



Lexington-Fayette Urban County Government  
OFFICE OF INTERNAL AUDIT

## **INTERNAL AUDIT REPORT**

DATE: August 31, 2011

TO: Jim Gray, Mayor

CC: Richard Moloney, CAO  
Beth Mills, Commissioner of Social Services  
Joanna Rodes, Director of Family Services  
Stephanie Hong, Director of Youth Services  
Phyllis Cooper, Director of Accounting  
Susan Straub, Communications Director  
Urban County Council Members  
Internal Audit Board Members

FROM: Bruce Sahli, Director of Internal Audit

RE: Family Care Center Child Care Program Collection Process Audit

### **Background**

The Division of Family Services is responsible for significant collection activity for the Child Care Program at the Family Care Center (FCC). Child Care at the FCC provides children a safe environment where they are able to participate in a variety of developmentally appropriate activities. The day care hours are from 6:30 AM – 5:30 PM, Monday through Friday. The day care is for toddlers 6 weeks to 2 years old (the fee is \$26/day) and children 3 to 4 years old (the fee is \$23/day). These fees are either paid by the Commonwealth of Kentucky, the parents, or a combination of the two. The State pays approximately 86% of the fees. The actual combined collection for this program for FY 2010 was \$516,720. This audit was conducted as the result of a special request from the CAO.

## **Scope and Objectives**

The general control objectives of the audit were to determine that:

- Fees are charged in compliance with state contracts
- Collections are properly recorded, deposited, and reconciled on a timely basis
- Written procedures exist for the collection process
- Voids are reasonable and have adequate management oversight

Audit results are based on observations, inquiries, transaction examinations, and the examination of other audit evidence and provide reasonable, but not absolute, assurance controls are in place and are effective. In addition, effective controls in place during an audit may subsequently become ineffective as a result of technology changes or reduced standards of performance on the part of management.

The scope of our audit included collection activity from Fiscal Year 2009 through Fiscal Year 2011.

## **Statement of Auditing Standards**

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. 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 audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

## **Audit Opinion**

In our opinion, the controls and procedures did not provide reasonable assurance that the general control objectives were being met. Opportunities to enhance controls are included in the Summary of Audit Findings.

### **Priority Rating Process**

To assist management in its evaluation, the findings have been assigned a qualitative assessment of the need for corrective action. Each item is assessed a high, moderate, or low priority as follows:

High - Represents a finding requiring immediate action by management to mitigate risks associated with the process being audited.

Moderate – Represents a finding requiring timely action by management to mitigate risks associated with the process being audited.

Low - Represents a finding for consideration by management for correction or implementation associated with the process being audited.

## **SUMMARY OF FINDINGS**

### **Finding #1: Written Procedures Needed for Collection Process**

**Priority Rating: High**

#### **Condition:**

There are no written procedures for the collection activities process. Written procedures are an important control that provides process instruction, performance standards, and a basis for measuring compliance with management expectations.

#### **Effect:**

The absence of written procedures could result in Family Services personnel being inconsistent in following management's directions and in fulfilling management's expectations. The absence of written procedures also makes it more difficult to train employees and hold them accountable for their performance.

#### **Recommendation:**

Management should develop and implement written procedures for the FCC collection process in full compliance with CAO Policy #40 (Policy and Procedures for Cash and Check Handling). At a minimum, this should include cash receipts, safeguarding funds, entering information into payment ledgers or Pro-Care, recording the deposit in PeopleSoft, and delivering the deposit to Revenue Counter Collections, as well as procedures for managing voids and write-offs.

### **Director of Family Services Response:**

A written procedure has been established for collections based on CAO Policy #40. The procedure is divided below into areas of specific concern highlighted in the audit. The complete procedure will be included in the deposit book and switchboard manual no later than 9-15-11.

