



Office of the City Auditor

CONSENT CALENDAR  
July 8, 2003

To: Honorable Mayor and  
Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: Transfer Station Cash Receipts / Cash Handling Audit

#### RECOMMENDATION

That Council request the City Manager to report back on November 25, 2003, regarding the implementation status of each of the Auditor's recommendations in the attached report, and, should any recommendations remain outstanding, to fully implement them by January 31, 2004, and to report back in February.

#### SUMMARY

At the request of the City Manager, an audit of the current cash receipt, handling, and deposit procedures and practices being used by the Public Works Transfer Station at 1201 2<sup>nd</sup> Street was performed. Audit fieldwork began on February 6, 2003, and concluded on March 5, 2003.

The audit report includes five major audit findings, each addressing several concerns, and twenty recommendations.

#### FISCAL IMPACTS OF RECOMMENDATION

The audit did not look at the cost to implement the audit recommendations. However, care was taken not to make audit recommendations that did not appear cost effective to implement.

#### CURRENT SITUATION AND ITS EFFECTS

Concerns identified during the audit include the following:

- Written policies and procedures are incomplete and insufficiently detailed. (Finding 1)
- A Senior Refuse Supervisor is authorized to perform almost all the cash receipt and cash handling functions. (Finding 2)
- Cashiers can make unauthorized changes to debris weight reported by the scales and use it to incorrectly calculate fees. (Finding 2)
- Work is not always adequately reviewed, errors identified by the reviewer are seldom corrected, and missing documents identified by the reviewer are seldom provided. Finding 3)

- Cashiers allow their supervisor to use their user identification (ID) and cash till. (Finding 2,4)
- Cash register user IDs are not password protected. (Finding 5)
- A procedure for buying-back recycled oil had not been established. Staff stated that they had been paying customers for recycled oil with their own personal funds. (Finding 4)
- Access to cash receipts is not adequately restricted and safeguarded. Dual custody over cash receipts is not being practiced. (Finding 5)

RATIONALE FOR RECOMMENDATIONS

Most of the findings identified in the audit report indicate that Public Works is not placing enough emphasis on procedures designed to help ensure that all payments received at the Transfer Station are adequately safeguarded, deposited, and properly recorded. The implementation of our recommendations will significantly improve internal controls over cash receipts.

CONTACT PERSON

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Approved:

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