

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

County Museum/Store: Cash Receipting Audit



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December 23, 2014

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SUBJECT: CASH RECEIPTING AUDIT

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 an audit of the County Museum/Store for the period of October 2013 through March 2014. The primary objective of the audit was to determine if internal controls were in place and effective over the cash receipting process of the County Museum/Store. 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 previously audited the Department on June 19, 2009 and found that many of the findings identified in the previous audit have not been addressed. In the current audit, we identified several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on October 21, 2014 and discussed our observations with management on October 30, 2014. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the County Museum/Store who assisted and cooperated with us during this engagement.

Respectfully submitted,

Larry Walker

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:



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County Museum/Store: Cash Receipting Audit

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Summary of Audit Results

Our findings and recommendations are provided to assist management in improving internal controls and procedures relating to the Department's cash receipting process.

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
Asistencia, Agua Mansa Pioneer Cemetery, John Rains House, Yorba-Slaughter Adobe, and Yucaipa Adobe		
1	Finding: Controls over cash receipting should be improved at branch locations.	9
	Recommendation: We recommend the Department ensure that cash deposits are performed weekly if amounts less than \$1,000 are collected.	
County Museum, Museum Store, and Victor Valley Museum/Store		
2	Finding: Segregation of duties should be improved.	11
	Recommendation: We recommend that Management reorganize assignments with existing staff to have effective segregation of duties and reduce the risk that any one person could conceal errors or irregularities.	
3	Finding: Cash handling controls over the safeguarding of cash receipts need improvement.	14
	Recommendation: Each cashier should be assigned a separate cash drawer. Both the supervisor and cashier should be present for closing out procedures. Combinations to the safe should be changed when an employee terminates County employment, or at least annually. Safe combinations should be restricted to as few employees as possible.	
4	Finding: There is no supervisory or secondary review on the deposit slips.	16
	Recommendation: Documented reviews over the deposits should be conducted by someone of a supervisory level.	



Finding No.	Findings and Recommendations	Page No.
County Museum and Museum Store		
5	Finding: Deposits were not made in a timely manner.	17
	Recommendation: The Department should ensure cash receipts are deposited by the next business day when daily receipts exceed \$1,000, or at least weekly when amounts are less than \$1,000.	
6	Finding: There are no documented bank reconciliations being performed.	19
	Recommendation: We recommend that documented monthly bank reconciliations are performed in accordance with the Internal Controls and Cash Manual guidelines.	

- **Finding 1: Controls over cash receipting should be improved at branch locations.**

Asistencia – Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.

Agua Mansa Pioneer Cemetery – Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.

John Rains House – Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.

Yorba Slaughter Adobe – Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly. Cash received from admission fees and donations is stored in an unlocked drawer. The unlocked drawer is located at the main entranceway of the adobe. The collection box had broken and had not yet been replaced by the Museum.

Yucaipa Adobe – Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.



- **Finding 2: Segregation of duties should be improved.**

County Museum – The Fiscal Assistant’s job functions include opening the mail, logging mailed-in checks, and preparing the deposit for these checks. In addition, the Fiscal Assistant is responsible for preparing the deposits for monies collected at the Front Desk and the Gift Store. He has the ability to ring up sales on the cash registers. He also maintains records for revenue received and has access to the bank account in order to check which deposits have cleared. Employees can void their own transactions.

Museum Store – The Fiscal Assistant is responsible for preparing the deposits received from the Front Desk and the Gift Store. He has the ability to ring up sales on the cash registers. He also maintains records for revenue received and has access to the bank account in order to check which deposits have cleared. Cashiers have the ability to void their own transactions.

Victor Valley Museum/Store -The Facility Manager/Secretary prepares the deposits for the Museum. She also has the ability to ring up sales on the cash register. Employees can void their own transactions.

- **Finding 3: Cash handling controls over the safeguarding of cash receipts need improvement.**

County Museum and Museum Store – Cashiers do not have their own separate cash drawers. At the end of each business day, supervisors do not close out the registers or verify the cash counted by the cashier. Although the Department requires two employees to be present for the cash count; one to count the cash, and one to observe the count being performed, a supervisor should be present in order to recount the cash and agree their count to the cashier’s tape. The Museum Front Desk safe combination was last changed over two years ago. To be able to retrieve or lock up the change bag during opening and closing procedures, each cashier knows the combination to the safe.

