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account number, which allows for effective use of the iNovah query and audit capabilities when reviewing past transactions. However, transactions involving import fees and alcohol tax are made by distributors that do not have an ABRA license and the distributors' name is used as the account number. We noted instances with these transactions where variations of the name were used when the transaction was posted. ABRA needs to establish procedure that will insure the same name is used each time a distributor makes an import fee and alcohol tax transaction.

Voided Transactions. During the 9-month period October 1, 2013, through June 30, 2014, ABRA voided 68 transactions valued at about $37,000. We randomly selected a non-statistical sample of 10 voided transactions, and tested whether each void had a valid reason, and whether a correcting entry, if necessary, was properly posted to iNovah. For these 10 voided transactions, we were able to trace and verify that the void was valid. However, we noted that the reasons provided to explain why the transaction was voided did not contain enough information to clearly justify the void. We then scanned the reasons given for voiding all 68 transactions and found that, for over 30 of the 68 transactions, the reason provided was "***wrong amount***" or "***wrong bill,***" with no additional information. One of the 10 voided transactions we initially reviewed in detail was a transaction on April 18, 2014, for $2,730.00. The transaction was voided with the reason "wrong bill." No additional information was provided. We used the iNovah payment query for that account number and found that the $2,730.00 had been paid on April 8, 2014. The reason should have stated that the bill was paid on April 8, 2014, and referenced by Receipt #01454611. This would provide a clear audit trail supporting the void. Only two of the 68 transactions voided during the 9-month period contained enough detail to adequately support the voided transaction.

Standard Operating Procedures. ABRA's guidance for cashiering operation, "Standard Operating Procedures (SOP) for the Collection and Depositing of Monies," dated March 17, 2009, needs to be updated. The SOP was written when ABRA was located at 941 North Capital Street, where there was an OFT Cashier Office on the first floor. The SOP still contains procedures that are no longer are in practice. The SOP does not address the policy for voiding transactions, which is probably the area that has the highest risk of fraud, waste and abuse. Additionally, the 2009 SOP did not address the procedures for filing supporting documentation, or the procedures for check retention and shredding after 30 days.

UNUSED ALLOCATION CODES

The iNovah software is programmed with allocation codes the cashiers can access through a drop down box. OFT is responsible for updating the database of allocation codes based on input from the using agency. OFT can deactivate accounts that are no longer needed, which will reduce the number of allocations that appear in the dropdown box, thereby reducing the number of allocations the cashier needs to scroll to get to allocation needed for the transaction.

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The DCTC had 58 allocation codes assigned to it. During the period October 1, 2013, through June 30, 2014, the DCTC used only 16 of 58 allocation codes. Of the remaining 42 codes, 8 had no action in the past 5 years.

ABRA had 19 allocation codes assigned and only 5 were used during the period October 1, 2013, through June 30 2014. Of the remaining 14 allocation codes, 10 had not been used in the past 5 years.

The DCTC and ABRA should identify the allocation codes required for conducting business operations and coordinate through EDRC to have OFT deactivate the unneeded codes. In addition, OFT should monitor and coordinate the allocation code process with all iNovah users across the District. Retaining unneeded allocation codes can increase the potential for erroneously posting a transaction to a wrong account and to avoid errors or hidden transactions.

RECOMMENDATIONS, MANAGEMENT RESPONSES AND OIO COMMENTS

We recommend the Deputy Chief Financial Officer and Treasurer, OFT:

1. Reinforce to all iNovah users the importance of using a uniform, standardized method for establishing unique account numbers for full transparency without diminishing the iNovah querying capabilities when reviewing and researching past transactions.
2. Periodically monitor and coordinate with all iNovah users in identifying relevant allocation codes in use and deactivate those that are no longer needed.
3. Reinforce to all iNovah users the importance of providing valid and documented detailed reasons for voiding a transaction, and to include identifying the correcting transaction, if needed.

Management Response (Recommendation 1)

OFT concurred with the recommendation and stated the Revenue Collections Unit (RCU) will visit each iNovah site to observe the process and make recommendations for establishing unique account identification numbers. The RCU will also establish specific policies and procedures in the OFT cashiering manual to address unique account identification numbers and usage of required fields in iNovah.

