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TO: IAN PARKINSON, SHERIFF-CORONER

FROM: GERE W. SIBBACH, AUDITOR-CONTROLLER

VIA: JAMES P. ERB, ASSISTANT AUDITOR-CONTROLLER

DATE: DECEMBER 19, 2011

SUBJECT: CASH PROCEDURES REVIEW OF THE COUNTY OF SAN LUIS OBISPO SHERIFF-CIVIL DIVISION CONDUCTED ON OCTOBER 27, 2011

Purpose

The objective of our review was to determine compliance with the County Cash Handling Policy and to establish accountability for the cash on hand at the time of the count.

Scope

Our review included physically counting all cash on hand for October 27, 2011 and reconciling the amount to the department's accountability figures. We also examined cash receipts and compared these amounts to the corresponding receipt totals and to the subsequent deposit. Our review also included an evaluation of internal controls over cash receipts. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

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 that the department is in general compliance with the County Cash Handling Policy. During fieldwork we identified some areas where improvements could be made, and we immediately provided the Department with suggestions for making these improvements. 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 suggestions are detailed in the Suggested Improvements section below.

Suggested Improvements

1. Receipt Books not Secured

We noted that blank County receipt books were being kept in an unsecured area of the office. The County Auditor-Controller's Cash Handling Policy (Policy) requires that the Department provide a secure restricted access location for the storage of receipts not in use. Staff was unaware of this requirement of the Policy. Unsecured storage of blank receipt books increases the possibility that the receipts could be stolen and used for fraudulent purposes. At the

auditor's recommendation, Department staff immediately moved the blank County receipt books to a secure location.

2. Managers and Custodians did not Certify County Cash Handling Policy

We found that not all managers and custodians of cash had certified in writing that they have read the County Auditor-Controller's Cash Handling Policy (Policy). The Policy is required reading for all cash custodians, managers, and supervisors. Staff were unaware that written acknowledgement was required. Written acknowledgement by employees that they have read the Policy helps ensure consistent Countywide procedures for cash handling. Subsequent to fieldwork, we received verification that all division staff associated with cash handling operations certified they have read the cash handling policy.

3. Information Technology Acceptable Use Policy

We found that none of the division staff has signed the Information Technology Information Security Program Acceptable Use Policy (AUP). The County's AUP addresses inappropriate use of County computing assets, and by signing the policy annually, employees acknowledge they are bound by the AUP. Inappropriate use of County computing assets exposes the County to risks and threats to telecommunication, information systems, networks, facilities, and legal issues. We recommended the Department review the employee records for current acknowledgement of the AUP.

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