

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

**AUDIT OF INTERNAL CONTROLS OVER THE CASH COLLECTION
PROCESS AT SELECTED NON-OCFO AGENCIES**

OFFICE OF INTEGRITY AND OVERSIGHT



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



Office of Integrity and Oversight

May 4, 2015

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

Eric Rogers, Interim Chairman
District of Columbia Taxicab Commission
2235 Shannon Place, SE
Washington, DC 20020

Fred Moosally, Director
Alcoholic Beverage Regulation Administration
2000 14th Street, NW
Suite 400
Washington, DC 20009

Dear Messrs. Barnette, Rogers, and Moosally,

This final report summarizes the results of the Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO)'s Audit of Internal Controls over the Cash Collection Process at Selected Non-OCFO Agencies. The objectives of the audit were to determine whether selected non-OCFO Agencies complied with applicable laws and regulations regarding cashiering operations and to evaluate the effectiveness of internal controls to safeguard the District's assets from fraud, waste, and abuse. The audit was conducted at the District of Columbia Taxicab Commission (DCTC) and the Alcoholic Beverage Regulation Administration (ABRA).

The audit identified internal control weaknesses that needed improvement in the following areas:

At both ABRA and the DCTC:

- Better documentation was needed to support voided transactions and to establish a clear audit trail to verify that a void is valid; and, if required, the correcting transaction was processed into iNovah.
- The iNovah database of allocation codes needed to be reviewed, and unneeded codes deactivated. We identified 18 allocation codes shown as active; however, these codes had no activity in over 5 years.

- Standard Operating Procedures (SOP) for cashiering operations need to be developed at the DCTC and updated at ABRA.
- Improved controls were needed over the filing of supporting documentation for iNovah transactions to ensure documents are readily available for review or audit.
- A standardized system for establishing a uniform customer account number is needed to ensure iNovah's query and audit features could be fully utilized.

We addressed 3 recommendations to the Deputy Chief Financial Officer and Treasurer (OFT), and 8 recommendations to the Interim Chairman, District of Columbia Taxicab Commission (DCTC), and/or the Director, Alcoholic Beverage Regulation Administration (ABRA). OFT, DCTC, and ABRA concurred with our findings and recommendations and provided respective corrective action plans with target completion dates. We consider the responses to be responsive to our findings and recommendations. The full texts of the responses are included as Appendix 1, 2, and 3.

We appreciate the assistance and cooperation that you and your staff provided to OIO during the audit. Should you have any questions related to the report, please contact me at (202) 442-6433; or Mohamad Yusuff, Internal Audit Director, at (202) 442-8240.

Sincerely,



Timothy Barry, Executive Director
Office of Integrity and Oversight

cc: Jeff DeWitt, Chief Financial Officer, Government of the District of Columbia
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, OCFO
Cyril Byron, Jr., Associate Chief Financial Officer, EDRC
Marshelle Richardson, Chief Risk Officer, OCFO
Clarice Wood, Associate Treasurer, OFT

**AUDIT OF INTERNAL CONTROLS OVER THE CASH COLLECTION
PROCESS AT SELECTED NON-OCFO AGENCIES**

Table of Contents

EXECUTIVE SUMMARY

OVERVIEWi
CONCLUSION... ..i
SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES... i

INTRODUCTION

BACKGROUND 1
OBJECTIVES, SCOPE, AND METHODOLOGY2

FINDING AND RECOMMENDATIONS

FINDING: INTERNAL CONTROLS OVER CASHIERING OPERATIONS..... 4
RECOMMENDATIONS, MANAGEMENT RESPONSES AND
OIO COMMENTS.....12

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT...17

APPENDIX 1 OFT MANAGEMENT’S RESPONSE20

APPENDIX 2 DCTC MANAGEMENT’S RESPONSE.....22

APPENDIX 3 ABRA MANAGEMENT’S RESPONSE26

**AUDIT OF INTERNAL CONTROLS OVER THE CASH COLLECTION PROCESS
AT SELECTED NON-OCFO AGENCIES**

ACRONYMS

ABRA	Alcoholic Beverage Regulation Administration
DCTC	District of Columbia Taxicab Commission
EDRC	Economic Development and Regulation Cluster
MPD	Metropolitan Police Department
OCFO	Office of the Chief Financial Officer
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
SOAR	System of Accounting and Reporting
SOP	Standard Operating Procedures

