

**Guam Police Department
Records and Identification Section's
Revenue Collections**

**Evaluation
October 1, 2006 through July 31, 2008**

**OPA Report No. 08-08
October 2008**

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OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

**Guam Police Department's Records and Identification Section Revenue Collections
Report No. 08-08, October 2008**

The Office of the Public Auditor (OPA) has completed its evaluation of funds collected by the Guam Police Department's (GPD) Records and Identification (ID) Section from October 1, 2006 through July 31, 2008. This evaluation was conducted in response to a request from the Chief of Police after a concern was raised regarding the cash collection at the Records and ID Section. The OPA agreed to provide non-audit services in the form of reconciling the cash receipts of all transactions to deposits made to the Treasurer of Guam (TOG), to assist the GPD in determining the extent to which funds may have not been deposited.

In April 2008 GPD's Criminal Investigations Section conducted an internal investigation of the Records & ID Section after torn cash receipts were discovered in an employee's trash bin. The investigation found that approximately \$1,913 in collections for May 2008 were missing. The suspected employee was arrested in August 2008 for theft of property held in trust, tampering with records, and official misconduct. The employee was subsequently terminated in September 2008.

Evidence of Misappropriation of Funds

Based on the records available for our review, we determined that, from October 1, 2007 through July 31, 2008, \$29,747 of documented receipts was not reported to TOG and deposited. We were not able to ascertain the full extent of receipted funds not deposited to the TOG because records for the entire fiscal year 2007 (October 1, 2006 through September 30, 2007) could not be located by GPD. We also found that over 6,100 sequentially numbered transaction receipts were missing; they were either torn or cut from register tapes and not included with the daily deposit records.

There is a risk in which money could have been misappropriated by employees receiving cash and not entering the transactions in the cash register and/or issuing a receipt. However, our review was not designed to identify such instances and was limited to determine the amounts recorded in receipts, but not deposited.

The Records and ID Section's cash register has a built-in, non-resettable control feature that prints out activity summary reports, grand total and net grand total amounts, for transactions made since the machine's inception. For example, on October 1, 2007, the cash register listed a net grand total of \$270,864. We subtracted the previous work day's net grand total of \$268,074 and the October 1, 2007 net sales total¹ of \$490 and the expected the day's deposit to be \$2,300. However, only \$1,997 was actually reported to TOG and deposited, or a variance of \$303. See table for illustration.

¹ The cash register is closed twice a day. At close-out, the register prints out a net sales report, then erases the data (but not the running net grand total). The afternoon transactions are then re-entered, thus overstating the running grand total. The net sales total for the afternoon close-out was subtracted in order to remove the duplication/overstatement.

Transaction	Amount
Monday, 10/01/07 PM Net Grand Total	\$270,864
Less Friday, 09/28/07 PM Net Grand Total	<u>268,074</u>
Difference	\$2,790
Less 10/01/07 PM Net Sales	<u>490</u>
What should be deposited on 10/01/07	\$2,300
Less Actual Deposit per 10/01/07 Depositor's Report	<u>1,997</u>
Variance	<u>\$ 303</u>

We identified five employees who prepared the daily depositor's report, and found notable discrepancies only on the reports prepared by the terminated employee. Deposit variances ranged from \$1 to \$1,761. It appears that the former employee may have deposited amounts in an attempt to match the cash register tapes, which accompany the daily deposit records.

Internal Control Deficiencies

We found that the Administration Division Chief and the Administration Operations Chief did not provide sufficient review, oversight, and monitoring of the Records and ID Section. With no oversight, the terminated employee overrode the collection, reconciliation, deposit, and record keeping functions, and even arbitrarily removed GPD from the Department of Administration's Point-of-Sale (POS) system in 2006. The lack of internal controls created an opportunity for the theft of government funds. The potential for theft at the Records and ID Section was further exacerbated by the practice of utilizing a stand alone cash register which all employees, including temporarily-assigned police cadets, had access to make transactions.

Our recommendation to the Police Chief to reconnect GPD to DOA's POS system was carried out and GPD was back online by September 24, 2008. We applaud GPD for expeditiously implementing the recommendation.

We recommend that the Chief of Police direct the Administration Division Chief and Operations Chief to provide review, oversight, and monitoring of the Records and ID Section on a regular basis. We also recommend that the Police Chief direct the Administration Division Chief and Operations Chief to review the internal control procedures and checklist to update and modify the existing GPD Records and ID Section's standard operating procedures. OPA is willing to assist GPD by providing an overview of the importance of internal controls.

In addition, we recommend the Treasurer of Guam determine the total number of registers assigned to the POS system and verify if each are submitting deposits on a regular basis.

We will refer this report to the Office of the Attorney General for their disposition.



Doris Flores Brooks, CPA, CGFM
Public Auditor



Introduction

This report presents the results of our evaluation of the Guam Police Department’s (GPD) Records and Identification (ID) Section revenue collections.

In April 2008, an employee of the Records and ID Section discovered torn cash receipts in another employee’s trash bin and reported the discovery. GPD’s Criminal Investigation Section launched an internal investigation, reviewed cash collections for May 2008, and concluded that approximately \$1,913 was missing for that month. In August 2008, the investigation led to the arrest of an employee for theft of property held in trust, tampering with records, and official misconduct. The employee was terminated in September 2008. The Chief of Police subsequently requested the Office of the Public Auditor’s (OPA) assistance with its investigation. The OPA agreed to provide non-audit services by reconciling cash receipts to deposits made to the Treasurer of Guam (TOG), to assist GPD in determining the extent to which funds may have not been deposited.

Our objective was to reconcile the Records and ID Section’s cash receipts and deposits from October 1, 2006 through July 31, 2008 to determine the full extent of the alleged theft. Refer to Appendix 2 for the scope and methodology.

Background

According to its standard operating procedures, the Records and ID Section shall “house records created and/or received by the department.” These records include gun dealer/shooting gallery licenses, firearm certified trainers’ licenses, concealed firearms IDs, firearm registrations, Guam IDs, firearm IDs, traffic/police reports, police clearances, and blotters. See Appendix 3 for the various fees collected by GPD’s Records and ID Section.

Between fiscal years 2003 and 2007 the Records and ID Section collected and deposited an annual average of \$400,000 in various fees. The unaudited deposits for FY 2008 totaled \$528,626, an increase of more than \$100,000 over the average deposits for the last five years. See Table 1 below.

