



Office of the City Manager

INFORMATION CALENDAR
December 19, 2017

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Henry Oyekanmi, Director, Finance
Subject: Audit Update - \$52,000 Theft: More Can Be Expected Without Citywide Changes in Culture and Procedures

INTRODUCTION & SUMMARY

The purpose of this report is to provide a status update on the implementation of recommendations contained in an audit of cash handling. On April 1, 2014, the City Auditor released a report of audit findings and recommendations. On October 28, 2014, the first Audit Implementation Status Report was submitted to Council. On April 28, 2015, the second Audit Implementation Status Report was submitted to Council. On December 1, 2015, the third Audit Implementation Status Report was submitted to Council. On July 19, 2016, the fourth Audit Implementation Status Report was submitted to Council. This fifth Audit Implementation Status Report provides a status update for each recommendation that is not yet implemented. The complete "\$52,000 Theft: More Can Be Expected Without Citywide Changes in Culture and Procedures" can be found on the City's website at:

<http://www.cityofberkeley.info/ContentDisplay.aspx?id=7236>

CURRENT SITUATION AND ITS EFFECTS

The audit contained 17 recommendations, of which twelve have been fully implemented; four are partially implemented; one alternative will be implemented; and one will not be implemented. This information report is the fifth status report on implementation of these recommendations. The next status report will be submitted to Council in December 11, 2018.

Attachment 1 contains the detailed recommendations, prior responses and an update on the status of implementation efforts to date.

BACKGROUND

The cash handling audit work began in February 2013 and was completed in February 2014. A summary of audit findings and recommendations was issued on February 26, 2014 for review and comment by participating departments. The summary contained 17 recommendations which focused on measures to ensure that procedures governing cash handling ensure the accuracy of collections and deposits, and implement policies and practices that protect not only the cash, but the cash handlers as well. The recommendations focus on the development of appropriate procedures, the provision of training, and the ongoing monitoring to guard against financial loss.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

POSSIBLE FUTURE ACTION

The Finance Department will continue leading the effort to resolve outstanding Audit recommendations and report back to Council.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Continued improvement in cash handling process should prevent potential loss of revenue to the City.

CONTACT PERSON

Henry Oyekanmi, Director of Finance, Finance, 981-7301

Attachments

1: Summary of Audit Recommendations and Responses

City of Berkeley
City Auditor's Office
Audit Findings and Recommendations Response Form
[Status Updates for 12/12/17](#)

Audit Title: \$52,000 Theft: More Can Be Expected Without Citywide Changes in Culture and Procedures				
Findings and Recommendations	Lead Dept.	Agree, Partially Agree, or Do Not Agree and Corrective Action Plan	Expected or Actual Implementation Date	Status of Outstanding Audit Recommendations and Implementation Progress Summary
Finding: Revenue collection and monitoring: theft of at least \$52,000; other thefts; and sharp, unexpected revenue declines				
1.1 Require all City staff with cash-handling responsibilities to read the following immediately and at least annually thereafter, and new employees to read the documents prior to being assigned cash handling tasks: <ul style="list-style-type: none"> ▫ Administrative Regulation 3.20, Cash Handling Policy and Guidelines ▫ Administrative Regulation 3.17, Fraud, Abuse and Misuse of City Resources ▫ The Basics: Cash Handling Training 101 – a PowerPoint presentation in the Finance section of Groupware 	City Manager	Agree. The City Manager will issue a memorandum to all City Department Directors by March 15, 2014, and annually thereafter, directing them to assign all employees with cash-handling responsibilities to read the policies and regulations referenced in Finding 1.1. That same memorandum will direct that new employees with cash handling assignments will be provided copies of those documents in their first week of employment.	May 30, 2014	Initial Status: Memo distributed February 28, 2014 Status Update 10/28/14: <u>Implemented.</u> All Departments with cash handling staff have complied and acknowledgement forms are on file in the Human Resources Department.
1.2 Require each cash-handling supervisor to: <ul style="list-style-type: none"> ▫ instruct all staff reporting to her 	City Manager	Agree. The Memorandum to Department Directors noted in response to Finding 1.1 above	June 30, 2014	Initial Status: Memo distributed February 28, 2014

