

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER  
THE CASH COLLECTION PROCESS AT  
THE DISTRICT OF COLUMBIA PUBLIC LIBRARY**

**OFFICE OF INTEGRITY AND OVERSIGHT**



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



**Office of Integrity and Oversight**

**MEMORANDUM**

**TO:** Mohamed Mohamed, Associated Chief Financial Officer  
Government Operations Cluster

Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer  
Office of Finance and Treasury

**FROM:** Mohamad K. Yusuff, Interim Executive Director  
Office of Integrity and Oversight

**DATE:** November 15, 2013

**SUBJECT:** Final Report on Proactive Integrity Survey of Internal Controls over the Cash Collection Process at the District of Columbia Public Library  
(OIO Code No. 13-03-15 DCPL).

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Attached is our final report summarizing the results of the Proactive Integrity Survey of internal controls over the cash collection process at the District of Columbia Public Library (DCPL). The objectives of the survey were to determine whether DCPL complied with applicable laws and regulations and implemented effective internal control procedures over the cash collection function to safeguard assets from fraud, waste and abuse.

OIO directed seven corrective actions needed to DCPL/OCFO and OFT senior finance officials to address findings cited in the report. We received written responses from OFT on November 4, 2013, and from DCPL/OCFO on November 7, 2013. OFT and DCPL/OCFO concurred with the corrective actions needed and provided target timeline for implementation. In general, we consider the actions planned and taken by OFT and DCPL/OCFO to be sufficient and reasonable to address the findings.

However, DCPL/OCFO disagreed with the corrective action needed on recommendation Number 3, related to conducting periodic review of fines and fees forgiveness and cancellation. DCPL/OCFO stated that it is a programmatic issue and the review should be conducted by the DCPL Risk Manager or the Office of the Inspector General. It is OIO's position that, even though fines and fees forgiveness and cancellation is a programmatic issue, to safeguard District's assets, DCPL/OCFO should officially alert the DCPL senior management of the findings of this survey to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this proactive survey. Should you have any questions or need additional information, please call me at (202) 442-8240, or your staff can contact Khaled Abdel Ghany, Senior Auditor, at (202) 442-8277.

**Attachments**

cc: Natwar M. Gandhi, Chief Financial Officer, Government of the District of Columbia  
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, OCFO  
Kathy Crader, Chief Risk Officer, OCFO  
Belete Sitota, Controller, Government Operations Cluster, OCFO  
Clarice Wood, Associate Treasurer, Office of Finance and Treasury  
Tammie Robinson, Agency Fiscal Officer, DCPL  
James Glymph, Director, Internal Security, OIO

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**ACRONYMS**

ACFO	Associate Chief Financial Officer
AFO	Agency Fiscal Officer
DCCS	Daily Cash Collection Summary
DCPL	District of Columbia Public Library
MLK	Martin Luther King Jr. Memorial Library
OCFO	Office of the Chief Financial Officer
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight

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## **PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER THE CASH COLLECTION PROCESS AT THE DISTRICT OF COLUMBIA PUBLIC LIBRARY**

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### **ABSTRACT**

The Office of the Chief Financial Officer (OCFO), Office of Integrity and Oversight (OIO) has completed a proactive integrity survey of the internal controls over the cash collection process at the District of Columbia Public Library (DCPL). The survey was initiated based on a referral from the OIO's Internal Security Division.

The survey covered the cash collection process for the period October 1, 2012 to July 31, 2013, and identified management issues that require immediate corrective actions. These corrective actions center on the need for:

1. Reinforcing to DCPL management the importance of replacing the coin boxes with vending stations in order to ensure that cash collected and counted by DCPL/OCFO employees is the actual cash deposited into the copy machines.
2. Reconciling the SIRSI<sup>1</sup> Fines and Fees reports with the Daily Cash Collection Summary reports to ensure that cash and checks received and recorded in the library system is the exact cash and checks sent to the OCFO for eventual deposit.
3. Periodically, reviewing the fines and fees forgiveness and cancellation transactions, in coordination with the DCPL staff to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.

We received written response from OFT on November 4, 2013, and from DCPL/OCFO on November 7, 2013. OFT and DCPL/OCFO concurred with the corrective actions needed and provided target timeline for implementation. In general, we consider the actions planned and taken by OFT and DCPL/OCFO to be sufficient and reasonable. However, DCPL/OCFO disagreed with the corrective action needed on recommendation Number 3, related to conducting periodic review of fines and fees forgiveness and cancellation. DCPL/OCFO stated that this is a programmatic issue and the review should be conducted by the DCPL Risk Manager or the Office of the Inspector General. It is OIO's position that even though fines and fees forgiveness and cancellation is a programmatic issue, to safeguard District's assets, DCPL/OCFO should officially alert the DCPL senior management of the findings of this survey to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.

