



December 27, 2013

Intergovernmental Cooperation Authority of Pittsburgh
c/o Mr. Henry Sciortino
Four North Shore Center
106 Isabella Street
Suite 105
Pittsburgh Pa 15212

Re: Review of City of Pittsburgh Cash Management Practices – Department of City Planning

To the Board of Directors of the Intergovernmental Cooperation Authority of Pittsburgh:

At your request, we have performed certain consulting procedures designed to assess the adequacy of cash management practices in the City of Pittsburgh's ("City") Department of City Planning ("City Planning"). This report is organized into the following sections:

- I. Background
- II. Objectives of the Engagement
- III. Tasks Performed and Information Reviewed
- IV. Analysis of City Planning's Cash Management Practices, Policies and Procedures
- V. Summary of Observations and Recommendations
- VI. Conclusions

I. Background

The goal of City Planning is to "maintain and further foster Pittsburgh's development patterns." Led by Director Noor Ismail, City Planning is divided into the following five divisions:¹

¹ <http://pittsburghpa.gov/dcp/welcome> (Accessed July 22, 2013).

- Community Development Administration Division – The Community Development Administration Division is responsible for receiving and deploying federal grant funding in connection with programs centered on housing, economic and human service needs. City Planning also manages the Community Development Block Grant Program, and the Neighborhood Stabilization Program and other community development programs that facilitate construction, community improvements and labor compliance. The Community Development Block Grant Program is the largest of these programs and focuses on the redevelopment of abandoned and foreclosed homes and residential properties. The Community Development Administration Division essentially acts as a pass-through entity for the grant funding received from the Federal government.²
- Geographic Information Systems Division – The Geographic Information Systems Division (“GIS”) uses statistics, econometrics, and digital visualization to create maps of the City of Pittsburgh. These maps are utilized for decision making by the City of Pittsburgh and outside entities such as the Census Bureau. Hardcopy or custom order maps are also available for purchase by Pittsburgh city residents and other interested parties.³
- Strategic Planning Division – The Strategic Planning Division utilizes its own personnel and public input to assemble long-range plans for future City development projects. This division also facilitates regional transportation planning, environmental planning initiatives, neighborhood planning, and the residential permit parking program.⁴
- Public Art Division – The Public Art Division works with the Art Commission to guide and monitor “art and design of works on City property/rights-of-way.” It sets policy and helps to direct organizations and neighborhoods in creating banners for activities and events.⁵ The Public Art Division also maintains a listing of war monuments and memorials located with the City and processes applications for additions to the monument and memorial inventory listing.⁶
- Zoning and Development Review Division – The Zoning and Development Review Division is responsible for administering the Pittsburgh Zoning Code as well as collecting various project permit fees. This division acts as the first step in the building permit process and is tasked with approving the zoning of a project before passing the project onto the Bureau of Building Inspection (“BBI”). In addition, the Zoning and Development Review Division regulates any zone changes or amendments to the Zoning code and generally acts as the regulator of land use within the City of Pittsburgh. This

² <http://pittsburghpa.gov/dcp/community-development/> (Accessed July 22, 2013).

³ <http://pittsburghpa.gov/dcp/gis/> (Accessed July 22, 2013).

⁴ <http://pittsburghpa.gov/dcp/strategic-planning/> (Accessed July 22, 2013).

⁵ Through discussion with Noor Ismail and review of the City Planning website, we note that all revenue from the sale of these banners is received by Public Works.

