



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 2/3/2015

Agenda Placement: 6F

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Tracy Schulze - Auditor-Controller
Auditor - Controller

REPORT BY: Karen Querin, Audit Manager - 707-253-4588

SUBJECT: Internal Audit Letter - Napa County Library - Merchant Gift Card Review for FY 13/14

RECOMMENDATION

Auditor-Controller requests the Board accept and instruct the Clerk of the Board to file the Internal Audit Letter for the Napa County Library - Merchant Gift Card Review for the fiscal year ended June 30, 2014.

EXECUTIVE SUMMARY

The Internal Audit Section of the Napa County Auditor-Controller's Office has reviewed the Napa County Library's financial records pertaining to merchant gift cards for the fiscal year ended June 30, 2014. Acceptance of said internal audit report is requested.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: 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

Staff conducted the first review of merchant gift cards used as incentives for the summer reading program and controlled by the Napa County Library for the fiscal year ended June 30, 2014, as stipulated in the engagement letter with the Napa County Library. The purpose of the review is to provide assurance to the Napa County Board of Supervisors that the Department is in compliance with pertinent Federal, State and Local laws as well as maintaining adequate internal controls over the merchant gift cards. Occasionally, gift cards are donated by external parties; however, gift cards were purchased by the Department and expensed against their budget for the fiscal year ended June 30, 2014.

Results of the Engagement: If findings occur, they are categorized as follows:

- | Noncompliance - Records are not maintained and/or not utilized in accordance with the establishing resolution and the pertinent Federal, State and Local laws
- | Material Internal Control Weakness - A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of a Department's financial records will not be prevented, or detected and corrected on a timely basis
- | Immaterial Control Weakness - A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. (An example of being timely is the error occurs before a Department reports to the Auditor-Controller at year end)

There were no findings noted during our engagement.

Conclusion

Please see the attached report for a summary of the gift card activity occurring during the fiscal year.

A copy of the report is attached and also on file with the Clerk of the Board and available for viewing.

SUPPORTING DOCUMENTS

A . Library Gift Card Review - FY 2013-2014

CEO Recommendation: Approve

Reviewed By: Helene Franchi