

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

County Fire: Cash Controls Audit



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Auditor-Controller/Treasurer/Tax Collector

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County Fire Cash Controls Audit

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June 20, 2019

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SUBJECT: CASH CONTROLS 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 Fire Department’s (Department) cash controls for the period of January 2018 through March 2019. The primary objective of the audit was to determine if the Department is in compliance with the Internal Controls and Cash Manual in regards to controls over their cash funds. 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 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 June 6, 2019 and discussed our observations with management on June 10, 2019. The Department’s responses to our recommendations are included in this report.

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

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

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Summary of Audit Results

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

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.
North Desert Regional Service Zone – Hesperia, Household Hazardous Waste, Fire Administration, Office of the Fire Marshall and Warehouse / Service Center		
1	<p>Controls over the safeguarding of cash receipts could be improved.</p> <p>We recommend management segregate duties for billing, receipting, posting, depositing and reconciling of cash receipts. We also recommend safe combinations are changed when an employee terminates County employment, is transferred to another County department or is assigned other duties. If there are no staffing changes, combinations should be changed annually and proper documentation should be maintained.</p>	8
Household Hazardous Waste, Fire Administration, North Desert Regional Service Zone – Hesperia and Office of the Fire Marshall		
2	<p>Controls over the receipting process could be improved.</p> <p>We recommend staff issue Official County Receipts for monies received with the exact amount and date when payment is received. We also recommend a supervisor's approval of voided transactions is obtained, a restrictive endorsement stamp is used on all checks and money orders when received and two or more employees should be present when mail is opened.</p>	10
Fire Administration, North Desert Regional Service Zone – Hesperia, Household Hazardous Waste and Office of the Fire Marshall		
3	<p>Depositing procedures could be improved.</p> <p>We recommend deposits are made by the next business day when the amount of receipts reaches \$1,000 in cash and coin. Checks or money order receipts should be deposited immediately. Department supervisors should perform a documented review over deposits to ensure accuracy and timeliness.</p>	12



Finding No.	Findings and Recommendations	Page No.
Fire Administration, North Desert Regional Service Zone – Hesperia and Office of the Fire Marshall		
4	<p>Management of the change funds could be improved.</p> <p>We recommend the Department designate a fund custodian and submit a “Signature/Fund Custodian Authorization” form to ATC when the fund custodian changes. The Department should reconcile its cash funds on a monthly basis and record cash overages to the Cash Overage Fund as stated in the ICCM.</p>	14
Fire Administration, Warehouse/Service Center and Office of the Fire Marshall		
5	<p>Management of the petty cash funds could be improved.</p> <p>We recommend fund custodians are the only individuals with access to the petty cash funds. We recommend that petty cash funds are only used for allowable expenses while performing official County business. Cash funds should be reconciled on a monthly basis, petty cash reimbursements should be approved and cash funds should be replenished prior to the end of the fiscal year. If the cash fund is no longer necessary, the Department should close the fund in accordance with the ICCM procedures.</p>	16
Fire Administration		
6	<p>Petty cash fund shortages totaling \$400 were not immediately reported to Auditor-Controller/Treasurer/Tax Collector – Internal Audits Section.</p> <p>We recommend the Department perform periodic reconciliations of all its cash funds. We also recommend that the Department follow the proper steps to report cash shortages and losses according to the ICCM guidelines.</p>	18



CASH CONTROLS AUDIT

The Department

The San Bernardino County Fire Protection District (Department) is a community-based, all hazard emergency services provider dedicated to the protection of the public served, organizational sustainability, performance excellence and safety accomplished through a balance of regionalized services delivery and accountability to local communities.

The Department covers 19,278 square miles and serves more than 60 communities/cities, within four Regional Service Zones (Mountain, North Desert, South Desert and Valley) including the City of Upland following its annexation, City of Needles, City of San Bernardino, City of Grand Terrace and the Town of Yucca Valley. The Department responds to approximately 84,000 calls for service per year. Its fiscal year 2018-2019 budget was \$260 million, with staffing expenses accounting for 63% or \$163 million.

