

City Auditor

**Audit, Finance, and Enterprise
Committee**

June 4, 2018



Audit Reports

1. i.d.e.a. Museum – Earned Revenues
2. Police Dept – Supplies and Equipment
3. Annual Credit Card Security Review
4. Follow-up Review – PRCF–RMMC
5. Follow-up Review – Housing Rehab Program

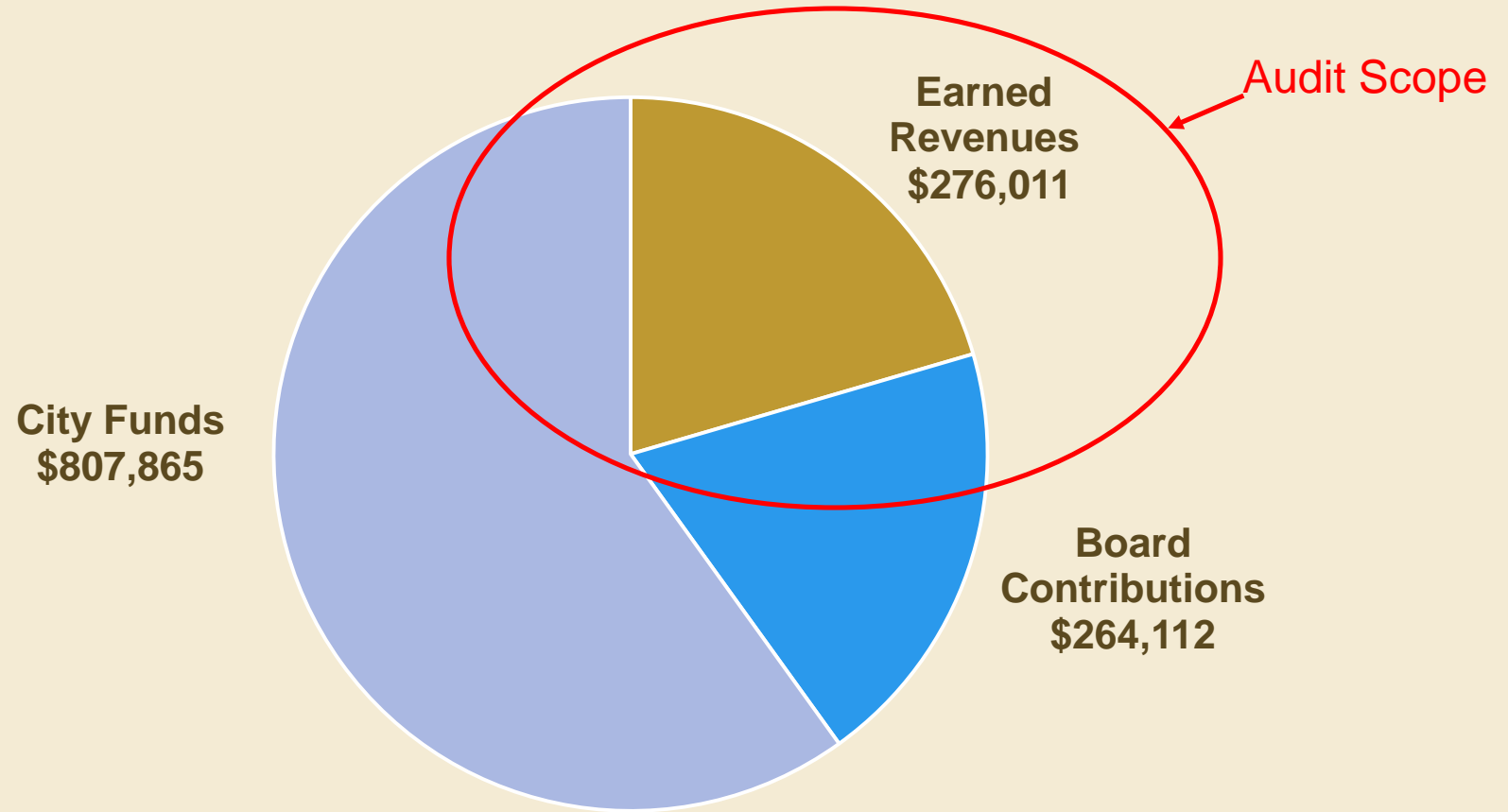


Audit Objective

Are effective controls in place to ensure earned revenues are received, accurately recorded, and safeguarded from loss?