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<p>or him to abide by the requirements in the documents listed in recommendation 1.1.</p> <ul style="list-style-type: none"> ▫ take appropriate disciplinary action when staff do not abide by the requirements. ▫ obtain written approval from the department director, after discussing the risks with Finance, to implement mitigating procedures when staffing levels do not allow full compliance with the requirements in those documents. 		<p>will also include a directive that supervisors in each Department reinforce the requirements set forth in the documents referenced in Finding 1.1. With respect to disciplinary action, managers and supervisors will abide by the appropriate progressive discipline process as set forth in the various memoranda of agreement with the bargaining units.</p>		<p>Status Update 10/28/14: <u>Implemented.</u></p>	
<p>1.3 Require cash-handling supervisors to identify requirements in the documents listed in recommendation 1.1 that currently are not being followed and whether any of the cash-handling deficiencies identified by the Auditor's Office and listed in Appendix F exist in each supervisor's area of responsibility. Take immediate corrective action to ensure compliance with City cash-handling policies and to eliminate deficiencies listed in Appendix F.</p>	City Manager	<p>Agree. The City Manager will issue a Memorandum to all Department Directors by March 15, 2014 that requests each Department to identify any cash handling deficiencies in its operations and to work with the Finance Department as needed to resolve those deficiencies as soon as possible.</p>	June 30, 2014	<p>Initial Status: Memo distributed February 28, 2014</p> <p>Status Update 7/19/16, 12/1/15, 4/28/15 and 10/28/14: <u>Partially implemented.</u> <u>Implemented for Parks Recreation & Waterfront Department.</u> All PRW cash handling sites have been assessed and supervisory staff at each site have prepared and are implementing corrective action plans.</p> <p>Status Update 12/12/17: <u>Implemented.</u> Finance adopted Auditor's best practice listed in Appendix F and performs observation and review of cash handling processes</p>	

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<p>1.4 Communicate with department directors the City's commitment to reaching goals for revenue maximization by requiring departments to:</p> <ul style="list-style-type: none"> Perform revenue trend analyses at a granular level to look for unexpected and unexplained changes in revenue by activity, for example, boat launch and camp registrations. The analyses should include year- to-year comparisons with detail by month so management can compare activity against prior years to see if it is consistent or reflects changes, such as fee increases. Work with Finance to investigate anomalies that signal theft or other significant problems affecting the City's ability to maximize revenue and reach targets. Provide oversight of adjusting journal entries and nonroutine budget modifications so that someone does not both request and approve entries. Oversight 	City Manager	<p>Agree. The City Manager will issue a Memorandum to Department Directors with the information included in this Finding. The Memorandum will offer the assistance of the Budget Office with regard to processes for budget analyses and modifications should Departments need assistance in improving their processes.</p>	June 30, 2014	<p>Initial Status: Memo distributed February 28, 2014</p> <p>Status Update 10/28/14: Implemented.</p>	on a regular basis at a minimum of two cash handling sites per month.

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<p>options include:</p> <ul style="list-style-type: none"> ▫ Having a department manager approve entries that are requested by a supervisor but prepared by clerical staff. ▫ Having another employee who does not directly report to the supervisor who requested the entry approve it, so long as that person has a reasonable understanding of departmental and City operations and enough authority to raise concerns about the entry. ▫ Having a manager not involved with adjusting journal entries and budget modifications sample nonroutine adjustments on a regular basis (for example, monthly) to check that the entries were for a legitimate need. 					
1.5	City Manager	Agree.	December 31, 2014	<p>Initial Status: <u>Partially implemented.</u> The Department of Parks Recreation & Waterfront has identified all positions for which cash handling is a responsibility and provided that information to Human Resources on January 17, 2014. For any position identified as responsible for handling</p>	

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				<p>cash, background checks will be performed for the recommended candidates.</p> <p>Status Update 10/28/14: <u>Implemented.</u> All departments with cash handling staff have identified positions with cash handling responsibilities and provided that information to the Human Resources Department. The PRW Department has implemented the background checks for all new employees with cash handling responsibilities.</p>	
1.6	City Manager	<p>Agree. Compliance with this Finding is dependent upon a meet and confer process with the affected Unions. The City Manager agrees to request that the Unions participate in a meet and confer process regarding this issue and agrees to report on the outcome of that process once concluded. The meet and confer process will also need to address the outcome should an existing employee undergo a background check that identifies an area of concern based on the Auditor's recommendation, yet this employee has never</p>	June 30, 2015	<p>Status Update 12/1/15 and 4/28/15 and 10/28/14: <u>Not implemented.</u> The Meet and Confer meetings are pending and have not yet been scheduled.</p> <p>Status Update 7/19/16: <u>Will not implement.</u> Background checks on current employees will not be performed. Consideration and determination were made not to conduct background checks on existing employees who have been performing cash handling activities. These employees were not subject to a background check given that a background check was not a condition of employment at the time they were</p>	

