

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Joanne McDonald, Deputy Director Auditor-Controller

Date: February 10, 2009

From: Barbara Beatty

Subject: FOLLOW-UP AUDIT OF NON-INVESTMENT WIRE TRANSFER VERIFICATION AND AUTHORIZATION PROCEDURES

This follow-up audit was performed in conjunction with our audit of the Statement of Money in the County Treasury (Statement) as of June 30, 2008, and assessment of internal controls over non-investment wire transfers.

During our previous audit of the Treasury's Statement as of June 30, 2005, we issued a separate audit report to the Auditor-Controller Financial Reporting Division dated September 27, 2006. This report identified improvements needed in the non-investment wire transfer verification/authorization process.

The results of our follow-up audit procedures are summarized below.

BACKGROUND:

The Auditor-Controller's Financial Reporting Division provides general accounting functions to all departments and agencies whose funds are maintained in the County Treasury. Financial Reporting's Trust Section (Trust Section) performs daily, monthly, and year-end reconciliations of Auditor-Controller to Treasury records. Further, in accordance with California Government Code 27005, all non-investment wire transfers are approved by the Auditor-Controller's Trust Section prior to being forwarded to Treasury for processing.

Trust uses the "Authorized Signature for Wire Transfers" (ASWT) form to verify information on the "Wire Transfer Request" (WTR), such as authorized signature and receiving bank information. The ASWT form is completed by the requesting departments/entities, approved by the department/entity head, and filed with the Auditor-Controller. The ASWT form lists the bank accounts permitted to receive wired money, department personnel authorized to request wire transfers, and required number of authorized signatures on the WTR.

SCOPE:

Our overall objective was to determine whether proper corrective actions were implemented to address the issues noted in our prior audit report dated September 27, 2006. Specifically, we determined whether Trust obtained dual authorization on wire transfers requested by the same person who approved the ASWT form. In addition, we confirmed that adequate written authorizations were obtained prior to approving wire transfers to accounts not listed on the ASWT form. We also evaluated actions taken to ensure that

departments/entities fully completed the ASWT form prior to being filed with the Trust Section. Further, we evaluated the progress made on automating the wire transfer process.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America contained in *Government Auditing Standards*, issued by the Comptroller of the United States. We performed evaluations using documents processed from June 23 to 27, 2008, provided by the Trust Section.

In connection with the audit contained herein, there are certain disclosures that are necessary pursuant to *Government Auditing Standards*. During our audit of the Statement, we performed follow-up audit procedures to evaluate corrective actions implemented by the Trust Section. These activities, in themselves, necessarily impair *Government Auditing Standards'* independence standards. Specifically, "audit organizations should not audit their own work" and should be "located organizationally outside the staff or line-management function of the unit under audit." Although Internal Audit and Trust are part of the Auditor-Controller's Office, both are stand alone units and do not share responsibilities. Therefore, the reader of this report can rely on the information contained herein.

FINDINGS:

Overall, we found that Trust management implemented appropriate corrective actions on the issues noted in our previous report. Specifically, we verified that Trust obtained dual authorization on wire transfers requested by the same person who approved the ASWT form. Also, we verified that written authorizations were obtained from requesting departments/entities. In addition, we confirmed that ASWT forms were fully completed by departments/entities prior to being filed with the Trust Section. Further, we confirmed that Trust's ability to automate the wire transfer process was limited due to the Treasury's need to maintain reasonable assurance of the County's cash flow.

This report does not contain findings requiring corrective action by Trust management.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable Steve Bennett, Chair, Board of Supervisors
Honorable Kathy Long, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Honorable Lawrence Matheney, Treasurer-Tax Collector
Honorable Christine L. Cohen, Auditor-Controller
Marty Robinson, County Executive Officer