

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

**AUDIT OF OFFICE OF FINANCE AND TREASURY
(OFT)'s CASHIERING OPERATIONS AT
SELECTED DISTRICT DEPARTMENT OF
MOTOR VEHICLES (DMV) SITES**

OFFICE OF INTEGRITY AND OVERSIGHT



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



Office of Integrity and Oversight

MEMORANDUM

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

FROM: Timothy Barry, Executive Director
Office of Integrity and Oversight 

DATE: May 14, 2015

SUBJECT: Final Report: Audit of Office of Finance and Treasury's (OFT)'s Cashiering Operations at Selected District Department of Motor Vehicles (DMV) Sites (OIO Code No. 14-01-14 OFT)

This final report summarizes the results of the Office of Integrity and Oversight (OIO)'s Audit of OFT's Cashiering Operations at three Department of Motor Vehicle (DMV) sites: 95 M Street, SW; Georgetown Park, and Penn Branch. The overall objectives of the audit were to determine whether OFT: 1) complied with the applicable laws, regulations and internal policies and procedures; 2) established internal controls to adequately safeguard assets from fraud, waste, and abuse; and 3) adequately monitored cashiering operations.

We issued two recommendations to address the findings cited in the report. OFT concurred with the recommendations and has proceeded to implement them. We consider OFT's actions as fully responsive to our recommendations. The full text of the response is included as an Appendix to this report.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this audit. Should you have any questions or need additional information, please contact me at (202) 442-6433, or Mohamad Yusuff, Director of Internal Audit, at (202) 442-8240.

Thank you for your cooperation and assistance.

Attachment

cc: Jeff DeWitt, Chief Financial Officer, Government of the District of Columbia
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, OCFO
Marshelle Richardson, Chief Risk Officer, OCFO
Clarice Wood, Associate Treasurer, OFT

**AUDIT OF OFFICE OF FINANCE AND TREASURY (OFT)'s CASHIERING
OPERATIONS AT SELECTED DISTRICT
DEPARTMENT OF MOTOR VEHICLES (DMV) SITES**

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**AUDIT OF OFFICE OF FINANCE AND TREASURY (OFT)'s CASHIERING
OPERATIONS AT SELECTED DISTRICT
DEPARTMENT OF MOTOR VEHICLES (DMV) SITES**

ACRONYMS

CFO	Chief Financial Officer
DMV	Department of Motor Vehicles
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
OCFO	Office of the Chief Financial Officer
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
RDC	Remote Deposit Capture

EXECUTIVE SUMMARY

OVERVIEW

This final report summarizes the results of the Office of Integrity and Oversight (OIO)'s Audit of the Office of Finance and Treasury (OFT)'s Cashiering Operations at three District Department of Motor Vehicle (DMV) sites: 95 M Street, SW; Georgetown Park, and Penn Branch. The overall objectives of the audit were to determine whether OFT: 1) complied with the applicable laws, regulations and internal policies and procedures; 2) established internal controls to adequately safeguard assets from fraud, waste, and abuse; and 3) adequately monitored cashiering operations. The audit was included in OIO's FY 2014 Audit Plan to ensure that proper internal control policies and procedures are in place to prevent and detect misappropriation of the District's assets.

CONCLUSIONS

We visited the three OFT cashiering locations referenced above and found that their cash handling processes were generally effective and efficient. Our examination revealed no cash deficiencies at any of these selected District's DMV sites. However, our audit revealed the following issues:

1. Georgetown Park:

- We found a small parcel of checks bound together and secured in the vault at the Georgetown Park. Our inquiry determined the checks were dated beyond the 30-day requirement for holding digitally deposited checks before shredding.

2. 95 M Street, SW:

- We found the vault's "Inventory Keys List" (a list of authorized cashiers with keys to the vault) was last updated on May 7, 2013, and none of the current cashiers were on this check list.

SUMMARY OF RECOMMENDATIONS

We made two recommendations to the Deputy Chief Financial Officer/Treasurer:

- Reinforce to OFT Cashiers/Tellers the significance of working with and adhering to OFT's policies and procedures regarding the shredding and disposition of processed RDC checks.
- Reinforce to OFT's Cashiers/Tellers the directive on periodic update of the Inventory Keys List to properly account for the holders of the safe keys.

EXECUTIVE SUMMARY

MANAGEMENT RESPONSE AND OIO COMMENTS

OIO received a written response from the OFT's Associate Treasurer on May 7, 2015, which agreed with our findings and recommendations. OFT has taken, or is in the process of taking, certain corrective actions to address the noted issues. We consider OFT's planned corrective actions to be responsive to our recommendations. The full text of OFT's response is included as an Appendix to this report.

