



# Trumbull Building Department Cash Receipts Review

**TOWN OF TRUMBULL, CT**

January 10, 2018  
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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 Building Department Cash Receipts Review.

The objectives of this audit were to ensure:

- Revenue collection and cash handling processes were documented for each of the Department's revenue streams. These processes were reviewed for efficiency and for the existence and appropriateness of internal controls, to include:
  - adherence to cash handling policy and procedures
  - segregation of duties exists regarding cash handling procedures
  - adequate safety and security of town personnel in possession of cash
  - routine reconciliation of deposits, EnerGov and MUNIS
- All of the prior audit recommendations were reviewed to ensure that they were appropriately and permanently addressed and that the solutions implemented did not create other issues.

I would like to thank Robert Dunn, Building Official, for his assistance as well as the assistance of his staff. I would also like to thank the Finance Department for their assistance in the completion of this report.

Respectfully submitted,

Therese Keegan  
Financial/Accounting Controls Analyst

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**Background**

Recent Annual Audit Plans have includes cash receipts reviews for 2 – 3 departments each year. We have thus far completed Tashua Knolls, Parks and Recreation and the Tax Collector. This month we review the Building Department.

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 Building Department. Findings information can be summarized as follows:

| 2010 Finding   | Auditor's recommendation   | Dep't. response  | Per follow-up                        |
|--|--|--|--------------------------------------|
| Daily revenues were recorded using EnerGov software which did not directly interface with MUNIS  | Revenues must be manually posted to MUNIS in a timely manner   | No response from Dept.; Finance to investigate           | Not implemented                      |
| Receipts were not consistently provided. When provided, receipts were handwritten and unnumbered | EnerGov should be utilized to provide receipts to all customers  | Most customers pay by check which is in itself a receipt | No change                            |
| Department Clerks did not have documented cash handling policies and procedures                  | Cash handling policies & procedures should be documented and utilized for uniformity & training purposes | Finance to assist in implementation                      | Documented but not fully implemented |

Budgeted and actual fees for the Department, by year, are as follows:

| Fiscal Year | Budget  | Actual    |
|-------------|---------|-----------|
| 6 mo 2018   | 726,800 | 276,936   |
| 2017        | 950,000 | 680,084   |
| 2016        | 750,000 | 616,052   |
| 2015        | 750,000 | 1,106,068 |
| 2014        | 700,000 | 1,007,249 |
| 2013        | 600,000 | 601,283   |
| 2012        | 425,000 | 732,102   |
| 2011        | 450,000 | 510,145   |

**Scope & Methodology**

- Process information and documentation was collected through interviews with Building Department and Finance personnel.
- Current processes were analyzed for efficiency, proper segregation of duties, and appropriateness of internal controls.
- Prior audit recommendations were reviewed to ensure each of the findings were appropriately and permanently addressed.
- Cash deposit detail was reviewed to ensure accuracy and to determine timeliness.
- Receipts were tracked through posting in EnerGov to bank and MUNIS.

## **The Permitting Process**

The Building Department receives payments and processes applications for items such as Building Permits (new residential and commercial), Electrical Permits, Plumbing Permits, Pool Permits, Demolition Permits, Sign Permits etc.

The Building Department utilizes a software program called EnerGov to track and handle permitting fees. The program has the capability to interface with an EnerGov program used by the Assessor's Office. This function is not utilized. Two clerks handle the issuing of permits and the collection of the various fees for those permits. The daily transactions are recorded in a journal book and also entered into the EnerGov permitting system. Detail of steps follow:

- Permit applications with any required signoffs are submitted for review
- Contractor provides license information and proof of insurance which is scanned into EnerGov
- The permit includes location of the job, homeowner info, contractor info, type of work, fees charged
- Once application is approved, payment is collected by check or cash. A receipt is routinely provided for cash transactions and is provided upon request for check transactions
- Checks or receipts are scanned & attached for each permit
- Permit application is entered into EnerGov, a permit is issued and emailed to the applicant
- Payments received are stored under the counter in a cash box. At end of day cash and checks received are reconciled with EnerGov reports and the box is placed in the safe
- Deposit tickets are prepared and copied; deposits are taken to the bank twice per month
- End of month reports verify EnerGov figures & Building deposit figures match
- Deposit receipts from Peoples Bank are copied & forwarded to Finance for input to MUNIS

