



2018-09

# Delinquent Collections and Cash Operations Units

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City of Richmond, VA  
City Auditor's Office  
May 3, 2018



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## Highlights

Audit Report to the Audit Committee,  
City Council, and Administration

### Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the FY18 audit plan approved by the Audit Committee. Our objective was to evaluate the efficiency and effectiveness of the Delinquent Collections/Cash Operation Units.

### What We Recommend

#### The Finance Director

Fully use the current collection methods and implement other methods such as; credit reporting and automated license plate reading that can enhance collections.

Monitor compliance with the local and real property write-off statutes and comply with statutory time frames for referrals of local tax receivables to attorneys.

#### The Revenue Manager

Improve VRW holds in accordance with DMV requirements and ensure that VRW fees are placed on necessary accounts.

Update VRW holds in MUNIS timely once the tax has been paid.

Implement a void approval/review process.

Implement draw down procedures for the Cash Operations Unit and procedures so that cash drawer start values are signed off on by cashiers.

- *Other recommendations are in the body of this report.*



## Delinquent Collections and Cash Operations Units

### Background

Revenue Administration is a Division within the Finance Department. The Division is responsible for the assessment, collection, enforcement, and auditing of personal and professional City taxes. This audit covered the Delinquent Collection/Cash Operations Units.

### Commendation(s)

Overall, we found effective controls are in place for the settlement review/deposit processes. Also recent office renovations included; an improved security monitoring system, secured access entry points, and improved customer service areas.

### Delinquent Collections Unit

**Collections Activities** - As of June 30, 2017, past due taxes owed to the City totaled over \$61 million (CAFR) which represents a 25% increase in the last 5 years. The auditors obtained a summary of FY16 and FY17 delinquent revenues collected by the Unit and the collection agencies. Based on that summary, the auditors noted the revenues collected by the Unit decreased by \$5 million. We identified a few collection methods to enhance the collection efforts. These included reporting delinquencies to credit agencies, publishing delinquent accounts, and automated license plate reading.

**Vehicle Registration Withholding (VRW)** - The City is allowed to enter into an agreement with DMV to prevent issuing or renewing a vehicle registration to customers who are delinquent on their personal property taxes and parking citations. We noted the listing had not been submitted to DMV since November 2016. According to management, they had staff turnover and the individual responsible for the VRWs had to assist with other duties. We tested a sample of fifty VRW holds and found 32% of delinquent accounts were not removed within the DMV 24-hour mandate, 34% of delinquent accounts assigned a VRW hold were not assessed a \$20 late fee, and 26% of delinquent accounts assigned a VRW hold were not removed within the MUNIS system.

**Statutory Write-Offs** -Per State Code local taxes are enforceable for five years following December 31 of the year these taxes are assessed and real property taxes are enforceable by sale for 20 years after December 31 of the year taxes are assessed. We identified 2,466 Business, Professional and Occupational License (BPOL) and Admissions, Lodging, and Meals (ALM) records with a value of \$3.5 million that were past the statute of limitations.

### Other Observations

- Referrals to collection attorneys for delinquent debt did not consistently follow timeframe requirements per State Code.
- Performance measures exist but could be improved.
- The system (MUNIS) used for collection of delinquent taxes/fees requires manual intervention by employees and does not allow collectors to be effective and efficient in performing their jobs.

### Cash Operations Unit

We noted several areas where internal controls could be improved to include:

- Implementing draw down procedures on cash drawers.
- Better procedures to review voids that are processed.
- Starting balances of the cash drawers should be verified daily.
- Strict physical access controls to the cashier drawers.

