

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 2/2/2016	(3) CONTACT/PHONE Kerry Bailey 805-788-2979	
(4) SUBJECT Submittal of a follow-up cash procedures and internal control review of the Planning and Building Department conducted on December 10, 2015. (All Districts).			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached Planning and Building Department Cash Procedures and Internal Controls Review Follow-up 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: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 3/24/2015	
(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: 2/2/2016

SUBJECT: Submittal of a follow-up cash procedures and internal control review of the Planning and Building Department conducted on December 10, 2015. (All Districts).

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached Planning and Building Department Cash Procedures and Internal Controls Review Follow-up Report.

DISCUSSION

Our office previously performed a cash procedures and internal control review and submitted a report for the Board's review on December 18, 2014. Our follow-up cash procedures and internal control review was initiated to determine whether the department implemented the recommendations identified in our report.

We determined Planning has implemented our recommendations.

OTHER AGENCY INVOLVEMENT/IMPACT

The Department of Planning and Building

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 ACTTC's compliance with Government Code 26881 and 26883.

RESULTS

Monitoring activities, including follow-up reviews, help maintain reporting accountability and responsibility and contribute to the County's vision of a well-governed community.

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. Planning Cash & IC Review Follow-up Report



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

Planning & Building Department Cash Procedures & Internal Control Review Follow-Up

January 2016

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



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

TO: JAMES A. BERGMAN, DIRECTOR

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

DATE: JANUARY 11, 2016

SUBJECT: FOLLOW-UP CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF THE
PLANNING DEPARTMENT CONDUCTED ON DECEMBER 10, 2015

Our office previously performed a cash procedures and internal control review of the San Luis Obispo County Planning Department that took place on December 18, 2014. We recently performed a follow-up review to determine whether the recommendations we identified in our initial report were implemented. We determined the Planning Department has implemented our recommendations.

Purpose

The purpose of our review was to determine whether the Planning Department implemented recommendations provided in our December 18, 2014 report.

Scope

The scope of our review included cash and receipts on hand on December 10, 2015. Additionally, we reviewed the department's internal controls relating to the safe.

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 the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require internal auditors perform their engagements with proficiency and due professional care; the internal audit function be subject to a program of quality assurance; and the results of engagements are communicated.

Our review included physically counting all cash on hand for December 10, 2015 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. Also our review included evaluating internal controls relating to safe security. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

Results

We found the Planning Department implemented the recommendations from our prior report.

Previous Findings & Recommendations and Follow-Up Results

1. Change Fund Shortage

The Planning Department's cash on hand at the time of our count was \$10.98 less than the recorded revenue. The County's Cash Handling Policy requires the custodian to count and reconcile cash on hand to the assigned amount on a daily basis. Staff members were unable to provide an explanation for the shortage. It appears internal control procedures were not being followed, which caused staff not to notice the out of balance amount. When internal control procedures are not followed, the risk of error and the opportunity for theft significantly increase.

Recommendation:

Planning staff must count the change fund as well as reconcile cash receipts and collections daily.

Follow-Up Results:

Implemented: The Planning Department staff performs daily reconciliations on the change fund drawer.

2. Safe Combination Written in an Insecure Location

During inspection of the department's safe, we observed the safe combination was kept in an insecure location. The County Cash Handling Policy requires that written safe combinations be kept in a secure location and the combination be restricted to as few employees as possible to ensure the contents of the safe won't be placed at risk of theft, waste, or abuse.

Recommendation:

The safe combination must be kept in a secure location in the department.

Follow-Up Results:

Implemented: We observed the safe combination is now stored in a secure location.

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