#### **Cash Receipts**

Child Care payments are taken at the switchboard between 6:30 a.m. and 5:30 p.m. Cash, check and money order payments are accepted. The payor presents to the person on switchboard cash, check or money order made out to LFUCG. The receptionist completes a numbered receipt and provides the following information: date of payment, payor name, name of child (or children) for whom the payment is being made, amount of payment (in numbers and in words). The receptionist marks in the "How Paid" box if the payment was cash, or enters the check or money order number. The receptionist signs the receipt. The original (top) copy of the receipt goes to the parent/payor. The yellow (middle) copy is attached to the payment and put in a lockbox for pick up by or delivery to the Administrative Specialist Senior. The pink (bottom) copy stays in the receipt book. At the end of the day, the receptionist makes a copy of the pages from the receipt book for that day's payments and submits this to the Child Care Manager. The receipt book is securely retained at the switchboard until all receipts have been used at which time it is placed in a file in the Administrative Specialist Senior's office. If at any time the Administrative Specialist Senior or the Child Care Manager is filling in for the receptionist, the signature on receipts will indicate "at switchboard".

#### **Safeguarding Funds**

Payments are kept in a lockbox at the switchboard until retrieved by the Administrative Specialist Senior. Payments are collected by the Administrative Specialist Senior at beginning and end of each day and also when the reception staff changes throughout the day. At the end of the day the receptionist places any payments collected into a locked file cabinet in the Child Care Manager's office. The Administrative Specialist Senior retrieves the payments the next day from the Child Care Manager. Checks received by mail are endorsed and kept in a locked file cabinet in the Administrative Specialist Senior's office throughout the deposit procedure with a copy going to the Child Care Manager.

#### **Entering information into payment ledgers or Procure**

There was a pending request to IT at the time of the audit report to activate Procure. Procure was set up on 3 computers 8-9-11 during which time it was identified that one of those computers lacked the memory to adequately support the program. There has been a verbal agreement with staff at Parks and Recreation to train the following Family Care Center staff on the use of Procure: Division Director, Administrative Specialist Senior and Child Care Manager. The anticipated target date for implementation is 10-1-11 pending no delays in

activation. The Center's collection policy and procedure will be amended after successful implementation of Procure.

#### Recording Deposits in PeopleSoft

The Administrative Specialist Senior is responsible for recording deposits. Totals are run on calculator tape and attached to the receipts. A separate tape is generated and attached to payments going to Revenue. Cash and check totals are to be repeated to verify the amount and compared to the tape attached to receipts. The deposit ID number is written on both tapes and on the front of each check. The cash, endorsed checks and endorsed money orders are clipped to one tape and two copies of the PeopleSoft deposit record. The completed deposit is kept in a money bag, in the Administrative Specialist Senior's locked file cabinet, until given to the courier for delivery to Revenue. The signed deposit record returned from Revenue is then attached to the yellow deposit tickets and a copy of the front of any checks received and filed by date in the ECC Deposit notebook. Another copy of the signed deposit record is used by the Administrative Specialist Senior for entry onto an Excel spreadsheet and verified against the monthly PeopleSoft report. The range of receipts, along with the deposit ID number, are recorded in the receipt book at the switchboard.

#### Delivering the Deposit to Revenue

Deposits will be made within 2 business days although in most cases within 24 hours. Deposits are sent with the courier who makes a daily mail run to the Government Center. The courier delivers the deposits to Revenue, and then returns with a deposit record signed by a Revenue clerk. When the courier is unavailable for more than one day, a substitute courier will be utilized from either the Division of Family Services or Youth Services.

#### Managing Voids and Write-Offs

If a receipt must be voided, the receptionist writes VOID across the receipt and leaves it in the book. The Administrative Specialist Senior collects and incorporates the yellow voided receipt along with others in the range of receipts being processed for deposit.

Write-Offs will be approved by the Division Director who will consult with the Commissioner on a quarterly basis. This policy will go into effect 9-1-11 and will be amended if and when another LFUCG policy governing write-offs is discovered or developed.

#### **Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections with these additional measures.

The written procedure will be given to all employees who handle childcare payments along with basic training on the procedure. This training is to be completed no later than 9/30/11.

After the quarterly consultation between the Division Director and Commissioner, a report of all write off accounts will be documented with the family name, amount and attempts made to collect the account. This report will be shared with the Child Care Manager. This information will be collected and evaluated in order to develop a more specific write- off policy by the next fiscal year.

**Finding #2: Off the Books Checking Account at Day Treatment Center**  
**Priority Rating: High**

**Condition:**

An off the books checking account having no substantive independent governance or oversight by LFUCG management exists at the Day Treatment Center. This account is used for the garden fund and for the benefit of the students in the program (lunches, fieldtrips, & prizes). There are two signatories on the account; however, only one actually has to sign the checks. One signatory is a part-time employee and the other is a staff assistant.

