

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

**AUDIT OF THE OFFICE OF
FINANCE AND TREASURY'S
CASHIERING OPERATIONS
(301 C ST AND GEORGETOWN)**

OFFICE OF INTEGRITY AND OVERSIGHT



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



MEMORANDUM

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

FROM: Mohamad K. Yusuff, Interim Executive Director
Office of Integrity and Oversight

DATE: February 20, 2013

SUBJECT: Final Report on the Audit of the Office of Finance and Treasury's Cashiering Operations – 301 C Street and Georgetown (**Report No. 12-01-15 OFT**)

Attached is the final report summarizing the results of the Office of Integrity and Oversight's (OIO) Audit of the Office of Finance and Treasury's (OFT) Cashiering Operations – 301 C Street, Room 1157 and Georgetown at 301 C Street, Room 1036, NW, Washington DC (OIO Code No. 10-01-15 OFT). This audit is part of OIO's continuous audit coverage of the OFT's Cashiering Operations.

The report contains one recommendation for necessary action to address the deficiency described in the report. However, in view of the closure of the Interim Georgetown at 301 C Street on March 8, 2013, we consider our recommendation as being closed. The full text of the Office of Finance and Treasury's response is included as Appendix 1.

We appreciate the assistance and cooperation that you and your staffs provided to OIO during this audit. Should you have any questions or need additional information, please call me at 202-442-8240 or Tony The, Audit Manager at 202-442-8294.

Attachments

cc: Natwar M. Gandhi, Chief Financial Officer
Angell Jacobs, Chief of Staff, OCFO
Kathy Crader, Chief Risk Officer, OCFO
Clarice Wood, Associate Treasurer, OFT

AUDIT OF THE OFT'S CASHIERING OPERATIONS

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AUDIT OF THE OFT'S CASHIERING OPERATIONS

ACRONYMS

(DMV)	Department of Motor Vehicle
(GAO)	Government Accountability Office
(MPD)	Metropolitan Police Department
(OFT)	Office of Finance and Treasury
(OIO)	Office of Integrity and Oversight
(ROOM 1036)	Georgetown at 301 C Street, NW
(ROOM 1157)	301 C Street, NW

EXECUTIVE DIGEST

OVERVIEW

The Office of Integrity and Oversight (OIO) has completed the audit of the Office of Finance and Treasury's Cashiering Operations at 301 C Street, Room 1157 (**Room 1157**) and Georgetown at 301 C Street, Room 1036 (**Room 1036**), NW, Washington DC. Room 1157 is located in the same location as Room 1036, for purposes of this report considered these to be individual locations. Room 1157 is a Walk-in payment center for parking tickets, boots, tows, payment plans, and hearing request and Room 1036 is a full-service payment center for Department of Motor Vehicles for OFT. Our overall objectives of the audit were to assess whether OFT complied with the applicable laws, regulations and internal policies and procedures; to determine whether OFT established internal controls to adequately safeguard assets from fraud, waste, and abuse; and to verify whether OFT adequately monitored cashiering operations.

On September 17, 2012, OIO auditors accompanied by OFT's representative, made a surprise visit to Room 1157, and on September 19, 2012, made a similar visit to Room 1036, and reviewed cash handling operations. We performed an assessment of the cashiering stations, and evaluated the internal controls used for the daily operations. During the visit, we performed cash counts; observed and examined security features at each location; interviewed staff to understand their procedures for securing receipts for deposit; and reviewed current cash policies and procedures.

CONCLUSION

We did not identify any deficiencies in the cash count performed at the 301 C Street, Room 1157 and Georgetown at 301 C Street Room 1036, NW Washington DC. However, we noted a physical security control deficiency for the Georgetown cashiering operation.

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT ACTIONS

This report contains one recommendation to address the deficiency identified during the audit. The recommendation is directed to the Associate Treasurer for Banking and Operations, OFT and focus on:

- Requesting that the Department of Motor Vehicle install additional physical security features for Georgetown at 301 C Street Room 1036, cashiering operations to ensure a secured and protected working environment.

A summary of the potential benefit resulting from this audit is shown as Exhibit A.

EXECUTIVE DIGEST

MANAGEMENT RESPONSE AND OIO COMMENT

OIO received a written response from the Associate Treasurer, OFT on February 11, 2013, which noted that the Department of Motor Vehicle will relocate the Interim Georgetown cashiering operations from 301 C Street to the new Rhode Island Service Center to be opened on March 19, 2013.

We consider our recommendation as being closed as a result of this change.

The full text of the Associate Treasurer's response is included in Appendix 1.

INTRODUCTION

BACKGROUND

The Office of Finance and Treasury (OFT) provides over-the-counter payment collection services to District taxpayers, fee payers and agencies. It also operates several of these service centers throughout the District where funds are collected daily. These daily collection of receipts consist of all taxes, license, permit and fees, fines, forfeitures, refunds and other fees, charges, and miscellaneous revenue collected by the District Government from the public, the Federal government and the courts.

On September 17, 2012, OIO auditors accompanied by OFT's representative, made a surprise visit to 301 C Street, (**Room 1157**), and also on September 19, 2012, made a similar visit to Georgetown at 301 C Street, (**Room 1036**). During the time of our cash count, the Georgetown cashiering operation was temporarily relocated to the 301 C Street until renovation is completed at the old location. Our cash counts included a review of cash handling operations and physical walkthrough of the cashiering station. During the visit, we performed cash counts; observed and examined security features at each location; interviewed staff to understand their procedures for securing receipts for deposit; and reviewed the process of Armored Truck daily pickup and deliveries to the banks.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to:

- Assess whether OFT complied with applicable laws, regulations and internal policies and procedures;
- Determine whether OFT established internal controls to adequately safeguard assets from fraud, waste, and abuse; and
- Verify whether OFT adequately monitored cashiering operations.

