

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY
BEN McADAMS, MAYOR



An Audit of the Key Controls of
Mayor's Financial Administration

September 11, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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September 11, 2013

Ben McAdams, Mayor
Salt Lake County
2001 S State St #N2100
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of Mayor's Financial Administration

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Mayor's Financial Administration in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Mayor's Financial Administration and the cooperation from Rob Beesley, Karl Goodman, Irene Cordova, Tanya Anderson, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Mayor's Financial Administration during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By Brenda Nelson MBA, CISA
Sr. Deputy Auditor

cc: Darrin Casper, Assistant Chief Administrative Officer
Greg Folta, Fiscal Administrator
Javaid Majid, Associate Fiscal Administrator
Karl Goodman, Director of Accounting and Operations

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Mayor's Financial Administration. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

Conclusion

The Mayor's Office - Financial Administration has put into place key internal controls for managing public funds. However, some risks and areas of non-compliance were identified. Risks related to inadequate separation of duties, controls over checks received in the mail, and funds transferred between employees without adequate documentation, have a higher likelihood of leading to loss of County property. Other findings were related to software licensing, payroll, and management of controlled assets.

Findings and Recommendations

Finding # 1 - Accounts receivable administration functions were not adequately segregated.

Risk Level: High

In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds.

Countywide Policy #1220, "Management of Accounts Receivable and Bad Debt Collection," Section 5.4 states:

"The employee who maintains the accounts receivable ledger shall be separate from the employee who prepares invoices and the employee who collects payments. In the event that staffing levels prevent such a segregation of duties, a supervisor, or second responsible employee, shall review and sign the monthly reconciliation, as a control on the process."

Mayor's Financial Administration provides accounts receivable billing and collection services to County agencies with a low volume of accounts receivable transactions. One employee, an Accountant, currently creates and sends invoices and receives, posts and deposits customer payments.

When financial duties are not adequately segregated, funds are at greater risk of theft and misuse and employees are left unprotected against any allegations regarding missing funds.

Recommendation

We recommend that the duties of billing and maintaining accounts be segregated from receipt and posting of customer payments.

Finding # 2 - Documentation of amounts transferred between departments could be improved.

Risk Level: High

Countywide Policy #1062, "Management of Public Funds," Section 3.3.2.2 states:

"The Cashier or Agency Fiscal Manager will review and approve the deposit documentation with the employee taking the funds to [Mayor's Financial Administration] for receipting. The employee should require a signature from the [Mayor's Financial Administration] on MPF Form 7A, Fund Transfer Receipt, or other deposit documentation, indicating receipt of funds."

We examined deposits made during April 2013, which totaled \$2.2 million. Funds were coded to 32 budget organizations. Overall, 125 receipts were issued, consisting of one or more checks and/or cash. Funds were received through the mail, and in person. Funds were also occasionally left on the Accountant's desk or chair.

There was no documentation to indicate the date, or the total amount received, by Mayor's Financial Administration for 51 (41%) out of the 125 receipts reviewed. Documentation such as a memo from the remitting organization, a handwritten notation, or an envelope containing a postmark date was noted for 50 receipts (40%) issued. A funds transfer form, MPF Form 7A, was used to document 22 receipts (17.6%) issued. The Accountant stated that he always required documentation when cash was being transferred. We were able to verify that all instances of cash transactions but one were accompanied by some form of documentation. In addition, the Accountant indicated that Agencies ask him to sign and date a photocopy of checks remitted for deposit. However, during recent audits of some agencies that remit items for deposit we found that a signature was not consistently obtained.

When accountability for funds is not documented, including the total amount transferred and the date of the transfer, loss or theft of funds is more likely. In addition, individual employees are left unprotected from allegations regarding missing funds, and errors are more likely to occur. Finally, days-to-deposit funds cannot be accurately determined.

Recommendation

We recommend that the documentation of the total amount of checks and cash received, and the date of the transfer, be obtained and retained by the receiving agency (Mayor's Financial Administration) and the remitting agency whenever funds are transferred.

ACTION TAKEN:

Mayor's Financial Administration date stamps all checks and documents the total amount of cash and checks transferred.

Finding # 3 - There was no supervisory review and sign-off on the balance sheet.

