



LAURA DOUD

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Long Beach City Audit Reveals More Controls Are Needed to Safeguard City Revenue & Prevent Theft *City Management Agrees with and Implements Audit Recommendations*

Long Beach, CA – Long Beach City Auditor Laura Doud today released the [Central Cashiering Revenue Performance Audit](#). The Financial Management Department’s Central Cashiering Section oversees the collection and processing of various types of City revenue. In Fiscal Year (FY) 2018, Central Cashiering processed over \$436 million in revenue, which included payments from the public for services such as utility bills, parking citations, and business licenses, as well as revenue collected by other City departments. The audit found that while Central Cashiering has some controls in place, there are areas where controls could be improved to further safeguard revenue and reduce risk for fraud, such as theft.

The audit found the following control weaknesses:

- Assets such as cash, checks, daily deposits, and keys were not always physically secured as unendorsed checks totaling \$271,000 were observed at an employee’s desk, not in a lock box or under camera surveillance;
- Key processes, such as sorting mail-in payments, deposit preparation and reconciliation, and daily change fund counts, were not always performed in dual custody or in areas with camera surveillance; and
- Employees had unnecessary access to various revenue recording systems.

The audit made recommendations for Central Cashiering to fully adhere to revenue-control standards and safeguard all revenue, including the following:

- Provide specific work areas for mail-sorting, deposit preparation and cash storage; and ensure that each work area is monitored by camera surveillance;
- Require dual custody to sort mail-in payments;
- Require change fund cash to be verified daily by a second party; and
- Remove system access for employees who do not need it.

“I want to thank City Management and the Central Cashiering Section staff members for their assistance and collaboration during this audit,” said City Auditor Laura Doud. “I am pleased the importance of internal controls has been recognized. 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, conducting secondary counts of the cash change fund, and revenue-handling training for employees Citywide. By implementing these changes, the City can further ensure all revenue collected is deposited completely and timely to the City’s treasury.”

The complete Central Cashiering Revenue Performance Audit can be viewed [here](#) and the Report Highlights Sheet can be viewed [here](#).

About the Long Beach City Auditor’s Office

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