Table 1: Records and ID Section Revenues²

<u>Fiscal Year</u>	<u>Revenues</u>
2008	\$ 528,626 ³
2007	\$ 466,900
2006	\$ 396,474
2005	\$ 393,452
2004	\$ 377,681
2003	\$ 369,585

² Information obtained from FY 2003 through 2007 Audited Government of Guam Basic Financial Statements.

³ Unaudited figure obtained from DOA’s AS400.

Results of Evaluation

We reviewed the Records and ID Section's daily deposit records and cash register summary reports for most of FY 2008 and determined that \$29,747 in recorded cash transactions were not deposited to the Treasurer of Guam (TOG) from October 1, 2007 through July 31, 2008. We were unable to ascertain whether similar cash discrepancies occurred in FY 2007 because GPD could not locate the daily deposit records for the entire fiscal year from October 1, 2006 through September 30, 2007.

Our review also confirmed an employee's observation regarding torn receipts as we did not locate over 6,100 sequentially numbered transactions. The discovery of torn receipts in a waste basket suggests the receipts were destroyed. Although we could not identify the detailed transactions of the torn receipts, the Records and ID Section's cash register has a built-in control feature that prints out a non-resettable summary report, grand total and net grand total amounts, for transactions made since the machine's inception.

Overall, the Records and ID Section lacks accountability for the funds collected. Its stand-alone cash register is accessible to all employees, including temporarily-assigned police cadets. We also learned that, in 2006, the terminated employee arbitrarily disconnected Records and ID Section from the Department of Administration's (DOA) Point-of-Sale (POS) system. The POS system provides an independent check on GPD's deposits and improves the accuracy, recording, and monitoring of all funds collected. The disconnection, purportedly for technical problems, did not alarm TOG and no steps were taken to put GPD back online.

These conditions occurred because GPD's Administration Division Chief and Administration Operations Chief abdicated their responsibility to provide an environment conducive for checks and balances, and failed to provide adequate review, oversight, and monitoring of the Records and ID Section. As a result, evidence indicates that the terminated employee was free to override the collection, reconciliation, deposit, and record keeping of cash receipts.

Evidence of Misappropriation of Funds

We reviewed 208 daily deposit records from October 1, 2007 through July 31, 2008, which consisted of daily deposits slips, cash register tapes to support the daily collections, invoices with breakdowns of daily collections, and depository agent receipts. Of the 208 daily deposit records, 146, or 70%, were prepared by the former employee. The remaining 62, or 30%, were prepared by four other employees. Evidence indicated that the former employee was the only employee with notable variances between deposits and recorded transactions.

There is a risk in which money could have been misappropriated by employees receiving cash and not entering the transactions in the cash register and/or issuing a receipt. However, our review was not designed to identify such instances and was limited to determine the amounts recorded in receipts, but not deposited.

GPD Records and ID Section’s cash register has a built-in control feature that prints out a non-resettable summary report, grand total and net grand total amounts, for transactions made since the machine’s inception. By taking the July 31, 2008 net grand total amount of \$842,798 and subtracting the October 1, 2007 net grand total amount of \$270,864, one would expect that a total of \$571,934 should have been deposited in the 10 months of FY 2008. However, interviews with Records and ID personnel indicated that staff were instructed to key-in a summary of the afternoon sales after the register was closed at the end of the day (around 3 p.m.), which overstated the cash collections in the morning. Therefore, the net sales total for the afternoon cash register close-outs were subtracted in order to remove the duplication/overstatement.

On October 1, 2007, the cash register had a net grand total of \$270,864, in which we subtracted the previous work day’s net grand total of \$268,074 and the October 1, 2007 net sales total of \$490 to determine the expected deposit amount for the day, or \$2,300. We then compared the expected day’s deposit of \$2,300 to the \$1,997 that was actually deposited at TOG per the daily depositor’s report, and found a variance of \$303. See Table 2 for illustration.

Table 2: Summary of OPA Procedures Example

	Amount
Monday, 10/01/07 PM Net Grand Total	\$270,864
Less Friday, 09/28/07 PM Net Grand Total	268,074
Difference	\$2,790
Less 10/01/07 PM Net Sales	490
What should be deposited on 10/01/07	\$2,300
Less Actual Deposit per 10/01/07 Depositor’s Report	1,997
Variance	\$ 303

Using the net grand total amounts and taking into consideration the sales amounts that overstated the cash register totals, we calculated the expected deposits for the 10-month period to be \$440,625. The actual amount deposited to TOG totaled \$410,880, a difference of \$29,747.⁴ The monthly variances in October, November, December, and May were over \$5,000. See Table 3 below for monthly summary.

Table 3: Deposit Variance Summary

<u>Month</u>	<u>Cumulative Totals</u> ⁵	<u>Actual Deposits</u> ⁶	<u>Variance</u>
Oct-07	\$ 48,644	\$ 42,431	\$ (6,213)
Nov-07	52,155	44,679	(7,476)
Dec-07	33,029	25,216	(7,813)
Jan-08	28,061	27,168	(893)
Feb-08	30,877	30,651	(226)
Mar-08	36,967	36,645	(322)
Apr-08	47,198	46,201	(997)
May-08	46,848	41,086	(5,762)
Jun-08	57,068	57,043	(25)

⁴ According to the AS400, TOG recorded \$412,701 as GPD deposits through July 31, 2008, or a difference of \$1,821. However, we did not reconcile the variance.

⁵ These amounts are based on available summary reports filed with the daily deposit records.

⁶ These amounts are based on available deposit slips reviewed for the ten months ending July 31, 2008.

<u>Month</u>	<u>Cumulative Totals</u> ⁵	<u>Actual Deposits</u> ⁶	<u>Variance</u>
Jul- 08	59,778	59,758	(20) ⁷
Total	\$ 440,625	\$ 410,879	\$ (29,747)

We found that the daily variances between expected and actual deposits ranged from \$1 to \$1,761. See Table 4 for the monthly deposit variances.