County Fire Divisions

The Department encompasses the following divisions: Office of the Fire Marshall (which includes Community Safety, Hazardous Materials [Hazmat]), Household Hazardous Waste and Fire Prevention), Office of Emergency Services (OES), Division 1-West Valley, Division 2-East Valley, Division 3-Mountain, Division 4-South Desert, Division 5-North Desert, Division 6-High Desert and Division 11-Training, Safety and Emergency Medical Support.

Additionally, the OES division serves as the Operational Area Lead Agency, coordinating the provision of emergency services with the 24 cities and towns in San Bernardino County. The OES division has developed emergency plans and procedures that have also received national and state recognition.

The Department also provides for the management of community safety services such as fire prevention, building construction plans and permits, household hazardous waste, local oversight and collection program for hazardous materials, Hazmat facility inspections, planning and engineering, public education and outreach. In addition, County Fire provides contractual fire protection services to 4 cities: Adelanto, Victorville, Hesperia and Fontana (via its independent fire protection district).



Below are the six locations that were visited during our fieldwork:

- Fire Administration
- Warehouse / Service Center
- Office of the Fire Marshall – Hazardous Materials & Fire Prevention
- Household Hazardous Waste
- North Desert Regional Service Zone – Hesperia Fire Protection District Station # 302
- Crestline Station # 25

Cash Funds

The Board of Supervisors, by resolution, establishes cash funds for County departments to facilitate their operations. The Board has delegated the County Auditor-Controller/Treasurer/Tax Collector (ATC) the authority to establish cash funds up to \$2,500. Several different types of cash funds are used throughout the County, including petty cash funds, change funds, and cash difference funds.

Below are the seven cash funds that were counted during our fieldwork:

Branch	Petty Cash Fund	Change Fund
Administration Office	\$700	\$130
Warehouse / Service Center	\$150	
Office of the Fire Marshall – Hazardous Materials	\$100	\$100
Office of the Fire Marshall – Fire Prevention		\$25
Household Hazardous Waste	\$100	\$300
North Desert Regional Service Zone – Hesperia Fire Protection District Station # 302		\$150
Mountain Regional Service Zone – Lake Arrowhead Fire Administration*	\$500	
Crestline Station # 25	Not found <i>See page 14</i>	

* This fund was counted at the Fire Administration office because it had been transferred for closure.

An authorized petty cash fund is used for payment of miscellaneous expenses or charges incurred while performing official County business. An authorized change fund is used exclusively by a cashier or clerk for making change while performing official County business.



Scope and Objective

Our audit examined County Fire Department's cash controls for the period of January 2018 through March 2019.

The objective of our audit was to determine if the Department is in compliance with the Internal Controls and Cash Manual (ICCM) in regards to controls over their cash funds.

Methodology

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

- Review of policies and procedures.
- Performance of surprise cash counts of the authorized cash funds.
- Observation of pertinent cash operations.
- Interview of Department staff regarding cash fund management.
- Review of cash deposits for the period January 2018 through March 2019.
- Examination of original source documents and system generated reports.



Finding 1: Controls over the safeguarding of cash receipts could be improved.

The ICCM Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow them complete control over a transaction or an asset. Chapter 3-4 "Safeguarding Cash" states that combinations to safes are 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. Chapter 2-3 "Recording" states that recording of all transactions and pertinent events be accurately and properly recorded on documents and records. In addition, sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place.

North Desert Regional Service Zone – Hesperia

The following conditions were identified:

- The Collections Officer is responsible for accepting payment for ambulance fees, preparing the deposits for monies collected, maintaining the record of the revenue collection and making the bank deposit.
- The safe combination was not changed when an employee who had knowledge of the combination terminated County employment, nor was it changed annually.

Household Hazardous Waste

The following conditions were identified:

- The Office Assistant is responsible for opening mail, posting payments, reconciling, billing, collecting and preparing deposits. She also maintains and reconciles records for revenue received for each account.
- The Division was not able to provide documentation of the last safe combination change.

Fire Administration

The safe combination was not changed when an employee who had knowledge of the combination terminated County employment, nor was it changed annually.