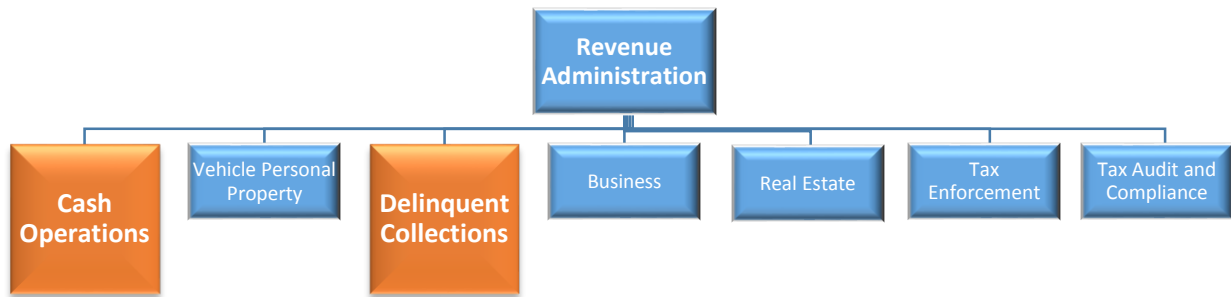
Management concurred with 13 of 13 recommendations. We appreciate the cooperation received from management and staff while conducting this audit. i

**BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY,  
MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS**

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

**BACKGROUND**

Revenue Administration is a Division within the Finance Department. The Division is responsible for the assessment, collection, enforcement, and auditing personal and professional City taxes. As depicted below, the Division is comprised of seven areas. This audit focused on the Delinquent Collections and Cash Operations Units.



Source: Auditor Prepared

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*Finance – Revenue Administration Division*

*Delinquent Collection and Cash Operations Units*

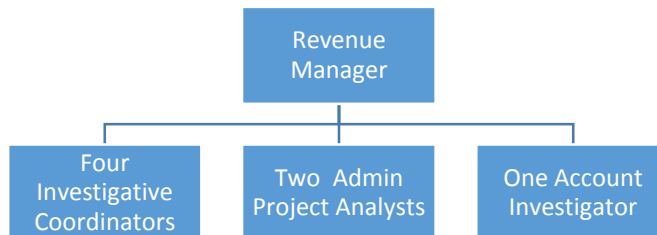
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### **DELINQUENT COLLECTIONS UNIT**

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The Delinquent Collections Unit is responsible for collecting delinquent taxes and fees due to the City. During both FY16 and FY17, their staff composition (approved positions) is depicted below. During both years, two of the Investigative Coordinator positions were vacant.



Source: Auditor Prepared

In addition to the internal efforts to collect delinquent taxes and fees, the City uses two collection law firms to assist in their collections efforts. All fees associated with outside collection efforts are applied by the law firm to the delinquent customer. Therefore, the City does not incur any expenses for this service.

### **CASH OPERATIONS UNIT**

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The Cash Operations Unit consists of two offsite locations and one central location at City Hall. The Unit accepts payments from taxpayers, City customers, and other entities owing the City money. These payments include, but are not limited to:

- Tax Assessments
- Utility Bills
- Parking Violations
- Animal Licenses
- False Alarm Fees
- Court Fees

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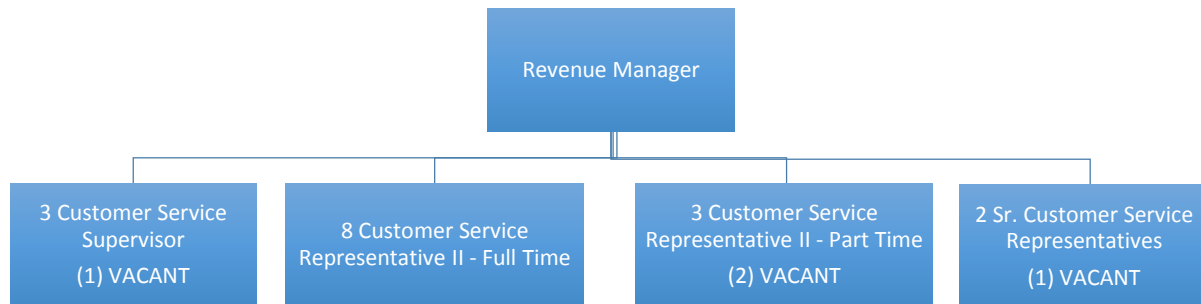
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The Cash Operations Unit consisted of 16 and 17 positions in FY16 and FY17, respectively.



*Source: Auditor Prepared*

## **MUNIS SYSTEM**

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The Revenue Administration Division uses a software system called MUNIS. MUNIS is used to document all taxes, fines, and fees levied by the City. MUNIS can generate reports, track customer payments and tax history, and has many other features related to assessing and enforcing taxes and fees due to the City.

