

Internal Audit Report #2020-004
Cash-Free Initiative: Update #2
Release Date: June 15, 2020



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OVERVIEW

BACKGROUND

Jefferson Parish began a Cash-Free Initiative in late 2016 after reports were issued collaboratively by the Department of Internal Audit and the Department of Accounting. The effort was started by the Administration in place at the time and was supported by some members of the Council. The goal of the initiative was for all Parish operations and departments to discontinue accepting cash as a form of payment in order to minimize risk exposure to theft and misappropriation of funds. On average, the Parish has received \$10 to \$11 million annually in cash payments for various services.

Internal Audit continues to support the initiative and provides periodic updates as part of its risk-based work plan. This will be the third report in the series of updates. The first report was issued on December 27, 2017¹; the second was issued on December 21, 2018².

At the onset of the Cash-Free Initiative, the following Parish departments accepted cash as a form of payment.

#	Department	Description
1	Animal Shelter	Accepts Cash as a Form of Payment
2	Environmental Affairs	Accepts Cash via a 3 rd Party Vendor
3	General Services	Accepts Minimal Cash
4	Library	Accepts Cash as a Form of Payment
5	Parks & Recreation	Accepts Cash as a Form of Payment
6	Transit	Accepts Cash via a 3 rd Party Vendor
7	Water	Accepts Cash as a Form of Payment

As of the end of 2017, several departments transitioned to a Cash-Free Environment as part of the initiative. Internal Audit confirmed in all cases that the practice continues as of the timing of this report.

#	Department
1	Alario Center
2	Emergency Management
3	Human Resources
4	Inspection & Code
5	Personnel
6	Purchasing
7	Security

The last report issued, in 2018, focused on five (5) departments, including the Animal Shelter, Environmental Affairs, Library, Parks & Recreation, and the Water Department. General Services and Transit were excluded from the 2018 report; however, Internal Audit will revisit both departments later in this report.

¹ See Attachment A for IA Report 2017-005: Cash-Free Initiative.

² See Attachment B for IA Report 2018-009: Cash-Free Initiative: Update #1.

OBJECTIVE

The objective of this review was to provide an update on the Cash-Free Initiative as originally documented via Internal Audit Report 2017-005: Cash-Free Initiative published December 27, 2017, and Report 2018-009 published December 21, 2018.

SCOPE / PROCEDURES

Fiscal years 2018 and 2019 AS/400 Financial Management System payment information by type (cash, check, credit card, other) was analyzed to determine any changes in cash collection points. Department Directors were asked about cash collections via the 2020 Internal Audit Risk Assessment Survey sent on August 2, 2019. Updates were obtained from the following departments who have daily or frequent cash collections: Animal Shelter, Environmental Affairs, Library, Parks and Recreation, Transit, and Water. Confirmation of Cash-Free Environments was obtained from the Alario Center, Emergency Management, Human Resources, Inspection & Code, Personnel, Purchasing, and Security. Additionally, the Department of General Services confirmed immaterial cash collections within their area. The Parish Attorney's Office performed a search of any laws that may require the Parish to accept cash as a form of payment.

No other departments were included in this report (infrequent, minimal, or cash-free departments.)



INFREQUENT OR MINIMAL CASH COLLECTIONS

GENERAL SERVICES

The Department of General Services receives less than one hundred dollars (\$100) annually from the sale of feminine products in dispensers in restrooms at the General Government Building and at the Twenty-Fourth Judicial District Court, both located in Gretna. Given its immaterial nature, consideration should be given to excluding this as an action item in the cash-free initiative.

CASH-FREE DEPARTMENTS

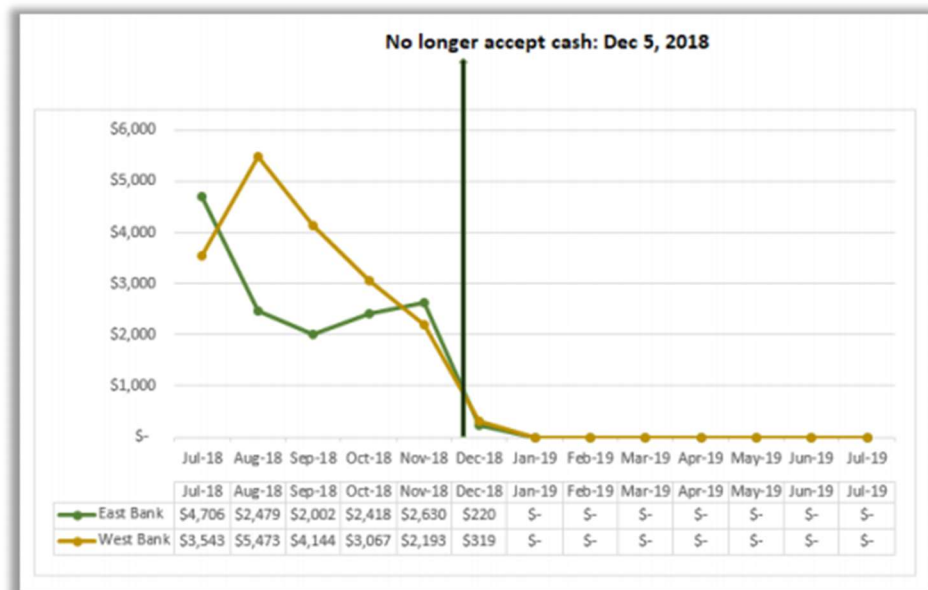
The following departments have stopped accepting cash as a form of payment. This information was confirmed as of the timing of this report.

ALARIO CENTER

The Alario Center accepted cash in the past only on rare occasions for rental of the facility. The current policy is that cash is not accepted as a form of payment. (Source: Director, Lydia Folsie)

ANIMAL SHELTER

During the last Cash-Free Initiative update released December 21, 2018, the Director of Finance, Timothy Palmatier, sent an email to the Animal Shelter requesting them to “cease accepting cash payment for services at the Animal Shelter effective with this email.” The Animal Shelter Director at the time, Robin Beaulieu, responded that they were, “notifying staff and immediately will not be accepting cash.” The email exchange took place on December 4 and 5, 2018. The Animal Shelter then stopped accepting cash as of December 5. The chart below illustrates that cash collections reduced to zero from mid-2018 through mid-2019.



Cash collections data excerpted from Internal Audit Report #2019-008 released on December 17, 2019.

The following history of cash collections further illustrates the Animal Shelter’s progress and successful implementation of a Cash-Free Environment.

Fiscal Year	Revenue/Charges	Cash Collected	% Cash to Charges
2016	\$285,000	\$105,000	37%
2017	\$196,000	\$73,000	37%
2018	\$199,000	\$68,000	34%
2019	\$165,000	--\$0--	0%

Internal Audit had discussions with the current Animal Shelter Director, Michelle Brignac (employment effective August 6, 2019), regarding cash collections. Ms. Brignac fully supports a Cash-Free Environment and intends to maintain the policy of not accepting cash as a form of payment. In an email dated April 21, 2020, Ms. Brignac stated, “I think it is best that the Shelters do not take cash, nor hold cash such as petty cash, etc. Since I officially started August 6th, the shelters weren't excepting cash payments and have had no issues operating in this capacity.”

EMERGENCY MANAGEMENT

The Department of Emergency Management historically accepted cash payments for training conducted at the Emergency Operations Center in Gretna. The department now only accepts checks and money orders. (Source: Claire Ward, EMS Program Compliance Specialist)

ENVIRONMENTAL AFFAIRS

Pursuant to Section 3.A.7.4 of the garbage collection contract, cash is currently collected (by a third party) from commercial contractors and residents from the cities of Kenner, Harahan, Westwego, and Gretna at all trash drop-off sites. Residents of Unincorporated Jefferson Parish and the town of Jean Lafitte (Consolidated Garbage District 1) do not pay a fee when using the sites. The contract provisions state that Waste Connections (the third party) is solely responsible for collecting the cash and maintaining detailed user logs of daily operations. That user rate is established as fourteen dollars (\$14) per car and twenty dollars (\$20) per truck/trailer. The fee for commercial users and residential users from the aforementioned cities is paid as a royalty to the Parish. That royalty is set at twenty-five percent (25%) of the fees collected. Monthly reports on the operation of each drop off site are submitted to Environmental Affairs detailing the number of commercial and residential users along with logs and manifest as back up documentation.

The table below shows the amount earned by the Department of Environmental Affairs for garbage drop site royalties. All funds were collected in cash. Although the department is not directly involved in the exchange of cash with the public, the amount of fees earned (cash collections) has steadily decreased from 2017 to 2019.

Fiscal Year	Fees Earned	% change from prior year
2016	\$13,314	---
2017	\$14,413	+ 8.25%
2018	\$9,490	- 34.15%
2019	\$8,146	-14.16%

According to the Assistant Director of Environmental Affairs, “ In general, revenues decline when there is a drop in the number of commercial or municipal users at the sites. Weather conditions from year to year also influence the volume and type of traffic at the sites. For example, the hard freeze that the area experienced in the winter of 2017 resulted in more commercial users (landscapers, tree cutters, etc.) going to the sites, thus higher fees were collected that year.”

Environmental Affairs had previously been in active discussions with Waste Connections on converting this fee collection from cash to credit card. Waste Connections converted to a cashless system effective November 1, 2019. While no written policy is in place, Waste Connections accepts all major credit cards and debit cards as a form of payment. The Parish website³ also states that cash is not accepted.

HUMAN RESOURCE MANAGEMENT

The Department of Human Resource Management used to accept cash payments for CPR training classes. The department now only accepts checks and money orders. (Source: Director, Nicole Thompson)

INSPECTION AND CODE

Effective October 16, 2016, the Department of Inspection and Code no longer accepted cash as a form of payment for any service provided. This practice continues as of the timing of this report. (Source: Director, Aimee Vallot)

PERSONNEL

The Department of Personnel historically accepted cash payments when employees requested copies of their personnel file. The department now only accepts checks and money orders and would consider accepting credit card payments. (Source: Director, John Dumas)

PURCHASING

In the past, the Department of Purchasing accepted cash payments for public records requests and sales of plans and specifications. The department now only accepts checks and money orders and would consider accepting credit card payments. (Source: Director, Renny Simno)

SECURITY

Effective November 1, 2017, the Department of Security no longer accepted cash as a form of payment for replacement access identification cards. The forms of payment currently accepted are checks, money orders, and payroll deductions/internal transfer between departments. (Source: Assistant Director, Gerald Lacour)

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³ <https://www.jeffparish.net/departments/environmental-affairs/garbage-and-recycling/drop-off-site-instructions>

DAILY OR FREQUENT CASH COLLECTIONS

LIBRARY

As of the last two Internal Audit reports released in December 2017 and December 2018, the Library could move to a Cash-Free Environment by giving appropriate notice to the public and by implementing a check guarantee service whereby available funds are verified, and the Parish is safeguarded against insufficient funds. Additionally, a credit card processing service and related equipment would need to be implemented and installed, as well as the copy machines converted to accept only credit or debit cards. The nature of the relationship with a third-party vendor who handles the Library systems “value-added” service where a Library card is loaded with value via cash fed into a machine would need to be changed.

A similar scenario exists as of April 2020. The Library has been working to bring three (3) systems online with credit card services but has been experiencing compatibility issues with the credit card systems. Additionally, credit card platform solicitation is pending General Advisory Board agenda scheduling and approval.

