

Internal Audit Report #2017-003
Water Department Cash – Internal Controls
Draft Date: October 18, 2017
Final Date: December 11, 2017



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OVERVIEW

BACKGROUND

The Department of Water has approximately 148,000 accounts for services to residences, businesses, and industries located in Jefferson Parish. Utility invoices are sent to residential accounts on a bi-monthly basis (every two months) while commercial accounts (businesses and industries) are invoiced on a monthly basis. The department currently accepts cash, checks, money orders and credit cards as forms of payment for the utility invoices. Payments are accepted in person at three (3) payment collection centers throughout the parish.

East Bank Office	1221 Elmwood Park Blvd, Suite 103, Jefferson
West Bank Office	4500 Westbank Expressway, Marrero
Terrytown Payment Center	721 Terry Parkway, Terrytown

OBJECTIVES

The following were the objectives of this review:

1. Evaluate the adequacy of internal controls pertaining to the collection of payments received from customers at the three (3) payment collection centers. (See Attachment A.)
2. Determine the feasibility of eliminating cash as a form of payment.

During the course of the review, a third objective was added to:

3. Review the collections made at the Terrytown Payment Center on behalf of other utility companies.

SCOPE

Current policies and procedures regarding the collection of cash and other funds were obtained. Payment transaction data from January 1, 2016, up to and including June 30, 2017, was retrieved from the AS/400 Financial Management System. The review covered a period of approximately one year and six months, along with current day operations as of the timing of this report. This review does not address payments collected online, through the United States Postal Services, or by any means other than the in-person payments made at the centers listed above.

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FINDING #1

CRITERIA

Formal written policies and procedures (P&P) act as the standards for an organization's operations. Good written P&P are visible to and clearly understood by the entire department/entity. P&P should be established, followed, monitored and reviewed.

FINDING

Written policies and procedures are not comprehensive, organized in a logical fashion, and specific as to location.

OBSERVATIONS

The current written P&P provided by the Department of Water include one page of procedures followed by verbiage that was added at a later date (addendums not incorporated into the original P&P) and an email from the East Bank Office Collection Supervisor. (See Attachment B.)

Each of the three payment collection centers is structured differently from one another and have different technology and capabilities.

The **East Bank Office** accepts payments at the counter, has a night drop box, processes checks that are mailed to that location, and can transmit such checks electronically to the bank.

The **West Bank Office** accepts payments at the counter and has a night drop box but does not have the technology to process and transmit checks electronically to the bank.

The **Terrytown Payment Center** is housed in what was previously a bank and accepts payments via drive-thru services. This location not only accepts Jefferson Parish water payments but also accepts payments on behalf of Entergy, Atmos, Cox, AT&T U-verse/Telephone/Direct TV and AT&T Mobility.

SUGGESTION

Written P&P should be formalized and organized in a fashion that is logical and provides a clear understanding of what should be done, how it should be done, who should do it and when it should be done. P&P should be tailored to represent the operations of each Payment Collection Center. For example, the East Bank Office transmits checks to the bank electronically and deposits only cash collected. The West Bank Office does not have the technology to transmit checks electronically to the bank; therefore, that location includes physical checks along with cash for deposit to the bank. The Terrytown Payment Center has different procedures from the other two centers since they collect on behalf of other utility companies.

Such formalized, written P&P will establish controls that can deter theft and other losses, ensure that employees at each location are consistent in handling transactions, help to cross-train staff, and hold staff accountable for their actions.

RESPONSE FROM JP DEPARTMENT OF WATER

After conferring with the Utility Billing Collection Superintendent, Chandra Alexander, it is obvious that the personnel in her division do not have the background necessary to formulate a written Standard Operating Procedure that would meet the accounting requirements of the COSO framework used in this audit. The Department of Water will work with the Department of Finance to develop and implement formalized policies and procedures specific to each location.

RESPONSE FROM ADMINISTRATION

We agree with the findings and recommendations provided by IA.

In addition to working with Water and the Finance Department to develop proper P&P, we will work with the Water Department to evaluate if a business officer position can be created and funded. We have found that other departments may be able to utilize a similar position if created, in order to maintain the proper business practices needed for those departments who handle direct transactions with the public. The position could also assist with the creation and updating of P&P when necessary.

FINDING #2

CRITERIA

Internal Controls should include appropriate segregation of incompatible duties. No one employee should perform more than one of the duties involving custody of assets, authorization, recordkeeping, and reconciliation.

FINDING

Improper segregation of duties regarding “drop box” payments was noted at the **East Bank Office**.

OBSERVATIONS

The East Bank Office offers a drop box service for customers who wish to make payments after normal business hours. Customers can place payments in a drop box that is located on the outside of the building. Payments placed in the box slide to the inside into a room that is secured in the building. The drop box indicates that no cash payments should be made via the drop box service; however, the East Bank Office Collection Supervisor stated that customers often do not observe this policy. At the beginning of each day, the first cashier to arrive collects the drop box payments (custody), writes the amount of payments on a manual payment log (recordkeeping), then counts the payments - cash, checks, money orders-received (recordkeeping). The supervisor then verifies that the amount written in the payment log by the cashier agrees to the payment count made by that same cashier (reconciliation).

SUGGESTION

The drop box procedures should segregate the custody function from the recordkeeping function or otherwise have more than one person collect the drop box payments. The current procedures place a cashier in the position to both commit fraud and conceal it, that is, the cashier could take some of the cash payments from the drop box and then not include the amount taken on the payment log.

Drop box procedures were not included in the P&P received from the Department of Water and should be incorporated into the formal P&P as per Finding #1.

RESPONSE FROM JP DEPARTMENT OF WATER

The contents of the drop box will be collected by the Utility Billing Collection Supervisor or in the event that she is not in the office, then the assistant, Utility Billing Collector II, Lorna Robichaux will collect the payments. If neither is there in the morning, then the Utility Billing Superintendent will collect the payments under camera view instead of a Cashier. All of the payments are applied under high definition camera view so that the potential for fraud is minimized.

