

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



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LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

June 30, 2011

MELISSA ANDERSON, CHIEF

District Financial Services
1020 E. Cooley Drive
Colton, CA 92324

SUBJECT: INTERIM REPORT ON EFFECTIVENESS OF DISTRICT FINANCIAL SERVICES' PAYMENT AUDITING PROCESS

We have performed the procedures enumerated below, which were agreed to by District Financial Services and the Auditor/Controller, to improve the effectiveness of District Financial Services' Electronic Random Audit Process (Process) and to assist District Financial Services in evaluating the internal controls over the purchasing, receiving, and accounts payable functions of the school districts for the audit period July 1, 2008 to June 30, 2009.

Our procedures included:

- Reviewing and assessing completed internal control surveys, resume summaries, organizational charts, and policies and procedures related to the purchasing, accounts payable, receiving, revolving cash fund functions of each district.
- Statistically selecting 305 vendor payments to determine compliance with internal controls that are in place by the districts and the mitigating controls operating through District Financial Services' payment auditing process to determine the effectiveness of the Process in preventing and detecting unauthorized or noncompliant payments.

As a result of our procedures, we have noted that there continue to be instances of internal and management control weaknesses related to the processing of payment documents for commercial warrants. These findings are preliminary and are subject to review and change. However, based upon our preliminary findings, we will be continuing our testwork into the period July 1, 2009 through June 30, 2010 to determine whether there has been improvement over these areas. Our results will be combined into a finalized report covering both periods.

This report is intended solely for the information and use of the San Bernardino County Superintendent of Schools and the District Financial Services Division, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,
Larry Walker
Auditor-Controller/Treasurer/Tax Collector

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