

**Meeting of the
Audit Subcommittee
Yolo County
January 27, 2022
10:00 a.m.**

NOTE: This meeting is being agendized to allow Board Members, staff and the public to participate in the meeting via teleconference, pursuant to Government Code section 54953(e)(1) (as amended by Assembly Bill 361), available at the following [link](#).

Teleconference Options to join Zoom meeting:

By PC: <https://yolocounty.zoom.us/j/89281850357>

Meeting ID: 892 8185 0357

or

By Phone: (408) 638-0968

Meeting ID: 892 8185 0357

Government Code section 54953(e)(1) authorizes local legislative bodies to hold public meetings via teleconference and to make public meetings accessible telephonically or otherwise electronically to all members of the public. Members of the public are encouraged to observe and participate in the teleconference.

Further instructions on how to electronically participate and submit your public comments can be found in the PUBLIC PARTICIPATION note at the end of this agenda.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Kim Eldredge, Audit Manager at least two (2) working days before the meeting at 530-666-8190 ext. 9204 or kim.eldredge@yolocounty.org.

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of County staff who will distribute the information to the members and other staff.

Committee Members:

Chair, Gary Sandy (Board of Supervisors – Voting)

Angel Barajas (Board of Supervisors - Voting)

Vice-Chair, Lawrence Raber (Public Member – Voting)

Yolo County Internal Audit Staff

Kim Eldredge (Audit Manager – Non-voting)

Noemy Mora-Beltran (Senior Auditor – Non-voting)

Navpreet Ghuman (Internal Auditor – Non-voting)

10:00 am Call to Order

- 1. Introductions.**
- 2. Roll Call.**
- 3. Approval of Agenda.**
- 4. Follow-up of items from prior meeting (if any).**
 - a. Inquiry to Yolo County's external auditors regarding reliance/timing of Internal Audit projects when assessing their own work.
- 5. Public Comment**

This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to 3 minutes per speaker, but an extension can be provided at the discretion of the chair.

CONSENT AGENDA

- 6. Renew authorization for remote (teleconference/videoconference) meetings by finding, pursuant to Assembly Bill 261, that (a) the COVID-19 pandemic state of emergency is ongoing, and (b) local officials continue to recommend measures to promote social distancing.**
- 7. Approve prior meeting minutes 7/29/2021 and 10/28/2021.**
- 8. Receive Purchase Card Continuous Auditing report – January to June 2021 (1/20/2022)**

REGULAR AGENDA

- 9. Receive staff report on the Cash Department Audit – Sheriff report (11/22/2021); (Mora-Beltran/Cheuk)**
- 10. Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting; (Eldredge)**
- 11. Confirm next meeting date: April 28, 2022 at 10:00 to 11:30 am.**
- 12. Committee Member and Staff Announcements**

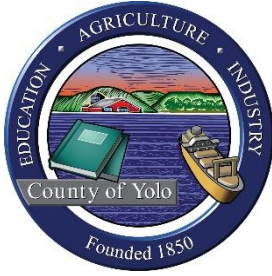
Action items and reports from members of the Committee, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

13. Adjournment (Approximately 11:30 a.m.)

Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Kim Eldredge, Audit Manager at 530-666-8190 ext. 9204 or kim.eldredge@yolocounty.org and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8190 ext. 9204 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/general-government/general-government-departments/financial-services/financial-oversight-committee>.

PUBLIC PARTICIPATION
OPTIONS FOR PUBLIC COMMENT

1. If you are joining the meeting via zoom and wish to make a comment on an item, press the “raise a hand” button. If you are joining the meeting by phone only, press *9 to indicate a desire to make comment. The chair will call you by name or phone number when it is your turn to comment. Speakers will be limited to 3:00 minutes. “Note: If you are joining by zoom and phone, still use the zoom raise a hand button as *9 will not work.
2. If you choose not to observe the Audit Subcommittee meeting but wish to make a comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the Monday prior to the Committee meeting. Please submit your comment to Kim Eldredge, Audit Manager at kim.eldredge@yolocounty.org. Your comment will be placed into the record at the Committee meeting.
3. If you are watching/listening to the live stream of the Committee meeting and wish to make either a general public comment or to comment on a specific agenda item as it is being heard, you may also submit your comment, limited to 250 words or less, to the Kim Eldredge, Audit Manager at kim.eldredge@yolocounty.org. Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.



