

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 11/25/2014	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a Cash Procedures and Internal Control Review of the Office of the Clerk-Recorder conducted on August 12, 2014. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the Office of the Clerk-Recorder Cash Procedures and Internal Controls Review 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 N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>April 7, 2009</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: 11/25/2014

SUBJECT: Submittal of a Cash procedures and Internal Control Review of the Office of the Clerk-Recorder conducted on August 12, 2014. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the Office of the Clerk-Recorder 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. Additionally, 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 all cash funds and cash receipts on hand to be in balance at the time of our count, and that the Office of the Clerk-Recorder is in general compliance with the Cash Handling Policy. Also, Clerk-Recorder employees signed the Information Technology Acceptable Use Policy Acknowledgement form in a timely manner.

We identified an area for improvement which is detailed in the attached Cash Procedures and Internal Controls Review report.

OTHER AGENCY INVOLVEMENT/IMPACT

San Luis County Office of the Clerk-Recorder.

FINANCIAL CONSIDERATIONS

There is no additional cost to the County for conducting unannounced cash reviews. Periodic unannounced cash 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. Clerk-Recorder Cash and Internal Controls Review Report FY 14-15.



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

Office of the Clerk-Recorder Cash Procedures & Internal Control Review

October 2014

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



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

TO: JULIE RODEWALD, COUNTY CLERK-RECORDER

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

DATE: OCTOBER 28, 2014

SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF THE OFFICE OF THE CLERK-RECORDER CONDUCTED ON AUGUST 12, 2014.

Our office recently completed a cash procedures and internal control review of the San Luis Obispo County Clerk-Recorder's Office that took place on August 12, 2014

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 August 12, 2014 as well as deposits for the prior three months. Additionally, we reviewed the department's depository accounts 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 August 12, 2014 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 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 department is in general compliance with the Cash Handling Policy.

During fieldwork we identified an area where improvements could be made, and we immediately provided the Clerk-Recorder's staff with suggestions for making the improvement. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the 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 suggestion is detailed below:

Suggested Improvements

1. Certification of Cash Handling Policy

Not all cash handling staff had certified in writing that they have read the County Auditor-Controller's Cash Handling Policy. The policy is required reading for all cash handlers, custodians, and managers; however, due to an oversight some staff had not signed the policy. Written acknowledgement by County employees that they have read the policy helps ensure consistent Countywide procedures for cash handling. Subsequent to the end of fieldwork, we received verification that all employees with cash handling responsibilities had certified that they have read the policy.

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