Risk Level: Moderate

Countywide Policy #1062, "Management of Public Funds," Section 4.2.2 states:

"The 'master' balance sheet shall be reviewed and reconciled to the bank deposit slip, and signed by another employee designated by Agency management; and if possible, by an individual with equal or higher authority than the individual who prepared the deposit."

There was no supervisory review and sign-off on the balance sheet prepared by the Accountant.

In the absence of independent supervisory review, errors are less likely to be detected and funds are more susceptible to misappropriation.

Recommendation

We recommend that a supervisor compare the balance sheet with the deposit slip and the point-of-sale report and indicate their review with a signature.

Finding # 4 - Attestation of licensing was not consistently provided prior to installation of software.

Risk Level: Moderate

Countywide Policy #1400-3, "Information Security Policy: Software Licensing Policy," Section 3.2 states:

"Individuals responsible for installation of software products shall receive approved written verification from County agency management attesting that they have secured the appropriate ownership of or rights to install the software application."

The Budget Applications Manager, assigned to track licenses for Mayor's Financial Administration, stated that County IS sometimes inquires about licenses prior to installing software, but they do not consistently ask for a written attestation or other proof of licensing. He stated that he ensures the appropriate licenses have been purchased prior to requesting County IS to install software.

When individuals performing software installations do not consistently confirm that agencies have acquired licenses, and when agencies fail to provide written verification of licensing, the risk of unlicensed software and resulting fines is increased.

Recommendation

We recommend that written verification of licensing be provided to County IS whenever software is installed.

Finding # 5 - An accounts receivable reconciliation was not documented and signed by an independent party.

Risk Level: Moderate

Countywide Policy #1220, "Management of Accounts Receivable and Bad Debt Collection," Section 5.3.2 states:

"The ledger of accounts receivable shall be reconciled to invoices and payments at least monthly, and the reconciliation shall be documented and signed by the employee who performed this step."

An accounts receivable reconciliation was not documented and signed by an independent party. A reconciliation report by fund was automatically generated each month by the County's financial system. However, the reconciliations were not reviewed.

When accounts receivable are not reconciled and reviewed on a monthly basis, misappropriation and errors are more likely to occur and remain undetected.

Recommendation

We recommend that the monthly reconciliation be reviewed and that the review be documented with a signature.

Finding # 6 - Not all assets were included on a signed controlled asset form.

Risk Level: Moderate

Countywide Policy #1125, "Safeguarding Property/Assets," Section 4.3 states:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. 4.3.1...'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual. 4.3.2...'Controlled Assets Inventory Form-Organization' is used for property not readily assignable to an individual employee or which is shared by more than one employee. 4.3.3 The 'Certification'...states that the employee (for assets assigned to employees), and the Property Manager (for assets not assigned to individual employees) are accountable for all property assigned to them."

Out of 273 assets actively in use per the Mayor's Financial Administration's controlled asset list, 19 were shared assets including printers, a copier, and a shredder. While individual employees were required to sign "Controlled Assets Inventory Form-Employee" for items under their control, no one signed for shared items.

When individual accountability for assets is not established, the accuracy of records becomes less certain and assets are more subject to loss and theft.

Recommendation

We recommend that all items inventoried be documented and signed for using either "Controlled Asset Inventory Form-Organization" or "Controlled Asset Inventory Form-Employee."

ACTION TAKEN: All assets inventoried have been documented and signed for using either "Controlled Asset Inventory Form-Organization" or "Controlled Asset Inventory Form-Employee."

Finding # 7 - The current location or disposition of 26 (7%) controlled assets was not known.

Risk Level: Moderate

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.3 states that the property manager's duties include:

"Maintain records as to the current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody."

The controlled asset list contained 350 assets assigned to organization Mayor's Financial Administration. Of these, 273 assets were in use and 51 had been surplus. The location of the remaining 26 assets was not known. Missing assets included eight monitors, two computers, a laptop, a scanner, and other items.

Staff cited recent changes in the organizational structure and staff responsibilities, which made tracking assets and related records, such as PM-2s, more difficult. They also stated that items may have been previously surplus.

When assets are not accurately tracked they are more likely to be stolen or lost without detection.

Recommendation

We recommend that records be maintained and updated whenever assets are purchased, assigned, moved, or surplus.