A copy of OFT and DCPL/OCFO responses are included as Appendix 1 and 2.

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<sup>1</sup> SIRSI is the DCPL's computer system and database.

## **PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER THE CASH COLLECTION PROCESS AT THE DISTRICT OF COLUMBIA PUBLIC LIBRARY**

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### **PURPOSE**

The proactive integrity survey was designed to identify management issues and internal control deficiencies that may require immediate management corrective actions or further audit or investigation. The survey is based primarily on inquiries, observation, examining and reviewing documents, and sampling.

The objectives of the survey were to determine whether DCPL had complied with applicable laws and regulations and implemented effective internal control procedures regarding the cash collection functions to safeguard District assets from fraud, waste and abuse.

### **SCOPE AND METHODOLOGY**

The Proactive Integrity Survey covered the cash collections from copy machines and fines and fees for a 10-month period from October 1, 2012 to July 31, 2013.

We obtained and reviewed DCPL – Government Operation Cluster’s Standard Desk Procedures, and DCPL Circulation Manual. We obtained and examined the monthly reconciliation reports prepared by DCPL/OCFO employees, daily fines and fees collection/cancellation reports generated by DCPL’s Computer System “SIRST”, and the Daily Cash Collection Summaries for the period covered by the survey. In conjunction with DCPL/OCFO employees and a DCPL Police Officer, we visited 7 library branches to observe the cash collection process. Additionally, we interviewed DCPL Agency Fiscal Officer (AFO), Accounting Manager, Accounts Payable Supervisor, and DCPL Financial Specialist. We also met with DCPL Watch Commander, and the Circulation Services Manager at Martin Luther King Jr. Memorial Library (MLK).

### **BACKGROUND**

DCPL is a vibrant center of activity for residents and visitors in the nation’s capital. The library provides environments that invite reading, learning and community discussion and equips people to continue learning throughout their lives. DCPL provides its services in the main library (MLK) and 25 branches.

DCPL collects cash on average \$300,000 a year. This cash comes from two sources: a) copy machines; and b) fines and fees.

## **PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER THE CASH COLLECTION PROCESS AT THE DISTRICT OF COLUMBIA PUBLIC LIBRARY**

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### *a) Cash collection from copy machines*

Every Tuesday, the DCPL/OCFO employee sends emails to branch managers scheduled for cash pick up for that week. The branches scheduled for cash pick up are rotated so that each branch is visited once a month. Two of the OCFO employees along with a DCPL Police Officer go to the scheduled library branches on Wednesday to collect the cash (coins and dollar bills) from the Coin Box attached to the copy machines. The team prints a Summary Report for the number of copies made, and receives a By Pass report for the free copies made by the library staff. They secure the cash in sealed bags, which are carried by the DCPL Police Officer for delivery to MLK library's Safe Wall attached to the vault room.

### *b) Fines and Fees*

MLK library is the only branch, which collects cash, plus checks for fines and fees; the other DCPL branches collect checks only. Both cash and checks are delivered on a daily basis to the OCFO staff in sealed Blue Bags. The library branch prepares a *Daily Cash Collection Summary* report for the amount of cash and checks sent to the OCFO in the Blue Bag.

DCPL's Computer System (*SIRSI*) generates and sends to the OCFO, a daily summary report on cash and checks collected by each branch. This summary report also includes information about fines and fees canceled and forgiven by DCPL staff. The DCPL Circulation Manual stated that canceling fines and fees are permitted only if it is established that the fault or cause of the fine/fee lies with the library. An example of such a scenario is when a customer has been charged for an overdue or assumed lost item that he/she actually returned to the library.

Additionally, DCPL Circulation Manual stated that DCPL staff members have the discretion to forgive fines and fees up to \$30 per transaction and forgiving fines and fees should be an exception, and not an expectation. Forgiving fines/fees is an appropriate option for any trained staff member as a one-time exception when a customer was unaware of the fine/fee policy or has had an extenuating circumstance such as hospitalization, or death in the family.

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**MANAGEMENT ISSUES**

**Verification and Reconciliation of Cash Collections from Copy Machines**

We obtained reconciliation reports for the 9-month period (October 1, 2012 to June 30, 2013) for the cash collected from the copy machines. We found that all of these reports are incomplete, not balanced and do not provide any support or evidence on whether the cash actually collected and counted by the DCPL/OCFO employees matched the cash that should have been collected.

