

**County of Ventura**  
**AUDITOR-CONTROLLER**  
**MEMORANDUM**

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**To:** Jeff Pratt, Director, Public Works Agency

**Date:** February 23, 2017

**From:** Jeffery S. Burgh

**Subject:** AUDIT OF WATERWORKS DISTRICT NO. 1 BILLINGS AND COLLECTIONS

We have completed our audit of Waterworks District No. 1 (or the "District") to ensure that customer billings and collections were accurate and timely. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors. Our findings are summarized below with details provided in the attached report.

**EXECUTIVE SUMMARY**

Overall, we found that Waterworks District No. 1 satisfactorily managed billings and collections. For example, we confirmed that bills accurately reflected water meter readings reported in the District's utility system, and bills were calculated properly based on approved rates. Bills were sent timely to customers, and payments were credited properly on the customer's next bill. Accounts receivable in the District's utility system were reconciled to control balances in the County's financial system on a monthly basis, and cash receipts were prepared for daily deposits in a timely manner.

However, we noted that actions were needed to promote equitable billing practices, improve oversight of collection processes, and strengthen cash handling controls. For example, we found that:

- Approximately four times a year, water accounts started incurring shut-off charges prior to the time allotted by the District's Rules and Regulations.
- Certain accounts were allowed an increase in water consumption at a lower tiered rate without documented approval.
- One customer's account we reviewed could use unlimited water at the Tier II rate, rather than being charged a higher rate at some point, because allocations had not been established for the customer.
- High risk transactions processed by the District office, including customer account adjustments entered and approved by the same District staff person, were not reviewed by management.
- The collection agency was overpaid up to \$1,250 over a 10-year period.
- Internal controls were not always adequate to mitigate the risk of loss or misappropriation of cash, including lack of segregation of duties and not changing the safe combinations upon staff separation.

Jeff Pratt, Director, Public Works Agency

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Waterworks District No. 1 management initiated corrective action to address our findings. Corrective action is planned to be completed by June 30, 2017.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

Attachment

cc: Honorable John C. Zaragoza, Chair, Board of Supervisors  
Honorable Peter C. Foy, Vice Chair, Board of Supervisors  
Honorable Steve Bennett, Board of Supervisors  
Honorable Linda Parks, Board of Supervisors  
Honorable Kelly Long, Board of Supervisors  
Michael Powers, County Executive Officer

County of Ventura  
**Office of the Auditor-Controller**



**AUDIT OF WATERWORKS DISTRICT NO. 1 BILLINGS AND COLLECTIONS**

February 23, 2017

Jeffery S. Burgh  
Auditor-Controller

## AUDIT OF WATERWORKS DISTRICT NO. 1 BILLINGS AND COLLECTIONS

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## AUDIT OF WATERWORKS DISTRICT NO. 1 BILLINGS AND COLLECTIONS

### BACKGROUND

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Waterworks District No. 1 (or the “District”), a special district formed on November 22, 1921, provides potable water and sewer services to approximately 40,000 residents and businesses through over 10,000 service connections. The District boundaries include the City of Moorpark and contiguous unincorporated areas to the north and west. During fiscal year (“FY”) 2014-15, the District sold over 3 billion gallons of water to customers for total water sales of approximately \$15 million, and revenue from sewer charges totaled approximately \$4 million.

The District implemented the Customer Information System Infinity Advanced Utility System (“CIS Infinity”) in January 2013 for customer information, billing, and collections to replace the legacy system. Water meter readings are captured by a separate data collection system and uploaded into CIS Infinity for billing purposes. Bills generally reflect the number of hundred cubic feet (“HCF”) consumed (1 HCF equates to 748 gallons), applied to tiered rates. Sewer charges are based on the number of Equivalent Residential Units (“ERUs”) assigned to the customer’s account. Rates applied to water consumption and sewer ERUs are approved by the Board of Supervisors as the District’s governing body.

Generally, customers are billed monthly and payment is due 22 days after the bill date as set forth in the *Ventura County Waterworks Districts No. 1, 16, 17, 19 Rules and Regulations* (“Rules”). Customers are currently instructed to mail payments to a third party processor. Other payment methods include paying in person at the Moorpark Sanitation District office (“District office”), paying online through the “CIS Link”, or paying by phone with a credit card or eCheck.

### SCOPE

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Our overall audit objective was to determine whether controls were adequate to ensure that customer billings and collections were accurate and timely for Waterworks District No. 1. Specifically, we determined whether:

- customer water and sewer billings were complete, accurate, and timely;
- collection procedures were sufficient to ensure timely payments on accounts;
- accounts for water and sewer payments were reconciled timely and accurately; and
- cash collections and deposits were safeguarded properly to prevent loss or theft.

Our audit procedures focused on billings and collections during FY 2014-15, particularly during November 2014. We also focused on the activities of the District office and did not review the activities of the third party payment processor. The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors using documents from October 1971 through January 2016.

### FINDINGS

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Overall, we found that controls over billings and collections were adequate for Waterworks District No. 1. For example, our audit confirmed that:

- Bills accurately reflected water meter readings reported in CIS Infinity, and bills were calculated properly based on approved rates.
- Bills were sent timely to customers, and payments were credited properly on the customer's next bill.
- Individual accounts receivable in CIS Infinity were reconciled to Ventura County Financial Management System ("VCFMS") control accounts on a monthly basis.
- Cash receipts were prepared for daily deposits in a timely manner.

However, our audit disclosed several areas where actions were needed to improve the management of billings and collections. Specifically, certain billing practices resulted in inequitable treatment of customers, including accounts that were subject to shut-off charges prior to the time allotted by the Rules. Improvements were also needed to ensure that management reviews high risk transactions and that payment processing procedures are updated and followed. We also identified cash handling concerns, including lack of proper segregation of duties, which exposed cash to the risk of loss or misappropriation.

Following are details of the areas where improvements were needed. District management initiated corrective action during the audit as noted.

1. **Water Billing Practices.** Billing practices did not always ensure that water customers were treated equitably. We found circumstances where: accounts started incurring shut-off charges prematurely; customers were allowed to consume more water at a lower tiered rate without justification and approval; and one customer could use an unlimited amount of water at the Tier II rate, rather than being charged at a higher rate at some point. We also found that: some customers were self-reporting water usage without verification by the District; and exemptions from late fees were not always approved by District management.
  - A. **Shut-Off Charges.** Customers were not always allotted the required amount of time to pay past due bills before starting to incur shut-off charges. Rule 1-H-26g stated that, if an account balance is not paid by the due date, "...a past due bill, and a 'Delinquent Notice' will be issued....Fifteen days from the date of the 'Delinquent Notice' [which is incorporated into the next regular bill for service], if payment still has not been received, water service may be discontinued upon [48-hour] notification to the customer....A '48-Hour Notice of Pending Shut-Off' charge...will be added to the customer's account to process the notice." Out of three delinquent accounts we reviewed that incurred the "48-Hour Notice of Pending Shut-Off" charge:
    - Two incurred the \$20 "48-Hour Notice of Pending Shut-Off" charge only 8 days after the "Delinquent Notice" date.
    - One account remained delinquent and incurred a \$25 "Shut-Off Notice" charge 6 days later, which gave the customer a total of only 14 days after the "Delinquent Notice" date prior to incurring the charge.

This occurred because shut-off charges were programmed to begin posting from the original bill's due date rather than from the "Delinquent Notice" date. This becomes an issue approximately four times a year when the monthly billing cycle extends beyond 28 days, delaying the mailing of the Delinquent Notice contained in the next month's bill by 7 days.

**Recommendation.** Management should ensure that shut-off charges begin posting from the "Delinquent Notice" date in accordance with the Rules.

**Management Action.** District management stated: "The audit has brought to light that this specific collection practice was not updated in the Rules and Regulations at the time of conversion to CIS Infinity. CIS Infinity functionality requires the use of the 'Original Bill Date' (not the Delinquent Notice Date) to generate the Shut-off Notice. As we implement a new rate structure and update the billing system, we will evaluate how best to comply with this recommendation."

