

AGENDA

Dan Buckshi
County Administrator



BOARD OF SUPERVISORS

Frank R. Mecham, Vice-Chairperson, 1st District
Bruce Gibson, Chairperson, 2nd District
Adam Hill, 3rd District
Caren Ray, 4th District
Debbie Arnold, 5th District

Tuesday, June 03, 2014

CONSENT AGENDA

9:00 AM

REVIEW AND APPROVAL

PUBLIC COMMENT PERIOD

HEARINGS

CLOSED SESSION

RECESS

AFTERNOON SESSION

1:30 PM

REPORT ON CLOSED SESSION

PRESENTATIONS

HEARINGS

ADJOURNMENT

5:00 PM

- The Board of Supervisors' weekly agenda and staff reports are available at the following website: www.slocounty.ca.gov. Packets are also available at the County Government Center and may be viewed on-line at the Atascadero, Arroyo Grande, Paso Robles, Nipomo, Morro Bay, SLO City/County Libraries and the SLO Law Library.
- All persons desiring to speak on any Board item, including the Consent agenda, Closed Session or during the general public comment period are asked to fill out a "Board Appearance Request Form" and submit to the Clerk of the Board *prior* to the start of the Board item. Each individual speaker is limited to a MAXIMUM of three (3) minutes.
- Please refer to the information brochure located in the back and outside of the Board Chambers for additional information regarding accommodations under the Americans with Disabilities Act, supplemental correspondence, and general rules of procedure.

9:00 FLAG SALUTE

CONSENT AGENDA – REVIEW AND APPROVAL

The items listed on this portion of the agenda are scheduled for consideration as a group. The staff recommendations will be approved as outlined within the staff report. Any Supervisor may request an item be withdrawn from the Consent Agenda to permit discussion or change the recommended course of action for an item.

Items Set for Hearing:

1. Setting of a public hearing to consider a resolution to collect delinquent service charges on property tax bills for County Service Areas 16 (Shandon) and 23 (Santa Margarita) to the 2014-15 County property tax bills. Hearing date set for July 15, 2014. District 1 and 5.
2. Setting of a public hearing to consider a resolution to collect existing service charges on property tax bills for County Service Areas 1 (Old Galaxy and Tract 1690, Nipomo), 1-A (Galaxy Park and Tract 1898, Nipomo), 1-F (New Galaxy, Nipomo), 7-A (Oak Shores), 18 (San Luis Country Club Estates), and 21 (Cambria). Hearing date set for July 8, 2014. Districts 1, 2, 3, 4.

Bid Opening:

3. Letter transmitting plans and specifications (Clerk's File) for 2014-15 Chip Seal, Various Roads, San Luis Obispo County, for Board approval and advertisement for construction bids. Bid opening date set for Thursday, July 10, 2014. Districts 1, 2, 3 and 5.

Consent Agenda - Administrative Office Items:

4. Submittal of a notice to commence negotiations for the exchange of property tax revenue and annual tax increment for Annexation No. 31 to the City of Arroyo Grande (Heights at Vista Del Mar). District 4.
5. Submittal of the Supplemental Budget to the FY 2014-15 Proposed Budget. All Districts.
6. Third 30-day update on current drought conditions and related management actions for Board's review of the continuing need for the March 11, 2014 proclamation of local emergency pursuant to Government Code section 8630. All Districts.

Consent Agenda - Auditor - Controller - Treasurer - Tax Collector Items:

7. Submittal of a Gallina LLP Independent Accountant's Report on the County Treasury's cash balance and accountability as of March 31, 2014. All Districts.
8. Submittal of a cash procedures and internal control review of the Animal Services Division of the Health Agency conducted on November 6, 2013. All Districts.
9. Submittal of a follow-up review report of the Public Guardian for Calendar Year 2012. All Districts.

Consent Agenda - Board of Supervisors Items:

10. Request to reappoint Kathryn Veder to the Commission on the Status of Women as a District 4 representative. District 4.
11. Request to reappoint Brent Wiley to the Cayucos-Morro Bay Cemetery District. District 2.

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 6/3/2014	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a cash procedures and internal control review of the Animal Services Division of the Health Agency conducted on November 6, 2013. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the Animal Services Division cash procedures and internal controls review.			
(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: <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: <u>July 12, 2011</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

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

DATE: 6/3/2014

SUBJECT: Submittal of a cash procedures and internal control review of the Animal Services Division of the Health Agency conducted on November 6, 2013. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached Animal Services Division cash procedures and internal controls review report.