⁶ <http://pittsburghpa.gov/dcp/public-art/banners> (Accessed July 23, 2013).

division collects occupancy and zoning processing fees for each project, and other permit fees such as antenna permit fees.⁷

There are also four committees that work directly with City Planning. These committees are appointed by the mayor and are responsible for performing specific tasks related to City Planning. The following is a listing and description of each of these divisions:⁸

- Art Commission – The Art Commission is a nine member committee that is responsible for reviewing projects in the public realm (that may include items defined as art) and granting approval for such projects. Art in this case includes items of permanent or fixed nature that are intended for ornamentation. Some examples include paintings, murals, statues, sculptures, monuments or fountains.⁹
- Historic Review Commission – The Historic Review Commission is a seven member committee that is charged with protecting and maintaining significant historical buildings and neighborhoods in the City. This commission works with the home or land owner during any construction or demolition projects to verify that the history of the building or neighborhood is protected.¹⁰
- Planning Commission – The Planning Commission is comprised of nine members. Its main responsibility is to guide the development and use of land within the City and to make any needed recommendations to City Council regarding development proposals and zoning ordinances and maps.¹¹
- Zoning Board of Adjustment – The Zoning Board of Adjustment is made up of three members and is designed to hear any appeals from the general public for special variances or exceptions to the Zoning Ordinance.¹²

II. Objectives of the Engagement

The objectives of our engagement were to:

1. Analyze and assess the City Planning's cash management practices, policies and procedures;

⁷ <http://pittsburghpa.gov/dcp/zoning/> (Accessed July 23, 2013).

⁸ <http://pittsburghpa.gov/dcp/welcome> (Accessed July 22, 2013).

⁹ <http://pittsburghpa.gov/dcp/boards/art-commission> (Accessed July 23, 2013).

¹⁰ <http://pittsburghpa.gov/dcp/historic-review-commission> (Accessed July 23, 2013).

¹¹ <http://pittsburghpa.gov/dcp/boards/planning-commission> (Accessed July 23, 2013).

¹² <http://pittsburghpa.gov/dcp/boards/zoning-board> (Accessed July 23, 2013).

2. Identify and evaluate the adequacy of said cash management practices, policies and procedures as well as any related internal controls; and
3. Offer recommendations for improvements.

III. Tasks Performed and Information Reviewed

To accomplish the objectives of the engagement, we performed the following tasks:

1. Discussed the objectives of the engagement with various representatives from the City's Controller's Office, Finance Department, and City Council.
2. Reviewed and analyzed the documents received in connection with this engagement and performed independent research of publically available documents.
3. Conducted interviews of the following City Planning personnel:¹³
 - i. Noor Ismail – Director
 - ii. Willa Holt – Chief Clerk
 - iii. Dana Deresh – Fiscal and Accounting Officer
 - iv. Jennifer Jeffers – Permitting Manager
 - v. Dolores Hanna – Special Projects Operations Manager
 - vi. Sarah Quinn – Planner II
4. Observed relevant sample documents provided during the course of the aforementioned interviews.

IV. Analysis of the Department of City Planning Cash Management Practices, Policies and Procedures

We initially interviewed Noor Ismail at the City Planning office to understand the overall organization of City Planning, and the various entry points of external funding into City Planning. The main sources of revenue for City Planning include:

- Zoning, Ordinance and other permitting fees (Zoning and Development Review Division);
- Sales of maps to the City residents;

¹³ Refer to section IV for more details on the strategy of meetings.

- Copying historical documents for customers;
- Grant receipts (Strategic Planning Division and Community Development Administration Division);¹⁴
- Fees for Historical Review Commission applications.

Each division has a different team of employees and supervisors who help to operate and manage these programs. These employees collect all appropriate funds and pass them along to the Finance Department for deposit. With the exception of grants, all funds are processed through one of the City Planning counters located at the City Planning office at 200 Ross Street. Additionally, all funds are received in the form of check (made out to “Treasurer, City of Pittsburgh”) or money order. No cash is accepted within City Planning. To obtain an understanding of the processes and procedures within each division of City Planning, we met with each of the supervisors and other relevant personnel within those divisions who have cash handling responsibilities.

GIS Mapping Revenue/Copy Revenue¹⁵

The GIS Division generates revenue by selling its GIS maps and projections to City residents. Willa Holt is responsible for overseeing the GIS revenue.

