

County of San Bernardino

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Internal Audits Section

Regional Parks Department: Cash Controls Follow-up Audit



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SUBJECT: CASH CONTROLS FOLLOW-UP 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 a follow-up audit of the Regional Parks Department for the period of April 1, 2015 through June 30, 2015. The objective of the audit was to determine if the recommendations for the findings reported in the Regional Parks Cash Controls Audit have been implemented. 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 issued on December 23, 2014. The recommendations to five out of six of the findings from the original report have been partially implemented and the recommendation to one of the findings was no longer applicable. Subsequent to our audit, there was a cash loss at the Mojave Narrows Park. It was discovered that \$150 was missing from envelopes that had been prepared for deposit.

We sent a draft report to the Department on June 16, 2016. The Department's responses to the current status of our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Regional Parks Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector
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By:



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Regional Parks: Cash Controls Follow-up Audit

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Scope and Objective

Our audit examined the cash controls for the audit period of April 2015 through June 2015. We conducted our fieldwork at the Administration Office, along with four other park locations, which were Cucamonga-Guasti Regional Park (Ontario), Glen Helen Regional Park (San Bernardino), Mojave Narrows Regional Park (Victorville), and Mojave River Forks Regional Park (Hesperia).

The objective of this follow-up audit was to determine whether the Regional Parks Department (Department) implemented the recommendations contained in the prior audit report, *Regional Parks Cash Controls Audit*, issued on December 23, 2014.

Methodology

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

- Performing surprise cash counts of selected cash funds.
- Reviewing cash deposits for the period of April 2015 through June 2015.
- Interviewing Park personnel regarding cash fund management.



Prior Finding 1: Management of the Petty Cash Funds needs improvement.

According to the County's Internal Controls and Cash Manual, Chapter 2, access to assets should be controlled in order to safeguard them. All transactions and pertinent events should be accurately and properly recorded on documents and records. Chapter 4 states that departments must maintain a log recording each petty cash transaction. Any petty cash vouchers should be presented to the fund custodian, who is responsible for maintaining and disbursing from the fund. In addition, County departments must reconcile their cash funds at least once a month. An employee other than the fund custodian and of a higher-ranking job code should complete the fund reconciliation. The fund custodian may complete the reconciliation if it is reviewed and signed by an employee of a higher-ranking job code.

Administration

The following conditions were disclosed during our review:

- Two other employees in addition to the fund custodian have access to the petty cash fund.
- The key to the supply cabinet where the cash box is stored was kept in an unlocked drawer.
- Petty cash (Cash Box)
 - Transactions were not being entered into the Petty Cash Account Summary Log. Eight out of eleven outstanding petty cash vouchers had not been entered on the log, dating as far back as July 11th, 2013.
 - Vouchers that were no longer being used or reimbursed were not being canceled.
 - There were two vouchers for the same transaction.
 - An old petty cash voucher for parking was not voided or canceled.
 - Monthly reconciliations were not performed.
- Petty cash (Checking)
 - Monthly reconciliations were not performed. The account has not been reconciled since April 2012.

Management is not enforcing the petty cash fund guidelines stipulated in the Internal Controls and Cash Manual. Accountability for the petty cash fund decreases when multiple employees are allowed to have access to the fund and when the fund is not adequately safeguarded. When monthly reconciliations are not performed and transactions are not accurately and properly recorded onto the Summary Log, there is an increased risk of misappropriation of petty cash funds.



Cucamonga-Guasti Park

The following conditions were noted during our review:

- Segregation of duties needs to be improved. The General Services Worker is able to disburse cash from the Petty Cash Fund and maintain the petty cash summary account log, as well as prepare the deposits and maintain the daily sales summary reports.
- Vouchers were not completely filled out. Five of the eight vouchers tested did not have an approval signature. One of the eight vouchers did not have a 'received by' signature.

If there is inadequate segregation of duties, there is an increased risk of misappropriation of cash funds. If there is no written documentation of supervisory approval or evidence that the employee received the funds, there is a risk of misuse of funds.

Glen Helen Park

The following conditions were noted during our review:

- The combination to the safe had not been changed annually.
- Since petty cash vouchers were not used, there was no written documentation of supervisory approval or evidence that the employee received the funds.
- Monthly reconciliations were performed by the fund custodian.

Management is unfamiliar with the guidelines and procedures in the Internal Controls and Cash Manual, and they do not reference the ICCM for guidance. Cash may not be adequately safeguarded when there have been no changes to the safe combination. There is an increased risk of misappropriation of cash assets if there is no supervisory approval on petty cash vouchers and reconciliations are not performed by someone other than the fund custodian.