- Admissions
- Special Events
- Rentals
- 10% of Gift Shop Sales

FY 2017 Funding Sources



General Observations

- Controls are in place to ensure *most* earned revenues are received, accurately recorded, and safeguarded from loss.
- Improved controls are needed in a few areas.
- 1987 Agreement between Museum and AMYF needs to be updated. This was not included in the Issues & Action Plans (IAPs), because it is the subject of another audit.

IAP #1

Observation: Fee structure for parties was difficult to administer and not consistently applied.

Recommendations:

1. Implement a more effective way to record attendance and event duration; or change the fee structure for parties.
2. Variance from established pricing should be documented and approved.

IAP #2

Observation:

Employees had not completed credit card handling and/or cash handling training as required by City Policy.

Recommendations:

1. Implement an effective process to ensure training is completed within required time frames.
2. Revise Management Policies 210 and 212 to require training prior to (or shortly after) handling cash/credit cards.

IAP #3

Observation:

The Museum did not have an adequate cash handling procedures manual as required by MP 210.

Recommendation:

1. Implement and maintain a detailed cash handling procedures manual, and ensure the staff has access to it.



Police Department **Supplies and Equipment**

Police – Supplies & Equipment

Audit Scope and Background:

- Audit scope included existing data, processes, policies, and physical inventory (both in stock and issued/deployed).
- Fiscal Unit has taken on overall responsibility – but primary management of most items is decentralized.
- Effort to improve has been ongoing since 2014.

IAP #1

Observation:

Inventory records maintained by Fiscal/Supply, SWAT, PDIT, and Training are not complete and accurate.

Recommendations:

1. Periodically conduct a full inventory; and have a process to document and correct discrepancies.
2. Effectively track issued and expiring ballistic helmets.

IAP #2

Observation:

Inaccurate and/or incomplete records of keys to secure areas.
(Note: This is known to be a problem citywide – it is not unique to PD.)

Recommendation:

Implement a more effective process to manage and track keys to secure areas. Determine who has access to what.

Observation:

MPD has not disposed of obsolete and expired items stored at PDIT, Training, and the MFMD warehouse.

Recommendation:

1. Ensure that expired and obsolete inventory is disposed of properly and timely.

Annual Credit Card Security Review





Audit Scope and Background:

- PCI DSS = Payment Card Industry Data Security Standards
 - 12 General requirements, 279 specific requirements and 464 associated compliance tests.
 - ~90% are technical – monitored by ITD
 - ~10% are operational – monitored by City Auditor
- Our scope:
- 31 of 279 requirements and 44 of 464 testing procedures



Audit Objectives:

- Have previous audit findings been remedied?
- Do we protect our customers' credit card information?
- Do our policies and procedures meet PCI DSS requirements?
- Do we properly screen and train our employees?
- Do we ensure our contracted service providers also protect our customers' information?

Previous audit recommendation:

- ✓ Municipal Court: revise procedures and submit to Accounting for approval.

✓ Status = Implemented

Annual Credit Card Security Review

IAP #1

Observation:

Some departments did not maintain current lists of point-of-sale (POS) devices and/or did not perform inspections.

Recommendations:

1. Maintain an up-to-date list of POS devices.
2. Conduct and document inspections of all card-reading devices (both swipe and chip/dip).

IAP #2

Observation:

Some departments did not fully comply with requirements related to contracted service providers (i.e. required contract language, due diligence, and monitoring).

Recommendations:

1. Refresher training for staff.
2. Relevant guidance in policies.
3. Controls to ensure annual monitoring occurs.
4. Amend existing contracts.

IAP #3

Observation:

One department did not have required procedures in place prior to accepting credit cards.

Recommendations:

1. Internal control – No merchant account access should be provided until Accounting receives required procedures.
2. Remedy current non-compliance by submitting required procedures to Accounting.

IAP #4

Observation:

Prohibited storage of sensitive credit card information.

(Note: this was not a wide-spread problem; it was limited to a few records at one department.)

Recommendation:

1. Destroy prohibited data and discontinue this practice.



Follow-up Review Red Mountain Multigenerational Center (RMMC)

RMMC – Follow-up Review

Previous audit recommendations:

- ✓ Staff training should be consistent with established policies and procedures.
- ✓ Monitor compliance with cash handling procedures.
- ✓ Use member photos to verify ID upon entry.

✓ Status = Implemented

RMMC – Follow-up Review



Follow-up Review **Housing Rehabilitation Program**

Housing Rehab Program – Follow-up Review

Previous audit recommendations:

- ◆ Document exceptions to program requirements.
- ◆ Obtain required signatures on change orders before work proceeds... OR... amend the Administrative Plan to allow for an alternative process.

Questions?

