource Center and the Administrative Services Department Property Services Division.

Data Resource Center storefront

The Data Resource Center (DRC) is part of the Growth Management Services Department. Staff sell a wide range of products and services from the Regional Land Information System to local government and private-sector purchasers. The sales are made to two types of customers: subscribers who receive invoices from Metro and send their payments to the Accounting Division, and customers who walk up to the storefront counter located on the second floor of the Metro Regional Center. The DRC staff also collect annual business license fees at the counter, mostly for first time licenses. The Accounting Division staff send invoices for subsequent annual renewals. The Accounting Division log of the daily collections and deposits for the DRC storefront counter lists deposits of \$85,565 for fiscal year 1998. The log was not kept for fiscal year 1997.

DRC staff who make sales at the storefront keep a \$50 change fund and cash receipts in a locked drawer in the counter. The three staff members who serve storefront customers have access to the drawer, which is locked when staff members are not present. The staff give the customers prenumbered receipts for their purchases. When a customer pays by credit card, the card is run through a terminal and, if approved, the sales information is transmitted directly to the bank. When a customer pays by check, identification is reviewed and the staff stamp the check "for deposit only". In the case of sales for which the customer will be billed, the geographic information system analyst who is working with the customer prepares a DRC invoice request. Based on that information, the DRC administrative secretary prepares a Metro invoice request for the Accounting Division. The administrative secretary also sends a copy of the invoice request to the associate management analyst in the Administration Division of Growth Management Services and files a copy. The associate management analyst assures that subscribers are properly billed for their purchases and advises the storefront staff when a subscriber has reached the amount of products and services they paid for in their subscriptions.

The Accounting Division has issued written instructions regarding the cash handling of the DRC storefront receipts. Each morning, a DRC staff member balances the cash, checks, and credit card drafts from the previous day's sales to

the prenumbered receipts issued and the \$50 change fund. This person then attaches the corresponding receipts with the cash, checks and credit card drafts, and any voided receipts and invoice requests, and take them to the front desk in the Accounting Division.

The program assistant who staffs the front desk counts the cash with the DRC staff member and initials the DRC copy of the receipts. If no one is at the front desk, the DRC staff is to take the cash to the lead accounts receivable person to count and initial the receipt. If they are not available, the cash is to be taken to the accounts receivable supervisor for counting and receipting. The DRC staff have been instructed to never leave the cash on the front counter or a desk. The program assistant removes the credit card draft copies and gives them to the accounts receivable clerk.

The administrative secretary said that, if it becomes necessary to make a refund to a customer, the DRC manager writes a memorandum to the Accounting Division to document the reasons for the refund before Metro will issue a check.

The DRC staff also collect annual business license fees at the storefront counter, usually for first time licenses. The Accounting Division sends invoices to the businesses for subsequent annual renewals. When a customer comes in to get a business license, they fill out an application form. The DRC staff member working at the counter reviews the application and determines if the applicant has a license in their home city. The staff member collects the \$110 annual fee and gives the customer the license and a copy of the prenumbered receipt. The cash and copies of the receipts are handled in the same manner as the other storefront cash collections discussed previously.

The transactions are recorded in the DRC log which lists the receipt number, the receipt date, the customer name, the amount collected, the method of payment and check number if applicable, the deposit date and any comments, such as that the collection was for a business license. The clerk recording the transactions assures that the DRC can account for all missing receipt numbers with voided receipts or receipts that were used out of sequence and notifies the lead accounts receivable clerk and the accounts receivable supervisor of missing numbers. The cash and checks and the accompanying documentation are taken to the clerk preparing the bank deposit.

Metro public parking garage

Ashforth Pacific, Inc., a contractor, operates the Metro-owned public parking garage at Grand Avenue and Irving Street for Metro. A project manager in the Property Services Division of the Administrative Services Department administers the contract. The contractor sent Metro payments of \$343,127 during fiscal year 1997.