The cause of this ongoing deficiency is due to missing By Pass reports from some branches for several months, and the copy machines' summary reports which were not available every month.

The Office of Finance and Treasury (OFT) has overall responsibilities of managing and monitoring the District's cashiering sites. We are not aware that OFT perform any assessment or monitoring of the cashiering operations and internal controls over this non-OFT cashiering site at DCPL.

Prior to October 1, 2012, the DCPL contractor, who used to collect the cash from the copy machines, had an Electronic Device that can be plugged into the copy machines to read how much cash was deposited into the Coin Box. After that contract was terminated on October 1, 2012, the DCPL/OCFO management did not find an alternative mechanism or procedure to ensure that the cash collected and counted by the OCFO employees matched the actual cash deposited into the copy machines.

DCPL Agency Fiscal Officer (AFO) stated the library is in the process of replacing the Coin Boxes with Vending Stations that can be connected to laptop computer and generate financial reports on the amount of cash deposited into the copy machines.

**Management of Cash Collections from Fines and Fees**

We selected a non-statistical sample of 50 SIRSI Fines and Fees Reports out of 271 daily reports received by the OCFO for the period October 1, 2012 to July 31, 2013.

We tested these SIRSI Reports against the Daily Cash Collection Summary (DCCS) Reports sent to the OCFO with the cash registry tapes and cash and checks for fines and fees collected. The purpose of this test was to verify whether the cash and checks recorded as received in the library system matched the actual cash and checks sent to the OCFO.

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We found 10 transactions with cash shortage for the amount of \$166 (cash recorded in SIRSI reports was higher than the actual cash sent to the OCFO), and 18 transactions with cash overage for the amount of \$54 (cash recorded in SIRSI reports was less than the actual cash sent to the OCFO).

Additionally, we found 7 checks were recorded in SIRSI reports which were not shown in the DCCS reports for the same days; and 10 checks were recorded in DCCS reports but not shown in SIRSI reports for the same days.

While examining and extracting the sample, we found 5 checks (total \$70) that were never processed through iNovah. Of these 5 checks, 3 checks were dated December 2012, January 2013, and February 2013, and 2 checks were dated April 2013.

The DCPL/OCFO employees stated that they only verify the cash registry tapes with the DCCS reports and never reviewed, used, or reconciled SIRSI reports against the actual cash and checks sent to the OCFO for fines and fees collected by DCPL branches.

We believe that reviewing, reconciling, and testing SIRSI Fines and Fees reports against the actual cash sent to the OCFO will improve the internal controls over cash collection process for fines and fees, allow DCPL/OCFO employees to detect any discrepancies or unprocessed checks, and enforce the DCPL employees to ensure that the cash recorded by the library system is the exact cash sent to the OCFO.

Furthermore, for the 10-month period (October 1, 2012 – July 31, 2013), 271 library days, we calculated total fines and fees forgiven and cancelled by DCPL staff, and total cash and check collected for fines and fees, as summarized in Table 1 below.

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**Table 1**  
**Summary of Fines and Fees Forgiven, Cancelled, and Collected for the Period**  
**October 1, 2012, to July 31, 2013**

	<b>Forgiven/Cancelled Amount</b>	<b>Cash and Checks Amount</b>
Forgiveness for fines and fees	\$17,000	-
Cancellation of fines and fees	\$39,000	-
Total forgiveness and cancellation	\$56,000	-
Total cash and checks collected from fines and fees	-	\$23,000
Percentage of total forgiveness and cancellation to total cash and checks collected	240%	

Based on the figures in Table 1, fines and fees forgiven and cancelled appeared significant versus cash collected. DCPL/OCFO, in coordination with DCPL staff, should periodically review these transactions to assure integrity and compliance with DCPL Policies and Procedures. Periodic review of forgiveness and cancellation transactions will safeguard the District's assets from waste and abuse, and ensure better services to DCPL customers.

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**Other Matters**

*The Vault Room*

Our review of DCPL – Government Operations Cluster’s Standard Desk Procedures showed that this manual was updated in May 2013, to permit one employee (Financial Specialist or Accounting Technician) to count the cash in the vault room by him/herself. We believe that, to maintain effective internal controls over cash, two employees should be present in the vault room while counting the cash, especially when there is no supporting evidence/document of the cash deposited into the copy machines and collected by the DCPL/OCFO employees. DCPL AFO stated that the update of the Policies and Procedures was made due largely to staff shortage and to ensure that cash is counted and deposited to the bank in reasonable time after collection.

Additionally, when we observed the monitor of the two security cameras in the vault room, we noted that DCPL/OCFO employees had the vault room door open during cash count. The DCPL Watch Commander confirmed that the vault room door was repeatedly opened during cash count. The DCPL/OCFO employees stated that they leave the vault room door open for air circulation.