INTRODUCTION

BACKGROUND

The OFT’s sites at 95 M Street, SW; Georgetown Park, and Penn Branch are all located in the District Department of Motor Vehicles (DMV) premises. These are full-service centers where OFT provides over-the-counter payment collection services to District residents. The daily collections consists of all taxes, license permit fees, fines, forfeitures, refunds and other fees, charges, and miscellaneous revenue collected by the District Government from the public. The DMV collects payments by cash, credit card, check or money order. They do not accept foreign checks, except checks drawn on the United States or Canadian banks. The 95 M Street, SW, cashiering site is staffed by four Tellers/Cashiers including a Site Supervisor, while the Georgetown Park and the Penn Branch sites are staffed by three Teller/Cashiers and a Site Supervisor. Georgetown Park is the only location that handles foreign nationals because it is equipped to handle and process the US Immigration and Naturalization documents.

These DMVs are opened to the public for business every day except Mondays and Sundays to accommodate the working class residents of the District.

Table 1 below presents types of transactions for each Cashiering Site.

Table 1: Type of Collection Transactions

No.	Department of Motor Vehicles	Collection Transactions
1	95 M Street, SW	Headquarters and Full-Service center for the Department of Motor Vehicles (Registration and Permits)
2	Georgetown Park 3223 M Street, NW	Full Service Center for Department of Motor Vehicles (Foreign Nationals)
3	Penn Branch 3214 Pennsylvania Ave, SE	Full Service Center for Department of Motor Vehicles (Registration & Permits)

Source: OFT: Cashiering Operations Manual

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether OFT:

1. Complied with the applicable laws, regulations and internal policies and procedures;
2. Established internal controls to adequately safeguard assets from fraud, waste, and abuse;
and

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3. Adequately monitored cashiering operations.

Our audit scope was to examine the cash functions and records/documents of the OFT. We examined the cash handling processes covering the period October 1, 2013 through September 11, 2014.

To accomplish our objectives, we performed surprise cash counts at these OFT's cashiering sites: 95 M Street, SW, Georgetown Park, and Penn Branch DMVs on September 4, 10, and 11, 2014, respectively. We obtained an understanding of the internal control structure for the three locations. We also reviewed applicable legislation, administrative rules and OFT's Cashiering Procedures Manual. Our surprise cash counts included observations of the operations and security at these locations. We tested the documentation supporting various cash transactions processed on those dates and interviewed the cashiering personnel. Additionally, we took the physical inventory of the items secured in the Vault and compared them to the attached Inventory List. We also tested the iNovah Quarterly User Security Configuration report to ensure that terminated employees have been deactivated from the system.

We relied on computer-processed data contained in the OFT's financial and Central Cashiering – iNovah System. We did not perform a formal reliability assessment of the data contained in the iNovah System. The system's reliability tests were performed previously as part of the District's Comprehensive Annual Financial Statement audit.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMENDATIONS

FINDING 1: COMPLIANCE WITH OFT'S POLICY AND PROCEDURES

SYNOPSIS

We found a small parcel of checks bound together and secured in the vault at the Georgetown Park, Department of Motor Vehicles (DMV) site. Our inquiry revealed that they were cancelled checks, digitally deposited and processed at the point of sale and waiting to be shredded. OFT's policy and procedures state that these checks should be shredded after 30 calendar days.

This condition occurred because the Cashier Supervisor at the Georgetown Park did not comply with the 30 calendar-day shredding requirement. As a result of this deficiency, there is a risk that the untraded checks could be stolen, resubmitted, and/or rescanned deliberately or by accident.

DISCUSSION

The Addendum to OFT's *Cashiering Operations Manual* stated: "Checks that have been successfully captured must be shredded in-house physically after 30 [calendar] days. This must be done with **dual** control to ensure checks are being properly disposed of."

On September 10, 2014, during our walkthrough at the Georgetown Park, we found a small parcel of checks with a rubber band wrapped around it, which turned out to be processed Remote Deposit Capture (RDC) checks waiting to be shredded. The due date for shredding was boldly written on the cover paper wrapped around which read **August 27, 2014**, which was 14 calendar days overdue for the shredding and disposition of the checks.

RECOMMENDATION

We recommend that the Deputy CFO/Treasurer:

1. Reinforce to OFT's Cashiers the significance of working with and adhering to OFT's policies and procedures regarding the shredding and disposition of processed RDC checks.