We recommend that the missing items be removed from the controlled asset database, documented on a form PM-2, and on a memo or letter to the CFO or Fiscal Administrator.

Finding # 8 - Safeguards over checks received through the mail were not adequate.

Risk Level: Moderate

Countywide Policy #1062, "Management of Public Funds," Section 3.1.5 states:

"Agency Management and Fiscal Managers shall establish internal control procedures tailored to their operational requirements. These controls should be designed to prevent payments by check through the mail from being lost, stolen, or diverted to personal use."

Checks received through the mail were placed in the Accountant's open mail box, located in a common area of Mayor's Financial Administration. The Accountant collected the mail each day, opened the checks received alone, and placed them in a combination lock box until the deposit was prepared.

Funds that are not appropriately safeguarded and documented are at greater risk of being lost or stolen.

Recommendation

We recommend that mail containing checks be safeguarded.

We recommend that checks received in the mail be opened and recorded on a log in the presence of two staff members.

Finding # 9 - Voids were not handled in accordance with Countywide policy.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Sections 3.7.2 and 3.7.3 state:

"...The cashier initiating the voided transaction will document, on the front of the voided receipt, the cause of the voided transaction and its resolution...A supervisor who was not involved with the transaction will review and sign one copy of the voided receipt, along with the cashier who initiated the void. All voided receipts will be attached to the daily cash balance sheet for audit purposes."

We examined receipts issued from April 1 to April 30, 2013. We found that 125 receipts were issued and 5 (4%) had been voided and/or modified. The voided receipts were not retained and marked void. In addition, no explanation was documented and neither the employee nor the supervisor's signature were obtained.

When voids are not closely monitored they are more likely to be used to conceal misappropriation of funds.

Recommendation

We recommend a copy of all voids be included with daily deposit documentation.

We recommend that an explanation be recorded on the face of all voided receipts.

We recommend that the employee completing the void, and a supervisor not involved with the transaction, review and sign the voided receipt.

ACTION TAKEN: Mayor's Financial Administration has implemented changes to comply with our recommendations.

Finding # 10 - Proof of license was not transferred along with computers that were acquired from another division.

Risk Level: Low

Countywide Policy #1400-3, "Information Technology Security Policy: Software Licensing Policy," Section 3.5 states:

"County agency management shall maintain a current software inventory which includes at least the following: number of authorized and actual installations, license agreement, and proof of purchase."

Mayor's Financial Administration maintained a current software license inventory consisting of 182 software titles. Forty-six titles were for software licensed by County IS or freeware. Out of the remaining 136 titles, 53 (39%), were licenses for software installed on computers that were transferred from other County divisions. Proof of purchase for the software was not transferred along with the computers. Finally, two titles were listed as needing a license or having a license on order and two had no proof of licensing information.

When proof of licensing is not available, the agency is at greater risk of fines and fees.

Recommendation

We recommend that license documentation be obtained whenever software is installed or transferred.

ACTION TAKEN: Most of the license documentation has since been received from the transferring organization.

Finding # 11 - The Balance Sheet did not include a calculation of overages and shortages and an over/short log was not consistently generated.

Risk Level: Low

Countywide Policy #1062, Management of Public Funds," Section 3.8.1.4 states:

"An 'over/short' or 'no-difference' amount between the cash count (cash and checks only, not payment card amounts), and recorded receipt totals shall be generated by the software application, or manually entered on the designated line of the MPF Form 3A"

Sections 5.3.1 and 5.3.1.3 state:

"All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log... The MPF Form 11, for each Cashier, shall be signed by the Cashier's immediate supervisor."

The deposit Balance Sheet generated by the point-of-sale (POS) software included the total amount receipted and the total amount of cash and checks to be deposited. However, the report did not indicate an over/short or no-difference amount. The POS software did generate a weekly report which listed each deposit date, total receipts issued, total cash and checks deposited, and a column indicating whether or not a variance occurred. A second monthly report listed overages and shortages. These reports could be considered acceptable substitutes, but the first report only generated if the Accountant created a deposit on Friday. The second report only generated if a deposit was created on the last day of the month. Neither report was reviewed and signed by a supervisor.

Failure to document and review "over/ short" or "no-difference" amounts between the cash count and recorded receipt totals creates a greater risk of County funds being lost or stolen without detection. In addition, over/short logs facilitate early detection of patterns that may indicate problems such as misappropriation of funds.

Recommendation

We recommend that Mayor's Financial Administration modify the balance sheet currently in use to reconcile receipts to the actual deposit and indicate an over/short or no-difference amount.

We recommend that Mayor's Financial Administration consistently maintain a monthly over/short log that is reviewed and signed by a supervisor.

Finding # 12 - The payroll coordinator approved timecards for higher level staff.

Risk Level: Low

The Mayor's Office Payroll Manual, Section 2.5 states:

"All records where employees make the original entry of time and attendance must be approved by at least the immediate supervisor before information is posted to the County payroll system Time and Attendance Report."

The payroll coordinator temporarily reviewed time cards for some staff at higher levels of the organization.

The former Director of Accounting and Operations retired at the end of 2012. Prior to his retirement, he reviewed and approved time cards for three senior members of the staff, including the Assistant Director of Accounting and Operations. Rather than review his own time card while acting in as Director, the Assistant Director requested that the payroll coordinator approve that group of time cards until a replacement decision was made for the vacated position.

When time cards are not approved by a supervisor, time entered is at greater risk for errors, either unintentional or intentional. As a result, employees may be paid more or less than the amount actually due and leave balances may be less accurate.

Recommendation

We recommend that employee time cards be reviewed by a direct supervisor or other higher level member of management.

ACTION TAKEN:

All employee time cards are now reviewed and signed off on by a higher level staff member.

Finding # 13 - Checks were not restrictively endorsed upon receipt.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 3.6.1 states:

"All checks and negotiable instruments received by Cashiers shall be restrictively endorsed immediately upon receipt using the Agency's approved restrictive endorsement stamp. This procedure restricts the disposition of the check 'for deposit only,' to the Agency's authorized bank account."

Checks received by Mayor's Financial Administration were not restrictively endorsed until the Accountant prepared them for deposit. In some cases checks might be held for one or two days.

The Accountant stated that he often receives checks that belong to another division. By restrictively endorsing them upon receipt, the incorrect depository account may be included in the restrictive endorsement. He also explained that the endorsement generated by the software at the time he prepares the deposit contains unique account information tying the transaction back to the financial system. By using a manual endorsement stamp, that information would not be included.

Checks that are not restrictively endorsed are at greater risk of misappropriation.

Recommendation

We recommend that all checks be restrictively endorsed upon receipt, or that Mayor's Financial Administration seek an exemption or revision to policy.

Additional Information

Background

Mayor's Financial Administration houses three main functions, Accounting, Planning and Budget, and Finance. Some of the services provided include financial statement preparation, administration of Countywide financial systems, indirect cost allocation, capital asset management, preparation of the annual proposed budget, bond management, and payroll.

Scope

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending April 30, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.



September 3rd, 2013

GREGORY P. HAWKINS
Salt Lake County Auditor

Re: An Audit of the Key Controls of Mayor Finance

Dear Gregory P. Hawkins:

We want to thank you for your report dated August 09, 2013 and the work performed by your staff, specifically Brenda Nelson.

We are pleased that all but two (2) audit findings are moderate to low risk. We take all risk levels seriously and will increase our efforts to address your findings as quickly as possible. Resource permitting, we hope to have fully implemented recommended safeguards by the end of the first quarter in 2014.

I want to further thank Brenda Nelson on behalf of Mayor Finance staff who appreciated her approach to our agency's audit and her willingness to further explain her findings in a matter that could easily be interpreted by agency staff. This has facilitated solutions to her findings. We are in the process of designating staff that will be responsible for addressing these findings and maintaining the established internal control measures.

Below you will find our management responses to your thirteen (13) findings.

Finding # 1 - Accounts receivable administration functions were not adequately segregated.

Recommendation: We recommend that the duties of billing and maintaining accounts be segregated from receipt and posting of customer payments

Response: We agree with this recommendation. We have a two pronged strategy for addressing this recommendation. Effective October 1st, the responsibility for billing and maintaining accounts receivable will be reassigned to a senior accountant. Once this action is implemented, our accountant will only be involved with the receipt and posting of customer payments.