The following table shows revenues earned by the Library from copy machine usage, room rentals, and fees for the four (4) most recent fiscal years. Most revenues were collected in cash as indicated; however, room rentals are generally paid for by credit cards or checks.

Fiscal Year	Total Revenue	Cash Revenue	Cash Collections as a % of Total Rev.
2016	\$367,371	\$345,272	94.0%
2017	\$313,134	\$294,207	94.0%
2018	\$304,535	\$282,068	92.6%
2019	\$285,855	\$265,865	93.0%

The Library has experienced a steady decrease in revenues which can be attributed to the following:

- 1) New copiers now have USB flash drive capabilities, which result in less printing, and
- 2) more online downloadable books and DVDs allow a certain checkout time but do not have any fees connected for overdue items. The item/s disappears from the user’s device; and
- 3) Patrons have used the Library Print Management system to store funds that can be used at a later date.

Since the last report, the Library has held numerous meetings regarding the Cash-Free Initiative and experienced challenges implementing credit card services. Check guarantee services have been implemented for some library services. The library is implementing credit card services for its information management services, self-checkout machines, and value-added machines in August 2020. Since Gila, LLC cannot include all credit card services together, the library will need to utilize credit card processors from its vendors. This will be sent to the Council for approval.

Transition to a Cash-Free Environment is anticipated by the 4th Quarter of 2020.

PARKS & RECREATION

The Department of Parks and Recreation earns revenues from charges to participants such as leisure services, participant insurance, and facility use fees. The following table shows revenues earned by the department for the four (4) most recent fiscal years. Cash revenues have decreased over the years, while total revenues have increased from 2016 to 2019.

Fiscal Year	Total Revenue	Cash Revenue	Cash Collections as a % of Total Rev.
2016	\$887,000	\$470,000	53.0%
2017	\$937,000	\$280,000	29.9%
2018	\$899,000	\$265,000	29.5%
2019	\$952,000	\$168,000	17.6%

According to the Parks & Recreation Director, Mario Bazile, “Parks and Recreation will be making a very big push this coming year to go completely cash-free. Lafreniere Park has already begun the process to replace the cash machines and install credit card machines for tokens to the carousel and splash park. The Park will also no longer accept cash for reservations. Within the department as a whole, we are requiring all youth sport registrations for the playgrounds to be done online and paid with a credit card. We are also devising a plan to bring Internet to the playgrounds along with laptops to allow the public to register for youth sports at the playgrounds.”

TRANSIT

On average, the Department of Transit earns transit bus fare revenues in excess of \$3 million annually. The fares are collected primarily in cash and are handled by a third-party vendor, Transdev. Jefferson Parish personnel are not involved in the handling or counting of fares. Historical reviews of internal controls surrounding cash collections, accounting, deposit, and overall safeguarding of the funds did not result in any significant deficiencies. Further, there have not been any known cases of fraud or misappropriation of funds regarding the collection of transit fares.

According to the Department Director, Ninette Barrios, the Transit system “can implement a cash-less system in Jefferson Parish in a two to three-year period based on implementation of a proper smart card technology, as well as a lesser-used smart-phone technology.”

In the meantime, as part of the risk-based 2020 work plan, Internal Audit will exam policies and procedures in place related to cash collections for the Department of Transit. Internal Audit will issue a report which will assess the strength of such policies and provide recommendations for any enhancements as necessary. The report will be posted on the Parish’s website at <https://www.jeffparish.net/departments/internal-audit/audit-reports> (Report #2020-005) and can be referenced for more information.

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WATER

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 Jefferson Parish Sherriff's Office. The average revenue collected via various payment types in fiscal years 2018 and 2019 was \$96 million annually. Of the total funds collected, approximately \$7.0 million, or seven-point three percent (7.3%), was in the form of cash for both fiscal years. This average percentage of cash collected has decreased from 8.0% in prior years. Cash is collected at three different payment locations (centers) in the Parish as follows:

Water Payment Location/Center	% of Total Cash Collected
East Bank: 1221 Elmwood Park Blvd, Suite 103	35%
West Bank: 4500 Westbank Expressway	54%
Terrytown: 721 Terry Parkway	11%
Total	100%

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 possibilities such as promoting bill payment at MoneyGram locations that will accept cash payments on behalf of the Parish. This method of accepting cash payments could be phased in as an option for customers then implemented in full over time. Other possibilities could be explored as well, such as 1) installing payment kiosks maintained by a third-party vendor, or 2) partnering with the Jefferson Parish Employees Federal Credit Union, who has five locations through the parish, to collect cash payments on behalf of the Water Department.

According to the Director of Water, Sidney Bazley, "It is feasible for the water department to move to cash-free at any time. We receive so many other forms of payment, our daily routine and functions of the payment centers won't change. Every service we provide is payable with other forms of payment. My only concern is the administration. They will be the ones on the receiving end of the complaints from customers who only handle business in cash." Additionally, Mr. Bazley expressed concern about a possible delay in the parish receiving funds should customers start making payments through an established service like Money Gram. Such a concern is addressed in the paragraphs to follow.

During this update, on April 28, 2020, Mr. Bazley indicated that the Water Department could be ready to move forward with the cash-free initiative once it is verified that the department receives funds timely from Money Gram.

For the previous report issued (December 2018), Internal Audit explored the option of paying cash at MoneyGram (MG) locations. The Jefferson Parish Water Department (JP) is set up in the MG system as a payee. A water customer can go to an MG location and use cash to pay the water bill for a fee of \$1.99. The fee appears to be the same whether the water bill is \$6 or \$600, a random range chosen by Internal Audit to illustrate the flat fee amount. Note that the Parish charges a 2.09% convenience fee to all credit/debit card transactions. For example, assume an average water bill is \$80. A fee of \$1.67 would be charged to the customer who paid the bill by credit card. ($\$80 \times 2.09\% = \1.67) A minimum water bill is

\$55, and a high bill is \$165. Credit card fees charged in this range is \$1.15 to \$3.45. The \$1.99 MG fee is within the range of the Parish’s standard credit/debit card fee.

Internal Audit (IA) went to the MG service located in the CVS/Pharmacy at 4301 Airline Drive in Metairie, which is 1.13 miles from the East Bank payment center. On November 29, 2018, ten dollars (\$10) was paid in cash towards a select Jefferson Parish water bill. The total cost of the transaction was \$11.99, which confirms the \$1.99 transaction fee. The items necessary to pay the bill were 1) cash, check or credit card; 2) JP Water customer number, and 3) photo identification.

On November 30th, the next day, a credit of \$10 was noted on the select JP water bill account. This process confirmed that cash could be used to pay at an MG location, and JP receives the funds and effectively posts the funds to the customer account the next business day.

As an update to this report -- On Friday, May 1, 2020, Internal Audit initiated two (2) more cash payments at two (2) different MG locations – one (1) on the East Bank and one (1) on the West Bank. The results were consistent with the cash payment made in November 2018. In both cases, cash payments were credited to the customer’s water account the very next business day -- Monday, May 4, 2020. Cashiers at both locations commented that it is standard for MG to overnight the payment to the utility company. This overnight (next business day) service is included with the fee that is charged.

The table shown below provides details for all three (3) cash payments made.

MG Location	Cash Paid	Fee Charged	Date of Payment	Date Credited to Customer Account
CVS/Pharmacy 4301 Airline Drive Metairie	\$10.00	\$1.99	Nov. 29, 2018 Thursday	Nov. 30, 2018 Friday
Walmart 1028 Manhattan Blvd, Harvey	\$9.00	\$1.99	May 01, 2020 Friday	May 04, 2020 Monday
ACE Cash Express 3814 Williams Blvd, Kenner	\$7.00	\$2.00 ⁴	May 01, 2020 Friday	May 04, 2020 Monday

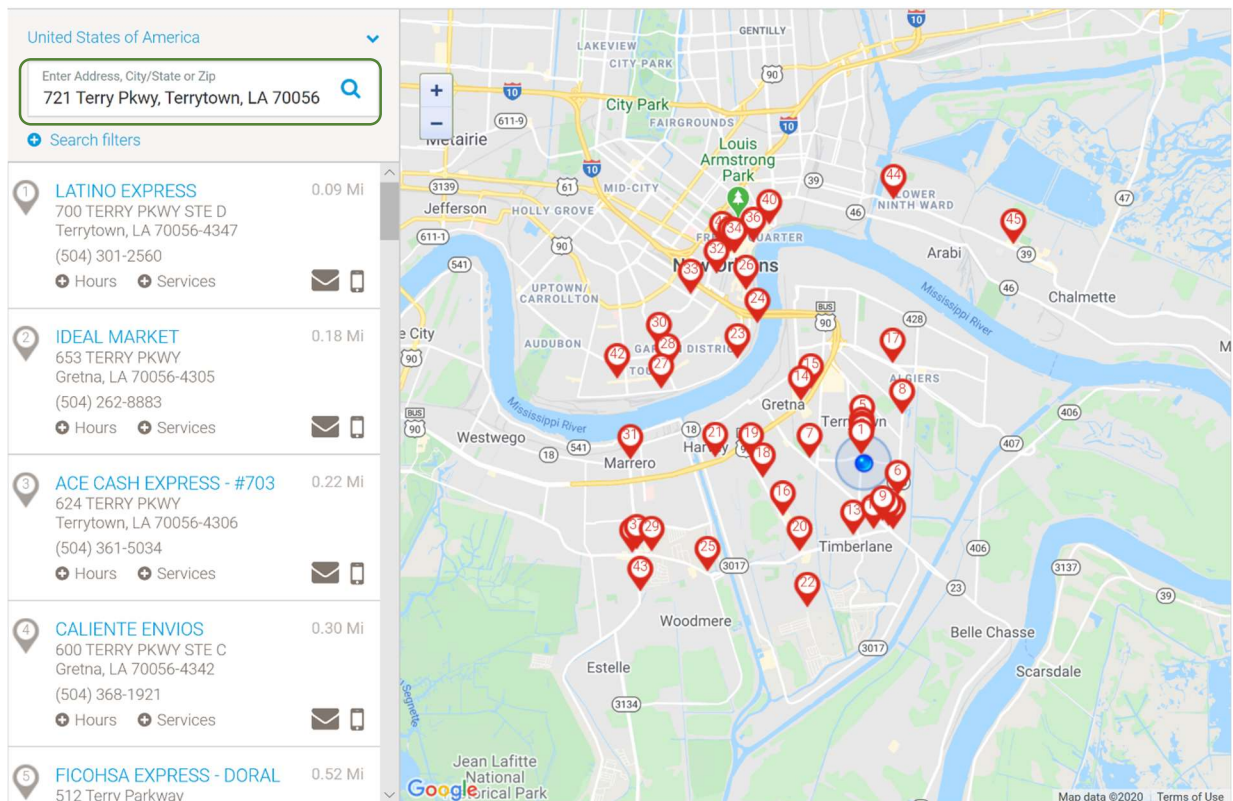
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⁴ This location charged a fee of \$.01 more than the other two. The reason is unknown; however, the increase is nominal and still within the range of the Parish’s standard credit/debit card fee.

Internal Audit determined the availability of the Money Gram (MG) locations on their website by entering each JP payment center address to identify MG locations nearby. For each of the three JP payment centers, MG listed 45 locations within .09 mile to 5.22 miles from the JP payment centers. The 45 locations listed around each current payment centered are duplicated in some cases. There are sixty-six (66) unduplicated MG locations within Jefferson Parish. This number excludes neighboring cities such as New Orleans that may also be good options for customers. This illustrates that utilizing MG to accept cash payments for JP water customers will provide many convenient locations for JP customers. One should note, however, that Walmart MG locations currently do not accept payments for the Jefferson Parish Water Department. Walmart has seven (7) locations within Jefferson Parish. See Attachment D for a listing of MG locations.