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1.7	City Manager	<p>Work with Finance to dedicate personnel to be responsible for citywide cash-handling improvements. The personnel should:</p> <ul style="list-style-type: none"> ▫ Be classified at a sufficiently senior level to be able to provide definitive guidance to senior management on a reasonably equal footing. ▫ Have a strong background in accounting, auditing, and policies, practices, and procedures for cash handling. ▫ Excellent written and oral communication skills. ▫ Be responsible for: <ul style="list-style-type: none"> ▫ Giving guidance to staff in all City departments. ▫ Rewriting cash-handling and related administrative regulations. ▫ Developing standard citywide cash-handling procedures. ▫ Providing ongoing cash- 	<p>received any disciplinary action during their tenure with the City.</p> <p>Agree. Senior level staff in the Finance Department will be responsible for City-wide cash handling guidelines, training, oversight and final review of Department specific processes. The timing of the ultimate staff assignments is dependent upon successful implementation of other automated processes such as Accela for Business License Tax payments, Official Payments for on-line payments for various lines of business including building permits and implementation of an updated General Cashiering system that is vital to City-wide operations.</p> <p>The plan will be to utilize the Revenue Collection Manager in the Treasury Division, the Revenue Development Supervisor and a Revenue</p>	<p>offered the job. However, all new employees and any current employees who promote into positions that perform cash-handling activities are required to complete background checks.</p> <p>Status Update 10/28/14: <u>Partially Implemented.</u> The Revenue Collections Manager has assumed this responsibility, and the audit recommendations are being evaluated within the context of current Department priorities.</p> <p>Status Update 04/28/15: <u>Not Implemented.</u> Hiring of the Revenue Collections Specialist (RCS) will be completed by July 1, 2015. Due to staffing constraints (absence of Finance Director) hiring of the RCS has been delayed. Training at all of the cash handling sites is anticipated to begin in the first quarter of FY2016.</p> <p>This will give new staff adequate time to evaluate the various lines of business within the City Departments.</p> <p>Status Update 12/1/15: <u>Not Implemented.</u> Hiring of the Revenue Development Specialist(RDS)</p>	

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<p>handling training and monitoring.</p> <ul style="list-style-type: none"> ▫ Enforcing cash-handling policies. <p>Also see recommendations 1.9 to 1.13.</p>		<p>Development Specialist (to be hired), under the direction of the Finance Director to accomplish these responsibilities.</p> <p>The Finance Department restarted citywide cash-handling training on November 15, 2012, and will restart ongoing monitoring of cash-handling operations at all of the City's cash-handling sites, to ensure compliance with cash-handling policies and procedures, as soon as several technology upgrades are completed and personnel are available.</p>		<p>will be completed by December 1, 2015. Due to hiring constraints, hiring of the RDS has been delayed. Training at all of the cash handling sites will begin in the second quarter of FY2016. This will give new staff adequate time to evaluate the various lines of business within the City Departments.</p> <p>Status Update 7/19/2016: <u>Not Implemented.</u> Hiring of the RDS has been moved for completion to September 2016. Finance continues to conduct the Citywide cash handling trainings on a quarterly basis.</p> <p>Status Update 12/12/17: <u>Implemented.</u> Finance has hired a Revenue Development Supervisor for citywide cash-handling improvements.</p>	
<p>1.8 In collaboration with the Department of Information Technology, implement a general cash-handling system to serve as the city's single portal for all cash-collection activities. Such a system would allow Finance to:</p> <ul style="list-style-type: none"> ▫ Integrate with the City's financial system, FUND\$, for automatic input of cash receipts. 	Finance	<p>Agree. To deal with the impact on cash-handling and cash reconciliations of other City departments upgrading their software, plans are already underway to procure centralized cashiering software. <i>Centralized cashiering software is software that all kinds of other operating software, including</i></p>	June 30, 2015	<p>Status Update 10/28/14: <u>Not implemented.</u> The departments of Finance and Information Technology have begun the research and investigation of various software options.</p> <p>Status Update 4/28/15: <u>Not implemented.</u> A new software system, ERP (Enterprise Resource Planning), is on</p>	