Also, effective January 2014, Accounting will no longer provide accounts receivable billing services to County organizations with a low volume of accounts receivable transactions. We are making this change concurrent with the PeopleSoft enterprise software implementation. We will coordinate this transition with the small number of organizations effected. At that time, the responsibility for generating the remaining accounts receivable invoices originating in Mayor Finance will be assigned to the fiscal manager or designee. Karl Goodman, the

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Chief Financial Officer

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Director of Accounting will be responsible for implementing these recommendations.

Finding # 2 - Documentation of amounts transferred between departments could be improved.

Recommendation: We recommend that the documentation of the total amount of checks and cash received, and the date of the transfer, be obtained and retained by the receiving agency (Mayor's Financial Administration) and the remitting agency whenever funds are transferred.

Response: We agree with this recommendation. As allowed by Policy 1062, sometimes a memo or copy of the check and stub is used as a substitute for the MPF Form 7A. We have taken action to ensure that documentation includes a date stamp, the total amount of checks and cash received, and the accountant's initials for all cash receipts. Copies of documentation are maintained in Mayor Finance and provided to the remitting agency. Karl Goodman, the Director of Accounting is responsible to ensure we continue to comply with this recommendation.

Finding # 3 - There was no supervisory review and sign-off on the balance sheet.

Recommendation: We recommend that a supervisor compare the balance sheet with the deposit slip and the point-of-sale report and indicate their review with a signature.

Response: We agree that the consolidated register report (balance sheet) should be compared with the deposit slip by another employee. This review will be documented with a signature. We will assign this responsibility to either a senior accountant or the Associate Accounting Administrator. We anticipate having this procedure in place by October 1, 2013. Karl Goodman, the Director of Accounting will be responsible for implementing this procedure.

Finding # 4 - Attestation of licensing was not consistently provided prior to installation of software.

This condition occurred because of the absence of someone in Mayor Operations tracking software licenses at the time the Budget Division transferred from the Auditor to Mayor Operations, in combination with the fact that IS installed software on newly purchased machines without verifying the existence of licenses. After Mayor Finance's creation, its management assigned someone the responsibility for tracking software licenses. As a consequence, Mayor Finance now has a process designed to record and track software licensing. As far as the missing licenses are concerned, we are now in the process of purchasing them.

While we agree that by policy, it is an organization's responsibility to acquire and track software licenses, we also suggest that IS, as part of its desktop installation process, make an effort to verify that licenses exist before performing installations. As a side note, the time consumed tracking licenses could be

significantly reduced if IS were to purchase enterprise licenses for both operating systems and office productivity software. For this reason, we would like to see them complete an analysis of the feasibility of providing enterprise licensing for all of Salt Lake County.

Finding # 5 - An accounts receivable reconciliation was not documented and signed by an independent party.

Recommendation: We recommend that the monthly reconciliation be reviewed and that the review be documented with a signature.

Response: The finding references accounts receivable reconciliation procedures required by Countywide Policy 1220. This policy appears to describe the reconciliation process for a manual system. Section 5.3.2 indicates that at least monthly, the individual invoices are to be reconciled to the accounts receivable general ledger balance. AFIN or PeopleSoft are not manual systems, the sub-accounts automatically tie into the general ledger balance. Since the customer ledgers are computer generated, they automatically match against the general ledger. A discrepancy will not occur with a secure automated system such as our current CGI system. In our current system, journal entries may not be processed against the general ledger accounts receivable balance sheet account. All accounts receivable transactions must be processed through the individual sub ledger accounts. Our accountant has prepared an accounts receivable reconciliation for the months of January through July of 2013. These reconciliations showed zero difference amounts for those months. The January through July reconciliations have been reviewed and approved by the Director of Accounting. Based on those results, we believe this procedure is unnecessary for our CGI accounts receivable system. However, we plan on performing this accounts receivable reconciliation as we implement the PeopleSoft system until we document that it has become a secure system.

Finding # 6 - Not all assets were included on a signed controlled asset form.

Recommendation: We recommend that all items inventoried be documented and signed for using either "Controlled Asset Inventory Form–Organization" or "Controlled Asset Inventory Form–Employee."

Response: [ACTION TAKEN:] All items inventoried, including controlled assets not readily assignable to an individual employee or which are shared by employees in Mayor's Financial Administration, have now been documented and signed for using either "Controlled Asset Inventory Form–Organization" or "Controlled Asset Inventory Form–Employee".

