



Audit of the Resource Management Agency's Controls Over Cash Handling

Report Date: May 16, 2025

Office of the Auditor-Controller
County of Ventura, California
Jeffery S. Burgh, Auditor-Controller

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Robert Mullane, Director, Resource Management Agency

Date: May 16, 2025

From:  Jeffery S. Burgh

Subject: AUDIT OF THE RESOURCE MANAGEMENT AGENCY'S CONTROLS OVER CASH HANDLING

We have completed our audit of the Resource Management Agency's (RMA) controls over cash handling. Our overall objective was to determine whether RMA's cash controls were adequate to ensure the accuracy and security of cash receipts during Fiscal Year 2023-24.

Executive Summary

Overall, we found that RMA's cash handling controls were adequate to ensure the accuracy and security of cash receipts. For example, staff roles and responsibilities were appropriately separated for each phase of the cash handling process, and RMA maintained complete and accurate records of cash transactions.

However, we identified opportunities to improve cash handling processes. Specifically, we found that:

- Change funds were not always properly secured.
- Installation of security cameras at cash handling/holding areas would benefit the agency in case of theft.
- Change funds were not always properly verified at the beginning and end of each business day.
- Employees who were delegated change fund duties were not always reported to the Auditor-Controller as required.

RMA management initiated corrective action to address our findings. Corrective action is planned to be completed by December 31, 2025.

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

cc: Honorable Janice S. Parvin, Chair, Board of Supervisors
Honorable Jeff Gorell, Vice Chair, Board of Supervisors
Honorable Matt LaVere, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer

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Background

The Resource Management Agency (RMA) is responsible for administering and enforcing County of Ventura (County) ordinances, policies, and state and federal laws regarding land use and commercial and environmental regulation. RMA performs these functions throughout the agency's five divisions: Building and Safety; Environmental Health; Planning; Code Compliance; and Operations.

RMA receives cash (i.e., currency and coin) from members of the public at the Hall of Administration's (HOA) Building and Safety, Environmental Health, Planning, and Code Compliance counters, and the East County Building and Safety Office. For Fiscal Year (FY) 2023-24, RMA received approximately \$249,000 in cash payments and was assigned change funds totaling \$600. Once RMA receives a cash payment and a receipt is issued, the cash payment is verified by RMA Fiscal staff and prepared for deposit. The deposit is recorded as a cash receipt in the Ventura County Financial Management System, then the deposit bag is sealed for delivery to the County Treasury. Deposits are either transported to the Treasury by armored car, when prepared at the East County Office, or by Fiscal staff at the HOA.

Scope

Our overall audit objective was to determine whether RMA's cash handling controls were adequate to ensure the accuracy and security of cash receipts during FY 2023-24. Specifically, we determined whether:

- change funds were intact and accounted for properly;
- RMA had formally developed and implemented adequate cash handling procedures;
- duties were appropriately separated for the receipt, approval, and reconciliation of cash;
- RMA maintained complete, accurate, and timely records of cash transactions; and
- adequate physical controls were in place for the proper safeguarding of cash.

Our audit procedures were applied to cash processes at RMA locations in the HOA and East County Office. The audit was performed in conformance with the Global Internal Audit Standards promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that RMA's controls over cash handling were adequate to ensure the accuracy and security of cash receipts. For example:

- Cash handling controls were appropriately documented in policies and procedures.
- RMA maintained complete cash receipt records.
- Roles and responsibilities were appropriately separated for each phase of the cash handling process.

However, we identified opportunities to improve cash handling controls, presented in order of significance based on information we received at the time of our audit. RMA management initiated corrective action in response to the audit as noted.

1. Unsecured Change Funds

Change funds were not always adequately secured at certain RMA locations. According to RMA's *Cash Handling Policy*, Reference Number 2009-F006, "The division will safeguard cash, checks, and credit card receipts in a locked drawer or safe...." However, at one location where the change fund was split between a filing cabinet and the front counter cash drawer, we found that the keys were left in the locks of both drawers. At another location, the portable change fund lock box was stored within an unlocked desk drawer. While all change funds were properly accounted for, unsecured drawers increase the risk of misappropriation.