Displayed next are MG location maps relative to JP collection centers (as of April 16, 2020).

MG locations near the Terrytown collection center (.09 mile to 4.74 miles)



The Terrytown Payment Center collects payments for Entergy, Atmos, Cox Cable, and AT&T, which represents approximately 76% of total collections volume (based on 2016 data). Internal Audit noted that such local utility companies appear to be set up in the MG system as a payee and, therefore, encourages the Water Department and Administration to review the operational structure and necessity of collecting payments at the Terrytown Collection Center as noted in Finding #5 of Internal Audit Report #2017-003 (See Attachment C).

MG locations near the West Bank collection center (.31 mile to 4.29 miles)

United States of America

Enter Address, City/State or Zip
4500 Westbank Expressway

Search filters

1	ACE CASH EXPRESS - #734	0.31 Mi
5029 LAPAOCO BLVD STE 2 Marrero, LA 70072 (504) 371-0445		
Hours Services		
2	MERCADITO LA PULGUITA	1.29 Mi
2419 Westbank Expressway Harvey, LA 70058-3735 (504) 533-9215		
Hours Services		
3	GLOBAL MARITIME MINISTRIES	1.48 Mi
3635 TCHOUPITON LAS ST New Orleans, LA 70115 (504) 895-2028		
Hours Services		
4	CVS - #5409	1.48 Mi
1950 BARATARIA BLVD Marrero, LA 70072-4226 (504) 349-9949		
Hours Services		
5	WALMART - #911	1.51 Mi

MG locations near the East Bank collection center (.28 mile to 5.22 miles)

United States of America

Enter Address, City/State or Zip
1221 Elmwood Park Blvd

Search filters

1	ADVANCE AMERICA - #593	0.28 Mi
5608 CITRUS BLVD STE F New Orleans, LA 70123-2393 (504) 733-7577		
Hours Services		
2	IDEAL MARKET - #9	1.01 Mi
4421 AIRLINE DR Metairie, LA 70001-5660 (504) 309-9214		
Hours Services		
3	CVS - #5441	1.13 Mi
4301 AIRLINE DR Metairie, LA 70001-5735 (504) 832-1765		
Hours Services		
4	WALMART - #1353	1.17 Mi
5110 JEFFERSON HWY Harahan, LA 70123-5302 (504) 733-4923		
Hours Services		
5	ACE CASH EXPRESS - #725	1.18 Mi
6417 AIRLINE DR		

CHECK GUARANTEE AND CREDIT CARD PROCESSING

The following services may be included in a transition to a cash-free environment. (This section includes representations from the Department of Accounting. Data has not been verified by Internal Audit.)

CHECK GUARANTEE

A “check guarantee” service verifies that the customer has funds available in his or her bank account, places a hold on the funds, and guarantees payment at the time of presentment. The service helps to safeguard the Parish from receiving “NSF” (insufficient funds) or fraudulent checks. Having this service available may aid in the Parish moving to a Cash-Free Environment in that checks could be accepted in place of cash payments.

Following advertisement, competitive contract negotiation, and Council Approval, the Parish procured a check guarantee service through Municipal Services Bureau (MSB), a division of Gila, LLC, as part of the credit card and electronic payment services offered by MSB.

The cost of the check guarantee service is \$1.95 per check. Parish wide in 2019 Jefferson Parish received in excess of the 600,000 checks with a corresponding proposed check guarantee service fee of approximately \$1.2 million. The total amount of NSF checks received in 2019 totaled \$490,403 with \$452,000 of that amount received by the Utility Billing function, i.e., the “water bill,” which includes other services in addition to water. The Utility Billing function collection rate is 99.6% with a total bad debt write off of \$117,680, which includes all unpaid account balances, not just those paid by check. The Water Department employs the collection tool of water shut off as an incentive for the customer to pay for the services received. In totality, the cost-benefit does not exist for parish-wide implementation of the check guarantee service. Notwithstanding, it may be beneficial and will be considered in select departments as the cash-free initiative is implemented.

CREDIT CARD PROCESSING SERVICE

Since December 2018, credit card processing has been implemented in the following Departments: Animal Shelter, Water, Alario Center, and Code Enforcement. These implementations save the parish in excess of \$85,000 a year in credit card processing fees. Recreation and the Library Departments are next to be implemented. The Recreation Department has significant challenges as its IT infrastructure requires updating to implement card processing at all collection locations. Options such as mobile readers, non-internet connected cell network readers, and other technology-driven readers are under consideration.

The Library Department utilizes several different software and hardware tools for self-checkout, fine management, and printing services with individual agreements with each library location and different payment service. This complex patchwork requires the Library IT department to negotiate with each of their credit card processing services to accomplish uniformity to facilitate their transition to a cash-free environment.

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Conferences and site visits are on-going with MSB. MSB implements credit card processing in three Tiers. On-site visits for the installation of machines and training (Tier 1). Design and implementation of websites to facilitate payments over the internet (Tier II). Implementation of an Interactive Voice Response system, "IVR," allows customers through interactive telephone to process payments (Tier III). Only the Water Department has implemented Tier III. To facilitate all three tiers, Merchant Identifier Name and Numbers (MID's) have been secured for 24 locations, including the Animal Shelter, Library Department, and the three Water Department payment centers.

SUMMARY

In 2016, the Parish received approximately \$11.5 million in cash payments. Since the Cash-Free Initiative started, this amount declined to approximately \$10.3 million as of the end of 2019. This is a reduction of 11% in cash received. Below is a recap of departments that accept cash. The Water and Transit Departments collect most of the cash at \$9.8 million combined or 96% of all cash collected in the Parish.

DEPARTMENT	2016	%-Total	2017	%-Total	2018	%-Total	2019	%-Total
Water	\$ 7,300,000	63.2%	\$ 7,379,092	66.1%	\$ 7,260,048	66.0%	\$ 6,747,685	65.7%
Transit	\$ 3,319,111	28.7%	\$ 3,126,257	28.0%	\$ 3,107,024	28.3%	\$ 3,084,117	30.0%
Library	\$ 345,272	3.0%	\$ 294,207	2.6%	\$ 282,068	2.6%	\$ 265,865	2.6%
Parks & Rec	\$ 470,000	4.1%	\$ 280,000	2.5%	\$ 265,364	2.4%	\$ 167,952	1.6%
Environmental	\$ 13,314	0.1%	\$ 14,413	0.1%	\$ 9,490	0.1%	\$ 8,146	0.1%
Animal Shelter	\$ 105,000	0.9%	\$ 72,521	0.6%	\$ 67,973	0.6%	\$ -	0.0%
TOTAL	\$ 11,552,697	100.0%	\$ 11,166,489	100.0%	\$ 10,991,967	100.0%	\$ 10,273,765	100.0%

According to feedback from the respective department directors, the parish is well poised and motivated to transition to a cash-free environment. The Water Department is developing plans to do so as of the writing of this report, and Transit has the vision to do so within the next 2 to 3 years. Both the Library and Parks & Recreation are moving forward with the efforts. Additionally, Environmental Affairs and the Animal Shelter were cash-free going into the 2020 calendar year.

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RECOMMENDATIONS

1. Internal Audit recommends continuance of the Cash-Free Initiative. The Administration should work with each department and set goal-dates for total transition.
2. The Water Department currently has systems in place to transition to a cash-free environment. The department should initiate the option to pay via Money Gram (MG) as soon as MG is thoroughly vetted and as soon as operationally practical. Additionally, a significant portion of the Terrytown payment center's collections is for other utility companies (not JP Water). Since other options such as MG now exists for utility payments, strong consideration should be given to close the Terrytown payment center and reallocate staff to different locations or departments. This may result in cost savings to the parish. (page 47)
3. The Transit Director believes that the department can transition to cash-less, "in a two to three-year period based on implementation of a proper smart card technology, as well as a lesser-used smart-phone technology." While Transit is currently nearly a 100% cash basis department and therefore has some challenges to navigate to become cash-free, the transition appears to be feasible. The Administration should continue to work with the Transit Department to develop and implement the two to three-year plan.
4. The Library System and Department of Parks & Recreation currently represent approximately 4% of total cash collected in the Parish. Both Directors are motivated and have represented that they are moving forward with the Cash-Free Initiative. The Administration should continue to work with the two departments to implement a cash-free environment fully.

******END REPORT******

ATTACHMENT A

INTERNAL AUDIT REPORT #2017-005: CASH-FREE INITIATIVE

Internal Audit Report #2017-005

Cash-Free Initiative

Draft Date: December 7, 2017

Final Date: December 27, 2017



Tara Hazelbaker, CPA
DIRECTOR OF INTERNAL AUDIT | JEFFERSON PARISH

OVERVIEW

BACKGROUND

On November 18, 2016, the Jefferson Parish Deputy Chief Operating Officer, Natalie Newton, sent an email to all Jefferson Parish Directors concerning cash transactions policies. Communicated in the email was a directive to segregate cash transaction duties appropriately. Additionally, the email conveyed the Administration's initiative to work toward becoming a cash-free entity, that is, to no longer accept cash as a form of payment.

Shortly after the email from Ms. Newton, members of the Finance team gathered information regarding cash collection points throughout the parish and began positioning the parish for a successful transition to a cash-free environment.

On March 21, 2017, the Accounting Director (now Internal Audit Director), Animal Shelter Director, the Internal Audit Director at that time, and the Director of Finance met with Councilwoman Lee-Sheng and staff to discuss weaknesses in the Animal Shelter internal controls (See Internal Audit Report 2017-004 for more information.) The meeting topic migrated to parish-wide cash collections. Shortly thereafter, Councilwoman Lee-Sheng indicated that she and her team would be drafting legislation for the Administration's input. (Available upon request.)

Members of the Finance team continued to work with the various departments to identify the challenges of transitioning to a cash-free environment and to determine the needs of each department in doing so. For example, tools needed such as a Check Guarantee and Credit Card Processing Services were identified for some departments while other departments could simply stop accepting cash as a form of payment via a revision in departmental policies. (See "Check Guarantee and Credit Card Processing Services" section of this report.)

The Administration has been working with Councilwoman Lee-Sheng and staff, with assistance from Internal Audit, to move toward becoming a cash-free entity.

OBJECTIVES

The objectives of this review were to formally document the various Jefferson Parish departments who collect cash as of the writing of this report, and what steps need to be taken in order become cash-free and any challenges anticipated in doing so.

SCOPE / PROCEDURES

Fiscal year 2016 AS/400 Financial Management System payment information by type (cash, check, credit card, other) was analyzed to determine cash collection points. Department directors were polled to confirm identified cash collections points and were asked again about cash collections via the 2018 Internal Audit Risk Assessment Survey sent on October 3, 2017. In person, meetings were conducted with departments who collect cash on a daily basis, while both email and telephone conversations occurred with departments who have infrequent or minimal cash collections. The results are communicated in the pages to follow.

See Attachment E for a summary of departments that do and do not accept cash as a form of payment, as of the timing of this report.

DAILY OR FREQUENT CASH COLLECTIONS

ANIMAL SHELTER

In 2016, the Animal Shelter had approximately two hundred eighty-five thousand dollars (\$285,000) in charges for services. They accepted payment for such charges in the form of cash, money orders, and credit cards. Approximately thirty-seven percent (37%) or one hundred five thousand dollars (\$105,000) was collected in cash.

