

# Cash Auditing



## **Joseph Maritato**

*Port Authority Allegheny County,  
Manager Revenue Collection  
Pittsburgh, PA*

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& TransTech Conferences



# Key Presentation Take-Aways

- Why auditing is important
- What your expectations should be
- Variance investigation
- What the results tell you
- Measuring success / moving forward

# Why auditing is important Prevent/identify theft

- “Metro Employees Charged With Stealing Thousands From Transit Authority”

Hedgpeth, Dana. Washington Post 19Jan2012

- “Former Baltimore MTA Employee Pleads Guilty To Stealing \$400,000 From Bus Fare Boxes”

justice.gov, 15Dec2009

- “Manager Guilty Of Stealing \$116K From Krapf’s Bus Company”

Rellaham, Michael. The Mercury Crime 27Oct2015



# Why auditing is important

## Identify equipment issues

- Faulty bill acceptor/validator
- Faulty coin verifier
- Offline probing
- Cashbox receiver comms
- Operator error
- Other

# Why auditing is important

## Verify internal controls are working

- Access to revenue
- Separation of duties
- Key control
- Permissions
- Monitoring operational activity

# Why auditing is important

## Improve business

- Auditing should not be thought of as simply a way to prevent theft
- Continuous monitoring of internal controls can:
  - Streamline processes
  - Support process improvement
  - Measure success of operational objectives

# What your expectations should be

- Determine your baseline
  - Needed to measure success
- Set a realistic goal
  - For example, 100% accuracy in a system-wide farebox receipt audit is NOT realistic
- Determine opportunities from audit findings
- Continuous improvement
  - Once the goal is achieved, re-visit. Fine tune and set a more challenging goal.

# Variance Investigation

- Determine at what point you begin investigative efforts?
  - Is it a dollar amount? A percentage? How high/low?
- Do you have the necessary tools available to investigate?
  - PAAC begins cashbox audit variance investigations utilizing custom SQL delivered by the vendor
- Document your process and revisit it



# What the Results Tell You

- Did you reconcile? Are you left with an unexplained variance?
- PAAC's cash audits have revealed opportunities for process improvement, equipment failures, and reporting errors
  - Offline probing (process improvement)
  - Cashbox transponders/coin verifiers (equipment failures)
  - Cash on hand calculations (reporting errors)

# Measuring Success/Moving Forward

- PAAC's auditing procedures initially revealed some low hanging fruit.
  - Under controlled conditions, we could reconcile within .05%. However, when auditing under normal operations, our variance was closer to 10%.
  - We identified what conditions caused the major variances, developed ways to identify those conditions and account for the revenue.
- Our success is measured by the accuracy to which we reconcile.
  - Identifying equipment failures and reporting errors occur by chance and Finance is not informed to the extent of total equipment/parts failures, so equipment reliability is not used.
- We re-visit our audit results and adjust our expectations/goals as needed.
- Some type of audit responsibility is included as a job goal/expectation for every member of the Cash Management team.

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