We believe that leaving the vault room door open while counting the cash is considered a risk factor, especially when the main door to DCPL Budget and Finance Office is not locked and open all the time.

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## **PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER THE CASH COLLECTION PROCESS AT THE DISTRICT OF COLUMBIA PUBLIC LIBRARY**

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### **CORRECTIVE ACTIONS NEEDED**

We recommend that the Associate Chief Financial Officer (ACFO), Government Operations Cluster:

1. Reinforce to DCPL management the importance of replacing the coin boxes with vending stations, in order to ensure that cash collected and counted by DCPL/OCFO employees is the actual cash deposited into the copy machines.
2. Reconcile the SIRSI Fines and Fees reports with the Daily Cash Collection Summary reports to ensure that cash and checks received and recorded in the library system is the actual cash and checks received and counted by the OCFO.
3. Periodically, review the fines and fees forgiveness and cancellation transactions, in coordination with the DCPL staff, to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.
4. Ensure that two DCPL/OCFO employees are present while counting the cash collected from the copy machines or fines and fees.
5. Enforce DCPL/OCFO employees to close the vault room door while counting the cash to ensure safeguarding of the District's assets.

In addition, we recommend that the Deputy Chief Financial Officer and Treasurer:

6. Perform periodic review of the cash collections from the copy machines to ensure that cash collected by DCPL/OCFO employees matches the actual cash deposited into the coin boxes and the cash deposited into the District's bank account.
7. Obtain access to SIRSI daily fines and fees reports and periodically reconcile these reports with iNovah summary cash reports for DCPL and bank statements.

### **MANAGEMENT RESPONSES AND OIO COMMENTS**

#### **Management Response (Corrective Action Needed No. 1)**

DCPL/OCFO concurred with the corrective action needed and stated that because the existing copier contract expired at the end of FY 2013, DCPL management determined that it was best to include replacement vend machines and a new reporting mechanism in the contract renewal for FY 2014. In addition, DCPL is seeking another vendor or copier vendor subcontractor to collect the cash from the vend station. The implementation of the new copiers and vend stations are scheduled during the two to three week period starting the week of November 11, 2013.

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**PROACTIVE INTEGRITY SURVEY OF INTERNAL CONTROLS OVER THE CASH  
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**OIO Comment**

DCPL/OCFO planned actions are sufficient and reasonable.

**Management Response (Corrective Action Needed No. 2)**

DCPL/OCFO concurred with the corrective action needed and stated that the recommended review of the SIRSI reports has been included in the DCPL/OCFO revised policies and procedures. The new procedures include maintaining a daily SIRSI logbook for use by personnel to reconcile the SIRSI reports, Daily Cash Collection Summary, and funds collected. DCPL/OCFO provided the OIO with a copy of the updated policies and procedure dated November 6, 2013.

**OIO Comment**

DCPL/OCFO planned and taken actions are sufficient and reasonable.

**Management Response (Corrective Action Needed No. 3)**

DCPL/OCFO management disagreed with the corrective action needed and stated that reviewing fines and fees forgiveness and cancellations is a programmatic function and such review should be conducted by the DCPL Risk Manager, DCPL Public Services and the Office of the Inspector General (OIG).

**OIO Comment**

We agree that reviewing fines and fees forgiveness and cancellation is a programmatic function. However, we believe that DCPL/OCFO has a responsibility to officially alert DCPL senior management of the findings of this survey to determine whether DCPL's Policies and Procedures regarding fines and fees forgiveness and cancellation are being administrated evenly and fairly as intended.

**Management Response (Corrective Action Needed No. 4)**

DCPL/OCFO partially concurred with the corrective action needed and stated one employee was allowed to count fines and fees due to a staff shortage. The ACFO, Government Operations Cluster, encouraged OFT to assume responsibility for collecting and counting cash from the copy machines and fines and fees. Additionally, DCPL/OCFO updated its policies and procedures to require that there must be two employees counting at all times.

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**OIO Comment**

DCPL/OCFO taken actions are sufficient and reasonable.

**Management Response (Corrective Action Needed No. 5)**

DCPL/OCFO concurred with the corrective action needed and stated that ventilation issue in the vault room was rectified by providing fans, as necessary, to increase circulation in the vault room. The vault room door is now always closed during the counting of funds.

**OIO Comment**

DCPL/OCFO taken actions are sufficient and reasonable.

**Management Response (Corrective Action Needed No. 6)**

OFT concurred with the corrective action needed and stated that a manual agreed upon procedures can be established for reconciliation and OFT can periodically review the reconciliation to ensure compliance.

