



Agenda Date: 3/21/2006
Agenda Placement: 6J

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 District Attorney's Office Revolving Funds and Sheriff's Department

RECOMMENDATION

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

1. District Attorney's Office Special Investigation Revolving Fund for the Fiscal Year Ended June 30, 2005;
2. District Attorney's Office Child Recovery Fund for the Fiscal Year Ended June 30, 2005; and
3. County of Napa Sheriff's Department for the Fiscal Year Ended June 30, 2004.

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. District Attorney's Office Special Investigation Revolving Fund for the Fiscal Year Ended June 30, 2005;
2. District Attorney's Office Child Recovery Fund for the Fiscal Year Ended June 30, 2005; and
3. County of Napa Sheriff's Department for the Fiscal Year Ended June 30, 2004.

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**Revolving Fund and Departmental Audits**

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. District Attorney's Office Special Investigation Revolving Fund for the Fiscal Year Ended June 30, 2005;
2. District Attorney's Office Child Recovery Fund for the Fiscal Year Ended June 30, 2005; and
3. County of Napa Sheriff's Department for the Fiscal Year Ended June 30, 2004.

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

District Attorney's Office Special Investigation Revolving Fund and Child Recovery Fund

There were no reportable or immaterial findings for the District Attorney's Office Special Investigation Revolving Fund and Child Recovery Fund audits for the fiscal year ended June 30, 2005.

County of Napa Sheriff's Department**Category 1: Material Noncompliance****Inactive Agency Fund**

During our examination of the agency funds in existence during the fiscal year ended June 30, 2004, it was noted that the Coroner Estate Fund and the LLEBG 2002/2003 Fund (LLEBG - Local Law Enforcement Block Grant) did not have any activity during the year with the exception of interest revenue received. The purpose and authority to maintain these accounts no longer exists. The balance of the Coroner Estate and the LLEBG 2002/2003 Funds, after the allocation of interest at June 30, 2004, is \$72 and \$135 respectively.

Category 2: Material Internal Control Weakness**Trust Accounts Not Reconciled**

During our examination of the departmental and agency funds known as "Trust" funds we noted that detail transaction ledger reports of account activity are reviewed and signed/dated quarterly. However, the reconciliation procedures followed by the Department do not involve verifying transactions, except for interest postings and payments from the Sheriff's Trust.

Category 3: Immaterial Internal Control Weakness**Misclassified Revenue**

During our examination of receipts for the Department for the fiscal year ended June 30, 2004 we noted one receipt for a training reimbursement that was wrongly coded to Miscellaneous Revenue (account number 48040000). This

item should have been coded to Educational Services (account number 46125000). The receipt of \$24.00 represented 0.4% of the value of the sample.

Lack of Authorization of Transactions

During the examination of cash disbursements for the Department's "trust" accounts for the fiscal year ended June 30, 2004, we noted that unauthorized persons signed sixteen (16) of the claims. The aggregate of the sixteen (16) disbursements is \$5,523. This represents 89% of the value for the 25 "trust" account disbursements selected for testing. Staff in the civil division had understood that any staff member higher in authority to the staff who prepared a voucher could authorize the voucher.

Timesheets Input and Approved By Same Operator

During our examination of timesheet approvals we noted from a PeopleSoft query that 58% of the entries for the period tested had been input and approved by the same operator. The timekeeping system allows the same operator to input data and approve it. This set-up provides for processing of payroll in the event of the absence of supervisors/managers. However, the input and approval of data by the same person should not be normal operating procedure.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman