

**CITY OF SYRACUSE  
REPORT OF THE  
ELECTED CITY AUDITOR**

**CASH AUDIT OF THE SYRACUSE POLICE  
DEPARTMENT**

**PHILIP J. LATESSA  
SYRACUSE CITY AUDITOR**

**Report of the Elected City Auditor  
Philip J LaTessa**

Matthew J. Driscoll, Mayor  
City of Syracuse, New York

Members of the Common Council  
City of Syracuse, New York

Gary Miguel, Chief of Police  
City of Syracuse, New York

This report presents the results of our cash audit of the Syracuse Police Department as of October 28, 2005.

We conducted our examination in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under examination. An audit also includes assessments of applicable internal control and compliance with requirements of law and regulations when necessary to satisfy audit objectives. The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the Police Department of the City of Syracuse, New York. However, this report is a matter of public record and its distribution is not limited.

We would like to thank all the Syracuse Police Department personnel who assisted and cooperated with us during our examination. If you have any questions, please contact the Department of Audit.

**Philip J. LaTessa**  
**City Auditor**  
**December 6, 2005**

**City of Syracuse  
Department of Audit**

**Cash Audit of the Syracuse Police Department –October 28, 2005**

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**INTRODUCTION:**

As authorized by Section 5-503 of the City of Syracuse Charter, an examination by the Auditor in matters of moneys in possession of the city shall be substantially continuous. An unannounced cash audit of the Syracuse Police Department was conducted on October 28, 2005. The examination was administered in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as circulated by the Institute of Internal Auditors.

These standards necessitate that the audit is planned and performed to attain a reasonable foundation for the judgments and conclusions regarding the function under examination. This review also included evaluations of applicable internal controls and compliance with requirements of law and regulations when necessary to satisfy audit objectives.

The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the Syracuse Police Department of the City of Syracuse, New York yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Audit Department upon request. The Audit Department would like to thank the Syracuse Police Department personnel who assisted and cooperated with us during our audit.

**BACKGROUND INFORMATION:**

Until recently, the Syracuse Police Department maintained two cash registers to handle the receipts from the Records Division which receives payments of cash and checks from individuals and insurance companies for various police accident and/or crime reports, and from the Identification Bureau which receives payments for fingerprinting fees, taxi fees, criminal history, annual alarm fees and amusement licenses. The specific reports and/or fees collected on by the Syracuse Police Department are exempt from sales tax computation.

Both divisions now utilize one register, located in Records, to collect receipts. The cash register in use is fairly new, purchased about two months ago, as an improvement in the

department's cash operations. The change to a single register was based on an internal review done in conjunction with the department's responding to a questionnaire received as a component of the Department of Audit's Comprehensive Audit for fiscal 2003-2004.

Each user of the single register has a personal identification number to use the register. Due to shift and time off variables, about twelve people have access to the register. The office hours are eight a.m. to seven p.m., Monday through Friday. The starting cash is \$100 and the receipts are deposited about every two weeks, depending on volume. Receipts and starting cash are kept in the register either until a deposit is made or until the accumulated total gets large enough that the sergeant responsible for the cash register operations feels that cash/checks should be taken from the register and placed in the safe; on those occasions the cash in the register is adjusted back to the imprest balance amount. The receipts taken from the cash register are either put in the safe in the Audit and Budget Control Section of the Police Department, or are taken the Bureau of Treasury at City Hall for bank deposit. During the time frame that the receipts are held in the safe, the money is seen by managements as a resource in providing the register with change, smaller bills, etc. as necessary without requiring the department to send someone to an external bank location to obtain currencies as needed.

The sergeant responsible for supervising the cash operations, Sergeant Douglas, prepares the revenue reports, deposit slips and reconciles the bank statements. These reports are reviewed by the sergeant supervising the Audit and Budget Control Section, Sergeant Shawn Smith.

### **OBJECTIVES:**

1. Determine if cash is adequately safeguarded and accounted for
2. Gain a general understanding of the operation to support future risk analysis

### **SCOPE & METHODOLOGY**

Our examination of October 28, 2005 was intended to be a physical count of the cash and checks in the cashier drawer and reconciliation of cash and checks on hand to the daily imprest balances plus the cash and checks collected over the counter, per cash register tapes and/or daily recap sheets maintained in the department. However, we were not able to reach satisfactory judgments and conclusions based on the lack of internal control materials available during our audit, i.e. there was no cash register tapes or daily tally sheets available for the period from October 24 through November 22, 2005, which was the period covered by the deposit that included the cash we examined on October 28<sup>th</sup>. We interviewed Syracuse Police Department personnel responsible for daily cash drawer management with regard to the cash receipt procedures. We were informed that there were no written procedures; we documented procedures as they were verbally disclosed during our interview sessions. Our examination included testing of cash on hand only

and did not encompass cash in banks. In addition, our examination did not entail the examination of cash in any other department of the City of Syracuse other than the cash in the Records Division of the Syracuse Police Department.

### **CONCLUSION:**

We were unable to confirm that the cash and checks in the cash register matched the starting cash plus receipts collected since there was not a cash register tape available to use for control and reconciliation purposes. While we were able to determine the amount of cash and checks held in the register at the time of our visit, and examine the checks with regard to date, payee and endorsement, we were unable to compare what we were observing against any type of internal control document or summary statement. The only step the Audit Department could do is to confirm the actual money deposited with the Bureau of Treasury.