A customer fills out an application for a map and turns in the application along with a check or money order to the map counter at the City Planning office. The employee who accepts the application at the map counter logs the application and funds received into an Excel spreadsheet. The employee then separates the application from the payment and immediately takes the payment to Ms. Holt who immediately restrictively endorses any checks as payable to “Treasurer, City of Pittsburgh”, and locks the checks and money orders in a drawer at her desk.

Occasionally, citizens come to the City Planning office and request copies of zoning regulations, past applications, Historical Zoning Board decisions, or other historical documents. City Planning charges 50 cents per copy for these documents. When customers request these copies at the City Planning office, the desk employee receives the request, makes the copy, and collects the check or money order for the total of the copies requested by the customer. The employee immediately takes the check and drops it off in a tray in Dolores Hanna’s office. Ms. Hanna stores this revenue along with the permit revenue within her office. Once per week she takes any copy revenue to Ms. Holt who restrictively endorses any checks upon receipt as payable to “Treasurer, City of Pittsburgh”. Ms. Holt adds the copy revenue to the GIS log spreadsheet and locks the checks and money orders in the drawer of her desk in which the GIS revenue is stored.

¹⁴ Through discussions with Noor Ismail, we ascertained that the residential permit parking program does not bring in revenue to City Planning. It instead focuses on awarding free parking permits to Pittsburgh City Residents when they meet certain criteria as reviewed by the Strategic Planning Division.

¹⁵ Information in this section is based on discussions with Willa Holt, Dolores Hanna and Noor Ismail.

Once Ms. Holt determines that enough checks or money orders have accumulated in her office, (usually every two weeks), she prepares a deposit slip, which lists the total amount of the funds. She attaches the deposit slip to the physical checks and money orders and mails the package via interoffice mail to the Finance Department. On some occasions, Ms. Holt will hand deliver the funds. In both situations, Ms. Holt maintains a copy of the deposit slip at her desk. Once the Finance Department receives the funds, they enter the GIS and copy revenue into the JD Edwards system, deposit the checks and money orders, and send a copy of the deposit slip back to Ms. Holt for her records.

City Planning Grants¹⁶

Both the Community Development Administration Division and Strategic Planning Division receive grants from the Federal Government to fund their programs. Dana Deresh is responsible for handling the Community Development Administration Division grants that are received, while Willa Holt handles the Strategic Planning Division grants.

All of the Community Development Administration Division grants are received through wire transfers as direct deposits in the Finance Department Treasurer's Office. In addition, a letter is mailed to City Planning which includes information about each grant. Every time that one of these letters is received by City Planning it is given to Ms. Deresh or Ms. Holt (depending on the division to which the grant applies) to alert them that a grant was received.

For the Community Development Administration Division grants, Ms. Deresh logs the receipt of a grant into Excel and enters the grant receivable into the JD Edwards system. She then creates a memo for that grant which includes the batch and document numbers, the wire transfer detail, and information about the source of the grant and its designated purpose. This letter is sent via interoffice mail to the Controller's Office.

Most Strategic Planning Division grants are also received via wire transfers as direct deposits. When Ms. Holt receives a letter about a grant that was received, she first logs the receipt of a grant into Excel. Next she prepares a memo for that grant which includes the batch and document numbers, the wire transfer detail, and information about the source of the grant and its designated purpose. This letter is sent via interoffice mail to the Controller's Office. When the Controller's Office receives the memo, they enter the grant information into the JD Edwards system.

On the rare occasion that Strategic Planning Division grants are received through the mail in the form of a check¹⁷, they are immediately taken to Ms. Holt who restrictively endorses the check as payable to "Treasurer, City of Pittsburgh". These checks are then maintained and delivered with the GIS copy revenue. Ms. Holt enters a log of these checks into Excel and prepares a memo for each of these grants in a similar manner as she does for the wire transfer grants

¹⁶ Information in this section is based on discussions with Willa Holt, Dana Deresh, and Noor Ismail.

¹⁷ Ms. Holt estimates that less than 5 percent of Strategic Planning Division grants are received in this manner.

received. These memos are attached to the checks and delivered together to the Controller's Office.

