

# Housing Cash Handling



## Objectives

To determine if cash collections are safeguarded, deposited in a timely manner and accurately recorded.

## Background

Housing is a division of Planning and Development Services in the City of Sioux Falls. The division is dedicated to connecting people in Sioux Falls with resources to help ensure safe and sustainable living conditions.

Housing aims to help ensure decent, safe, and sanitary living conditions through programs that assist with repairs and improvements. Some of the major programs to assist the community include Single-Family Rehabilitation, Neighborhood Revitalization, Rental Rehabilitation, Emergency Mobile Home Repair, and Public Safety Down Payment Assistance.

These community development housing programs determine eligibility based upon income guidelines; depending upon the specific program, a certain percentage of the median family income is required. Some of these Housing Division programs are structured as a deferred payment zero interest loan due upon sale or discontinuance of occupancy, such as the Single-Family Rehabilitation program.

The 2022 submitted and approved action plan will result in approximately: 35 single family houses rehabilitated, 6 mobile home units rehabilitated, 60 low-income households receiving case management and stable housing, 15 low-income households benefiting from accessibility modifications, and 3 low-income households with accessibility modifications to their rental units.

## What We Found

**Finding 1:** Lack of secured storage for cash assets.

- None of the Housing Specialists currently maintain locked storage for checks during the work day. Checks are stored in file cabinets and not locked during business hours in line with best practices.

**Finding 2:** Deposit slips did not indicate personnel performing the deposit.

- Detailed testing showed that deposits are not completed with an indicator as to which employee performed the deposit in line with best practices. Detailed instructions for completing deposits are also not included in either the Housing policies nor the Finance city-wide policy.

**Finding 3:** Lack of segregation of duties for deposits.

- If the Housing Technician is unavailable, the embedded Finance Accountant completes the deposit slips. That accountant is the same person who later prepares the Munis journal entries for deposits. To comply with best practices and strong internal controls, the receipting function (deposit slips) and recording function (preparing and approving the journal entry) should be segregated. There is also currently no back-up person in Finance for the deposit journal entries.

## What We Recommend

**Recommendation 1:** We recommend the Housing Division, in coordination with Finance, implement some type of secured storage available to employees during business hours to prevent unsecured cash assets. We also recommend that the Housing Policies and SOP's be updated to formally document the proper usage of secured storage to enhance the physical security of cash assets both during business hours and overnight.

**Recommendation 2:** We recommend that Finance establish a more detailed policy and procedure outlining the requirements for completing deposit slips to standardize best practices City-wide. The Housing Division internal policies and procedures should then comply with the over-arching Finance policy. We also recommend this updated policy include specific requirements to notate on the slip which employee completed the deposit, for example initials, signature, name or employee number to comply with best practices and strengthen internal controls. To avoid illegible handwriting issues, two indications such as initials and employee number could be utilized.

**Recommendation 3:** We recommend that Housing Division staff other than the Accountant be designated and trained to complete deposit slips in order to maintain segregation of duties between the receipting and recording functions of cash handling. We also recommend that a back-up individual be designated and training provided to perform the journal entry in Munis for Housing deposits in case of an extended absence or unavailability.