

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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November 22, 2013

Connie Brunn, Director
Department of Child Support Services
10417 Mountain View Ave
Loma Linda, CA 92354

SUBJECT: AUDIT OF DEPARTMENT OF CHILD SUPPORT SERVICES CASH RECEIPTING

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the County Policy No. 02-02 on Internal Operational Auditing, and the Internal Controls and Cash Manual (ICCM), the Internal Audits Section of the County Auditor-Controller/Treasurer/Tax Collector's Office has completed an operational audit of the Department of Child Support Services (Department) cash receipting process. Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as established by the Institute of Internal Auditors.

Background

The Department promotes family self-sufficiency by helping parents meet their mutual obligation to provide financial and medical support for their children. The Department is dedicated to administering the program in a manner that puts the needs of the children first and foremost. The services provided by the Department include the following:

- Locating parents to establish court orders for paternity, child, and medical support.
- Enforcing court orders for child, family, spousal, and medical support.
- Securing child support payments.
- Maintaining records of payments paid and balances due.
- Modifying court orders when appropriate.
- Offering services to assist customers with concerns that may arise in the progress of their case.

Objectives, Scope and Methodology

The audit objective was to determine whether the Department of Child Support Services' cash receipting process has proper internal controls.

We reviewed internal controls over cash receipting for the period of August 1, 2012 through October 31, 2012. Our audit procedures included evaluating the Department's cash receipting policies and procedures, interviewing employees involved in these processes, observing pertinent cash receipting operations, and sampling pertinent documents.

Conclusion

Based on the results of the audit, we identified that cash handling controls could be improved. We have listed this in the Finding and Recommendation section of this report.

We sent a draft report to the department and discussed our finding and recommendation with management on September 30, 2013. Management's responses are included below as they were provided to us.

Finding and Recommendation

Finding: Access to Checks in the Mail Room Could Be Improved.

Per the Internal Controls and Cash Manual (ICCM) on page 2-3, access to cash and cash equivalents should be controlled. On page 3-3, the ICCM states that during business hours cash and cash equivalents should be kept in a cash drawer or cash box not accessible to unauthorized persons. Cash drawers or cash boxes must be secured when not in use. However, the unsealed Federal Express envelope, which contains checks waiting for delivery to the State Distribution Unit (SDU), was accessible to mail room personnel when the person having custody of the checks left the envelope unattended.

The Department believed that the checks were secure from theft because the area which held them is restricted to authorized personnel only. However, the area was accessible by many employees in addition to the one having custody of the checks. Not having effective control over cash and cash equivalents increases the risk of assets being lost, stolen or misappropriated and makes it difficult to determine the perpetrator.

Recommendation:

We recommend that the Department's management instruct its employees having custody of checks to control access to these cash equivalents by locking unattended checks in a cabinet or desk drawer.

Management's Response:

The Department agreed with the recommendation and immediately implemented procedures to control access to cash equivalents awaiting delivery to the SDU. Effective March 4, 2013, the Federal Express envelope is secured in a locked desk drawer when the assigned custodian leaves the work area for any reason. Access to this locked drawer is limited to the designated custodian, an alternate, and the Division Manager. In addition, employees have been reminded of the importance of securing cash equivalents received in the Mail Room.

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Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding.

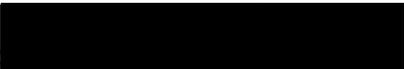
Thank you very much for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector

San Bernardino County

By: 

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