



Trumbull Town Clerk Cash Receipts Review

TOWN OF TRUMBULL, CT

May 6, 2019
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Financial/Accounting Controls Analyst



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Mrs. Elaine Hammers, Chairperson
Town of Trumbull Board of Finance
5866 Main Street
Trumbull, CT. 06611

Dear Mrs. Hammers,

I respectfully submit the enclosed report entitled Trumbull Town Clerk – Cash Receipts Review.

The objectives of this audit were to ensure the:

- Town Clerk's cash receipts policy/processes and roles & responsibilities are documented,
- Town Clerk's receipts process includes and adheres to an appropriate level of internal control.

I would especially like to thank Suzanne Burr-Monaco, Town Clerk, and her staff for their assistance in the completion of this report.

Respectfully submitted,

Therese Keegan
Financial/Accounting Controls Analyst

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Background

The duties of the Town Clerk are governed by State Statute. The Town Clerk receives payments for copies of documents, recording fees for real estate transactions, conveyance taxes, filing fees, vital statistic information, hunting permits, fishing permits, and dog licensing. State fees are collected and remitted to the State of Connecticut by the Town Clerk. The Town Clerk has software that links to an online sportsmen licensing system monitored by the Connecticut Department of Environmental Protection for tracking hunting and fishing licenses.

A Cash Receipts Processing & Handling Procedures Audit was performed in August 2010. The audit included the processes and controls of multiple Town Departments, including the Town Clerk. None of the audit's Findings were directly related to the Town Clerk.

Scope & Methodology

- Process information and documentation was collected through interviews with Town Clerk and Finance personnel.
- Current processes were analyzed for efficiency, proper segregation of duties, and appropriateness of internal controls.
- Cash deposit detail was reviewed to determine timeliness.
- Revenue and banking information was traced through posting to MUNIS.

Management Structure and Staffing

Per the Town Charter, the Town Clerk shall be elected at the Town Election for a term of two years and until his/her successor shall be elected and qualified. The Town Clerk shall have all powers and duties conferred or imposed by law on Town Clerk and shall serve as registrar of vital statistics. The Town Clerk shall appoint and remove, subject to the provisions of Chapter VII, section 15 of this Charter, all full time deputies, assistants or employees in his/her office.

The Town Clerk's office currently consists of 4 full-time employees:

- Town Clerk
- 2 Assistant Town Clerks
- 1 Clerk

The Town Clerk and the 2 Assistant Town Clerks are cross-trained to ensure consistent daily operation of the Department.

Cash Receipts process

A cashier at the front counter accepts and processes payments by cash or check. Credit card payments are not currently accepted. Regardless of how received, all receipts are posted through the cash register, from which reports are run to balance and reconcile by amount, by day, by category, by count, by month.

- The register starts the day with a balance of \$75. At end of day, register is counted down to the original \$75 and receipts are reconciled to the register's "X" report.

- Once the day's collections are reconciled a "Z" report is run from the cash register; this closes out the day and starts the new day at \$-0-.
- A validator is attached to the cash register to endorse the back of checks. Checks are copied and the copies are stored for six months, then destroyed.
- Total cash and total checks are summarized on a daily Report of Cash Received report.
- A deposit slip is prepared, and the cash is stored in the safe until taken to the bank, usually 4 or 5 times per month.
- The deposit validation from the bank is stapled to the Report of Cash Received and this is provided to Finance for bank reconciliation and bi-monthly posting to MUNIS.
- From the cash register transactions by day, by type, by count, by amount are entered into an excel sheet. This sheet is used to reconcile to the cash register's "Z2" report, which accumulated receipts twice per month, at the 15th and at month end. This sheet is also used to calculate the share of Town Clerk receipts due to the State of Connecticut for:
 - Historic Documents Preservation
 - Land Preservation/Community Investment
 - Public Health (Marriage Licenses)
 - Foreclosed property registrations
 - Assignments & Releases of Mortgages & MERS Documents
 - Fish & Game
 - Dog Licenses

Check requests are prepared monthly and submitted to Finance for payment.

Findings & Recommendations

Finding #1: Receipts and deposits were tested for the month of March 2019. 21 deposits were prepared for the month. Each deposit was then tied to a validated bank deposit slip to determine timeliness of deposits. Deposits were taken to the bank on 6 days of the month; deposits were held in the safe until taken to the bank, which took between 1 and 8 calendar days.