For all expenditures that are paid using grant money, Ms. Deresh or Ms. Holt submits a memo to the Controller's Office detailing the expenditures and verifies within the JD Edwards system that the expenditures match the grant revenue received. Once the Controller's Office receives the memo they offset the receivable in the JD Edwards system and verify that the expenditures match the grant money received.

Permit Revenue¹⁸

All permit revenue (except for revenue for certain antenna permits¹⁹) is received directly through the zoning desk at the City Planning office.²⁰ Dolores Hanna is responsible for handling the permit funds that are received.

When an application for a permit is received at the zoning desk, the desk employee copies the application, enters the permit information into the Accela system, and immediately takes the check or money order as well as the permit application to a tray next to Ms. Hanna's desk.²¹ The desk employee also takes the copy of the application to Janice Abate (Clerical Assistant 2), who scans it into the "On-Base" system. The "On-Base" system acts as a way to reference past applications.

Ms. Hanna reviews the applications placed in her tray and immediately restrictively endorses the checks as payable to "Treasurer, City of Pittsburgh". Ms. Hanna then enters the check or money order information into a tracking database in Access. Ms. Hanna then reviews the application for zoning approval and passes the application form back to the customer. The checks and money orders are placed into a filing cabinet within Ms. Hanna's office.

At the end of each month, Ms. Hanna prints out a monthly summary of the permit applications and fees from the Access database. She compares the listing to the physical checks and money orders and verifies that they reconcile together.²² At this point, Ms. Hanna attaches the Access report to the checks and money orders and sends them via interoffice mail to the Finance

¹⁸ Information in this section is based on discussions with Jennifer Jeffers, Dolores Hanna, and Noor Ismail.

¹⁹ Because many of the antenna permit customers do not reside in the City of Pittsburgh, antenna permit applications and the corresponding check or money order revenue are often received by Ms. Hanna via US Mail. Ms. Hanna immediately restrictively endorses these checks as payable to "Treasurer, City of Pittsburgh" and enters the application information into the Accela system. After that, these applications and the funds are processed with the other applications and checks/money orders (at the zoning desk) to be entered into the Access database.

²⁰ All building permit applications are initiated at the permit desk at the City Planning office. City planning receives initial permit fees. If applicable, the customer is then responsible for taking the application to BBI or the Department of Public Works (which will assess their own permit fees). The permit fees for BBI or the Department of Public Works are collected by those entities separately from the permit desk at the City Planning office.

²¹ While citizens are able to access applications online, the applications must be printed out and turned in to the permit desk in a hardcopy form along with payment.

²² Each month approximately \$80,000 in permit revenue is received.

Department. The Finance Department enters the information into the JD Edwards system and deposits the funds. Finance then send a copy of the deposit slip back to Ms. Hanna. Ms. Hanna keeps a copy of the Access report and the deposit slip on hand for three to six years, to aid in the resolution of any NSF checks.

Zoning Certificates²³

Zoning Certificates are required for a refinancing or closing of a real estate property transactions.²⁴ This revenue (\$100 check per certificate) is split between BBI and City Planning. City Planning receives the initial application and check at the zoning desk. The desk employee holds the check and application at the desk for the day and then delivers both the check and application to BBI via interoffice mail. BBI then handles the rest of the application process and the handling of the check.²⁵

Historic Review Commission Revenue²⁶

As a requirement of Title 11 of the Pittsburgh City Code, when an individual wishes to alter a building or a parcel of land which is identified as “historical” or falls within a historical district within the City, they must first submit an application to the Historical Review Commission to get approval to move forward with a building or demolition project. Along with this application, a fee is required to be paid to City Planning.