Lake Gregory Park

The following conditions were noted during our review:

- Combinations to the safe were not changed annually.
- There was no log kept for the petty cash.
- Four other employees besides the fund custodian had access and could disburse monies from the petty cash fund.
- The last reconciliation was performed in April 2012.
- The petty cash fund was not being replenished at year-end or when the balance was 75% depleted, as required by the Internal Controls and Cash Manual.

The Park is currently using Cal Cards instead of the petty cash; therefore the staff is not using, reconciling or replenishing their petty cash fund. Accountability for the petty cash fund decreases when multiple employees



are allowed to have access to the fund. The risk of misappropriation of cash assets increases when Management does not properly manage their petty cash fund in accordance with the ICCM.

Mojave Narrows Park

The following conditions were noted during our review:

- Combinations to the safe were not changed annually. They were changed when there were staffing changes, but should have been done annually at the very minimum.
- Vouchers were not always completely filled out. Of the five samples tested, one had a voucher that did not contain an approval signature and one did not have a voucher attached to the receipt.
- There was no evidence of monthly reconciliations.
- The Petty Cash Fund was not being replenished at year-end.

Management is unfamiliar with the guidelines and procedures stated in the ICCM regarding the safeguarding of the petty cash fund. Cash may not be adequately safeguarded when there have been no changes to the safe combination. If petty cash fund expenditures are not being approved by a supervisor and reconciliations are not being performed on a monthly basis by someone other than the fund custodian, there is an increased risk of misappropriation of petty cash funds. In addition, the Petty Cash Fund may become depleted if it is not being replenished in accordance with ICCM guidelines.

Mojave River Forks Park

The following conditions were noted during our review:

- There was no evidence of reconciliations or reviews performed.
- Petty cash vouchers were not used for petty cash transactions; therefore, there was no written documentation of supervisory approval or evidence that the employee received the funds.
- Individuals other than the Fund Custodian were disbursing petty cash funds.
- The combination to the safe had not been changed annually.

Management is unfamiliar with the guidelines and procedures in the ICCM regarding the safeguarding of their petty cash fund. The conditions above increase the risk of potential misappropriation of cash funds.

Prior Recommendation:

We recommend that the Petty Cash Fund be maintained by an individual with no depositing or accounts receivable posting duties. We further recommend that Management only allow the fund custodian to have



access to the petty cash box. A backup fund custodian may also be appointed. We also recommend that the key to the cash box is kept in a locked cabinet. Any petty cash transactions should be immediately entered into the Petty Cash Summary Log and vouchers that are no longer being reimbursed should be canceled. In addition, we recommend that reconciliations be performed on a monthly basis by someone other than the fund custodian and of a higher-ranking job code. If the fund custodian completes the reconciliation, then an employee of a higher-ranking job code should review and sign the reconciliation. The fund should also be replenished prior to the end of each fiscal year. If the Park no longer needs the petty cash fund, we recommend the Park eliminate the fund entirely to reduce the risk of misappropriation of cash assets. The petty cash fund can be replenished to its full authorized amount and then be closed in accordance with ICCM guidelines.

Current Status: Partially Implemented

Administration

All recommendations have been implemented, except:

- Monthly reconciliations were not performed for Petty cash (Cash Box).
- Monthly reconciliations were performed, but not signed off by a supervisor for Petty cash (Checking).

Lake Gregory Park

Follow-up audit work was not completed at Lake Gregory Park because it has been operated by a third party since January 2014.

All Other Parks

As of the date of field work, Cucamonga-Guasti Park, Glen Helen Park, Mojave Narrows Park and Mojave River Forks Park no longer used a petty cash fund. All petty cash funds were turned into the Regional Parks Administration office in July and deposited into the Treasury in September.

Management's Response:

Regional Parks has eliminated Petty Cash funds at all of its parks. Cal-Cards can be used in most situations and cash is no longer considered a necessity. The Petty Cash checking fund reconciliation for Park Administration is completed by the Fiscal Assistant and verified by the Administrative Supervisor monthly – the process has been changed to ensure the necessary monthly reconciliations are



taking place. The Petty Cash (cash box fund) has been eliminated at the administration office.

Auditor's Response:

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

Prior Finding 2: The overall management of the Cash Difference Fund needs to be improved.