The conclusion reached based on the cash audit undertaken at the Syracuse Police Department is that the Department of Audit is not able, with any reasonable assurance, to determine that on October 28, 2005, the cash on hand and prior days' receipts were adequately accounted for at the Syracuse Police Department. Additionally, the lack of adequate internal controls creates an environment where fraud is possible. While we all would like to believe that the staff of all city departments is honest and above suspicion, internal controls are needed in each and every city cash operation where the potential for fraud and theft exists.

Subsequent interviews and discussions with Police Department personnel indicate that the Audit and Budget Control Section is actively working to rectify the deficiencies observed in the cash management operations; suggestive of the ongoing efforts was the disclosure of a site visit from the Service Manager, Mr. Terry Stevenson, Impact Business Machines, Inc, the vendor maintaining the newly purchased cash register. Mr. Stevenson met with Sergeant Douglas on November 22, 2005, to discuss how the vendor was going to provide the Police Department with the daily cash summary totals needed by the department to institute essential internal controls that have been lacking up to the date of this audit. We support the efforts of the Syracuse Police Department while maintaining the position that immediate corrective action is needed.

### **FINDINGS AND RECOMMENDATIONS:**

#### **Finding 1: No Cash Register Tapes or Equivalent Generated For Cash Operations**

**Finding:** The cash audit of the Syracuse Police Department revealed that there was no cash register tape or equivalent summary tool generated by the register and/or staff involved in reporting/accounting for the cash and checks received by Records and Identification Bureaus. This gap in the cash handling process, in addition to creating a

potential environment for theft, lessens the department's ability to readily account for cash receipts, as well as virtually eliminating any potential for cash to be properly audited.

**Recommendation:**

The Syracuse Police Department must implement systems to track the receipt of cash and checks immediately; if Impact Business Machines is unable to immediately provide the support needed to have the cash register provide the level of detail (daily totals for each user, totals for all users for each day, etc.) needed by the department for accounting purposes, then the department needs to manually create a daily report that provides daily revenue totals and user totals until a register generated report is available.

**Finding 2: Safeguards Need to be Enhanced For Cash and Checks Held For Extended Period Before Being Deposited**

**Finding:** As noted in the background information, deposits were made based on the average of once every two weeks, and cash generally accumulates in the cash register until a deposit is made or until such time as the supervisor determines that the amount kept in the register is too large and needs to be adjusted to the imprest balance. While the total for the cash and checks that accumulates is not a material amount, better safeguards are needed for improved cash management.

**Recommendation:** The Department of Audit found that the Syracuse Police Department has worked to improve the cash operations and to continue such efforts, the department should enhance the handling of cash and checks by removing the monies in excess of the pre-determined starting cash balance at least once each week. A separate deposit should be prepared for each weekly period and should be either deposited weekly or kept in the safe in Sergeant Smith's office until such time as the monies are taken to City Hall for deposit.

**Finding 3: Cash On Hand Not Reported in City Records**

**Finding:** As noted in the background information, the Department of Audit was told that a total of \$100.00 was retained in the department as a starting balance. However, the Department of Audit became aware that the Finance Department's monthly trial balances do not include any cash amounts specifically held by the Syracuse Police Department as an imprest cash balance.

**Recommendation:** The discrepancy should be reviewed and corrected between the Police Department's staff and the Department of Finance to correct the ledger for accuracy.

## **ADDITIONAL RECOMMENDATIONS:**

In keeping with Best Practices Recommendations, the following two suggestions are made as part of the unannounced cash audit visit to the Syracuse Police Department and the subsequent interview sessions with Police Department personnel. These suggestions do not imply that the Department of Audit had findings that required corrections, but rather are in keeping with the Police Department's internal professionalism and stated desire to take actions necessary to improve the cash management operations currently in place.

**Best Practices Recommendation #1:** A written manual detailing the procedures to be used for cash handling should be prepared. This document would improve continuity within the department as individuals retire and/or leave city employment and when new employees enter the department. It would also meet the best practices preference to have procedures in written form as a resource for all employees within the department who are charged with responsibility for handling receipts for either the Records or Identification Bureaus.

**Best Practices Recommendation #2:** As noted in the background information, Sergeant Smith reviews the work done by Sergeant Douglas, in particular the cash deposits. Since Sergeant Douglas has access to the cash register, including a personal identification number, the review done by Sergeant Smith is needed for internal control purposes. We found that while Sergeant Smith did regularly perform these reviews, he did not sign-off, initial or date his reviews. We recommend that each report, bank reconciliation and deposit done by Sergeant Douglas be either signed or initialed and dated by Sergeant Smith to provide the desired oversight of the cash operation at the Police Department.

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On November 30, 2005, the Syracuse Police Department drafted and forwarded to the City Auditor the following management response to the Cash Audit completed by the Department of Audit:

“The Syracuse Police Department completed a survey last month relative to the practices in which the department handles cash transactions in the Records Division. As a result of this survey we determined that our procedures needed to be updated. Since that time we have done the following:

1. Purchased a new cash register for the Records Division. The previous one was out-of-date and was unable to provide transaction information. We also consolidated all transactions on the new cash register.
2. The Records Division Supervisor will be completing daily balances and verifying against cash register receipts. This practice may be modified in the future based on daily activity.

3. Weekly proceeds will be secured by the Audit, Budget & Control Division for processing.
4. Periodic Audits will be made by the Audit, Budget & Control Supervisor during the week and noted on cash register receipts.

In the coming months the Department will develop a written policy and procedure detailing the manner in which cash is to be handled by members of the Division and may include modifications to above.”

Philip J. LaTessa  
Syracuse City Auditor  
December 6, 2005