EXECUTIVE SUMMARY

OVERVIEW

The Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO) conducted an audit of the internal controls over the cash collection process at selected non-OCFO Agencies. This audit was included in the OIO's FY 2014 Audit and Integrity Plan. The agencies selected for the audit were the District of Columbia Taxicab Commission (DCTC) and the Alcoholic Beverage Regulation Administration (ABRA). The audit objectives were to determine whether:

- selected non-OCFO Agencies comply with applicable laws and regulations regarding the cashing process; and
- effective internal controls are in place at selected non-OCFO agencies to safeguard the District's assets from fraud, waste, and abuse.

CONCLUSION

Based on this audit, we concluded that internal controls over the cash collection process need to be strengthened. We found:

- The evidence for voiding transactions did not provide enough details to establish a clear audit trail to verify that the void was valid.
- Standard Operating Procedures (SOP) either did not exist or did not reflect the current business environment.
- The iNovah database needs to be updated and un-used allocation codes deactivated. We identified 18 allocation codes shown as active, but these codes had no activity in over 5 years.
- At DCTC, the supporting documentation for iNovah transactions could not be provided because the documents were not stored and maintained in a systematic order. In addition, there were no uniform procedures for establishing account numbers, which compromised iNovah's query and audit features.

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES

We provided 11 recommendations to improve the internal controls over the cashing operations at these two agencies. The recommendations focused on:

- Improving procedures over processing and documenting voided transactions.
- Implementing uniform procedures for creating unique account numbers so that iNovah's query and audit capabilities will not be compromised.
- Identifying iNovah allocation codes that are no longer needed and request the Office of Finance and Treasury (OFT) to deactivate those codes.
- Updating or developing Standard Operating Procedures (SOP) for cashing operations.
- Ensuring documentation supporting iNovah transactions is filed in an organized manner so that it can be easily retrieved if needed for audit or review purposes.

EXECUTIVE SUMMARY

We received management comments from OFT (April 10, 2015), DCTC (April 17, 2015) and ABRA (April 15, 2015). The Management of the three agencies concurred with the report findings and recommendations. The response from each agency proposed corrective actions, with projected completion dates, that, when implemented, will correct the conditions identified in the report. The completed texts of the OFT, DCTC and ABRA responses are provided in Appendix 1, 2, and 3.

INTRODUCTION

BACKGROUND

The Office of Finance and Treasury (OFT) has the overall responsibility to oversee the collection of all revenues on behalf of the District of Columbia Government. The District collects payments from a variety of sources such as taxes, permits, licenses, fines, and fees. Revenues (fees for services) paid to the District by point of sale (in person, over the counter transactions) are done at cashiering offices located at agencies throughout the District. At the time of our audit, there were 46 cashiering offices in the District; 35 of these offices were non-Treasury sites and 11 were OFT cashiering sites. OFT provides non-Treasury agencies with training and tools, such as iNovah Cashiering System or Desktop Deposit software through the District's bank to operate these sites, 27 of which use iNovah and 19 use Desktop Deposit for making deposits. Agencies using Desktop Deposit had to manually key transactions into the System of Accounting and Recording (SOAR), the District's financial system; whereas iNovah interfaced with SOAR and automatically updated it on a daily basis. The main difference between an OFT and non-Treasury site is that OFT sites have OFT employees and are allowed to accept cash payments, whereas non-Treasury sites can only accept checks, money orders, and credit cards. Our audit focused on non-OCFO sites that use the iNovah system.

OFT oversees access to iNovah, approves access levels; and with input from users, establishes and enters into iNovah the payment type (agency code) and allocations codes (revenue stream) associated with the accounting attributes budgeted in SOAR. OFT is also responsible for maintaining the database of allocation codes. If an allocation code is no longer required, the agency should notify OFT through its respective finance office, and OFT will deactivate the code. Annually, OFT requires that a recertification form be completed by contacting each user by email to determine whether iNovah access is still required or if responsibilities have changed. The user must complete a new access form, signed by his/her supervisor, and return the form to OFT for cross reference. OFT will deactivate the user's access privileges if no access form is returned by the due date.