Table 4: Monthly Deposit Variances

Month	# of Variance	# of Work Days	Daily Variance Range	
			Low	High
October 2007	15	23	\$302	\$587 ⁸
November 2007	18	19	300	558
December 2007	16	18	270	1,114
January 2008	11	22	1	300
February 2008	3	20	6	20
March 2008	9	21	1	194
April 2008	7	22	1	535
May 2008	11	22	1	1,761
June 2008	1	20	25	25
July 2008	1	21	20	20
Total	92	208		

Some examples include:

- \$2,747 was collected on May 27, 2008, but only \$2,027 was deposited and verified in DOA's AS400 system, leaving a shortage of \$720.
- From October 15, 2007 through December 31, 2007, we found variances between collections and actual deposits ranging from \$270 to \$1,114 in the deposits prepared by the terminated employee.
- On November 13, 2007, the cash register tape indicated a net grand total of \$358,511. We subtracted the previous work day's net grand total of \$354,475 and the November 9, 2007 net sales total of \$959 to determine the expected deposit amount for the day, or \$3,077. Actual deposit to TOG was \$2,555, a negative variance of \$522.
- On November 26, 2007, the register tape's net grand total was \$389,691; the previous day's net grand total was \$385,679 and the November 26 net sales total was \$918. The expected deposit was \$3,094, but the actual deposit was only \$2,536, a negative variance of \$558.

It appears that the former employee who deposited the daily collections may have deposited amounts in an attempt to match the remaining physical register tapes not torn off and included with the daily deposit records. See Appendix 4 for more examples.

⁷ This variance was with another depositor, but the amount was considered immaterial.

⁸ Although we identified a negative deposit variance of \$587 on October 5, 2007, we could not determine the depositor as the daily deposit report was missing.

Another built-in control feature of GPD's cash register sequentially numbers every transaction and activity (i.e., sale, void, open register drawer, close-out, etc.). The register's master tape is supposed to be kept intact and serve as a back-up for determining the total collections for a specified period. However, we found that more than 6,100 sequentially-numbered transactions could not be accounted for. The register tapes were either torn-off or cut-off just one or two hours before the register was closed. We also found that the summary reports for the lunchtime register closeouts were seldom included with the daily deposit records.

On a typical day, the last transaction found on the register tape would be recorded around 10:00 a.m., although the cash register is not usually closed until just before noon. Thus, the transactions and summary reports for at least one or two hours would not be included with the deposit documents. For example:

- 36 sequentially numbered transactions between 10:57 a.m. to 12:19 p.m., on October 2, 2007, were missing. Also missing was the summary report for the lunchtime closeout.
- 274 sequentially numbered transactions occurring between 11:04 a.m. on Thursday, October 4, 2007 and 1:49 p.m., Friday, October 5, 2007, a span of more than 24 hours.
- 58 went missing in an hour and a half, between 10:49 a.m. and 12:28 p.m., on March 13, 2008.
- 81 transactions occurring between 9:10 a.m. and 11:43 a.m. on May 21, 2008, a span of two hours and 33 minutes, were missing.

Internal Control Deficiencies

Management is responsible for establishing and maintaining a positive and supportive attitude towards internal control and conscientious performance throughout the organization. Management's philosophy and operating style, and the manner in which authority and responsibility are delegated, affect the control environment.

During our evaluation, several internal controls issues came to light. Central to the situation was management's failure to understand the importance of internal controls. We found that there was no adequate review, oversight, and monitoring of the Records and ID Section; key duties were not separated; the cash register was accessible to all staff; and personnel lacked proper training. In addition, GPD was not utilizing DOA's POS system. As a result, an employee had free reign to manipulate the situation at the expense of the department and Guam's taxpayers.

Inadequate Review, Oversight, and Monitoring

The single most important step that can be taken to prevent fraud is for management to establish and maintain an effective internal control structure. However, management at GPD did not have a clear understanding of the importance of internal controls. This was evident as GPD's Administration Division Chief and Operations Chief did not provide adequate review, oversight, and monitoring over the work of the Records and ID Section. For the past five years, GPD has experienced high turnover in the positions of Administration Division Chief and Administration Operations Chief. As a result, the former employee was allowed to override the collection, reconciliation, deposit, and record keeping of cash receipts at the Records and ID Section. To prevent misappropriation of funds, we recommend that Chief of Police direct the Administration Division Chief and Administration Operations Chief to provide adequate review, oversight, and monitoring of the Records and ID Section on a regular basis.

Point-of-Sale System Non-Operational

In an effort to improve controls and accountability, GPD implemented the POS system in collaboration with TOG in 2004. However, in October 2006, without the approval of GPD's Administration Division Chief and Administration Operations Chief, the terminated employee took the POS system offline. TOG was not informed of this action and took no steps to investigate what the alleged problem was. Because GPD was not connected to POS system, TOG personnel were required to input GPD's daily deposits into TOG's POS system in order to capture the deposits.

The POS system provides an independent check on GPD's deposits and improves the accuracy, recording, and monitoring of all funds collected. We recommend that the Chief of Police direct the Administration Division Chief and Operations Chief work with the TOG in reinstalling the POS system as soon as possible and obtain POS training from TOG. We also recommend that TOG determine the total number of registers assigned to the POS system and verify if each are submitting deposits on a regular basis.

As of September 24, 2008, the Records and ID Section began utilizing the POS system once again, and the employees also received POS training from TOG. We applaud GPD for their efforts in getting the POS functional.

Key Duties Not Separated

Key duties and responsibilities need to be divided or segregated among different people so that no one person controls a transaction from beginning to end. Ideally, authorizing transactions, processing and recording them, reviewing the transactions, and handling assets should be performed by different people. This was not the case at the Records and ID Section. The terminated employee had sole authority to perform the entire process -- from closing out the cash register, counting the cash, and preparing the daily deposits -- without anyone else witnessing the activity or a higher ranking official overseeing the work of Records and ID personnel.

Lack of Training

According to GPD's current staffing pattern, the Records and ID Section consists of civilian clerk typists, who collect fees in cash and other payment instruments and operate the cash register. There is no cashier position. We observed the Records and ID Section's cash register

close-out procedures and concluded that staff needed additional training. For example, a clerk inadvertently accepted an off-island check then removed cash from the cash register to cover the check, while the clerk attempted to contact the check payer. We informed the clerk that switching the check for cash to correct a mistake was inappropriate because the transaction had already been recorded. The supervisor concurred and the matter was resolved by having TOG deposit the check for collection.

Human resources are an organization's greatest asset and management has a responsibility to foster excellent performance. Only when personnel are appropriately trained and given the right tools, structure, incentives, and responsibilities can an operation be successful.

Poor Physical Control Over Cash

Because of the susceptibility to theft, cash, checks, and receipts must be kept in secure locations. Such cash and related documents should be kept in a locked cash box with the key placed under custody of an employee, and stored in an area that is not visible to unauthorized personnel. The cash box should not be left unattended during the working day. To the extent possible, all cash should be deposited daily or stored securely until deposited. While GPD utilizes a hand-carried cash box to store the collections overnight, several Records and ID Section personnel have access to this cash box. GPD has since improved this condition by arranging for the depository agent to pick-up the funds collected at 3:45 PM each day. We performed a surprise cash count in September 2008 and found no discrepancy between the transactions recorded on the cash register and the cash and check payments collected.

