

# INTERNAL AUDIT REPORT

2024-01

---

Cash Control Procedures

Solid Waste Services

February 08, 2024

---

MUNICIPALITY OF ANCHORAGE  
Office of Internal Audit  
632 W 6th Avenue, Suite 710  
P.O. Box 196650  
Anchorage, Alaska 99519-6650  
[www.muni.org/departments/internal\\_audit](http://www.muni.org/departments/internal_audit)



OFFICE OF INTERNAL AUDIT  
Scott Lee  
Acting Director  
Phone: (907) 343-4438  
E-Mail: [scott.lee@anchorageak.gov](mailto:scott.lee@anchorageak.gov)



MUNICIPALITY OF ANCHORAGE  
MAYOR DAVE BRNSON

---

OFFICE OF INTERNAL AUDIT

February 8, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-01 Cash Control Procedures, Solid Waste Services**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the Cash Control Procedures at the Anchorage Solid Waste Services. The objective of this audit was to determine whether adequate cash controls were in place at Solid Waste Services and ensure that all cash receipts were deposited daily per requirements of Policy and Procedure 24-1, *Collecting, Securing, Depositing, and Reporting Cash*. Our audit included a review of twenty-four selected Solid Waste Services Cash Journal SAP records from July 1, 2022, to June 30, 2023. Specifically, we compared the electronic SAP records to the supporting hard copy daily cash drawer summary reports and corresponding bank deposit paperwork to establish accuracy of the data and timeliness of the deposits.

Our review of selected cash journal entries from 2022 and 2023 revealed that Solid Waste Services Customer Service did not deposit cash receipts daily as required by Policy and Procedure 24-1, *Collecting, Securing, Depositing, and Reporting Cash*. In addition, the Municipal Treasury Division's Accounts Receivable Section sent out discrepancy memos to Solid Waste Services notifying them of non-compliances documenting late, missing, or incorrect backup documentation from Solid Waste Services. We also reviewed and found that Solid Waste Services Customer Service did not perform, or could not verify, unscheduled cash counts and reconciliations for each cashier.

There are two findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee



Acting Director, Internal Audit



MUNICIPALITY OF ANCHORAGE  
MAYOR DAVE BRONSON

February 8, 2024

OFFICE OF INTERNAL AUDIT

**Internal Audit Report 2024-01**  
**Cash Control Procedures**  
**Solid Waste Services**

**Introduction.** The Customer Service Section (Customer Service) of Solid Waste Services (SWS) is responsible for accepting and processing a variety of different payments from the public. These include payment of waste disposal fees at the Anchorage Regional Landfill in Eagle River, the Central Transfer Station in Mid-town Anchorage, the Girdwood Transfer Station, as well as in person and payments received by mail at the Administrative Offices Customer Service counter.

For in-person payments, Customer Service representatives provide staffing for the entrance booths at the respective SWS facilities. These locations are equipped with Point-of-Sale systems with cash drawers to accept and record all in person payments tendered by cash, check, or credit card. Each cash drawer is staffed by an assigned Customer Service representative for the duration of their shift. Daily receipts are secured in safes pending counting, reconciliation, and deposit in the bank. In 2022, SWS collected and deposited \$6,333,736.70 in cash and checks from all locations.

**Objective and Scope.** The objective of this audit was to determine whether adequate cash controls were in place at Solid Waste Services and ensure that all cash receipts were deposited daily per requirements of Policy and Procedure (P&P) 24-1, *Collecting, Securing, Depositing, and Reporting Cash*. Our audit included a review of twenty-four selected SWS Cash Journal SAP records from July 1, 2022, to June 30, 2023. Specifically, we compared the electronic SAP records to the supporting hard copy daily cash drawer summary reports and corresponding bank deposit paperwork to establish accuracy of the data and timeliness of the deposits.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

**Overall Evaluation.** Our review of selected cash journal entries from 2022 and 2023 revealed that SWS Customer Service did not deposit cash receipts daily as required by P&P 24-1. In addition, the Municipal Treasury Division’s Accounts Receivable Section sent out discrepancy memos to SWS notifying them of non-compliances documenting late, missing, or incorrect backup documentation from SWS. We also reviewed and found that SWS Customer Service did not perform, or could not verify, unscheduled cash counts and reconciliations for each cashier.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Cash Deposits Not Made Daily.**

- a. **Finding.** Our review of selected cash journal entries from 2022 and 2023 revealed that SWS Customer Service did not deposit cash receipts daily as required by P&P 24-1. Specifically, our review of selected SWS SAP Cash Journal entries and daily bank deposit ticket records revealed two judgmentally sampled bank deposits were made more than one business day after the cash was received. For example, according to bank records, cash received by SWS at the Girdwood Transfer Station on July 1, 2022, was not deposited into the bank until July 12. This was almost two calendar weeks after the cash was received, and five full business days late when accounting for two full weekends and the 4<sup>th</sup> of July Holiday. In another example, cash received at all SWS locations on April 28, 2023, was not deposited until May 3, 2023.