RESPONSE FROM ADMINISTRATION

We agree with the findings and recommendations provided by IA as well as the proposed solution provided by the Water Department.

FINDING #3

CRITERIA

Safeguarding assets against theft, unauthorized use, acquisition, or disposal is a key component of internal controls.

FINDING

The **West Bank Office** was not properly monitored by the use of updated, quality security cameras located in high-risk areas. Access to the collection center was not properly secured.

Access to the **Terrytown Payment Center** was not properly secured. The vault door was not locked. An excess amount of cash was found to be in the cash drawers.

OBSERVATIONS

West Bank Office:

The West Bank Office had three (3) security cameras that were outdated as compared to both the East Bank Office and the Terrytown Payment Center. There was no camera pointing at the vault area or at the back door. Accounting records indicate that cameras were purchased for the East Bank and Terrytown locations in August 2015. The purchase date for cameras at the West Bank location could not be found in the parish's asset information system; however, the Assistant Superintendent at the West Bank location indicated that the cameras have been in place for more than ten (10) years.

Additionally, the West Bank Office can be accessed via front and back doors. The front doors appeared to be secure; however, the back door was not. The gate to the back parking lot was broken allowing anyone to pull into the lot. Moreover, the back door to the facility was unlocked. Anyone could walk into the back and gain access to the cashier area.

Terrytown Payment Center:

Upon arrival at the Terrytown Payment Center on September 25, 2017, at approximately 2:30 p.m., The Supervisor was on a break outside of the building and had one of the two entry doors propped open. Upon entry into the building, the vault with currency inside was also found to be unlocked. Discussion with the Supervisor revealed that the door is propped open at times throughout any given day while she is on break, and the vault is only locked when the supervisor goes to lunch or at night when the building is closed for the day. The building is small and has six (6) newer cameras inside and one (1) camera at each of the four (4) drive-thru lanes; therefore, the premises appears to be properly monitored.

While reviewing procedures regarding “drops” when cash over \$300-500 is removed from each cash drawer, counted by both the cashier and supervisor, then placed in the vault in separate areas for each cashier, it was noted that only cash from collections of the other utilities (see Observations in Finding #1 related to Terrytown) were included in each drop. Any cash collected for the Jefferson Parish water bills was retained in a separate part of the active cash drawer and not placed in the vault. This is done so that close out cash could be counted separately by Jefferson Parish totals versus other utility totals. There were three (3) active drawers at the time of the visit with a total of thirty-one hundred dollars (\$3,100) left in the drawers in addition to the base amount \$300-500 in each drawer.

SUGGESTIONS**West Bank Office:**

The quality of the cameras should be evaluated, along with appropriate location and surveillance capabilities of the cameras. The cameras should be strategically placed in accordance with the size and layout of the building such that high traffic and unguarded areas are monitored. Additionally, video surveillance should record and monitor any area where an employee or third party theft could occur.

Access to the building should be secured and restricted to only those individuals who need to enter. The general public should not be able to access the cashier area or the office areas without authorization and accompaniment by an employee.

The Department of Water should consult with the Department of Security to ensure that building access is secure and that surveillance equipment is adequate and strategically placed throughout the building.

Terrytown Payment Center:

The payment center should be secured at all times so as to minimize the risk of access by unauthorized individuals which will, in turn, minimize the risk of theft of cash and other parish assets. Additionally, the safe should be locked when not actively being used. This will also minimize the risk of theft.

Specific procedures regarding “drops” should be devised so that all funds in excess of the established threshold amount are removed from the active cash drawer. Such procedures should be incorporated into the formal P&P as per Finding #1.

RESPONSE FROM JP DEPARTMENT OF WATER

West Bank Office:

The cameras at the West bank office were not upgraded to high definition cameras in 2015 because Water was reviewing the possibility of purchasing the building at 4951 Lapalco Blvd. and renovating this building for use as a new payment center. The cost to purchase new cameras is well over \$110,000 with about \$50,000 for installation, which would be lost if the Department of Water were to move to the Lapalco location. If the final decision is made to stay at 4500 Westbank Expressway, then the Department of Water will work with the Department of Security to upgrade the camera system in 2018.

Access to the Cashier's area is limited and a new door has been installed. The Department of Water will coordinate with the Department of Security to ensure that the gate is functioning properly.

Terrytown Payment Center:

The Department of Water agrees with the assessment of the Terrytown Payment Center and will forward these recommendations to the Supervisor for implementation.

RESPONSE FROM ADMINISTRATION

West Bank Office:

We agree with the findings and recommendations provided by IA. In addition to working with Security, the Water Department may be able to pursue security grants and should work with the IT Department for recommendations on cameras that may be more cost effective.

Terrytown Payment Center:

We agree with the findings and recommendations provided by IA.

FINDING #4

CRITERIA

According to an email sent on November 18, 2016, by Deputy Chief Operating Officer, Natalie Newton, the parish is to work toward being a "cash-free" entity. Additionally, Councilwoman Lee-Sheng and staff have expressed support of the initiative to become a cash-free entity. As such, the criteria of this finding is to analyze the feasibility of eliminating cash as a form of payment as relates to the Department of Water.

FINDING

The Department of Water currently accepts cash as a form of payment.

OBSERVATIONS

The Department of Water collects funds not only for water service but also for other services and other municipalities as follows: mosquito, garbage, recreation, Lafreniere Park, Fire, City of Kenner, City of Harahan, City of Gretna and the Sherriff's office. In analyzing a full year of collections for 2016, \$91,079,871 was collected via various payment types. Of the total funds collected, \$7,355,561 or eight percent (8%) was in the form of cash.

Payment Type	FY2016	Percent
Cash	\$ 7,355,561	8.08%
Checks	76,598,762	84.10%
Credit Cards	7,111,845	7.81%
Other	13,703	0.02%
Total Collected	\$ 91,079,871	100.00%

Of the \$7,335,561 cash collected in the calendar year 2016, nearly fifty-four percent (54%) was collected at the West Bank Office, followed by approximately thirty-six percent (36%) at the East Bank Office, and ten percent (10%) at the Terrytown location.