The application is available online but must be printed out and either mailed with a check or money order, or submitted with payment in person at the zoning desk. Any mailed applications are received directly by Sarah Quinn, while the applications received at the zoning desk are immediately given to Ms. Quinn for review. Ms. Quinn logs the applications received in an Excel spreadsheet, reviews the application and matches the amount of the check with the proper application fee based on the project proposal. Ms. Quinn makes a note on the application to show that it has been reviewed and stores the application at her desk until it can be presented to the Historical Review Commission Board for approval. In the meantime, Ms. Quinn places the check in the tray next to Ms. Hanna’s desk. Ms. Hanna stores this payment along with other checks held within her office. Once a week she takes any Historical Review Commission revenue to Ms. Holt who restrictively endorses any checks upon receipt as payable to “Treasurer, City of Pittsburgh”.

Once Ms. Holt deems that enough checks or money orders have accumulated in her office (usually every two weeks) she prepares a deposit slip, (listing the total amount of the funds) attaches the deposit slip to the physical checks and money orders, and mails the package via interoffice mail to the Finance Department. On some occasions, Ms. Holt will also hand deliver

²³ Information in this section is based on discussions with Dolores Hanna and Noor Ismail.

²⁴ <http://pittsburghpa.gov/dcp/zoning/zoning-faq> (Accessed July 24, 2013).

²⁵ City Planning receives a portion of the Zoning Certificate revenue in the form of a wire transfer from BBI after the application is reviewed by BBI.

²⁶ Information in this section is based on discussions with Sarah Quinn and Noor Ismail.

the funds. Ms. Holt maintains a copy of the deposit slip at her desk. Once the Finance Department receives the funds, they enter the Historical Review Commission funds into the JD Edwards system, deposits the checks and money orders, and sends a copy of the deposit slip back to Ms. Holt to keep for her records.

V. Summary of Observations & Recommendations

1. Acceptance of credit/debit card payments

All City Planning funds are received via check or money order. While these forms of payment are less likely to be misappropriated than cash, the use of a credit card or debit card system would reduce the handling of funds by City Planning staff, provide a more traceable source of funding, and improve overall customer service. Further, acceptance of credit or debit cards will improve department efficiency and reduce the risk of cash misappropriation. Use of credit/debit cards will also reduce the amount of funds that need to be deposited or stored on location, which in turn reduces the need for physical access controls.

Recommendation: A credit card and debit card system should be made available as a form of payment by applicants for of all City Planning revenue (excluding grants.)²⁷

2. More timely deposit of cash receipts

Checks and money orders that are received by City Planning are not deposited into the City of Pittsburgh's accounts on a timely basis. In most situations, payments are deposited either weekly or biweekly. However, in some instances (permit payments), a month or more may elapse before a check received by the department is deposited and available for use by the City.

Recommendation: All checks and money orders received by the department should be forwarded to the Treasurer's office for deposit on a daily basis.

3. Use of online applications

All applicants, except for applicants who mail antenna permits or Historical Review Commission approvals, must apply for a permit or approval in person at the zoning counters at the City Planning office. While these applications are available online, they must be printed out and submitted in person at the zoning counter. Applications for GIS maps, zoning certificates, and the Historical Review Commission approvals that are not mailed are also handled in the same manner.

²⁷ This task will need to be an inter-departmental collaborative effort including the Finance Department and CIS in addition to City Planning.

The Accela and JD Edwards systems can be linked in a manner that allows for the acceptance of online applications and the corresponding credit card payments.²⁸ However this functionality has not yet been implemented. As such, City Planning does not yet allow applications to be received and paid online.

Recommendation: City Planning should utilize the online application software to allow applicants to submit applications for permits, maps, certificates or approvals. This functionality would reduce the volume of “walk in” applicants at the zoning and mapping counters, create less paperwork, improve processing efficiency, and reduce the risk of cash misappropriation.

4. Elimination of multiple computer applications for transaction recording

Currently, permit application transactions are entered into Accela, Access, and the JD Edwards software²⁹ to log and record transactions. This method can promote errors and create inefficiencies as employees must enter the same data multiple times. In addition, the GIS, Historical Revenue Commission and copy revenue is logged using Excel, and is accounted for in the Finance Department using the JD Edwards system.