OIO Comment

OFT's corrective actions are responsive to the recommendation.

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Management Response (Recommendation 2)

OFT concurred with the recommendation and stated that the RCU will annually send a list of active iNovah codes to OFCO agency management for verification of codes that should remain active for the new fiscal year.

OIO Comment

OFT's corrective actions are responsive to the recommendation.

Management Response (Recommendation 3)

OFT concurred with the recommendation, and stated that RCU will draft policies for voiding transactions to include detailed documentation of the reason for the void and requiring the site manager to approve and maintain the supporting documentation.

OIO Comment

OFT's corrective actions are responsive to the recommendation.

We recommend the Interim Chairman, District of Columbia Taxicab Commission (DCTC); and the Director, Alcoholic Beverage Regulation Administration (ABRA):

4. Ensure cashiers provide a complete description of the reason and maintain evidence for a voided transaction, and to include identifying the correcting transaction, if one was required. Also, require supervisors, before approving a voided transaction in iNovah, to review and approve the supporting documentation for voiding the transaction to ensure transparency and validity for the void.
5. Identify iNovah allocation codes that are no longer used and request EDRC to have OFT deactivates the unneeded codes.
6. Develop or update the Standard Operating Procedures (SOP) for the cashiering operations that details the specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors, including procedures and related controls for documenting voids and correcting entries.
7. Organize and maintain supporting documentation in a systematic, some chronological or alphabetical order, so that the documentation can be easily retrieved for examination and review. If past transactions need to be reviewed, ensure that everyone (primary and back-up personnel) are aware of and follow approved procedures so that documents can be readily obtained if required.

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Management Response (Recommendation 4)

The Interim Chairman, DCTC; and the Director, ABRA concurred with the recommendation. Both ABRA and DCTC stated that their cashiers will receive additional training from OFT that will specifically address voiding transactions. DCTC added that the Driver Services Manager will be responsible for reviewing each voided transaction to ensure it was properly processed. ABRA stated that its revised Standard Operating Procedures will specifically address procedures to be followed by its cashiers and supervisors when voiding a transaction.

OIO Comment

DCTC and ABRA corrective actions are responsive to the recommendation.

Management Response (Recommendation 5)

ABRA and DCTC concurred with the recommendation. The DCTC stated it identified 20 iNovah codes that needed to be deactivated and sent OFT a request on April 9, 2015, to deactivate those codes. ABRA identified 8 codes and stated EDRC sent a request to OFT to have the codes deactivated. ABRA also requested OFT to give its "ABRA Office" access to only the 6 revenue allocations used for daily business. Both agencies stated the codes will be reviewed annually to determine if any changes should be made to the active codes.

OIO Comment

ABRA and DCTC corrective actions are responsive to the recommendation.

Management Response (Recommendation 6)

ABRA and DCTC concurred with the recommendation. ABRA stated it is in process of updating its SOP with an anticipated completion date of June 1, 2015. The DCTC did not have an SOP on cashiering and stated that the Operations Manager and the Driver Services Manager will develop an SOP detailing specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors. The SOP is planned for completion by June 30, 2015.

OIO Comment

ABRA and DCTC corrective actions are responsive to the recommendation.

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Management Response (Recommendation 7)

DCTC and ABRA concurred with the recommendation. DCTC stated that a document management contractor has completely organized the files in alphabetical order so that all files can now be quickly retrieved. In addition DCTC is in discussions with a document storage contractor to implement an electronic document storage system. It is anticipated that before the end of the fiscal year a new system will be decided upon. ABRA stated the updated SOP will address procedures for organizing, maintaining and retrieving supporting documentation.

OIO Comment

The ABRA and DCTC corrective actions are responsive to the recommendation.

We recommend the Director, Alcoholic Beverage Regulation Administration (ABRA):

8. Establish a system for creating account numbers for transactions made by customers that do not have an ABRA license number such as distributors paying the import fee and alcohol tax.

Management Response (Recommendation 8)

ABRA concurred with the recommendation and stated the updated SOPs will address procedures for creating account numbers for these transactions.

OIO Comment

ABRA corrective action is responsive to the recommendation.

We recommend the Interim Chairman, District of Columbia Taxicab Commission (DCTC):

9. Establish a uniform system for creating single account identification number and to ensure that all cashiers use the system implemented by the DCTC. For driver transactions consider using only the drivers' taxi or limo license number, and for those transactions processed before the license is issued consider using last name and the last 4 of the social security number. Alternatively, develop and put a system in place that will prevent errors, irregularities, or fraud.
10. Reinforce to DCTC staff the significance of charging the correct license and late fees and task supervisors to randomly monitor transactions for correctness, accuracy, and transparency.
11. Establish a document archive date (10 years for example) and remove any document older than that date from the active files and put those document into archive storage or

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convert them to electronic storage so as to prevent a future document filing problem from reoccurring.

Management Response (Recommendation 9)

The Interim Chairman, DCTC, concurred with the recommendation and stated for license renewal the Face ID Card number (the license number) is used and it is a unique number to a driver. For new applicants who do not have a Face ID number, the individuals will be identified by last name, first name, and last four digits of the social security number until a Face ID number is issued. These procedures will be incorporated into the SOP and occasional audits will be conducted by supervisors to ensure compliance.

OIO Comment

These procedures will meet the intent of the recommendation provided only the 5-digit Face ID number is used and no description is added to the account number.

Management Response (Recommendation 10)

DCTC concurred with the recommendation and stated that this condition will be corrected with stringent oversight and supervisory involvement. DCTC with the assistance of the Revenue Collection Unit is planning to have its cashiers retrained. In addition, new Standard Operating Procedures will be created for cashiering operations. The Driver Services Manager will be responsible for oversight of transaction processing. Through retraining and supervisory oversight this condition can be corrected and future mistakes eliminated. DCTC also stated that repeated violations of this type will warrant stern review and may require further disciplinary action.

OIO Comment

DCTC corrective action is responsive to the recommendation.

Management Response (Recommendation 11)

The DCTC concurred with the recommendation and stated that most documents related to driver services must be kept for four years, after which time they can be purged and stored.
Additionally, as stated in the response to recommendation 7, DCTC is currently working with a document management firm to develop a solution to the document storage and retrieval.

OIO Comment

DCTC corrective action is responsive to the recommendation.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status[4]
1	Reinforce to all iNovah users the importance of using a uniform, standardized method for establishing unique account numbers for full transparency without diminishing the iNovah querying capabilities when reviewing and researching past transactions.	Internal Control	Ongoing	Open
2	Periodically monitor and coordinate with all iNovah users in identifying relevant allocation codes in use and deactivate those that are no longer needed.	Efficiency/ Internal Control	Performed Annually	Open
3	Reinforce to all iNovah users the importance of providing valid and documented detailed reasons for voiding a transaction, and to include identifying the correcting transaction, if needed.	Internal Control	Ongoing	Open
4	Ensure cashiers provide a complete description of the reason and maintain evidence for a voided transaction, and to include identifying the correcting transaction, if one was required. Also, require supervisors, before approving a voided transaction in iNovah, to review and approve the supporting documentation for voiding the transaction to ensure transparency and validity for the void.	Internal Control	ABRA projected completion date June 1, 2015 DCTC ongoing	Open
5	Identify iNovah allocation codes that are no longer used and request EDRC to have OFT deactivates the unneeded codes.	Efficiency/ Internal Control	April 17, 2015	Closed

[4] This column provides the status of the recommendation as of the report date. For final reports "**Open**" means management and OIO are in agreement on the action to be taken, but the action is not complete. "**Closed**" means that management advised OIO that they took the action needed to correct the condition and that action 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 the recommended action nor proposed a satisfactory alternative action to correct the condition.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status
6	Develop or update the Standard Operating Procedures (SOP) for the cashiering operations that details the specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors, including procedures and related controls for documenting voids and correcting entries.	Internal Control	ABRA completion date June 1, 2015 DCTC completion date June 30, 2015	Open
7	Organize and maintain supporting documentation in a systematic, some chronological or alphabetical order so that the documentation can be easily retrieved for examination and review. If past transactions need to be reviewed, ensure that everyone (primary and back-up personnel) are aware of and follow approved procedures so that documents can be readily obtained if required.	Internal Control	ABRA completion date June 1, 2015 DCTC completion FY 2016	Open
8	Establish a system for creating account numbers for transactions made by customers that do not have an ABRA license number such as distributors paying the import fee and alcohol tax.	Internal Control	ABRA completion date June 1, 2015	Open
9	Establish a uniform system for creating single account identification number and to ensure that all cashiers use the system implemented by the DCTC. For driver transactions consider using only the drivers' taxi or limo license number, and for those transactions processed before the license is issued consider using last name and the last 4 of the social security number. Alternatively, develop and put a system in place that will prevent errors, irregularities, or fraud.	Efficiency / Internal Control	Ongoing	Open

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Potential Benefit	Type of Benefit	Agency Reported Completion Date	Status
10	Reinforce to DCTC staff the significance of charging the correct license and late fees and task supervisors to randomly monitor transactions for correctness, accuracy, and transparency.	Economy	Ongoing	Open
11	Establish a document archive date (10 years for example) and remove any document older than that date from the active files and put those document into archive storage or convert them to electronic storage so as to prevent a future document filing problem from reoccurring.	Efficiency /Economy	DCTC projected completion FY 2016	Open

APPENDIX 1: OFT MANAGEMENT'S RESPONSE

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

Office of Finance and Treasury

MEMORANDUM

TO: Timothy Barry, Executive Director,
Office of Integrity and Oversight (OIO)

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

DATE: April 10, 2015

SUBJECT: Office of Finance and Treasury's Audit Response to Draft Report For Audit of Internal Controls over Cash Collection process at selected Non-OCFO Agencies – **Report No. 14-01-12 OFT**

This memo is in response to the OIO Draft Report of Audit Findings and Recommendations for the OCFO (OFT) Audit Response to Draft Report for Audit of Internal Controls over Cash Collection Process at selected Non-OCFO Agencies covering the period of October 30, 2013 thru June 30, 2014. The audit draft report is dated March 27, 2015. Below please find the recommendations and responses for OFT.

Recommendation 1: Use of Uniform and Unique Identifiers in iNovah

Reinforce to all iNovah users the importance of using a uniform, standardized method for establishing unique account numbers for full transparency without diminishing the iNovah querying capabilities when reviewing and researching past transactions.

OFT Response:

The Revenue Collections Unit (RCU) within OFT has responsibility for the iNovah cashiering system. RCU management will visit each iNovah site to learn their processes to recommend the best unique identifier for each transaction type processed through iNovah. From there, RCU will recommend incorporating the use of the unique identifier into the agency's desk procedures and assist with training users. OFT will follow-up and track the use of the required identifier to ensure its consistent use.

RCU will also establish a specific policy and procedure within the OFT cashiering manual to give guidance on the selection of unique identifiers and usage of required fields in the iNovah Cashiering System.

APPENDIX 1: OFT MANAGEMENT'S RESPONSE

Recommendation 2: Allocation Code Reviews

Periodically monitor and coordinate with iNovah users to identify relevant allocation codes in use and deactivate those that that are no longer needed.

OFT Response:

The Revenue Collections Unit along with the OFT Accounting Unit will annually send a list of active allocations codes from the iNovah database to respective OCFO agency management. Agency management will be expected to confirm the allocation codes for the new fiscal year that should remain active and/or deactivated. The OFT Accounting Unit will also add or deactivate allocation codes, as needed, if requested by email from the OCFO clusters.

Recommendation 3: Voiding Transactions in iNovah

Reinforce to all iNovah users the importance of providing valid and documented detailed reasons for voiding a transaction, and to include identifying the correcting transaction, if needed.

