



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

General Services Agency Santa Margarita Lake, Lopez Lake & Coastal Dunes Cash Procedures & Internal Control Review

September 2014

**JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector-Public Administrator**



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TO: CURTIS BLACK, DEPUTY DIRECTOR PARKS

FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR 

DATE: SEPTEMBER 17, 2014

SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF PARKS LOCATIONS:
SANTA MARGARITA LAKE, LOPEZ LAKE, AND COASTAL DUNES CONDUCTED ON
JANUARY 10, 2014

Our office conducted a cash procedures and internal control review on January 10, 2014, for Santa Margarita Lake, Lopez Lake, and Coastal Dunes.

Purpose

The purpose of our review was to determine compliance with the County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) Cash Handling Policy, to establish accountability for the cash on hand at the time of the review, and to determine compliance with the County Information Technology (IT) Acceptable Use Policy Acknowledgement signature requirements.

Scope

The scope of our review included cash and receipts on hand on January 10, 2014 as well as deposits for the prior three months. Additionally, we reviewed the department's depository accounts and Cal-Card activity. County IT Acceptable Use Policy Acknowledgements signed in the past calendar year were also sampled and examined.

Methodology

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The International Standards for the Professional Practice of Internal Auditing require that the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

Our review included physically counting all cash on hand for January 10, 2014 and reconciling the amount to the department's accountability figures. We examined cash receipts and compared the amounts to the corresponding receipts total and to the subsequent deposit. Our review also included an evaluation of internal controls over cash receipts and Cal-Card activity.

Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

Additionally we tested for compliance with the County of San Luis Obispo Information Security Program's requirement that employees annually sign the Acceptable Use Policy Acknowledgement form.

Results

We determined all cash funds and cash receipts on hand, in all material respects, to be in balance at the time of our count, and employees signed the IT Acceptable Use Policy Acknowledgement form in a timely manner.

During fieldwork we identified an area where improvements could be made, and we immediately provided the Department with suggestions for making the improvement. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the department is able to correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our suggestion is detailed in the Suggested Improvements section below:

Suggested Improvement

1. We noted that cash overages increased by \$642.70 (183%) at one location, and cash shortages increased by \$613.50 (568%) from the prior year at a second location. We also noted that while all overages and shortages were investigated, they were not reported to the ACTTC in a timely manner. The County's Cash Handling Policy requires that departments notify the ACTTC immediately of shortages over \$100. According to Parks staff, the increase in overages is due to errors made during the implementation of Parks' new reservation/accounting system. The increase in shortages is primarily due to a missing bank deposit. The missing bank deposit was thoroughly investigated by Parks' management, and the ACTTC was ultimately notified.

Increases in cash overages and shortages, and delays in reporting them to the ACTTC can indicate a breakdown in internal controls which increases the risk of loss or theft of County assets. We recommend that staff receive more training on the new system, Camava, and receive specific training on how overages and shortages are reported in this system. We also recommend that the timeline for reporting shortages to the ACTTC be reviewed with all staff involved in cash handling, and that reporting practices be brought into compliance with the cash handling policy.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.