Victor Valley Museum/Store - Cashiers do not have their own separate cash drawers. At the end of each business day, the cashier does not count out the cash and checks received. The Museum Facility Manager/Secretary counts the drawer by herself. Both the cashier and the supervisor are required for the cash count in order to verify the amounts. The keys to the safe have not been changed every year, or each time an employee has left. Money in the Museum Donation Box has not been collected on a weekly basis. Employees were unclear as to whether the monies from the donation box had ever been collected.



- **Finding 4: There is no supervisory or secondary review of the deposit slips.**

County Museum – During our review of 24 deposits, all 24 deposit slips did not have documentation of a supervisory or secondary review.

Museum Store – During our review of 24 deposits, all 24 deposit slips did not have documentation of a supervisory or secondary review.

Victor Valley Museum/Store - During our review of 22 deposits from the Victor Valley Museum and 24 deposits from Store item sales for a total sample of 46 deposits, all 46 deposit slips did not have documentation of a supervisory or secondary review.

- **Finding 5: Deposits were not made in a timely manner.**

County Museum – During our review of 24 deposits, 21 deposits were not made in a timely manner. They were not deposited at least weekly, when daily receipts are less than \$1,000.

Museum Store – During our review of 24 deposits, 18 deposits were not made in a timely manner. They were not deposited at least weekly, when daily receipts are less than \$1,000.

- **Finding 6: There are no documented bank reconciliations being performed.**

County Museum – Currently, there are no documented bank or FZ370 reconciliations being performed.

Museum Store – Currently, there are no documented bank or FZ370 reconciliations being performed.



CASH RECEIPTING AUDIT

The Department

The San Bernardino County Museum maintains and develops unique cultural and natural science collections related to the region and the greater Southwest. Through responsible collection, preservation, exhibition, and education, the County Museum inspires the public to a deeper understanding of their cultural and natural history. The Museum is comprised of the following divisions: Education, Exhibitions, Anthropology, History/Archives, Biological Science and Geological Services. All divisions enhance public learning through educational services for families, the general public, school groups, educators and scholars.

The Museum Store

The Museum Store operates as an enterprise fund under the management of the San Bernardino County Museum. The Store is considered a critical part of the "Kindergarten – 12th Grade" visitor experience and provides many museum-related items for sale including books and publications, educational toys, thematic novelty items for exhibitions, jewelry, minerals and souvenirs. It also provides important information to patrons regarding current exhibitions in the Museum.

Branch Locations

The Museum has seven regional sites that provide cultural and natural science educational programs and activities for the public. Below are the six sites that were visited during our fieldwork:

- **Asistencia Outpost of the Mission San Gabriel (Redlands)**
The "Asistencia" (California Historical Landmark #42) was established in 1819 as an Estancia, an outpost for cattle grazing activities. In 1842, the Lugo brothers were granted title to the San Bernardino Rancho by the Mexican Governor of California. Mormons purchased the Rancho in 1851, and Dr. Benjamin Barton later purchased it in 1859. Asistencia was a ruin when the County of San Bernardino acquired it from the Barton family in 1925. Construction and renovation began in 1926 under the direction of Horace P. Hinckley. The Asistencia's chapel and landscaped courtyards have been favorite sites for weddings since the 1930s. It has become a regular stop for tour groups and school groups.



- **Agua Mansa Cemetery (Colton)**

The Agua Mansa Pioneer Cemetery is what remains of two thriving communities of Agua Mansa and La Placita, the first non-native settlements in the San Bernardino Valley. These villages were the largest settlement between New Mexico and Los Angeles during the 1840s. Agua Mansa flourished until January 1862, until a flood destroyed the community, leaving only the cemetery, chapel and store. In 1967, Agua Mansa Pioneer Cemetery was acquired by San Bernardino County. With the help of Friends of Agua Mansa Pioneer Cemetery, a full-size replica of the San Salvador Church was constructed in 1978 and used today as a museum.