Recommendation: All transactions that take place at the zoning or mapping counters should be entered into Accela immediately by the counter employee through the Accela point of sale system. Additionally, a receipt should be provided to each customer. This receipt prevents transactions from occurring without funds changing hands and the record of this receipt (within Accela) can be used as a supervisory control to compare fund receipts to deposits.³⁰

Recommendation: City Planning should implement the Accela System’s point-of-sale / cash receipt functionality and link the Accela system directly to the JD Edwards systems.³¹ As a result, transactions will be automatically recorded in the JD Edwards system as they are entered into Accela.³² Furthermore, this would permit acceptance of credit and debit card transactions at the zoning and mapping counter, which will in turn

²⁸ This link is created using software known as Paymentus.

²⁹ As noted previously, permit transactions are entered into JD Edwards by the Finance Department.

³⁰ The only revenues collected by City Planning outside of the zoning and mapping counters are grant money, antenna revenue and Historical Review Commission applications received through the mail. Most grants are received as direct deposits in the Finance Department Treasurer’s Office, and therefore would not be applicable for this recommendation. The grants that are received through the mail in the form of a check (less than 5% of the Strategic Planning Division Grants) should be entered into Accela. Each time antenna revenue or Historical Review Commission application funds are received; they should also be entered into Accela.

³¹ This task will need to be an inter-departmental collaborative effort including the Finance Department and CIS in addition to City Planning.

³² Because grant revenue is vastly different from the other revenue sources within City Planning, Accela does not seem applicable for grant revenue and instead it seems appropriate that it is entered into JD Edwards directly rather than by interfacing with Accela.

post directly to JD Edwards. As noted in the first recommendation, this would improve processing efficiency, reduce the manual handling of funds, and permit timelier recording of revenue. In addition, this process would create an immediate log of revenue received, which would be useful for supervisory review and eliminate the need for City Planning to log the receipts in Excel, as is the current practice.

BBI and Public Works also have access to Accela. By utilizing Accela to record permit applications it would create a means for all three departments to interface regarding outstanding and in process permits. This would provide added efficiency as City Planning zoning applications are often the first step in the application process for many of the permits that BBI or Public Works handle.

5. Maintaining funds in a secure location outside of normal business hours

An entity controls physical access by restricting the ability for people to come in contact with valuable information or assets. This can be achieved through locking doors, desks, and filing cabinets, storing money and valuables within a safe or lock box, having security cameras on premises, and utilizing passwords and ID cards to enter certain restricted areas. Controlling physical access can not only be a physical deterrent to fraudsters, but also sends a strong message of security, which could cause them to think twice about committing fraud.³³

Recommendation: Any checks or money orders pertaining to permit and Historical Review Commission revenue should be kept in a locked filing cabinet and/or maintained in a locked office in order to protect funds in between deposits. Until these security measures are taken, more frequent deposits (preferably daily, or at least weekly) should be made to counteract the lack of physical access controls.

Recommendation: The Zoning Certificates (held on behalf of BBI) should be locked in a drawer behind the zoning desk until they are sent to BBI.

6. Immediately endorsing checks as payable to "Treasurer, City of Pittsburgh"

Permit, GIS, and copy revenue are received by the respective desk employee and passed onto Ms. Hanna or Ms. Holt. After Ms. Hanna and Ms. Holt receive the funds, they restrictively endorse the checks "For Deposit Only" as payable to "Treasurer, City of Pittsburgh".

Recommendation: Checks received at the zoning and GIS desks should be stamped "For Deposit Only" and with a City of Pittsburgh endorsement immediately upon receipt

³³ Information in this paragraph is from the following website,
<http://www.aicpa.org/Interest.Areas/ForensicAndValuation/Resources/FraudPreventionDetectionResponse/Pages/Internal%20Controls%20and%20Fraudproofing.aspx?action=print> (Accessed May 2, 2013).

by the employees working the zoning or mapping counters instead of relying upon this restrictive endorsement after the funds have been delivered to Ms. Hanna or Ms. Holt. This practice ensures that checks are immediately and appropriately endorsed, and minimizes the risk of misdirection or misappropriation of funds.

