

Office of the Auditor-Controller
Contra Costa County

Robert R. Campbell
Auditor-Controller

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Elizabeth A. Verigin
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January 20, 2016

TO: David Twa, County Administrator

FROM: Robert R. Campbell, Auditor-Controller 

SUBJECT: Office of the Treasurer-Tax Collector's Report of \$1,337 Shortage in Tax Collections

In accordance with Administrative Bulletin 207.7, Section VI.C *Relief of Shortages and Account Collections – For Shortages Greater than \$250*, the attached copy of the subject report is being forwarded for your review and presentation to the Board of Supervisors for action.

The Office of the Auditor-Controller has verified and concurs with the contents of the report. Upon the Board's approval, the requested relief shall be authorized.

RRC/msr

Cc: Russell Watts

Contra Costa County Treasurer-Tax Collector's Office



Date: April 10, 2015
To: Robert Campbell, Auditor-Controller
From: Russell Watts, Treasurer-Tax Collector
By: Corrie Gideon, Tax Operations Supervisor C.A.
Subject: Administrative Bulletin 207.7 - Relief of Shortages and Account Collections

On April 6, 2015, the Treasurer-Tax Collector's Office (the "Office") sustained a cash shortage in the amount of \$1,337.00. The shortage occurred sometime during the normal course of the business on April 6, 2015, and was discovered on the morning of April 7, 2015, while balancing the previous day's transactions.

Attempts have been made to locate the money including contacting a taxpayer whose cash payment exactly matched the amount missing. In this case, the taxpayer had a receipt for her payment and recalls the cashier placing the cash into the drawer.

The Office has reported the incident to Labor Relations and has requested that an investigation be conducted. All records and the video surveillance tape for the work done on April 6, 2015, will be made available.

Additionally, we request your office conduct an internal control review of our policies and procedures for the handling cash payments to determine where, if any, improvements may be made.

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July 1, 2015

Elizabeth A. Verigin
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TO: Russell V. Watts, Treasurer-Tax Collector

FROM: Robert R. Campbell, Auditor-Controller
Audit Staff: Sandi Bewley, Auditor III 

SUBJECT: Office of the Treasurer-Tax Collector Cash Collections Internal Controls Review

Per the request of Russell Watts, Treasurer-Tax Collector, the Office of the Auditor-Controller conducted an internal control review of the policies and procedures for the handling of cash collections.

We planned and performed the necessary observations to determine if, with reasonable assurance within our scope, the following internal controls existed:

- Assets were adequately safeguarded.
- Appropriate internal controls were in place and functional.

Based on the results of our testing, internal controls for the safeguarding of cash need to be strengthened.

1. Comply with Administrative Bulletin #205.1, "Cash-Receiving, Safeguarding and Depositing" and the Office of the Treasurer-Tax Collector's Investment Policy to strengthen internal controls for cash collections.
2. Strengthen internal controls for cash collections to ensure adequate safeguarding and accountability of payments to the Treasurer-Tax Collector and deposits from departments to the Treasury.

The following section includes the full text of the recommendations to assist management in addressing the issues.

We appreciate the cooperation and prompt assistance of the Office of the Treasurer-Tax Collector's staff during the course of our review.

In accordance with established policy, we request your written response to the recommendations in this report within 30 days.

Office of the Treasurer-Tax Collector Cash Collections Internal Controls Review

Recommendation 1: Comply with Administrative Bulletin #205.1, "Cash-Receiving, Safeguarding and Depositing" and the Office of the Treasurer-Tax Collector's Investment Policy to strengthen internal controls for cash collections.

Condition: Internal controls were not adequate for the safeguarding and accountability of cash collections. The following was noted on May 1, 2015:

Tax Collector's Division

1. Cash and checks received were not deposited timely. Deposits are made twice a week, although daily collections exceeded \$500.
2. Cashiers' currency and coin are not physically counted when cash-ups are performed. Amounts entered into Inovah were from currency reader tapes of currency and coin counted the previous day.
3. Cashiers have excessive amounts of currency in their individual drawers at any given time. There was \$499,023.50 in cash and checks in the cashier drawers at the time of the visit.

Treasury Division

1. Currency was bundled into larger denominations and individual bills were not physically counted when balancing the drawer. In addition, the drawer was not locked when unattended.
2. The key to open the gate in the vault is unsecured.

Criteria: Administrative Bulletin #205.1, establishes uniform procedures and standards for receiving, safeguarding, and depositing of cash.

1. Section VI.A, Depositing Cash, states, "...If practical, daily depositing is preferred. If deposits are not made daily, they shall be made when coin and currency exceed \$250 or the total collections exceed \$500...."
2. Section, VI.B, states, "Cash maintained at department offices must be kept in a locked and secure location with access limited to authorized personnel only...."

In addition, section 8.3 of the Office of the Treasurer-Tax Collector's Annual Investment Policy states, "...The County Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Treasurer are protected from loss, theft or misuse...."

Office of the Treasurer-Tax Collector Cash Collections Internal Controls Review

Effect: Lack of internal controls may result in misappropriation of funds, undetected errors, and/or omissions.

Cause: Based on staff resources, the Office of the Treasurer-Tax Collector implemented what was considered to be the most effective and efficient handling of the cash collections.

Suggested action: Management should review Administrative Bulletin #205.1 and educate staff on the County's policy regarding receiving, safeguarding, and depositing cash. Additionally, Management should adhere to the following:

1. Deposit all collections daily.
2. Physically count individual currency and coin when balancing the drawers daily.
3. Assign limits to cashier drawers.
4. Secure the key to the vault to limit access.

Office of the Treasurer-Tax Collector Cash Collections Internal Controls Review

Recommendation 2: Strengthen internal controls for cash collections to ensure adequate safeguarding and accountability of deposits from departments to the Treasury.

Condition: Internal controls were not adequate for the safeguarding and accountability of cash collections. The following was noted on May 1, 2015:

Tax Collector Division

Tax Collector cashiers are collecting deposits on behalf of the Treasury. Collections are placed into an unsecured tray in the vault until the Treasury cashier can verify the deposit.

Criteria: Administrative Bulletin #205.1, establishes uniform procedures and standards for receiving, safeguarding, and depositing of cash.

Section, VI.B, states, "Cash maintained at department offices must be kept in a locked and secure location with access limited to authorized personnel only...."

Effect: Lack of internal controls may result in misappropriation of funds, undetected errors, and/or omissions.

Cause: Based on staff resources, the Office of the Treasurer-Tax Collector implemented what was considered to be the most effective and efficient handling of the cash collections.

Suggested action: Management should review Administrative Bulletin #205.1 and educate staff on the County's policy regarding receiving, safeguarding, and depositing cash. Additionally, staff should secure all collections received in a locked drawer in the vault.