



District Attorney
Cash Procedures & Internal Controls Follow-Up Audit
March 2022

JAMES W. HAMILTON, CPA
Auditor-Controller • Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

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

TO: DAN DOW, DISTRICT ATTORNEY

FROM: JAMES W. HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: MARCH 10, 2022

SUBJECT: FOLLOW-UP TO RECOMMENDATIONS MADE IN THE DISTRICT ATTORNEY'S FY 2019-20 CASH PROCEDURES AND INTERNAL CONTROLS AUDIT REPORT

Our office previously issued a cash procedures and internal controls audit report of the District Attorney's office in October 2019, and subsequently followed-up on the recommendations made in that report in April 2021. It was determined from our April 2021 follow-up that two of the recommendations were not yet implemented. We have recently performed testing on the two remaining recommendations, and we have determined those recommendations were implemented. Detailed below are the findings and recommendations from the October 2019 audit report and the results from our follow-up. We conducted our follow-up audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

1. Segregation of Cash Handling Duties (*October 2019 Report Finding*)

In one of the District Attorney's divisions, the cash custodians receive, record, deposit, and reconcile payments. The County's Cash Handling Policy requires adequate separations of these duties to ensure that no one individual controls more than one key aspect of a cash transaction. Minimal fiscal staff within the division hindered the separation of cash handling responsibilities. However, when one individual performs more than one aspect of cash handling then the risk of misappropriation and mishandling of funds increases.

Recommendation (*October 2019 Report Recommendation*)

We recommend the department have a non-fiscal staff member who does not accept payments review the payment deposits prepared by the cash custodians.

Follow-up Results

The audit recommendation was implemented.

2. Victim Witness Assistance Fund's Payment Receipts Not Marked "Paid" (*October 2019 Report Finding*)

None of the receipts submitted for reimbursement from the District Attorney's Victim Witness Assistance petty cash fund were marked as "paid". The Cash Handling Policy requires petty cash related receipts be marked as "paid" immediately after reimbursement is made. Staff inadvertently overlooked the Cash Handling Policy's control for payment receipt documentation.

Failure to mark receipts "paid" increases the risk of loss due to misappropriation of funds by reimbursing a receipt multiple times.

Recommendation (*October 2019 Report Recommendation*)

We recommend the department update the Victim Witness Assistance Fund's petty cash custodian procedure to align with Cash Handling Policy and all future receipts be marked "paid" immediately upon reimbursement.

Follow-up Results

The audit recommendation was implemented.

Thank you for the courteous attitude and cooperation your staff provided.



James Hamilton, CPA
Auditor-Controller-Treasurer-Tax Collector

Cc: Tiffany Johansing, Department Administrator