

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 2/3/2015	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a cash procedures and internal control review of the Sheriff-Coroner's Civil Division conducted on October 7, 2014. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached Sheriff-Coroner's Civil Division 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>February 7, 2012</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: 2/3/2015

SUBJECT: Submittal of a cash procedures and internal control review of the Sheriff-Coroner's Civil Division conducted on October 7, 2014. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached Sheriff-Coroner's Civil 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 Sheriff-Coroner's Civil Division is in general compliance with the Cash Handling Policy. Also, Sheriff-Coroner's Civil Division employees signed the Information Technology Acceptable Use Policy Acknowledgement in a timely manner. We also identified an area of improvement which is detailed in the attached cash procedures review report.

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. Sheriff-Coroner's Civil Cash and Internal Control Review Report FY 14/15



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

Sheriff-Coroner's Civil Division Cash Procedures & Internal Control Review

January 2015

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



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

TO: IAN PARKINSON, SHERIFF-CORONER

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

DATE: JANUARY 15, 2015

SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF THE SHERIFF-CORONER'S CIVIL DIVISION CONDUCTED ON OCTOBER 7, 2014

Our office recently completed a cash procedures and internal control review of the Sheriff-Coroner's Civil Division that took place on October 7, 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 October 7, 2014 as well as deposits for the prior three months. Additionally, we reviewed the department's revolving account. 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 October 7, 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. 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.

During fieldwork we identified an area where an improvement could be made, and we immediately provided the Division 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 in the Suggested Improvements section below:

Suggested Improvements

1. Staff Certification of Cash Handling Policy

Not all cash handlers had certified in writing that they have read the County Auditor-Controller's Cash Handling Policy. The policy is required reading for all staff who handle cash; however, staff was unaware that written acknowledgement was required. 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.