Recommendation: the Department did not possess a Cash Handling policy. Per this Town policy, deposits should be taken to the bank:

- Within one business day of receipt when the receipts total more than \$500.
- Receipts of lesser amounts may be held until they equal \$500 but not for more than 7 calendar days.

Each day's receipts included cash although only one day exceeded the \$500 cash threshold.

Management Response: Will continue to make every effort to get to the bank more frequently, but on some days it is not possible.

Finding #2: The employee who opens the mail may then enter the receipts in the cash register. If internal control is to be effective, there needs to be an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. Ideally, separate employees will perform each of the duties:

- receiving
- depositing
- recording
- reconciling

Ideally, all four stages would be performed by different individuals. In a small office overlap of responsibilities will logically occur.

Recommendation: The person who opens the mail should note cash received. A second person can then complete the requested action and record the receipts in the cash register.

Management Response: Department will discuss; however, cash received in mail is minimal.

Finding #3: As documented in the Town of Trumbull Special Revenue Fund Review of January 2016, An account was set up in 2005 for the Town Clerk to purchase calling cards for Armed Services personnel. The account was last used in 2009. The calling cards are funded by cash donations; the account balance has remained static at \$1,275 since 2010. The office entirely bypassed the accounting process by purchasing calling cards directly from the cash jar. Cash is taken from the jar to the bank, a money order is obtained and mailed to the veteran’s organization, Project From The Heart, in Fairfield.

Amounts donated from 1/1/18 to present are as follows:

Calendar Year 2018		Calendar Year 2019	
2/1	120.00	3/1	100.00
2/26	55.00	4/4	100.00
3/26	40.00		<u>200.00</u>
4/26	30.00		
7/3	200.00		
8/21	140.00		
9/21	85.00		
11/9	70.00		
12/21	55.00		
	<u>795.00</u>		

Recommendation: These are not Town funds; therefore, budget information, activity and balances should not be in MUNIS. The balance in the account should be given to the Town Clerks office and donated. The SRA should be inactivated.

Controls should be put in place if it is decided that the jar is to be kept. Three options are available as follows:

1. the money could be collected in a box that is locked and can only be opened and counted by the bank,
2. one employee could count the money and give to a second employee to purchase the money order,
3. the jar could be removed from the office.

Management Response: The Department will use the SRA check and current balance in the jar to prepare a final donation, and then discontinue the collection process.

Finding #4: Employee Roles & Responsibilities were not documented.

Recommendation: Departments should formally document Roles and Responsibilities. This helps to ensure operations and reporting are performed in a consistent manner. Documentation may also be relied upon to understand internal controls, for reference or for training purposes.

Management Response: Roles and Responsibility documents are currently in process.

Appendix

Account Description	2019	Actual	2018	2018	2017	2017	2016	2016	2015	2015
	BUDGET	To 4.17.19	Budget	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
FEE REVENUE	(700,000)	(637,816)	(850,000)	(832,749)	(750,000)	(803,347)	(775,000)	(1,046,482)	(700,000)	(747,035)
FISHING & GAME FEES-TOWN	-	(648)	-	(390)	-	(306)	-	(2,898)	-	(297)
FISHING & GAME FEES-STATE	-	(1,659)	-	(6,982)	-	(6,112)	-	(5,935)	-	(8,760)
MARRIAGE/CIVIL UNION FEES	-	(992)	-	(1,122)	-	(1,324)	-	(1,474)	-	(1,254)
MARRIAGE/CIVIL UNION FEE	-	(2,220)	-	(1,938)	-	(2,318)	-	(2,546)	-	(2,166)
	(700,000)	(643,335)	(850,000)	(843,181)	(750,000)	(813,407)	(775,000)	(1,059,335)	(700,000)	(759,512)
SALARIES-FT/PERMANENT	245,398	199,644	246,596	246,595	243,111	243,111	233,836	233,835	222,904	222,903
SALARIES-OVERTIME	3,200	2,526	522	413	3,200	3,177	3,200	3,153	3,200	2,249
SALARIES-LONGEVITY	850	850	850	850	850	850	850	850	850	850
SERVICES & FEES-CONTRACTUAL	22,000	22,000	22,000	21,789	22,002	22,002	23,000	19,863	25,000	25,000
PROGRAM EXPENSES	6,700	2,738	5,700	5,646	6,615	6,612	5,000	4,923	7,200	7,103
PROGRAM SUPPLIES	2,900	2,768	1,800	955	2,840	2,141	3,150	2,401	2,675	2,143
COMMUNICATIONS-LEGAL NOTICES	3,000	3,279	4,067	4,066	391	391	3,684	3,683	3,000	1,685
PROFESSIONAL DEV-SEM/CONF	2,100	1,065	1,780	960	2,080	941	1,007	727	2,080	2,033
PROFESSIONAL DEV-ASSN DUES	1,275	1,010	1,060	970	1,000	980	800	800	620	620
MNTNCE/REPAIR SERVICE CONTRACT	500	350	900	828	500	385	350	312	275	275
MNTNCE/REP-PROGRAM RELATED	2,000	1,459	1,700	1,612	2,500	1,948	2,500	1,660	2,500	1,903
ST OF CT-FISHING & GAME	-	2,509	-	7,057	-	6,779	-	8,877	-	8,766
ST OF CT-MARRIAGE	-	2,108	-	2,033	-	2,318	-	2,508	-	2,195
	(410,077)	(401,030)	(563,025)	(549,405)	(464,911)	(521,772)	(497,623)	(775,743)	(429,696)	(481,788)

