

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Joanne McDonald, Deputy Director Auditor-Controller

Date: March 26, 2013

From: Barbara Beatty 

Subject: FOLLOW-UP OF NON-INVESTMENT WIRE TRANSFER CONTROL ISSUE ARISING FROM THE AUDIT OF THE STATEMENT OF MONEY IN COUNTY TREASURY AS OF JUNE 30, 2010

The Auditor-Controller's Office, in accordance with Government Code Section 26920, has audited the Statement of Money in County Treasury ("Statement"), as of June 29, 2012, and has issued our report thereon dated February 12, 2013.

During our previous audit of the Statement as of June 30, 2010, we issued a separate report to the Auditor-Controller Financial Reporting Division dated March 15, 2011. This report identified improvements needed in non-investment wire transfer controls. 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. The Financial Reporting Division's Trust Section ("Trust Section" or "Trust") performs daily, monthly, and year-end reconciliations of Auditor-Controller to Treasury records. Further, in accordance with Government Code Section 27005, all non-investment wire transfers are approved by the Auditor-Controller's Financial Reporting Division prior to being forwarded to Treasury for processing.

Trust uses the "Authorized Signatures for Wire Transfers" ("ASWT") form to verify information on the "Wire Transfer Request" form, such as authorized signatures 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 Wire Transfer Request form.

SCOPE

Our overall objective was to determine whether the Statement presented fairly the cash and investments deposited with the Treasurer. In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. We have not considered internal control since the date of our report. This letter does not affect our report, dated February 12, 2013, on the Statement.

In addition, we performed follow-up audit procedures to determine whether corrective action was taken to address an issue noted in our prior report addressed to Auditor-Controller Financial Reporting Division management dated March 15, 2011. Specifically, we determined whether Trust updated the ASWT form to include language instructing departments to specify the number of required signatures for wire transfer requests. We also determined whether departments complied with the new requirements.

Except as discussed in this paragraph, our audit was conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In connection with the audit, certain disclosures are necessary pursuant to *Government Auditing Standards*. During our audit of the Statement, we performed follow-up audit procedures to evaluate correction actions implemented by the Trust Section. These activities, in themselves, necessarily impair *Government Auditing Standards'* independence standards. Specifically, "audit organizations must not audit their own work" and must be "located organizationally outside the staff or line-management function of the unit under audit." Although the Internal Audit Division and Trust Section reside in the Auditor-Controller's Office, we believe that the following safeguards and division of responsibility exist. The internal audit staff, having the responsibility to perform audits, resides in a stand-alone division of the Auditor-Controller's Office and has no other responsibility of the accounts and records being audited. Therefore, the reader of this report can rely on the information contained herein.

FINDINGS

Overall, we found that Trust management implemented appropriate corrective action to address the issue noted in our prior report. Specifically, all eight ASWT forms that we reviewed appropriately indicated the number of authorized signatures required for wire transfer requests. In addition, we verified that the ASWT form was modified to include instructional language to ensure appropriate completion.

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

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

cc: Honorable Peter C. Foy, Chair, Board of Supervisors
Honorable Steve Bennett, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kathy I. Long, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Michael Powers, County Executive Officer