Lack of Access Restrictions to and Accountability for Records

Access to records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. All Records and ID Section personnel, including temporarily-assigned police cadets, have access to the cash register. In addition, Records and ID personnel do not utilize cashier identification codes, a feature that the cash register can accommodate. Cashier identification codes identify the person intending to use it. They are an effective accountability mechanism. We recommend that Records and ID Section personnel are assigned cashier ID numbers while operating the cash register to ensure accountability of transactions and errors.

Policies and Procedures not Utilized

Written policies and procedures guide and direct the work process for employees, but they are as good as not having policies at all if ignored. The Records and ID Section has written standard operating procedures, but we were informed that they were last updated in September 1997 and the staff do not use them.

A copy of internal control procedures and an internal controls checklist was provided to the Police Chief to aid in developing procedures for improving the GPD Records and ID Section. See Appendix 5 and 6 for the procedures and checklist.

We recommend that the Administration Division Chief and Operations Chief update and modify the existing standard operating procedures, to include but not limited to:

- Management providing review, oversight, and monitoring of the Records and ID Section on a regular basis;
- Separation of key duties; and
- Assigning cashier identification numbers to Records and ID Section personnel who operate the cash register.

OPA is willing to assist GPD by providing an overview of the importance of internal controls.

Missing FY 2007 Files

The audited financial statements for FY 2007 showed that the Records and ID Section deposited a total of \$466,900 was deposited to TOG. We were unable to determine whether collections matched actual deposits for FY 2007 because GPD could not locate the daily deposit records. GPD was able to locate the files for FY 2005 and 2006, but we did not review these files.

Conclusion

Our review provided evidence that \$29,747 of receipted monies at the GPD was not deposited to TOG from October 1, 2007 through July 31, 2008. We were not able to ascertain the full extent of deficient deposits to TOG because GPD could not locate receipt records for the entire fiscal year 2007 (October 1, 2006 through September 30, 2007). Based on the records we could review, we found that more than 6,100 sequentially-numbered transaction receipts were missing from the daily deposit records.

We identified five Records and ID employees who prepared daily deposit reports and the terminated employee was the only one with deposit variances. It appears that the former employee may have deposited amounts in an effort to match the physical register tapes included with the daily deposit records.

We found that the lack of review, oversight, and monitoring by the Administration Division Chief and the Administration Operations Chief, created the opportunity for the theft of government funds. The terminated employee simply overrode the Records and ID Section's lax collection, reconciliation, deposit, and record keeping procedures, even to the extent of arbitrarily disconnecting GPD from DOA's POS system. The Records and ID Section's use of a stand-alone cash register that was disconnected from the POS system and accessible to every employee, including temporarily-assigned police cadets, left no room for accountability.

OPA will refer this report to the Office of the Attorney General (OAG) for their disposition.

Recommendations

To the Guam Police Department's Chief of Police:

1. Direct the Administration Division Chief and Operations Chief work with TOG to implement the POS system as soon as possible.
2. Direct Records and ID Section personnel to obtain training of the POS system from TOG.
3. Direct the Administration Division Chief and Operations Chief to update and modify the existing GPD Records and ID Section standard operating procedures, to include but not limited to:
 - a. Management providing review, oversight, and monitoring of the Records and ID Section on a regular basis;
 - b. Separation of key duties; and
 - c. Assigning cashier identification numbers to Records and ID Section personnel who operate the cash register.

To the Treasurer of Guam:

4. Determine the total number of registers assigned to the POS system and verify if each are submitting deposits on a regular basis.

Refer to Appendix 8 for the status of these recommendations.

Management Response and OPA Reply

A preliminary draft report was transmitted to the GPD Chief of Police and DOA Director in October 2008. We also met with the GPD Chief of Police and the OAG Chief Prosecutor to discuss the preliminary draft report.

The Police Chief and DOA Director generally concurred with the findings and recommendations of this report. See Appendices 9 and 10 for the respective management responses.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of the implementation of the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, our office will be contacting GPD to establish target dates and titles of officials responsible for implementing the recommendations.

We appreciate the cooperation and assistance shown by the Chief of Police, Criminal Investigation Section, Administration Operations Chief, GPD Records and ID Section personnel, Treasurer of Guam, and OAG Chief Prosecutor during this evaluation.

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Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:

Classification of Monetary Amounts

	Questioned Costs
Evidence of Misappropriation of Funds	\$ 29,747
Internal Control Deficiencies	-
Total	<u><u>\$ 29,747</u></u>

Appendix 2:

Scope and Methodology

The scope of this engagement is the 22-month period from October 1, 2006 through July 31, 2008.

However, the OPA engagement team was only able to review available documentation for the ten-month period from October 1, 2007 through July 31, 2008. All documentation for the entire FY 2007 (October 1, 2006 through September 30, 2007) was not available for our review, as the receipt documents could not be located by GPD personnel.

We performed this engagement through providing non-audit services to the GPD to assist them in an internal investigation. The methodology included conducting interviews of key personnel and obtaining documents as part of the evaluation to better understand the functions and operations of GPD's Records and ID Section cash collection process. We reviewed source documents (cash register receipts, treasury depositor's report, GPD invoices, etc.) retrieved from GPD's Records and ID Section, as well as financial data from the DOA's AS400 Financial Management System. The work was performed at GPD in Tiyan, Guam. In order to determine the amount of funds receipted but not deposited to the TOG, we performed the following procedures:

1. We reviewed the Records and ID Section's non-resettable cash register summary report tapes for a recap of each day's transactions. Due to the intentional removal of the sequentially-numbered transaction receipts, several daily deposit documents lacked a summary report. However, we did keep track of the net grand total amounts, a cardinal function of the cash register.
2. To take the missing net grand total amounts into account, we subtracted the prior day's net grand total with the current day's net grand total to obtain a variance.
3. To determine the prior days expected sales deposit amount, the Net Sales for the day were subtracted from that variance.
4. The prior day's actual deposit was then subtracted from the prior day's expected deposit to obtain the variance. A negative variance meant that the actual deposit was less than the expected deposit amount, which indicated that not all the monies collected were deposited. A positive variance meant that the actual deposit was more than the expected deposit amount.
5. Steps 1-4 were repeated for each daily deposit available for our review.
6. Pivot tables were then developed to summarize the monthly deposits and variances.