There is no evidence of reconciliations being performed on this account and there is no management review of account activity. There is also a segregation of duties issue as one of these employees performs most of the account collection and disbursement activities. In addition, the following bank statements for this account were missing from the FCC files:

May 2006  
 October 2006  
 November 2006  
 March 2007 through November 2007  
 January 2008 through December 2008  
 January 2009 through October 2009  
 February 2010  
 March 2010  
 December 2010

We have requested that the Day Treatment Center obtain these statements from the bank so we can complete our review. As of the writing of this report, we have not received these bank statements. The supporting documentation we did locate was not sufficient to determine if the funds were used appropriately.

**Effect:**

Off the book accounts represent a significant and unnecessary reputational risk to the LFUCG as they create an absence of management review and oversight that could lead to missing or misappropriated funds.

**Recommendation:**

Close this bank account and move the funds to an existing LFUCG bank account having proper review and oversight.

**Director of Youth Services Response:**

The funds in this garden account is not LFUCG money, it is money collected by the Day Treatment Center (DTC) students through sales of recycled cans collected by students, teachers and DTC staff. The primary use of the fund is to pay for students' field trips, lunches or prizes. This account is monitored by one of the FCPS teachers at DTC. We are working on closing this account and put the funds in a restricted account line item with one of the non-profit organizations to facilitate easier access and still be transparent. Any activities of this account will require two signatures to process it.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections with these additional measures.

My recommendation is to turn the Day Treatment checking account over to Partners for Youth. Requests for funds will be made of this organization. Checks are to be signed by a designee from Day Treatment and the Director of PFY. PFY has 501 (c) 3 status is audited annually by an external auditor.

**Finding #3: Late Deposit Activity****Priority Rating: High****Condition:**

During audit fieldwork the employee responsible for deposits stated she had deposited collections about once per week until June 2010 (when CAO Policy #40 became effective). Our detail testing of a sample of collections occurring between Fiscal Year 2009 and Fiscal Year 2011 confirmed deposits were being made about once per week. Overall, we noted 44 late deposits out of 63 tested (69.8%), including 17 deposits that were from seven to nine business days late and 14 deposits that were ten or more business days late. Of these late deposits, five occurred after June 2010, indicating late deposit activity continued after the issuance of CAO Policy #40. We also noted six collections whose deposit dates could not be verified due to the absence of supporting documentation, including five such deposits occurring after June 2010.

**Effect:**

Funds may be lost or misappropriated if not deposited in a timely manner. Timely deposit activity also ensures funds are available for LFUCG use as expeditiously as possible.

**Recommendation:**

As stipulated by CAO Policy #40 Check and Cash Handling Procedures, all funds received by Departments and Divisions making deposits via the Revenue collection counter should be immediately endorsed and presented to the collection counter within one business day of receipt for locations in the downtown campus, and within two business days for the outlying locations. This policy should be consistently adhered to by the FCC.

**Director of Family Services Response:**

Funds received will be immediately endorsed and presented to the Revenue Collection counter within two business days. In the absence of the Administrative Specialist Senior, the deposit will be prepared by the Case Management Administrative Specialist. This policy is included in the collections policy (see Director Response to Finding #1) to be filed in the deposit book with a summary included in the switchboard manual.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #4: Funds Not Properly Safeguarded**

**Priority Rating: High**

**Condition:**

A wooden suggestion box in the FCC hallway was being used as a drop box for FCC client cash and check payments received by the switchboard operators. The box was not mounted securely and was physically accessible to a number of persons, increasing the risk of theft. This box was used because there is no strong box or cash register at the switchboard station where client payments are received. (Management removed the suggestion box after we informed them of its inadequate security).

We also noted that FCC client payments were kept in an envelope in the switchboard area until they were placed in the drop box or otherwise given to an employee responsible for making deposits. These payments were also used to make change for a client's cash payments when necessary. We further noted that the switchboard area where these collections are received is accessible to too many individuals.

**Effect:**

The various cash control issues noted above demonstrate collections are not adequately safeguarded prior to deposit, thereby increasing the risk of loss or theft.