The Historic Review Commission revenue is either received directly by Ms. Quinn or delivered to Ms. Quinn by the zoning counter staff. It is not restrictively endorsed until it is delivered to Ms. Holt (which is sometimes up to a week after it is received.)

Recommendation: Historical Review Commission checks received at the zoning desk should be stamped "For Deposit Only" and with a City of Pittsburgh endorsement immediately upon receipt by the employee working the zoning counter instead of relying upon this restrictive endorsement after the funds have been delivered to Ms. Holt. In addition, the funds received through the mail by Ms. Quinn should be immediately restrictively endorsed by Ms. Quinn rather than Ms. Holt (which is currently up to a week after the funds were received).

7. Eliminating inconsistencies in grant revenue process

Community Development Division grants are entered into the JD Edwards system by the City Planning Division, while the Strategic Planning Division grants are entered into the JD Edwards system by the Finance Department once they receive a grant memo from Ms. Holt.

Recommendation: The Strategic Planning Division grants should be entered into JD Edwards by City Planning personnel.³⁴ This adds consistency to the process and allows for the Strategic Planning Division grants to be recorded on a more timely basis.

8. Implementing consistent and timely supervisory controls³⁵

The American Institute of Certified Public Accountants states that in some cases a "more thorough review, double-checking employees' work, and redoing some tasks, may be necessary and should be approached diligently," to address fraud concerns from a supervisory level.³⁶ Because funds enter City Planning in different ways, even the most in depth control environment can be improved by a robust supervisory review during and at the end of the process.

³⁴ City Planning currently only has access in the JD Edwards system to enter Community Development Division grants. Consequently, the Finance Department would need to approve access within JD Edwards in order to allow City Planning to enter Strategic Planning Division grants.

³⁵ Grant revenue falls outside of this recommendation as the grant money received is matched against expenditures by City Planning personnel as well as the Controller's Office, to verify that the receipts and expenditures properly offset.

³⁶ <http://www.aicpa.org/Interest.Areas/ForensicAndValuation/Resources/FraudPreventionDetectionResponse/Pages/Internal%20Controls%20and%20Fraudproofing.aspx?action=print> (Accessed May 2, 2013).

City Planning already verifies that the funds sent to Finance for deposit are equal to the funds logged as received, but this review is not done in a timely fashion. Likewise, City Planning does not utilize any point of sale system, and as such, does not compare revenue receipts to the funds received daily. The implementation of these procedures along with sufficient supervisory controls will ensure that cash receipts are deposited and recorded correctly.

Recommendation: A City Planning supervisor (who neither received, recorded, nor deposited the funds)³⁷ should match the daily check and money order totals against the receipts recorded in Accela³⁸ to verify the accuracy of the daily funds received.

When City Planning receives the deposit receipt from Finance, it does not reconcile the amount deposited to the amounts logged as received.

Recommendation:³⁹ After deposits of funds have been made, the deposit slip totals should be matched against the amounts that are recorded within Accela.⁴⁰

9. Implementing written operating procedures

Currently, none of the divisions within City Planning have formal written operating procedures documenting the cash management processes and internal controls that are utilized.

Recommendation: To reduce the ability and incentive to commit fraud, it is important for each sub-division within City Planning to create standard operating procedures and verify that all employees have received them and are appropriately trained to carry them out.

These procedures should describe how money is handled throughout the process. In particular, procedures should focus on specific tasks and segregation of duties over the

³⁷ Segregation of Duties guidance states that a separate individual should be responsible for receipt, recording, depositing and reconciling of data,

http://www.fis.ncsu.edu/controller/training/publish/UACS/Ses2_IC_HO1_AICPA_9-1-05.pdf, p. 17.

³⁸ Until all receipts are entered into Accela the check and money order totals should be matched against the daily Excel and Access logs that are currently being created.

