

## Audit Recommends Long Beach Take More Care With Its Cash



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An audit released Wednesday says the city's management system for collecting and handling payments is working, but could stand some improvements to safeguard Long Beach's money.

City Auditor Laura Doud said the audit was of the Financial Management Department's Central Cashiering Section. That's where payments for everything from residential utility bills to parking tickets to building permits are handled.

In the last fiscal year, Central Cashiering processed more than \$436 million from numerous sources. Payments come in cash, checks and credit cards.

"The audit found that while Central Cashiering has some controls in place," the release says, "there are areas where controls could be improved to further safeguard revenue and reduce risk for fraud, such as theft."

The 24-page audit said tests and checks did not find any losses in the system. But there are new approaches to financial security, the auditors said, and with the move to the new City Hall later this summer it is important that best practices be in place.

"Throughout the audit, management took steps to implement our recommendations in their current facility, when cost appropriate," the audit executive summary says. "However, the audit recommendations are meant to also guide the department in setting up an effective and secure operation in the new facility. Therefore, all recommendations, including those already implemented by management, remain in the report since they will need to be addressed after the move."

And there still are some security lapses, the report said.

"Assets such as cash, checks, daily deposits and keys were not always physically secured," the first note says. "Unendorsed checks totaling \$271,000 were observed at an employee's desk, not in a lock box or under camera surveillance."

Fifteen specific recommendations were made. They included everything from breaking up cash handling tasks among multiple employees to making sure there are at least two people whenever payments are handled. There also are physical changes, including specific work areas for mail sorting, deposit preparation and cash storage.

"I am pleased the importance of internal controls has been recognized," Doud said. "City management has agreed with all 15 audit recommendations and stated that many were implemented during the audit, which included lock boxes for unendorsed checks, updating corrections to system access privileges... By implementing these changes, the city can further ensure all revenue collected is deposited completely and timely to the city's treasury."

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