- **Casa de Rancho Cucamonga - John Rains House (Rancho Cucamonga)**

The Rains House was built in 1860. The original house had an entry hall, a parlor, three bedrooms in the front with a patio area flanked by a dining room, a kitchen, a padre's room, and two guest rooms. The first school in Cucamonga in 1870 was said to have been started in this home owned by John and Maria Merced. Between 1871 and 1918, the Rains House was owned by Isais W. Hellman and Associates, and was rented most of the time. It was in disrepair when it was purchased and restored by Edwin Motsinger in 1919. The House passed through many owners and became vacant and vandalized. Community members worked to save it and, with the aid of a 1971 student march, brought the attention of the community to its plight. The San Bernardino County Board of Supervisors purchased the property in October 1971, and the Casa de Rancho Cucamonga Historical Society was formed in 1972.

- **Yorba-Slaughter Families Adobe (Chino)**

The Yorba-Slaughter Adobe, built in 1852-1853, is one of the oldest standing adobe residences in San Bernardino County. The property was purchased in 1868 by Fenton M. Slaughter. The residence was originally a one-story home with a sleeping loft. Restoration of the adobe was started in 1928 by Julia Slaughter Fuqua, the third child of Fenton and Dolores Slaughter. The adobe was designated California State Historical Landmark # 191 in 1934, and the property was purchased by the County of San Bernardino in 1971. One of the fascinating aspects of the site is the presence of original furnishings from the 19th century occupation of the Slaughter Family.



- **Yucaipa Adobe (Yucaipa)**

The Yucaipa Adobe was built in 1858-1859 by James Waters, a noted hunter, trapper and mountaineer. John Dunlap purchased the Yucaipa ranch in 1869 and maintained ties to the ranch until the 1950s. In 1954, the Yucaipa Woman's Club raised funds to save the deteriorated adobe dwelling from demolition. The property was eventually given to the County of San Bernardino to be administered as a part of the San Bernardino County Museum system. The Yucaipa Adobe contains furnishings from the nineteenth century and horse-drawn farm implements and a blacksmith shop are exhibited outside the adobe. The site can be rented for outdoor events such as weddings, receptions and other ceremonies.
- **Victor Valley Museum (Apple Valley)**

The Victor Valley Museum opened in 1992 and operated as a not-for-profit entity sustained by many volunteers. In 2010, the Victor Valley Museum became a branch of the San Bernardino County Museum system. The exhibits in the Museum are organized around the theme "Discover Your Own Backyard".



Scope and Objectives

Our audit examined the Department's cash receipting process for the period of October 2013 through March 2014. We conducted our fieldwork at the Main County Museum and Store, along with six other branch locations, which were Asistencia Outpost (Redlands), Agua Mansa Cemetery (Colton), John Rains House (Rancho Cucamonga), Yorba-Slaughter Adobe (Chino), Yucaipa Adobe (Yucaipa) and Victor Valley Museum and Store (Apple Valley).

The objective of our audit was to determine if internal controls were in place and effective over the cash receipting process of the County Museum/Store.

Methodology

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

- Interview of Museum personnel.
- Examination of original source documents and system generated reports.
- Review of the Museum's cash receipting policies and procedures.
- Observation of pertinent cash receipting operations.



Finding 1: Controls over cash receipting should be improved at branch locations.

The County's Internal Controls and Cash Manual (ICCM) Chapter 3 states that the County Departments must not accumulate large amounts of receipts. Deposits must be made by the next business day when the amount of receipts (including cash, checks and money orders) reaches \$1,000, or at least weekly if lesser amounts are collected. It further states that the cash should be kept in a cash drawer or cash box not accessible to unauthorized persons during business hours.

Asistencia

The following conditions were identified:

- Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.
- As of May 9, 2014, the last pickup of cash occurred on July 11, 2012 in the amount of \$241.

Agua Mansa Pioneer Cemetery

The following conditions were identified:

- Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.
- As of May 9, 2014, the last pickup of cash occurred on October 31, 2012 in the amount of \$511.55.

John Rains House

The following conditions were identified:

- Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.
- As of May 13, 2014, the last pickup of cash occurred on April 17, 2014 in the amount of \$1,578.60 in admissions and \$83.75 in donations. The pickup prior to April 2014 occurred on June 26, 2013 in the amount of \$1,611.90.

Yorba-Slaughter Adobe

The following conditions were identified:

- Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.
- As of May 13, 2014, the last pickup of cash occurred on April 24, 2014 in the amount of \$308.20. The pickup prior to April 2014 occurred on November 9, 2010 in the amount of \$140.
- Cash received from admission fees and donations is stored in an unlocked drawer. The unlocked drawer is located at the main entranceway of the adobe. The collection box had broken and had not yet been replaced by the Museum.



