

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Special Districts: Water and Sanitation Division Remote Check Deposit Process Follow-Up Audit



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Auditor-Controller/Treasurer/Tax Collector

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February 5, 2016

Jeff Rigney, Director

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SUBJECT: Special Districts Water and Sanitation Division Remote Check Deposit Process Follow-Up.

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the *Special Districts Department Water and Sanitation Remote Deposit Process*. The objective of the audit was to determine if the Department implemented the recommendation contained in the prior audit report. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit finding identified in the original audit report issued on March 19, 2014. The Department has implemented the recommendation from the original audit report.

We would like to express our appreciation to the personnel at the Special Districts - Water and Sanitation Division who assisted and cooperated with us during this engagement.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:



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Special Districts - Water and Sanitation Division: Remote Check Deposit Process Follow-Up Audit

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Scope and Objectives

Our audit required a site visit to examine the controls relating to the Department's remote check deposit process.

The objective of this follow-up audit was to determine whether the Department implemented the recommendation contained in the prior audit report, *Review of Special Districts Department Water and Sanitation Division's Remote Deposit System Process*, issued on March 19, 2014.

Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Interviews
- Walk-through of activity
- Review of last audit or permanent file



Prior Finding 1: Checks were not kept in a secured area.

Per the Internal Controls and Cash Manual (ICCM) on page 2-3, access to and use of valuable assets, including negotiable instruments, should be controlled. After processing checks through the Remote Deposit System (RDS), the checks are locked in an unsecured small metal box in an unlocked drawer in the RDS station. This station is unoccupied when mail deposits are not being processed,

The Division's management was unaware of the risk of leaving checks in an unsecured drawer in a locked, but easily portable, box. Not locking the drawer where the checks are kept increases the likelihood of theft.

Recommendation:

We recommend that the Division secure the checks in a locked desk drawer, cabinet or safe when not processing them with the Remote Check System.

Current Status: Implemented.

The Division secures their checks in a lockbox that is locked in a desk drawer. The box has been bolted down to the drawer and secured.