Payment Center	Cash Payments	Percent
East Bank Office	\$ 2,664,624	36.23%
West Bank Office	3,935,300	53.50%
Terrytown*	755,637	10.27%
Total Cash	\$ 7,355,561	100.00%

* Does not include collections on behalf of other utility companies.

The Terrytown Payment Center also collects funds for Entergy, Atmos, Cox, AT&T U-verse/Telephone/Direct TV, and AT&T Mobility. A total of \$7,433,026 was collected on behalf of the various utility companies in 2016. Of that amount, forty-two point nine percent (42.9%) was collected in cash.

	Amount Collected by Utility Company by Type of Payment						
FY2016	Entergy	Atmos	Cox	AT&T Uv Tel/Dir.TV	AT&T Mobility	Total	% Total
Cash	\$ 2,272,683	\$ 396,665	\$ 337,622	\$ 166,392	\$ 14,037	\$ 3,187,399	42.9%
Checks	2,518,155	115,091	-	27,581	1,495	\$ 2,662,322	35.8%
Credit Cards	10,501	1,345	-	-	-	\$ 11,846	0.2%
Other	1,319,630	190,464	-	56,016	5,349	\$ 1,571,459	21.1%
Total Amount Collected	\$ 6,120,969	\$ 703,565	\$ 337,622	\$ 249,989	\$ 20,881	\$ 7,433,026	100.0%

Alternate arrangements would need to be made so that cash is not accepted as a form of payment under the agreement with the other utility companies.

During a meeting in April 2017, prior to the onset of this report, Sal Maffei, Director of the Department of Water expressed a very strong preference to not work toward becoming cash-free for the following reasons:

- Currently, the annual uncollected debt from the Water Department billing is estimated to be \$500,000 with 25% of this as Water Department revenues. It is anticipated that this amount will increase if cash is no longer accepted.
- It is anticipated that moving toward a cash-free environment will be a challenge to the aged customers, as well as, other customers who are entrenched in cash transactions.

- Moving to a cash-free environment will most likely cause a disruption among the customers. Additionally, the Terrytown payment center collects payments on behalf of other utility companies. The water and other utility customers will adamantly express their disapproval. It is anticipated that the water department, administration, and council will receive many phone calls, emails, etc. from disapproving customers.

During the course of this review, Internal Audit followed up with Mr. Maffei who maintained his position on the matter.

SUGGESTION

Aside from the concerns conveyed by Mr. Maffei, the Water Department could move toward becoming cash-free by including a notice of the change in invoices sent to customers and posting notices in the collection centers giving a reasonable timeframe before implementation takes place. The Department of Water does not need any additional equipment or services in order to become cash-free; however, the department may want to consider options such as accepting money orders instead of cash, payment kiosks maintained by a third party vendor, or forming an agreement with a financial services company such as a local bank or Western Union that will accept payments, particularly cash payments, on behalf of the parish. The parish attorney's office would need to be consulted if such an agreement were to be made.

RESPONSE FROM JP DEPARTMENT OF WATER

Out of \$91 million in payments collected in 2016, with over \$7 million in cash, one teller allegedly misappropriated about \$1,500 in cash payments and this person was recently brought to trial for those actions. The Department of Water feels that the community need, convenience, and simplicity of accepting cash payments plus the lack of fraud within the department outweigh the initiative to become cash free.

RESPONSE FROM ADMINISTRATION

While the Administration would like to move toward a completely cash free policy, we understand that this change would be a difficult one for our only utility department. The water department services customers with a life necessity. The Administration is requesting that more stringent audit policies and perhaps a large samplings of transactions take place in the departments that will be allowed to accept cash. In addition, these departments must be able and required to produce receipts for all transactions. Further, segregation of duties – particularly for override purposes – must remain strong. Finally, safe drop amounts should be established in protocol to minimize cash amounts in active cashier drawers.

FINDING #5

CRITERIA

During the course of the review, a third objective was added to review the collections made at the Terrytown Payment Center on behalf of other utility companies. The related resolution, Cooperative Endeavor Agreement (CEA), and Service Agreement was reviewed to determine compliance and evaluate operational efficiency and effectiveness.

FINDING

The Terrytown Payment Center (TPC) collects funds on behalf of Entergy, Atmos, Cox, AT&T U-verse/Telephone/Direct TV, and AT&T Mobility. TPC was authorized to enter into a Cooperative Endeavor Agreement with Entergy Louisiana LLC, Cox Communications and Atmos Energy Corporation for a utility payment center via Resolution Number 111978 adopted on March 18, 2009. The resolution does not include AT&T and specifies that “there will be no cost to Jefferson Parish associated with the agreement.” (See Attachment C.) The review resulted in a determination that there are costs associated with the said agreement.

A Cooperative Endeavor Agreement (CEA) was created to establish an agreement between the aforementioned parties for the establishment of the payment center. The duration of the agreement states that “The term of this agreement shall not exceed 3 years from the date of execution.” (See Attachment D.) The agreement was executed after the March resolution in 2009 indicating that the agreement has expired. An unexpired CEA could not be located.

OBSERVATIONS

The CEA established that CheckFreePay Corporation (CheckFree) be used to process all payments received by Jefferson Parish on behalf of the various utility companies. Both Entergy and Atmos establish a “per stub fee” for payments processed on their behalf, while the “per stub fee” for the other utility companies is established by an agreement between the respective utility company and CheckFree. Jefferson Parish received the following “per stub fees,” as of December 2016 and June 2017, which is revenue to Jefferson Parish. CheckFree received an equal amount of revenue.