Yucaipa Adobe

The following conditions were identified:

- Cash from admission fees and donations is maintained at the site longer than necessary and not deposited at least weekly.
- As of May 14, 2014, the last pickup of cash occurred on August 18, 2009 in the amount of \$53.47.

The staff at the Main Museum is not picking up the admission fees and donations on a regular basis. Maintaining cash at the outlying sites longer than necessary significantly increases the risk of loss, theft or embezzlement.

Recommendation:

We recommend that the Department ensure that cash deposits are performed weekly if amounts less than \$1,000 are collected, as stated in the ICCM guidelines. If it is not feasible for the Main Museum staff to pick up the deposits, we recommend that these deposits be hand-carried to the bank weekly by the Site Manager to minimize the risk of misappropriation. We also recommend that a secure collection box is obtained for the Yorba-Slaughter location to store admission fees and donations.

Management's Response:

Asistencia – Department will ensure that deposits are made on a weekly basis by scheduling all historical sites pickups to be conducted by Museum staff. It will be required that weekly attendance and admission reports be generated by the historical site supervisor. All sites will begin using envelopes with preprinted information (date, location, amount and total) so Museum staff can determine when patrons visited and how much was paid.

Agua Mansa Pioneer Cemetery – Department will ensure that deposits are made on a weekly basis by scheduling all historical sites pickups to be conducted by Museum staff. It will be required that weekly attendance and admission reports be generated by the historical site supervisor. All sites will begin using envelopes with preprinted information (date, location, amount and total) so Museum staff can determine when patrons visited and how much was paid.

John Raines House – Department will ensure that deposits are made on a weekly basis by scheduling all historical sites pickups to be conducted by Museum staff. It will be required that weekly attendance and admission reports be generated by the historical site supervisor. All sites will begin using envelopes with preprinted information (date, location, amount and total) so Museum staff can determine when patrons visited and how much was paid.



Yorba Slaughter Adobe – Department will ensure that deposits are made on a weekly basis by scheduling all historical sites pickups to be conducted by Museum staff. It will be required that weekly attendance and admission reports be generated by the historical site supervisor. All sites will begin using envelopes with preprinted information (date, location, amount and total) so Museum staff can determine when patrons visited and how much was paid. A secure lockbox will be provided for cash received from admission fees and donations. Secure lockbox will be emptied weekly by Museum staff.

Yucaipa Adobe– Department will ensure that deposits are made on a weekly basis by scheduling all historical sites pickups to be conducted by Museum staff. It will be required that weekly attendance and admission reports be generated by the historical site supervisor. All sites will begin using envelopes with preprinted information (date, location, amount and total) so Museum staff can determine when patrons visited and how much was paid.

Management will ensure that all policies and procedures conform to the County's ICCM.

Auditor's Response:

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

Finding 2: Segregation of duties should be improved.

The County's Internal Controls and Cash Manual (ICCM) Chapter 2-3 states that no one person should be assigned concurrent duties that would allow them complete control over a transaction or an asset. Effective segregation of duties reduces the risk that any one person could perpetrate and conceal errors and irregularities in the normal course of their duties. In addition, according to Chapter 6, adequate controls must be practiced for both the cash receipting functions and voiding transactions. A supervisor's approval of a void should be obtained at the time of the occurrence.

County Museum

The following conditions were noted:

- The Fiscal Assistant's job functions include opening the mail, logging mailed-in checks, and preparing the deposit for these checks. In addition, the Fiscal Assistant is responsible for preparing the deposits for monies collected at the Front Desk and the Gift Store. He has the ability to ring up sales on the cash registers. He also maintains records for revenue received and has access to the bank account in order to check which deposits have cleared.
- Employees can void their own transactions.
 - On 2 instances in the Museum Front Desk Void Log, the Fiscal Assistant made an error, which required a void. No security or



administrative initials were inputted into the log, making it unclear if anyone reviewed the void or if he voided his own transaction.

- Although the Fiscal Assistant or Accounting Technician or the Security Guard are authorized to perform voids, cashiers have the ability to void their own transactions.