DISCUSSION

Cash handling can be an area vulnerable to mistakes or misappropriation. The Auditor-Controller-Treasurer-Tax Collector-Public Administrator (ACTTCPA) has developed policies to minimize the risk associated with use of change funds and petty cash as well as cash receipts. County computers are vulnerable to abuse, and County Information Technology has developed policies to minimize the risk associated with misuse of County computing assets. The objective of our review was to determine compliance with the County Auditor-Controller's Cash Handling Policy, to establish accountability for the cash on hand at the time of the count, and to determine compliance with the County IT Acceptable Use Policy Acknowledgement signature requirements.

We determined the cash fund and cash receipts on hand, in all material respects, to be in balance at the time of the cash count, and the Animal Services division is in general compliance with the Cash Handling Policy. Also, Animal Services employees signed the Information Technology Acceptable Use Policy Acknowledgement form in a timely manner.

We also identified three areas of improvement which are detailed in the attached cash procedures review report.

OTHER AGENCY INVOLVEMENT/IMPACT

San Luis Obispo County Health Agency.

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 a part of the ACTTCPA's compliance with Government Code 26881 and 26883.

RESULTS

The ACTTCPA'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. Animal Services Cash and Internal Controls review report November 6, 2013



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

**Health Agency Animal Services Division
Cash Procedures Review**

May 2014

**JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector-Public Administrator**

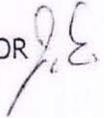


COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

TO: JEFF HAMM, HEALTH AGENCY DIRECTOR

CC: ERIC ANDERSON, DVM, ANIMAL SERVICES MANAGER

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

DATE: MAY 1, 2014

SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF THE ANIMAL SERVICES DIVISION OF THE HEALTH AGENCY CONDUCTED ON NOVEMBER 6, 2013

Our office recently completed a cash procedures and internal control review of the Animal Services Division of the Health Agency that took place on November 6, 2013.

Purpose

The purpose of our review was to determine compliance with the County Auditor-Controller's Cash Handling Policy, to establish accountability for the cash on hand at the time of the review, and to determine compliance with the County Information Technology (IT) Acceptable Use Policy Acknowledgement signature requirements.

Scope

The scope of our review included cash and receipts on hand on November 6, 2013 as well as deposits for the prior month. Additionally, we reviewed the department's licensing fee bank account and Cal-Card activity. County IT Acceptable Use Policy Acknowledgements signed in the past calendar year were also sampled and examined.

Methodology

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The International Standards for the Professional Practice of Internal Auditing 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 review included physically counting all cash on hand for November 6, 2013 and reconciling the amount to the department's accountability figures. We examined cash receipts and compared the amounts to the corresponding receipts total and to the subsequent deposit. Our

review also included an evaluation of internal controls over cash receipts and Cal-Card activity. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

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 and cash receipts on hand, in all material respects, to be in balance at the time of our count, and employees signed the IT Acceptable Use Policy Acknowledgement form in a timely manner. The Division is in general compliance with the Cash Handling Policy.

During fieldwork we identified some areas where improvements could be made, and we provided the Division with suggestions for making these improvements. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which a department is able to correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our suggestions are detailed in the Suggested Improvements section below:

Suggested Improvements

1. Segregation of Bookkeeper Duties

We found that the Animal Services Division's bookkeeper's duties included opening and distributing the mail which includes payments for services and fees. The Auditor-Controller's Cash Handling Policy states that a responsible employee other than the cashier or bookkeeper must receive, open, and distribute mail. The weakness in internal controls was caused by an oversight in duty assignments. When one individual has control of more than one key aspect of a transaction the risk of error and opportunity for misappropriation significantly increases. Subsequent to the end of field work, the division notified us that the Administrative Services Officer now opens the mail, logs the payments, and gives the payments to a cashier to record.

2. Bank Reconciliation Methodology Incomplete

We found that Animal Services staff was appropriately reconciling the licensing fees bank account to monthly transactions; however, staff had not separately identified the components of the ending monthly bank balances. Best accounting practices require that the composition of the ending monthly bank balances be understood and adjusted as necessary. The risk of misappropriation of assets and material misstatement of accounting records increases when bank accounts are not thoroughly reconciled. Animal Services staff immediately began working with the Auditor-Controller EFS Operations division to complete the reconciliation and understand the composition of the current ending bank balance.

3. Bank Reconciliations Not Provided to the Auditor's Office

We determined that bank reconciliations for the licensing fees bank account were not being provided to the Auditor-Controller's office. The County Auditor-Controller's Cash Handling Policy requires departments to furnish a copy of the bank statement, the reconciliation, and the reconciliation review form to the Auditor-Controller by the 25th of the following month. Staff was unaware of the Cash Handling Policy requirement. Timely bank reconciliations reduce the risk of misappropriation and material misstatement of accounting records. Subsequent to the end of field work the staff of the Animal Services division started sending the monthly bank reconciliations the Auditor's Office, and the issue has been corrected.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.