## **OBJECTIVES**

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The main objective of this audit was to evaluate the efficiency and effectiveness of the Delinquent Collections and Cash Operations Units. Additional objectives were as follows:

- Evaluate if the current collection process was adequate to ensure that funds due to the City were timely and accurately collected and posted.
- To evaluate whether processes existed to evaluate and monitor the Unit's performance.

## **SCOPE**

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The activities of the Delinquent Collections and Cash Operations Units for the 24 months ended June 30, 2017.

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### **METHODOLOGY**

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Auditors performed the following procedures to complete this audit:

- Interviewed management and staff;
- Reviewed and evaluated relevant policies and procedures and tested for compliance;
- Conducted a walkthrough of the delinquent collection and cashing processes;
- Reviewed hard copy files;
- Obtained access to accounts through the MUNIS system; and
- Performed other tests, as deemed necessary.

### **MANAGEMENT RESPONSIBILITY**

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City management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

### **INTERNAL CONTROLS**

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According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

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Based on the audit test work, the auditors concluded that internal controls need improvement. The improvements needed include the observations below, which are discussed throughout this report:

- Collection Efforts,
- Vehicle Registration Withholding,
- Statutory Write-Offs,
- Delinquent Collection System,
- Performance Measures,
- Draw-Downs,
- Voids, and
- Cash Handling Procedures.

## WHAT WORKS WELL

### **Settlement Review/Deposits**

An effective deposit and settlement review process helps ensure that money received is reconciled. Overall, the auditors concluded that effective controls are in place for the settlement review/deposit processes. In addition, it was noted subsequent to the audit scope, management enhanced their review process by requiring additional signatures on the deposit file.

### **Improvements**

While conducting this audit, the Cash Operations Unit completed a total renovation of their office space. Some of the renovations included:

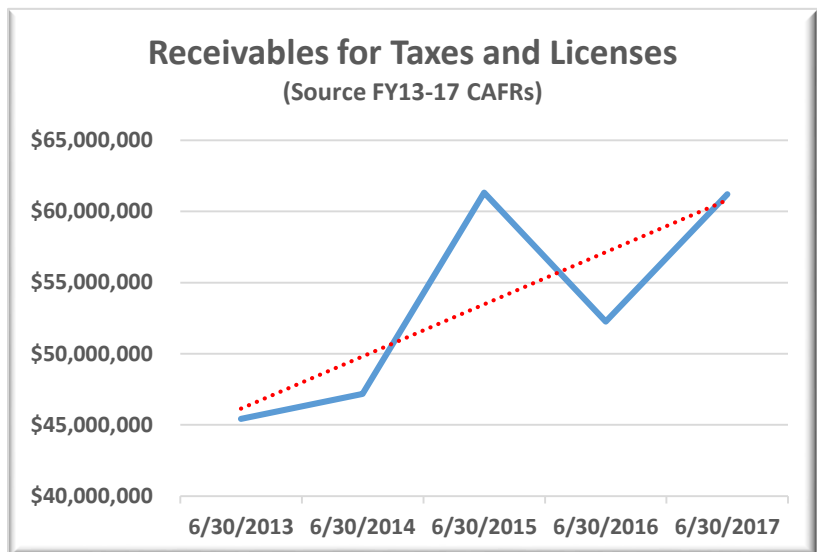
- New and improved security monitoring system.
- Secured access entry points for authorized employees only.
- More inviting customer service and office areas.

## FINDINGS and RECOMMENDATIONS

### DELINQUENT COLLECTIONS UNIT

#### Value of Delinquent Accounts over Time

During the course of many years, a significant amount of money owed to the City has accumulated from past due accounts receivable. As of June 30, 2017, past due taxes owed to the City totaled over \$61 million (net of allowance for doubtful accounts). This money is owed by individuals and businesses for delinquent personal property, real estate, and business professional and occupational licenses taxes (BPOL). This number has risen over 25% the last five years. The importance of actively pursuing delinquent accounts is critical for the City. According to a survey conducted by the Commercial Collection Agency Association, businesses can expect to collect 94.9% of its accounts



Source: Auditor Prepared

From FY16 to FY17, the City changed its accrual method from 60 days to 45 days

collect 94.9% of its accounts

receivable in full by the due date. While the auditors fully recognize that the City has collections tools available to it that many businesses do not, the theory that as time progresses the collectability of a receivable diminishes applies.



