

February 29, 2024

City of Fort Smith Board of Directors  
SUBJECT: The Drive-Thru Payment Center and Collections Audit

### **Background**

City of Fort Smith utility customers may make payments in person at the Collections department located at 623 Garrison Ave, at the Utilities Drive -Thru Payment Center, by phone, or online through the “PayIt” application.

The Utilities Drive-Thru Payment Center and the Collections department process utility payments. Payment may be received in person, through the mail, and from the utility drop boxes. Drop boxes located at the Utilities Drive-Thru Payment Center and the Collections department are accessed from inside the building at each location and the drop box located on “A” street is collected daily by personnel from Citizen Services. All other drop boxes are collected daily by Armored Transport services and delivered to the Collections department.

The Drive-Thru Payment Center and the Collections department personnel arrive approximately 15 minutes before their opening times. During this time, personnel prepare for opening by counting their cash drawers and completing the previous day’s deposit. As customers arrive, personnel process the customer’s utility payments in the Tyler Cashiering application. Personnel record the receipt in Tyler Cashiering and print a receipt for the customer. Collections personnel will process the payments received from mail and drop boxes during lag times. The payments from the mail and drop boxes are entered in the Tyler Cashiering application and the bill or bill stub are discarded.

The end of the day process begins with balancing the cash drawers. Each workstation employee runs a batch settlement report for the day and verifies the amounts collected. When the cash drawers have been verified the daily deposits are prepared and verified.

### **The Following Exceptions were noted:**

- The Utilities Drive-Thru Payment Center and the Collections department do not have written procedures for processing utility payments and completing daily deposits. They do have a Cashiering Guide that outlines some of the processes and a Daily Deposit Detail Instructions sheet. However, neither of these documents provide enough detail that an employee (i.e. new hire) could perform the processes by themselves. The Citizen Services Manager told IA that

they would have someone work on updating the Cashiering Guide and would get it to IA. As of this report, IA has not received an updated Cashiering Guide.

**Recommendation:** Management should implement written procedures for the Utilities Drive-Thru Payment Center and the Collections department to ensure consistency within the departments.

**Management Response:**

Comprehensive Standard Operating Procedures (SOP) that draw from the Cashiering guide and provide detailed step-by-step instructions will be developed. By incorporating clear guidelines and control measures, all employees will be equipped to perform their tasks autonomously while maintaining integrity and accuracy in cash handling operations.

**Responsible:** Citizen Services Manager

**Implementation Date:** 4/1/2024

**Assessment of Managements Responses:** Management's response, as presented, sufficiently addresses the issue identified.

- IA witnessed during the observation process of the Utilities Drive-Thru Payment Center; IA observed that the daily deposit bag was left unsecure on a desk. When IA questioned staff about this, they agreed to keep the deposit in the safe until the Armored Transport services driver arrived to pick up the deposit.

**Recommendation:** Management should include in the written procedures the steps that staff should always take to secure deposits and cash drawers.

**Management Response:**

Water Utilities acknowledges this finding and will include this measure in the recommended SOP from Finding 1.

Employees will undergo training/retraining to cover proper handling of the deposit bag and processes for security and handling with Armored Transport.

**Responsible:** Citizen Services Manager

**Implementation Date:** 4/1/2024

**Assessment of Managements Responses:** Management's response, as presented, sufficiently addresses the issue identified.

- IA witnessed that the bills/bill stubs were discarded in the trash after the payment was processed. IA also witnessed that the Collections department discarded the bills/bill stubs in the trash. Though there may not be extensive information on the bill/bill stub, however, there is enough to be considered personal protected information.

**Recommendation:** Management should ensure that staff makes every effort to secure the customer's personal protected information by shredding the bills/bill stubs or using blackout ink to cover customer's personal protected information.

**Management Response:**

Shredding of bill stubs will be easily integrated into the current procedure and the SOP will be updated accordingly. Bill stubs will be shredded on the following working day to facilitate the balancing of cashiers from the prior day.

As part of Water Utilities' action plan, management will provide training to staff on the proper handling and disposal of documents containing personal information. This will include any updates to the SOPs needed to reflect these measures and enhance data security protocols.

**Responsible:** Citizen Services Manager

**Implementation Date:** 4/1/2024

**Assessment of Managements Responses:** Management's response, as presented, sufficiently addresses the issue identified.

- The Utilities Drive-Thru Payments Center staff and the Collections department staff arrive approximately 15 minutes before opening time. This time is spent preparing for the opening of the Utilities Drive-Thru Payment center and collections. Staff are working off the clock during this time and do not clock in until just before opening time. Staff at the Utilities Drive-Thru Payment center work a straight 8-hour day with no official breaks. Staff are allowed to remain on the clock until all the end of day procedures are completed.

**Recommendation:** Management should ensure that staff are properly compensated for time worked. The City could be sued for not paying employees for time worked or providing compensation time.

**Management Response:**

Water Utilities thanks Internal Audit for this finding. Management has made it explicitly clear to employees that they must log in before commencing opening duties and tasks. Both employees will be required to log in before undertaking these tasks to ensure proper financial and human resource controls are in place.

**Responsible:** Citizen Services Manager

**Implementation Date:** Completed

**Assessment of Managements Responses:** Management's response, as presented, sufficiently addresses the issue identified.