- B. **Increase in Water Consumption Allowances.** For certain customers, the District increased the amount of water consumption allowed at a lower tiered rate without documented approval. Municipal and Industrial ("M&I") accounts were assigned a Billing Adjustment Number ("BAN") that identified the water consumption levels allowed within each tiered rate, generally based on the meter size. As the BAN increased, customers could consume more water at a lower rate before being charged at a higher tiered rate. Of five accounts we reviewed during the November 2014 billing period that were assigned a BAN, four were granted a BAN increase. The one account without a BAN increase was charged nearly twice the amount for using less water than another account with the same meter size that was granted a BAN increase. Although a note in CIS Infinity explained why the BAN was increased for three out of the four accounts, the District could not identify who approved the BAN increase for any of the four accounts.

**Recommendation.** Adjustments to a customer's BAN should be documented with approval by the District Director or authorized representative and the reason for the adjustment.

**Management Action.** District management stated: "The Department maintains extensive files of allocation approvals, but acknowledges its failure to locate the approval documentation for the four accounts noted. The District is proposing to change its rate structure from the current water-budget-based system to a rate structure based on cost of service. The proposed new rate structure will be presented to the Board of Supervisors for adoption at the February 28, 2017, Board Meeting. If the new rate structure is approved, there will no longer be individual water allocations (increased BAN's) for tiered rate accounts. All residential customers will be subject to the same tier allocations."

- C. **Lack of Water Allocations.** The District did not always establish a monthly water allocation for applicable customers. Rule 2-A-2C(iii) stated: "Where the District has determined that the M&I tiered or AG [i.e., Agricultural] allocations are not applicable to the customer, a monthly water allocation established by the District shall apply." These customers are charged the M&I Tier II rate for all water used within the allocation, then charged the higher M&I Tier III rate for water used beyond the allocation. However, one customer's account we reviewed was not assigned a water allocation, and the customer was charged for all water during the month (or over 9 million gallons) at the M&I Tier II rate. Because the customer did not have an allocation, the Tier III rate did not apply, regardless of how much water the customer used. Without a monthly water allocation, the customer could use unlimited amounts of potable water for irrigation and only be charged at the lower Tier II rate.

**Recommendation.** Management should ensure that water allocations are established when required.

**Management Action.** District management stated: “The Department is aware that prior Management had approved a golf course account to be billed at a uniform rate for all water used based on the customer’s proven irrigation efficiencies, a reduction of irrigated area, and a planned conversion to recycled water. As stated above, the proposed water rate structure does not include individual allocations, and, if approved, golf course accounts will be billed at a uniform rate.”

- D. **Load Counts.** Load counts reported by customers that had obtained permits to fill vehicle tanks with water could not be verified. Load counts were billed according to truck load usage, measured in thousand-gallon units and charged at the M&I Tier III equivalent rate. Because a meter was not on the water supply, accounts did not have associated meter readings, and usage was reported by the customer monthly based on customers’ self-reporting. Of the eight customers with load count permits, four reported usage for the November 2014 billing period totaling 95,000 gallons at a charge of approximately \$560. The current system was susceptible to misreporting without a method to verify usage. Moreover, license plate numbers of the vehicles that were filling up with water were not recorded on the one permit reviewed. If a vehicle was seen obtaining water, the vehicle license plate number would identify authorized vehicles from unauthorized vehicles.

**Recommendation.** In the absence of any other verification method, a meter should be installed on the water supply to ensure billed usage amounts are confirmed and accurate. License plate numbers of vehicles that will be filled with water should be noted on each permit.

**Management Action.** District management stated: “Load count accounts have been permitted only in rare instances where metered services are not possible or practical. Currently, only 7 customers are permitted to use this system, and the potential loss of revenue resulting from this unmetered source of revenue is less than .004% (nonmaterial). We will evaluate how best to implement a metered system for these customers. In addition, the District will ensure that license plate numbers of the vehicles used to fill water will be noted on the permit.”

- E. **Exemptions from Late Fees.** Customer exemptions from late fees were not always approved by District management. Rule 1-H-26i stated: “In the event a customer is unable to pay a water bill, the customer may contact the District’s billing office and request an alternate payment plan subject to approval by the Director or his authorized representative.” For one customer account that we reviewed, a payment arrangement noted in CIS Infinity exempted the account from late fees for a specified time period. However, after the payment arrangement expired, the account was subject to, but not charged, late fees of nearly \$9,000 without any documented rationale or approval for the new or continued exemption.

**Recommendation.** Approval by District management for late fee exemptions should be documented and noted in CIS Infinity. District management should determine if a CIS Infinity system error allowed the late fee exemption to continue for the account we reviewed.