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### Collections Activities

As of June 30, 2017, past due taxes owed to the City totaled over \$77 million (This is before an allowance for doubtful accounts is applied). The table below depicts the receivable by account type:

Tax Type	Total Delinquent Amount By Type	Delinquent Amount 90 days to 1 Year Old	Delinquent Amount 1 to 2 Years Old	Delinquent Amount Greater Than 2 Years Old
<b>Business License</b>	\$ 8,281,278.07	\$ 1,379,405.42	\$ 1,128,702.08	\$ 5,493,945.32
<b>Personal Property</b>	\$ 29,882,874.51	\$ 1,424,589.61	\$ 4,333,907.85	\$ 8,319,382.87
<b>Real Estate</b>	\$ 39,131,555.98	\$ 3,614,278.45	\$ 4,631,552.50	\$ 17,359,436.39

Source: Auditor Prepared

The auditors obtained a summary of FY16 and FY17 delinquent revenues collected by the Unit and the collection agencies. Based on that summary, the auditors noted the revenues collected by the Unit decreased by \$5 million.

Tax Type	FY16	FY17	Variance
<i>Real Estate</i>	\$ 5,329,837	\$ 2,730,262	<b>\$2,599,575</b>
<i>Personal Property</i>	\$ 4,212,495	\$ 2,828,150	<b>\$1,384,345</b>
<i>ALM/BPOL</i>	\$ 2,428,352	\$ 1,648,271	<b>\$780,081</b>
<i>Debt Set-Off</i>	\$ 1,429,369	\$ 1,134,293	<b>\$295,076</b>
<i>Out of State Judgment</i>	\$ 293,627	\$ 331,537	\$37,910
<b>Total</b>	<b>\$ 13,693,680</b>	<b>\$8,672,513</b>	<b>\$5,021,167</b>

Source: Auditor Prepared

From FY16 to FY17, the City changed its accrual method from 60 days to 45 days

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Management attributed the decrease to:

- Personal Property Staffing – a Personal Property Tax collector was on staff for only a few months in FY17. In addition, in FY16 there were two ALM/BPOL collectors. This number was reduced to one in FY 17.
- Real Estate Staffing – newly hired employees in FY17 did not work the entire year.
- Debt Set-Off Staffing – a full time person was not assigned (promotion and turnover) to this process in FY17.
- Tax Amnesty - the Employee Lien process was not initiated due to the focus on the Tax Amnesty program in FY17.

In addition to the internal collection efforts by the Delinquent Collections Unit, the two collection law firms collected revenues for FY16 and FY17 as follows:

- **FY16 - \$10,173,339**
- **FY17 - \$12,201,958**

The auditors noted the Delinquent Collections Unit uses several methods to assist in their collection efforts. The auditors identified collection methods that could assist the Unit in their collection efforts. The table below depicts the collection methods available and whether the Unit uses them to pursue collections:

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Collection Method	Used by the City	Comments
<b>DMV Registration Withholding (VRW)</b>	Yes	Partially effective. See VRW hold test below.
<b>Debt Set-off</b>	Yes	Allows the State to withhold an individual's State tax refund and remit to locality.
<b>Liens</b>	Yes	Authorization to place liens on employment and bank records.
<b>Publish Delinquent Accounts</b>	<b>No</b>	Allows publishing a list of delinquent accounts in the newspaper and the locality's website.
<b>Outside Collection Agency</b>	Yes	The City has a contract with two law firms.
<b>Credit Reporting</b>	<b>No</b>	The City does not report delinquent taxes to credit agencies.
<b>Wage Garnishment</b>	Yes	Partially effective – last update was done in 2016.
<b>Automatic License Plate Reading</b>	<b>No</b>	Used to identify motorists with outstanding overdue parking tickets and delinquent taxes.
<b>Tax Sales</b>	Yes	Forced sale of property by a government entity for unpaid taxes by the property owner.