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<ul style="list-style-type: none"> ▫ Remove manual processes (e.g., reconciliations) and free up staff time to perform other cash-handling oversight activities. ▫ Develop graphic workflow maps that can generate procedures for processing cash transactions, and identify the specific positions assigned to each step in the cash-handling sequence. ▫ Use automated restrictions to prevent staff from processing cash transactions when they: <ul style="list-style-type: none"> ▫ Have not taken the required cash-handling training. ▫ Are not assigned to processing cash-receipt transactions. 		<p><i>financial, can integrate with seamlessly. It could allow the City to:</i></p> <ol style="list-style-type: none"> 1. <i>Implement automated restrictions to prevent staff from processing , if they are not authorized or have not completed required training;</i> 2. <i>Automate input/output for receipting;</i> 3. <i>Drastically decrease the number of paper-based and manual processes (e.g., reconciliations), and free staff time to perform other work; and,</i> 4. <i>Help produce workflow maps to explain processing procedures.</i> <p><i>Currently, each of the new non-FUND\$ software has its own cashiering system. As software in operating department is added or replaced, it causes additional cash balancing steps</i></p>		<p>the horizon. It is anticipated that the implementation of this new system would incorporate the cashiering functions of the various departments.</p> <p>Status Update 12/1/15. <u>Not Implemented.</u> The City has solicited advisory services from the Government Finance Officers Association (GFOA) related to the City's planned procurement and implementation of an Enterprise Resources Planning (ERP) system.</p> <p>The contract between the City and GFOA was signed on April 17, 2015. The first phase of the project, the needs assessment, started in June 2015, and will continue until the end of December 2015. We expect GFOA to prepare an RFP by mid-March 2016, and that the vendor interviews and selection will start shortly after. We are hoping to select a vendor by July-August 2016, and begin implementation toward the end of 2016.</p> <p>Status Update 7/19/16: <u>Not implemented.</u> The City released the RFP for the new ERP system on May 27, 2016. Responses were due back from vendors</p>	

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1.9 Rewrite Administrative Regulation 3.20, Cash Handling Policy and Guidelines to: <ul style="list-style-type: none"> ▫ Define the roles of the personnel dedicated to citywide cash-handling improvements. Also see recommendation 1.7. ▫ Make it City policy that: <ul style="list-style-type: none"> ▫ Cash-handling guidance and policy enforcement is a centralized function in Finance. ▫ Finance is responsible for establishing a single set of citywide cash-handling procedures so that staff throughout the City use standard best practices. Also see recommendation 1.12. 	Finance	<p><i>and results in an inefficient reconciliation process, and challenges data integrity. Centralized cashing software can resolve these problems for the Finance Customer Service Counter and Accounting staff.</i></p>	June 30, 2015	<p>on July 14, 2016. The City expects to select a vendor and begin implementation by February 2017.</p> <p>Status Update 12/12/17: <u>Partially Implemented</u> through a new ERP system "ERMA" scheduled for Fiscal Year 2019. Finance has been working with IT to ensure that all recommendation specified on this finding are integrated into the new system.</p> <p>Status Update 10/28/14: <u>Partially implemented.</u> The revision of the Administrative Regulation is in progress. Finance staff has reviewed the existing AR and is developing a process for its revision within the next 6 to 8 months.</p> <p>Status Update 4/28/15: <u>Partially Implemented.</u> A preliminary draft of AR 3.20 has been developed and is currently being reviewed by Division Heads for accuracy and input. It is anticipated that submission for approval and publishing will be completed by the end of the FY15.</p> <p>Status Update 12/1/15: <u>Partially Implemented.</u> A preliminary draft of</p>	

