

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Clerk of the Board:

Follow-Up Audit of Enterprise Risk Management



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Auditor-Controller/Treasurer/Tax Collector

Mission Statement

The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

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LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

February 25, 2015

Laura Welch, Clerk of the Board

Clerk of the Board
385 North Arrowhead Avenue, Second Floor
San Bernardino, CA 92415-0130

SUBJECT: Follow-Up Audit of Enterprise Risk Management

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the Clerk of the Board's Enterprise Risk Management for the period of April 2014 through September 2014. The objective of the follow-up audit was to determine whether the Department implemented the recommendations in the audit report. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report, *Review of the Clerk of the Board's Management of Enterprise Risk*, issued on April 8, 2013. The Department has implemented the recommendations from the original audit report.

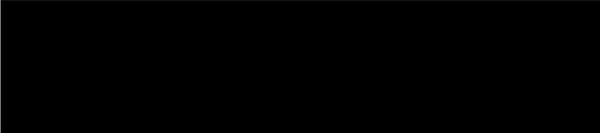
We would like to express our appreciation to the personnel at the Clerk of the Board who assisted and cooperated with us during this engagement.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:


Denise Mejico
Chief Deputy Auditor

Enclosure

Distribution of Audit Report:

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Date Report Distributed: 2/25/2015

LDW:DLM:DMB:oac



Clerk of the Board: Follow-Up Audit of Enterprise Risk Management

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Scope and Objectives

Our audit examined the accounting records relating to the Department's Enterprise Risk Management for the audit period of April 1, 2014 through September 30, 2014.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Review of the Clerk of the Board's Management of Enterprise Risk*, issued on April 8, 2013.

Methodology

In achieving the audit objectives, the following audit procedures were performed, including but not limited to:

- Interviewing department staff.
- Examining original source documents.



Prior Finding 1: Cash reconciliations could be improved.

The Internal Control and Cash Manual (ICCM), Chapter 4—Cash Funds, states that cash funds should be reconciled monthly. The ICCM also states that the reconciliation should be reviewed and signed by an employee of a higher ranking job code to ensure that errors and omissions are detected. The department did not reconcile the petty cash monthly. Though the petty cash fund had not been used since 2008, the fund remained open and required monthly reconciliations to ensure the funds were intact. Management was not aware that reconciliations are required even if the cash fund is not used. If the department does not complete and review monthly reconciliations, there is a risk of undetected theft and errors.

Recommendation:

We recommend that reconciliations of the petty cash fund be performed monthly with appropriate review and approval by management.

Current Status: The Department has closed the petty cash fund in accordance with procedures listed in the ICCM.



Prior Finding 2: Agency (Trust) fund reconciliations should be completed monthly.

Agency (trust) funds are for money that is held by the County for another agency or entity. The money is not owned by the County and thus there is a higher level of accountability required to ensure that the money is maintained intact and transferred in a timely manner. The Internal Controls and Cash Manual (ICCM), Chapter 13 Trust Funds, states that reconciliations of these types of accounts should be completed monthly. The ICCM also states that the reconciliation should be reviewed and signed by an employee of a higher ranking job code to ensure that errors and omissions are detected.

Agency fund, OPX – Fish & Game CEQA Fees, was the responsibility of the department. This fund is used to collect document filing fees under the California Environmental Quality Act on behalf of the State. In January of 2011, \$14,308 was forwarded to the State. However, the department did not perform a reconciliation of this fund during the audit period. Management was not aware of its responsibility to reconcile this fund and so did not require staff to perform monthly reconciliations. If the department does not complete and review monthly reconciliations, there is a risk of undetected theft and errors]

Recommendation:

We recommend that management ensure agency (trust) fund reconciliations are prepared, reviewed, and approved at least monthly.

Current Status: Implemented.

The Department prepared, reviewed and approved monthly trust fund reconciliations during the audit period.