Office of the Fire Marshall

The safe combination was not changed when an employee who had knowledge of the combination terminated County employment, nor was it changed annually.

Warehouse / Service Center

The Division was not able to provide documentation to show the last safe combination change.



Management was not aware of the ICCM guidelines on proper segregation of duties. Staff was not aware of the ICCM guidelines requiring safe combinations to be changed at least annually. Lack of effective segregation of duties increases the risk of undetected errors and potential theft. When there have been no changes to the safe combination, cash may not be adequately safeguarded.

Recommendation:

We recommend that management segregate duties for billing, receipting, posting, depositing and reconciling of cash receipts. We also recommend safe combinations are changed when an employee terminates County employment, is transferred to another County department or is assigned other duties. If there are no staffing changes, combinations should be changed annually and proper documentation should be maintained.

Management's Response:

North Desert Regional Service Zone – Hesperia

- The Collection Officer position has been moved to County Fire Headquarters and will only perform collection duties.
- County Fire Headquarters Fiscal Department will be starting a binder to track safe combination changes for all divisions of County Fire. All combinations will be changed annually or when there is a change of employee with knowledge of the combination.

Household Hazardous Waste

- An additional Office Assistant will need to be submitted in a future classification process through County Human Resources and County Administration Office's to segregate duties.
- County Fire Headquarters Fiscal Department will be starting a binder to track safe combination changes for all divisions of County Fire. All combinations will be changed annually or when there is a change of employee with knowledge of the combination.

Fire Administration

County Fire Headquarters Fiscal Department will be starting a binder to track safe combination changes for all divisions of County Fire. All combinations will be changed annually or when there is a change of employee with knowledge of the combination.

Office of the Fire Marshal

County Fire Headquarters Fiscal Department will be starting a binder to track safe combination changes for all divisions of County Fire. All combinations will be changed annually or when there is a change of employee with knowledge of the combination.



Warehouse / Service Center

County Fire Headquarters Fiscal Department will be starting a binder to track safe combination changes for all divisions of County Fire. All combinations will be changed annually or when there is a change of employee with knowledge of the combination.

Auditor's Response:

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

Finding 2: Controls over the receipting process could be improved.

The ICCM Chapter 6-3 "Receipts" states that any officer or employee of a department who receives money in connection with their official duties must issue an official County receipt for the exact amount received including the transaction date. Chapter 6-8 "Voided Receipts" states that a supervisor's approval of the void be obtained at the time of the occurrence. Chapter 6-3 "Receipts" also requires the use of a restrictive endorsement stamp on all checks and money orders as soon as received. Chapter 6-7 "Mail Receipts" states that the receiving, opening and distributing of incoming mail must be handled by, or under the supervision of, an employee other than the cashier, bookkeeper, or person preparing the deposits. Two or more employees should be present when mail is opened. The department may choose to use video surveillance. The person who opens incoming mail must complete a list, preferably in duplicate and on numbered forms, of the mail receipts received.

Household Hazardous Waste

The following conditions were identified:

- Receipts were not issued with the actual date when payment was received by the Division. Receipts were instead dated when the deposit was prepared.
- Checks containing errors were stamped as "void" and then discarded or returned to the customer without an approval by a supervisor.
- Checks and money orders were not immediately stamped with the restrictive endorsement upon receipt, but at the time of deposit preparation.

Fire Administration

The following conditions were identified:

- Checks and money orders were not immediately stamped with the restrictive endorsement upon receipt, but at the time of deposit preparation.



- An employee was opening, sorting and distributing incoming checks from the mail.

North Desert Regional Service Zone – Hesperia

Checks and money orders were not immediately stamped with the restrictive endorsement upon receipt, but at the time of deposit preparation.

Office of the Fire Marshal

The following conditions were identified:

- Checks and money orders were not immediately stamped with the restrictive endorsement upon receipt, but at the time of deposit preparation.
- Two employees were not present when opening the mail.