The contractor makes daily bank deposits of the cash receipts from the parking lot to a client trust account. On the 15th of each month, the contractor sends a check for the previous month's activity and two copies of a parking management report for the month to the project manager. The project manager makes a copy of the check and files it with one copy of the contractor's management report. She takes the check and the other copy of the management report to the Accounting Division. The project manager and an Accounting Division staff member review the contractor's management reports, which are somewhat difficult to understand, and discuss with the contractor the items that need to be clarified.

The project manager updates a spreadsheet each month that lists the parking lot revenue reported by the contractor, the amount of the check Metro received from the contractor, and the expenses reported by the contractor. The spreadsheet is useful in reconciling these amounts between the fiscal year and the contract year, which is from November 1 through October 30. Expenses include the fixed fee of \$1,997 a month, charges for a parking attendant who is currently working until 11:00 a.m., reimbursement for any temporary help used, other miscellaneous minor expenses and incentive fee payments. The incentive fees start when revenue for the contract year reaches \$250,000. It is 10 percent of revenue ranging from \$250,000 to \$375,000 and 20 percent of revenue over \$375,000. The project manager said that the 20 percent level has never been reached and that the 10 percent level would usually not be reached until August. The incentive fee for the contract year ending October 30, 1997, was \$11,836.

Chapter 7 – Conclusions and Recommendations

Conclusions

Metro departments have established policies and procedures that, if properly implemented, should provide a system of internal controls over cash receipts at remote locations. The purpose of these controls is to reasonably assure that cash received is safeguarded from loss or theft, is accurately recorded in the accounting system and is deposited in the bank in a timely manner.

Our review documented the locations of the remote sites at which Metro departments receive cash, the amount of cash received at the remote sites and the policies and procedures Metro departments have established to provide controls over these cash receipts. We did not perform a detailed analysis of the adequacy of the controls or do detailed testing to determine if the controls were being properly and consistently implemented in conformance with the established policies and procedures. However, we did make some general observations that suggest actions Metro managers could take to improve cash handling at some locations.

Our future audits will include detailed analyses of the adequacy of the controls, identifying the risks associated with each location, prioritizing the locations for additional review based on the risk and testing the implementation of the controls at selected locations.

Recommendations

We will make detailed recommendations for improving cash handling controls at specific locations after we complete the detailed analysis and testing included in our future audits. During the course of this review, however, we noted some actions that we believe Metro managers should consider taking now to improve cash handling procedures.

1. The Accounting Division should provide written general guidelines to be used by department managers in preparing or updating written cash handling policies and procedures for their departments. The guidelines should address issues such as:
 - Physical safekeeping of cash
 - Separation of duties for collecting, verifying, recording and depositing cash
 - Documentation of transactions
 - Prompt depositing of cash
 - Limiting the number of cash collection points
 - Management responsibilities to monitor cash handling
 - Need for cost-effectiveness of controls.

2. Department managers should ensure that each cash-handling area in the department has a set of current detailed written cash handling policies and procedures that conform to the general guidelines issued by the Accounting Division.
3. Managers at each cash handling area should evaluate whether safe combinations, security alarm codes and keys to locked cabinets or areas that contain cash should be changed when employees with access leave Metro or transfer to a job in which they no longer need access.
4. Managers for each cash handling area should review the physical security of cash at locations that do not have safes or other secure areas to store cash and should provide increased security, if needed, especially if individuals not authorized to handle cash are allowed in the areas.
5. Department managers, with assistance from the Accounting Division, should review the volume of cash transactions at their cash handling areas to determine if cash registers should be used to provide better recording control of cash received at locations now using alternative methods such as sales logs or handwritten receipts.
6. Signs should be placed at cash registers advising the public that staff are required to give customers a receipt.
7. Department managers and the Accounting Division should ensure that all revenue contract payments, such as rents and lease payments that are received in regular, predetermined amounts, are set up as receivables with payments monitored by and coming directly to the Accounting Division.
8. Departments that send invoices to customers should follow established procedures and request the Accounting Division to perform this function.
9. Departments that rely on contractors to provide the cash handling for large amounts of cash receipts generated at Metro facilities need to develop and apply audit procedures to reasonably assure that Metro is receiving the correct amount of cash from the contractors.

Response to the Report

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METRO

Mike Burton



Metro Auditor Report Evaluation Form

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