Source: Auditor Prepared

The auditors noted that although the Unit uses various collection methods, implementing additional methods could improve collection efforts. As noted in the table above, the Unit did not use some collection methods to their full advantage. For example, the Vehicle Registration Withholding had not been submitted to DMV since November 2016. According to management, the Unit faced staff turnover and vacancies, which affected their collection efforts.

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### **Recommendation(s)**

- 1. The Director of Finance should implement a monitoring process to ensure the current collection methods are fully used by the Delinquent Collections Unit.***
- 2. The Director of Finance should implement additional collection methods that can enhance collections.***

### **Vehicle Registration Withholding (VRW)**

Pursuant to State Code §46.2-752, the City is allowed to enter into an agreement with DMV to prevent issuing or renewing a vehicle registration to customers who are delinquent on their personal property taxes and parking citations. The Delinquent Collections Unit's practice is to submit the delinquent accounts once they are delinquent for over 60 days. According to management, they submit the VRW listing to DMV every November. The auditors noted the listing has not been submitted since November 2016. According to management, they had staff turnover and the individual responsible for the VRWs had to assist with other duties.

Once the VRW listing is submitted to DMV, the delinquent taxpayer's account is flagged to put a hold on future renewal of their annual vehicle registration. DMV charges the City \$20 for each VRW hold removed, which is passed on to the customer. VRWs are effective only when used consistently and timely. Auditor tested 50 VRW to ensure that:

- Holds were removed from the DMV system within 24 hours, as mandated by DMV.
- VRW \$20 fee was assessed to the delinquent customer.
- Holds were removed from the City MUNIS system.

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The following results were concluded:

Tested	Auditor Results	Effect
Holds were removed from DMV system within DMV mandated 24hr time frame	32% of delinquent accounts were not removed within the DMV 24-hour mandate.	This results in poor customer service to the City residents, causing increased customer frustration and dissatisfaction.
VRW \$20 fee was assessed to the delinquent customer	34% of delinquent accounts assigned a VRW hold were not assessed a \$20 fee.	When VRW holds are placed, they are placed on thousands of accounts at a time. If 34% are not charged the \$20 fee, then this could cause a large unnecessary cost to the City.
VRW holds were not removed from the City MUNIS system	26% of delinquent accounts assigned a VRW hold were not removed within the MUNIS system.	Not removing a VRW hold in MUNIS once the delinquent account has been paid could cause future holds to be placed on the account improperly. In addition to increased customer frustration, this could cause unnecessary cost to the City for removing the incorrectly placed hold.

Source: Auditor Prepared

**Recommendation(s)**

- 3. The Revenue Manager needs to remove VRW holds in accordance with DMV requirements.***
- 4. The Revenue Manager needs to ensure that all VRW fees are placed on customer accounts within the MUNIS system.***
- 5. The Revenue Manager needs to ensure VRW holds are removed timely from the customer account in MUNIS once the delinquent tax has been paid.***

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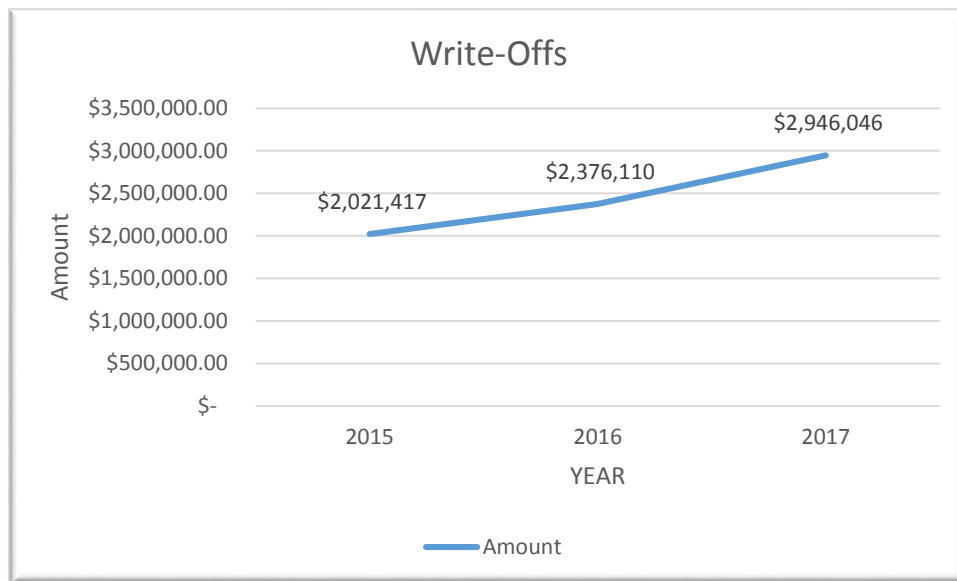
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### **Statutory Write-Offs**