OFT Response:

The Revenue Collections Unit will draft policies and procedures on voiding transactions in iNovah. The policy will include the appropriate reasons for performing a void and all required supporting documentation. Supporting documentation must be signed by the site manager and maintained in an orderly fashion for future audit purposes.

cc: Jeffrey Barnette
Donna McKenzie

APPENDIX 2: DCTC MANAGEMENT'S RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
TAXICAB COMMISSION
2235 SHANNON PLACE, S.E., SUITE 204
WASHINGTON, D. C. 20020
(202) 645-6018

OFFICE OF THE CHAIRMAN
Eric Rogers, Interim Chairman

April 17, 2015

Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer
Office of finance and Treasury
1101 4th Street SW, Suite 850W
Washington DC 20024

Timothy Barry, Executive Director
Office of Integrity and Oversight
1101 4th Street SW, Suite 850W
Washington DC 20024

Dear Messrs. Barnette and Barry,

DCTC received the draft report of the Audit of Internal Controls over the Cash Collections Process at Non-OCFO Agencies. DCTC recognizes the importance of complying with applicable laws and regulations regarding cashiering operations and the need to practice effective internal controls to safeguard the District's assets from fraud, waste, and abuse. I want to personally thank you for identifying internal control weaknesses and allowing us an opportunity to make corrections and improve as an agency.

Listed below are the report's recommendations and the action(s) DCTC has already taken or will undertake to correct or remedy the situation.

- **4.** Ensure cashiers provide a complete description of the reason and maintain evidence for a voided transaction, and to include identifying the correcting transaction, if one was required. Also, require supervisors, before approving a voided transaction in iNovah, to review and approve the supporting documentation for voiding the transaction to ensure transparency and validity for the void.

- At present, iNovah presents a drop down list of options to select from when determining why a transaction is being voided. It is certainly the responsibility of the cashier to select and enter the appropriate reason for a void. Additionally, the supervisor should approve the voided transaction at the time the need to void a transaction is determined. Cashiers

APPENDIX 2: DCTC MANAGEMENT'S RESPONSE

have been reminded of the importance of this and identifying the transaction number of the correcting void entry. I have been assured by the Revenue Collection Manager that training can and will be provided to the DCTC Driver Services staff as soon as practical. It was not found that there was any apparent attempt to be less than truthful when entering transactions. Staff must take their time and stay focused. Driver Services Manager Linda Roberts will be responsible for checking each voided transaction to ensure proper entries are made. Ms. Roberts will also coordinate the training for the Driver Services staff.

- **5.** Identify iNovah allocation codes that are no longer used and request EDRC to have OFT deactivate the unneeded codes.

- **Response from the Office of the Chief Financial Officer (OCFO) Taxicab Commission:** The OCFO Economic Development and Regulation Cluster (EDRC) spoke with the Taxicab Commission's Administrative Officer to review the current iNovah allocation codes and determined which codes were no longer needed. Based on the review, it was determined that twenty (20) iNovah allocation codes needed to be deactivated. The OCFO EDRC team sent a request for iNovah code deactivation to the Office of Finance and Treasury (OFO). OFT processed the request on April 9, 2015. At the beginning of each fiscal year OFT will continue to send the iNovah Allocation codes for review by OCFO-EDRC to determine if any changes should be made to the current listing.

- **6.** Develop or update the Standard Operating Procedures (SOP) for the cashiering operations that details the specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors, including procedures and related controls for documenting voids and correcting entries.

- All Driver Services Staff received initial cashiering training on the iNovah Cashiering System from the OFT Revenue Collection Manager. DCTC does not have separate Standard Operating Procedures (SOP) for the cashiering operations. The Chief Administrative Officer, Sharon McInnis, and the Driver Services Manager, Linda Roberts, will develop DCTC SOP's that will detail the specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors, including procedures and related controls for documenting voids and correcting entries. Effective immediately, Ms. Roberts will review each void at the time the need for a void is determined to ensure it is being properly documented. Beginning the week of May 3, 2015, Ms. McInnis and Ms. Roberts will meet weekly until the SOP's have been completed. It is anticipated that the manual will be complete by June 30, 2015.