According to the Animal Shelter Director, Robin Beaulieu, the shelter can move to a cash-free environment by giving appropriate notice to the public and by implementing a check guarantee service whereby available funds are verified and the parish is safeguarded against insufficient funds.

ENVIRONMENTAL AFFAIRS

In 2016, the Department of Environmental Affairs earned just in excess of thirteen thousand dollars (\$13,000) for garbage drop site royalties which was collected in cash; however, the department is not directly involved in the exchange of cash with the public. According to the director, Mike Lockwood, the department does not collect and/or deposit cash, checks or money orders associated with operations or programs.

Pursuant to Section 3.A.7.4 of the garbage collection contract, cash is currently collected (by a third party) from commercial contractors and residents from the cities of Kenner, Harahan, Westwego, and Gretna at all trash drop-off sites. The contract provisions state that Progressive Waste (the third party) is solely responsible for collecting the cash and maintaining detailed user logs of daily operations. That user rate is established as fourteen dollars (\$14) per car and twenty dollars (\$20) per truck/trailer. The fee for commercial users and residential users from the smaller cities is paid as a royalty to the Parish. That royalty is set at twenty-five percent (25%) of the fees collected. Monthly reports on the operation of each drop off site are submitted to Environmental Affairs detailing the number of commercial and residential users along with logs and manifests as back up documentation.

Environmental Affairs has been in active discussions with Progressive Waste on converting this fee collection from cash to credit card.

LIBRARY

In 2016, the Library had approximately three hundred forty-five thousand dollars (\$345,000) in revenue from copy machine usage and library fines, all of which was collected in cash.

According to the Library Director, Marylyn Haddican, the library system can move to a cash-free environment by giving appropriate notice to the public and by implementing a check guarantee service whereby available funds are verified and the parish is safeguarded against insufficient funds. Additionally, a credit card processing service and related equipment would need to be implemented and installed, as well as, the copy machines converted to accept only credit or debit cards. The nature of the relationship with a third party vendor who handles the library systems "value-added" service where a library card is loaded with value via cash fed into a machine, would need to be changed.

See Attachment A for notes from a meeting held with library personnel.

PARKS AND RECREATION

In 2016, the Department of Parks and Recreation had approximately eight hundred eighty-seven thousand dollars (\$887,000) in revenue from charges for services such as leisure services, participant insurance, and facility use fees. Approximately fifty-three percent (53%) or four hundred seventy thousand dollars (\$470,000) was collected in cash.

According to the Parks & Recreation Director, CJ Gibson, the department could move toward becoming cash-free by providing education to the booster clubs, coaches, etc. as to the need to become cash-free along with the new procedures in doing so, and by posting notices in the various facilities and playgrounds giving a reasonable timeframe before implementation takes place.

It is anticipated that moving toward a cash-free environment will be a challenge to participants who are entrenched in cash transactions and will most likely cause a disruption among the participants.

See Attachment B for notes from a meeting held with parks and recreation personnel.

TRANSIT

In 2016, the Department of Transit earned transit bus fare revenues of approximately \$3.3 million. The fares are collected primarily in cash and are handled by a third party vendor, Transdev. Jefferson Parish personnel are not involved in the handling or counting of fares. Historical reviews of internal controls surrounding cash collections, accounting, deposit and overall safeguarding of the funds, did not result in any significant deficiencies. Further, there have not been any known cases of fraud or misappropriation of funds regarding the collection of transit fares.

Transitioning to a cash-free environment for the Department of Transit would require a capital infusion to upgrade each bus with technology that accepts forms of payment other than cash, and would likely create a hardship for riders who are entrenched in cash transactions. Given this scenario, Jefferson Parish intends to exclude the Department of Transit from moving to a cash-free environment.

See Attachment C for the most recent Internal Audit reporting regarding the Department of Transit.

WATER

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 Sheriff's office. In 2016, approximately \$91 million was collected via various payment types. Of the total funds collected, approximately \$7.3 million or eight percent (8%) was in the form of cash.

According to the Director of Water, Sal Maffei, 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. (See Internal Audit Report 2017-003 for more information.)

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. (See Attachment D for notes from a meeting held with water department personnel.)

INFREQUENT OR MINIMAL CASH COLLECTIONS

GENERAL SERVICES

In 2016 the Department of General Services received less than one hundred dollars (\$100) from the sale of feminine products in dispensers in female restrooms at the General Government Building and at the Twenty-Fourth Judicial District Court, both located in Gretna. Given its immaterial nature, consideration should be given to exclude this as an action item in the cash-free initiative.

CASH-FREE DEPARTMENTS

The following departments recently stopped accepting cash as a form of payment. Departments not listed also do not accept cash.

ALARIO CENTER

The Alario Center accepted cash in the past only on rare occasions for rental of the facility. The current policy is that cash is not accepted as a form of payment.

EMERGENCY MANAGEMENT

The Department of Emergency Management historically accepted cash payments for training conducted at the Emergency Operations Center in Gretna. The department now only accepts checks and money orders.

HUMAN RESOURCE MANAGEMENT

The Department of Human Resource Management historically accepted cash payments for CPR training classes. The department now only accepts checks and money orders.

INSPECTION AND CODE

Effective October 16, 2016, the Department of Inspection and Code no longer accepted cash as a form of payment for any service provided.

PERSONNEL

The Department of Personnel historically accepted cash payments when employees requested copies of their personnel file. The department now only accepts checks and money orders and would consider accepting credit card payments.

PURCHASING

The Department of Purchasing historically accepted cash payments for public records requests and sales of plans and specifications (specs). The department now only accepts checks and money orders and would consider accepting credit card payments.

SECURITY

Effective November 1, 2017, the Department of Security no longer accepted cash as a form of payment for replacement access identification cards.

CHECK GUARANTEE AND CREDIT CARD PROCESSING

The following services are needed as part of a successful transition to a cash-free environment.

CHECK GUARANTEE

A “check guarantee” service verifies that the customer has funds available in his or her bank account and then places a hold on the funds. The service helps to safeguard the parish from receiving “bad” or fraudulent checks. Having this service available will aid in the parish moving to a cash-free environment in that checks could be accepted in lieu of cash payments.

Based on research and counsel from the parish attorney’s office, the check guarantee services are included in the scope of the current contract with the parish’s fiscal agent, Capital One. Therefore, the parish can move forward with securing these services from Capital One. The term of the contract with Capital One, as of the writing of this report, is May 1, 2014, through April 30, 2018, with a two (2) year renewal option.

CREDIT CARD PROCESSING SERVICE

The ability for various departments to accept credit card payments will also aid in the parish moving to a cash-free environment. A Request for Proposal (RFP) was routed and eleven (11) proposals were received. The RFP Evaluation Committee met on October 18, 2017, to discuss and score the proposals. As a result of the meeting, there was dispute by vendors about the format of the cost proposal component of the RFP. Shortly thereafter, a resolution was routed to reject all submittals and re-advertise for the service. The resolution to re-advertise was approved at the December 6, 2017, Council meeting. The effort to secure this service is on-going as of the timing of this report.

SUMMARY

In summary, over the past year, the parish has made progress in moving toward becoming a cash-free entity. Seven (7) of fourteen (14) departments have transitioned to a cash-free environment. Of the remaining seven (7) departments that still accept cash, two (2) departments accept cash payments via a 3rd party vendor, Environmental Affairs, and Transit. One (1) department, General Services, accepts cash through vending machines which total less than one hundred dollars (\$100) in per year.

The remaining departments who currently collect cash are the Animal Shelter, Library, Parks & Recreation, and the Water Department. While there are challenges to each department, converting to a cash-free environment appears to be achievable if the Administration and Parish Council continues to pursue this initiative.

Departments that accept cash as of the timing of this report:

#	Department	Description
1	Animal Shelter	Accepts Cash as a Form of Payment
2	Environmental Affairs	Accepts Cash via a 3 rd Party Vendor
3	General Services	Accepts Minimal Cash
4	Library	Accepts Cash as a Form of Payment
5	Parks & Recreation	Accepts Cash as a Form of Payment
6	Transit	Accepts Cash via a 3 rd Party Vendor
7	Water	Accepts Cash as a Form of Payment

Departments that transitioned to cash-free as part of the cash-free initiative:

#	Department
1	Alario Center
2	Emergency Management
3	Human Resource Management
4	Inspection & Code Enforcement
5	Personnel
6	Purchasing
7	Security

See Attachment E for a summary of departments that do and do not accept cash as a form of payment, as of the timing of this report.

REPORT WRAP UP

Internal Audit collected information and data from the various departments in producing this report. Since this report is informational in nature, there are no recommendations for which departmental responses are necessary. However, the Parish Administration was given an opportunity to provide comments. Such comments can be found in Attachment 1, immediately following this report.

****END****

ATTACHMENT #1

COMMENTS* FROM PARISH ADMINISTRATION

** Comments received via email on December 18, 2017, from Natalie Newton, Jefferson Parish Deputy Chief Operating Officer. Approved via email on December 27, 2017, by Keith Conley, Jefferson Parish Chief Operating Officer.*

The Parish Administration has reviewed the Cash-Free Initiative report and has the following comments:

- There is no reason the Animal Shelter cannot be a completely cash-free environment. They should work to do so as soon as possible once proper notice can be given and the Pet Point system is fully implemented.
- Those departments that work with third parties to collect cash can remain free to do so:
 - The transit buses utilize machines for cash transactions buses which reduces theft risk and human errors significantly.
 - There is a concern with Environmental and how the cash is collected at the landfill/drop-off sites; the Administration would prefer to move to a cash-free environment at these locations.

In the interim, both of these third parties should be audited twice a year to spot check controls and reconciliations for their cash transactions.

- There are three departments that have not yet gone completely cash-free where we have concerns:
 - The Recreation and Library Departments offer a variety of programs for all ages and income levels. Sometimes, due to very low fees, participants may prefer to pay with cash. From the Parish's operating perspective, a fee charge for using a debit/credit card may not be in the best interest of the department because income will be lost in those fees. Similar to the Library, although not used for all transactions, we would like to examine kiosk payment centers and/or ID cards that can have cash transferred to them via a machine. An example of such system is ReadyCARD (<https://www.myreadycard.com/index.aspx>). These systems could also work with a "perks" program. Of course, any such system would need to be procured through proper procedures and could not offer benefits allowing prohibited donations. We would also not to burden participants and users by passing through transaction fees.
 - The Water Department provides a service that is an absolute necessity for daily living. It is understood that some constituents may not have checking accounts, credit/debit cards or other non-cash forms of payment. However, there are several concerns that have been noted via a separate audit of cash transactions where change in this department is essential. In addition to the card station solution mentioned above, the administration would like to explore utilizing third parties, such as our fiscal agent, for bill payment. While it may not work in all cases, banks are already staffed to perform transactions during hours convenient to the public. Payments made at our fiscal agent

continued on next page

branch locations would also offer more convenient locations for all customers utilizing Jefferson Parish water and allow the funds to be directly deposited into our account.

We would like to thank Internal Audit for their diligence in research and follow-up on this initiative. It is our intention to move forward cautiously as not to disrupt services to the public but also work toward policy and procedures that will reduce fraud and theft in Parish operations.

