



Agenda Date: 2/28/2006
Agenda Placement: 6K

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Pamela Kindig - Auditor-Controller
Auditor - Controller
REPORT BY: Karen Querin, Audit Manager, 253-4588
SUBJECT: Audit Reports for Health and Human Services Agency's three Revolving Funds, Napa Special Investigations Bureau's Revolving Fund and Department of Corrections' Inmate Cash Revolving Fund

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the following Audit Reports:

1. Health and Human Services Agency - Over the Counter Revolving Fund for the Fiscal Year ended June 30, 2005;
2. Health and Human Services Agency - Family Preservation Revolving Fund for the Fiscal Year ended June 30, 2005;
3. Health and Human Services Agency - Training and Employment Center Revolving Fund for the Fiscal Year ended June 30, 2005;
4. Napa Special Investigations Bureau - Special Investigation Revolving Fund for the Fiscal Year ended June 30, 2005; and
5. Department of Corrections - Inmate Cash Revolving Fund for the Fiscal Year ended June 30, 2005.

EXECUTIVE SUMMARY

The Internal Audit Section of the Napa County Auditor-Controller's Office has audited the financial statements of the following. Acceptance of said audit reports is requested.

1. Health and Human Services Agency - Over the Counter Revolving Fund for the Fiscal Year ended June 30, 2005;
2. Health and Human Services Agency - Family Preservation Revolving Fund for the Fiscal Year ended June 30, 2005;
3. Health and Human Services Agency - Training and Employment Center Revolving Fund for the Fiscal Year ended June 30, 2005;
4. Napa Special Investigations Bureau - Special Investigation Revolving Fund for the Fiscal Year ended June 30, 2005; and

5. Department of Corrections - Inmate Cash Revolving Fund for the Fiscal Year ended June 30, 2005.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Departmental Audit and Revolving Funds

Staff conducted the following audits in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter with the respective agencies:

1. Health and Human Services Agency - Over the Counter Revolving Fund for the Fiscal Year ended June 30, 2005;
2. Health and Human Services Agency - Family Preservation Revolving Fund for the Fiscal Year ended June 30, 2005;
3. Health and Human Services Agency - Training and Employment Center Revolving Fund for the Fiscal Year ended June 30, 2005;
4. Napa Special Investigations Bureau - Special Investigation Revolving Fund for the Fiscal Year ended June 30, 2005; and
5. Department of Corrections - Inmate Cash Revolving Fund for the Fiscal Year ended June 30, 2005.

Results of the Audits: An audit report may contain findings in any of the following four categories:

1. Material Noncompliance
2. Material Internal Control Weakness (Reportable Conditions)
3. Immaterial Internal Control Weakness

The findings noted during the respective audits have been summarized below:

Health and Human Services Agency - Over the Counter Revolving Fund, Family Preservation Revolving Fund, and Training and Employment Center Revolving Fund

There were no reportable or immaterial findings for the Health and Human Services Agency Revolving Fund audits for the fiscal year ended June 30, 2005.

Napa Special Investigation Bureau - Special Investigation Revolving Fund

There were no reportable or immaterial findings for the Napa Special Investigation Bureau - Special Investigation

Revolving Fund audit for the fiscal year ended June 30, 2005.

Department of Corrections - Inmate Cash Revolving Fund

Category 2: Material Internal Control Weakness

Verification of Account Ledger Detail

During our examination of the Department of Corrections – Inmate Cash Revolving Fund, we noted that the account ledger did not foot for the months of October 2004, December 2004, and January 2005. In addition, the book balance did not reconcile to the bank balance in 2004 for the months of September, November, and December. Upon further examination of the reconciliation, we noted that the book balance was calculated using the prior month's ending bank balance, instead of the prior month's ending book balance. Because the reconciliation is a comparison of the book balance to the bank balance, each should be independent of the other.

In addition, check number 18873 was noted as being cleared in the September 2004 Inmate Cash Monthly Statement; however, upon examination of the bank statement and the voided checklist, this did not appear to be true. Another issue occurred with check number 19779. This check was not added to the September outstanding check register, even though it did not clear the bank, and was not listed as a voided check.

Category 3: Immaterial Internal Control Weakness

No Signed Inmate Cash Ledger

During our examination of the Department of Corrections – Inmate Cash Revolving Fund, we noted five (5) instances where the Department disbursed funds without obtaining a signature from the individual receiving the funds. In our sample population, the dollar amount of disbursed funds that did not have a signed Inmate Cash Ledger form totaled \$969.83. This error represents 2.64% of the sample population, and when compared to the total population, the potential dollar amount in unsigned ledgers that may have occurred is \$5,459.59. It should also be noted that three (3) individuals – two (2) corporals and one (1) sergeant, were the signatories on the five (5) checks disbursed.

No Recording of Check

During our examination of the Department of Corrections – Inmate Cash Revolving Fund, we noted one (1) instance where two (2) checks (numbers 19828 and 19847) were issued to an inmate. The 2nd check (# 19847) was issued due to the first check (# 19828) never being posted to the individual inmate's account. A sergeant issued check number 19828; check number 19847 was issued by a corporal. Checks that are issued and not recorded into the CJIMS system result in an overstatement of the inmate's cash balance and unreliability of the accounting records.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman