



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 4/17/2018	(3) CONTACT/PHONE Kerry Bailey 788-2979 Mark Maier 781-4267	
(4) SUBJECT Submittal of a cash procedures and internal controls audit report of the Assessor's Office performed on March 15, 2018. All Districts.				
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached Assessor Cash Procedures and Internal Controls Audit report.				
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes	
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)				
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A				
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A		
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 8/6/2013		
(17) ADMINISTRATIVE OFFICE REVIEW Nikki J. Schmidt				
(18) SUPERVISOR DISTRICT(S) All Districts				



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor-Controller-Treasurer-Tax Collector

DATE: 4/17/2018

SUBJECT: Submittal of a cash procedures and internal controls audit report of the Assessor's Office performed on March 15, 2018. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached Assessor Cash Procedures and Internal Controls Audit report.

DISCUSSION

Cash handling can be an area vulnerable to mistakes or misappropriation. The Auditor-Controller-Treasurer-Tax Collector (ACTTC) has developed policies to minimize the risk associated with use of change funds and petty cash as well as cash receipts.

Additionally, County computers are vulnerable to abuse. County Information Technology has developed policies to minimize the risk associated with misuse of County computing assets.

The objectives of our review were to determine compliance with the County Auditor-Controller-Treasurer-Tax Collector's Cash Handling Policy, to establish accountability for cash on hand, to assess the controls over purchasing cards, and to determine compliance with the County IT Acceptable Use Policy Acknowledgement signature requirements.

We determined the cash funds, and cash receipts on hand to be in balance at the time of our count and employees signed the IT Acceptable Use Policy Acknowledgment form in a timely manner.

Detailed in the in attached report, we identified two areas with findings which the department had corrected prior to the issuance of the final report. We also made one additional recommendation, which the department has implemented. The recommendations implemented are:

1. Restrictively endorse checks at the North County location upon receipt.

2. Have all cash handlers, supervisors, and managers sign acknowledgement indicating they have read the Cash Handling Policy.
3. Close the North County location's change fund.

OTHER AGENCY INVOLVEMENT/IMPACT

Assessor's Office

FINANCIAL CONSIDERATIONS

There is no additional cost to the County for conducting unannounced cash and internal control reviews. Periodic unannounced cash and internal control reviews are part of the ACTTC's compliance with Government Code 26881 and 26883.

RESULTS

The ACTTC's program of periodic unannounced reviews of cash procedures and other internal controls helps maintain and improve internal controls and procedures for cash handling by County staff and contributes to the County's vision of a well-governed community.

ATTACHMENTS

1. Assessor Cash and Internal Controls Final Report FY 17-18



COUNTY OF SAN LUIS OBISPO
AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

Assessor
Cash Procedures & Internal Controls Audit

April 2018

JAMES P. ERB, CPA
Auditor-Controller • Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

TO: TOM BORDONARO, COUNTY ASSESSOR

FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: April 3, 2018

SUBJECT: CASH AND INTERNAL CONTROLS AUDIT CONDUCTED ON MARCH 15, 2018

Our office has completed a cash procedures and internal controls audit that took place on March 15, 2018. Our audit resulted in two findings and one additional recommendation. Your department has implemented our recommendations to address the findings and issues, therefore no departmental response is required.

Purpose

The purpose of our audit was to determine compliance with the County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) Cash Handling Policy; to establish accountability and internal controls for cash on hand at the time of the audit; to assess the controls over purchasing cards; and to determine compliance with the County Information Technology (IT) Acceptable Use Policy Acknowledgement signature requirements.

Scope

The scope of our audit included cash and receipts on hand, on the date of our audit, as well as deposits for the prior two months. Additionally, we audited the department's Cal-Card activity and controls. County IT Acceptable Use Policy Acknowledgements were sampled and examined for staff acknowledgement in the past calendar year.

Methodology

We conducted our audit in conformance with *the International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* require that the internal audit activity be independent and internal auditors be objective in performing their work. The *Standards* also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

Our procedures included physically counting all cash on hand as of the date of our audit and reconciling the amount to the department's accountability figures. Our audit also included an evaluation of internal controls over cash receipts and purchasing cards. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.



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AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

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Additionally, we tested for compliance with the County of San Luis Obispo Information Security Program's requirement that employees annually sign the Acceptable Use Policy Acknowledgement form.

Results

We determined all cash funds on hand to be in balance at the time of our count. The department's internal controls over cash and Cal-Cards appear to be adequate. Employees signed the IT Acceptable Use Policy Acknowledgement form in a timely manner.

While the department is in general compliance with the ACTTC's Cash Handling Policy, we noted areas where improvements could be made. All recommendations have been implemented by the department and no response is required.

Findings with Recommendations Implemented

1. Checks Not Restrictively Endorsed Upon Receipt

The north county location accepts checks on limited basis; however, the location did not have a stamp to restrictively endorse the checks upon receipt. The Cash Handling Policy requires all checks to be restrictively endorsed upon receipt to prevent misappropriation. We recommended the department coordinate with County Treasury to obtain a stamp. The department agreed with our recommendation and is in the process of obtaining a stamp.

2. Staff Certification of the Cash Handling Policy

One staff member did not certify in writing that they had read the Cash Handling Policy. The Policy is required reading for all cash handlers, custodians, and managers. Written acknowledgement by employees that they have read the Policy helps ensure consistent countywide procedures for cash handling and promotes a culture of accountability. We recommended the staff member read the Policy and provide documentation acknowledging the Policy had been read. The department agreed and provided the necessary documentation.

Additional Recommendations Implemented

1. Close the North County Office's Change Fund

The north county location maintains a \$50.00 change fund. During our audit, staff indicated the fund has not been used since 2014 and they no longer accept cash payments. Since the fund is obsolete, we recommended depositing the fund with County Treasury and closing the fund. The department agreed with our recommendation, and the fund was closed.

We appreciate the courteous attitude of your staff and the cooperation we received throughout our audit.