**OIO Comment**

OFT planned actions are sufficient and reasonable.

**Management Response (Corrective Action Needed No. 7)**

OFT concurred with the corrective action needed and stated that OFT will work with the DCPL/OCFO staff to implement stronger oversight methods. OFT provided anticipated timeline to perform research and obtain understanding of what reports and systems are available at DCPL. This timeline starts at the week of November 7, 2013, and ends by the week of December 13, 2013.

**OIO Comment**

OFT planned actions are sufficient and reasonable.

**APPENDICES**

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**AGENCIES RESPONSES:**

**APPENDIX 1: OFFICE OF FINANCE AND TREASURY (OFT)**  
**(November 4, 2013)**

**APPENDIX 2: DISTRICT OF COLUMBIA PUBLIC LIBRARY (DCPL)**  
**(November 7, 2013)**

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## APPENDIX 1: OFFICE OF FINANCE AND TREASURY 'S RESPONSE

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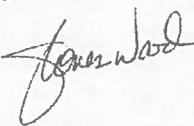
GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER

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Office of Finance and Treasury

### MEMORANDUM

**TO:** Mohamad K. Yusuff, Interim Executive Director,  
Office of Integrity and Oversight (OIO)

**FROM:** Clarice Wood, Associate Treasurer,  
Office of Finance and Treasury (OFT) 

**DATE:** November 4, 2013

**SUBJECT:** Response to Proactive Integrity Survey of Internal Controls over the Cash  
Collection Process at the District of Columbia Public Library (DCPL) -  
(OIO Order Number: 13-03-15)

Mohamad,

This memo is in response to the OIO Integrity Survey Report dated October 24, 2013. Below please find OFT's response to the management issue and corrective actions recommended:

**Management Issue: OFT has overall responsibility for managing and monitoring the District's cashiering sites. We are not aware that OFT performed any assessment or monitoring of the cashiering operations and internal controls over this non-OFT cashiering site at DCPL.**

#### OFT Response:

OFT did review and assess the cashiering operations of DCPL in 2011, when prior concerns over internal controls were reported. OFT continues to monitor revenue collections as it is entered into the iNovah cashiering system.

In 2011, OFT determined the following: each of the 26 libraries collected cash and the librarians shared cash drawers; the SIRSI database system was used by the librarians to determine collection of fines and fees but librarians were not responsible for reconciliation of the daily cash collected; librarians shared their SIRSI sign-on and passwords; the copies made by staff for the office were free but sometimes undocumented; the coins and currency from each library were transported by library staff in personal vehicles without security to the main Martin Luther King branch (MLK) for reconciliation by OCFO personnel; and, the currency bags delivered were not secured and arrived opened or sometimes missing funds.

OFT recommended and implemented the following changes in 2011: iNovah was installed at the central library location (MLK) to become the system of record for - revenue collections, accounting, and remote deposit of checks to the Bank; OFT's accounting department continues to review batch deposits submitted by DCPL to ensure they are closed properly and interface to post to SOAR; each librarian was

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## APPENDIX 1: OFFICE OF FINANCE AND TREASURY'S RESPONSE

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assigned a unique sign-on and password for SIRSI to track revenue collected and forgiven; cash paid by citizens for fines and fees was centralized to MLK only; start-up banks were eliminated with the exception of MLK and a limit of \$20 per librarian was set; and, OCFO/DCPL personnel drafted policies and procedures for the centralized cash collections and reconciliation.

DCPL secured a vendor, Boscop, to collect coins and cash from each library copier. Boscop delivered a check for the proceeds with a reconciliation report to the OCFO. OFT was told that the Boscop contract was not renewed in 2012 but that a RFP for a new vendor was imminent. Locked cash bags were recommended until a new contractor was hired to insure cash was secured until arrival at MLK.

**Corrective Actions Recommended: Perform periodic reviews of cash collections from the copy machines to ensure cash collected by DCPL/OCFO employees matches the actual cash deposited into the coin boxes and the District's bank account.**

**OFT Response:**

OFT could perform periodic reviews of cash collections from the DCPL copiers. However, the copier hardware that provides the volume and copy types (black/white vs. color) needs to be purchased so that an accurate reconciliation of the copies to the funds collected can be made. As indicated in the survey, there is no accurate reporting method in place to determine the number of copies. OFT will need to evaluate the cost of the required hardware and/or assess another method (kiosk) to account for the funds or copies. Upon determination of the reporting methods, a mutually agreed upon procedure can be established for reconciliation and OFT can periodically review the reconciliation to ensure compliance. Additional financial resources may be required by DCPL to purchase the hardware or other methods needed to track the copy volumes.