Management was not aware of the ICCM guidelines that a supervisor's approval was needed before voiding transactions. Staff was unfamiliar with the cash receipting and mail receipting procedures outlined in the ICCM. The risk of theft or misappropriation increases when supervisory approval of voided checks is not obtained and mail is opened by only one employee. The risk increases further if receipts are not issued with the actual date of payment and when checks and money orders are not stamped immediately.

Recommendation:

We recommend staff issue Official County Receipts for monies received with the exact amount and date when payment is received. We also recommend a supervisor's approval of voided transactions is obtained. We further recommend a restrictive endorsement stamp is used on all checks and money orders when received. Also, two or more employees should be present when mail is opened.

Management's Response:

Household Hazardous Waste

County Fire Headquarters Fiscal Department will review with appropriate staff at Household Hazardous Waste and update them on procedures regarding the issues below:

- Effective immediately, employees will issue a receipt when payment is received.
- Dating receipts on the date funds are received.
- Acquiring supervisor's approval to void a check containing errors.
- Stamping checks immediately with a restrictive endorsement upon receipt.



Fire Administration

- County Fire Headquarters Fiscal Department will review with appropriate staff the proper procedures regarding using a restrictive endorsement stamp upon receipt.
- County Fire Headquarters Fiscal Department will review its own workflow regarding opening of mail and make adjustments to satisfy the recommendation.

North Desert Regional Service Zone – Hesperia

County Fire Headquarters Fiscal Department will review with appropriate staff at the Hesperia Office regarding stamping checks immediately with restrictive endorsement upon receipt.

Office of the Fire Marshall

- County Fire Headquarters Fiscal Department will review with appropriate staff the proper procedures regarding using a restrictive endorsement stamp upon receipt.
- County Fire Headquarters fiscal department will review OFM's workflow regarding the opening of mail and make adjustments to satisfy the recommendation.

Auditor's Response:

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

Finding 3: Depositing procedures could be improved.

The ICCM Chapter 9-4 "Bank Deposit Guidelines" states that deposits of cash must be made by the next business day when the amount of receipts reaches \$1,000 in cash and coin. For receipts of checks and money orders, deposits should be processed immediately. Supervisors must verify deposits are intact and document evidence of review.

Fire Administration

The following conditions were identified when we tested 50 deposit transactions:

- 44 deposit transactions with deposit amounts ranging from \$95 to \$931,877 were not made in a timely manner. It was further noted that:
 - Two deposits totaling \$10,018 remained at the administration office for 57 days before the deposit was prepared.
 - One deposit was not posted on the County's Enterprise Financial Management System–SAP until 196 days after the deposit date.
- All 50 deposit transactions tested did not have documented supervisory review.



North Desert Regional Service Zone – Hesperia

Checks received for ambulance and subscription fees were not processed for deposit immediately.

Household Hazardous Waste

The following conditions were identified when we tested a deposit transaction:

- The deposit containing cash and checks collected totaling more than \$1,000 was not deposited by the next business day.
- The deposit did not have documented supervisory review.

Office of the Fire Marshall

The following conditions were identified when we tested a deposit transaction:

- The deposit containing cash and checks collected totaling more than \$1,000 was not deposited by the next business day.
- The deposit did not have documented supervisory review.

Deposits were not made in a timely manner due to lack of staff at the locations. When an independent review is not performed by an employee of a higher-ranking job classification, transactions may not have been correctly recorded and assets accounted for. The risk of misappropriation of assets increases when the Department accumulates large amounts of receipts.

Recommendation:

We recommend deposits are made by the next business day when the amount of receipts reaches \$1,000 in cash and coin. Checks or money order receipts should be deposited immediately in accordance with the ICCM. Department supervisors should perform a documented review over deposits to ensure accuracy and timeliness.

Management's Response:

Fire Administration

- Dunbar armored truck picks up each business day morning. Mail is received at Fire Administration each business day afternoon and entered onto a log that distributes the payments for posting. Checks are then placed in a safe overnight and payment posting is completed the next business day, but normally there is not enough time before Dunbar arrives to prepare the deposit for pickup. Due to these time restrictions, we are unable to meet the recommendation of depositing checks the next business day. County Fire is willing to accept the risk associated with not depositing payments the day after received.
- A procedure is being established for supervisor review of all deposits prior to Dunbar pick-up.