Each cashier is assigned a unique cashier identification number. At the beginning of the day, iNovah will assign each cashier that logs onto iNovah a batch number. All transactions processed by that cashier will be recorded in that batch. Each transaction is sequentially numbered. The steps for processing a transaction include selecting the payment type (agency code), entering the customer account number (specific number related to the payment being processed), selecting the allocation code(s), specifying the payment amount, specifying the tender (check, credit card, money order), scanning the check or manually enter checking account information, validating the document, and printing the receipt. To provide accurate accounting, iNovah permits a transaction to be assigned to more than one allocation code. For example, if a customer is renewing a license for \$250 and has a \$50 late fee, the payment can be entered as a single transaction, split into two allocations, one for the license fee and one for the late fee. Allocation codes are preprogrammed into iNovah by OFT based on information provided by the user agencies. The codes can be accessed by the cashier through a drop down box. Each allocation code has a corresponding SOAR account number associated with it so that when the daily iNovah/SOAR interface is run, the proper SOAR account is charged.

INTRODUCTION

If a cashier makes an error, the transaction can be voided. For audit and accountability purposes, iNovah does not delete the voided transaction, but adds another transaction with a separate transaction number, so that at the end of the day the batch will have a sequential list of all transactions processed. The iNovah system also offers a data field for the cashier to enter the reason the transaction was voided, and to also identify the correcting entry, if one was needed. OFT assigns all access privileges and authorities for iNovah; as such, if a cashier needs to void a transaction, the transaction must be approved by a supervisor.

At the end of the day, each cashier closes and balances the batch, and then gives the batch totals, checks, credit card receipts, and all supporting documentation to the supervisor. The supervisor or person responsible for reconciling each cashier's batch; verifies that the iNovah check and credit card totals agree with the checks and the credit card receipts. If everything balances, an Image Cash Letter for the checks is created and sent to the bank, and a Consolidated Deposit is created to interface all the transaction batches of the day to SOAR. This eliminates the need for processing manual journal entries. Supporting documentation along with the checks are filed, and after 30 days the checks are shredded in accordance with OFT's Standard Operating Procedures.

OBJECTIVES, SCOPE AND METHODOLOGY

The audit objectives were to determine whether: 1) selected non-OCFO Agencies comply with applicable laws and regulations regarding the cashiering process; and 2) effective internal controls are in place at selected non-OCFO agencies to safeguard the District's assets from fraud, waste, and abuse.

In order to achieve these objectives, we examined a statistical sample of 95 cashiering transactions from each of the two agencies selected for the audit: the District of Columbia Taxicab Commission (DCTC) and the Alcoholic Beverage Regulation Administration (ABRA). The audit covered a 9-month period from October 1, 2013, to June 30, 2014. Our examination included verifying that proper amounts were charged; late fees, if applicable, were accurate; determining whether the reasons for voided transactions were adequately documented; and if a correcting entry was needed, it was made and the amount was accurate. We also interviewed and met with responsible personnel from OFT, ABRA, DCTC, and the Office of Economic Development and Regulation Cluster (EDRC).

We relied on computer-processed data from iNovah. We did not perform a formal reliability assessment of the computer-processed data because the system reliability tests were performed previously as part of the District's annual financial statement audit of the Comprehensive Annual Financial Report (CAFR). We did, however, perform limited tests, such as verifying that the total revenues identified by iNovah agreed with the revenues reported in SOAR for the period of the audit. We also verified that daily batch transactions were sequentially numbered, and voided transactions were not deleted from the system.

INTRODUCTION

This performance audit was conducted 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 RECOMMENDATIONS

FINDING: INTERNAL CONTROLS OVER CASHIERING OPERATIONS
--

SYNOPSIS

We found that the DC Taxicab Commission (DCTC):

- Did not maintain an organized filing system of the supporting documentation for transactions processed. We found that, as far back as November 2012, the supporting documentation was placed in cardboard boxes, or simply placed in piles on the floor in no particular order;
- Did not adequately document the reason for voiding a transaction; and if a correcting entry was required, it did not identify that transaction number of the correcting entry;
- Did not have a standardized process for assigning unique account numbers;
- Did not always charge the correct fees for licenses and late charges; and
- 8 of the 58 iNovah transaction allocation codes assigned to the DCTC had not been used in over 5 years.

