

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Bob Roper, Fire Chief

Date: January 3, 2006

From: Christine L. Cohen

Subject: PERFORMANCE OF LIMITED PROCEDURES REGARDING ACCOUNTABILITY OVER CASH RECEIPT (CR) DOCUMENTS

We have completed our limited procedures to evaluate the Ventura County Fire Protection District's (VCFPD's) accountability over CR documents to mitigate the risks associated with lost or misappropriated deposits. Our procedures were limited to discussions with VCFPD management and review of documents establishing accountability over CR documents that were not processed in the Ventura County Financial Management System (VCFMS). Specifically, our limited procedures focused on CR 75000000837, which was not processed in VCFMS, as identified from our review of CR documents processed from April 7 through June 9, 2005. Our limited procedures did not constitute an audit and were not designed to provide assurance that funds were properly collected and deposited.

Overall, based on our limited procedures, VCFPD did not establish proper accountability over CR 75000000837. Specifically, VCFPD did not document whether CR 75000000837 was deleted from VCFMS or whether the CR was not processed for some other reason. Although VCFPD management believed that existing collection and deposit procedures were adequate to ensure that collections were accounted for properly, documentation was not available to authorize and justify the deletion.

As a result, VCFPD management implemented procedures to ensure that all CR numbers are accounted for properly in the future. Specifically, a copy of the deleted CR will be printed from VCFMS and filed sequentially in the CR document binder as part of the supporting documentation. Also, the copy will include the reason for the deletion and a supervisor's signature to authorize the deletion. We believe that implementation of such action will effectively strengthen controls over CR document accountability.

We also found that credit card transactions were not charged to cardholders' accounts and revenues were not credited to the County's bank account or posted to VCFMS. The credit card transactions, which VCFPD began accepting in July 2005, were not charged or credited because VCFPD did not complete the daily batch processing step through the credit card terminal. At the beginning of our review, VCFPD had not completely resolved issues relating to the implementation of the credit card system. As a result, as of October 27, 2005, VCFPD had not batched 46 credit card transactions totaling \$6,504. VCFPD management has since implemented procedures to batch credit card transactions daily and process CR documents for credit card payments and initiated action to process previously unprocessed credit card transactions.

Further, accountability over the transfer of collection amounts was not established when funds changed hands from the field offices to the VCFPD Administration receptionist to the person making the deposit.

Bob Roper, Fire Chief

January 3, 2006

Page 2

Proper transfer of accountability procedures are necessary to assist in pinpointing responsibility and eliminating certain employees from suspicion in the event of a monetary discrepancy. As a result, VCFPD management agreed to implement procedures to ensure accountability over physical transfers of collection amounts.

During our discussions, we also noted that accountability was not established over numbered customer receipts used to document cash collections. Specifically, preprinted customer receipt numbers issued by field offices and VCFPD Administration were not tracked to ensure that all collections were submitted for deposit. Although VCFPD management agreed to implement procedures to ensure sequential control over receipt numbers, significant inherent fraud risk factors are often associated with control weaknesses over customer receipts. As a result, we have elected to expand our review of this area and will report the results in a separate report.

We appreciate the cooperation and assistance extended by you and your staff during this engagement. If you have any questions or need additional information, please call me at (805) 654-3151.

cc: John F. Johnston, County Executive Officer
Sandra J. Bickford, Chief Deputy Auditor-Controller