Appendix 3:

GPD Fees Schedule

GPD's Records and ID Section set the following fee schedules effective June 1, 2007.

<u>Description</u>	<u>Amount</u>
Gun Dealer / Shooting Gallery License	\$ 600.00
Firearm Certified Trainers	500.00
Private Security Recording	75.00
Concealed Firearm ID	60.00
Special Highway Permits	50.00
Firearm Registration	40.00
Guam ID	25.00
Firearm ID	25.00
Finger Printing	20.00
Traffic/ Police Report	15.00
Police Clearance	7.00
Police Clearance- Addt'l. Copies	1.00
Blotter- 1 st Page	1.00
Blotter- Subsequent Copies	0.10

Variance in Daily Collections and Deposits

Deposit Date	Cumulative Totals ⁹	Total Deposits	Variance
10/1/2007	\$ 2,300.00	\$ 1,997.00	\$ (303.00)
10/4/2007	4,751.00	1,538.00	(587.00)
10/5/2007		2,626.00	
10/9/2007	2,596.00	2,294.00	(302.00)
10/15/2007	2,198.00	1,756.00	(442.00)
10/16/2007	1,932.00	1,528.00	(404.00)
10/17/2007	2,109.00	1,672.00	(437.00)
10/18/2007	2,491.00	2,086.00	(405.00)
10/19/2007	2,204.00	1,779.00	(425.00)
10/22/2007	2,309.00	1,877.00	(432.00)
10/23/2007	2,142.00	1,738.00	(404.00)
10/24/2007	1,874.00	1,473.00	(401.00)
10/25/2007	2,241.00	1,802.00	(439.00)
10/26/2007	2,170.00	1,771.00	(399.00)
10/29/2007	3,129.00	2,694.00	(435.00)
10/30/2007	2,231.00	1,833.00	(398.00)
10/31/2007	2,068.00	1,668.00	(400.00)
11/1/2007	2,201.00	1,797.00	(404.00)
11/5/2007	3,405.00	2,980.00	(425.00)
11/6/2007	2,375.00	1,940.00	(435.00)
11/7/2007	2,696.00	2,288.00	(408.00)
11/8/2007	2,457.00	2,022.00	(435.00)
11/9/2007	2,675.00	2,360.00	(315.00)
11/13/2007	3,077.00	2,555.00	(522.00)
11/14/2007	2,506.00	2,088.00	(418.00)
11/15/2007	2,020.10	1,705.10	(315.00)
11/16/2007	6,950.40	6,441.40	(509.00)
11/19/2007	2,462.00	2,048.00	(414.00)
11/20/2007	2,587.60	2,177.70	(409.90)
11/21/2007	1,773.70	1,473.70	(300.00)
11/26/2007	3,094.00	2,536.00	(558.00)
11/27/2007	2,454.00	2,048.00	(406.00)
11/28/2007	2,397.00	1,995.00	(402.00)
11/29/2007	2,126.00	1,726.00	(400.00)
11/30/2007	2,598.00	2,198.00	(400.00)
12/3/2007	4,478.00	2,136.00	(1,114.00)
12/4/2007		1,228.00	
12/5/2007	2,164.00	1,764.00	(400.00)
12/6/2007	1,963.00	1,563.00	(400.00)
12/10/2007	2,428.00	2,031.00	(397.00)

⁹ There were some instances in which the non-resettable net grand totals were unavailable for our review. The cumulative total for the following work day was larger and required two days worth of deposits to be combined.

Variance in Daily Collections and Deposits

Deposit Date	Cumulative Totals ¹⁰	Total Deposits	Variance
12/11/2007	1,630.00	1,230.00	(400.00)
12/12/2007	1,478.00	1,178.00	(300.00)
12/13/2007		1,521.20	(1007.00)
12/14/2007	3,518.20	990.00	
12/17/2007	1,756.00	1,257.00	(499.00)
12/18/2007	1,147.00	828.00	(319.00)
12/19/2007	1,726.00	1,326.00	(400.00)
12/20/2007	1,593.00	1,201.00	(392.00)
12/21/2007	1,274.00	1,004.00	(270.00)
12/26/2007	1,655.00	1,155.00	(500.00)
12/27/2007	1,831.00	1,316.00	(515.00)
12/28/2007	1,790.00	1,290.00	(500.00)
12/31/2007	1,154.00	854.00	(300.00)
1/2/2008	1,318.00	1,018.00	(300.00)
1/3/2008	1,264.00	1,262.00	(2.00)
1/4/2008	1,072.00	1,077.00	5.00
1/7/2008	1,280.00	1,254.00	(26.00)
1/10/2008	1,233.00	1,263.00	30.00
1/11/2008	1,325.00	1,323.00	(2.00)
1/18/2008	1,473.00	1,373.00	(100.00)
1/22/2008	1,230.00	1,231.00	1.00
1/28/2008	1,722.00	1,527.00	(195.00)
1/30/2008	1,499.00	1,495.00	(4.00)
2/4/2008	1,809.00	1,803.00	(6.00)
2/7/2008	2,027.00	2,007.00	(20.00)
2/21/2008	1,193.00	993.00	(200.00)
3/6/2008	786.00	787.00	1.00
3/12/2008	1,102.00	1,103.00	1.00
3/13/2008	1,872.00	1,733.00	(139.00)
3/14/2008	2,346.00	2,152.00	(194.00)
3/21/2008	2,533.00	2,541.00	8.00
3/24/2008	2,230.00	2,239.00	9.00
3/26/2008	2,434.00	2,439.00	5.00
3/27/2008	1,960.00	1,946.00	(14.00)
3/28/2008	1,950.00	1,951.00	1.00
3/31/2008		2,089.00	(110.00)
4/1/2008	4,175.00	1,976.00	
4/4/2008	2,817.00	2,818.00	1.00
4/8/2008	2,463.00	2,464.00	1.00
4/10/2008	1,891.00	1,896.00	5.00
4/11/2008	2,328.00	2,329.00	1.00
4/28/2008	2,399.00	1,864.00	(535.00)

¹⁰ There were some instances in which the non-resettable net grand totals were unavailable for our review. The cumulative total for the following work day was larger and required two days worth of deposits to be combined.

Variance in Daily Collections and Deposits

Deposit Date	Cumulative Totals ¹¹	Total Deposits	Variance
4/29/2008	2,048.00	1,688.00	(360.00)
5/1/2008	1,892.00	1,472.00	(420.00)
5/2/2008	2,541.00	2,008.00	(533.00)
5/13/2008		1,858.00	
5/14/2008	6,046.00	1,207.00	(1,761.00)
5/15/2008		1,220.00	
5/16/2008	2,195.00	1,695.00	(500.00)
5/19/2008	2,199.00	1,849.00	(350.00)
5/22/2008	2,554.00	1,868.00	(686.00)
5/23/2008	1,919.00	1,920.00	1.00
5/27/2008	2,747.00	2,027.00	(720.00)
5/28/2008	2,713.00	2,213.00	(500.00)
5/29/2008	2,313.00	2,013.00	(300.00)
5/30/2008	2,452.00	2,459.00	7.00
6/2/2008	3,206.00	3,181.00	(25.00)
7/1/2008	4,496.00	4,476.00	(20.00)
Total	\$ 211,237.00	\$ 181,490.10	\$ (29,746.90)

¹¹ There were some instances in which the non-resettable net grand totals were unavailable for our review. The cumulative total for the following work day was larger and required two days worth of deposits to be combined.

Internal Control Procedures



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INTERNAL CONTROL PROCEDURES

The following information on the fundamental principles of internal controls and cash is taken from a chapter of the Fundamental Accounting Principles, 15th edition written by Larson, Wild and Chiapetta. It has been adapted to fit a small government entity. Please note that the information is not all-inclusive of internal controls and should be used as a general guide to ensure basic internal controls are in place.

OVERVIEW

It is management's responsibility to set up policies and procedures to safeguard an agency's assets, especially cash. To do so, directors and government employees must understand and apply the basic principles of internal controls.

PURPOSE OF INTERNAL CONTROL

Directors of small government entities often control the entire operation. They supervise employees, participate in all activities, and make major decisions. At some point, directors must delegate responsibilities and rely on formal procedures rather than personal contact in controlling and knowing all operations of the entity.

Directors use an internal control system to monitor and control the entity's operations. An internal control system is all the policies and procedures directors use to:

- Protect assets
- Ensure reliable accounting
- Promote efficient operations
- Urge adherence to government policies, rules and regulations, and laws

A properly designed internal control system is a key part of systems design, analysis and performance. Directors should place a high priority on internal control systems because they can prevent avoidable losses, help directors plan operations, and monitor agency and employee performance. While internal controls do not offer guarantees, they reduce the agency's risk to fraud, waste, and abuse.

PRINCIPLES OF INTERNAL CONTROL

Internal control policies and procedures vary from entity to entity. They depend on factors such as the nature of the entity's operations and its size. Yet certain fundamental internal control principles apply to all entities. The principles of internal control are:

Internal Control Procedures



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- 1. Establish responsibilities.**
 - Control is most effective when each task is clearly established and assigned to one person.
- 2. Maintain adequate records.**
 - Good recordkeeping helps protect assets and ensures that employees use prescribed procedures.
 - Reliable records are a source of information that directors use to monitor the entity's operations.
- 3. Separate recordkeeping from custody of assets.**
 - The person who controls or has access to an asset must not keep that asset's accounting records.
 - This principle reduces the risk of theft or waste of an asset because the person with control over the asset knows that records of the asset are kept by another person. The recordkeeper doesn't have access to the asset and has no reason to falsify records. Both persons must agree to commit a fraud, called collusion, for the asset to be stolen and theft is hidden from the records.
- 4. Divide responsibility for related transactions.**
 - Good internal control divides responsibility for a transaction or a series of related transactions between two or more individuals or departments, often called separation of duties.
 - This is to ensure that the work of one acts as a check on another.
- 5. Apply technological controls.**
 - The use of technological devices can improve internal control (i.e., accounting softwares or programs, cash registers, check protectors, time clocks, mechanical counters, and personal identification scanners).
- 6. Perform regular and independent reviews.**
 - Management should review monthly financial reports of the agency's operations.
 - Independent reviews should be done by internal auditors or by someone who is not directly involved in operations.
 - The independent review should be done periodically or on a surprise basis.
 - The entity should have external auditors test the agency's financial records to determine whether they are presented fairly in accordance with generally accepted accounting principles.
- 7. Insure assets and bond key employees.**
 - Assets should be adequately insured against casualty, and employees handling cash and negotiable assets should be bonded.

Internal Control Procedures



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- An employee is *bonded* when the entity purchases an insurance policy, or bond, against losses from theft by that employee.
- For the Government of Guam, bonding of employees may not be cost effective.

These procedures minimize the risk of fraud and theft as well as increase the reliability and accuracy of accounting records.

LIMITATIONS OF INTERNAL CONTROL

All internal control policies and procedures have limitations. Probably the most serious source of these limitations is the human element. Internal control policies and procedures are applied by people and often impact other people. This human element creates several potential limitations that we can categorize as either:

- (1) Human error, which can occur from negligence, fatigue, misjudgment, or confusion, or
- (2) Human fraud, which involves intent by people to defeat internal controls for personal gain.

Another important limitation on internal control is the cost-benefit principle, which means the costs of internal controls must not exceed their benefits. The bottom line is that no internal control system is perfect, and that the directors must establish internal control policies and procedures with a net benefit to the entity.

CONTROL OF CASH

Cash is a necessary asset of every entity. It is important to apply principles of good internal control to cash. Cash is the most liquid of all assets and are easily hidden and moved. A good system of internal control for cash provides adequate procedures for protecting both cash receipts and cash disbursement. These procedures should meet three basic guidelines:

1. Handling of cash is separate from recordkeeping for cash.
 - This guideline aims to minimize errors and fraud by division of duties.
 - When duties are separated, two or more people must collude to steal cash and conceal this action in the accounting records.
2. Cash receipts are promptly (daily) deposited in a bank.
 - This guideline aims to use immediate (daily) deposits of all cash receipts to produce a timely independent test of the accuracy of the count of cash received.
 - Cash theft or loss is reduced as well as the risk of an employee personally using the money before depositing it.
3. Cash disbursements are made by check.

Internal Control Procedures



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- This guideline aims to use payment by check to develop a bank record of cash disbursements
- This guideline also reduces the risk of cash theft.

The deposit of cash receipts and the use of checks for cash disbursement allows an entity to use bank records as a separate external record of cash transactions. For small entities, use of prenumbered cash receipts as well as the requirement of dual signatures on checks are also essential procedures for good internal control for cash.

VOUCHER SYSTEM OF CONTROL

A voucher system is a set of procedures and approvals designed to control cash disbursements and acceptance of obligations. The voucher system of control establishes procedures for:

- Accepting obligations resulting in cash disbursements.
- Verifying, approving, and recording obligations.
- Issuing checks for payment of verified, approved, and recorded obligations.
- Requiring obligations be recorded when incurred.
- Treating each purchase as an independent transaction.