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ATTACHMENT A

LIBRARY MEETING NOTES

Library
Policy Regarding Cash Transactions
Meeting Notes

Date: April 4, 2017

Time: 11:00 am

Location: Yenni Bldg. – 10th floor conference room

Organizer: Tara Hazelbaker, Director of Accounting

Attendees: Diane Roussel, CAA
Marylyn Haddican, Director of JP Library
Antoinette Scott, Library Business Manager

Purpose: Discuss the policy sent by Natalie Newton in November of 2016 regarding cash transactions. The policy goal is to work "toward being a cash free entity by mid-2017." The meeting goal is to determine the implementation plan for the Libraries.

Discussion: The library currently accepts cash as a form of payment but indicated that they can move towards becoming cash free. The library can accept credit and debit cards in all branches if a credit card processing service is in place along with the appropriate equipment needed to accept credit card payments. Additionally, they can accept checks for services once a check guarantee service is in place.

In order to accommodate the youth who utilize library services, the "value added" machine can be kept in place. This will allow youth to load a card with money for use in lieu of cash. Currently a 3rd party vendor collects the cash from the "value added" machine and remits to the library at the time of collection. This process will need to be reevaluated and changed so that the library receives a direct deposit or check from the vendor instead of cash. Other controls need to be tailored as per a memo issued by Tommy Fikes, Director of Internal Audit, on September 29, 2016 (attached).

Lastly, the library would like to explore and start accepting online credit and debit card payments. This would be necessary in order for patrons to pay for downloading books and other materials.

Next Steps: The library needs the following in order to become cash free:

- Credit card processing service and related equipment (Finance/Accounting)
- Check guarantee service and related equipment (Finance/Accounting)
- Nature of relationship changed with 3rd Party vendor who handles "value added" service (Library)
- Copy machines need to be converted to accept only credit/debit cards. (Library)
- Determination of needs and subsequent implementation of online credit/debit card processing services (Library)

ATTACHMENT B

PARKS & REC MEETING NOTES

Parks & Recreation Department Policy Regarding Cash Transactions Meeting Notes

Date: April 6, 2017

Time: 11:00 am

Location: Yenni Bldg. – 10th floor conference room

Organizer: Tara Hazelbaker, Director of Accounting

Attendees: Tim Palmatier, Director of Finance
Royce Blanchard, CAA
CJ Gibson, Director of Parks & Recreation
Chris Villarrubia, Administrative Management Specialist III

Purpose: Discuss the policy sent by Natalie Newton in November of 2016 regarding cash transactions. The policy goal is to work "toward being a cash free entity by mid-2017." The meeting goal is to determine the implementation plan for the Parks & Recreation Department.

Discussion: The Parks & Recreation Department currently accepts cash as a form of payment. It was speculated that the cash payments are being made mainly in Districts 1, 2 and 3. Payments are being made for the following:

- \$4 registration fee to cover insurance costs for baseball, softball, basketball, etc. There are approximately 22,000 participants in these sporting activities.
- \$1 - \$5 fee range at Lafreniere Park for the carousel ride and splash park.
- \$20-100 fee range for classes held at the various facilities throughout the parish.
- \$200-\$400 fee range for room rentals.
- \$300 Day Camp Registration fees.

It is anticipated that moving toward a cash free environment will be a challenge to participants who are entrenched in cash transactions.

The Booster Clubs, who provide some support to the recreational activities, currently assist with collections of the \$4 registration fee. In doing so, they also solicit club membership which helps to fund the support to the activities. A change in this process will likely cause reduced support to Parks & Recreation.

Moving to a cash free environment will most likely cause a disruption among the participants. Many will likely not want to write a check for a small fee amount and will adamantly express their disapproval. It is anticipated that the Parks & Recreation Department, Administration and Parish Council will receive many phone calls, emails, etc. from disapproving participants.

Aside from the concerns itemized, the Parks & Recreation Department could move toward becoming cash free by providing education to the booster clubs, coaches, etc. as to the need to become cash free along with the new procedures in doing so, and by posting notices in the various facilities and playgrounds giving a reasonable timeframe before implementation takes place.

Next Steps: Parks & Recreation needs the following in order to become cash free:

- Evaluation and determination by Director, Parish Administration and Parish Council that this course of action is feasible and achievable for the Parks & Recreation. If this course of action is chosen then it is anticipated that any exceptions to the "cash free" policy will cause discord among participants as it would likely be viewed as favoritism. (Parks & Rec)
- Credit card processing service and related equipment at all facilities and playgrounds. (Finance/Accounting)
- Access to computers at all facilities and playgrounds. (Parks & Rec)
- Enhanced internet access at all facilities and playgrounds. (Parks & Rec)

ATTACHMENT C

TRANSIT – INTERNAL AUDIT REPORT



Tommy Fikes
Director

JEFFERSON PARISH
Department of Internal Audit

Phone: (504)364-2659
tfikes@jeffparish.net

September 29, 2016

To: Sharon Leader, Director of Transit
Darryl Ward, Chief Administrative Assistant, Programs
Tara Hazelbaker, Accounting Director

RE Transit Cash/Funds Handling

We have reviewed the processes and procedures for the handling of cash and other funds by the Transit Department. This review was performed to ensure that the Transit Department has good controls over the cash and other funds collected. All of the funds are actually collected by the transit vendor, Transdev.

Our procedures for this review included discussions with the Transit Department as well as discussions and walk-throughs of the Transdev operations on David Drive.

Findings:

1) **Written Cash Management Policies and Procedures** – The Transit Department provided a copy of of Transdev's Counting of Farebox Revenue process. The process report provided included a limited narrative of the process and controls utilized by Transdev,

We recommend that the Transit Department have Transdev update the written policies and procedures regarding the handling of cash and other receipts. These policies and procedures should include the collection, storage, and transmittal of funds to the Transit Department, including the compliance review process.

Response: Transit Administration, along with Transdev, have reviewed and updated the policies and procedures regarding the cash handling for the department (see attached)

2) **Signage on Buses** - The transit drivers are not allowed to collect funds. All fares are to be deposited in fareboxes when customers board the bus. There is no signage on the buses that states that drivers are not allowed to collect fares.

We recommend that the Transit Department require that Transdev post signage on all buses that state that drivers are not allowed to collect fares. The signage should include a telephone number to report violations. Transdev should develop a video surveillance review process to investigate claims reported to the telephone number.

Response: Transdev created signage that states that drivers are not allowed to collect cash. The signage includes a phone number to report violations. The signs are placed on all the fixed route buses. There are cameras on every bus, so investigating any claims will be handled by looking through the video.

Response Request:

Internal Audit would like to set up a meeting, at the Transit Department's convenience, to review the findings and discuss remediation of the deficiencies. Written responses are requested by October 20, 2016.

ATTACHMENT D

WATER DEPARTMENT MEETING NOTES

**Water Department
Policy Regarding Cash Transactions
Meeting Notes**

Date: April 6, 2017

Time: 9:00 am

Location: Yenni Bldg. – 10th floor conference room

Organizer: Tara Hazelbaker, Director of Accounting

Attendees: Tim Palmatier, Director of Finance
Sal Maffei, Director of Water Department

Purpose: Discuss the policy sent by Natalie Newton in November of 2016 regarding cash transactions. The policy goal is to work "toward being a cash free entity by mid-2017." The meeting goal is to determine the implementation plan for the Water Department.

Discussion: The Water Department currently accepts cash as a form of payment. Of approximately \$25 million in revenue, 10% is collected in cash from approximately 15,000 of the 148,000 accounts. It was speculated that the cash payments are being made mainly in Districts 1, 2 and 3.

Mr. Maffei 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 mostly likely cause a disruption among the customers. Additionally, the Terry Parkway payment center collects payments on behalf of Atmos, Entergy and Cox. 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.

Aside from the concerns itemized above, 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.

Next Steps: The Water Department does not need any additional equipment or services in order to become cash free. The Director, Parish Administration and Parish Council need to determine if this course of action is feasible and achievable for the Water Department.

ATTACHMENT E

SUMMARY OF DEPARTMENTS – CASH COLLECTIONS

DEPARTMENT	CASH COLLECTED BY:		CASH ACCEPTED?	
	DEPT	3RD PARTY	YES * RECENT	NO
Accounting				X
Alario Center			X	
Animal Shelter	X			
Budget				X
Capital Projects				X
Citizens' Affairs				X
Community Development				X
Community Justice Agency				X
Compliance & Ethics Office				X
Drainage				X
Electronic Information System				X
Emergency Management			X	
Engineering				X
Environmental Affairs		X		
Finance				X
Fire Services				X
Fleet Management				X
Floodplain Management				X
General Services	X			
Human Resources			X	
Inspection & Code Enforce.			X	
Internal Audit				X
Jefferson Community Action				X
Juvenile Services				X
Library	X			
Parish Attorney				X
Parks and Recreation	X			
Parkways				X
Personnel			X	
Planning				X
Planning Advisory Board				X
Property Maintenance Zoning				X
Public Information Office				X
Public Safety Grants & Admin.				X
Public Works				X
Public Wks Investiga & Rehab				X
Purchasing			X	
Research and Budget /Council				X
Risk Management				X
Security			X	
Sewerage				X
Streets				X
Streets Lighting Department				X
Telecommunications				X
Transit		X		
Water Department	X			X
Workforce Connection				X
Workforce Development Board				X

* Departments that transitioned to cash-free as part of this initiative

ATTACHMENT B

INTERNAL AUDIT REPORT #2018-009: CASH-FREE INITIATIVE UPDATE #1

Internal Audit Report #2018-009

Cash-Free Initiative: Update #1

Draft Date: December 12, 2018

Final Date: December 21, 2018



Tara Hazelbaker, CPA
DIRECTOR OF INTERNAL AUDIT | JEFFERSON PARISH

OVERVIEW



BACKGROUND

On November 18, 2016, the Jefferson Parish Deputy Chief Operating Officer, Natalie Newton, sent an email to all Jefferson Parish Directors concerning cash transactions policies. Communicated in the email was a directive to segregate cash transaction duties appropriately. Additionally, the email conveyed the Administration's initiative to work toward becoming a cash-free entity, that is, to no longer accept cash as a form of payment.

Shortly after the email from Ms. Newton, members of the Finance team gathered information regarding cash collection points throughout the parish and began positioning the parish for a successful transition to a Cash-Free Environment.

On March 21, 2017, the Accounting Director (now Internal Audit Director), Animal Shelter Director, the Internal Audit Director at that time, and the Director of Finance met with Councilwoman Lee-Sheng and staff to discuss weaknesses in the Animal Shelter internal controls (See Internal Audit Report 2017-004 for more information.) The meeting topic migrated to parish-wide cash collections. Shortly after that, Councilwoman Lee-Sheng indicated that she and her team would be drafting legislation for the Administration's input. (Available upon request.) As of the writing of this report, an Ordinance regarding the Cash-Free Initiative has not been placed on a Council Agenda for a vote.

Members of the Finance team continued to work with the various departments to identify the challenges of transitioning to a Cash-Free Environment and to determine the needs of each department in doing so. For example, tools needed such as a Check Guarantee and Credit Card Processing Services were identified for some departments while other departments could just stop accepting cash as a form of payment via a revision in departmental policies. (See "Check Guarantee and Credit Card Processing Services" section of this report.)

The Administration has been working with Councilwoman Lee-Sheng and staff, with assistance from Internal Audit, to move toward becoming a cash-free entity.

Internal Audit documented the various Jefferson Parish departments who collect cash, what steps need to be taken to become cash-free and any challenges anticipated in doing so, and intends to provide updates on the initiative until it is fully implemented.