The County's Internal Controls and Cash Manual (ICCM), Chapter 5, states that a continuous record (log) must be maintained of each confirmed cash deficit indicating the date, amount, and name of the person who reported the deficit. It further states that the replenishment of the fund must occur when accumulated shortages reach 75% of the authorized amount or \$100, whichever is lower. The ICCM's Chapter 2 states that no one person should be assigned concurrent duties that would allow them complete control over a transaction or an asset. In addition, Chapter 4 states County departments must reconcile their cash funds at least once a month.

Cucamonga-Guasti Park

The following conditions were noted during our review:

- There were multiple fund logs and there were discrepancies between the logs.
- The Park was not replenishing its Cash Difference Fund in a timely manner. The fund had been depleted to \$0.75 at one point during fiscal year 2012-2013.
- The Park was using cash from daily collections to compensate for cash shortages.
- Segregation of duties needs to be improved. The Fund was being maintained by an individual who prepared the deposits as well as posted sales summary reports.
- There were no reconciliations being performed of the Cash Difference Fund.
- Revenue was not properly recorded because cash was taken from daily collections to cover cash shortages.

Glen Helen Park

The following conditions were noted during our review:

- The Park was not replenishing its cash difference fund in accordance with the ICCM guidelines.



Lake Gregory Park

The following conditions were noted during our review:

- The cash difference fund was not being replenished when accumulated shortages reached 75% of the authorized amount or \$100, whichever was lower, or at year-end. At one point, the fund remained depleted with a balance of \$0.90 from July 2012 until April 2013.
- Revenue was understated when cash shortages occurred, due to the cash difference fund being depleted. Five out of twenty-one deposits that were tested had shortages.

Mojave Narrows Park

The following condition was noted during our review:

- The cash difference fund was not being replenished when accumulated shortages reached 75% of the authorized amount or \$100, whichever was lower, or at year-end.

Mojave River Forks Park

Currently, the Park is not keeping a log nor is it reconciling the Cash Difference Fund monthly. Misappropriation of cash assets is more likely to occur when Management does not properly manage their Cash Difference Fund. There is an increased risk that the fund may not be intact and transactions may not properly be recorded if independent reconciliations are not performed. Also, the Cash Difference Fund may become depleted, causing the Park to use the cash from sales to compensate for any cash shortages.

Prior Recommendation:

We recommend that a single continuous record (log) be maintained by an individual with no depositing or accounts receivable posting duties and that the fund is replenished when accumulated shortages reach 75% of the authorized amount or \$100, whichever is lower. In addition, documented monthly reconciliations and reviews of this fund should be performed by the Park Superintendent or Assistant Park Superintendent to ensure that transactions have been correctly recorded and all assets are accounted for.

Current Status: Partially Implemented



Cucamonga-Guasti Park: Partially Implemented

All recommendations have been implemented, except:

- Segregation of duties continues to need improvement. The Fund is being maintained by an individual who prepared the deposits as well as posted sales summary reports.
- There were no reconciliations being performed of the Cash Difference Fund.

Glen Helen Park: Implemented

The cash difference fund was being replenished properly.

Mojave Narrows Park: Implemented

The cash difference fund was being replenished properly.

Mojave River Forks Park: Partially Implemented

The Park is keeping a log, however, it is not reconciling the Cash Difference Fund monthly.

Lake Gregory Park

Follow-up audit work was not completed at Lake Gregory Park because it has been operated by a third party since January 2014.

Management's Response:

Park Leads are now assigned the role of Fund Custodian and have been trained on this new role. Any new Park Leads, upon being assigned fund custodian, are provided documentation (Parks Cash Handling Policy and Section 4 of the ICCM which covers Cash Funds) that details the process for safeguarding and reconciling the fund. This has eliminated a single staff member from both preparing the deposits and posting the sales summary reports. As part of our developed training, all park staff were retrained on the appropriate cash difference fund procedures, which includes performing a monthly reconciliation. Copies of the Cash Difference Logs are due to the Administration office with the submittal of the Park's weekly revenue reports every Thursday to check compliance with the monthly reconciliations. Compliance is checked by Park's fiscal staff and verified by the Administrative Supervisor.

Auditor's Response:

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



Prior Finding 3: Cash handling controls over safeguarding of cash receipts were not adequate.

Control procedures are effective only in a supportive control environment. The Internal Controls and Cash Manual, Chapter 2, states that no one person should be assigned concurrent duties that would allow them complete control over a transaction or asset. 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. In addition, the Department's void forms provide for two reviewers' signatures which should both be used by different signers.