A good voucher system follows these procedures for every transaction. This applies even when many purchases are made from the same vendor during a period.

BANK RECONCILIATION

When an agency deposits all receipts and when all payments except petty cash payments are by check, the bank statement is a device for proving the accuracy of the depositor's cash records. The agency tests the accuracy by preparing a bank reconciliation. A bank reconciliation explains the difference between the balance of a checking account according to the depositor's records and the balance reported on the bank statement.

OPA's Internal Control Checklist



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INTERNAL CONTROL CHECKLIST

This internal control checklist is designed to help Directors assess their agency's internal controls and to provide guidance in implementing controls where weaknesses are presented. This is not an all-inclusive list of internal controls and should be used as a general guide to ensure that basic internal controls are in place. Please note that answering "yes" indicates that a desired control is in place; answering "no" indicates that a control weakness may be present, and corrective action may be necessary. Keep in mind that some questions may not be applicable to all operations.

	Yes	No	N/A	Comments
General Controls				
● Does the entity have an accounting system such as QuickBooks, Peachtree, MAS 90, etc.?	_____	_____	_____	_____
● Does the entity have adequate written statements and explanations of its accounting policies and procedures?	_____	_____	_____	_____
● Are accounting policies and procedure manuals updated as necessary?	_____	_____	_____	_____
● Are manuals distributed to appropriate personnel?	_____	_____	_____	_____
● Is there a periodic review of accounting procedures with all staff?	_____	_____	_____	_____
Cash Receipts				
● Are responsibilities for collecting, depositing, and recording cash receipts performed by different individuals?	_____	_____	_____	_____
● Are cash receipts recorded on pre-numbered duplicate receipt forms with the original copy given to the payer?	_____	_____	_____	_____
● Are deposits compared on a daily basis to pre-numbered receipt forms by someone other than employee initially receiving cash?	_____	_____	_____	_____
● Is "For Deposit Only" stamped on incoming checks as soon as received?	_____	_____	_____	_____
● Are all checks received made payable to the entity?	_____	_____	_____	_____
● Are adequate physical facilities provided for safeguarding cash until it can be deposited (locked away)?	_____	_____	_____	_____
● Does adequate accountability exist to identify who is responsible for cash at any given time (Is responsibility for cash receipts fixed from the time they are received until sent to the bank)?	_____	_____	_____	_____
● Are cash receipts deposited on a daily basis?	_____	_____	_____	_____

OPA's Internal Control Checklist

	Yes	No	N/A	Comments
● Are Deposit/Receipt Forms and supporting documentation reviewed by an employee not involved with the cash collection process?	_____	_____	_____	_____
● Are cash overages or shortages reported?	_____	_____	_____	_____
● Are employees prohibited from using cash receipts to make cash disbursements?	_____	_____	_____	_____
● Is a comparison of daily reported receipts conducted on a test basis to bank statements to verify timeliness of deposits?	_____	_____	_____	_____
Cash Disbursements				
● Are responsibilities for disbursement preparation and disbursement approval functions segregated from those recording or entering cash disbursements information?	_____	_____	_____	_____
● Are all cash disbursements made by check?	_____	_____	_____	_____
● Are pre-numbered triplicate checks used where the original check is given to Payee, the duplicate filed in the vendor file and triplicate saved as the check register copy?	_____	_____	_____	_____
● Are dual signatures required on all checks?	_____	_____	_____	_____
● Are disbursements made only when approved by authorized persons?	_____	_____	_____	_____
● Are all bills or disbursement vouchers presented together with the checks for signature?	_____	_____	_____	_____
● Are all supporting documents properly marked "Paid" at time of signature to prevent duplicate payment?	_____	_____	_____	_____
● Are all bills or disbursement vouchers approved by someone other than the check signer?	_____	_____	_____	_____
● Are voided checks preserved and filed after appropriate mutilation?	_____	_____	_____	_____
● Is there a written prohibition against drawing checks payable to cash?	_____	_____	_____	_____
Financial Records				
● Is a monthly review and reconciliation of all bank statements and correspondence performed (preferably within 15 days after the statement date)?	_____	_____	_____	_____
● Is a monthly review and reconciliation of all bank statements and correspondence performed by someone unrelated to the cash receipts or disbursement functions?	_____	_____	_____	_____
● Does a responsible official, other than the preparer, review completed bank reconciliations?	_____	_____	_____	_____
● Is the completed bank reconciliation initialed and dated by both the preparer and the reviewer?	_____	_____	_____	_____

OPA's Internal Control Checklist

	Yes	No	N/A	Comments
<ul style="list-style-type: none"> Does the entity's accounting system allow management to record financial transactions, view the data by category, and create timely reports to maintain accountability for the government's assets? 	_____	_____	_____	_____
<ul style="list-style-type: none"> Is computerized data backed up daily and source documents retained? 	_____	_____	_____	_____
<ul style="list-style-type: none"> Are all financial recording documents sequentially pre-numbered, retained, and accounted for, including spoiled or voided forms? 	_____	_____	_____	_____
<ul style="list-style-type: none"> Are records properly guarded from fire, theft and manipulation? 	_____	_____	_____	_____
<ul style="list-style-type: none"> Are monthly financial statements (e.g. Trial Balance, Balance Sheet, Income Statement, etc.) prepared? 	_____	_____	_____	_____
<ul style="list-style-type: none"> Are monthly financial statements reviewed and approved by the director? 	_____	_____	_____	_____

Appendix 7:

Cash Register Close-Out Process

One of the most important functions of a modern cash register is to record its usage by user, type of activity, method of payment, and by date and time. The register's "Z" function generates a printout of all the activity performed, then erases the data from the cash register memory.

GPD's Records and ID Section closes its cash register twice daily, once before lunch and again at the close of the business day. Based on our observation, the following is the cash register close-out process at the GPD Records and ID Section.