**Corrective Actions Recommended: Obtain access to daily SIRSI fines and fees report and periodically reconcile them to the iNovah summary cash reports and bank statements.**

**OFT Response:**

This three-way reconciliation is a function performed by the DCPL/OCFO personnel. OFT can work with OCFO/DCPL personnel to develop an agreed upon procedure for a three-way reconciliation between SIRSI, iNovah, and the Bank. Periodically, OFT can request copies of the reconciliations to review and ensure compliance with the agreed upon procedure.

Based on the results of the Office of Integrity and Oversight's (OIO) survey (OIO code no: 13-03-15 DCPL), OFT is in concurrence to work with the OCFO/DCPL staff to implement stronger oversight methods. In order to do this, OFT needs to review and understand what reports and systems are available, determine their adequacy, and possibly recommend additional resource requirements. The timeline anticipated to perform the research to insure collections at DCPL are handled and reconciled properly are attached (A).

cc: Jeffrey Barnette  
Mohamed Mohamed  
Donna McKenzie

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## APPENDIX 1: OFFICE OF FINANCE AND TREASURY'S RESPONSE

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER

Office of Finance and Treasury

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ATTACHMENT A

**MEMORANDUM**

**TO:** Mohamed A. Mohamed  
Deputy Chief Financial Officer  
Office of Finance and Resource Management (OFRM)

**FROM:** Donna McKenzie  
Revenue Operations Officer  
Office of Finance and Treasury (OFT)

**DATE:** November 4, 2013

**SUBJECT:** Research Timeline for OFT Recommendations on District of Columbia Public Library's (DCPL) Revenue Collections

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Mohamed,

Based on the results of the Office of Integrity and Oversight's (OIO) survey (OIO code no: 13-03-15 DCPL) regarding DCPL's internal controls around revenue collections, OFT is in concurrence to work with the DCPL staff to implement stronger oversight methods. In order to do this, OFT needs to review and understand what reports and systems are available, determine their adequacy, and possibly recommend additional resource requirements. The timeline anticipated to perform the research to insure collections at DCPL are handled and reconciled properly is as follows:

1. November 7-12, 2013 - Benchmark local library jurisdictions (Prince George's County, Baltimore City, and Montgomery County) for methods of collections from copy machines.
2. November 18-20, 2013 - Work with OCFO/DCPL to develop the best reconciliation practices for fines and fees collection with supporting documents.
3. November 18-20, 2013 - Meet with OCFO/DCPL and Chief Librarian for demo of proposed copier equipment to be purchased to account for number of copies made and funds collected.

**APPENDIX 1: OFFICE OF FINANCE AND TREASURY'S RESPONSE**

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4. **November 21-22, 2013 – Perform market research on possible kiosks and/or Armored Car collections at all 26 Libraries.**
5. **December 2- 4, 2013 – Perform market research for vendors who may collect copier revenue from the 26 libraries for potential RFP.**
6. **December 13, 2013 - Finalize recommendations and complete report to OFT and OFRM management.**

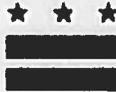
**cc: Jeffrey Barnette  
Clarice Wood**

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**APPENDIX 2: DISTRICT OF COLUMBIA PUBLIC LIBRARY'S RESPONSE**

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
GOVERNMENT OPERATIONS CLUSTER  
OFFICE OF FINANCE AND RESOURCE MANAGEMENT**



**MEMORANDUM**

**TO:** Mohamad K. Yusuff, Interim Executive Director  
Office of Integrity and Oversight (OIO)

**THROUGH:** Mohamed A. Mohamed, Associate Chief Financial Officer  
Government Operations Cluster (GOC) *U2*

**FROM:** Tammie Robinson, Agency Fiscal Officer (AFO)  
District of Columbia Public Library (DCPL) *T. Robinson*

**DATE:** November 7, 2013

**SUBJECT:** Response to Draft Report on Proactive Integrity Survey of Internal Controls over  
the Cash Collection Process at the District of Columbia Public Library (OIO Code  
No. 13-03-15 DCPL)

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Attached is the DCPL/Office of the Chief Financial Officer (OCFO) response to the OIO Proactive Integrity Survey of Internal Controls over the Cash Collection Process at the District of Columbia Public Library (OIO Code No. 13-03-15 DCPL). We have reviewed the report and have provided comments, as requested. We also have included actions taken and planned, along with target dates for completion of planned actions and reasons for any disagreements with matters in the report.