Utility Company	Per Stub Fee	Paid By	Form of Payment
Entergy	\$0.20	Entergy	Cash, Check, Money Order
Atmos	\$0.25	Atmos	Cash, Check, Money Order
Cox	\$1.00	Customer	Cash only
At&T U-verse/Telephone/Direct TV	\$1.00	Customer	Cash, Check, Money Order
AT&T Mobility	\$1.00	Customer	Cash, Check, Money Order

During the calendar year 2016, TPC processed 50,397 stubs for the various utility companies and 15,665 stubs for the Jefferson Parish Department of Water. The various utility companies represented 76.29% of collections/stub volume at TPC; the Department of Water payments represented 23.71%.

Utility Company	# of Stubs	% of Volume
Entergy	30,272	45.82%
Atmos	15,278	23.13%
Cox	2,803	4.24%
At&T U-verse/Telephone/Direct TV	1,899	2.87%
AT&T Mobility	145	0.22%
Sub-Total: Other Utility Companies	50,397	76.29%
Jefferson Parish Water	15,665	23.71%
GRAND TOTAL	66,062	100.00%

The Jefferson Parish Department of Water received revenue equal to \$14,235 related to the per stub processing fees in 2016. (See Attachment E for a detailed calculation.)

Based on one (1) supervisor position and three (3) full-time cashiers, gross wages, and benefits for 2016 calculated to be \$148,231. Since 76.29% is related to collecting for the other utility companies then \$113,081 (\$148,231 times 76.29%) is attributed to those efforts. Therefore, the net annual cost to the parish, after revenues are applied, is \$98,847 (\$113,081 minus \$14,235).

Estimated Cost to Jefferson Parish						
Position	#	Hourly Rate	# of Hours	Gross Wages	32% Benefits	Total
Supervisor	1	\$ 21.74	1,820	\$ 39,567	\$ 12,805	\$ 52,372
Cashiers	3	\$ 13.26	1,820	\$ 72,422	\$ 23,437	\$ 95,859
TOTALS				\$ 111,989	\$ 36,242	\$ 148,231
Percent of CheckFree Collections						76.29%
Costs Attributed to Check Free						\$ 113,081
Revenue Received from Check Free						\$ (14,235)
Estimated Cost to Jefferson Parish						\$ 98,847 *

* The TPC is typically staffed with one (1) supervisor and three (3) cashiers. The hourly rate for the cashiers represents an average rate for that position. Benefits are estimated to be thirty-two percent (32%) of gross wages as calculated using 2016 actual expense amounts from the Department of Water, Fund 53010. The estimated cost does not include facility costs to operate the building as such costs would exist if Jefferson Parish were to only collect water payments. Additionally, the estimated cost does not include supplies, postage, etc.

The per stub fee/revenue received from each utility company varies and does not cover the costs of operations. If fees were set as the same across the various utility companies, \$2.24 per stub would be the breakeven point so that Jefferson Parish does not incur a net cost. This is based on calendar year 2016 data.

Costs Attributed to Check Free	\$ 113,081
# of CheckFree Stubs Processed	50,397
Suggested Minimum Charge per Stub	\$ 2.24

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SUGGESTION

The Department of Water should work with the Administration, Parish Attorney's Office, and Parish Council to review the cost associated with Resolution 111978 and related CEA, and reevaluate the desire to continue the arrangement in the future. If the parish decides to continue the arrangement, revenues and costs should be brought in line with each other so that the parish is not bearing a net expense which would be consistent with the spirit of the initial resolution. (See Attachment C.)

Resolution 111978, Section 2. "That there will be no cost to Jefferson Parish associated with this agreement."

The Department of Water should work with the Parish Attorney's Office to ensure that relevant and related resolutions, cooperative endeavor agreements, and service agreements include all parties, are current and meet the satisfaction of the Parish Attorney's Office review.

RESPONSE FROM JP DEPARTMENT OF WATER

The Department of Water agrees with the assessment but does not have the authority to renegotiate existing and future agreements. In order to meet the spirit of the resolution, the Department of Water will work with the Parish Attorneys' Office and Council to negotiate a reasonable per stub charge as indicated within this audit. If that cannot be achieved or an alternative solution cannot be determined and implemented then serious consideration to closing down the payment center should be made because the majority of the payments made at that facility (76.3%) are for non-water billings.

RESPONSE FROM ADMINISTRATION

The Administration agrees with the findings and assessment made by Internal Audit. In line with the Department's response, we will work with the Parish Attorneys' Office and Council to negotiate a reasonable per stub charge as indicated within this audit. If that cannot be achieved or an alternative solution cannot be determined and implemented then serious consideration to closing down the payment center should be made because the majority of the payments made at that facility (76.3%) are for non-water billings.

We recognize the service provided at TPC is certainly convenient. We believe the Parish should consider an amendment to the agreement with our current fiscal agent, Capital One, to serve as a collection agency for these utility companies as well as Jefferson Parish. This solution is certainly more convenient allowing for more locations and extended hours for customers to pay their bills. In addition, it could reduce operation costs to Jefferson Parish. If not agreeable with our current fiscal agent, it should be considered in the next RFP for these services.

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SUMMARY

In summary, the review highlighted the need for formalized, written policies and procedures that are tailored to each different payment center since each location offers different services and has different technologies and capabilities. Additionally, there is an opportunity at the East Bank Office to strengthened internal controls relative to the night drop box. The review also resulted in the need to further secure both the West Bank Office and the Terrytown Payment Center in terms of upgraded security cameras and securing entry to the buildings, as well as, minimizing cash amounts maintained in active cashier drawers.

The Department of Water currently accepts cash as a form of payment but has the ability to move to a cash-free environment. Alternate arrangements would need to be made so that cash is not accepted as a form of payment under the agreement with the other utility companies at the Terrytown Payment Center. The department, Parish Administration, and Parish Council should discuss the continued desirability of offering this service to the public given current day operational volume and the cost to the parish.

Internal audit recommends that the Department of Water should review and take appropriate actions as noted in Findings #1 through 5.

REPORT WRAP UP

Internal Audit obtained responses from the Department of Water and the Parish Administration which are noted in the "Response From..." sections of each Finding.