**Recommendation:**

We agree with management's decision to remove the drop box. A lockbox should be kept in the switchboard area for payments received by switchboard operators until they are taken to the employee responsible for making deposits. Payments received at the switchboard area should be delivered to the employees responsible for recording and making deposits whenever there is a change in switchboard personnel in order to increase accountability for collections. In addition, we recommend a change fund of \$50 be established so that customers can be given correct change when paying by cash.

**Director of Family Services Response:**

The drop box has been removed and will not be used again. There has been indication from the Division of Facilities that a secured lockbox can be constructed in the switchboard area with a slot for payments. Payments in the secured lockbox will be collected throughout the day by the Administrative Specialist Senior. Keys to the lockbox will be made available to the Administrative Specialist Senior, the Division Director, Program Coordinator (key custodian) and a designee.

A request for a change fund of \$50 has been made. This fund will be kept in a separate lockbox and secured after hours. The anticipated date for the establishment of this fund will be 9-15-11 or before. Parents making payments will still be encouraged to have exact change in order to minimize the need for staff to make runs to the bank.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #5: Reconciliation of Payments Needed**

**Priority Rating: High**

**Condition:**

We noted billing errors in each of the three months selected for testing. The FCC billing of the state for 67 participating children during May 2010 contained four billing errors resulting in the state being under billed \$926. The FCC billing of the state for 96 participating children during November 2010 contained four billing errors resulting in the state being under billed \$63. The FCC billing of the state for 81 participating children during December 2010 contained 18 billing errors (22.2%) resulting in the state being over billed \$593.

The state's child care billing system is web-based and does not have a validation process or edit checks designed to detect keypunch errors. There is also no process within the state billing system for management review prior to submitting the billing data. Although the

LFUCG has no control over the design or function of the state's billing system, the December 2010 error rate should still be considered unacceptable by management.

**Effect:**

Failure to exercise due professional care in entering billing data into the state's billing system may result in over or under billing of the state for child care services.

**Recommendation:**

The employee responsible for entering the billing information into the state billing system should be reminded to exercise due professional care and give their full attention to the data entry process. FCC management should also reconcile the attendance log to the remittance advice payment on a monthly basis and submit any corrections to the state in order to address related billing errors. Significant billing errors identified by this reconciliation process should be promptly investigated by management.

**Director of Family Services Response:**

The Child Care Manager is aware of the need for due professional care in entering billing data into the state's billing system. Due to staff reductions and additional duties for all employees, the Child Care Manager has assumed the majority of billing responsibilities. At least one responsibility requiring daily and/or weekly attention will be shifted to the Administrative Specialist Senior (to be determined by the Division Director) in order to maximize the Child Care Manager's time available for state billing. It is anticipated that this will improve accuracy in billing. The shifting of duties will be complete by 10-1-11 at the latest and will include the task of entering payments onto account ledgers as well as other responsibilities to be determined by the Division Director.

The Director has scheduled time each month (beginning 10-1-11) on the first day of the month to reconcile the attendance log to the remittance advice payment. Any discrepancies will be communicated to the Child Care Manager who will then submit corrections to the state. The Director will follow up on the outcome of this process. The discrepancies discovered during this audit will be addressed and communicated to the state no later than 11/1/11.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #6: Segregation of Duties Issue**  
**Priority Rating: High**

**Condition:**

The Administrative Specialist Senior and the Manager of the Child Care Program work the switchboard area whenever switchboard operators take breaks and lunches. This results in a segregation of duties issue because these two individuals either post payments to the cash receipts ledger or prepare the deposits, and therefore should not have the duty of receiving payments. The Administrative Specialist Senior also performs all the duties in the donated funds collection process.

**Effect:**

Failure to properly segregate the duties within the collection process increases the risk of funds being misappropriated or stolen.

**Recommendation:**

The FCC should separate the collection processes to ensure one person is not responsible for the billing, collection, deposit, and reconciliation duties.