Town of Trumbull Cash Receipt Process

2.1 Receipts Prepared by Department Personnel

2.1.1. Each Department is responsible for completing all steps from collection to recording and review in MUNIS. Steps include completion of the Report of Collections and logging, depositing, coding, approving and reviewing postings of the Department's receipts. (Appendix B)

2.1.2. Each Department must maintain a manual or electronic log of receipts. This record of all receipts must be created at the time of receipt. At a minimum, the log is to include the following information:

- Date
- Receipt number
- Department identifier; for example, permit number, if applicable
- Payee
- Amount
- Method of payment; cash, check, credit card
- If check, record number

2.1.3. All checks must be immediately restrictively endorsed with a rubber stamp "For Deposit Only" and the collecting department's identification.

2.1.4. Department personnel are responsible for preparing a Report of Collections for each deposit. The appropriate general ledger account numbers are to be included on the Report of Collections. The Report of Collections should also include any appropriate descriptions, dates or other identifiers to be input into the MUNIS system.

2.1.5. Department Manager shall review log, receipts, Report of Collection and deposit slip, and approve via signature prior to deposit to bank.

2.1.6. Departmental personnel are responsible for depositing cash receipts and obtaining a copy of the deposit slip that has been validated by the depositing bank.

2.1.7. All receipts shall be deposited as follows:

- 2.1.7.1.** Within one business day of receipt when the receipts total more than \$500.
- 2.1.7.2.** Receipts of lesser amounts may be held until they equal \$500 but not for more than 7 calendar days.
- 2.1.7.3.** Any receipts held by departments overnight must be adequately secured, in a locked, restricted location.

2.1.8. A copy of the deposit slip and the associated checks should be maintained by the Department.

2.1.9. An additional copy of the validated deposit slip, the Report of Collections and any other relevant documentation must be forwarded to the Finance Department in a timely manner.

2.1.10. Each department is expected to review revenue postings to MUNIS and report discrepancies to the Finance Department.

2.2. Accounting and Control

2.2.1. At mid-month and at month end the Finance Department compares on-line bank activity (for those accounts with this feature) with validated deposit slips and related documentation. Any discrepancies should be noted and resolved.

2.2.2. The Finance Department records deposits as received in an excel worksheet. Entries generated from the worksheet are posted to MUNIS mid-month and again at month end.

2.2.3. Finance identifies any returned check that the bank does not provide information for. Checks returned by the bank with information will be forwarded to the originating department for resolution.

Appendix B

Report of Collections

Department personnel are responsible for preparing a Report of Collections for each deposit. The appropriate general ledger account numbers are to be included on the Report of Collections. The Report of Collections should also include any appropriate descriptions, dates or other identifiers to be input into the MUNIS system. (See Section 2.1)

Report of Collections example:

Department: _____
Receipts Log

MUNIS acct # _____

Receipt #	Date of Receipt	Customer	Amount	Cash/Check #	Deposit Date	Received for: