




Office of the City Manager

INFORMATION CALENDAR

October 25, 2005

To: Honorable Mayor and
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Fran David, Director, Finance Department

Subject: Transfer Station Cash Receipts/Cash Handling Audit – Status Report (CF 13-05)

INTRODUCTION

The City Auditor's Office conducted an Audit of the Public Works Transfer Station's cash receipts and cash handling in 2003. The Audit Report was presented to Council on July 8, 2003, and Public Works has provided status reports on the implementation of Audit recommendations in November 2003, and March and May 2004. On March 15, 2005, the Finance Department provided an update on the implementation of recommendations that involved the Finance and Public Works Departments. This report updates the status of the remaining two issues: work with Transfer Station Supervisors and Senior Supervisors to finalize the written procedures; and Finance analysis and determination for Transfer Station staff implementation of a direct pick-up of Transfer Station deposits by Brink's. The Transfer Station Cash Receipts/Cash Handling Audit, including the full text of all findings and recommendations, can be found on the City's website at: <http://www.cityofberkeley.info/auditor/currentaudits.htm>.

CURRENT SITUATION AND ITS EFFECTS

Recommendation 3.4 Follow-up to determine whether the City received the October 4, 2002, credit card payments totaling \$1,549.42 and that it has been properly accounted for as Transfer Station revenue, rather than posted in error to another revenue code. Investigate to determine what happened, and update written procedures to prevent this type of error from re-occurring.

The only item from this recommendation that was not fully implemented, as previously reported, was to update written procedures to prevent this type of error from recurring.

Status on Updating written procedures: Fully Implemented. Subsequent to the Council status report of March 15, 2005, Finance and Transfer Station staff met on three occasions to determine which procedures needed to be developed, and to assist Transfer Station staff in writing them. This work proceeded as follows: on March 17th Finance staff went over the internal control features to be utilized by Transfer Station staff in the use of the safe; on August 16th Finance staff reviewed the Transfer Station's cash handling operations and provided direction on the written procedures that needed to be written; and, on August 24th Finance staff trained Transfer Station staff in the use of the HTE/FUND\$ Cash Receipts Module to record cash receipt transactions.

Finance and Transfer Station staff agreed that the efficiency of the Treasury and the Transfer Station cash handling operations could be improved if Transfer Station staff entered their cash receipts into the Cash Receipts Module directly, rather than Transfer Station staff preparing manual Treasury receipts and having Treasury staff record the cash receipts transactions. To implement the City Auditor's Recommendation 3.4, and to implement other procedures that Finance and Transfer Station staff determined were needed, the following written procedures were developed by Transfer Station and Finance staff:

- Use of the Cash Receipts Module;
- Verification of the Recording of Deposits into the City's General ledger; and
- Processing of Deposits for Courier Pickup.

Recommendation 5.9 When Finance – Treasury is not open to receive Transfer Station cash receipts, such as Saturdays and holidays, this money should be brought daily to a secure alternative location.

Status on Implementing Courier Service at the Transfer Station: Fully Implemented

Finance and Transfer Station staff decided to have Brink's Courier System pick up Transfer Station deposits on Saturdays and holidays, when the Treasury is not open, as well as daily deposits, which would be more efficient for Treasury and the Transfer Station cash handling operations. This new process began on September 12, 2005 for a 6-months trial basis. The process will be monitored during this time and reviewed again near the end of this period. A final determination on continuing with the Brink's service will be made by the end of March 2006.

BACKGROUND

All other recommendations and findings from the original Audit have already been resolved by Public Works and/or Finance Departments.

POSSIBLE FUTURE ACTION

In addition to making a final determination about the Brink's service, Finance staff will continue to monitor the effectiveness of cash handling procedures at the Transfer Station. They will work with Transfer Station staff to evaluate cash handling operations, and make any changes necessary to adequately safeguard Transfer Station cash.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Cost of the courier service will be \$390/month or \$4,680/year. This expense will be charged to Refuse Fund account 820-5607-432-3038.

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