******END******



ATTACHMENT A

COSO FRAMEWORK

As recommended by the Government Finance Officers Association (GFOA), Internal Controls will be evaluated based on guidance from the Committee of Sponsoring Organizations' (COSO) comprehensive framework on internal controls. COSO was organized in 1985 in response to concerns in Congress regarding fraudulent financial reporting and improper payments by corporations. COSO published Internal Control – Integrated Framework in 1992 which was later revised and reissued in 2013.

According to COSO, internal control is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

In other words, internal controls help to “make sure things happen the way you want them to happen and bad or unexpected things don’t happen.” – Deane Hennett, Director of Internal Audit, Old Dominion University.

The COSO Internal Control Framework outlines five (5) core principles. (See the graphic on the next page.)

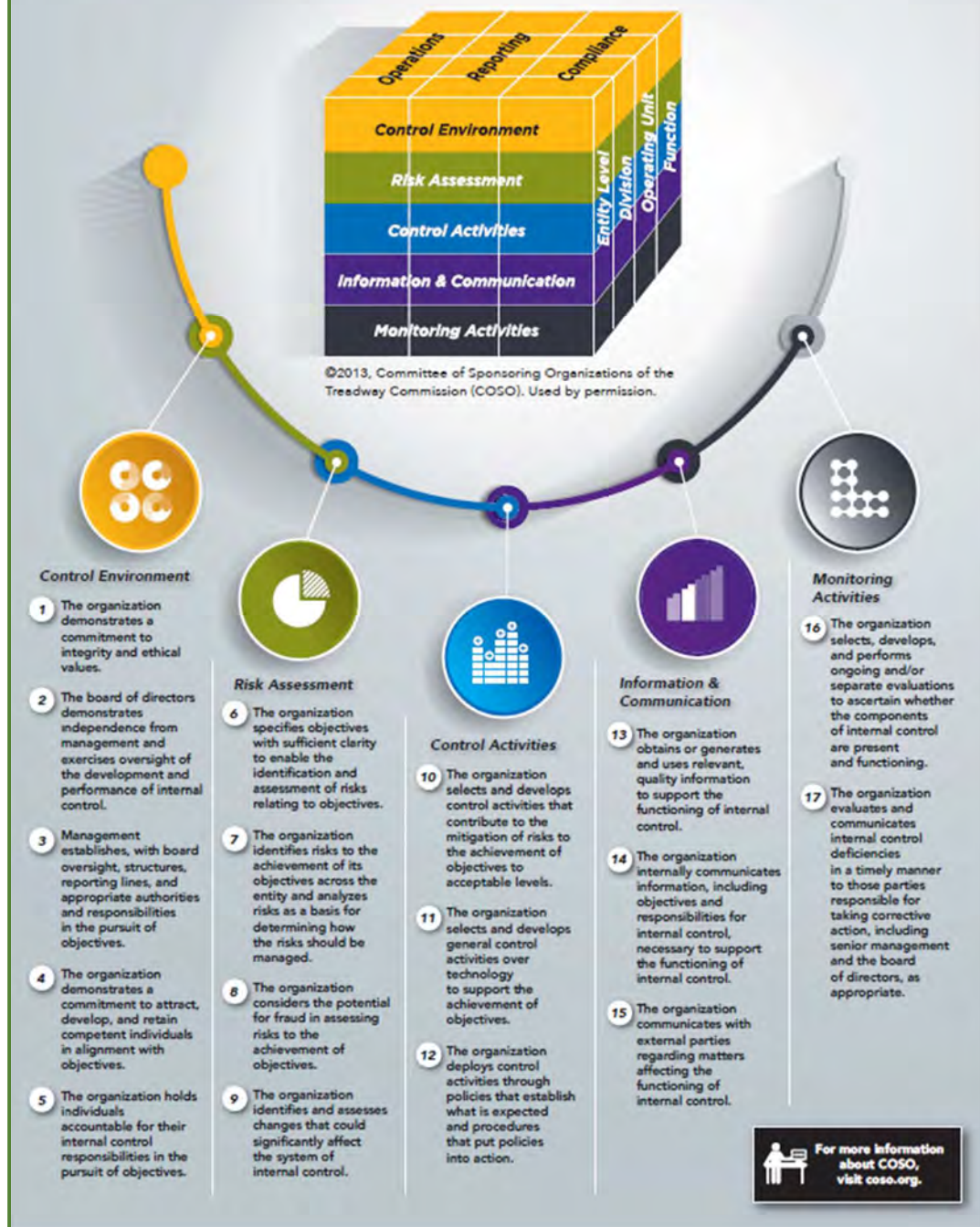
1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

This report will focus on Control Activities, specifically:

- Formal Written Policies and Procedures – the blueprint of controls.
- Segregations of Duties – separation of custody, authorization, recordkeeping, and reconciliation functions.
- Control over Transactions – approval, authorization, review, and verification of transactions.
- Physical Controls – access to assets (currency, equipment, inventories, etc.) is secure and restricted to appropriate personnel.
- Reconciliation – various financial records agree to one another such as “cash register” control total to cash drawer count to bank statement deposit amount.

Please note that if any of the above control activities are not part of a finding contained in this report then there were not significant deficiencies noted in that area.

COSO Internal Control — Integrated Framework Principles



ATTACHMENT B

WATER DEPARTMENT POLICIES & PROCEDURES

Water Department Billing Procedures -Cashiers

A water bill is created by the AS400 system based upon the meter readings collected by the Utility Billing meter reading division. The readings are collected in cycles which are determined geographically so that the meter readers can be brought to the various locations and the meter readings for each area are collected each day and entered into the data base. Once all of the readings for a cycle are considered correct, the MIS department generates a bill which will be sent to the customer. Customers in the EPAY system receive a water bill via email while all other customers receive a paper bill through the US Postal system.

The billing cycle for most residential accounts is bi-monthly; commercial accounts on a monthly cycle.