Museum Store

The following conditions were noted:

- The Fiscal Assistant is responsible for preparing the deposits for monies collected at the Front Desk and the Gift Store. He has the ability to ring up sales on the cash registers. He also maintains records for revenue received and has access to the bank account in order to check which deposits have cleared.
- Cashiers have the ability to void their own transactions.

Victor Valley Museum/Store

The following conditions were noted:

- The Facility Manager/Secretary prepares the deposits for the Museum. She also has the ability to ring up sales on the cash register.
- Employees can void their own transactions.
 - On 15 instances in the Victor Valley Museum Void Log, the Facility Manager/Secretary made an error, which required a void. The log indicates that she voided her own transaction.
 - Although the Facility Manager is authorized to perform voids, cashiers have the ability to void their own transactions.

Management is not aware of the ICCM guidelines for proper segregation of duties. The Main Museum and Museum Store currently have two County-employed accounting staff, with one designated for Accounts Receivable and one designated for Accounts Payable. The other staff are CalWorks Program employees. The Victor Valley Museum/Store only has one County-employed staff member, with the other staff being CalWorks Program employees. The risk of undetected errors and potential theft increases when duties are not properly segregated.

Recommendation:

We recommend that Management reorganize assignments with existing staff to have effective segregation of duties and reduce the risk that any one person could conceal errors or irregularities. We also recommend that an individual with mail receipting duties should not have depositing or reconciling duties. Also, an individual with depositing duties should not have any cash handling duties. In addition, an individual who has the duty of voiding transactions should not have the ability to process or ring up sales from the cash registers. We further



recommend that transactions requiring voids should be reviewed and voided by someone other than the cashier.

Management's Response:

Management will reorganize front register assignments with existing staff to have effective segregation of duties as follows:

County Museum –

- Media Specialist (higher level position than the Fiscal Assistant) will be in charge of receiving all checks and logging them in to the check receipt log and signing off once the form has been prepared.
- Fiscal Assistant will prepare the deposits and they will be verified and signed off by Accounting Technician.
- Fiscal Assistant will not have the ability to ring up sales on the cash register.
- Accounting Technician and Media Specialist will hold the key to perform voids.
 - General Services workers or WEX employees will not be allowed to perform voids.
- Item voids option will be removed from the cash register; transaction voids will be conducted by authorized staff only as listed above.

Museum Store/Front Desk –

- Fiscal Assistant will prepare the deposits received from the Front Desk and Museum Store and they will be verified and signed off by Accounting Technician.
- Fiscal Assistant will not have the ability to ring up sales on the cash register.
- Accounting Technician and Media Specialist will hold the key to perform voids.
 - General Services workers or WEX employees will not be allowed to perform voids.
- Item voids option will be removed from the cash register; transaction voids will be conducted by authorized staff only.
- A new point of sale system will be implemented.

Victor Valley Museum/Store –

- Facility Manager/Secretary will not have the ability to ring up sales on the cash register.
- Facility Manager/Secretary will prepare daily deposits. Fiscal Assistant will verify the deposits and Accounting Technician will sign off and deposit the funds.
- Facility Manager/Secretary will hold the key to perform voids.
 - General Services workers or WEX employees will not be allowed to perform voids.



Management will ensure that all policies and procedures conform to the County's ICCM.

Auditor's Response:

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

Finding 3: Cash handling controls over the safeguarding of cash receipts need improvement.

The Internal Controls and Cash Manual (ICCM) Chapter 6 states that each cashier must be assigned a cash drawer with a key or access card. It also states that at the end of each business day, the supervisor in charge must close out the registers. The cashiers must count out their cash trays and turn over the receipts and count sheets to the supervisor, and the supervisor must then recount the cash in the presence of the cashiers. Chapter 3 states that combinations to safes should be changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Even if there are no staffing changes, combinations must be changed annually. Safe combinations should also be restricted to as few employees as possible.