	<ul style="list-style-type: none">▫ Finance is responsible for providing guidance to departments in developing		requirements and other steps required before employees can handle City cash.		AR 3.20 has been developed and is being reviewed by Division Heads for accuracy and input. It is anticipated that submission for approval and publishing will be
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<p>supplemental procedures to address activities that apply only to a particular location, for example, securing and monitoring boat launch revenues at the Marina. Also see recommendation 1.13.</p> <ul style="list-style-type: none"> o Department managers report in writing to the City Manager, with a copy to the Finance Director, the risk to revenue and staff when resource limitations prevent them from following cash-handling best practices. o Cash-handling training is mandatory for new cash handlers before they begin handling cash, at least every two years for current employees, and every five years for management. Also see recommendation 1.10. o Cash handlers read the documents as discussed in recommendations 1.1. o Supervisors perform the review of cash-handling operations as discussed in recommendation 1.3. 				<p>completed by December FY 2015.</p> <p>Status Update 7/19/16: <u>Partially Implemented</u>. Staff is continuing to update AR 3.20. The estimated completion date for this is January 30, 2017.</p> <p>Status Update 12/12/17: <u>Implemented</u>. AR 3.20 was revised and will be posted on iCobWeb in November 2017.</p>	

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<p>1.10 Provide ongoing training to staff with cash-handling and fiscal operations responsibilities. Training can be accomplished using in-person and online formats and should include:</p> <ul style="list-style-type: none"> General and supervisor sessions covering the City standards discussed in Administrative Regulation 3.20: Cash Handling Policy and Guidelines, and the citywide cash-handling procedures. Also see recommendations 1.9 and 1.12. Site-specific sessions to cover supplemental procedures to City standards for cash-handling needs unique to different locations. Also see recommendation 1.9, 1.12, and 1.13. New-employee sessions for employees hired for seasonal work and who may have no work or cash-handling experience. Management sessions covering best practices and mitigating procedures, monitoring those in charge of fiscal operations, and identifying signs of theft. 	Finance	<p>Agree.</p> <p>The ongoing cash-handling training will be modified to incorporate training specifically for new employees who may not have work experience, or unique cash-handling operations, and training specifically geared towards managers and their responsibilities for establishing, monitoring, evaluating, and adjusting internal control procedures.</p>	June 30, 2015	<p>Status Update 10/28/14: <u>Partially implemented.</u> Finance staff prepared and presented to PRW Recreation staff a targeted cash handling training for new and returning program staff whose job duties require them to handle cash. These included Recreation Activity Leaders and Aquatics Specialist who are also direct service providers for the department. Other potential targeted trainings are pending.</p> <p>Status Update 4/28/15: <u>Not implemented.</u> Quarterly Cash Handling Classes are scheduled to begin in FY 2016.</p> <p>Status Update 12/1/15: <u>Implemented.</u> Quarterly Cash Handling Classes are scheduled for FY 2016. Finance conducted the citywide cash handling training on October 15 and had a cash handling workshop with PRW staff in June 2015. Next training is scheduled for January 20, 2016.</p>	

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<p>1.11 Provide ongoing monitoring of cash-handling and fiscal operations. This includes:</p> <ul style="list-style-type: none"> ▫ Reviewing a sample of the work done by those with cash-handling oversight responsibilities to ensure they are not performing work for which they provide oversight. ▫ Ensuring compliance with cash-handling policies and procedures. ▫ Performing surprise cash counts and evaluations of actual practices. <p>Ensuring access to accounting systems, safes, and cash-handling locations is restricted to the minimum number of staff needed to perform authorized tasks, and that access is divided among enough staff to prevent an individual from being able to steal and conceal the theft.</p> <ul style="list-style-type: none"> ▫ Denying exceptions to daily deposits for departments that have known cash-handling deficiencies. <p>Reexamining cash-handling activities annually for all locations that have daily-deposit exceptions to ensure they continue to meet City</p>	Finance	<p>Agree.</p> <p>After the Revenue Development Specialist position is filled, Finance will re-start the ongoing monitoring of citywide cash-handling operations. This review will include, among other things, monitoring for compliance with cash-handling policies and procedures, and the performance of surprise cash counts.</p>	June 30, 2015	<p>Status Update 10/28/14: <u>Not implemented.</u> The Revenue Collections Manager has assumed this responsibility, and the audit recommendations are being evaluated within the context of current Department priorities.</p> <p>Status Update 4/28/15: <u>Not implemented.</u> Recruitment of Revenue Development Specialist is ongoing. It is anticipated that the position will be filled by July 1, 2015.</p> <p>Status Update 12/1/15: <u>Partially implemented:</u> Surprise cash counts are scheduled for two sites per quarter, effective the first quarter of FY 2016. Finance conducted cash handling site visits on October 1st, which were more focused on credit card transactions and equipment safeguards. Sites included in the October surprise cash handling visits included: Planning Permit Service Center, Rent Board, Library-Central, Animal Shelter, Police – Admin, and the 311 Call Center. Next surprise cash counts are scheduled in November 2015.</p>	