Once the water bill is created, the bi-monthly customer has about one month to pay the bill and the monthly customer has about 15 days before that delinquent notice is generated.

When a customer pays a bill in person with cash, check or credit card the following occurs:

- ❖ The cashier enters the account number into the AS 400 system, verifies the name, address and amount being paid. The type of payment is entered into the system against which a report will be generated at the end of the day.
- ❖ The cashier counts the cash payment or verifies that the amount on the check or credit card corresponds to the bill amount.
- ❖ For cash payments the cashier marks the larger denomination bills with the marking pen to verify its authenticity.
- ❖ The cashier applies the payment to the account through the AS 400 system.
- ❖ The cashier places the cash or check into the drawer and gives the customer a receipt showing the payment amount date and time.

During the course of the day, if the cashier has more than \$500 in currency in the drawer, a "drop" takes place. This drop money is counted by the cashier then verified by a supervisor. The cashier is given one ticket to account for the drop amount kept in the drawer and another ticket is attached to the money that is put into the safe for that cashier and locked away until the end of the day.

At the end of the day, a close out report is generated from the system by adding the cash and checks together to create a deposit total. Each cashier adds up their checks, drop tickets and reminding cash in the drawer to balance against the close out report. Finally the supervisor verifies the close out count. This amount is put on the deposit slip for that cashier and sealed for deposit. The deposit bags are numbered so that they can be tracked and the deposit statements from the bank are compared to the amounts sent each day.

Cashiers can't make adjustments or credits on customer accounts nor can they void or switch the form of payment (check to cash). A supervisor must make these changes and they must put a reason for the change.

New Procedures as the result of an internal investigation:

As of 9/23/16 additional procedures have been put in place regarding the voiding of payments.

Cashiers are required to keep a receipt, ticket, of any voided payment. On this ticket, they must indicate the reason for the void and must indicate where the void has been applied in the system.

A close out report is generated daily which itemizes all voids that a cashier made throughout the day. The supervisor must check this report to verify that each payment that was voided was then applied to the correct account and the payment is on the system. All void tickets must be kept with their daily close out for later verification.

Additional procedures discussed with Accounting on 9/28/16

- Money over \$300.00 must be counted and called to be second counted by a supervisor/clerk III for pickups throughout the day.
- Money must be handled on the counter, this includes any change, need counting down and drops.
- Personal items must be locked in your locker such as purse, wallet, coin bag, etc.
- Transactions must be fully completed before calling the next customer.
- Voids must be re-applied or corrected before they are voided off. Void slips must be kept and messaged with reason of void and any correction must be wrote on the void slip indicating correction made.
- Void slips must be turned in with the cashier close-out report.
- Voids must be voided by the supervisor at the location where the void happened, meaning employees cannot call another office/location to have a different supervisor void payments.
- Cashiers will be randomly closed randomly throughout the day giving them a backup /drop drawer to continue taking paying.
- Cashiers must scan each check taken before the end of the day.
- Cashiers cannot swap money with different cashiers. They must keep extra change out of the hundred dollars that is in their drawer or ask the supervisor for change.

From: Chandra Alexander
Sent: Friday, September 08, 2017 11:39 AM
To: Chandra Alexander <CAlexander@jeffparish.net>
Subject: FW: Internal Audit 2017-003 request

Checks and cash are received at the Water Department everyday by mail and in person by water customers. Payment taken at The Water Department from walk-in and drive thru customers are checks, cash's, money orders, and credit cards (a 2.00 fee is applied for credit card payments only). These payments can be made at one of our three locations:

These payments are entered into the Utility Billing Software System by one of our cashiers. Each Cashier has their own locked drawer that they are responsible for balancing at the end of the day. Cashiers also have a code which must be signed on with a secret password. During the day, cashiers prepare "drops" to reduce the cash drawer of funds over \$300.00 to \$500.00 in cash. The cashier adds up the cash they have and sign a receipt. The supervisor recounts the cash and also signs the receipt. The money is then locked in a box labeled with each cashiers name on it and put in the vault till the end of the day. Cashiers tally up the drops and the money left in the drawer in order to reach their cash total for the day and record it on a bank deposit slip. The cash is verified by the supervisor who signs off on the total reported on the deposit slip. The cash and deposit slip are put into the deposit bag, sealed and held in the vault until the next day. The cashier supervisor removes the deposit bags from the vault and they are stored in the office until the armored transport comes to pick them up. At the end of the day, all cashiers are responsible for balancing their drawer to a report that is generated from their terminal. The list consists of the date, receipts, cash total, checks total, credit card total and transactions. The report and their daily deposit are then forwarded to the Cashier Collector Supervisor.

From: Monica Stanton
Sent: Friday, September 08, 2017 12:31 PM
To: Sal Maffei; Rennice KYoung
Subject: RE: Internal Audit 2017-003 request

- Cashiers will be randomly closed randomly throughout the day giving them a backup /drop drawer to continue taking paying.

the above statement is the only thing that we do not do, we randomly count down a different cashier throughout the day.

ATTACHMENT C

RESOLUTION NO. 111978 – UTILITY PAYMENT CENTER CEA

On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO. 111978

A resolution authorizing the execution of a Cooperative Endeavor Agreement between the Parish of Jefferson, Entergy Louisiana LLC, Cox Communications and Atmos Energy Corporation for a utility payment center. (Parishwide)

WHEREAS, there is a need for a utility payment center where, for the convenience of the citizens of Jefferson Parish, all utility bills, including water, electricity, gas and cable, can be paid at a single location.

NOW, THEREFORE, BE IT RESOLVED by the Parish Council of Jefferson Parish, Louisiana, acting as governing authority of said Parish:

SECTION 1. That Jefferson Parish is hereby authorized to enter into a Cooperative Endeavor Agreement with Entergy Louisiana LLC, Cox Communications and Atmos Energy Corporation for a utility payment center.

SECTION 2. That there will be no cost to Jefferson Parish associated with this agreement. Any revenue generated from this agreement is to be deposited in account no. 53010-0000-5812.

