

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Finding:**

On October 1, 2018, DFA discovered three checks, totaling \$1,933, missing from September deposits at the Hot Springs - Downtown Revenue Office. After being questioned by police, Service Representative Faleasha Young admitted removing and destroying a \$639 check for her personal title and registration and recording a nonexistent customer check to conceal \$1,217 in misappropriated cash. A third check for \$77 remains unaccounted for. Young reimbursed DFA \$639, and her employment was terminated.

**Recommendation:**

We recommend the Agency strengthen controls around the receipt and recording of checks at the local revenue offices.

**Agency Response:**

DFA has changed its policy to require two persons go to the bank, where practical. One employee carries the bank bag and the other employee carries the key to the money bag. Ms. Young admitted she was aware the missing checks would be investigated and that she would be held accountable, but that she was desperate and did not know what else to do to help her family.

**Finding:**

A DFA employee from the Hot Springs – Albert Pike Revenue Office informed management that her cash drawer was short \$1,001 on December 3, 2018. Further investigation by DFA revealed that the employee did not follow protocol when accepting cash from a customer. After a failed attempt to have the customer pay the remaining balance, the employee reimbursed the State \$1,001 and retired from her position.

**Recommendation:**

We recommend the Agency emphasize the importance of following procedures for accepting cash from customers.

**Agency Response:**

On December 3, the employee made the District Manager aware she was short in her cash drawer, but she felt she had found the shortage; however, she later decided she had not. The employee and the District Manager could not find the shortage. DFA police investigated the incident and could not determine how the shortage occurred. The employee reimbursed the State \$1,001 and retired from her position.

DFA instituted a policy that someone in the office verify any transaction over \$500 that involves cash before the transaction is completed.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS TOBACCO CONTROL BOARD  
(DEPARTMENT OF FINANCE AND ADMINISTRATION)  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**Finding:**

The Department of Finance and Administration (DFA) Financial Management Guide, R4-19-4-2004, requires agencies "to prepare aging reports at least monthly...to be reviewed by management...." The Agency was unable to produce complete aging reports for fiscal years ended June 30, 2018 and 2019, due to problems resulting from the conversion from the Agency's legacy system to its new Records Management System (RMS). As such, receivables recorded could not be reconciled to receivables reported to DFA. In addition, it was not possible to determine if the Agency's internal controls regarding receivables were appropriately designed and implemented.

**Recommendation:**

We recommend the Agency work with its partners at the Division of Information Systems (DIS) to complete the conversion of data to RMS and produce the required aging reports for regular review by management.

**Agency Response:**

During our recent audit for Fiscal Years 2018 and 2019, it was noted that we were unable to prepare aging reports of receivables at least monthly to be reviewed by management. Although the Agency was manually making corrections to resolve the issues stemming from the system conversions before the audit began, we have since spoken with DIS and have been assured they will make the remaining necessary corrections after July 1, 2020. Additionally, DIS has agreed to create a new aging report that will comply with the requirements of R4-19-4-2004 of the Financial Management Guide. This report will be reviewed each month by the Director.