Cucamonga-Guasti Park

The following conditions were noted during our review:

- Segregation of duties needs improvement. The General Services Worker II prepares the deposit and maintains the records for revenue received.
- Supervisors were not approving voided transactions at the time of the occurrence.
- Void forms were not completely filled out. It was unclear as to who reviewed the voided transaction because the reviewer signatures were missing.

Glen Helen Park

The following conditions were noted during our review:

- Some employees had not received annual training or manuals on policies and procedures. One employee was unclear as to the location of a manual if it was needed for reference.
- Supervisors were not approving voided transactions at the time of the occurrence.
- Void forms were not completely filled out. It was unclear as to whether the transactions were approved or reviewed because the approver initials and reviewer signatures were missing.

Lake Gregory Park

The following condition was noted during our review:

- Employees can void their own transactions without a supervisor's approval.

Mojave Narrows Park

The following condition was noted during our review:

- Employees can void their own transactions without a supervisor's approval.



Mojave River Forks Park

The following conditions were noted during our review:

- Void Forms were missing the supervisor approval and reviewer signatures.

If policies and procedures are not made available to staff, Park staff will not be aware of the appropriate controls to adhere to when performing their respective job functions. If Management does not establish and enforce the appropriate controls to effectively safeguard their cash receipts, the Park's assets become more susceptible to theft, fraud and embezzlement.

Prior Recommendation:

We recommend the Park Superintendent or Assistant Park Superintendent obtain a copy of the ICCM for guidance. The necessary policies and procedures should be properly communicated to assist the Park staff in effectively performing their job duties. Management should 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 the Park obtain a supervisor's approval of the void at the time of the occurrence and that the void forms are completely filled out with both supervisor and reviewer signatures.

Current Status: Partially Implemented

Cucamonga-Guasti Park: Not Implemented

- Segregation of duties continues to need improvement. The General Services Worker II prepares the deposit and maintains the records for revenue received.
- Supervisors did not approve 2 out of 5 of the sample voided transactions at the time of the occurrence.
- Void forms were not completely filled out. It was unclear as to who reviewed the voided transaction because the reviewer signatures were missing.

Glen Helen Park: Partially Implemented

- Employees are receiving training on policies and procedures.
- Supervisors did not approve 3 out of 5 of the sample voided transactions at the time of the occurrence.
- Void forms were not completely filled out. It was unclear as to whether the transactions were approved or reviewed because the approver initials and reviewer signatures were missing.



Mojave Narrows Park: Implemented

At the time of fieldwork, employees did not void their own transactions without a supervisor's approval.

Mojave River Forks Park: Not Implemented

Void Forms were missing the reviewer signature.

Lake Gregory Park

Follow-up audit work was not completed at Lake Gregory Park because it has been operated by a third party since January 2014.

Management's Response:

The Park's Cash Handling Policy was revised to comply with the County's ICCM and cash handling training was conducted for all current employees that handle cash. Parks Administration provided a copy of the new policy to every employee that attended the training and every park has a copy of the ICCM that employees can access when necessary. Every new employee is scheduled to attend a department orientation that includes cash handling training. This training also entails the detailed process for voids, including the need for a supervisor's and approvers initials on each void, the timeliness of the review of voids, as well as what to do when staff members make a mistake and need to perform a void but may have limited supervision at that time.

In addition, a new form, the Cash Drawer Reconciliation form (CDR) was created for the purpose of establishing a register bank and the daily operation of a cash register, including balance reconciliation and the tracking of voided transactions. Parks Administration is continuing to assess the effectiveness of the new form and will implement revisions that assist the park staff with their daily cash operations duties but meet all current standards.

Auditor's Response:

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

Prior Finding 4: Cash deposits were not made in a timely manner.

The County's Internal Controls and Cash Manual, Chapter 3, states that 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.



Administration

A review of six cash deposit transactions between the period of July 1, 2012 and June 30, 2013, disclosed two exceptions in which cash deposits were not deposited in accordance with the County policy. One exception had receipts exceeding \$1,000 that were not deposited within one business day. The other exception had receipts that were less than \$1,000 which were not deposited within a week.

Cucamonga-Guasti Park

A review of 70 cash deposit transactions between the period of July 1, 2012 and June 30, 2013, disclosed fifty-one exceptions in which cash deposits were not deposited in accordance with the ICCM. Thirty-one out of fifty-one exceptions (61%) were receipts exceeding \$1,000 that were not deposited within one business day. Twenty out of fifty-one exceptions (39%) were receipts that were less than \$1,000, but the combined total with previous days' receipts exceeded \$1,000; therefore they should have been deposited within the next business day.