SECTION 3. That the Chairman of the Jefferson Parish Council, or in his absence the Vice-Chairman, be and they are, hereby authorized to execute any and all documents necessary to give full force and effect to this resolution.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: 6

NAYS: None

ABSENT: (1) Lee

The resolution was declared to be adopted on this the 18th day of March, 2009.

THE FOREGOING IS CERTIFIED
TO BE A TRUE & CORRECT COPY



EULA A. LOPEZ
PARISH CLERK
JEFFERSON PARISH COUNCIL

ATTACHMENT D

CEA – TERRYTOWN UTILITY PAYMENT CENTER

COOPERATIVE ENDEAVOR AGREEMENT

BETWEEN

THE PARISH OF JEFFERSON,
ENTERGY LOUISIANA, LLC,
COX COMMUNICATIONS, INC.

AND

ATMOS ENERGY CORPORATION

This agreement is made and entered into on this ____ day of _____, 2009, by and between the Parish of Jefferson by and through the Parish Council, hereinafter called the PARISH, represented by Thomas J. Capella, Council Chairman, duly authorized to act pursuant to Resolution No. 111978, adopted on March 18, 2009, Entergy Louisiana LLC, a Louisiana limited liability company, hereinafter called ENTERGY, represented by _____, its _____, Cox Communications of Louisiana, LLC, Inc., a _____ corporation, hereinafter called COX, _____, represented by _____, its _____, and Atmos Energy Corporation, a _____ corporation, hereinafter called ATMOS, _____, represented by _____, its _____.

WHEREAS, Art. VII, Sec. 14(C) of the Louisiana Constitution of 1974 provides that for a public purpose, the State and its political subdivisions or political corporations may engage in cooperative endeavors with each other or with any other private association, corporation or individuals; and

WHEREAS, there is a need for a utility payment center where, for the convenience of the citizens of Jefferson Parish, all utility bills, including water, electricity, gas and cable, can be paid at a single location ; and

WHEREAS, the PARISH will benefit from the increased efficiency in the collection of its water bills; and

WHEREAS, the citizens of Jefferson Parish will benefit from the efforts of these agencies working together;

NOW, THEREFORE, the PARISH, ENTERGY, COX and ATMOS hereby agree

as follows:

SECTION 1- SERVICES

The PARISH will provide a facility located at 721 Terry Pkwy., Terrytown, La. 70056 (the "Payment Facility") at which Jefferson Parish customers will be able to pay their Jefferson Parish water, electricity, gas, and cable bills at a single location. Jefferson Parish will operate and staff this location with suitable personnel, and retain the services of a payment processor, at its sole discretion.

All the parties hereto acknowledge that CheckFreePay Corporation shall be used as the payment processor at the Payment Facility, pursuant to a Payment Processing Services Agreement substantially in the form attached hereto as Exhibit A, ~~and pursuant to individual agreements between CheckFreePay and ENTERGY, COX AND ATMOS.~~

EP 5-4-09

SECTION 2 DURATION

The term of this agreement shall not exceed 3 years from the date of execution.

SECTION 3 – COMMUNITY (INTENTIONALLY OMITTED)

SECTION 4 – INDEPENDENT CONTRACTOR

Each Party hereby agrees and accepts that it shall be acting as an independent contractor for purposes of this Agreement, and nothing contained in this Agreement is intended to create, or shall be construed as creating, any joint venture, partnership, or other association or other relationship between the Parties.

The parties hereto acknowledge, and the Parish agrees, that the PARISH shall not, with respect to payments collected at the Payment Facility:

- a. withhold federal or state income taxes;
- b. withhold federal social security tax (FICA);
- c. pay federal or state unemployment taxes for the account of other parties;
or
- d. pay workman's compensation insurance premiums for
coverage for other parties.

SECTION 5 - NOTICE

All notices and correspondence required to be sent pursuant to this Agreement shall be addressed as follows:

PARISH: THOMAS J. CAPELLA
COUNCIL CHAIRMAN
Jefferson Parish Council
200 Derbigny Street, Suite 6200
Gretna, La. 70053

ENTERGY LOUISIANA, LLC: Ms. Rhonda Lapara
Director of Payment Processing Services
Entergy Services, Inc.
L-AER-1
417 Pride Drive, LAER
Hammond, LA 70401

With a copy to: Rob Hess
Legal Department
Entergy Services, Inc.
P.O. Box 61000
New Orleans, LA 70161

COX COMMUNICATIONS OF
LOUISIANA, LLC:

With a copy to: Cox Communications, Inc.
1400 Lake Hearn Drive
Atlanta, GA 30319
Attention: General Counsel
Fax: (404) 843-5845

ATMOS:

SECTION 6 – TERMINATION

This agreement may be terminated by any party by giving thirty (30) days written notice of such intention.

SECTION 7– ASSIGNMENT

This agreement shall not be assigned in whole or in part without the prior written consent of the parties to this agreement.

SECTION 8 - SEVERABILITY

If any provision of this agreement is held invalid by a Court of competent jurisdiction, such provision will be deemed amended in a manner which renders it valid, or if it, cannot be so amended it will be deemed to be deleted. Such amendment or deletion will not affect the validity of any other provisions of this agreement.

SECTION 9— ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the PARISH and the other parties, and supersedes all prior negotiations, representations or agreements, either written or oral. None of the parties hereto shall have any liabilities or obligations to the others with respect to the subject matter of this agreement except as expressly set forth herein. This agreement may be amended only by written instrument signed by both PARISH, through its Council Chairman, and each party by its authorized representative.

SECTION 10—COUNTERPARTS

This agreement may be executed in counterparts, each of which shall be considered an original and all of which shall constitute one and the same agreement.

WITNESSES:

Norma Lener

Ann H. Guidry

Janine B.