North Desert Regional Service Zone – Hesperia

- The Collection Officer position has been moved to County Fire Headquarters, deposits are no longer processed at this location.

Household Hazardous Waste

- Currently Dunbar armored truck does not pick up daily, but is being added for daily pickup.
- A procedure is being established for supervisor review of all deposits prior to Dunbar pickup.

Office of the Fire Marshall

- County Fire Headquarters Fiscal will review Office of the Fire Marshall's deposit workflow and advise appropriate staff on proper deposit processes.
- County Fire Headquarters fiscal will review and work with Office of the Fire Marshall to establish a process for supervisor review of all deposits prior to Dunbar pickup.

Auditor's Response:

The Department's actions and planned actions will correct the deficiencies noted in the finding. The Department has assumed the potential risk involved with their deposits at the Fire Administration and the final decision regarding the implementation of the recommendation remains with the Department.

Finding 4: Management of the change funds could be improved.

The ICCM Chapter 4-4 "Fund Custodian" requires the Department to submit a "Signature/Fund Custodian Authorization" form to Auditor-Controller/Treasurer/Tax Collector (ATC) when the cash fund is initially established and/or when the fund custodian changes. Chapter 4-7 "Reconcile Cash Funds" also states that 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 classification completes the fund reconciliation. The fund custodian may complete the reconciliation if it is reviewed and signed by an employee of a higher-ranking job classification.

Fire Administration

The following conditions were identified:

- An updated Signature/Fund Custodian Form was not submitted to ATC when there was a change in the fund custodian.
- Monthly reconciliations of the change fund were not performed.



North Desert Regional Service Zone – Hesperia

An updated Signature/Fund Custodian Form was not submitted to ATC when there was a change in the fund custodian.

Office of the Fire Marshal

An updated Signature/Fund Custodian Form was not submitted to ATC when there was a change in the fund custodian.

The Department was not aware of the ICCM policies and procedures regarding reconciliations of cash fund by a higher ranking employee than the fund custodian and submission of "Signature/Fund Custodian Authorization" forms when the fund custodian changes. When cash funds are not reconciled monthly and reviewed by an employee of higher-ranking job classification, the risk of misappropriation is increased. When a fund custodian is not officially designated, official records may not be accurate.

Recommendation:

We recommend the Department designate a fund custodian to ensure proper accountability of the cash funds and submit a "Signature/Fund Custodian Authorization" form to ATC when the fund custodian changes. The Department should reconcile their cash funds on a monthly basis as stated in the ICCM.

Management's Response:

Fire Administration

- Staff responsible for this paperwork have established a tracking log to keep signature authority up to date. All new updated forms have been submitted to ATC.
- County Fire Fiscal Department is in the process of reviewing all petty cash and change funds for possible closure, if not closed, all funds will have monthly reconciliations performed.

North Desert Regional Service Zone – Hesperia

Staff responsible for this paperwork have established a tracking log to keep signature authority up to date. All new updated forms have been submitted to ATC.

Office of the Fire Marshal

Staff responsible for this paperwork have established a tracking log to keep signature authority up to date. All new updated forms have been submitted to ATC.



Auditor's Response:

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

Finding 5: Management of the petty cash funds could be improved.

The County's Internal Control and Cash Manual (ICCM) Chapter 2-4 "Safeguarding of Assets" states that assets should be recorded and access to and use of valuable assets should be controlled. Chapter 4-7 "Replenish Cash Funds" states that Departments must replenish their cash funds when they have used 75% of the authorized amount. In addition, Departments are required to replenish their cash funds prior to the end of each fiscal year, as long as the replenishment amount is greater than or equal to \$25, to ensure expenditures are recorded in the year in which they were incurred. Chapter 4-7 "Reconcile Cash Funds" also states that 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 classification completes the fund reconciliation. Chapter 4-10 "Petty Cash-Limitations" states that an authorized Petty Cash Fund is used for payment of miscellaneous expenses or charges incurred while performing official County business. Chapter 4-8 "Discontinue Cash Funds" states to discontinue a cash fund, the Department must replenish the fund to the original amount, complete a request to close a cash fund and once the warrant has been received to replenish the fund, a deposit permit form must be completed. Chapter 4-11 "Reimbursement" states that a department employee must complete a petty cash voucher in permanent ink, stating the date, purpose of the expenditure and the amount to be expended. An authorized department employee approves the voucher and must be of a higher-ranking job classification than the requestor.