Policy and Procedure 24-1 requires that “...cash received is immediately secured, accounted for, and deposited on a daily basis...” This requirement is meant to prevent large accumulations of cash received over multiple days from accruing at any single location and held for long periods (e.g., overnight or weekends), which could increase the chances for theft or loss.

In addition, the Municipal Treasury Division’s Accounts Receivable Section periodically sends out discrepancy memos to applicable departments notifying them

of any non-compliance conditions in the cash reconciliation/posting/depositing processes of P&P 24-1, and requests appropriate corrective action. Our review of these discrepancy memos sent to SWS for our review period revealed multiple notifications of non-compliances documenting late, missing, or incorrect backup documentation from SWS.

For example, on January 5, 2023, Treasury Division's Accounts Receivable Section sent a Discrepancy Memo notifying SWS of non-compliances occurring from December 20 to 31, 2022. These discrepancies included "Paperwork not Received timely" and "Workflow not Approved timely." Notices documenting similar discrepancies continued being sent each month throughout 2023 to the end of our sampling period in July of 2023.

- b. **Recommendation.** The Director of SWS should ensure that cash deposits by Customer Service are made daily in compliance with P&P 24-1, and that all deficiencies noted by the Treasury Division's Accounts Receivable Section are corrected in a timely manner.
  
- c. **Management Comments.** Management stated, "SWS concurs with the audit findings. Girdwood Transfer Station has prior authorization approval from MOA Treasury for a weekly deposit due to the intermittent schedule and distance from the main office. Some of the samplings from July are indicative of delays due to rainwater washing out the road to the transfer station. 2022-2023 were construction years for the new Central Transfer Station. Due to staffing shortages, paperwork was not prioritized as efficiently. The new site is now operational, and SWS is able to complete daily transactions per P&P 24-1."
  
- d. **Evaluation of Management Comments.** Management Comments were responsive to the audit finding and recommendation.

2. **Unscheduled Cash Counts Not Performed and Internal Controls Not Established.**

- a. **Finding.** Our review found that SWS Customer Service did not follow the requirements of P&P 24-1. Specifically, SWS Customer Service did not perform, or could not verify, unscheduled cash counts and reconciliations for each cashier. According to P&P 24-1, “several times throughout the year, the supervisor of each collection location shall perform an unscheduled cash/check count and reconciliation for each cashier. The supervisor must report the findings to the Department Head in writing. Copies are to be sent to Internal Audit and the information should be used to evaluate employee performance. These files are to be retained by the department head for two years.”

In addition, P&P 24-1 states that “All Department Heads Shall...establish internal rules as necessary governing dollar threshold for immediate cash refunds and require authority and method for processing cash and credit card refunds...”

SWS Staff stated that unscheduled cash counts were performed, and that internal rules were established. However, as of the time of this writing, Internal Audit was unable to verify any written evidence or records of this performance. Municipal Accounts Receivable staff also stated that SWS Customer Service have not forwarded any unscheduled cash count records to them as well.

Failure to perform unscheduled cash counts, or to establish internal rules may lead to inadequate preventive controls, decreased personal accountability by each cashier, and an increased risk of misappropriation.

- b. **Recommendation.** The Director of SWS should ensure that requirements of P&P 24-1 are met including the performance of unscheduled cash counts and the establishment of internal rules governing dollar threshold for immediate cash refunds and authority

and method for processing cash and credit card refunds.

- c. **Management Comments.** Management stated, “SWS concurs with the audit findings. As of the opening of the new facility, new internal procedures will be established in compliance with P&P 24-1. SWS will conduct unscheduled cash audits and document them for future reference or auditing purposes.”
  
- d. **Evaluation of Management Comments.** Management Comments were responsive to the audit finding and recommendation.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on December 11, 2023.

Audit Staff:  
Derek Reynolds