Meredith Valentine

WITNESSES:

WITNESSES:

PARISH OF JEFFERSON

BY: Thomas J. Capella

THOMAS J. CAPELLA
COUNCIL CHAIRMAN

ENTERGY LOUISIANA, LLC:

BY: Elaine Polk

Name: Elaine Polk

Title: Category Leader I

COX COMMUNICATIONS OF
LOUISIANA, LLC

BY: _____

Name:

Title:

ATMOS ENERGY CORPORATION

Norma Lina

Ann H. Murray

BY: Ricky Burke
Name:
Title: VICE PRESIDENT

ATTACHMENT E

STUBS PROCESSED / FEES PER STUB / TOTAL EARNED

Month/Year	Number of Other Utility Payments (Stubs) Processed					
	Entergy	Atmos	Cox	AT&T Uv/Tel/Dir.TV	AT&T Mobility	Total
Jan. 2016	2,169	1,142	247	135	9	3,702
Feb. 2016	2,347	1,322	240	177	19	4,105
Mar. 2016	2,645	1,455	257	160	16	4,533
Apr. 2016	2,384	1,152	243	154	12	3,945
May. 2016	2,593	1,436	232	170	12	4,443
Jun. 2016	2,498	1,270	240	154	13	4,175
Jul. 2016	2,419	1,130	240	156	12	3,957
Aug. 2016	2,863	1,443	246	180	11	4,743
Sept. 2016	2,762	1,209	238	167	10	4,386
Oct. 2016	2,570	1,237	222	147	11	4,187
Nov. 2016	2,518	1,274	212	153	12	4,169
Dec. 2016	2,504	1,208	186	146	8	4,052
Total 2016	30,272	15,278	2,803	1,899	145	50,397
Jan. 2017	2,519	1,294	192	157	10	4,172
Feb. 2017	1,976	1,085	145	146	9	3,361
Mar. 2017	2,881	1,591	254	170	15	4,911
Apr. 2017	2,164	1,054	179	120	17	3,534
May. 2017	2,827	1,449	229	139	11	4,655
Jun. 2017	2,505	1,210	212	151	14	4,092
Total 6 months 2017	14,872	7,683	1,211	883	76	24,725
Total 18 months	45,144	22,961	4,014	2,782	221	75,122

Month/Year	Fee Received per Stub					
	Entergy	Atmos	Cox *	AT&T Uv/Tel/Dir.TV	AT&T Mobility	
Jan. 2016	0.20	0.25	0.75	1.00	1.00	
Feb. 2016	0.20	0.25	0.75	1.00	1.00	
Mar. 2016	0.20	0.25	0.75	1.00	1.00	
Apr. 2016	0.20	0.25	0.75	1.00	1.00	
May. 2016	0.20	0.25	0.75	1.00	1.00	
Jun. 2016	0.20	0.25	0.75	1.00	1.00	
Jul. 2016	0.20	0.25	0.75	1.00	1.00	
Aug. 2016	0.20	0.25	0.75	1.00	1.00	
Sept. 2016	0.20	0.25	1.00	1.00	1.00	
Oct. 2016	0.20	0.25	1.00	1.00	1.00	
Nov. 2016	0.20	0.25	1.00	1.00	1.00	
Dec. 2016	0.20	0.25	1.00	1.00	1.00	
Jan. 2017	0.20	0.25	1.00	1.00	1.00	
Feb. 2017	0.20	0.25	1.00	1.00	1.00	
Mar. 2017	0.20	0.25	1.00	1.00	1.00	
Apr. 2017	0.20	0.25	1.00	1.00	1.00	
May. 2017	0.20	0.25	1.00	1.00	1.00	
Jun. 2017	0.20	0.25	1.00	1.00	1.00	

Total Earned by Jefferson Parish for Collection of Other Utility Payments							
Month/Year	Entergy	Atmos	Cox	AT&T Uv/Tel/Dir.TV	AT&T Mobility	Total	
Jan. 2016	\$ 433.80	\$ 285.50	\$ 185.25	\$ 135.00	\$ 9.00	\$	1,048.55
Feb. 2016	469.40	330.50	180.00	177.00	19.00		1,175.90
Mar. 2016	529.00	363.75	192.75	160.00	16.00		1,261.50
Apr. 2016	476.80	288.00	182.25	154.00	12.00		1,113.05
May. 2016	518.60	359.00	174.00	170.00	12.00		1,233.60
Jun. 2016	499.60	317.50	180.00	154.00	13.00		1,164.10
Jul. 2016	483.80	282.50	180.00	156.00	12.00		1,114.30
Aug. 2016	572.60	360.75	184.50	180.00	11.00		1,308.85
Sept. 2016	552.40	302.25	238.00	167.00	10.00		1,269.65
Oct. 2016	514.00	309.25	222.00	147.00	11.00		1,203.25
Nov. 2016	503.60	318.50	212.00	153.00	12.00		1,199.10
Dec. 2016	500.80	302.00	186.00	146.00	8.00		1,142.80
Total 2016	\$ 6,054.40	\$ 3,819.50	\$ 2,316.75	\$ 1,899.00	\$ 145.00	\$	14,234.65
Jan. 2017	\$ 503.80	\$ 323.50	\$ 192.00	\$ 157.00	\$ 10.00	\$	1,186.30
Feb. 2017	395.20	271.25	145.00	146.00	9.00		966.45
Mar. 2017	576.20	397.75	254.00	170.00	15.00		1,412.95
Apr. 2017	432.80	263.50	179.00	120.00	17.00		1,012.30
May. 2017	565.40	362.25	229.00	139.00	11.00		1,306.65
Jun. 2017	501.00	302.50	212.00	151.00	14.00		1,180.50
Total 6 months 2017	\$ 2,974.40	\$ 1,920.75	\$ 1,211.00	\$ 883.00	\$ 76.00	\$	7,065.15
Total 18 months	\$ 9,028.80	\$ 5,740.25	\$ 3,527.75	\$ 2,782.00	\$ 221.00	\$	21,299.80

*Cox fees went up to \$2.00, prior to Sept. 2016 they were \$1.50.