We found that the Alcoholic Beverage Regulation Administration (ABRA):

- Did not adequately document the reasons for voided transaction, and if a correcting entry was required, it did not identify the transaction number of the correcting entry.
- 10 of the 19 iNovah allocation codes assigned to ABRA had not been used in over 5 years.

These conditions existed due to inadequate supervisory oversight and monitoring of iNovah transaction postings, including lack of proper documentation for voided transactions; and outdated or non-existent operating procedures. As a result, there is no assurance that all voided transactions were valid, and that all fees and fines due to the District were collected. Officials at DCTC stated that its document storage condition was caused because it ran out of file storage space.

DISCUSSION

DC TAXICAB COMMISSION (DCTC)

The primary mission of the DCTC is to provide District residents and visitors with a safe, comfortable, and affordable taxi service. Its goal is to try and ensure that cabs operating in the District are comfortable, well-equipped vehicles that are operated by qualified drivers, who have knowledge of the Districts streets, boundaries, and popular tourist destinations. To accomplish these goals, new drivers are required to be fingerprinted, complete a background check, pass established testing requirements, and provide documentation that demonstrates he or she meets

FINDING AND RECOMMENDATIONS

the citizen and residency requirements. New drivers are issued a license valid for one year, and drivers applying for renewals are issued two year licenses. The three most common types of licenses issued by the DCTC are: 1) taxi; 2) limo; and 3) taxi/limo. At the time of our audit, the license fees for each type of license were: taxi \$125/\$250¹; limo \$150/\$300; and taxi/limo \$275/\$550. According to the DCTC database of active licenses maintained on its website, there were 8,213 taxi licenses, 558 limo licenses, and 880 taxi/limo licenses issued as of December 16, 2014. According to iNovah records, the DCTC processed 13,455 transactions valued at about \$1.7 million during the period October 1, 2013, through June 30, 2014.

Documentation. We found documents dating back to November, 2012, that were not stored or maintained in any organized manner. These documents were placed into boxes or put into piles on a table or on the floor of the DCTC's file room, and were not organized in chronological or alphabetical order. The DCTC did have rolling file system, but each of the shelves was filled to capacity. We were told by the DCTC officials that they were required to permanently retain all information on every driver and this led to the shortage of file space. The DCTC officials also stated that a contractor had been hired to sort the several years' unfiled documents and to set up an orderly filing system. However, because of the current condition of the files, we were not able to obtain the supporting documentation for the original sample of 95 transactions selected based on systematic sample selection technique. Therefore, to complete our testing of sampled transactions, we had to use an alternative acceptable technique for statistical sample selection (haphazard sample selection technique). We selected 95 transactions from the piles of unfiled documents that were processed within the scope of our audit (October 1, 2013, through June 30, 2014). We then compared the information on these documents to the information entered in iNovah as opposed to tracing the iNovah transactions back to supporting documentation as originally planned.

Sample Results. We selected a statistical sample² of 95 transactions/documents (out of 13,455 transactions processed between October 1, 2013, and June 30, 2014). We compared the information on these 95 documents to the information recorded in the iNovah. We also compared the license number and type listed on the documentation to the license number and type recorded in the DCTC data base of licenses issued.

Of the 95 transactions examined, we found that 11 (about 12 percent sample error rate) were not processed accurately, based on the available information. Of the 11 transactions, we found 6 were not charged the correct license fee; 4 were either not charged or charged an incorrect late fee; and 1 had the correct license fee but the transaction was voided. According to the available documentation, this resulted in the driver not paying for his license renewal. We calculated that these inaccuracies resulted in \$1,875 lost revenues to the DCTC. The statistical projected error rate across the entire population is 19.17 percent which would result in 2,579 errors out of the

¹ \$125 is for one-year license; \$250 is for two-year license. The same pattern goes for limo and taxi/limo licenses.

² The statistical sample criteria were: confidence level 95%, materiality level 5%, and auditor's expectation of error 2%.