Fire Administration

The following conditions were identified:

- An employee other than the designated fund custodian was disbursing petty cash funds.
- The petty cash fund has not been replenished since 2013.
- Monthly reconciliations of the petty cash fund were not performed.
- The Department erroneously disbursed cash from the petty cash fund for non County expenses.
- Two petty cash funds were discontinued and were not closed in accordance with ICCM procedures.
 - The petty cash fund checking account was not replenished to its full amount prior to closure by Bank of America due to incomplete information.
 - The Mountain Regional Service Zone – Lake Arrowhead Fire Admin petty cash fund was transferred to Administration on 07/26/18 for



closure. Administration did not process the closure until 03/06/19. A “Request to Decrease or Close a Cash Fund” form and a deposit permit form was not completed by the Division and sent to Auditor-Controller/Treasurer/Tax Collector – Internal Audits Section prior to deposit and closure of the petty cash fund.

Warehouse / Service Center

The following conditions were identified:

- The petty cash fund has not been replenished since 2016.
- Monthly reconciliations of the petty cash fund were not performed.

Office of the Fire Marshall

A petty cash receipt was reimbursed without a petty cash voucher.

Staff was not familiar with the ICCM procedures regarding access to their petty cash funds. Also, management does not provide training to new officers and staff prior to starting their current position. The misappropriation of cash assets is more likely to occur when the Department does not properly manage its cash funds.

Recommendation:

We recommend that employees designated as fund custodians be the only individuals with access to the petty cash funds. We recommend that petty cash funds are only used for payment for miscellaneous expenses while performing official County business. Cash funds should be reconciled on a monthly basis, all petty cash reimbursements should be approved and cash funds should be replenished prior to the end of the fiscal year. If the cash fund is no longer necessary, the Department should close the fund in accordance with the ICCM procedures.

Management’s Response:

Fire Administration

County Fire Fiscal Department is in the process of reviewing all petty cash and change funds for possible closure. If any funds are not closed, we will follow all ICCM guidelines.

Warehouse/Service Center

County Fire Fiscal Department is in the process of reviewing all petty cash and change funds for possible closure. If any funds are not closed, we will follow all ICCM guidelines.

Office of the Fire Marshall

County Fire Fiscal Department is in the process of reviewing all petty cash and change funds for possible closure. If any funds are not closed, we will follow all ICCM guidelines.



Auditor's Response:

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

Finding 6: Petty cash fund shortages totaling \$400 were not immediately reported to Auditor-Controller/Treasurer/Tax Collector – Internal Audits Section (ATC IAS).

The ICCM Chapter 4-11 "Petty Cash Shortage" states that Departments must report any petty cash fund shortage to ATC IAS with the "Request For Relief From Liability" memo for the amount of the shortage. Chapter 5-5 "Shortage Exceeds \$200" states that the Department must submit an agenda item petitioning the Board of Supervisors for relief from liability for the shortage.

Fire Administration

The Administration office was unaware of the petty cash funds located at the Crestline location and could not account for them.

The Department did not perform periodic reconciliations of their cash funds. If assets are not periodically verified, the risk of embezzlement and misappropriation increases.

Recommendation:

We recommend the Department perform periodic reconciliations of all its cash funds. We also recommend that the Department follow the proper steps to report cash shortages and losses according to the ICCM guidelines.

Management's Response:

Fire Administration

County Fire was not aware of Crestline's multiple existing petty cash funds that existed prior to the annexation of the Crest Forest Fire Protection District. In 2016 a board item was approved by the Board of Supervisor to discharge \$300, which is all County Fire was aware of at the time. County Fire is currently in the process of discharging any remaining petty cash funds.

Auditor's Response:

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