**Director of Family Services Response:**

Staff cuts have reduced the pool of staff available to cover the switchboard/reception area. At this time, the reception area is covered by staff outside of those identified in our collection policy and procedure. The Child Care Manager no longer works the switchboard and the Administrative Specialist Senior only works the switchboard when other options are unavailable. The current plan is for the courier/floater to cover switchboard in the absence of the receptionist. Child Care teachers cover the early morning and late afternoon periods at the switchboard. If the identified switchboard substitutes are unavailable, the next in line for coverage is the grant-paid Administrative Specialist in Case Management, followed by another grant-paid Staff Assistant Senior in HANDS, then Child Care staff designated by the Child Care Manager, then other staff designated by the Division Director. It cannot be guaranteed that the Administrative Specialist Senior and the Child Care Manager will not have to cover the switchboard at some point due to staff shortage and the need to have the area staffed during the 11 hours the Center is open. All Staff who may cover the switchboard at anytime will receive training on payment procedures. A copy of this procedure will be posted at the switchboard area. When the Administrative Specialist Senior or the Child Care Manager must cover the switchboard and a payment is presented, every effort will be made to call a third party to the switchboard for accountability and the receipt signature will contain the note "at switchboard".

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #7: Contracts Between State and Families Should be Retained**

**Priority Rating: High**

**Condition:**

There were 10 children who had withdrawn from the FCC program and their related state contracts had been destroyed. FCC management indicated this has been the practice since the inception of the program.

**Effect:**

Failure to retain state contracts makes it difficult to determine if the correct rate has been remitted by the state.

**Recommendation:**

The FCC should retain all contracts between the state and parents/guardians even if the child is no longer participating in the program.

**Director of Family Services Response:**

State contracts on children withdrawn from the program have been retained since the time of the audit. A consultation with the LFUCG Law Department on 8-8-11 confirmed that contracts should be part of the child's file and that the Center should follow the LFUCG Records Retention Schedule. Children's files are to be merged with the parent's (if the parent is in the program) upon their withdrawal from the program which then may be destroyed 6 years after the parent's withdrawal from services (per Records Retention Schedule for Case Management). For those children whose parent is not in a Family Care Center Program, files (including state contracts) will follow a 6-year post-withdrawal destruction schedule. Destruction of records will begin by 11-1-11.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #8: FCC Policy for Addressing Unpaid Balances Needed**

**Priority Rating: High**

**Condition:**

We noted that some accounts in the Child Care Program ledger still have outstanding balances even though the clients are no longer participating in the program. The FCC has no policy for collecting outstanding balances from clients no longer in the program, although management indicated the practice has been to collect the balance due if the

child or a sibling re-enters the program at a future date. We also noted several outstanding balances that exceeded one week's billing, in violation of a Family Handbook given to each participating family which states payments from participating parents are payable on a weekly basis.

**Effect:**

The absence of a policy to address unpaid balances may result in inconsistent unpaid balance collection practices. Allowing balances to go uncollected for longer than a couple of weeks increases the risk of lost revenue if the participating child leaves the program.

**Recommendation:**

A policy should be developed that specifies collection practices at the FCC, including how late payments and unpaid balances will be addressed. This policy should be communicated to all FCC program participants.

**Director of Family Services Response:**

The Child Care Manager has drafted a collection policy to be included in the Family Handbook no later than 9-15-11. The policy states that full payment will be required for each child while enrolled in the Child Care Center Program and outlines the following:

- Payments are due on a weekly basis
- Child Care services may be suspended for families more than 2 weeks delinquent in payments.
- If a child is absent, full payment will still be required.
- Families enrolled in Child Care Assistance will be responsible for payment of any absences not covered by the Child Care Assistance Program.
- Exceptions are made for holidays and other days the Center is closed. No fees are charged for children attending Fayette County Public Schools' Early Start Program only.

In addition to the incorporation of this policy into the handbook, parents will be asked to sign a payment contract summarizing the policy and specifying that payments be made on or before Friday each week. This will be implemented by 9-15-11.

Effective 10-1-11, families more than 2 weeks behind on payments will be identified to the Division Director at which point a decision will be made about the most appropriate course of action.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections with these additional measures.

The Director states "a decision will be made about the most appropriate course of action."

Instead, I recommend a more direct response: After two weeks of non-payment on an account, the responsible party will be given a late notice and reminded that should the account become 30 days delinquent, a \$25 late penalty will be assessed for each week the account is not paid in full. The child will not be accepted in the program until a payment plan is in effect. Families may appeal these penalties due to special circumstances. The final decision will be made by the Director of Family Services.

This policy will be provided to every family in the program no later than September 30, 2011.