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OBJECTIVES

The objective of this review was to provide an update on the Cash-Free Initiative as originally documented via Internal Audit Report 2017-005: Cash-Free Initiative issued December 27, 2017. (See Attachment A.)

SCOPE / PROCEDURES

Fiscal year 2017 AS/400 Financial Management System payment information by type (cash, check, credit card, other) was analyzed to determine any changes in cash collection points. Department directors were asked about cash collections via the 2019 Internal Audit Risk Assessment Survey sent on August 14, 2018. Updates were obtained from the following departments who have daily or frequent cash collections: Animal Shelter, Environmental Affairs, Library, Parks and Recreation, and Water.

Transit has been relieved of this effort due to the capital infusion needed to upgrade each bus with technology that accepts forms of payment other than cash, and the anticipated hardship for riders who are entrenched in cash transactions. No other departments were included in this report (infrequent, minimal or cash-free departments.)

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ANIMAL SHELTER



The Animal Shelter Director, Robin Beaulieu, asserted in 2017 that the shelter could move to a Cash-Free Environment by giving appropriate notice to the public and by implementing a check guarantee service whereby available funds are verified, and the parish is safeguarded against insufficient funds. This assertion remains as of the timing of this report.

Internal Audit analyzed cash collections in 2016 and 2017 and found there to be no change in the percentage of cash collected versus total funds collected by Animal Shelter staff. The Animal Shelter had approximately \$285,000 and \$196,000 in charges for services for 2016 and 2017, respectively. They accepted payment for such charges in the form of cash, money orders, and credit cards. Approximately thirty-seven percent (37%) was collected in cash each year.

Fiscal Year	Revenue/Charges	Cash Collected	% Cash to Charges
2016	\$285,000	\$105,000	37%
2017	\$196,000	\$73,000	37%

During the course of this update, the Director of Finance, Timothy Palmatier, sent an email to the Animal Shelter requesting them to “cease accepting cash payment for services at the Animal Shelter effective with this email.” The Animal Shelter Director responded that they were, “notifying staff and immediately will not be accepting cash.” The email exchange took place on December 4 and 5, 2018, as shown below.

From: Robin Beaulieu
Sent: Wednesday, December 05, 2018 8:29 AM
To: Timothy Palmatier; Paul Bourg
Cc: Diane Roussel; Natalie Newton; Tara Hazelbaker; Madison Martin
Subject: Re: Cash-Free Initiative: Animal Shelter

We are notifying staff and effective immediately will not be accepting cash, only credit cards debit cards and personal checks. Are are able to accept money orders, traveler's checks Etc. Please advise and reply to all.

From: Timothy Palmatier <TPalmatier@jeffparish.net>
Date: 12/4/18 4:32 PM (GMT-06:00)
To: Robin Beaulieu <RBeaulieu@jeffparish.net>
Cc: Diane Roussel <DRoussel@jeffparish.net>, Natalie Newton <NNewton@jeffparish.net>, Tara Hazelbaker <THazelbaker@jeffparish.net>, Madison Martin <MMartin@jeffparish.net>
Subject: FW: Cash-Free Initiative: Animal Shelter

In accordance with our discussion just prior to this email, please cease accepting cash payment for services at the animal shelter effective with this email. Please advise me of any problems that may result. Thank you.

Before the referenced email, notwithstanding efforts that have taken place to procure check guarantee and credit card processing services (see page 10 of this report), the Animal Shelter had continued to accept cash as a form of payment. Internal Audit will continue to monitor the Animal Shelter’s progress with this effort.

ENVIRONMENTAL AFFAIRS



Pursuant to Section 3.A.7.4 of the garbage collection contract, cash is currently collected (by a third party) from commercial contractors and residents from the cities of Kenner, Harahan, Westwego, and Gretna at all trash drop-off sites. The contract provisions state that Waste Connections (the third party) is solely responsible for collecting the cash and maintaining detailed user logs of daily operations. That user rate is established as fourteen dollars (\$14) per car and twenty dollars (\$20) per truck/trailer. The fee for commercial users and residential users from the smaller cities is paid as a royalty to the Parish. That royalty is set at twenty-five percent (25%) of the fees collected. Monthly reports on the operation of each drop off site are submitted to Environmental Affairs detailing the number of commercial and residential users along with logs and manifest as back up documentation.

The Department of Environmental Affairs earned \$13,314 and \$14,413, for fiscal years 2016 and 2017, respectively, for garbage drop site royalties which were collected in cash. Although the department is not directly involved in the exchange of cash with the public, the amount of cash collected has increased by 8.25% from 2016 to 2017.

Environmental Affairs has been in active discussions with Waste Connections on converting this fee collection from cash to credit card, and they are receptive to the idea. However, the Department of Environmental Affairs has continued to accept cash as a form of payment via its third-party vendor.

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LIBRARY



As of the last Internal Audit report released in December 2017, the Library could move to a Cash-Free Environment by giving appropriate notice to the public and by implementing a check guarantee service whereby available funds are verified, and the Parish is safeguarded against insufficient funds. Additionally, a credit card processing service and related equipment would need to be implemented and installed, as well as, the copy machines converted to accept only credit or debit cards. The nature of the relationship with a third party vendor who handles the Library systems “value-added” service where a Library card is loaded with value via cash fed into a machine, would need to be changed.

The Library had earned approximately \$345,000 and \$294,000 in revenue from copy machine usage and Library fines, for fiscal years 2016 and 2017, respectively. All of such revenues were collected in cash and indicate a 30% decrease in cash collections from 2016 to 2017. This decrease can be attributed to the following:

- 1) A new copier system installed during 2017 and a certain number of free prints were allowed to all patrons, and
- 2) new copiers now have USB flash drive capabilities which result in less printing, and
- 3) more online downloadable books and DVDs allow a certain checkout time but does not have any fees connected for overdue items. The item/s disappears from the users device; and
- 4) from October 14th – 31st 2017, the Library had a “Food for Fines” campaign with Second Harvesters. Fines were forgiven when patrons brought in canned goods to donate.

Since the last report, the Library has held numerous meetings regarding the Cash-Free Initiative and is in the planning stages of implementing credit card services and check guarantee services for all Library services such as meeting room rentals, information management services, self-checkout machines, and value-added machines. Additionally, the Library has plans to accept Library cards with monetary value to accommodate younger patrons who do not have credit cards. Patrons would also be able to pay fines and fees from a remote site. At this point, the Library indicates that “due to the nature of Library services, some cash collections would still be necessary.” Transition to a Cash-Free Environment is anticipated by 4th Quarter of 2019.

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PARKS AND RECREATION



The Parks & Recreation Director, CJ Gibson, asserted in 2017 that the department could move to a Cash-Free Environment by providing education to the booster clubs, coaches, and participants as to the need to become cash-free along with the new procedures in doing so, and by posting notices in the various facilities and playgrounds giving a reasonable timeframe before implementation takes place. It was anticipated that moving toward a Cash-Free Environment would be a challenge to participants who are entrenched in cash transactions and will most likely cause disruption among the participants.

The Department of Parks and Recreation had approximately \$887,000 and \$937,000 in charges for services for fiscal years 2016 and 2017, respectively. The charges for services were for activities such as leisure services, participant insurance, and facility use fees. Approximately 53% or \$470,000 was collected in cash in 2016, while approximately 30% or \$280,000¹ was collected in cash in 2017. This data indicates a decrease in cash collections from 2016 to 2017.

According to Mr. Gibson, administrative conversations have taken place since the last report with the consideration of eliminating fees for a large portion of the department's activities. The elimination of fees would reduce the amount of cash collected by the department. Additionally, a concerted effort has been made to transition from the department collecting cash to the local booster clubs collecting the cash; however, not all booster clubs are agreeable to this concept, and not all playgrounds have booster club staff on hand. Since it is thought that a high percentage of participants are entrenched in cash transactions, challenges remain with requiring participants to write checks or pay with credit cards. Even with the focused conversations and concerted efforts that took place in the past year, the Department of Parks & Recreation has continued to accept cash as a form of payment.

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¹ Cash collections data for 2017 is unaudited. Internal Audit relied upon the representation of the department for this update.

WATER



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. Approximately \$91 million and \$93 million was collected via various payment types in fiscal years 2016 and 2017, respectively. Of the total funds collected, approximately \$7.3 million or eight percent (8%) was in the form of cash for both fiscal years 2016 and 2017. The percentage of cash collected remained consistent from year to year.

Cash is collected at three different payment locations (centers) in the Parish as follows:

Water Payment Location/Center	% of Total Cash Collected
East Bank: 1221 Elmwood Park Blvd, Suite 103	33%
West Bank: 4500 Westbank Expressway	56%
Terrytown: 721 Terry Parkway	11%
Total	100%

According to the previous Director of Water, Sal Maffei (retired August 2018), 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. (See Internal Audit Report 2017-003 for more information.)

Upon inquiry of the current Director of Water, Thomas West (hired June 2018), his opinion is consistent with that of Mr. Maffei. Mr. West believes that changing to a Cash-Free Environment would "be an issue for the elderly and the poor who rely primarily on cash to pay their bills." He also believes that "the Council and Administration will get negative feedback from the public" if the change were to be implemented. The Department of Water has not made any efforts to transition to a Cash-Free Environment since the initial report issued in December 2017.

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 payment kiosks maintained by a third party vendor, forming an agreement with the Parish's fiscal agent, or by promoting bill payment at a MoneyGram location that will accept cash payments on behalf of the Parish.

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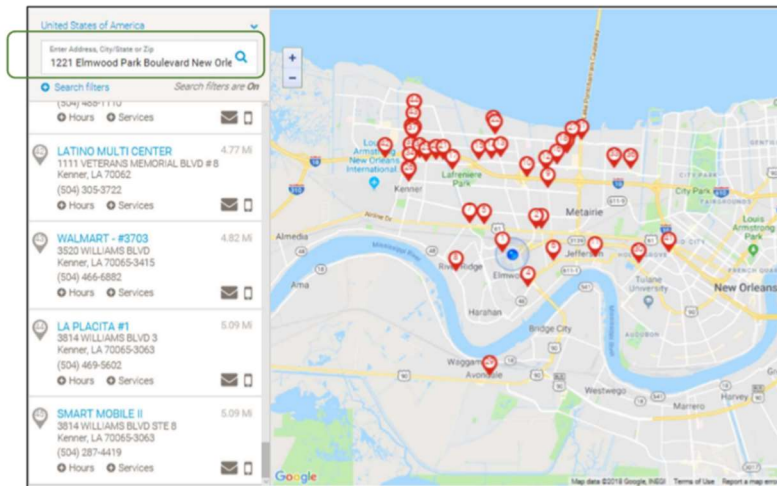
Internal Audit explored the option of paying cash at MoneyGram (MG) locations. The Jefferson Parish Water Department (JP) is set up in the MG system as a payee. A JP customer can go to an MG location and use cash to pay the water bill for a fee of \$1.99. The fee appears to be the same whether the water bill is \$6 or \$600, a random range chosen by Internal Audit to illustrate the flat fee amount. Note that the Parish charges a \$2.00 convenience fee to customers who pay via a credit card. The \$1.99 MG fee is in line with the Parish's standard credit card fee.