³⁹ The Finance Department completes bank reconciliations for every account and therefore the supervisory review of the amount recorded versus what was deposited is evaluated during the bank reconciliation process. As a result, once Accela and JD Edwards are linked (recommendation number 3, above), this recommendation will no longer be applicable.

⁴⁰ Until all receipts are entered into Accela the deposit slip totals should be matched against the daily Excel and Access logs that are currently being created.

receipt, recording, review, and reconciliation of funds. Procedures should also detail the method and frequency of depositing funds through the Finance department.⁴¹

These procedures should detail each control, including where control documents and the actual funds should be stored. Likewise, operating procedures should also describe the responsibilities of each employee in the revenue cycle/cash receipt process. Implementation of these policies will create a systematic and repeatable process which employees can follow and which in turn will reduce the risk of asset misappropriation.

VI. Conclusion

Based upon our analysis, we concluded that City Planning has basic internal controls in place to ensure that funds are not misappropriated. During the course of our work, we did not observe, nor were we informed of, any actual instances of fraud or the misappropriation of cash.⁴²

However, the internal controls currently in place within City Planning can and should be enhanced to minimize the risk of fraud. In particular, City Planning management should focus on:

- Improving physical security measures within certain divisions and/or improving the timeliness of deposits at those locations;
- Immediately implementing restrictive endorsement of checks for any divisions that accept checks;
- Establishing a credit or debit card payment system;⁴³
- Depositing cash receipts on a more timely basis;
- Implementing an online application process;
- Removing inconsistencies in the grant revenue process;
- Eliminating the use of multiple computer application programs for transaction recording by implementing Accela's point-of-sale / cash receipt functionality and linking the

⁴¹ Currently, Ms. Holt and Ms. Hanna use their own discretion as to when it is appropriate to deliver funds to the Finance Department for deposit. Standard operating procedures would allow for a more firm time frame or dollar value threshold on when funds should be given to Finance for deposit.

⁴² This is in no way a guarantee that abuse or misappropriation is not currently happening, has not occurred in the past, or will not occur in the future.

⁴³ As noted previously, this task will need to be an inter-departmental collaborative effort including the Finance Department and CIS in addition to City Planning.

Accela and JD Edwards systems together. This will ensure that all cash receipts entered into Accela are directly and timely posted into JD Edwards;

- Expanding supervisory controls over receipts;
- Implementing written policies and procedures over the handling of receipts.

We believe that these control enhancements provide a cost-effective means by which City Planning management can minimize the risk of cash misappropriation in the future.

* * * * *

This report summarizes the results of our analyses to date. We reserve the right to amend or supplement this report as necessary should additional information become available to us. The use of this report is limited to the current matter referenced above and this report may not be used for any other purpose without our prior written consent.

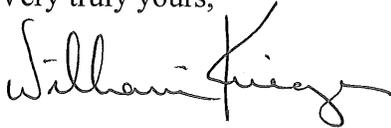
All of the work conducted in preparing this report and the related analyses was performed by me or others working under my supervision. The opinions and conclusions stated in this report are expressed with a reasonable degree of professional certainty.

The scope of this consulting engagement was to provide a comprehensive review of the City of Pittsburgh's cash management processes, procedures and internal controls. This engagement does not constitute, nor have we performed, an examination in accordance with generally accepted auditing standards ("GAAS"). The objective of a GAAS examination is to express an opinion regarding the fair presentation of historical or prospective financial statements or other financial information presented in accordance with generally accepted accounting principles. Accordingly, we do not express such an opinion. Likewise, this engagement does not constitute a fraud investigation, the objective of which is to determine whether evidence is sufficient to support specific allegations of fraud. Having completed the procedures detailed herein, we have presented findings and provided recommendations to strengthen the City's cash management processes, procedures and internal controls. We believe that the consulting analyses we performed provide a reasonable basis for our findings and recommendations.

Mr. Henry Sciortino
December 27, 2013
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If you have any questions regarding our analysis or this report, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "William G. Krieger". The signature is written in black ink and is positioned above the printed name.

William G. Krieger, CPA/ABV/CFF/CGMA, CFE