

**FINANCE DEPARTMENT
INTERNAL AUDIT
FOLLOW UP**

December 12, 2023

**REVENUE DIVISION FINDING: \$45.1 MILLION
OF UNPROCESSED TRANSACTIONAL
ACTIVITY THAT IS CATALOGUED IN EXCEL
KNOWN AS CCG LOCKBOX. THIS ACTIVITY
HAS NOT BEEN BANKED. DETAILS APPEAR
IN A SUPPLEMENTAL ATTACHMENT.**

THIS IS FALSE.

REVENUE DIVISION FINDING

- \$45.1 million does not represent unprocessed transactional activity
- All lockbox transactions have been deposited in the bank and a sampling to document this has been provided to the Internal Auditor.
- Supplemental attachments were not provided to the Finance Director until it was passed out at the City Council meeting on December 5, 2023.
- **No validation was done to substantiate the whistleblower claim.**

BUSINESS LICENSE PROCESS RELATED TO LOCKBOX EXCEL FILE ONLY

- Either a occupation tax return is mailed to the bank Lockbox or to the Revenue Office
- The check is deposited by the bank if mailed to the bank Lockbox or by the Revenue Division if mailed to the Revenue Office
- These bank deposits are recorded in the CCG Finance Department General Ledger (G/L) in a Balance Sheet Account 0101-2175 (**Cash is debited**, Lockbox is credited)
- These deposits are logged on an Excel file known as Lockbox for each fiscal year
- This file and Lockbox G/L account is used to track all occupation tax returns by business account received thru the bank Lockbox or mailed to the Revenue Office (includes batch date, process date, receipt #, batch ID number from the bank, cash receipt document ID #, journal entry #, account number, total paid)

BUSINESS LICENSE PROCESS RELATED TO LOCKBOX EXCEL FILE ONLY

- Generally, Lockbox licenses are processed in the order in which they are received
- If all required documents are provided, a business license is processed in the EnerGov Business License Software System and mailed to the business
- The revenue is moved by a journal entry from the G/L Lockbox account (0101-2175) to a revenue account(s) periodically. The journal entry is recorded on the Lockbox Excel file.

BUSINESS LICENSE PROCESS RELATED TO LOCKBOX EXCEL FILE ONLY

- The Internal Auditor has claimed that the journal entries which reclassifies funds from the G/L Lockbox account to revenue is “Missing Money”. **THIS IS FALSE.**
- **The funds in the G/L Lockbox account are funds already DEPOSITED IN THE BANK.**

BUSINESS LICENSE PROCESS RELATED TO LOCKBOX EXCEL FILE ONLY

- At year end, there is a journal entry processed to reclassify all remaining funds from the G/L Lockbox account to revenue as this constitutes revenue for the particular fiscal year even if the business license has not been processed.
- Currently, there are approximately 500 returns that are still pending to be processed. This total an estimated \$2.5 million. These funds have already been deposited.

CONCLUSION

- There is NO “Missing Money” OR “unrealized revenue liability”.