Internal Audit (IA) went to the MG service located in the CVS/Pharmacy at 4301 Airline Drive in Metairie which is 1.13 miles from the East Bank payment center. On November 29th, ten dollars (\$10) was paid in cash towards a select Jefferson Parish water bill. The total cost of the transaction was \$11.99 which confirms the \$1.99 transaction fee. The items necessary to pay the bill was 1) cash, check or credit card; 2) JP Water customer number, and; 3) photo identification.

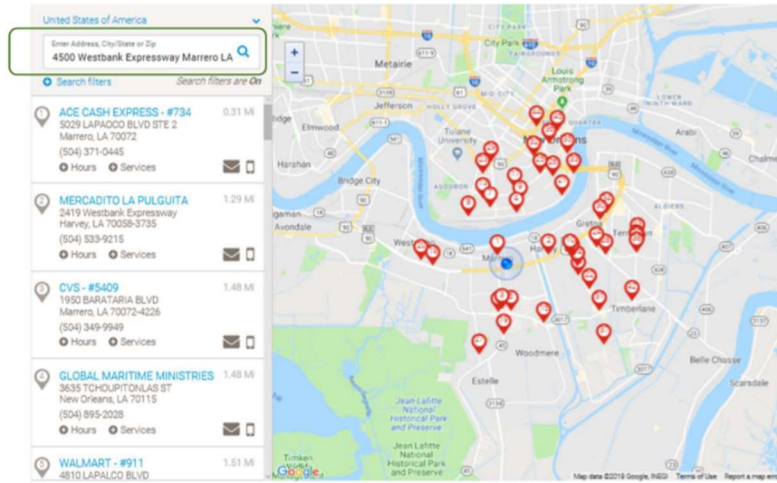
On November 30th, the next day, a credit of \$10 was noted on the select JP water bill account. This process confirmed that cash could be used to pay at an MG location and JP receives the funds and effectively posts the funds to the customer account the next day. (See Attachment C for the MG receipt and JP Water Customer file related to this transaction.)

Internal Audit determined the availability of the MG locations on their website by entering each JP payment center address to identify MG locations nearby. For each of the three JP payment centers, MG listed 45 locations within .09 mile to 5.09 miles from the JP payment centers. Utilizing MG to accept cash payments for JP water customers will provide many convenient locations for JP customers. See below for MG location maps relative to JP collection centers.

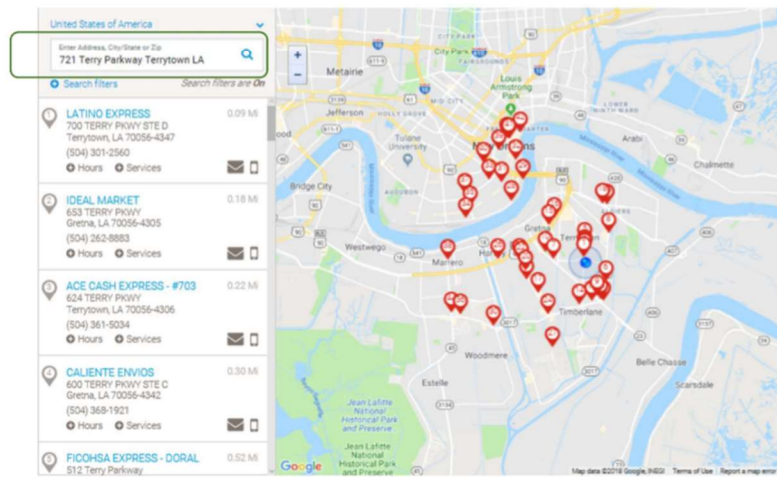
MG locations near the East Bank collection center



MG locations near the West Bank collection center



MG locations near the Terrytown collection center



The Terrytown Payment Center collects payments for Entergy, Atmos, Cox Cable, and AT&T. Internal Audit noted that such local utility companies appear to be set up in the MG system as a payee and, therefore, encourages the Water Department and Administration to review the operational structure and necessity of collecting payments at the Terrytown Collection Center as noted in Finding #5 of Internal Audit Report #2017-003 (See Attachment B).

CHECK GUARANTEE AND CREDIT CARD PROCESSING



The following services are needed as part of a successful transition to a cash-free environment.

CHECK GUARANTEE

A “check guarantee” service verifies that the customer has funds available in his or her bank account, places a hold on the funds, and guarantees payment at the time of presentment. The service helps to safeguard the Parish from receiving “bad” or fraudulent checks. Having this service available will aid in the Parish moving to a Cash-Free Environment in that checks could be accepted in place of cash payments.

Check guarantee services are included in the scope of the current contract with the Parish’s fiscal agent, Capital One whose contract expires April 30, 2019, with all options for extension exhausted. The Director of Finance has conveyed that the Parish has procured a check guarantee service separate and apart from the fiscal agent and is presently in the process of implementing such services through Municipal Services Bureau (MSB), a division of Gila, LLC as part of the credit card and electronic payment services offered by MSB.

CREDIT CARD PROCESSING SERVICE

The ability of the departments included in the scope of this update to accept credit card payments, or to continue to accept credit card payments will also aid in the Parish moving to a Cash-Free Environment. Conferences and site visits are on-going with MSB. MSB implements payment processes in three Tiers. As of the timing of this report MSB is finalizing, with each department, onsite visits for the installation of machines and training (Tier 1 of the implementation). Also, Merchant Identifier Name and Numbers (MID’s) have been secured for 24 locations, including the Animal Shelter, the Library system, and the three Water Department payment centers all of which will accept or continue to accept credit card payments. Other departments such as Parks and Recreation will be included in this effort as well.

Design and implementation of websites (Tier II) to take payments over the internet will take place after the completion of Tier I. Thereafter, implementation of an Interactive Voice Response (IVR) system will commence (Tier III) and is applicable at this time only to the Water Department. IVR allows customers to interact with JP’s system via telephone to make a payment.

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SUMMARY

Jefferson Parish collected approximately \$8 million in cash on an annual basis in 2016 and 2017 via five of its departments. The Department of Finance has been working through Parish procurement processes to provide the platforms necessary to aid in converting to a Cash-Free Environment. The Library system continues to accept cash as a form of payment and appears to have a focus on the initiative as set forth by the Administration. The remaining departments, Animal Shelter, Environmental Affairs, Parks & Recreation, and Water, also continue to accept cash as a form of payment but have not had notable forward movement within each department in the achievement of the Cash-Free Initiative.

The Water Department receives approximately 92% of the total cash collected within the Parish in 2017. The Parish's exposure and potential for theft and misappropriation would be significantly reduced by first transitioning the Water Department to a Cash-Free Environment. The ability to do so appears feasible as outlined within this report.

While there are challenges to each department, converting to a Cash-Free Environment appears to be achievable, and Internal Audit recommends the Administration and Parish Council continue to pursue this initiative.

Summary of departments² included in the focus of the report:

Department	Cash Collected in:				Collected by:	
	2016		2017		In-house	3rd Party
Animal Shelter	\$ 105,000	1.3%	\$ 73,000	0.9%	X	
Environmental Affairs	\$ 13,000	0.2%	\$ 14,000	0.2%		X
Library	\$ 345,000	4.2%	\$ 294,000	3.7%	X	X
Parks & Recreation	\$ 470,000	5.7%	\$ 280,000	3.5%	X	
Water	\$ 7,300,000	88.7%	\$ 7,300,000	91.7%	X	
TOTAL CASH	\$ 8,233,000	100.0%	\$ 7,961,000	100.0%		

REPORT WRAP UP

Internal Audit collected information and data from the various departments in producing this report. Since this report is informational in nature, responses from each Department are not necessary. However, the Parish Administration was given an opportunity to provide comments. Such comments can be found in Attachment 2, immediately following this report.

****END****

² The Animal Shelter indicated they have become cash-free effective December 5, 2018. See Page 3 of this report for more details.

ATTACHMENT 1

AUDITOR INDEPENDENCE STATEMENT

According to Ordinance No. 25549 (April 4, 2018), Sec.2-162.2(a) and (d), the Director of Internal Audit "shall engage in audit activities and complete audits in an independent manner, free of any organizational or personal impairment. The Director shall attest in writing that all audit activity was concluded with independence, free from organizational or personal impairment."

Sec. 2-162.2- Independence and Objectivity; Professional Standards.

(a) The Department function must be independent to retain objectivity, and the Department's independence allows the Director to make assessments impartially and without bias while avoiding conflicts of interest. In furtherance of the operation of an independent and objective Department, the Department shall use the following standards in the completion of all audits and in the conduct of all activity:



- (1) The Standards and Code of Ethics produced by the Institute of Internal Auditors and published in the *Professional Practices Framework*;
- (2) The Standards and Principles produced by the Government Accountability Office and published in the *Government Auditing Standards*; and
- (3) the professional and ethical standards issued by the American Institute of Certified Public Accountants.

(d) The Director shall engage in audit activities and complete audits in an independent manner, free of any organizational or personal impairment. The Director shall attest in writing that all audit activity was concluded with independence, free from organizational or personal impairment. Any impairment to independence, organizational or personal, shall be reported in writing to the Council and copied to the Parish President and the Inspector General within seven (7) days of discovering the impairment, organizational or personal.

The following is the required attestation meant to comply with both professional standards and Jefferson Parish Ordinance No. 25549.

ATTESTATION:

Internal Audit Report #2018-009 was conducted with independence and free from organizational or personal impairment.

  Digitally signed by Tara Hazelbaker
DN: cn=Tara Hazelbaker, o, ou, email=thazelbaker@jeffparish.net, c=US
Date: 2018.12.21 09:25:47 -06'00'

ATTACHMENT #2

COMMENTS* FROM PARISH ADMINISTRATION

The Administration has been working with the Finance Department to move the Parish toward a cash free environment. We understand that due to the nature of the services some departments provide, it may not be feasible to go cash free while operating in the same manner. However, the Parish struggles with a segregation of duties contributing to the ease of systematic theft via the current operations and cash collection. As acknowledged in the report, the Administration, via the Finance Director, attempted to have cash payments collected via our fiscal agent. The concept was explored as this option would have increased operating hours and locations allowing the public more convenient options to make payments, particularly in cash, to the Parish. It would have also provided third party oversight and the largest span of segregation of duties. The current fiscal agent was not amenable to the option.

The segregation of duties and movement to cash-free departments can be improved by further exploring the following options:

1. Consideration of a centralized payment center for both main buildings on the east and west banks (Yenni and GGB). This would allow one cashier area separated from the departments issuing the bills/permit fees/adoption fees etc. We may be speaking to the Jefferson Parish Employees Federal Credit Union who has branches located in both of these buildings and Kenner about potentially acting as a centralized cash collection/bill and fee payment center.
2. The Administration was not aware that Jefferson Parish is already set up as a payee with MoneyGram. The possibility of negotiating the current agreement with MoneyGram or going through a competitive procurement process for a similar service will be explored. Further, the Parish may consider a lump sum payment to the agencies to alleviate the convenience charge to individual customers who must pay cash for necessary services, such as water, as not to burden those likely most destitute with any additional cost. This could be negotiated based on the known processing of cash payments for services. This solution will again offer more convenient hours and locations for customers wishing to pay cash. In addition, it could potentially offer saving to the Parish by eliminating brick and mortar facilities requiring upkeep as well as technology and security upgrades, potential labor costs and a reduction in systematic theft.

Finally, the Administration will advance discussions with the Parish Council regarding the Terrytown Collection Center. As was disclosed in the initial audit and in the Cash-free Follow-Up, Jefferson Parish should not be collecting payments for third parties, particularly without charging some sort of fee for processing the payment to cover the cost of operations. This borders on the premise of a prohibited donation of employee labor, facility, etc. We acknowledge that this will likely need to be phased out with advance notice to the public.

