

AUDITOR-CONTROLLER/RECORDER TREASURER/TAX COLLECTOR COUNTY CLERK



COUNTY OF SAN BERNARDINO

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April 19, 2010

Annette Kerber, Assistant Treasurer-Tax Collector

Auditor-Controller/Recorder/Treasurer/Tax Collector
175 West Third Street
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SUBJECT: TREASURER-TAX COLLECTOR'S CASH CONTROLS FOLLOW-UP 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 a follow-up audit of the Treasurer-Tax Collector's Cash Controls audit conducted in late 2007. Both audits were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

On February 25, 2010, subsequent to the 2007 audit and before completion of this follow-up audit, the Board of Supervisors consolidated the elected offices of the Treasurer-Tax Collector and the Auditor-Controller/Recorder. As a result, the auditor, auditee, and subject matter of this report are within the same department.

Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether the Treasurer-Tax Collector (TTC) implemented the recommendations contained in the original audit report dated October 29, 2008. To achieve this objective we:

- Interviewed employees.
- Reviewed and analyzed internal controls.

Conclusion

All of the recommendations from the previous report have been implemented by TTC. No further follow-up on these recommendations will be necessary.

Prior Audit's Findings and Recommendations with Current Status

The details of the prior audit's finding and recommendations and their implementation status are below:

Finding 1: Inadequate Cash Receipting Controls

The Treasurer-Tax Collector's Office receives a large volume of checks by mail daily. However, a listing of these checks was not created as required by the ICCM on page 6-7. In addition, the staff member who opened the incoming mail transferred these checks to other staff members for further processing without verification of the transfer. Although staff did have a mitigating control of counting the number of checks they transferred, there is no documentation of this control. Furthermore, when staff transferred these checks, there was no accountability.

Recommendation:

We recommend that management require the staff member who opens the mail to count and document the total number of checks received through the mail daily. We also recommend that management require both the person who opens the mail and the person who receives the checks for processing to verify the number and sign for the transfer of checks.

Current Status: Implemented.

Finding 2: Inadequate Petty Cash Approval

On two occasions during the audit period, a Supervisor approved his own petty cash expenditure: the reimbursements were for \$97.19 and \$26.99. Per page 4-8 of the ICCM, only an authorized employee of a higher-ranking job code than the requestor may approve the petty cash voucher.

Recommendation:

We recommend that management enforce the current rule in the ICCM stating that all petty cash reimbursements must be approved by an authorized employee of a higher job code than the requestor. In addition, it is recommended that management revise the current departmental petty cash policy to match the ICCM rules regarding petty cash approvals.

Current Status: Implemented.

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

Respectfully submitted,

Howard M. Ochi, CPA
Assistant Auditor/Controller-Recorder

By: _____
MARK COUSINEAU,
Chief Deputy Auditor

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