- **7.** Organize and maintain supporting documentation in a systematic, some chronological or alphabetical order so that the documentation can be easily retrieved for examination and review. If past transactions need to be reviewed, ensure that everyone (primary and back-up personnel) are aware of and follow approved procedures so that documents can be readily obtained if required.

- DCTC moved to new office space on December 20, 2014. Prior to the move, a document management service was contracted to label folders, alphabetize all folders, and file them

APPENDIX 2: DCTC MANAGEMENT'S RESPONSE

away. At present, all files have been transferred to the new filing storage system in proper alphabetical order. Any paperwork associated with a driver or company should be filed in the appropriately labeled folder. Additionally, DCTC is in discussion with OnBase Document Management to create a state-of-the-art document management system that would be all inclusive of paper files and internal electronic systems. There is a meeting scheduled for April 29, 2015, at which time a preliminary demonstration of how the document management system would fit into the DCTC workflow, will be conducted. It is anticipated that before the end of the fiscal year a new system will be decided upon. Chief Operations Officer, John Scott will spearhead this project.

- **9.** Establish a uniform system for creating single account identification number and to ensure that all cashiers use the system implemented by the DCTC. For driver transactions consider using only the drivers' taxi or limo license number, and for those transactions processed before the license is issued consider using the last name and the last 4 of the social security number. Alternatively, develop and put a system in place that will prevent errors, irregularities, or fraud.

  - When current drivers are renewing their applications, their Face Id Card number is used. This number is unique to each driver. However, it does appear that when new drivers applied, there were many combinations used to identify them. That has been corrected. New drivers will now be identified by their last name, first name and the last four of their social security number, until a Face ID card number is issued. DCTC will create a standardized method of identifying each transaction. This method will be used by each cashier. These procedures will be incorporated into the SOP's. Occasional, informal audits by the supervisor will ensure equal compliance. Linda Roberts, Driver Services Manager will be responsible for ensuring this occurs, effective immediately.

- **10.** Reinforce to DCTC staff the significance of charging the correct license and late fees and task supervisors to randomly monitor transactions for correctness, accuracy, and transparency.

  - Inaccurately posted transactions are disturbing. It is very difficult to find a rational reason for this to occur. There were some instances where the applicant was not charged enough and there were some instances where the applicant was charged too much. This type of inconsistency is wholly unacceptable. It would appear these transactions occurred over a period of time and not all by the same cashier. That, still, is of little comfort. One would have to assume that either the cashier(s) were very distracted and not careful, or there was some willful intent to be dishonest. Either scenario has to be corrected with stringent oversight and supervisory involvement. As I mentioned previously, DCTC is seeking to have the cashiers re-trained with the assistance of the Revenue Collections Manager. In addition, new Standard Operating Procedures will be created to reflect iNovah training as it currently exists. Recent new employees have received this training, but it is obvious all Driver Services staff could benefit from a refresher course in proper cashiering procedure. Driver Services Manager Linda Roberts will ensure transactions are properly coded. Through appropriate re-training and onsite monitoring, this behavior

APPENDIX 2: DCTC MANAGEMENT'S RESPONSE

can be corrected and future such mistakes eliminated. Repeated violation of this type will warrant a stern review and may require further disciplinary action.

- **11.** Establish a document archive date (10 years for example) and remove any document older than that date from the active files put those document into archive storage or convert them to electronic storage as to prevent a future document filing problem from reoccurring.

  - DCTC does have a Retention Schedule that delineates retention and disposal times for documents. Generally most documents related to Driver Services must be kept in file for 4 years. After that they can be purged and stored. As stated previously, DCTC is working with a document management firm to look at a solution to document storage and retrieval. There is an April 29, 2015 meeting scheduled in relation to this. John Scott, Chief Operation Officer will spearhead this project.

I would like to thank you for bringing these most important discrepancies to my attention. The items outlined in this report will be addressed and corrected as indicated. During the course of changes at an agency, priorities change and some things don't get the attention they deserve. That is why an audit such as this, is vital to the efficiency and integrity of an agency. I welcome the opportunity to set things right.