**Management Action.** District management stated: “The Department will ensure that late fee exemptions, approved by authorized staff, are documented and noted in CIS Infinity. There was no



error in the CIS Infinity system that allowed late fee exemptions to continue. The exemption was extended by District management manually at the time.”

2. **Collections Management.** Management practices did not always ensure that the collection of District charges from customers received adequate oversight. We identified concerns involving high risk transactions, payment processing procedures, lack of aging reports, receipt slip accountability, and payments to the collection agency.

- A. **Review and Approval of High Risk Transactions.** Improvements were needed to ensure proper management oversight of transactions at high risk of being improper. During our review of transactions for November 2014, we noted that, of 97 customer account adjustments, 11 (11%) were entered and approved by the same person. Further, 79 (81%) of the 97 adjustments credited the account to reverse a fee without any explanation of why the adjustments occurred. Our review of two deleted cashiered transactions disclosed that each was re-entered with a different payment amount at the end of the day when the cash register drawer was being balanced. Although management or other delegated staff approved daily batches of transactions, batch approvals did not always include review of individual transactions. Therefore, the high risk examples provided above were not subject to management scrutiny and approval.

**Recommendation.** Management should revise procedures to implement and document daily review and approval of selected individual transactions that could be high risk (e.g., by initialing the individual transaction on the batch support sheet). Management should also pre-approve adjustments and deletions whenever feasible and document pre-approvals.

**Management Action.** District management stated: “We have revised the procedure to separate duties so that the person who processes an adjustment is not authorized to approve the adjusted batch. All potentially high risk transactions will be initialed by the Manager or his or her authorized agent on the batch support sheet. Procedures identify which transactions require pre-approval by the manager or designated agent.”

- B. **Payment Processing Procedures.** The District’s written procedures were not always sufficient or followed for cash register and mail payment processing at the District office, which could hinder research into customer account discrepancies. Specifically:
  - “Cash Register Payment Processing” procedures required cashiers to make various notations on the remittance stub for payments recorded through the cash register. Our review of 22 stubs disclosed that the required notations were not always marked on 4 of the stubs, including lack of cashier initials, payment amounts, and check numbers.
  - “Cash Register Payment Processing” procedures required cashier initials on the stub for cash payments only, not for checks. If a check payment was deleted in CIS Infinity, however, the transaction history detail displayed only the employee’s name who deleted the transaction. The cashier who originally processed the check was not traceable without initials on the stub.

- “Mail Payment Processing” procedures required that payments received through the mail be separately coded as “Payment - Mail”. One out of four days of mail payments we reviewed was coded incorrectly as “Payment - Cash” instead of “Payment - Mail”.
- Although “Cash Register Payment Processing” procedures required staff to enter the customer’s check number in CIS Infinity, “Drop Box Payment Processing” procedures and “Mail Payment Processing” procedures did not. None of the 11 mail payments we reviewed included check numbers in CIS Infinity.
- Remittance stubs were not maintained for drop box and mail payments, and neither stubs nor checks were imaged.

**Recommendation.** Management should review documentation daily for compliance with procedures and follow-up with employees as necessary. Management also should update procedures to promote consistency and traceability for cash and check transactions when applicable. Management should consider imaging and cataloging payment documents to the extent possible.

**Management Action.** District management stated:

- “Procedures have been updated to require the cash register operator to initial all payment stubs and to indicate whether cash or check is received. Check numbers are to be recorded on the payment stubs when applicable.
- The manager or his or her designated agent will review for accuracy and update batches daily to ensure that payments are coded correctly.
- The functionality to enter check numbers in drop-box and mail payment processing currently does not exist in CIS Infinity. Procedures have been updated to require staff to document check numbers on the remittance stub or batch support sheet.
- Management is working with PWA’s IT support manager to evaluate potential scanners for use by billing staff.”