Pursuant to State Code §58.1 – 3940, local taxes are enforceable for five years following December 31 of the year these taxes are assessed. According to §58.1 – 3965 real property taxes are enforceable by sale for 20 years after December 31 of the year taxes are assessed. The auditors noted Finance conducted write-offs annually. The table below depicts the write-offs for FY15 through FY17:



*Source: Auditor Prepared*

The auditors analyzed the delinquent accounts to determine whether they complied with State Code. The analysis revealed that over \$3.5 million were out of statute as follows:

- Real Property Taxes - No exceptions
- Personal Property Taxes – Seven accounts with a value of \$15,108 were past the statute of limitations.
- BPOL and ALM Taxes – 2,466 records with a value of \$3,515,101 were past the statute of limitations.

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This means that the city's accounts receivable balance could be overstated by \$3.5 million. This also creates inefficiencies in the Unit since they have to follow up on accounts that are no longer enforceable. According to management, a team has been formed to review all accounts with out-of-statute balances.

### **Recommendation**

- 6. The Finance Director needs to establish a monitoring process to ensure compliance with the local and real property write-off Statutes.***

### **Other Observations**

#### **Referrals of Delinquent Debt**

Virginia State Code §58.1-3934 states that a “governing body may appoint or hire, with the approval of the treasurer and upon such terms as may be agreed upon, one or more attorneys to collect any local taxes or other charges which may have been delinquent for six months or more.” Auditors tested compliance with this regulation due to the City currently using two collection attorneys. Auditors concluded that in 2016, both Real Estate and Personal Property taxes sent to collection attorneys did not comply with this regulation regarding time frames. However, in 2017, only personal property was sent to the collection attorney and complied with the Code of Virginia.

### **Recommendation**

- 7. The Finance Director needs to establish a monitoring process to ensure compliance with the collection of delinquent local taxes Statute time frames for referrals to attorneys.***

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### **Performance Measures**

Performance measures are tools for effective management. They are designed to evaluate efforts, outputs and outcomes. The auditors noted that During FY16 and FY17, the Delinquent Collections Unit had performance goals (outputs) for each job title. These goals included:

- Investigative Coordinators – weekly goals:
  - Personal Property
    - Mail 30 collection letters
    - Apply 15 liens
  - Real Estate
    - Mail 15 collection letters
    - Apply 10 liens
- Administrative Project Analyst:
  - Business License and Excise Tax
    - Mail five collections letters
    - Apply two liens

The auditors observed that although these goals provide outputs, improved performance measures could support the Unit's mission and help reach the Unit's goals. In order to assess overall performance, management could add measures related to:

- Delinquent collection rate
- Cost per collection processed
- Dollars collected per person
- Dollars collected per dollar expended

The City's Collections Unit has goals and objectives outlined in its Standard Operating Procedures. However, the Unit does not have specific Unit wide performance measures. Although the Unit's



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performance measures appear to be generally appropriate for employee expectations, the Unit needs to expand its performance measures and ensure it has readily accessible data to monitor its overall performance. Currently, the Unit has established a variety of performance measures including employee outcome, quality, and efficiency.

**Recommendation**

- 8. The Revenue Operations Manager should develop appropriate performance measures to gauge the efficiency and effectiveness of the Delinquent Collections Unit.***

**Delinquent Collection System**

The system (MUNIS) used for collection of delinquent taxes and service fees is not a “true” delinquent collections system and is not conducive for management to evaluate the City’s performance in collecting delinquent accounts. The system does not allow collectors to be effective and efficient in performing their jobs.