## **Findings & Recommendations**

**Finding #1:** The Department did not have written policies and detailed procedures.

**Recommendation:** The Town's proposed Cash Receipts Policy is included in the first page of the Appendix. The Policy was provided to and reviewed with the Department. The Department should use this Policy as a basis to prepare written procedures, which ensure operational consistency and can also be used for training purposes. Other Departmental processes and procedures should be complied.

**Management Response:** The Department has pieces of written procedures which they will put together and add to in order to form a complete operating procedure document.

**Finding #2:** Receipts were tracked through bank deposit and posting in MUNIS. Although the Department does well ensuring all cash and checks are ultimately deposited, the deposits are not taken to the bank on a timely basis. A sample of deposits is included in the first page of the Appendix. Deposit slips are prepared and tied to EnerGov, but the deposits are often stored in the safe for as long as 30 days. The sample was not expanded because per cursory review, the sample depicts the norm.

- Holding undeposited funds creates a potentially unsafe environment for personnel.
- If a check is returned by the bank the Town might not know until after the work was potentially completed by the contractor.
- Additionally, because receipts are posted to MUNIS based on deposit information, budgeting vs actual may show variances at any point in time throughout the year.

**Recommendation:** The Department should deposit funds per the Town’s proposed Cash Receipts Policy.

**Management Response:**

- If the Department was not notified of a returned check prior to contractor’s completion of work, the Department would collect the funds prior to inspection.
- The Department will work with Finance to investigate the possibility of utilizing scanning equipment to send check information directly to the bank.
- In conjunction with the implementation of EnerGov permitting software upgrade, the Department and Finance are working toward accepting credit cards at some point in the near future. This will further reduce the amounts of cash/checks on hand.
- All that being said, beginning immediately, the Department will deposit funds no less frequently than weekly.

**Finding #3:** Cash and checks collected for permits are accounted for in EnerGov. The program acts as a subledger, tracking fees, customer and permit information. The EnerGov software does not interface with MUNIS, the Town’s book of record. Receipts are recorded in MUNIS from bank deposit information; the two systems have not been routinely reconciled.

**Recommendations:**

An interface was a recommendation from the 2010 audit

- A. The reconciliation of subsidiary ledger to book of record is a basic, routine accounting control for multiple reasons:
  - To ensure the income reported by MUNIS is accurately reported in the proper period
  - To ensure all receipts are deposited
- B. Per the 2010 audit, the Town was to investigate an interface between EnerGov and MUNIS. This would eliminate the need for manual postings to MUNIS.
  - Manual posting from one system to another can result in errors
  - The issue of proper period posting would be alleviated as would the rigidity of reconciliation requirements between EnerGov and MUNIS

Because Tyler Technologies owns MUNIS and recently purchased EnerGov, the interface should be easier to accomplish. In fact, EnerGov has been upgraded and the new version is to go live mid-January, so this will be a good time to ensure the interface is in place and that it works accurately.

**Management Response:** Go-live for new version of EnerGov to occur January 2018. Department and Finance will ensure interface is fully functional. Receipts entered into EnerGov will post directly to MUNIS eliminating current manual posting requirements. Additionally, as mentioned above, the Department and Finance are working to incorporate future check scanning and credit card capabilities.

**Finding #4:** As reported in the 2010 audit, manual receipts are routinely provided for cash transactions, but receipts are only provided upon the receipt of checks if applicant requests. EnerGov is capable of printing receipts showing date, amount, payment type, check number, applicant's name and address.

**Recommendation:** The receipting capability of EnerGov could be fully and consistently utilized whether or not an applicant requests a receipt, but current process appears satisfactory to both employees and customers.