County Museum

The following conditions were noted:

- Cashiers do not have their own separate cash drawers.
- At the end of each business day, supervisors do not close out the registers or verify the cash counted by the cashier. Although the Department requires two employees to be present for the cash count; one to count the cash, and one to observe the count being performed, a supervisor should be present in order to recount the cash and agree their count to the cashier's tape.
- The Museum Front Desk safe combination was last changed over two years ago. Due to the fact that the combinations are not changed each time an employee leaves, the Department has tried to mitigate the risk by locating the safes in a room that requires a key and access code that is only known by the Fiscal Assistant and the Accounting Technician. However, the deposits are currently backlogged and previous days' cash receipts are also stored in the safe, which is accessible to staff.
- To be able to retrieve or lock up the change bag during opening and closing procedures, each cashier knows the combination to the safe.

Museum Store

The following conditions were noted:

- Cashiers do not have their own separate cash drawers.



- At the end of each business day, supervisors do not close out the registers or verify the cash counted by the cashier. Although the Department requires two employees to be present for the cash count; one to count the cash, and one to observe the count being performed, a supervisor should be present in order to recount the cash and agree their count to the cashier's tape.
- The Museum Store safe combination was last changed over two years ago. Due to the fact that the combinations are not changed each time an employee leaves, the Department has tried to mitigate the risk by locating the safes in a room that requires a key and access code that is only known by the Fiscal Assistant and the Accounting Technician. However, the deposits are currently backlogged and previous days' cash receipts are also stored in the safe, which is accessible to staff.
- To be able to retrieve or lock up the change bag during opening and closing procedures, each cashier knows the combination to the safe.

Victor Valley Museum/Store

The following conditions were noted:

- Cashiers do not have their own separate cash drawers.
- At the end of each business day, the cashier does not count out the cash and checks received. The Facility Manager/Secretary counts the drawer by herself. Both the cashier and the supervisor are required for the cash count in order to verify the amounts.
- The keys to the safe have not been changed every year, or each time an employee has left.
- Money in the Museum Donation Box has not been collected on a weekly basis. Employees were unclear as to whether the monies from the donation box had ever been collected.

Due to the high turnover rate of Museum employees and the costs of a combination change or a re-key, combinations or keys are not being changed each time an employee leaves. Cash may not be adequately safeguarded when there have been no changes to the safe combination or keys to the safe. Also, when cash is left in public view and kept in the donation box longer than necessary, the risk of loss, theft or embezzlement significantly increases.

Recommendation:

We recommend that each cashier be assigned a separate cash drawer in accordance with ICCM guidelines. We also recommend that both the supervisor and the cashier are present for closing out procedures to ensure the daily sales are counted and verified correctly. Combinations or keys to the safe should be changed when an employee terminates County employment or at least annually if there are no staffing changes. We further recommend that safe combinations should be restricted to as few employees as possible.



Management's Response:

County Museum and Museum Store – Desk schedules will be created with 2-3 shifts. The department will ensure that four (4) separate cash drawers are established so each cashier is assigned their own drawer; two (2) cash drawers for the front desk and two (2) for the Museum store. Staff will verify the starting amount of their drawer with the Fiscal Assistant at the beginning of their shift. Staff will run the closeout report and bring the cash drawer back to count with a regular County employee (with Supervisor) and fill out a daily receipt form. All verified transactions will be placed in a sealed bag. A safe combination log will be created for tracking safe combination changes. All safe combinations will be changed annually or as needed do to staff turnover.

Victor Valley Museum/Store – Department will ensure that separate cash drawers are established so each cashier is assigned their own drawer. Staff will verify the starting amount of their drawer with the Facility Manager/Secretary at the beginning of their shift. Staff will run the closeout report and bring the cash drawer back to count with the Facility Manager/Secretary and fill out a daily receipt form. All verified transactions will be placed in a sealed bag. A safe combination log will be created for tracking safe combination changes. All safe combinations will be changed annually or as needed do to staff turnover. The donation box will be emptied out on a weekly basis.

Management will ensure that all policies and procedures conform to the County's ICCM.

Auditor's Response:

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

Finding 4: There is no supervisory or secondary review of the deposit slips.

The County's Internal Controls and Cash Manual (ICCM) Chapter 9 states that supervisors must verify that deposits are intact. Deposits must consist of the same currency, checks and/or money orders that were originally collected.

County Museum

During our review of 24 deposits, 24 deposit slips did not have documentation of a supervisory or secondary review.



Museum Store

During our review of 24 deposits, 24 deposit slips did not have documentation of a supervisory or secondary review.

