

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



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LARRY WALKER
Auditor-Controller/
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February 10, 2012

Michael A. Ramos, District Attorney

District Attorney's Office
316 North Mountain View Avenue
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SUBJECT: DISTRICT ATTORNEY CASH FUNDS AUDIT

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the Board of Supervisor's Policy Statement on Internal Operational Auditing, and the Internal Controls and Cash Manual (ICCM), we have completed an audit of the District Attorney's Office. Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

Background

The Board of Supervisors, by resolution, establishes cash funds for county departments to facilitate their operations. The Board has delegated the County Auditor-Controller/Treasurer/Tax Collector (ATC) the authority to establish cash funds up to \$2,500. Several different types of cash funds are used throughout the County, including petty cash funds, change funds, and cash shortage funds. Ordinarily, departments use petty cash funds to buy small items, change funds to make customer change and cash shortage funds to reimburse cash shortages that occur during daily operations. Although these cash funds may differ in amount and purpose, the general guidelines governing their establishment, maintenance, dissolution and reconciliation is the same. Departments designate a fund custodian to be in charge of the fund. At all times, the fund custodian must be able to account for the fund in the form of cash, vouchers and receipts. Periodically, ATC Internal Audits Section performs surprise cash counts of these cash funds. Upon demand of ATC or the Board of Supervisors, a department's Fund Custodian is to give an accounting of the fund.

ATC has documented some general cash controls in the ICCM for departments with cash funds. However, each department head or authorized designee is responsible to develop and implement the necessary guidelines and procedures required to control, safeguard and handle cash.

Objectives, Scope and Methodology

Our initial objective was to determine if the Department implemented the recommendations as prescribed in the District Attorney Cash Controls Follow-up Audit. However, while conducting the District Attorney Cash Controls Follow-up Audit, we discovered an additional discrepancy unrelated to the findings documented in the original audit.

We reviewed internal controls over the Witness Protection petty cash fund for the period of October 1, 2010 through March 31, 2011. Our audit included inquiries of staff, observation of cash handling procedures, and other audit procedures considered necessary.

Conclusion

As a result of our review, we concluded that cash handling controls practiced by the department did not always effectively safeguard cash.

We identified a procedure and practice that could be improved. We have listed this area and our recommendation for improvement in the Finding and Recommendation section of this report.

We sent a draft report to the department on January 24, 2012 and discussed our observations with management on February 2, 2012. The department's response to our recommendation is included in this report.

Finding and Recommendation

Finding: Inadequate Petty Cash Procedures

According to the ICCM, Chapter 4, when requesting a cash advance or reimbursement through petty cash, the requestor must obtain the approval from someone with a higher-ranking job code.

The departmental staff requesting cash advances for the Witness Protection and Assistance Program petty cash fund was not obtaining the required approval from someone in a higher-level job ranking.

Management was not aware of the policy in the ICCM requiring higher-ranking approval for petty cash vouchers. The risk of the petty cash fund being misappropriated increases if the appropriate level of approval is not obtained prior to disbursing petty cash funds.

Recommendation:

We recommend that the fund custodian not process any request for cash advances or reimbursements from the petty cash fund until the appropriate level of approval has been obtained by the requestor. Management should increase its knowledge of the minimum internal controls to ensure management can effectively monitor its operations.

Management's Response:

As recommended, the fund custodian does not process requests for cash advances or reimbursements from the petty cash fund until the appropriate level of approval is obtained by the requestor. The District Attorney has increased its knowledge of the minimum internal controls to ensure management can effectively monitor its operations. Management continues to make improvements and now is in the process of making spot checks at our office locations throughout the county to train employees who have promoted or moved to new assignments with this responsibility. Management is now actively involved.

Auditor's Response:

The Department has implemented actions that will correct the deficiencies noted in the finding.

Thank you very much for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

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