Past Due Notices, Payment Plan Default Letters, and other collection methods require manual intervention by employees instead of the system automatically generating them after designated delinquent timeframes. The Proposed Capital Improvement Program has a MUNIS Revenue Administration System Replacement in FY2020.

**Recommendation**

- 9. The Director of Finance needs to ensure that as MUNIS is upgraded or replaced, an automated debt collection module be included.***

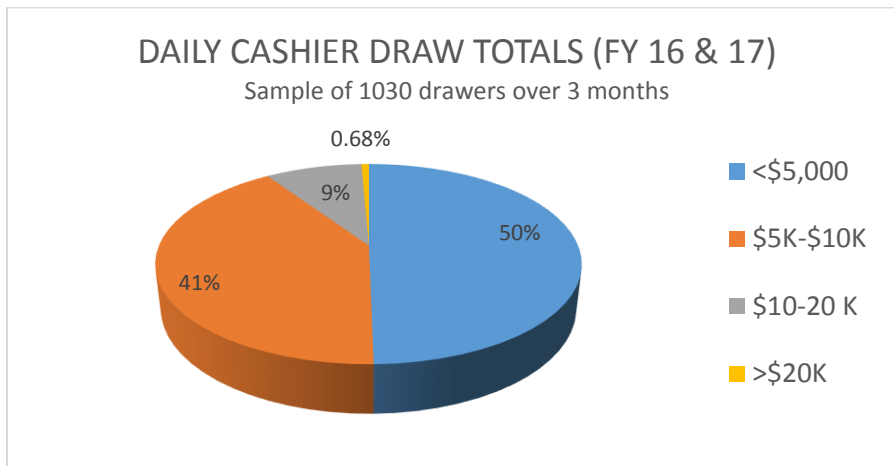
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## **CASH OPERATIONS UNIT**

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### **Drawdowns**

The City of Richmond currently does not have a drawdown procedure in relation to cashier drawers and their cash intake. Drawdowns are considered a best practice in order to limit the risk of theft or loss. In addition, they reduce the liability and responsibility of the cashiers, as they will be responsible for smaller amounts of money at any given time.



Source: Auditor Prepared

### **Recommendation**

**10. The Revenue Manager needs to implement draw down procedures for the Cash Operations Unit.**

### **Voids**

Voided entries should be monitored closely to prevent the risk of theft and fraud. Without approval, an employee can void an entry for any reason leaving the City at risk of lost revenue. A well-defined system of checks and balances should be set up for cashiers to require approval prior to voiding entries from the system. Currently a policy is not in place to guide the Unit as to

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actions to take regarding voids. The Unit only looks at the total number of voids and not the accuracy of the voids themselves. This lack of oversight leaves the City exposed to losses from theft.

### **Recommendation**

***11. The Revenue Manager needs to develop and implement a void approval/review process.***

### **Cashiering Practices**

The auditors researched Cashiering best practices using the following sources that can help Finance improve its processes:

- Government Finance Officers Association (GFOA)
- Ohio Auditor of State's Best Practices
- University of Utah

The items below depict practices identified that could assist in improvement of the City's process:

1. The starting balance of the cash drawer should be verified daily by the responsible cashier to assign accountability.
2. There should be strict physical access controls to the cashier drawers.

In an environment with strong cash handling controls, cash is kept in a secure area or in the possession of an employee of record at all times. By ensuring that all cash is accurately accounted for and secure, cash handling procedures minimize the risk of any loss of revenue to the City through theft or error. During audit walkthroughs, auditors noted a manager did not verify starting cash balances during either startup or closeout. In addition, during observation, it was noted cashier keys were left in their drawer unsecured for multiple minutes. Ultimately, this could result in the loss or theft of cash from the City.

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### **Recommendations**

***12. The Revenue Manager needs to ensure that cashier drawer start values are signed off and reviewed by a supervisor prior to cashiers' starting their day.***

***13. The Revenue Manager needs to ensure that staff properly secures cash drawers during work hours.***

### **Unidentified Checks**

During initial walk through auditors observed unidentified checks in the cashing vault. These checks are initially deposited into an "unidentified check" account. In order to identify what the payment was for; department staff would research the checks. Depending on how busy the Cash Operations Unit was, identification times could take several days or weeks.