In order to meet the objectives of our audit, we performed surprise cash counts at Room 1157 and Room 1036 on September 17 and 19, 2012, respectively. Our surprise count included physical observations of the operations and security in both locations. We tested the documentation supporting various cash transactions processed on those dates and interviewed the cashiers and OFT managers regarding the cashiering process, security practices, and policies and procedures.

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 because the System's reliability tests were performed previously as part of the audit of the Comprehensive Annual Financial Report.

INTRODUCTION

We conducted this performance audit in accordance with generally accepted government auditing standards. Those 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.

FINDING AND RECOMMENDATION

FINDING: PHYSICAL SECURITY CONTROLS FOR THE GEORGETOWN CASHIERING OPERATION AT 301 C STREET
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SYNOPSIS

Our audit revealed no discrepancies in the Cash Counts and the Previous Day's Receipts observed at 301 C Street and the Georgetown at 301 C Street sites respectively. However, we found no surveillance cameras and/or panic buttons were installed, due to the temporary nature of the Georgetown cashiering operation at 301 C Street. The non installation of the above mentioned safety features, could lead to a less secured and protected working cashiering environment.

DISCUSSION

According to the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Physical Control over Vulnerable Assets) stated: "An agency must establish physical control to secure and safeguard vulnerable assets". Examples include security features such as the installations of surveillance cameras and panic buttons at the cashiering sites.

Georgetown relocation was considered temporary. However, we understand that Georgetown is to be permanently relocated at 301 C Street. There were no surveillance cameras and/or panic buttons in Room 1036, Georgetown at 301 C Street cashiering operations. However, during our cash count and physical walkthrough we noted there were constant patrol by the building armed security guards and the Metropolitan Police Department personnel at both cashiering sites.

RECOMMENDATION

We recommend that safety features be installed for Georgetown at 301 C Street, Room 1036 cashiering operations to ensure a more secure and safe working environment.

OFT Associate Treasurer Response

The Georgetown location is a DMV owned and operated facility and any modifications to the facility would require an approval from the DMV Director. On February 7, 2013, OFT received notification that the Rhode Island DMV will open on March 19, 2013, and the OFT cashiers will vacate the 301 C Street location as of March 8, 2013.

OIO Comment

Due to the closure of the Interim Georgetown at 301 C Street cashiering operations, we consider our recommendation as being closed.

Exhibit A: Summary of Potential Benefits Resulting from Audit

Recommendation Number	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status ¹
1	Physical security control for the Georgetown cashiering operation at 301 C Street	Internal Control	March 8, 2013	Closed

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 1: OFT Associate Treasurer's Response

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



Office of Finance and Treasury

MEMORANDUM

TO: Mohamad K. Yusuff, Interim Executive Director,
Office of Integrity and Oversight (OIO)

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

DATE: February 11, 2013

SUBJECT: Response to Draft Audit: OIO No. 12-01-15 OFT, Cashiering Operations

Mohamad,

OFT appreciates the work of the OIO team as another check and balance around OFT's internal controls. I acknowledge the receipt of the above indicated audit report and its recommendation. The deficiency cited was to provide additional security features for the Georgetown cashiering office currently located at 301 C Street to ensure a more secure and protected work environment.

Georgetown is a DMV owned and operated facility. Any modifications to a DMV location can be recommended but require approval from the Director, Lucinda Babers. OFT supplies cashiers to DMV to assist with revenue collections. The current OFT cashiers were relocated from the closed Georgetown DMV to 301 C Street in January 2012 until further notice.

Consideration was given to re-opening the Georgetown DMV or transitioning the OFT cashiers to the new Rhode Island DMV location. On February 7, 2013, OFT received notification that the Rhode Island DMV will open on March 19, 2013 and the OFT cashiers will vacate the 301 C Street location as of March 8, 2013. Attached please find the email notification from Director Babers.

Based upon receipt of this notification, the audit recommendation will not be implemented at the 301 C Street, interim Georgetown location. However, the recommendation will be a request for the new Rhode Island location.

Attachment

Appendix 1: OFT Associate Treasurer's Response

Wood, Clarice (OCFO)

From: Babers, Lucinda (DMV)
Sent: Thursday, February 07, 2013 8:14 PM
To: Wood, Clarice (OCFO); Richards, Ingrid L. (OCFO); Williams, Stephen C. (OUC)
Subject: DMV Rhode Island Service Center Opening

Importance: High

Hi All,

On March 19, 2013, DC DMV will host the grand opening of the new Rhode Island Service Center located in Rhode Island Row, Northeast next to the Rhode Island Avenue Metro Station. This service center will provide the same services once provided at the Georgetown Service Center and the Temporary Service Center.

Address: 2350 Washington Place, NE, Suite 112N, Washington, D.C. 20018
Hours of operation: Tuesday - Saturday from 8:15am-4pm

On Friday, March 8, 2013, the Temporary C Street Service Center at 301 C Street, NW will permanently close at the end of daily operation.

We look forward to providing the public GREAT Customer Service at this NEW Location!!

Thanks! lucinda

*Vanessa E. Newton
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