**Management Response:** In an effort to streamline processes and save paper, Department wishes to maintain current process of only issuing receipt for cash. Customer ultimately receives receipt information when permit is issued, usually via email.

# Appendix



**Building Department Cash Receipts Review**  
**Analysis of deposit timing**

Depicts cash

| Receipt dates        | Receipts         | Receipt dates        | Receipts         | Receipt dates        | Receipts         | Receipt dates        | Receipts         | Receipt dates         | Receipts         | Receipt dates          | Receipts         |
|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|-----------------------|------------------|------------------------|------------------|
| 7/1 - 7/18/16        | 1,170.54         | 12/23 - 12/30/16     | 4,227.06         | 4/6 - 4/7/17         | 8,978.56         | 7/5 - 7/6/17         | 16,349.48        | 9/25 - 9/27/17        | 4,222.32         | 10/9 - 10/17/17        | 2,019.64         |
| 7/1 - 7/5/16         | 3,911.56         | 1/3 - 1/9/17         | 6,280.68         | 4/6 - 4/17/17        | 557.72           | 7/7 - 7/10/17        | 6,789.02         | 9/28 - 9/29/17        | 4,438.28         | 10/9 - 10/17/17        | 21,010.72        |
| 7/6 - 7/11/16        | 5,027.10         | 1/3 - 1/9/17         | 1,632.90         | 4/10 - 4/12/17       | 3,830.54         | 7/11 - 7/12/17       | 11,878.18        | 9/25 - 9/29/17        | 703.06           | 10/18 - 10/20/17       | 4,512.82         |
| 7/7 - 7/12/16        | 5,734.38         | 1/10 - 1/12/17       | 6,341.00         | 4/13 - 4/17/17       | 15,678.22        | 7/13 - 7/14/17       | 6,456.10         | 10/2 - 10/6/17        | 3,839.56         | 10/18 - 10/27/17       | 506.28           |
| 7/15 - 7/18/16       | 5,221.96         | 1/13 - 1/18/17       | 7,360.18         | 4/18 - 4/19/17       | 5,169.20         | 7/17 - 7/20/17       | 11,928.26        | 10/2 - 10/6/17        | 3,666.94         | 10/23 - 10/25/17       | 7,245.30         |
| 7/19 - 7/22/16       | 10,400.72        | 1/19 - 1/20/17       | 4,788.04         | 4/20 - 4/21/17       | 5,299.78         |                      | 1,410.82         |                       |                  | 10/26 - 10/27/17       | 1,065.08         |
| 7/25 - 7/27/16       | 3,962.82         | 1/23 - 1/24/17       | 8,423.54         | 4/24 - 4/25/17       | 2,926.44         |                      |                  |                       |                  | 10/30/2017             | 1,667.44         |
| 7/28 - 7/29/16       | 4,675.78         | 1/10 - 1/25/17       | 745.08           | 4/26 - 4/27/17       | 5,414.56         |                      |                  |                       |                  |                        |                  |
|                      | 30.00            |                      |                  | 4/18 - 4/28/17       | 360.66           |                      |                  |                       |                  |                        |                  |
|                      |                  |                      |                  | 4/28/2017            | 1,683.54         |                      |                  |                       |                  |                        |                  |
|                      |                  |                      |                  |                      |                  |                      |                  |                       |                  |                        |                  |
| <b>Dep'd 7/29/16</b> | <b>40,134.86</b> | <b>Dep'd 1/26/17</b> | <b>39,798.48</b> | <b>Dep'd 4/28/17</b> | <b>49,899.22</b> | <b>Dep'd 7/21/17</b> | <b>54,811.86</b> | <b>Dep'd 10/12/17</b> | <b>16,870.16</b> | <b>Dep'd 11/1/2017</b> | <b>38,027.28</b> |

## **Town of Trumbull**

### **Proposed Cash Receipt Processes**

#### **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: |
|-----------|-----------------|----------|--------|--------------|--------------|---------------|
|           |                 |          |        |              |              |               |
|           |                 |          |        |              |              |               |
|           |                 |          |        |              |              |               |