We appreciate the opportunity to respond to your review. If you or your staff have any questions, please feel free to contact Belete Sitota, GOC Controller, on 202/727-3437, Tammie Robinson, DCPL AFO on 202/727-5520 or Mohamed Mohamed, GOC ACFO, on 202/727-8178.

cc: Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer,  
Office of Finance and Treasury (OFT)  
Clarice Wood, Associate Treasurer, OFT  
Dennis Gill, Financial Manager, GOC  
Belete Sitota, Controller, GOC

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## APPENDIX 2: DISTRICT OF COLUMBIA PUBLIC LIBRARY'S RESPONSE

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### **DCPL/OCFO Response to the Draft Report on Proactive Integrity Survey of Internal Controls over the Cash Collection Process at the District of Columbia Public Library (OIO Code No. 13-03-15 DCPL)**

Pursuant to the OIO's request, we have structured our response as follows. For each of the five corrective issues identified, we have provided:

- Comments
- Actions Taken and Planned
- Target Dates for Completion of Planned Actions
- Reason for Any Disagreements with identified Management Issues and the Corrective Actions needed
- Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies.

Summary - Five corrective issues are identified:

- 1) Verification and Reconciliation of Cash Collections from Copy Machines – Replacement of the coin boxes in order to ensure that cash collected and counted is the actual cash deposited into the copy machines.
- 2) Management of Cash Collections from Fines and Fees - Reconciling the SIRSI Fines and Fees reports with the Daily Cash Collection Summary reports to ensure that cash and checks received and recorded is the exact ash and checks sent to the OCFO for eventual deposit.
- 3) Periodically Reviewing Fines and Fees Forgiveness and Cancellation Transactions – In coordination with the DCPL staff to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.
- 4) Ensure that two DCPL/OCFO employees are present while counting the cash collected from the copy machines or fines and fees.
- 5) Enforce DCPL/OCFO employees to close the vault room door while counting the cash to ensure safeguarding of the District's assets.

### **MANAGEMENT (DCPL/OCFO) RESPONSE**

- 1) **Verification and Reconciliation of Cash Collections from Copy Machines -- Replacement of the coin boxes in order to ensure that cash collected and counted is the actual cash deposited into the copy machines.**
  - *Comments* – Management concurs. The OIO survey notes that this deficiency is due to missing By-Pass reports and the unavailability of an electronic device used by the former cash collection contractor to report how much cash had been deposited into each coin box. (Note: This contractor's services were not renewed for FY 2013 for cause.) DCPL/OCFO management did explore alternative methods to ensure that the cash collected and counted by OCFO employees matched the actual cash deposited into the

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copy machines. However, the Library's Chief Information Officer (CIO) determined that he could not replicate or reproduce the proprietary plug-in device for access to the cash transactions. The only option, the CIO concluded, was to replace the coin boxes and establish a new cash reporting mechanism. Because the existing copier contract expired at the end of FY 2013, management determined that it was best to include replacement vend machines and a new reporting mechanism in the contract renewal for FY 2014. The OIO acknowledges that the Library is in the process of replacing the coin boxes with vend stations that can be connected to laptop computers to generate financial reports regarding the amount of cash deposited into the copy machines. These reports will be used for reconciliation purpose. The OIO notes that these actions will remedy the issue.

- *Actions Taken and Planned* – In addition to the replacement of existing coin boxes, DCPL is seeking another vendor or copier vendor subcontractor to collect the cash from the vend stations. The DCPL/OCFO is a staff of only seven and one DCPL WAE employee. The two budget employees do not participate and the Agency Fiscal Officer (AFO) is seldom available to partake in the rotation. Pick-up of cash by staff has created a significant burden further exacerbated by the necessity to appropriately segregate duties.
- *Target Dates for Completion of Planned Actions* – The three-week Federal government shut-down prohibited the Library from moving forward with the new copier contract. The revised implementation schedule calls for set up of the new copiers and vend stations during the two to three week period starting the week of November 11, 2013. Samples of the new reports have been shared with the OIO auditor and deemed sufficient in addressing this issue.
- *Reason for Any Disagreements with identified Management Issues/Corrective Actions Needed* – None.
- *Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies* – The Associate Chief Financial Officer (ACFO) for the Government Operations Cluster (GOC) has asked that the Office of Finance and Treasury assume its responsibility for the collection and handling of DCPL cash receipts. In the meantime and as an alternative to the Library seeking a vendor or subcontractor for cash collections, the DCPL/OCFO requests that the Office of Finance and Treasury (OFT) ascertain whether Library copier cash can be picked up the vendor or personnel responsible for parking meter cash/coin collections.