1. The summary reports are printed from the cash register and the cash register drawer automatically opens. The "Z" report function prints the sales on the cash register tape while erasing the data from the cash register memory. Every time the register is "Z'd out" (report taken), that total is erased from the daily sales files.
2. Change fund of \$100 is counted and set aside. The rest of the cash and any check collections are removed from the register.
3. The collections are then counted and reconciled against the summary reports.
4. An employee prepares the deposit reports (i.e., treasury depositor's report, GPD "invoice", contracted depository agent receipt, etc.), as follows:
 - a. The GPD "invoice" is prepared by reviewing the two summary reports side by side and adding up the number of transactions and total amount received per transaction code. The breakdown by transaction code is listed on the GPD invoice.
 - b. The depositor's report identifies:
 - i. The quantity of cash and checks received for each transaction code;
 - ii. A designated account number assigned by the TOG;
 - iii. A report number starting with number one at the beginning of each fiscal year (e.g., October 1, 2007 was report number 08-001); and
 - iv. The money bag number money bag containing all cash and checks, the pink colored field receipt and original Treasury Depositor's Report.
 - c. The receipt for the contracted depository agent indicated the total amount of cash and checks to be delivered to TOG.
5. The employee also updates the "Daily Cash Accountability" notebook with the information found in the GPD invoice. The accountability notebook is used to assist Records and ID employees in reporting the monthly cash collections to upper management.
6. When documentation is complete, all the cash and check collections and the documentation, with the exception of the depository agency receipt, are placed in a zippered money bag and secured with the key. The contracted depository agency receipt was the only one that was not included inside the bag. The money bag and the contracted depository agency receipt was then given to another employee for safekeeping.
7. A contracted depository agent picks up the money bag for delivery to TOG for recording in DOA's AS400 and to a financial institution for deposit.
8. Once the deposits are recorded in the AS400 system, TOG prints a receipt from their POS system and provides this to GPD for its records.

Appendix 8:

Status of Recommendations

To the GPD Chief of Police:

	Recommendation	Status	Action Required
1	Direct the Administration Division Chief and Operations Chief work with TOG to implement the POS system as soon as possible.	Implemented.	No further action required.
2	Direct Records and ID Section personnel to obtain training of the POS system from TOG.	Implemented.	No further action required.
3	Direct the Administration Division Chief and Operations Chief to update and modify the existing GPD Records and ID Section standard operating procedures, to include but not limited to: <ul style="list-style-type: none"> a. Management providing review, oversight, and monitoring of the Records and ID Section on a regular basis; b. Separation of key duties; and c. Assigning cashier identification numbers to Records and ID Section personnel who operate the cash register. 	Management concurs; additional documentation required.	Provide a copy of GPD Records and ID Section's standard operating procedures once modified and approved.

To the Treasurer of Guam:

	Recommendation	Status	Action Required
1	Determine the total number of registers assigned to the POS system and verify if each are submitting deposits on a regular basis.	Management concurs; additional documentation required.	Once inventory is conducted, provide a listing of registers assigned to the POS system and the results of verification.

Appendix 9:

GPD's Management Response

10-28-08;03:09PM;GUAM POLICE DEPT.

1 / 1



GOVERNMENT OF GUAM
HAGATNA, GUAM 96932

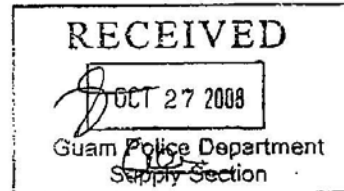
October 27, 2008

MEMORANDUM

To: Operations Chief
Administrative Division

From: Acting Officer in Charge
Records and ID Section

Subj: **Records & ID Section**
RE: Cash Handling Procedures



Sir, as per your request this memorandum is regarding issues that were addressed by the Office of the Public Auditor (OPA) and the handling of cash at the Records and ID Section. The following have been implemented and/or are being addressed to resolve issues that were cited by the OPA:

- i. **The Point of Sale system** was re-instituted as of September 24, 2008. Ms. Maria Uson from Department of Administration's, Treasurer of Guam, provided training for the staff at the Records and ID section. The Records & ID Section currently utilizes the Point of Sale (POS) system for all transactions. This system requires for each user to have an assigned Username and Password. This will ensure that the assigned cashier begins and ends their shift with accountability for the funds.
- ii. **On July 15, 2008**, a revised listing of **authorized Treasurer Agents** was submitted to the Department of Administration, Treasurer of Guam. The Records & ID Section are now required to close their shift on the POS system, with a minimum of **two (2) identified treasurer agents** present for the close out procedure. Each agent will verify all documents and cash prior to being placed in the depositor's bag and acknowledge all documents and cash. Records and ID Section have identified the **need for dedicated cashiers to handle transactions with the Guam Police Department**. Until dedicated cashiers are hired, Treasurer Agents will be responsible for the monetary transactions of services provided by the Records & ID Section.
- iii. The Standard Operating Procedures for the Records & ID Section is currently being revamped. This operating procedure will include a detail process for the receipt, processing and submission of funds between GPD and the Treasurer of Guam.

Submitted as instructed.

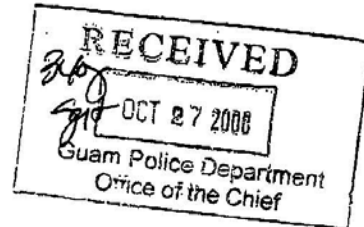
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BY: Rgn

HELEN M. TOVES
HELEN M. TOVES



DOA's Management Response



Felix P. Camacho
Governor
Michael W. Cruz, M.D.
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
DIRECTOR'S OFFICE
(UFISINAN DIREKTOT)
Post Office Box 884 Hagatña, Guam 96932
Tel: (671) 475-1101/1250 Fax: (671) 477-6788



Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

OCT 27 2008

Ms. Doris Flores Brooks
Public Auditor
Office of the Public Auditor
238 Archbishop Flores Street
Suite 401 Pacific News Building
Hagatna, Guam 96932

**Re: Preliminary Draft Report – Evaluation of Guam Police Department
Records and Identification Section's Revenue Collections**

Dear Ms. Brooks:

Hafa Adai! We have reviewed the OPA Preliminary Draft Report on the Evaluation of Guam Police Department Records and Identification Section's Revenue Collections and we concur with your recommendations. We will conduct an inventory of the number of registers and determine whether or not they are operating with the Point-of-Sale (POS) System. We will also issue a circular to the line agencies explaining the standard operating procedures in the event the POS system is inoperable and what steps are to be taken.

Should you have any questions relating to this matter, please contact my office at 475-1101.

Sincerely,

Lourdes M. Perez
LOURDES M. PEREZ
Director of Administration

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Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:



- **Call our HOTLINE at 47AUDIT (472-8348);**
- **Visit our website at www.guamopa.org;**
- **Call our office at 475-0390;**
- **Fax our office at 472-7951;**
- **Or visit us at the PNB Building, Suite 401
In Hagåtña**

All information will be held in strict confidence.