Management currently has armored truck pickup only on Mondays and Fridays.

Glen Helen Park

A review of 24 cash deposit transactions between the period of July 1, 2012 and June 30, 2013, disclosed 13 exceptions in which cash deposits were not deposited in accordance with the ICCM. Eleven out of thirteen exceptions (85%) were receipts exceeding \$1,000 that were not deposited within 1 business day. Two out of thirteen exceptions (15%) were receipts that were less than \$1,000, but the combined total with previous days' receipts exceeded \$1,000; therefore they should have been deposited within the next business day. The Park currently has armored truck pickup on Mondays, Wednesdays, and Fridays.

Lake Gregory Park

A review of 21 cash deposit transactions, between the period of July 1, 2012 and June 30, 2013, disclosed 10 exceptions in which cash deposits were not deposited in accordance with the ICCM. All ten exceptions were receipts over \$1,000 that were not deposited within the next business day. The Park has armored truck pickups once a week.

Mojave Narrows Park

A review of 34 cash deposit transactions, between the period of July 1, 2012 and June 30, 2013, disclosed 9 exceptions in which cash deposits were not deposited in accordance with the ICCM. Three out of nine exceptions were receipts exceeding \$1,000 that were not deposited within one business day. Six out of nine exceptions were receipts that were less than \$1,000, but the combined total with previous days' receipts exceeded



\$1,000; therefore they should have been deposited within the next business day. The Park currently has armored truck pickup on Mondays, Wednesdays, and Fridays.

The Department is not adhering to the guidelines on depositing cash. Maintaining large amounts of cash on the Park's premises significantly increases the risk of misappropriating cash assets.

Prior Recommendation:

We recommend the Department ensure that cash deposits are performed daily when receipts reach \$1,000, or at least weekly if lesser amounts are collected, as stated in the ICCM to minimize the risk of misappropriation. With the high volume of sales the Park encounters, armored truck pickup should transport the cash deposits on a daily basis.

Current Status: Partially Implemented

Administration: Implemented

All deposits reviewed were deposited on a timely basis pursuant to the ICCM.

Cucamonga-Guasti Park: Partially Implemented

There has been a great improvement in the timeliness of cash deposits from the prior audit report. A review of 30 deposits, from the period of April 1, 2015 through June 30, 2015, disclosed only 3 transactions that were not deposited on a timely basis pursuant to the ICCM.

Glen Helen Park: Implemented

All deposits reviewed were deposited on a timely basis pursuant to the ICCM.

Mojave Narrows Park: Implemented

All deposits reviewed were deposited on a timely basis pursuant to the ICCM.

Lake Gregory Park

Follow-up audit work was not completed at Lake Gregory Park because it has been operated by a third party since January 2014.

Management's Response:

Park Leads are now the fund custodians for the cash funds and they are aware of the policies concerning the proper handling and securing of cash, checks, etc. All Regional Parks locations have a copy of the ICCM that details the expectations of timely deposits. Armored pickup schedules have been adjusted for summer operations by adding additional days to ensure timely deposits when attendance is high. In addition, Parks will continue working with Purchasing to



determine, as needed, the ability to change/add days for pickups as well as adjusting pickup times to allow park staff adequate time to prepare the deposits, while balancing the cost to provide these additional services.

Auditor's Response:

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

Prior Finding 5: Management was not adhering to the guidelines for properly reporting cash shortages or overages.

The County's Internal Controls and Cash Manual, Chapter 5, states that every County department under the jurisdiction of the Board of Supervisors must report cash shortages to the Auditor-Controller/Treasurer/Tax Collector (ATC). It also states that certain steps must be followed when a loss occurs due to fraud, embezzlement or theft for any cash funds. In addition, Chapter 6 states that any overages should be deposited into the Cash Overage Fund (Fund AOV-Dept OVR).

Cucamonga-Guasti Park

The following conditions were noted during our review:

- The Petty Cash Fund was missing \$227.19, and as of January 29th, 2014, no reports of cash shortages due to fraud, embezzlement or theft had been reported to the appropriate departments, in accordance to the guidelines stated in the Internal Controls and Cash Manual.
- The Department had reason to believe that the fund was stolen over time as the fund balance was completely depleted. As of January 29th, 2014, no reports of cash shortages due to fraud, embezzlement or theft had been reported to the appropriate departments, in accordance to the guidelines stated in the Internal Controls and Cash Manual.