Management Response (Recommendation 1)

OFT concurred with the recommendation and stated that its Cashiering Unit has created a new monitoring log that will include the scheduled and actual dates of destruction, which will continually be monitored by the Lead Customer Service Representative.

OIO Comment

OFT's corrective actions are responsive and meet the intent of our recommendation.

FINDINGS AND RECOMENDATIONS

FINDING 2: SAFEGUARDING THE DISTRICT ASSETS

SYNOPSIS

At 95 M Street, SW; we found that the vault's "Inventory Keys List" was last updated on May 7, 2013, and none of the current cashiers were on this list. In addition, the monthly inspection conducted by the Cashier Operations Manager did not detect the above condition.

These conditions occurred because the on-site Cashier Supervisor failed to follow the guidelines described in the OFT's Cashiering manual. As a result, any loss/misplacement of safe keys would be difficult to detect since it's not recorded or documented. The vault's contents are also exposed to the risk of theft and a financial loss to the District.

DISCUSSION

As outlined in the OFT Cashiering Manual, the Cashier Operations Manager is to perform a monthly inspection of all the Cashiering sites to reinforce its internal controls. Failure to detect the significance of the regular and timely updating of the Inventory Keys List could hinder management's ability to safeguard District's assets.

The Cashier Supervisor stated that the oversight noted above may have been as a result of cashier rotation instituted by OFT.

RECOMMENDATION

We recommend that the Deputy CFO/Treasurer:

2. Reinforce to OFT's Cashiers the directive on periodic update of the Inventory Keys List to properly account for the holders of the safe keys.

Management Response (Recommendation 2)

OFT concurred with the recommendation and stated that a new policy will be in place to correct this deficiency.

OIO Comment

OFT's corrective actions are responsive and meet the intent of our recommendation.

FINDINGS AND RECOMENDATIONS

OTHER MATTERS

Penn Branch, SE:

- We observed that the cubicles, where cash is handled by OFT cashiering staff, are shared by other non-Treasury employees. The possibility of unattended cash or visibility of cash to any other person other than the cashier is considered a high risk that could lead to theft and/or financial losses to the District.
- Additionally, we noticed that three cashier stations share one panic button located in the middle, but out of reach from the two end cashiers. The lack of a panic button at each work station could adversely impact the safety of OFT cashiers.

Exhibit A: Summary of Potential Benefits Resulting from Audit

No.	Recommendations	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status ¹
1	Reinforce to OFT's Cashiers the significance of working with and adhering to OFT's policies and procedures regarding the shredding and disposition of processed RDC checks.	Internal Control	Corrective Action in Progress	Open
2	Reinforce to OFT's Cashiers the directive on periodic updating of the Inventory Keys List to properly account for the holders of the safe keys.	Internal Control	Corrective Action in Progress	Open

¹ This column provides the status of the recommendation as of the report date. For final reports "**Open**" means management and the OIO are in agreement on the action to be taken, but the action is not complete. "**Closed**" means that management advised that the action taken needed to correct the condition is complete. If a completion date was not provided the date of management's response was used. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

Appendix: OFT Management's Response

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



Office of Finance and Treasury
MEMORANDUM

TO: Timothy Barry, Executive Director,
Office of Integrity and Oversight (OIO)

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

DATE: May 07, 2015

SUBJECT: Office of Finance and Treasury's (OFT) Response to Memorandum
For Cashier Operations at Selected District Department of Motor Vehicles (DMV)
OIO Code No. 14-01-14 OFT

This memo is in response to the OIO audit performed at the various DMV sites for FY14. The audit report request is dated April 23, 2015. Below please find the OFT response.

Recommendation 1: Reinforce to OFT's Cashier/Tellers the significance of working with and adhering to OFT's policies and procedures regarding the shredding and disposition of processed RDC checks.

OFT Response:

The OFT Cashiers Unit has created a new log that requires the Lead Customer Service Representative to keep records of the total amount of checks received daily and stored in the vault. The new log will also include the date for destruction and the date actually destroyed. The spreadsheet will be forwarded over to the Main Cashiers Office weekly for monitoring purposes. This procedure will be followed according to the OFT policies and procedures for Check Retention.

Recommendation 2: Reinforce to OFT's Cashier/Tellers the directive on periodic update of the Inventory Keys List to properly account for the holders of the safe keys.

OFT Response:

The Inventory Key List log has been removed and replaced with the "Vault Contents log, which will list all items housed in the vault, including the keys, money bags and all pertinent information that should be maintained and house per vault. All sites will be reviewed and the list will be required to be updated per rotation by the Lead Customer Service Representative.

cc: Jeffrey Barnette
Donna McKenzie
Ingrid Richards