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standards.				<p>Status Update: 7/19/16 Partially <u>Implemented.</u> Since the prior update, Finance has continued to conduct surprise cash counts at the Customer Service and Treasury Division. Also, Finance conducted surprise cash audits at the Police Dept. on May 4, 2016, and at the Public Works Zero Waste Division on May 10, 2016.</p> <p>Status Update 12/12/17: <u>Implemented.</u> Finance will continue to conduct surprise cash counts. This effort will continue along with observation and review of cash-handling process to ensure compliance with policies and review practices on a regular basis at a minimum of two cash handling sites per month. A copy of the status reports would be provided to the responsible department with a copy to the Finance Director and City Auditor.</p>	

1.12	<p>Revise citywide cash-handling manual to create comprehensive, citywide cash-handling policies and procedures. These procedures should:</p> <ul style="list-style-type: none"> ▫ Explain cash-handling policies, practices, and procedures in such a way that it can be understood by those who are not experts in cash handling. 	Finance	<p>Agree. The citywide cash-handling procedures will be revised to include the following:</p> <ol style="list-style-type: none"> 1. Detailed explanation of each of the policies or procedures , and their purpose 	June 30, 2015	<p>Status Update 10/28/14: <u>Not implemented.</u> The Finance Department has begun the revisions of the policies and procedures.</p> <p>Status Update 4/28/15: <u>Not Implemented.</u> A preliminary draft of the procedures has been completed and is being reviewed by the division head to ensure accuracy and completeness.</p>
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<ul style="list-style-type: none"> ▫ Incorporate best practices for cash handling, which includes separating tasks among employees to ensure they cannot perform inappropriate combinations of activities that would allow them to commit or conceal theft. Also see Appendix D. ▫ Describe mitigating practices that are acceptable for departments to follow when best practices cannot be used because of limited staffing, money, or time. <p>Explain “<i>why</i>”: why cash-handling activities are separated, why tasks must be performed so staff understand the importance of their work, and why omitting steps could make the City vulnerable to theft and loss and compromise their safety.</p> <ul style="list-style-type: none"> ▫ Define the standard forms, equipment, and supplies staff are to use for cash-handling activities. For example, standard deposit forms, safes, cash registers, and tamperproof bags. 		<ol style="list-style-type: none"> 2. Best practices for segregating duties and responsibilities 3. Best practices for receiving funds 4. Best practices for custody of funds 5. Best practices for depositing funds 6. Best practices for reconciling funds 		<p>Status Update 12/1/15: <u>Not Implemented</u>. Finance started a draft for the Citywide Cash Handling Manual. This will be completed upon the hiring of the Revenue Development Specialist. Estimated completion of the Manual is July, 1, 2016.</p> <p>Status Update 7/19/16: <u>Not Implemented</u>. Finance is still working on the Cash Handling Manual with the same deadline of July 1, 2016.</p> <p>Status Update 12/12/17: <u>Implemented</u>. Citywide Cash Handling Manual has been revised and incorporated in the citywide cash-handling trainings in 2016.</p>	

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<ul style="list-style-type: none"> ▫ Explain every employee's responsibility to protect the City against fraud, abuse, and misuse, and report suspected or known fraud, abuse, and misuse in accordance with the requirements in Administrative Regulation 3.20, Cash Handling Policy and Guidelines. ▫ Require supervisors who do not accept and record cash to reconcile standalone accounting systems to the City's financial system, FUND\$, and investigate variances. Explain that departments must provide Finance with assurance that a location requesting a daily-deposit exception, including exception renewals, has the ability to secure and protect City money from loss until it can make the deposit before Finance will approve an exception. ▫ Require daily-deposit exception approvals to have one-year expiration dates and for Finance to renew the exception before a department can continue with its exception to daily deposits. 					