Victor Valley Museum/Store

During our review of 22 deposits from the Victor Valley Museum and 24 deposits from Store item sales for a total sample of 46 deposits, all 46 deposit slips did not have documentation of a supervisory or secondary review.

The Department is not aware of the ICCM bank deposit guidelines. When there is no supervisory review of the Department's deposits, the chance of theft increases.

Recommendation:

We recommend documented reviews over the deposits be conducted to ensure accuracy. We also recommend the review should be performed by someone of a supervisory level.

Management's Response:

County Museum – Accounting Technician will verify all deposit slips after they are prepared by Fiscal Assistant.

Museum Store – Accounting Technician will verify all deposit slips after they are prepared by Fiscal Assistant.

Victor Valley Museum/Store – Fiscal Assistant will verify all deposit slips after they are prepared by Facility Manager/Secretary and WEX employees. The Account Technician will verify the deposit slip that the Fiscal Assistant prepares.

Management will ensure that all policies and procedures conform to the County's ICCM.

Auditor's Response:

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

Finding 5: Deposits were not made in a timely manner.

The County's Internal Controls and Cash Manual (ICCM) Chapter 3 states that the County Departments must not accumulate large amounts of monies. Deposits of all monies collected must be made by the next business day when



the dollar amount (including cash, checks and money orders) reaches \$1,000, or at least weekly if lesser amounts are collected.

County Museum

During our review of 24 deposits, 21 deposits were not made in a timely manner. They were not deposited at least weekly, when daily receipts are less than \$1,000.

Museum Store

During our review of 24 deposits, 18 deposits were not made in a timely manner. They were not deposited at least weekly, when daily receipts are less than \$1,000.

Even though the Department has armored service pickup twice a week on Tuesdays and Fridays, staff is currently backlogged with deposits and cash receipts are not always counted by the next business day. Maintaining large amounts of cash on site potentially increases the chance of theft.

Recommendation:

We recommend that the Department ensure that cash receipts are counted by the next business day and are ready for armored pickup on Tuesdays and Fridays. It is further recommended, if deposits reach \$1,000 on a non-pickup day, Management should ensure the monies are deposited by the next business day.

Management's Response:

County Museum – The department will assign the Accounting Technician to verify that cash receipts are verified daily and deposits are ready for pickup. Armored pickups will be increased to three (3) days per week (Monday, Wednesday and Friday).

Museum Store – The department will assign the Accounting Technician to verify that cash receipts are verified daily and deposits are ready for pickup. Armored pickups will be increased to three (3) days per week (Monday, Wednesday and Friday).

Management will ensure that all policies and procedures conform to the County's ICCM.

Auditor's Response:

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



Finding 6: There are no documented bank reconciliations being performed.

The Internal Controls and Cash Manual (ICCM) Chapter 9 states that departments must reconcile their records to the bank statement each month. The employee doing the reconciliation should not have the authority to sign checks or deposit cash. The employee with authority to sign checks or deposit cash may complete the reconciliation if it is reviewed and signed by an employee of a higher-ranking job code. In addition, if the Department is utilizing consolidated banking, Chapter 8 states that the department should reconcile the department's own records of all deposits and distributions made to the department's monthly Bank Deposit and Distribution Reconciliation Report (FZ370).

County Museum

Currently, there are no documented bank or FZ370 reconciliations being performed.

Museum Store

Currently, there are no documented bank or FZ370 reconciliations being performed.

Staff is unfamiliar with the bank reconciliation guidelines that are outlined in the ICCM. If there are no reconciliations being performed, the Department would be unaware of potential discrepancies and undetected theft may occur.

Recommendation:

We recommend that documented monthly bank reconciliations are performed in accordance with the ICCM guidelines. Each bank reconciliation should include the review of reconciling items and a signature and date by an employee of a higher-ranking job code as evidence of the review.

Management's Response:

County Museum – The department will ensure that the FZ370 bank reconciliation report is printed monthly and a review is conducted by Fiscal Assistant. Once the reconciliation is prepared the Accounting Technician will review and sign off on the reconciliation.

Museum Store – The department will ensure that the FZ370 bank reconciliation report is printed monthly and a review is conducted by Fiscal Assistant. Once the reconciliation is prepared the Accounting Technician will review and sign off on the reconciliation.

Management will ensure that all policies and procedures conform to the County's ICCM.



Auditor's Response:

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