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**2) Management of Cash Collections from Fines and Fees - Reconciling the SIRSI Fines and Fees reports with the Daily Cash Collection Summary reports to ensure that cash and checks received and recorded is the exact cash and checks sent to the OCFO for eventual deposit.**

- *Comments* – Management concurs. The recommended review of the SIRSI reports has been included in the DCPL/OCFO revised policies and procedures (See red print on pp. 16 and 17).
- *Actions Taken and Planned* – New procedures include maintaining a daily SIRSI logbook for use by personnel to reconcile the SIRSI report, Daily Cash Collection Summary Sheet, and funds collected.
- *Target Dates for Completion of Planned Actions* –
  - As of October 15, 2013, DCPL/OCFO has begun reconciling the SIRSI reports to the Daily Cash Collection Summary Sheet and actual cash collected. This reconciliation includes retroactive dates from October 1, 2013 to present. All discrepancies have been noted on the SIRSI report, and branch managers have been notified via email beginning Tuesday, November 5, 2013.
  - Draft Revised Policies and Procedures – Monday, November 4, 2013.
  - Review of Draft Policies and Procedures w/ Government Operations Cluster (GOC) Controller – Tuesday, November 5, 2013.
  - Distribution and Implementation of Revised Policies and Procedures – Thursday, November 7, 2013.
- *Reason for Any Disagreements with identified Management Issues/Corrective Actions Needed* – The DCPL/OCFO disagrees that SIRSI reports were “never reviewed, used or reconciled” against the Daily Cash Collection Summary. It was the DCPL/OCFO that requested that the DCPL Office of Information Technology (IT) send daily the SIRSI reports to Library management. An email informing the then CIO that the SIRSI reports had not been provided is attached. Also attached are other emails where activity identified by the SIRSI report is brought to Library management’s attention by the DCPL/OCFO. The DCPL/OCFO acknowledges that the changeover in staff resulted in little use of the SIRSI reports. The daily reconciliation has been included in the revised policies and procedures (see attached).



Desk

Procedures\_updated



RE credit card fine  
payments to date.ms



Inovah and BOSOP  
Status and Follow-up



RE SIRSI Detail for  
Georgetown.ms



RE SIRSI Report as  
of Aug 8-10 2011.ms

- *Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies* – None.

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**3) Periodically Reviewing Fines and Fees Forgiveness and Cancellation Transactions – DCPL/OCFO, in coordination with the DCPL staff, to ensure integrity of these transactions and compliance with DCPL Policies and Procedures.**

- *Comments* – Management disagrees. The review of fines and fees forgiveness and cancellations to ensure the integrity of the transactions and compliance with DCPL Policies and Procedures is a programmatic function. Such review should be conducted by the DCPL Risk Manager, DCPL Public Services and the Office of the Inspector General.
- *Actions Taken and Planned* – None.
- *Target Dates for Completion of Planned Actions* – N/A.
- *Reason for Any Disagreements with identified Management Issues/Corrective Actions Needed* – See Comments above.
- *Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies* – None.

### OTHER MATTERS

**4) Ensure that two DCPL/OCFO employees are present while counting the cash collected from the copy machines or fines and fees.**

- *Comments* – Management concurs, in part. The GOC and DCPL/OCFO are keenly aware of the internal control requirement of dual custody when handling cash. In this case, one employee was allowed to count fees and fines due to a staff shortage. However, when handling the copier funds there have always been two counters. The DCPL/OCFO staff shortage, no cost benefit to hiring additional employees in relation to the rather low volume of cash collected and the lack of overall expertise in this area are the chief reasons that the GOC ACFO encourages OFT to assume this responsibility as quickly as possible. In the interim, we have updated our Policy and Procedures to read that there must be two employees counting at all times.
- *Actions Taken and Planned* – Recommended actions complete.
- *Target Dates for Completion of Planned Actions* – N/A.
- *Reason for Any Disagreements with identified Management Issues/Corrective Actions Needed* – N/A.
- *Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies* – None.

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**5) Enforce DCPL/OCFO employees to close the vault room door while counting the cash to ensure safeguarding of the District's assets.**

- *Comments* – Management concurs. The vault room door was previously left open during the counting of funds, due to the lack of ventilation in the room. We have currently rectified the ventilation issue by providing fans, as necessary, to increase the circulation in the room. The door is now always closed during the counting of funds.
- *Actions Taken and Planned* – Recommended actions complete.
- *Target Dates for Completion of Planned Actions* – N/A.
- *Reason for Any Disagreements with identified Management Issues/Corrective Actions Needed* – N/A.
- *Proposed Alternative Solutions that Will Efficiently and Effectively Correct the Noted Deficiencies* – None.