All departments will still be able to accept credit/debit cards and checks as form of payment. If they intend to continue to accept cash, we will move to install machines where cash can be deposited and print vouchers or load cards for final payment. Every effort will be made to move the Parish toward the goal of being cash-free.

** Response received via email on December 19, 2018, from Natalie Newton, Jefferson Parish Deputy Chief Operating Officer, and Keith Conley, Jefferson Parish Chief Operating Officer.*

SEE THE PARISH WEBSITE FOR THE FULL REPORT ISSUED.

<https://www.jeffparish.net/departments/internal-audit/audit-reports>

2018-009: Cash-Free Initiative – Update #1

ATTACHMENT C

IA REPORT #2017-003: FINDING #5

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

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.

ATTACHMENT D

MONEY GRAM LOCATIONS AS OF APRIL 16, 2020

#	Money Gram Locations in Jefferson Parish
1	2850 Highway 90 W, Avondale, La, 70094
2	12589 Airline Hwy, Destrehan, La, 70047
3	2766 Belle Chasse Hwy, Gretna, La, 70053
4	542 Lapalco Blvd, Gretna, La, 70056
5	600 Terry Pkwy Ste C, Gretna, La, 70056
6	320 Lapalco Blvd, Gretna, La, 70056
7	933 Behrman Hwy Ste C, Gretna, La, 70056
8	653 Terry Pkwy, Gretna, La, 70056
9	61 Westbank Expy, Gretna, La, 70053
10	2785 Belle Chasse Hwy, Gretna, La, 70056
11	99 Westbank Expwy, Gretna, La, 70053
12	2012 Manhattan Blvd Ste 10, Harvey, La, 70058
13	1028 Manhattan Blvd Ste C, Harvey, La, 70058
14	1600 Lapalco Blvd, Harvey, La, 70058
15	2419 Westbank Expressway, Harvey, La, 70058
16	3407 Lapalco Blvd #D-2, Harvey, La, 70058
17	4103 Jefferson Hwy, Jefferson, La, 70121
18	2545 Williams Blvd, Kenner, La, 70062
19	4041 Williams Blvd Ste A5, Kenner, La, 70065
20	3213 Williams Blvd, Kenner, La, 70065
21	3817 Williams Blvd Ste B, Kenner, La, 70065
22	3215 Georgia Ave, Kenner, La, 70065
23	2242 Williams Blvd, Kenner, La, 70062
24	820 W Esplanade Ave, Kenner, La, 70065
25	3226 Williams Blvd Ste 1E, Kenner, La, 70065
26	2705 Williams Blvd, Kenner, La, 70062
27	2220 Williams Blvd, Kenner, La, 70065
28	3130 Loyola Dr #6, Kenner, La, 70065
29	2745 Bessemer St, Kenner, La, 70062
30	2714 Roosevelt Blvd Ste A, Kenner, La, 70062
31	3814 Williams Blvd 3, Kenner, La, 70065
32	1111 Veterans Memorial Blvd # 8, Kenner, La, 70062
33	3814 Williams Blvd Ste 8, Kenner, La, 70065
34	2327 Veterans Memorial Blvd, Kenner, La, 70062
35	5029 Lapalco Blvd Ste 2, Marrero, La, 70072
36	7605 Westbank Expy, Marrero, La, 70072
37	5011 Lapalco Blvd Ste 103, Marrero, La, 70072
38	2564 Barataria Blvd, Marrero, La, 70072
39	1950 Barataria Blvd, Marrero, La, 70072

#	Money Gram Locations in Jefferson Parish
40	2201 Barataria Blvd, Marrero, La, 70072
41	3601 N Causeway Blvd Ste A, Metairie, La, 70002
42	6417 Airline Dr, Metairie, La, 70003
43	5920 Veterans Memorial Blvd Ste 102, Metairie, La, 70003
44	3750 Veterans Memorial Blvd, Metairie, La, 70002
45	8814 Veterans Blvd Ste 14, Metairie, La, 70002
46	3314 Transcontinental Dr, Metairie, La, 70006
47	1401 Veterans Memorial Blvd, Metairie, La, 70005
48	5300 Veterans Blvd, Metairie, La, 70002
49	101 David Dr, Metairie, La, 70003
50	3535 Severn Ave, Metairie, La, 70002
51	4950 West Esplanade, Metairie, La, 70006
52	4301 Airline Dr, Metairie, La, 70001
53	2105 Cleary Ave, Metairie, La, 70001
54	4512 S I 10 Service Rd W, Metairie, La, 70001
55	3805 Hessmer Ave, Metairie, La, 70002
56	4421 Airline Dr, Metairie, La, 70001
57	3204 Edenborn Ave, Metairie, La, 70002
58	4441 Transcontinental Dr, Metairie, La, 70006
59	2816 David Dr # 108, Metairie, La, 70003
60	3916 1/2 Ford St, Metairie, La, 70002
61	624 Terry Pkwy, Terrytown, La, 70056
62	2831 Belle Chasse Hwy, Terrytown, La, 70056
63	2703 Belle Chasse Hwy Ste B, Terrytown, La, 70056
64	700 Terry Pkwy Ste D, Terrytown, La, 70056
65	512 Terry Parkway, Terrytown, La, 70056
66	1203 Westbank Expy, Westwego, La, 70094
#	Walmart Locations with MG that do not currently accept JP Water payments
1	5110 Jefferson Hwy, Harahan, La, 70123
2	1501 Manhattan Blvd, Harvey, La, 70058
3	3265 Manhattan Blvd, Harvey, La, 70058
4	300 W Esplanade Ave, Kenner, La, 70065
5	3520 Williams Blvd, Kenner, La, 70065
6	4810 Lapalco Blvd, Marrero, La, 70072
7	8912 Veterans Memorial Blvd, Metairie, La, 70003

ATTACHMENT 1

AUDITOR INDEPENDENCE STATEMENT

According to Ordinance No. 25549 (April 4, 2018), Sec.2-162.2(a) and (d), the Director of Internal Audit “shall engage in audit activities and complete audits in an independent manner, free of any organizational or personal impairment. The Director shall attest in writing that all audit activity was concluded with independence, free from organizational or personal impairment.”

Sec. 2-162.2- Independence and Objectivity; Professional Standards.

(a) The Department function must be independent to retain objectivity, and the Department’s independence allows the Director to make assessments impartially and without bias while avoiding conflicts of interest. In furtherance of the operation of an independent and objective Department, the Department shall use the following standards in the completion of all audits and in the conduct of all activity:

- (1) The Standards and Code of Ethics produced by the Institute of Internal Auditors and published in the *Professional Practices Framework*;
- (2) The Standards and Principles produced by the Government Accountability Office and published in the *Government Auditing Standards*; and
- (3) the professional and ethical standards issued by the American Institute of Certified Public Accountants.

(d) The Director shall engage in audit activities and complete audits in an independent manner, free of any organizational or personal impairment. The Director shall attest in writing that all audit activity was concluded with independence, free from organizational or personal impairment. Any impairment to independence, organizational or personal, shall be reported in writing to the Council and copied to the Parish President and the Inspector General within seven (7) days of discovering the impairment, organizational or personal.

The following is the required attestation meant to comply with both professional standards and Jefferson Parish Ordinance No. 25549.

ATTESTATION:

Internal Audit Report #2020-004 was conducted with independence and free from organizational or personal impairment.

TARA HAZELBAKER, CPA
DIRECTOR OF INTERNAL AUDIT

ATTACHMENT #2

RESPONSE FROM PARISH ADMINISTRATION



JEFFERSON PARISH

OFFICE OF THE PRESIDENT

CYNTHIA LEE SHENG
PARISH PRESIDENT

June 12, 2020

Via Electronic Mail

Tara Hazelbaker, Director
Internal Audit Department
Joseph S. Yenni Building
1221 Elmwood Park Blvd., Suite 306
Jefferson, LA 70123

RE: Internal Audit Report #2020-004
Cash Free Initiative: Update #2

Dear Ms. Hazelbaker:

In accordance with Sec. 2-162.5(b), Jefferson Parish Code of Ordinances, the Administration provides the following response to Internal Audit Report #2020-004 ("Report"): Cash Free Initiative: Update #2, received by the Administration on May 22, 2020.

The previous Administration adopted the "Cash-Free" initiative, which it was not able to fully implement. This Administration is committed to a Cash-Free Initiative to reduce exposure to theft and misappropriation of funds through reducing and eliminating, where it is appropriate to do so, cash receipts as the Parish continues to take full advantage of and maximize available advanced cash receipt technologies.

The Report contains five "Recommendations" each of which is addressed below.

Recommendation No. 1. Internal Audit recommends continuance of the Cash-Free Initiative. The Administration should work with each department and set goal-dates for total transition.

Response. The Administration will continue its' Cash-Free Initiative and agrees that it will continue to work with those Departments where the Cash-Free Initiative is appropriate through the use of cash receipt technologies to facilitate less cash receipt transactions.

Recommendation No. 2. The Water Department currently has systems in place to transition to a cash-free environment. The department should initiate the option to pay via Money Gram (MG) as soon as MG is thoroughly vetted and as soon as operationally practical. Additionally, a significant portion of the Terrytown payment center's collections is for other utility companies (not JP Water). Since other options such as MG now exists for utility payments, strong consideration should be given to close the Terrytown payment center and reallocate staff to different locations or departments. This may result in cost savings to the parish. (page 47)

Response. The Administration will continue to work with the Water Department to increase the use and utility of Money Gram, and other cash receipt technologies, to further decrease the number of cash transactions. The Administration will continue to evaluate the usefulness and effectiveness of the Terrytown payment center to determine the best path moving forward.

Recommendation No. 3. The Transit Director believes that the department can transition to cash-less, “in a two to three-year period based on implementation of a proper smart card technology, as well as a lesser-used smart-phone technology.” While Transit is currently nearly a 100% cash basis department and therefore has some challenges to navigate to become cash-free, the transition appears to be feasible. The Administration should continue to work with the Transit Department to develop and implement the two to three-year plan.

Response. The Administration will continue to work with the Transit Department to develop and implement a Cash-Free plan.

Recommendation No. 4. The Library System and Department of Parks & Recreation currently represent approximately 4% of total cash collected in the Parish. Both Directors are motivated and have represented that they are moving forward with the Cash-Free Initiative. The Administration should continue to work with the two departments to implement a cash-free environment fully.

Response. The Administration will continue to work with the Library, and the Parks and Recreation Departments to develop and implement a Cash-Free plan.

My office will contact you to set up a “zoom” call with the above-mentioned Department Directors, their CAAs and the Finance Director to address the remaining outstanding issues and develop a time-frame for implementation of plans to facilitate fewer cash receipt transactions. Thank you for your assistance, and for providing us an opportunity to respond.

If you have any questions, please contact me at your earliest convenience.

Sincerely,



Cynthia Lee Sheng
Parish President

cc: Honorable Ricky Templet, Councilman at Large, Div. A
Honorable Scott Walker, Councilman at Large, Div. B
Honorable Marion Edwards, Councilman, Dist. 1
Honorable Deano Bonano, Councilman, Dist. 2
Honorable Byron Lee, Councilman, Dist. 3
Honorable Dominick Impastato, Councilman, Dist. 4
Honorable Jennifer Van Vrancken, Councilwoman, Dist. 5

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