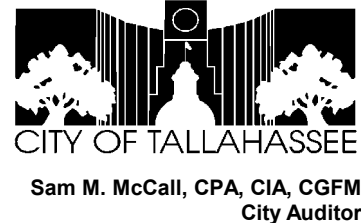


# **Final Audit Follow Up**

**As of March 31, 2000**



## **“Limited Review of Taltran’s Cash Controls” (Report #9915, Issued October 6, 1999)**

**Report #0007**

**June 22, 2000**

### **Summary**

**Taltran has made improvements in all areas that were recommended in our audit of its cash controls (#9915), issued October 6, 1999.** In that report we identified three general areas where improvements could be made to controls over cash.

The three areas that we identified were: the handling of cash ticket sales, the procedures for credit ticket sales, and the procedures for reconciling bus fare boxes.

In the area of cash ticket sales, the forms that were used did not provide sufficient information for an accurate reconciliation of sales, cashiers’ cash boxes were not reconciled on a daily basis, and bank deposits were not reconciled to the amounts submitted by the cashiers.

In the second area, credit ticket sales, the associated accounts receivable were manually maintained by Taltran when a centralized and automated accounts receivable system was operating within the Accounting Services division of the City.

Finally, the processes of monitoring and reconciling sales by bus fare boxes needed to be re-evaluated and improved.

### **Scope, Objectives, and Methodology**

The audit and this subsequent follow up were conducted in accordance with generally accepted government auditing standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

### **Report #9915**

The scope of the audit was a limited review of Taltran cash controls.

The purpose of the audit was to determine if cash collected by cashiers and in bus fare boxes was deposited completely, accurately, and timely.

The methodology that was used for the audit involved interviewing key staff, documenting the major processes, analyzing program data, and confirming results with the audit liaison.

### **Report #0007**

The purpose of this final follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps as identified in report #9915, Limited Review of Taltran’s Cash Controls, that was issued October 6, 1999.

To obtain information, we conducted interviews with key department staff and reviewed and examined supporting documentation.

### **Background**

Sales at Taltran are made in one of three ways: ticket sales at the bus station, credit sales of large numbers of tickets to a small number of pre-approved customers, and direct fares on the buses.

The sales at the bus station are made by cashiers and each cashier maintains a cash box. The cash boxes are operated in a manner similar to an impress fund, where the value of the box is made up of cash and bus tickets. At any time, the cash box balance should remain the same. The only change is in the composition of the items that make up that balance. Prior to the audit, the amount of cash that may have

been held in the cash box was not monitored and could have exceeded prudent levels. Also, the cash boxes were not reconciled on a regular basis.

Taltran makes sales of tickets on credit to a select number of large customers. In order to account for the amounts owed for those sales, a manual accounts receivable system was maintained by Taltran.

The third sales method involves the fare boxes that are installed on each bus. The fare boxes accept both paper and coin money for payment. The amount that is deposited by customers into the fare box is recorded electronically and downloaded into Taltran’s computer system at the end of each day. The actual money is sealed in a container that must be removed when the sales information is downloaded. The container is placed in a special machine that empties it and places the money in a bin for counting the following morning.

**Previous Conditions and Current Status**

Report #9915 identified three general areas that management needed to address: the handling of cash ticket sales, the procedures for credit

ticket sales, and the procedures for reconciling bus fare boxes. Those three areas were divided between two departments within the City, Taltran and Accounting Services. Both departments have completed 100% of the tasks that were identified in the audit report.

The current status of tasks due is as follows:

Tasks Due and Completed by Department			
Responsible Department	# of Tasks Due by 3/31/00	# of Tasks Complete	Percent Complete
Taltran	8	8	100.00%
Accounting Services	2	2	100.00%
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>100.00%</b>

The current status of conditions identified in our previous report are shown in Table 1, as follows:

**Table 1  
Previous Conditions Identified in Report #9915 and their Current Status**

Previous Condition	Current Status
<b>Handling of Cash Ticket Sales</b>	
<ul style="list-style-type: none"> <li>Establish maximum cash balances that will be maintained in the cashiers’ cash boxes and perform daily reconciliation of the cash boxes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ A policy was established that delineates the amounts of cash and tickets that should be maintained by the cashiers in their cash boxes and that the boxes should be adjusted back to those target levels as part of the daily reconciliation.</li> </ul>
<ul style="list-style-type: none"> <li>Implement procedures that require the daily deposit of cash received for ticket purchases.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Taltran has implemented the policy that cash received will be deposited on a daily basis. The preparation and reconciliation of the deposit is completed in the afternoon, and the deposit is picked up by armored car service the following morning.</li> </ul>
<ul style="list-style-type: none"> <li>Forms used to document and reconcile ticket sales and orders should include all information needed to provide a complete audit trail.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Management has modified the forms that are used to include all the information that is necessary to accurately record and reconcile ticket sales.</li> </ul>

<ul style="list-style-type: none"> <li>Require that the daily cash deposit reconciles to the amount reported as deposited on all cashiers' cash box reconciliations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The daily deposit is now reconciled to the cash box reconciliations, and the forms are initialed to document that reconciliation.</li> </ul>
<p><b>Procedures for Ticket Sales on Credit</b></p>	
<ul style="list-style-type: none"> <li>Establish a policy that requires the use of the City's accounts receivable system for all customer sales involving credit.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Policy #609 was developed and implemented. This policy designates all non-utility accounts receivable to be the responsibility of the Accounts Receivable section of the Accounting Services division. In January 2000, sales of tickets on credit began to be accounted for by the Accounts Receivable section.</li> </ul>
<p><b>Procedures for Reconciliation of Bus Fare Boxes</b></p>	
<ul style="list-style-type: none"> <li>Improve procedures for reconciling bus fare.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Individual fare boxes are not reconciled on a daily basis. The fare boxes are reconciled in aggregate with an understanding that there will be a variance (because of the machines involved). To compensate, 5% of the fare boxes are pulled from service quarterly and tested.</li> </ul>

**Table Legend:**

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- ✗ Issue not resolved

## Significant Outstanding Issues

The management of Taltran has been successful in completing the tasks that were identified in report #9915.

The issue of bus fare box reconciliations has limitations that have been imposed upon it by the infrastructure that is in place. To help mitigate these restrictions, Taltran management has implemented a process of testing individual fare boxes on a quarterly basis. Currently, that process involves testing 5% of the fare boxes quarterly. Taltran should consider testing 25%

of the fare boxes on a quarterly basis. To reduce the downtime of the buses while the fare boxes are being tested, the testing should be scheduled to coincide with regularly scheduled bus maintenance.

We appreciate the assistance of Taltran and Accounting Services in this follow up report.

## Appointed Official Response

**City Manager Response:**

TalTran will exert every effort to comply with the recommendations under Significant Outstanding Issues.

Copies of this Final Audit Follow Up or audit report #9915 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@mail.ci.tlh.fl.us).

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