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<p>1.13 Develop supplemental cash-handling procedures describing activities unique to site-specific operations to accompany Finance's cash-handling manual. Obtain guidance from Finance to ensure that these procedures adequately protect cash and cash handlers. Also see recommendations 1.9 and 1.12.</p>	<p>All Departments</p>	<p>Agree. Each City cash-handling site will have specific procedures tailored to site-specific operations. Departments will obtain guidance from Finance regarding whether or not these procedures secure cash and protect cash handlers.</p>	<p>June 30, 2015</p>	<p>Initial Status: <u>Partially implemented.</u> Many City cash handling sites (including all PRW sites) already have cash handling procedures. PRW procedures are currently being revised and updated.</p> <p>Status Update 10/24/14: <u>Partially implemented.</u> Implemented for PRW. Other City departments are in the process of completing site-specific cash handling procedures.</p> <p>Status Update 7/19/16: <u>Partially implemented.</u> Finance will follow up with other City departments by September 2016.</p> <p>Status Update 12/12/17: <u>Partially implemented.</u> Based on surprise cash count visits, Finance is compiling sites that need supplemental cash handling manuals. Projected completion by December 2018.</p>	
<p>1.14 Install a launch-ramp ticket machine that accepts credit and debit cards for payment.</p>	<p>PRW</p>	<p>Agree. A new machine that accepts cash and credit cards has been purchased and installed at the Marina launch ramp.</p>	<p>February 1, 2014</p>	<p>Initial Status: <u>Implemented February 2014.</u></p>	

Audit Title: \$52,000 Theft: More Can Be Expected Without Citywide Changes in Culture and Procedures					
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<p>1.15 In connection with recommendation 1.14, install an access system such as barrier arms that open only after providing a paid ticket at the launch area to ensure boaters pay for a launch before using the ramp. This may require PRW to redesign the parking area to provide enough space for boaters to park their vehicles and trailers after they pay for the launch ticket and still have access to the amenities (boat washing stations, etc.). The parking area should have a separate exit that opens by sensing that a vehicle has driven up to it so that boaters are not required to use a ticket to exit, since there is a likelihood tickets will get wet, which could cause machinery to malfunction.</p>	PRW	<p>Agree. The PRW Department will design and install a barrier arm system in concert with the launch ramp ticket machine.</p>	September 2014	<p>Initial Status: Design and configuration options are under consideration. Approximate one-time construction and installation costs will be \$55,000; and annual costs for service and maintenance will be approximately \$10,000.</p> <p>Status Update 4/28/14: <u>Partially Implemented.</u> The Department has determined the operation and design and will install the barrier arm by June 2015.</p> <p>Status Update 12/1/15: <u>Partially Implemented.</u> Design is being finalized, and construction will be advertised in November 2015.</p> <p>Status Update 7/19/16: <u>Partially Implemented.</u> Construction was advertised and bids were due at the beginning of July 2016. We anticipate completion in September 2016.</p> <p>Status Update 12/12/17: <u>Partially implemented.</u> The project is in construction, and scheduled for completion in November 2017.</p>	

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Findings and Recommendations	Lead Dept.	Agree, Partially Agree, or Do Not Agree and Corrective Action Plan	Expected or Actual Implementation Date	Status of Outstanding Audit Recommendations and Implementation Progress Summary	
1.16 Require customers to pay for their goods at the time of purchase and cease the use of tabs at camps and other locations, if any that allow for this practice.	PRW	Agree. The Department agrees that there was some inherent risk in the practice of allowing campers at the Berkeley Tuolumne Camp to run tabs for purchases at the camp store. It was a much appreciated service that the BTC campers relied on to protect children at the camp from carrying sums of money for small purchases at the camp store. However, the Department is evaluating the risk and will propose an alternative, risk-mitigating action for the 2014 family camp.	May 1, 2014	Initial Status: The practice of allowing tabs occurred only at the Berkeley Tuolumne Camp. This practice has been suspended and risk-mitigating options for providing this service are under consideration for the summer 2014 camp season. Status Update 10/28/14: Implemented. We have eliminated the practice of allowing campers to run tabs.	
1.17 Enforce its budget modification procedures by requiring a signature on the support documentation from the supervisor who approves budget modifications, and reject budget modifications that lack signatures from both the preparer and approver.	Budget Office	Agree. All budget modifications should have two signatures, one signature not being that of the same person who prepared the modification in FUND\$. This dual signature policy will be enforced and the Budget Office will (1) reject budget modifications that do not contain dual signatures, and (2) ensure that one of the signatures is not that of the preparer of the budget modification.	February 13, 2014	Initial Status: Implemented 2/13/14. The importance of enforcing the dual signature policy has been reiterated to Budget Office staff.	