FINDING AND RECOMMENDATIONS

13,455 transactions processed by the DCTC during the 9-month audit period. Table 1 below presents the details of our analysis and finding.

Table 1: Transactions Inaccurately Processed

Item No.	Amount Charged	Correct Amount	Over/ (Under) Charge	Transaction Description	License Database
1	\$125.00	\$550.00	(\$425.00)	Charged 1 year taxi license	Issued 2 year taxi/limo
2	\$300.00	\$550.00	(\$250.00)	Charged for 2 year limo renewal	Issued 2 year taxi/limo
3	\$425.00	\$550.00	(\$125.00)	Charged 1 year taxi and 2 year limo renewal	Issued 2 year taxi/limo
4	\$400.00	\$450.00	(\$50.00)	55 Days late - charged late fee for 31-45 days	Issued 2 year limo
5	\$0.00	\$275.00	(\$275.00)	Charged \$275 taxi/limo – transaction voided on 6/11/14	Active 1 year taxi/limo
6	\$275.00	\$300.00	(\$25.00)	21 Days late - charged late fee for 1-15 days	Issued 2 year taxi
7	\$300.00	\$550.00	(\$250.00)	Charged 2 year limo renewal	Issued 2 year taxi/limo
8	\$300.00	\$550.00	(\$250.00)	Charged 2 year limo renewal	Issued 2 year taxi/limo
9	\$300.00	\$550.00	(\$250.00)	Charged 2 year limo renewal	Issued 2 year taxi/limo
10	\$400.00	\$350.00	\$50.00	28 Days late - charged late fee for 31-45 days	Issued 2 year limo
11	\$550.00	\$575.00	(\$25.00)	Renewal was late 6 days - no late fee charged	Issued 2 year taxi/limo
Total	\$3,375.00	\$5,250.00	(\$1,875.00)		

Voided Transactions. When a transaction is voided, iNovah provides a data field to document the reason for voiding the transaction. The DCTC did not adequately document reasons for voided transactions. One of the transactions included in our audit sample (No. 5 in Table 1 above) showed a \$275 charged for a new taxi/limo license processed on June 11, 2014. The transaction was voided and the reason given for the void was **“wrong amount – \$275 should be \$41.50”**. This voided transaction was the last transaction the cashier processed on June 11, 2014. The \$41.50 charge was the standard fee for fingerprints, and in this case, that charge was already paid and processed on May 27, 2014. After paying the fingerprint fee, the driver then took the application to the Metropolitan Police Department (MPD) where he was fingerprinted. When the applicant returned to the DCTC on June 11, 2014, to pay for his license, he had the application with the MPD fingerprint case information, as well as the iNovah receipt information showing the \$41.50 paid on May 27. The cashier processed the \$275 license fee, and the receipt information for that transaction was printed on the application right next to the \$41.50 receipt

FINDING AND RECOMMENDATIONS

information. There was no reason that this transaction should have been voided. Using the account number, we ran a query of all payments made under this account number, and the only two transactions found were the \$275 “original” charge and the “voided” charge for (\$275). We verified in the DCTC database of issued licenses that this license number was active with an expiration date of September 12, 2015. Based on all available information, we concluded that this driver did not pay for his license renewal.

As an additional test, we ran a query of all voided transactions by the DCTC for the period October 1, 2013, through June 30, 2014, and found that 104 transactions valued at about \$17,000 were voided during the 9-month audit period. We randomly selected a non-statistical sample of 30 voided transactions for testing, and found that 9 transactions were either not valid, inaccurate, or inadequately supported. Table 2 below presents summary of our analysis and findings regarding these 9 voided transactions.