Sincerely,

Eric Rogers
Interim Chairman
DC Taxicab Commission

APPENDIX 3: ABRA MANAGEMENT'S RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Alcoholic Beverage Regulation Administration

April 15, 2015

Timothy Barry, Executive Director
Office of Integrity and Oversight
1100 4th Street, S.W., Suite 750
Washington, D.C. 20024

RE: OIO Code No. 14-01-12-OFT

Dear Executive Director Barry,

This letter is in response to your report entitled, "Audit Internal Controls Over the Cash Collection Process at Selected Non-OCFO Agencies". The Alcoholic Beverage Regulation Administration (ABRA) appreciates the opportunity to comment on this detailed report. ABRA's comments to the report's recommendations that relate to ABRA are as follows:

1. Ensure cashiers provide a complete description of the reason and maintain evidence for a voided transaction, and to include identifying the corrected transaction, if one was required. Also require supervisors, before approving a voided transaction in iNovah, to review and approve the supporting documentation for voiding the transaction to ensure transparency and validity for the void.

Response: ABRA, in coordination with the OCFO, intends to retrain all ABRA cashiers and supervisors by Monday, June 1, 2015 regarding the expected process for voiding or reviewing and approving a voided transaction in iNovah. ABRA will also issue by Monday, June 1, 2015 updated Standard Operating Procedures for its cashiering operations that will cover (1) the process that an ABRA cashier must follow to void a transaction in iNovah and (2) the process that the ABRA supervisor must follow prior to approving a voided transaction in iNovah.

2. Identify iNovah allocation codes that are no longer used and request EDRC to have OFT deactivate the unneeded codes.

Response: The Alcoholic Beverage Regulation Administration (ABRA) has **19** *active* iNovah Allocations, of which one allocation is for the Office of Tax and Revenue

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APPENDIX 3: ABRA MANAGEMENT'S RESPONSE

Alcohol Tax. iNovah code 5509 is used by the OFT Cashiers to record a reduction of expenditures for overtime in relation to Special Events.

The Office of the Chief Financial Officer – Economic Development and Regulation Cluster (EDRC) is working with the Office of Finance and Treasury (OFT) to have only the allocations specific to revenue collections accessible to the ABRA "Cashiers". Any expenditure allocations will only be accessible through the SSC Office (Shared Service Center) for EDRC to record a reduction of expenditures and/or the OFT Cashiers/DCRA Office. For example, employee reimbursements for travel related expenditures are deposited by SSC. ABRA had minimal travel during FY 2013 and FY 2014; however, the codes should remain active for future use.

EDRC has reviewed all allocations and determined that 8 codes can by deactivated by OFT. OCFO-EDRC has sent the e-mail to OFT requesting the deactivation of the codes. Additionally, we have requested that the 'ABRA Office' have access to only 6 revenue allocations, one of which is for OTR – Alcohol Tax.

At the beginning of each fiscal year OFT will continue to send the iNovah Allocation codes for review by OCFO-EDRC to determine if any changes should be made to the current listing.

3. ABRA update its existing Standard Operating Procedures (SOP) for the cashiering operations that detail the specific duties and responsibilities of cashiers, supervisory cashiers, and supervisors, including procedures and related controls for documenting voids and corrected entries.

ABRA intends to implement this recommendation. ABRA's Standard Operating Procedures for cashiering operations are being reviewed and updated in collaboration with the OFCO. ABRA will send your Office its updated Standard Operating Procedures for its cashiering operations by Monday, June 1, 2015.

4. Organize and maintain supporting documentation in a systematic order so that the documentation can be easily retrieved or reviewed.

Response: ABRA agrees with this recommendation. ABRA's updated Standard Operating Procedures will include the agency's process for organizing, maintaining and retrieving supporting documentation.

5. Establish a system for creating account numbers for transactions made by customers that do not have an ABRA license number such as distributors paying the import fee and alcohol tax.

Response: ABRA agrees with this recommendation. ABRA's updated Standard Operating Procedures will include the system to be utilized by ABRA cashiers for these transactions.

APPENDIX 3: ABRA MANAGEMENT'S RESPONSE

Please let me know should you need additional information from ABRA.

Sincerely,

Fred Moosally
Director, ABRA