Recommendation. RMA management should ensure that all drawers containing change funds are locked and that keys are removed from the locks when change funds are not in use.

Management Action. RMA management stated: "We agree with the audit recommendation. We will work with the management team and counter staff to identify and document the proper secure location for storing change funds overnight and during operating hours when not in use, for each division and location, emphasizing the importance of safeguarding change funds at all times. Additionally, we will implement a biannual review process to ensure that our change fund storage and handling procedures comply with our Cash Handling Policy."

2. Security Cameras

Security cameras were not installed to oversee key cash handling and holding areas. County Administrative Policy No. Chapter VII(A)-9, *Cash Handling Responsibilities and Guidelines*, stated: "Adequate physical security should be provided at all times over locations where cash is stored and processed." Although cash transactions were performed within secured areas, the addition of security cameras over locations where cash is handled and within rooms where safes are located would help deter theft of funds and identify responsible individuals in case of theft.

Recommendation. RMA management should consider installing security cameras over key locations where cash is stored and cash transactions are performed.

Management Action. RMA management stated: "We agree with the audit recommendation. RMA management will consider installing security cameras where cash is stored, and cash transactions are performed. We will conduct a thorough review of our cash handling processes and identify areas where security cameras could be installed to enhance oversight and deter potential theft. In collaboration with the General Services Agency (GSA), we will assess the feasibility of installing security cameras at key locations where cash is stored, handled, and reconciled. The installation of security cameras will be considered as part of a complete review of our cash handling security measures, taking into account budgetary constraints, technical feasibility, and potential risks and benefits."

3. Change Fund Verification

Change funds were not always properly verified in accordance with RMA's *Cash Handling* policy. During a surprise cash count at one RMA office, we found that the change fund exceeded the authorized amount by \$2.55. RMA's procedures for Deposits and Reconciliations stated: "Cash boxes should be counted down before and after each day..." However, the discrepancy indicated that the change fund amount was not verified at the end of the previous day, which would have identified the overage. Reconciling and verifying all cash on hand at the beginning and end of each business day helps promote accountability over cash, detect errors or fraud, and ensure accurate recordkeeping.

Recommendation. RMA management should remind staff who are responsible for handling cash to verify change funds according to the agency's *Cash Handling* policy. Management should also consider implementing a procedure for supervisors to periodically count cash on a surprise basis to ensure that all cash is properly accounted for and recorded.

Management Action. RMA management stated: "We agree with the audit recommendation. We will reinforce our Cash Handling policy with staff who handle cash, emphasizing the importance of verifying change funds at the beginning and end of each business day. We will also develop and implement a procedure for supervisors to conduct periodic surprise cash counts. This will include establishing a schedule for these counts, providing training to supervisors on the proper procedures, and reviewing the results to identify any discrepancies or areas for improvement."

4. Delegation of Authority

RMA's *Delegation of Authority for Individual Department Petty Cash, Change Funds and Revolving Funds* form (Delegation of Authority) did not identify all employees authorized to perform specified duties related to division change funds. All County agencies that maintain a change fund must complete a Delegation of Authority and submit the form to the Auditor-Controller to reflect the location of the funds, responsible employees, and duties of those employees. However, we found that 20 (83%) of the 24 employees performing custodial or reconciliation duties for division change funds were not reported on the FY 2023-24 Delegation of Authority. Accurately documenting all employees responsible for performing change fund duties would help improve accountability for agency cash.

Recommendation. RMA management should ensure that the Delegation of Authority accurately reflects all employees responsible for division change funds.

Management Action. RMA management stated: "We agree with the audit recommendation. We will ensure that our Delegation of Authority forms are completed accurately and submitted annually, as required. To maintain a current and accurate record of authorized employees, we will utilize the optional worksheet to list all individuals responsible for division change funds. This worksheet will be updated regularly as staff and responsibilities change, and submitted to the Auditor-Controller."

Auditor's Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit findings. RMA management planned to complete corrective action by December 31, 2025.