Table 2: Analysis of Voided Transactions

No.	Transaction Date and Time	Amount Charged	Void Date and Time	Amount Voided	Amount Recharged	Reason for Void	OIO Comment
1	06/11/14 8:49 AM	\$125	06/11/14 3:56 PM	\$ 125	--	Should be \$41.50	No other fees charged to account; no evidence license fee was paid.
2	06/11/14 9:31 AM	\$125	06/11/14 4:00 PM	\$ 125	--	Should be \$41.50	No other fees charged to account; no evidence license fee was paid.
3	06/11/14 9:41 AM	\$275	06/11/14 4:04 PM	\$ 275	--	Should be \$41.50	\$41.50 charged in May, 2014, no other fees charge, license active per DCTG license data base; no evidence license fee was paid.
4	06/11/14 9:44 AM	\$125	06/11/14 9:45 AM	\$ 125	\$41.50	Should be \$41.50	License active per DCTC license data base; no evidence license fee was paid.
5	11/5/13 9:04 AM	\$275*	11/5/13 9:08 AM	\$275*	\$325*	Should be \$325* not \$275*	Should be \$575* taxi/limo renewal per DCTC license data base.
6	06/17/14 10:53 AM	\$125	06/17/14 10:56 AM	\$125	\$41.50	Should be \$41.50	No evidence license fee was paid.
7	03/06/14 10:54 AM	\$125	03/06/14 10:56 AM	\$125	\$41.50	Should be \$41.50	Active license per DCTC license data base – no evidence license fee was paid.
8	05/28/14 1:19 PM	\$250	05/28/14 5:17 PM	\$250	--	Additional bills desired on transaction	No other fees charged to account, active license per DCTC license data base.
9	11/27/13 3:23 PM	\$250	11/27/13 3:53 PM	\$250	\$300	Should be \$300 not \$250	Per the DCTC license data base license is active taxi/limo – fee should be \$550.

* Charge included a \$25 late fee

FINDING AND RECOMMENDATIONS

Documentation to support voided transactions warrants immediate improvement. The reasons should provide a clear audit trail to document that the void was justified; and, if a correcting transaction was needed, the reason should also include the number of the correcting transaction. Furthermore, when a supervisor approves a void transaction in iNovah, the supervisor should review the supporting documentation to ensure that the reason for voiding the transaction is valid and in compliance with applicable regulations.

Account Numbers. The DCTC did not have a standardized method or process for creating account numbers for taxicab and limo drivers. As a result, the iNovah query and audit features become compromised and are not as effective. One of the available iNovah queries was to find payments by account numbers. Using this query, iNovah will list every payment made to that particular account. However, because DCTC did not implement a standardized method for establishing account numbers, the accuracy of the results could not be verified or relied upon. The use of multiple account numbers for the same transaction and its adverse effect on researching past transactions was demonstrated in the following 2 voided transactions that were processed November 27, 2013, in batch number 24715.

- Account Number **REN TAXI 70331** charged \$250 for a 2-year taxi license. This transaction was voided and the reason was “*wrong amount it should been \$300 not \$250*” (\$250 license fee plus \$50 late fee). We ran the iNovah payment query using the account number “REN TAXI 70331” and found that the only two charges posted were the original charge and the void. We initially concluded that the \$300 was never charged and posted in iNovah. However, as an additional test, we ran the batch transaction list showing all transactions for the day and found a charge for \$300 posted immediately after the void. The detail report showed the charge was processed using the account number **REN LATE FEE TAXI 70311** (late fee was added and the license number was entered wrong). We verified in the DCTC database of active licenses that 70311 was not a valid license and concluded this charge was for REN TAXI 70331. However, because the cashier changed the account number, it did not appear in our query of payments. Using different account numbers for the same transaction compromises the accuracy and effectiveness of the iNovah query and audit features and makes tracking past transactions practically fruitless.
- Account Number **REN TAXI 76434** charged \$250 for a 2-year taxi license. The transaction was voided and the reason was “*wrong amount, the charge should be \$300*”. We ran the iNovah payment query and the only payments charged were \$300 in November 2011, and the \$250 and subsequent void of \$250) in November 2013. However, by reviewing the batch transaction report, we noted a charge for \$300 immediately following the void (\$250 license fee and \$50 late fee). This transaction was processed using the account number REN TAXI, which is the reason it did not appear on the payment query for account REN TAXI 76434.

FINDING AND RECOMMENDATIONS

Another issue with this transaction is that according to the DCTC data base of active license numbers, license 76434 is listed as a Taxi/Limo license, and the fee for that license is \$550, and not \$250.

We also ran the payment query using the account number **REN TAXI** and found that 233 payments were processed under that account number with transaction dates ranging from November 26, 2008 through February 4, 2015. Since a driver renews his/her license every two years, it can be concluded the multiple licenses were renewed using the Ren Taxi account number, and there is no way to identify these individual drivers or license numbers.