Effective March 2017, Finance implemented a new process. The checks are scanned and sent to a vendor who PDF's the checks and sends them to the correct departments in the city. Once this is done, the departments identify where the check goes. This has reduced unidentified checks significantly.

**MANAGEMENT RESPONSE FORM - Appendix A**  
**2018-09 Finance - Delinquent Collections and Cash Operation Units audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	The Director of Finance should implement a monitoring process to ensure the current collection methods are fully used by the Delinquent Collections Unit.	Y	Metrics are being established to track the effectiveness of each collection method.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Operations Manager for Treasury		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
			Collection rate by Tax sale, by agency and Hold
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	The Director of Finance should implement additional collection methods that can enhance collections.	Y	Finance staff has purchased license plate readers and is investigating reporting to credit agencies
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Operations Manager for Treasury		9/1/2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	The Revenue Manager needs to remove VRW holds in accordance with DMV requirements.	Y	The delinquent collections unit is updating policies and procedures for VRW holds to match DMV policy.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Delinquent Collections		7/1/2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	The Revenue Manager needs to ensure that all VRW fees are placed on customer accounts.	Y	A request for an ad hoc report has been sent to DMV so that Finance staff can perform a true up of the City's records. Staff will ensure holds are properly applied to accounts
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Delinquent Collections		6/1/2018 pending report from DMV
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	The Revenue Manager needs to ensure VRW holds are removed timely from the customer account in MUNIS once the delinquent tax has been paid.	Y	This functionality is already in place and being performed by all Fob Key users. The instruction is once the personal property bill has been paid in full and the DMV hold has been removed; then staff should go to MUNIS and remove the Special Condition Code (VRW) from this system.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Delinquent Collections		06/1/2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

**MANAGEMENT RESPONSE FORM - Appendix A**  
**2018-09 Finance - Delinquent Collections and Cash Operation Units audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
6	The Finance Director needs to establish a monitoring process to ensure compliance with the local and real property write-off Statute.	Y	A schedule is being developed that includes write offs and purges.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Operations Manager for Treasury		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
7	The Finance Director needs to establish a monitoring process to ensure compliance with the collection of delinquent local taxes Statute time frames for referrals to attorneys.	Y	Moving forward, all outsourcing will be at six months.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Delinquent Collections		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
8	The Revenue Manager should develop appropriate performance measures to gauge the efficiency and effectiveness of the Delinquent Collections Unit.	Y	Staff has identified several metrics, including a Collection Effectiveness Index and Weighted Average Days Late.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Delinquent Collections		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
9	The Director of Finance needs to ensure that as MUNIS is upgraded or replaced, an automated debt collection module be included.	Y	Staff is further testing Munis functionality (e.g. delinquent letter export improvements, payment plan processing). MUNIS is proposed for replacement in FY2020.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Director of Finance		6/30/2020
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
10	The Revenue Manager needs to implement draw down procedures for the Cashiering Unit.	Y	Staff has begun procuring a "Smart Safe". The cash will be deposited throughout the day. In the interim staff will use cash drop tickets to keep drawers under \$5,000.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Cashiering		9/1/2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

**MANAGEMENT RESPONSE FORM - Appendix A**

**2018-09 Finance - Delinquent Collections and Cash Operation Units audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
11	The Revenue Manager needs to develop and implement a void approval/review process.	<b>Y</b>	Staff is implementing a Daily Void Activity Report to coincide with the settlement process.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Cashiering		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
			Staff is tracking voids.
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
12	The Revenue Manager needs to ensure that cashier drawer start values are signed off and reviewed by a supervisor prior to cashiers' starting their day.	<b>Y</b>	Staff is implementing a process to verify drawer start value. Management also now assigns drawers to cashiers randomly so a cashier should not have the same drawer from day to day.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Cashiering		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
13	The Revenue Manager needs to ensure that staff properly secure cash drawers during work hours.	<b>Y</b>	A new policy is being implemented. The keys are secured in the vault by revenue managers.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Cashiering		6/1/18
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>