- C. **Accounts Receivable Aging Reports.** Accounts receivable aging reports could assist the Public Works Agency Fiscal Services Division (“PWA Fiscal”) in regular oversight of past due active accounts. On a monthly basis, the District office provided PWA Fiscal with reports of outstanding account balances for recordation and reconciliation of accounts receivable in VCFMS. Although these reports showed the total outstanding balance for each customer account, the reports did not indicate the length of time the amounts had been outstanding (e.g., 30, 60, 90 days). Because customers can make arrangements with the District to extend the payment due date, outstanding balances could span several months. For example, a payment arrangement had been established for one account we reviewed such that the total balance of \$63,170 was comprised of \$41,170 that was 0 to 30 days old and \$22,000 that was 31 to 60 days old. Had aging reports been provided, PWA Fiscal’s oversight could help ensure that appropriate action is occurring on all accounts.

**Recommendation.** Accounts receivable aging reports should be generated and reviewed by PWA Fiscal management on a monthly basis to help ensure proper oversight of past due amounts.

**Management Action.** District management stated: “In addition to the currently produced reports, a monthly Aging Report will be generated and provided to PWA Fiscal Services at each month-end.”

- D. **Miscellaneous Receipt Document Accountability.** The District did not establish document accountability for miscellaneous receipt slip numbers to ensure all collections were submitted for deposit. Miscellaneous receipt slips are issued from a receipt book to customers who pay for services that would not be billed on a regular water and sanitation bill (e.g., for construction inspection deposits). We reviewed one week of District miscellaneous receipt revenue totaling \$36,090 and found that one receipt number was skipped and not processed with the week’s collections. Management explained that this receipt was probably voided and confirmed that the receipt number was not recorded as a customer deposit. However, management could not produce a copy of the voided receipt slip because the receipt books were in storage and could not be located. Accounting for all receipt slips would help identify any loss or misappropriation of payments.

**Recommendation.** Management should create an electronic log of all miscellaneous receipt numbers and follow-up on all missing receipts. A copy of voided receipts should be scanned with the daily cash receipt records for PWA Fiscal oversight. Written procedures should identify where receipt books are stored.

**Management Action.** District management stated: “An electronic log of all miscellaneous receipt numbers will be maintained, and all miscellaneous receipts will be accounted for. Voided receipts will be scanned and included with daily cash receipt records provided to PWA Fiscal. Procedures have been updated to identify where the receipt books are stored and to include the process.”

- E. **Collection Agency Agreement.** Payments to the collection agency used to recover delinquent accounts receivable for Waterworks District No. 1 exceeded the payment terms of the contract. The collection agency billed approximately 30 percent of the amount collected, while the contract stated: “All first placements accepted at 25%, all second placements accepted at 35%.” Assuming the vast majority collected were first placements, the collection agency was overpaid up to \$1,250 (18%) of the approximate \$7,000 paid to the collection agency from 2005 to 2015.

**Recommendation.** Management should ensure that rates charged on invoices match the rates in agreements prior to processing payment. If rates need to be modified, management should determine whether a formal contract amendment is necessary.

**Management Action.** District management stated: “Management will review the collection invoices to ensure they meet requirements of the current contract. If Management finds that the rates on the invoices do not match the rates in agreements, we will follow the contract, until the contract is modified or amended.”

3. **Cash Handling Controls.** Internal controls were in need of improvement to preserve the integrity of cash handled at the District office. Although most customers mail payments to an off-site lockbox for separate processing, some customers pay bills in person or drop/mail payments that the District office processes. During four consecutive business days in November 2014 that were the focus of our review, the District office processed nearly \$90,000 in cash, dropbox, and mail payments. At least \$5,000 of this amount was cash, which was susceptible to loss or misappropriation due to the internal control issues described below.

A. **Segregation of Duties.** Employees that accepted cash payments at the District office performed other fiscal duties that put the cash at risk of misappropriation. During our review of cash collections for four consecutive business days in November 2014, we noted that cashiering staff's other duties included: adjusting customer accounts; running end-of-day batches to post cashiered transactions to customer accounts; and preparing deposits. On two of the four days, one employee performed all of these duties, which could have been due to limited staffing. Fraud schemes that could occur when cashiers perform conflicting duties include:

- Adjusting accounts: After cashiering a payment, a cashier steals the cash and adjusts the customer's account as if no payment was made.
- Running batches: A cashier steals cash and does not note the variance between the cash register and the batch.
- Preparing deposits: A cashier covers up a cash register theft by leaving the deposit short.

**Recommendation.** While we understand that the District operated with limited office staff, management should assign primary cashiers who do not adjust accounts, run batches, or prepare deposits. At times when limited staffing prohibits segregation of duties, management should critically review each step of that day's collection process.

