

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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**LARRY WALKER**  
Auditor-Controller/  
Treasurer/Tax Collector

August 14, 2013

Leonard Hernandez, County Librarian  
County Library  
777 East Rialto Avenue  
San Bernardino, CA 92415-0035

**SUBJECT: Library Cash Follow-up Review**

## Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 02-02 entitled Internal Operational Auditing, we have completed a follow-up review of the County Library's cash controls to determine their compliance with the Internal Controls and Cash Manual (ICCM) Chapters 2-5. We conducted our review in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

## Objectives, Scope and Methodology

The objective of this review was to determine whether the Department implemented the recommendation contained in the prior audit report, *Library Cash Controls Follow-up Audit*, issued February 9, 2011. Fieldwork for this review was completed on May 30, 2013. To determine the implementation status of the recommendations, we:

- reviewed policies, procedures, the last audit file, and pertinent documents
- examined original source documents received from the Department

## Conclusion

The Department has implemented the prior recommendation. We sent a draft report and discussed our observations with the Department's management on August 8, 2013. The prior observation and recommendation along with the current implementation status is below.

## Prior Audit's Finding with Current Status

### **Finding: Overages and Shortages Handled Inappropriately**

It was found that the Library was netting its overages with its shortages (thereby understating both) as shown on a representative sample of the Library's Daily Money Reports. This is contrary to the Internal Controls and Cash Manual (ICCM) and also violates Government Code (GC) 50050, which states:

*Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency [only] after notice if not claimed or if no verified complaint is filed and served.*

Even small or non-differentiated items must be kept in a separate fund for a period of one year. As is stated in GC 50055:

*Any other provision of this article notwithstanding, any individual items of less than fifteen dollars (\$15), or any amount if the depositor's name is unknown, which remain unclaimed in the treasury or in the official custody of an officer of a local agency for the period of one year or upon an order of the court may be transferred to the general fund by the legislative body without the necessity of publication of a notice in a newspaper.*

By reducing the Library's overages by its shortages, the overages cannot be claimed by the patrons that overpaid, which is required by GC 50050 and 50055.

**Recommendation:** We recommend that all overages be deposited in the countywide overage fund (Fund AOV-Dept OVR) and shortages be reported to the Internal Audits Section of the office of the Auditor-Controller/Treasurer/Tax Collector according to the instructions in the ICCM on pages 5-3 through 5-5 and 6-8.

**Current Status:** Implemented.

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

By:

  
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Internal Audits Section

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Date Report Distributed: 8-15-13