

**County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM**

To: Honorable Bob Brooks, Sheriff

Date: October 14, 2005

From: Christine L. Cohen

Subject: **FOLLOW-UP AUDIT OF SHERIFF SPECIAL APPROPRIATION FUND
MAINTENANCE PROCEDURES**

We have completed our follow-up audit of Sheriff Special Appropriation Fund (Fund) maintenance procedures. The results of our audit are summarized below.

BACKGROUND: The Sheriff's Narcotics Unit is responsible for the investigation and suppression of narcotics activities that either occur within Ventura County or whose illegal activities adversely affect County citizens. Toward this goal, California Government Code Section (GC §) 29430 authorizes the Board of Supervisors to establish a Special Appropriation Fund to further the investigation in criminal cases and suppress crime. Our May 28, 2003 audit of the Special Appropriation Fund cited areas of improvement with regards to Fund maintenance procedures. In response, Sheriff's Management initiated corrective action to address those areas of concern presented in our audit report.

SCOPE: Our overall objective was to evaluate the corrective action taken by Sheriff's Management to address the issues noted in our May 28, 2003 report. Specifically, we reviewed adjustments made by Sheriff's Management to: obtain Board of Supervisors' approval to establish the Fund; record and identify all Fund transactions; and verify the Fund balance. The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors using documents from May 6, 2003 to May 4, 2005.

FINDINGS: Overall, Sheriff's Management has made progress in implementing procedures to properly and accurately maintain the Fund. For example, Sheriff's Management obtained Board of Supervisors' authorization to establish the Special Appropriation Fund. Furthermore, Fund transaction activity was properly and accurately documented and recorded. For instance, we were able to reconcile cash advances to expense activity. Also, the Sheriff's Business Office had performed five cash counts, including expense transaction verifications, since the prior audit. However, opportunities were available to further strengthen certain aspects of implemented cash count procedures. Summarized below are the details of the areas where improvements were needed. Sheriff's Management initiated corrective action during the audit as noted.

1. **Cash Count Documentation.** Although cash counts of the Fund were accomplished periodically, the formal documentation of the counts could be improved. For example, for the cash count conducted on April 11, 2005, although notes were made of the cash counted, the document was not dated or signed. Further, the memorandum issued to Sheriff's Management of the cash count results only reported the cash on hand rather than accounting for the authorized amount of the Fund.

Management Action. Sheriff's Management stated: "Management agreed to utilize a worksheet during each cash count that will improve the formal documentation of the cash audit and include a copy of the Fund Accountability Worksheet that will reconcile to the authorized amount of the Sheriff's Special Appropriation Fund."

2. **Expense Claim Submission.** The Sheriff's Business Office did not submit expense claims at the close of each fiscal year to reimburse the Fund as prescribed by California GC § 29437. For instance, the expense claim for fiscal year 2003-04 was submitted to the Auditor-Controller's Office on January 4, 2005 rather than on June 30, 2004. Submitting expense claims at the close of the fiscal year ensures that expense activity is reported in the fiscal year in which they were incurred.

Management Action. Sheriff's Management stated: "Management agrees to submit expense claims at the close of each fiscal year in accordance with California GC § 29437."

OVERALL EVALUATION OF MANAGEMENT ACTION. Overall, we believe that management actions taken or planned were responsive to the audit findings. Management planned to complete corrective action by December 31, 2005.

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

cc: Honorable Kathy Long, Chair, Board of Supervisors
Honorable Linda Parks, Vice Chair, Board of Supervisors
Honorable Steve Bennett, Board of Supervisors
Honorable John K. Flynn, Board of Supervisors
Honorable Judy Mikels, Board of Supervisors
John F. Johnston, County Executive Officer