



Office of the City Manager

INFORMATION CALENDAR

November 19, 2013

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Eric Angstadt, Director, Planning and Development

Subject: Audit Update: Permit Service Center Surprise Cash Count: Need to Address Long Standing Security and Accountability Concerns

INTRODUCTION

A Permit Service Center Surprise Cash Count audit report¹ was submitted to the City Council on November 6, 2007 with recommendations to strengthen internal controls over the Permit Service Center's change fund and daily collections, and thus reduce the risk of theft or fraud. A Status Report was submitted on May 19, 2009². The audit included five recommendations. Three of the recommendations were implemented prior to submittal of the audit to the City Council, one was implemented shortly thereafter, and one (Recommendation 2.2) has been partially implemented.

CURRENT SITUATION AND ITS EFFECTS

This is the final status report to the City Council for this audit. Although recommendation 2.2 has only been partially implemented, the Auditor's Office will be issuing a construction permit audit soon and this audit recommendation and the findings associated with it will be addressed again in this new audit. Planning will provide an implementation status of this recommendation in status reports for this new audit.

Finding 2 and the implementation status of recommendation 2.2 are as follows:

Finding 2: Need to Improve Physical Security and Accountability

Recommendation 2.2: Coordinate with Finance to improve accountability for the Permit Service Center change funds and collections. Possible improvements to consider include:

- a. Establish separate cash drawers, FUND\$ user identifications, and passwords for

¹ Permit Service Center Surprise Cash Count Audit Report:

<http://www.ci.berkeley.ca.us/citycouncil/2007citycouncil/packet/110607/2007-11-06%20Item%2017%20Permit%20Service%20Center%20Surprise%20Cash%20Count.pdf>

² May 9, 2009 Status Report: http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2009/05May/2009-05-19_Item_41_Status_Report_Permit_Service_Center_Surprise_Cash_Count.pdf

- each employee that processes cash transactions.
- b. Assign two staff (one per register) daily to perform the cash handling duties.
 - c. Hire a separate cashier.
 - d. Instead of opening at 8:00 a.m. open at 8:15 or 8:30 to allow time to perform the morning cash handling duties with adequate safeguards, such as dual custody.

Status: Partially implemented. Part d of this recommendation has been implemented. The Permit Service Center does not have adequate staff or resources to hire a separate cashier and there are not enough staff members to assign specific people to cash handling duties without adversely affecting customer service.

Recommendation 2.2 a, to provide individual cash drawers for the six Permit Service staff who accept applications and payment, is not feasible due to cost and space limitations. In addition, the Permit Service Center must currently maintain separate cash registers for two software modules. Staff members are assigned to work both modules to provide efficient customer service.

POSSIBLE FUTURE ACTION

Individual cash drawers may be considered when the Permit Service Center uses only one software module and when the Center relocates prior to the end of the current lease in six years.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Approximately \$12,000.

CONTACT PERSON

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