During our review of the 95 statistical sample transactions, we noted that account number creation is basically left up to the individual cashier. Table 3 below shows some of the different account number formats we noted for fingerprints, new taxi licenses, taxi renewals, and new taxi/limo licenses.

Table 3: Inconsistent Account Number Formats

No.	Fingerprints	New Taxi	Taxi Renewal	New Taxi/Limo
1.	Fingerprint	New Driver Last Name Taxi	Ren Taxi License number	New Taxi/Limo First & Middle Initials Last Name
2.	Fingerprint – Last Name	New Driver Last Name	Ren Taxi	New t/l/sedan First Initial Last Name
3.	New Taxi First & Middle Initials Last Name	New taxi First & Middle Initials Last name	Ren License Number Taxi	New Taxi/Limo/Sedan First Initial Last Name
4.	New Driver Last Name	New taxi Last name	Ren License Number	New t/l/s First & Middle Initial Last Name
5.	New Driver Fingerprint	New Last Name	Ren # License Number Taxi	New Driver Last Name Taxi Limo Sedan

The DCTC needs to establish a single, uniform system for assigning account numbers that will result in a unique identification number to clearly and correctly identify each taxi and limo driver, and to facilitate verification of past transactions for review and other official business purposes. For transactions involving drivers, the DCTC should consider using only the license number as the account number, without adding Ren Taxi or any other description of the transaction that would compromise the integrity of the single account number identification system. This method would provide a history of all transactions made in connection with each license and would provide an audit trail for all transactions processed.

FINDING AND RECOMMENDATIONS

We realize that license applicants will not have a license number when they come for the driver test, fingerprints, and their initial license. For these transactions, the DCTC could consider using the applicants' last name along with the last four of the social security number, or some other unique method to identify an applicant until he/she gets his/her taxi or limo license. For transactions that do not involve drivers, the DCTC will have to develop a system for creating unique account numbers and ensure all DCTC Cashiers use the same system. Without a uniform identification system, the transaction query tools of iNovah system become less effective.

ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION (ABRA)

The mission of ABRA is to support the public's health, safety and welfare through the control and regulation of the sale and distribution of alcoholic beverages. ABRA has 4 divisions, General Council, Enforcement, Administration, and Licensing. The licensing division is responsible for issuing new and renewal licenses to liquor stores, grocery stores, restaurants, hotels and other establishments that manufacture, distribute, sell or serve alcoholic beverages in the District of Columbia. The cashiering operations of ABRA are under the Licensing Division, and the Administration Division is responsible for records management, which includes the supporting documentation for transactions processed by the Licensing Division.

ABRA issues 7 different types of licenses and 6 different classes. These 7 types of licenses are: 1) wholesale; 2) manufacturer; 3) on-premise consumption retail; 4) off-premise consumption retail; 5) caterer; 6) solicitor; and 7) temporary. The class of license determines what the licensee can sell (beer; beer and wine; or beer, wine and spirits). Each of the 7 types of licenses has a class associated with it. During the October 1, 2013, through June 30, 2014, ABRA processed 13,533 transactions valued at about \$4.3 million.

Sample Results. We selected a statistical sample³ of 95 transactions (out of 13,533 processed transactions during the audit period). We requested ABRA to provide the supporting documentation for these 95 transactions. ABRA provided the documentation for 88 of the transactions. The Operations Manager of the Administrative Division, who is responsible for the reconciliation of the daily batches, informed us that she was on leave when the 7 missing transactions were processed and her back-up did not properly file the documentation. ABRA subsequently provided the documentation for 6 of the 7 transactions. However, sound business practices should ensure that agency operations would continue seamlessly, with the resources available, even if the primary official is not on duty, and all established procedures would be followed. ABRA needs to establish procedures to ensure back-up personnel are aware of, and follow existing procedures.

We found no issues with the 94 transactions for which the supporting documentation was provided. All amounts posted to iNovah agreed with the supporting documentation, and all charges were posted to the correct allocation(s). ABRA uses the ABRA license number as the

³ The statistical sample criteria were: confidence level 95%, materiality level 5%, and auditor's expectation of error 1%.