Because no reports had been filed with the appropriate agencies, IAS and other agencies were not able to perform a timely investigation on the circumstances concerning the embezzlement.

Lake Gregory Park

The following conditions were noted during our review:

- The change fund was short \$1,100 of its authorized amount since September 2011. A bank account was used to deposit daily sales, which were transferred to the County Treasury, but there were no reconciliations being performed. At one point, the bank account



- became overdrawn and the change fund was used to cover the shortage. This shortage was not reported to ATC.
- Park staff discovered \$50 missing when they performed a count of the change fund. Accumulated money found throughout the Park in the amount of \$48 was used to replace the missing cash. The Park could not determine the time period of the loss because counts of the change fund were not being performed. This shortage was not reported to ATC.
 - Overages were added as snack bar revenue instead of properly depositing the amounts into the Cash Overage Fund.

Misappropriation of cash assets is more likely to occur when Management does not properly manage their change fund by performing independent counts to ensure the fund is intact. If Management is not familiar with the ICCM policies and procedures, the appropriate departments may not be notified nor the appropriate procedures followed. Furthermore, Management cannot communicate to Park staff the appropriate procedures they are supposed to adhere to.

Prior Recommendation:

We recommend that in the event there is a shortage exceeding \$200, the Department should submit a "Request for Relief of Liability" memo for the amount. In addition, the Department must submit an agenda item petitioning the Board of Supervisors for relief from liability for the shortage. We also recommend that in the event of a possible loss due to fraud, embezzlement, or theft, the Department should adhere to the procedures found in the Internal Controls and Cash Manual (5-6) which state that the initial response is to "report cash shortages...of any amount that appear to be due to fraud, embezzlement, or theft directly and immediately to the Department Head, Law Enforcement Agency having jurisdiction, Risk Management Division, Human Resources Department and the ATC Internal Audits Section (IAS)". This must occur in order for IAS to grant authorization for the relief from liability. We further recommend that all overages be deposited into the County's Cash Overage Fund (Fund AOV) in accordance with the ICCM guidelines.

Current Status: Not applicable

Cucamonga-Guasti Park

Unable to test as there were no shortages exceeding \$200 during the audit period.



Lake Gregory Park

Follow-up audit work was not completed at Lake Gregory Park because it has been operated by a third party since January 2014.

Management Response Regarding Shortage at Mojave Narrows Park Subsequent to our Audit:

On Monday March 7, 2016 the Park Lead at Mojave Narrows reported a \$150 shortage of cash from envelopes scheduled for deposit. An investigation by Park's Administration was conducted. Interviews with staff were completed but fault could not be determined and unfortunately security camera footage was not available for any additional evidence. The Auditor's Office was notified after the Administration's investigation determined that the missing funds were not result of staff error.

Prior Finding 6: Two cash funds kept on premises were not established or recorded with the Internal Audits Section.

The County's Internal Controls and Cash Manual, Chapter 4, states that the establishment of cash funds should be reviewed and approved by the Auditor-Controller/Treasurer/Tax Collector (ATC). A memo containing the purpose and justification of the fund, along with a completed questionnaire and a signature/fund custodian authorization form should be sent to ATC Internal Audits Section (IAS) and ATC Accounts Payable Section (A/P) for review.

Administration

The following conditions were disclosed during our review:

- A Stamps cash fund was discovered in a zippered pouch in the locked cabinet, containing \$30.73, fifty-eight Forever stamps and two 2-cent stamps. These stamps could either be used for business or personal use. When used for personal use, the employee would 'purchase' the stamp and put money in the pouch.
- A Uniform Change Fund was discovered in a separate lockbox, containing \$50.25. This was used for Admin employees to give change to Park employees when they purchased their uniforms at the Admin office.

The potential risk of fund misappropriation increases when cash funds and internal controls governing these funds are not officially established or reviewed through ATC.



Prior Recommendation:

We recommend that the Department close both cash funds. We further recommend that any new cash funds be formally established through ATC IAS and ATC A/P.

Current Status: Partially Implemented

The Administration office eliminated the stamps fund, however, the Uniform Change Fund remains opened. At the time of fieldwork, the Administration office had plans to close the Uniform Change Fund.

Management's Response:

At Parks Administration, both the "Stamp" fund and the "Uniform Change Fund" have been eliminated.

Auditor's Response:

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