**Finding #9: Payment Ledger Should be Automated**  
**Priority Rating: High**

**Condition:**

We noted several mathematical errors in the FCC participant payment ledger. This ledger is manually prepared by FCC personnel and includes children who have participated in the program for several years. There is no management review of this ledger to assure errors are identified and corrected.

**Effect:**

Mathematical errors are a common result of manual payment systems. This can result in efforts to collect on incorrect account balances and subsequent over or under payments by clients.

**Recommendation:**

Management should implement an automated accounts receivable system that will enhance the mathematical accuracy of client accounts and provide up to date account balance information and reports. The FCC has three ProCare System licenses that are not being utilized, and in our opinion this program is a feasible solution for the manual system currently in place. The FCC should also retain the existing paper ledgers as backup for state billings, etc. as long as required by state record retention laws.

**Director of Family Services Response:**

Procare was installed by Computer Services on 3 computers 8-9-11. It was discovered at that time that the Child Care Manager's computer did not have enough memory to support adequate use of the software. A request was made the same day to add memory. An initial meeting with a representative from Parks and Recreation was also held 8-9-11 to introduce the Administrative Specialist Senior to the program. A liberal estimation of implementation is 11-15-11 to allow for resolving technological problems and training.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #10: Access to Medical Records Should be Limited**

**Priority Rating: High**

**Condition:**

A file room in the FCC contained program participant immunization records, food allergy forms, etc. dating back 32 years. Four managers and custodial workers have access to this room.

**Effect:**

Storing medical records in an unsecured location can result in inappropriate access to and loss of medical information, thereby increasing the risk of liability for the LFUCG.

**Recommendation:**

Medical records should be stored in a secured area where only employees authorized to view them have access. FCC management should also consult with the Department of Law to determine which of these records must be retained and which can legally be destroyed.

**Director of Family Services Response:**

Inactive Child Care files will be placed into locking file cabinets in the storage room. Designated key holders will include the Child Care Manager, Administrative Specialist Senior and the Director. Files will be kept locked at all times. Timeframe for completion of this task is 11-15-11 as file cabinets will need to be acquired, moved into the room, some requiring that locks be installed. A longer term plan, over the next year, will be developed that will include moving all files to a smaller "records room". All files that can be destroyed will be identified and sent for destruction by 11-1-11.

Active Child Care Files are currently located in a file cabinet in a Child Care office. A request has been made to Facilities for locks to be installed on these cabinets. The office is currently locked when not in use. Key holders for this file cabinet are the same as above, with the addition of one designee by the Child Care Manager.

Consultation with the Department of Law took place on 8-8-11 and 8-9-11 regarding these records and the applicable retention schedule. It was confirmed that these files are not to be considered "medical records" and shall follow the 6-year rule for destruction. Those files of children having parents who participate in the Case Management program will continue to be merged with the parent's file after leaving the Child Care program (per the Records Retention Schedule).

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.

**Finding #11: Duplicate Cash Receipt Numbers**

**Priority Rating: High**

**Condition:**

The FCC records cash receipts in generic receipt books. Our examination of those books noted two duplicate sequence numbers within the ranges of 6601-6700 and 6701-6800.

**Effect:**

Duplicate cash receipt numbers reduce management's ability to account for payment activity.

**Recommendation:**

Cash receipts should be in consecutive sequential order, and any out of sequence receipts should be promptly investigated. It is also recommended FCC discard the generic receipt books in favor of pre-numbered receipts containing an LFUCG logo.

**Director of Family Services Response:**

Two efforts were made to address concerns in this area. First, the Administrative Specialist Senior contacted Revenue to inquire about printed and numbered receipts; she was told that this would not be an option primarily due to cost. There was then the question of whether Procure could generate receipts if it is to be installed on the switchboard area computer. Outside of the cost of an additional license, there is also no printer in the area. Following the successful implementation of Procure, the Director and Administrative Specialist Senior will explore feasibility of Procure-generated receipts at the switchboard. For now, however, the use of generic numbered receipts will be utilized. The Administrative Specialist Senior has assessed the Center's inventory and found no duplicate sequences at this time. The Administrative Specialist Senior will be responsible for ordering receipt books with correct sequence numbers.

**Commissioner of Social Services Response:**

I concur with the Directors' proposed plans of corrections.