**Management Action.** District management stated: "With regard to segregation of duties, we have now assigned a primary and secondary cashier to minimize cash handling by other staff who perform duties that could put the cash at risk. The primary cashier will now be working the same hours as the office, 8AM – 5PM, Monday through Friday. When a third cashier is needed, it will be the supervisor. Any requested adjustments by the cashier(s) are critically scrutinized by the Supervisor."

B. **Dual Custody for Mail Payments.** Payments mailed to the District post office box were not picked up or confirmed under dual custody, exposing the payments to loss or misappropriation without detection. The District's "Drop Box Payment Processing" procedures (i.e., for the drop box located outside the office front doors) specified that two employees collect from the box and confirm the amount received. For mail payments, however, one employee retrieved the mail from the post office box and delivered the mail to another employee to process the payments. As a result, assurance could not be provided that mail payments remained intact during pickup and processing because only one employee was involved at critical stages of control.

**Recommendation.** District management should revise the "Mail Payment Processing" procedures to reflect that mail payments should be picked up and confirmed in dual custody. If staffing does not permit dual custody, compensating controls should be established to minimize the risk of loss or misappropriation of payments.

**Management Action.** District management stated: "Staffing does not permit dual custody of payments received from the post office. Dual custody opening of mail payments has been implemented."

- C. **Sharing the Cash Drawer.** Multiple District office cashiers shared one cash drawer, which could cause difficulties in identifying the person responsible if discrepancies occur (e.g., if cash is missing). For example, the cash drawer was short \$100 one day in July 2014 when five staff members took payments throughout the day. Management was unable to identify the reason for the shortage or to pinpoint responsibility. Management acknowledged that sharing the cash drawer is not ideal, but explained that cashing out the cash drawer for each cashier may inconvenience customers waiting to make payments. We believe other solutions exist for limiting the number of staff with access to a singular cash drawer without inconveniencing customers.

**Recommendation.** Management should assign a second cashier with a separate cash drawer to accommodate customers when the main cashier is not available. If a second cash drawer is not feasible, management should assign a particular staff member as backup to the main cashier each day, thus limiting access to the singular cash drawer to two employees.

**Management Action.** District management stated: “The Department has now assigned a primary and secondary cashier. The primary will now be working the same hours as the office, 8AM – 5PM, Monday through Friday. When a third cashier is needed, it will be the supervisor.”

- D. **Counting the Cash Drawer.** The cash drawer was counted only once per day when the daily batch was run for the reconciliation of cashiered receipts, rather than also at the beginning and end of the day. After the cash drawer was counted, customers continued making payments at the front counter until the District office closed for the day. Payments collected after the daily cash register batch was run were included in the next day's deposit. The District's “End-of-Day Cash Drawer Handling Procedures and Guidelines” did not require the cash drawer to be counted before safeguarding the drawer at the end of the day. Also, staff was not required to confirm the amount in the cash register drawer the following morning. As a result, management would not be able to determine the particular day of any discrepancies (e.g., missing cash).

**Recommendation.** The cash register drawer should be counted at the close of business and the following morning to help identify when any loss or misappropriation of funds occurred. Another staff member should confirm the counts. Any discrepancies should be reported to management.

**Management Action.** District management stated: “We have updated our procedures to require the cashier to recount the drawer in the morning, and the supervisor or authorized agent responsible for putting the cash drawer in the safe at the end of the day to audit the drawer and verify the balance.”

- E. **Safe Combinations.** Management was not sure when safe combinations had been changed at the District office. At the time of our review, two employees who left the department within the last year knew the office safe combination although the combination had not been changed. While we recognize that the office safe is located within the access-controlled District office, the customer payment drop box located outside the office also contains a safe with a combination lock. Management was unsure whether the payment drop box combination had ever been changed since installation of the payment drop box several years ago.

**Recommendation.** Management should change safe combinations periodically and upon separation of staff who know the safe combinations.

**Management Action.** District management stated: “We have purchased a new electronic safe, new combinations will be set whenever staff changes occur.”

#### **AUDITOR’S EVALUATION OF MANAGEMENT ACTION**

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We believe that management actions taken or planned were responsive to the audit findings. Corrective action is planned to be completed by June 30, 2017.