

COMMENTS PERTAINING TO OFFICIALS AND DEPARTMENTS

AUDITOR-CONTROLLER

CASH RECONCILIATION

Condition

In reviewing the cash reconciliation between the Treasurer's cash and the cash carried on the general ledger, we noted several items dating back several years that have never been resolved. For example, there are reconciling differences relating to payroll entries in 1997 and 1998 totaling approximately \$130,000. There are other reconciling items before December 31, 2001 totaling approximately \$148,000.

Recommendation

Research should be continued to correct the old items carried as reconciling items between the general ledger and the treasury. Items should then be cleared on a current basis each month as they occur.

Department Response

We concur with the recommendation. The Auditor-Controller's Department will continue to place an emphasis on reconciling the prior year differences. The amount of time we are able to dedicate to the process is constrained by limited staff resources. To accomplish this task will require the use of overtime. Once the reconciliation has been completed we will prepare a Board of Supervisors' agenda item to deal with any unreconciled items. The research and final reconciliation will be completed by September 30, 2003.

COUNTY EXECUTIVE OFFICER/AUDITOR-CONTROLLER

POSTINGS DIRECTLY TO FUND EQUITY

Condition

During our audit, we noted that current year activity in the Internal Service funds, including Workers' Compensation (Human Resources Division) and General Liability Insurance (County Executive Office) funds, was posted to retained earnings instead of against current year revenues and expenses.

Recommendation

We recommend that the retained earnings balances be adjusted to agree with the audited financial statements and that current activity be properly posted against current year revenues and expenses instead of retained earnings.

Auditor-Controller's Response

We concur in part with the finding. We will on a prospective basis post the current activity against revenues and expenses but will not adjust the retained earnings balances to the audited financial statements.

County Executive Officer's Response

The County Executive Officer concurs with the Auditor-Controller's response.

COUNTY EXECUTIVE OFFICER/INFORMATION TECHNOLOGY SERVICES/ AUDITOR-CONTROLLER

YEAR END CLOSING PROCEDURES

Finding

The Auditor-Controller's office does a very good job in conducting procedures to close the annual accounts and books of the County and in preparing schedules and documents for the annual outside audit. However, the process of closing and preparing for the annual audit is very labor intensive at year end. The People Soft computer system that the County uses is capable of preparing many reports at year end which would facilitate making the year end closing procedures more efficient if they were used to the fullest degree possible.

Recommendation

We recommend that the County consider implementing a process to review current operating and closing procedures, along with software capabilities to determine the most efficient and cost effective way in which to close its books annually as well as using the system so that outside spreadsheets can be reduced to a minimum. We also recommend that staff obtain training regarding People Soft financial system's capabilities in generating financial statement reports which would assist staff in preparing the County's financial reporting at year end, as well as preparing management reports at other intervals during the year.

Auditor-Controller's Response

We concur with the recommendation. The goal of the Auditor-Controller's Department is to be able to prepare GASB 34 Financial statements and interim financial information using the PeopleSoft financial system. We currently operate on version 7.5 financials and will be upgrading

to the 8.4 web version in the next twelve months. It would not be an efficient use of funds and staff time to do the necessary report generation on the current 7.5 version. Therefore, we suggest implementing a more streamlined approach to the closing process and report generation with the upgrade to version 8.4. The proposed timing for this procedural change would be the year end closing at June 30, 2004. We also concur that additional staff training by both the Auditor-Controller's Department and Information Technology Services will be necessary for a successful implementation of these processes and procedures. The newly formed ITS Strategic Leadership Team should be involved in prioritizing this recommendation.

Information Technology Services' Response

Information Technology Services concurs with the Auditor-Controller's response.

County Executive Officer's Response

The County Executive Officer concurs with the Auditor-Controller's response.