Finding # 7 - The current location or disposition of 26 (7%) controlled assets was not known.

Recommendation: We recommend that records be maintained and updated whenever assets are purchased, assigned, moved, or surplusd.

We recommend that the missing items be removed from the controlled asset database, documented on a form PM-2, and on a memo or letter to the CFO or Fiscal Administrator.

Response: We agree that all controlled assets owned by Mayor's Financial Administration should be accurately tracked from initial purchase until final disposition, and that changes in an asset's status (e.g., reassigned within the organization, transferred to a different organization, surplused) should be reflected in the controlled asset records in a timely manner. We are developing and will implement internal procedures to ensure that our controlled asset records are accurately maintained, and that all transactions relating to our controlled assets are recorded at the time they occur. We will attempt to locate the 26 controlled assets that are currently unaccounted for. Any of these assets that remain unaccounted for will be removed from the controlled asset database, documented on a form PM-2, and on a letter to the CFO, in accordance with Auditor's Office recommendations. Stephan Gabrielson, the Associate Budget Administrator, is Mayor's Financial Administration's Property Manager, and will be responsible for implementing this recommendation.

Finding # 8 - Safeguards over checks received through the mail were not adequate.

Recommendation: We recommend that mail containing checks be safeguarded. We recommend that checks received in the mail be opened and recorded on a log in the presence of two staff members.

Response: We agree that mail containing checks should be adequately safeguarded. We will begin to have two staff members open the mail together and log received checks. Tanya Anderson currently receives and distributes the mail for N4100. Stephan Gabrielson is her supervisor and will be responsible for the implementation of this recommendation. In addition, we would like to work with the Auditor and Treasurer offices to clarify this area of Countywide Policy 1062.

Finding # 9 - Voids were not handled in accordance with Countywide policy.

Recommendation: We recommend a copy of all voids be included with daily deposit documentation. We recommend that an explanation be recorded on the face of all voided receipts. We recommend that the employee completing the void, and a supervisor not involved with the transaction, review and sign the voided receipt.

Response: We agree with these recommendations and have taken action to implement them. Our accountant is scanning the voided receipts with the explanation and approvals. The Director of Accounting is approving all voids. Karl Goodman, the Director of Accounting will be responsible to ensure we continue to comply with this recommendation.

Finding # 10 - Proof of license was not transferred along with computers that were acquired from another division.

The transferring organization has since provided most of the requested license information and the Budget Applications Manager has entered what was provided into Mayor Finance's software inventory database. There is and will continue to be some missing information because the transferring organization itself did not have complete records.

Finding # 11 - The Balance Sheet did not include a calculation of overages and shortages and an over/short log was not consistently generated.

Recommendation: We recommend that Mayor's Financial Administration modify the balance sheet currently in use to reconcile receipts to the actual deposit and indicate an over/short or no-difference amount. We recommend that Mayor's Financial Administration consistently maintain a monthly over/short log that is reviewed and signed by a supervisor.

Response: Our CashPro cash register system does have satisfactory over/short reports. One of those reports will function well as a monthly over/short log. We rarely experience over/short situations. In fact, we have not had an over/short situation in the last five years. However, we agree that the over/short report should be reviewed and signed by the Associate Accounting Administrator on a monthly basis. We anticipate having this procedure in place by October 1, 2013. Karl Goodman, the Director of Accounting will be responsible for implementing this recommendation.

Finding # 12 - The payroll coordinator approved timecards for higher level staff.

Recommendation: We recommend that employee time cards be reviewed by a direct supervisor or other higher level member of management.

Response: [ACTION TAKEN:] All employee time cards are now reviewed and signed off on by a higher level staff member.

Finding # 13 - Checks were not restrictively endorsed upon receipt.

Recommendation: We recommend that all checks be restrictively endorsed upon receipt, or that Mayor's Financial Administration seek an exemption to policy.

Response: We agree with this recommendation. This restrictive endorsement will be performed by those employees in Mayor Finance opening the mail. Stephan Gabrielson, the Associate Budget Administrator will be responsible for implementing this recommendation.

Sincerely,



Darrin Casper, CFO