COUNTY OF YOLO

Health and Human Services Agency

Karen Larsen, LMFT
Director

Aimee Sisson, MD, MPH
Health Officer

MAILING ADDRESS
137 N. Cottonwood Street • Woodland, CA 95695
www.yolocounty.org

Date: January 4, 2022

To: All Yolo County Boards and Commissions

From: Dr. Aimee Sisson, Health Officer

Subject: Remote Public Meetings

On September 22, October 20, and November 20, 2021, I issued memoranda recommending remote meetings. The case rate in Yolo County has increased significantly since the November 20 memorandum, and the current case rate represents high community transmission. In the context of high community transmission, I recommend meetings be held remotely whenever possible. I am re-issuing the earlier memorandum with updated COVID-19 case rate data.

In light of the ongoing public health emergency related to COVID-19 and the high level of community transmission of the virus that causes COVID-19, the Yolo County Public Health Officer recommends that public bodies continue to meet remotely to the extent possible. Board and Commissions can utilize the provisions of newly enacted AB 361 to maintain remote meetings under the Ralph M. Brown Act and similar laws.

Among other reasons, the grounds for the remote meeting recommendation include:

- The continued threat of COVID-19 to the community. As of January 4, 2022, the case rate is 32.3 cases per 100,000 residents per day. This case rate is considered “High” under the Centers for Disease Control and Prevention’s (CDC) framework for assessing community COVID-19 transmission; and
- The unique characteristics of public governmental meetings, including the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges of ensuring compliance with safety requirements and recommendations at such meetings.

Meetings that cannot feasibly be held virtually should be held outdoors when possible, or indoors only in small groups with face coverings, maximal physical distance between participants, use of a portable HEPA filter (unless comparable filtration is provided through facility HVAC systems), and shortened meeting times.

Davis

600 A Street
Davis, CA 95616
Mental Health (530) 757-5530

West Sacramento

500 Jefferson Boulevard
West Sacramento, CA 95605
Service Center (916) 375-6200
Mental Health (916) 375-6350
Public Health (916) 375-6380

Winters

111 East Grant Avenue
Winters, CA 95694
Service Center (530) 406-4444

Woodland

25 & 137 N. Cottonwood Street
Woodland, CA 95695
Service Center (530) 661-2750
Mental Health (530) 666-8630
Public Health (530) 666-8645

This recommendation is based upon current conditions and available protective measures. The Public Health Officer will continue to evaluate this recommendation on an ongoing basis and will communicate when there is no longer such a recommendation with respect to meetings for public bodies.

YOLO COUNTY AUDIT COMMITTEE

MINUTES OF MEETING July 29, 2021

Note: This meeting was held via teleconference, pursuant to the Governor's Executive Order N-29-20 (March 17, 2020).

Members present on the call: Gary Sandy (Chair - Supervisor) and Larry Raber (Public Member).

Members excused: Angel Barajas (Supervisor)

Others present on the call: Kim Eldredge, Noemy Mora-Beltran, and Navpreet Ghuman (Internal Audit) and Ryan Pistochini, Procurement Manager.

Moderator: Kim Eldredge

Recorded by:

- 1) **Call to order.** Gary Sandy called the meeting to order at 10:00 AM with Larry Raber in attendance and Angel Barajas absent. Quorum was formed.
- 2) **Introductions.** Members and Internal Audit above were on the call.
- 3) **Approval of agenda.** The agenda was reviewed and approved; agenda adopted (Raber/Sandy).
- 4) **Follow-up of items from 4/29/2020 meeting.** Kim Eldredge reported that no follow-up items were noted.
- 5) **Public comment.** Kim Eldredge reported that no public comments were received for the record.
- 6) **Approval of the 4/29/2021 meeting minutes.** The meeting minutes were approved. (Raber/Sandy).
- 7) **Receive staff report on the Purchase Card Continuous Auditing report (7/21/2021); (Mora-Beltran/Pistochini).**
Noemy Mora-Beltran provided a staff report on the audit recommendations and management response. Ryan Pistochini, Procurement Manager, provided an explanation on items purchased within the review period and improvements made thus far with the purchase card program with increased training and enforcement of violations per County Policy.
- 8) **Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting; (Eldredge)**
Kim Eldredge provided a status of current engagements: Payroll Audit-Carry Forward, Whistleblower project update, and Special Project-YCTD additional review. Larry requested that the status report include a column for high/med/low and reason for priority to give context on which projects are rated with high risk.
- 9) **Receive staff report on the Proposed Audit Plan FY21/22; (Eldredge).**
Kim Eldredge discussed the proposed audit plan in detail. The estimated budget hours included 3 FTEs with the limited-term auditor's salary and benefits moved to professional services to help the division get audits completed timelier. The audit plan also included three projects planned for

outsourcing (Network and Web Application Penetration Tests, Access Review Audit, Fleet Audit, and CW Risk Assessment). Supervisor Sandy requested a follow-up on the Sheriff's Report for the Inmate Welfare Fund.

- 10) **Approve the Proposed Audit Plan FY21/22 with recommended changes; (Eldredge).**
Proposed Audit Plan FY21/22 was approved. (Raber/Sandy)
- 11) **Confirm next meeting date.** The next meeting is scheduled for October 28, at 10:00-11:30 a.m.
- 12) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.
- 13) **Adjournment.** Meeting adjourned at 11:21 a.m.

YOLO COUNTY AUDIT COMMITTEE

MINUTES OF MEETING October 28, 2021

Note: This meeting was held via teleconference, pursuant to the Government Code section 54953(e)(1) (as amended by Assembly Bill 361)

Members present on the call: Larry Raber (Public Member) and Angel Barajas (Supervisor)

Members excused: Gary Sandy (Chair – Supervisor)

Others present on the call: Kim Eldredge, Noemy Mora-Beltran, and Navpreet Ghuman (Internal Audit).

Moderator/Recorded by: Kim Eldredge

- 1) **Call to order.** Larry Raber called the meeting to order at 10:01 AM with Angel Barajas in attendance. Gary Sandy absent. Quorum was formed.
- 2) **Introductions.** Members and Internal Audit above were on the call.
- 3) **Approval of agenda.**
Larry requested an item to be added to the consent agenda to authorize remote public meetings as recommended by the County Health Officer Dr. Sisson to reduce the spread of COVID-19 and the newly enacted Assembly Bill 361 (amending Brown Act to hold remote meetings during a state of emergency and when state or local officials impose or recommend measures to promote social distancing). And, to accept the meeting minutes for 7/29/2021 as receive and file but move to approve at the next scheduled meeting due to one member not being present to approve minutes. Approved (Raber/Barajas).
- 4) **Follow-up of items from 7/29/2021 meeting.** Kim Eldredge reported that the committee requested a follow-up to the Sheriff's report for the Inmate Welfare Fund. The Sheriff submitted their annual report for 2018-19 to 2020-21 to comply with Penal Code Section 4025(d) approved by the Yolo County Board of Supervisors on 8/31/2021.
- 5) **Public comment.** Kim Eldredge reported that no public comments were received for the record.

Consent Agenda

- 6) **Approve prior meeting minutes 7/29/2021;** Moved to next scheduled regular meeting on 1/27/2022.
- 7) **Receive and file Summary of Audits 2021 for County, Non-County, JPAs, and Special Districts.**

Added item: Authorize Remote Public Meeting as recommended by County Health Officer and newly enacted Assembly Bill 361.

Consent agenda approved. (Barajas/Raber).

Regular Agenda

- 8) **Receive staff report on the Countywide Payroll Audit report (9/30/2021). (Mora-Beltran/Lara).**

Noemy Mora-Beltran provided a staff report on the audit recommendations and management response. Alberto Lara, Human Resources Director, provided an explanation on findings noted within the report and agreed to provide regular updates to the committee at future meetings.

- 9) **Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting; (Eldredge)**

Kim Eldredge provided a status of current engagements: Special Project-YCTD additional review and Cash-Department – Sheriff-waiting on management responses; Cash Department – Assessor/Clerk-Recorder/Elections-project started; Capital Project Audit-delayed due to conflicts with other audits; and Treasury Cash Count Qtr. 1 9/30-completed. For On-call Audit Services, received 7 proposals and waiting for evaluation of bids. Other high priority projects are the Follow-up Audits and Testing of Corrective Action Plan expected to launch Oct/Nov and report back to the committee in January 2022 and the Special Project Assignment with Health & Human Services for fiscal monitoring of subrecipients for federal grants. Larry asked if the Network and Web Application Penetration Tests and Internal Audits projects are relied upon by the external auditors when assessing their own work and timing of those projects. Kim will reach out to the County's external auditors and report back to the committee.

- 10) **Approve meeting calendar for year 2022.**

Meeting calendar was approved. (Barajas/Raber)

- 11) **Confirm next meeting date.** The next meeting is scheduled for January 27, 2022, at 10:00-11:30 a.m.

- 12) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.

- 13) **Adjournment.** Meeting adjourned at 11:20 a.m.

PURCHASE CARD CONTINUOUS AUDITING

Yolo County

Division of Internal Audit

Report on the continuous auditing of purchase card transactions.

For the Period: January 1, 2021 to June 30, 2021

Audit No: 2022-27

Report Date: January 20, 2022

The County had 148 purchase cards issued to employees. During the audit period, the County departments spent **\$496,105** of **2372** transactions charged to the purchase cards issued to their employees. The auditors reviewed the purchase card activity to identify transactions exceeding single and monthly credit limits; split transactions; weekend and holiday transactions; and other unusual activity.



The results of the procedures performed included custom data analytics and review of purchase card transactions to determine if purchase card transactions were supported by adequate documentation, and in compliance with County policies and procedures.

Continuous Auditing is a method used to perform audit-related activities on a continuous basis that includes control and risk assessment performed by Internal Audit.
(Best Practice by the Institute of Internal Auditors)

For more information, please contact:

Internal Audit Manager: Kim Eldredge, CGAP
Senior Auditor: Noemy Mora-Beltran
Internal Auditor: Navpreet Ghuman

County of Yolo
Department of Financial Services
Division of Internal Audits
P.O. Box 1995
Woodland, CA 95776



Visit the Division's Website at
<http://www.yolocounty.org/general-government/general-government-departments/financial-services/internal-audit>



County of Yolo

TOM HAYNES
Interim Chief Financial Officer

www.yolocounty.org

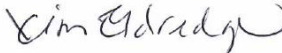
DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102
PO BOX 1268
WOODLAND, CA 95776
PHONE: (530) 666-8190
FAX: (530) 666-8215
DFS @ yolocounty.org

- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Fee Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

Date: January 20, 2022

To: Ryan Pistochni, Procurement Manager
Tom Haynes, Yolo County, Interim Chief Financial Officer

From: Kim Eldredge, Internal Audit Manager 

Subject: Purchase Card Continuous Auditing Report
For the period January 1, 2021 to June 30, 2021
Audit Project: No. 2022-27

The Division of Internal Audit has completed the audit of Purchase Card - Continuous Auditing as part of our FY2021-22 Audit Plan approved by the Audit Subcommittee. The scope of this audit consisted of all purchase card transactions for the period January 1, 2021 to June 30, 2021. The audit objectives were to:

- develop custom data analytic reports that continuously identify purchase card transactions that may require further review;
- test the items identified in the custom reports to ensure they adhere to purchasing card policies and procedures; and,
- determine if the custom reports could be used by management as a tool to increase awareness and compliance throughout the organization.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards) established by the Institute of Internal Auditors. These standards require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives. We believe that the evidence obtained provides reasonable basis for the results, observations, and recommendations contained in our report.

In regards to auditor's independence, the Internal Audit Manager reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

As required, in accordance with auditing standards, County Management responded to each finding and recommendation contained in our report.

We thank the Department of Financial Services management, staff and other county personnel for their assistance.

Attachments

Cc. Chad Rinde CPA, Interim Yolo County Administrator
Yolo County Audit Subcommittee
Internal Audit Website
Audit File

Executive Summary

The Division of Internal Audit (DIA) completed the audit of Purchase Card – Continuous Auditing as part of our FY 2021-22 Audit Plan approved by the Audit Subcommittee. This audit performed an analytical review of the purchase card activity to determine that the purchase card transactions were supported by adequate documentation, and in compliance with County policies and procedures. We performed a variety of audit tests of the purchase card transaction activity utilizing computer-assisted audit techniques (known by the acronym CAATs). Continuous auditing is a method used to perform control and risk assessments automatically on a frequent basis. Internal auditors use CAATs as a tool to help identify exceptions, duplicates, gaps, etc. in a set of data that require further review. CAATs can query 100% of the data population automatically with predetermined criteria. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) established by the Institute of Internal Auditors.

Purchase Card Transactions (CAATs Results) - 1/1/2021-6/30/2021		
9		Split Transactions- Potential split purchases within the same day and across multiple days to circumvent purchase card limits
9		Exceeds Limit- Transactions exceeded Cardholder's single purchase and monthly credit limits
207		Weekend/Holiday Transactions- Transactions that occurred on weekends or holidays
111		Purchases made through other means- Transactions typically made through the County's travel agency (hotels, airline, car rental, fuel)

Scope and Methodology

The scope of this audit consisted of all purchase card transactions for the period of January 1, 2021 to June 30, 2021, which included 2372 transactions totaling \$496,105. Our objectives were to analyze purchase card data, employee data and vendor payments to identify purchase card activity in the following areas:

- Transaction overview of purchase card activity
- Transactions exceeding single purchase limits
- Transactions exceeding monthly credit limits
- Transactions split to circumvent purchasing card limits
- Transactions occurring on weekends and holidays
- Purchases typically made through other means
- Top Ten Merchants with the highest transaction amounts

What We Found

The audit found exceptions as the result of tests conducted on the purchase card activity in the following areas:

	Lack of supporting documentation (original or supporting receipts)		Split transactions
	Purchase card statements not approved by an authorized Approving Official		Goods not verified when received
	Description of business purpose not identified		Purchase card used for unauthorized purchases
	Program eligibility and department's policy and procedures for client services needs improvement		

What We Recommend

The auditors recommend that County Management consider the following to improve accountability and compliance within the Yolo County Purchase Card Program.

- County Procurement Manager (CPM) should continue to research reported exceptions and regularly monitor purchase card activity to reflect all changes to procedures, personnel, and updates to the Cal-Card system. In addition, the CPM should review Cardholders with low usage, no activity, or with multiple cards to determine need of card.
- Department Financial Services (DFS) should ensure that the Cardholders attach copies of sales receipts or other documentation to support the charge expensed to the County.

Transaction Analysis

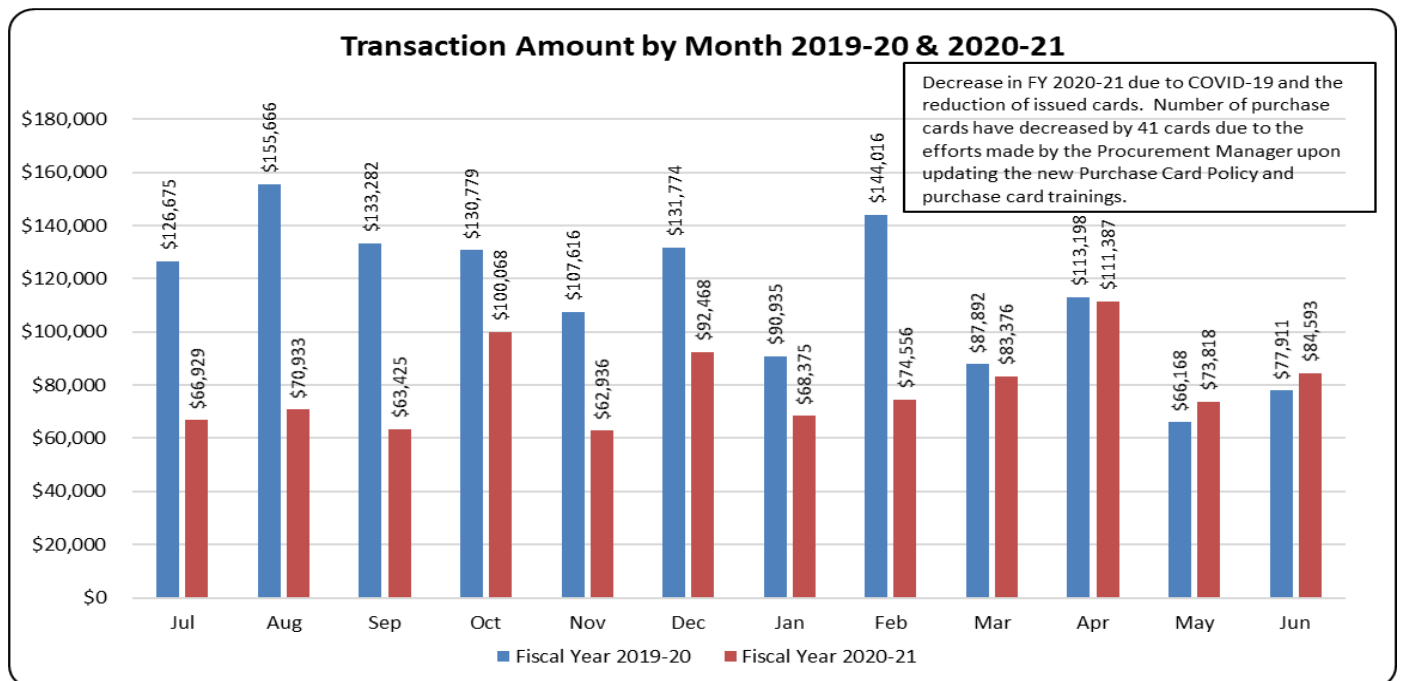
The County's policy for the Purchase Card Program governs what types of purchases are allowed with the purchase card. The card is used to pay for small dollar transactions for items such as supplies, goods and services. The single dollar limit per transaction must not exceed \$5,000 including sales tax and any additional charges, such as freight or shipping.

Summary of Purchase Card Transactions by Department

At the time of the audit, the County had 148 purchase cards issued to employees. County departments spent \$952,862 in fiscal year 2020-21. During the fiscal year 2020-21, there was a decrease in purchase card transaction activity of 40% due to COVID-19 and the reduction of issued cards. The departments with significant transaction amount decreases were the Assessor/Clerk-Recorder/Elections, Child Support Services, District Attorney, Health & Human Services, Probation, and Sheriff. An overview of the purchase card transactions for fiscal years 2019-20 and 2020-21 by department is presented in Figure 1 with a comparison by month in Figure 2.

Department	Fiscal Year 2019-20			Fiscal Year 2020-21			Change				
	Issued Cards	# of Trans	Transaction Amount	Issued Cards	# of Trans	Transaction Amount	Issued Cards	# of Trans	# of Trans %	Transaction Amount	Transaction Amount %
Agriculture	5	170	\$35,661.00	4	123	\$22,423.34	(1)	(47)	-38%	(\$13,237.66)	-59%
Assessor Clerk Elections	5	352	\$43,877.10	4	368	\$20,549.32	(1)	16	4%	(\$23,327.78)	-114%
Board of Supervisors	1	103	\$20,794.04	1	61	\$17,216.60	0	(42)	-69%	(\$3,577.44)	-21%
Child Support Services	4	113	\$31,809.35	4	30	\$5,180.79	0	(83)	-277%	(\$26,628.56)	-514%
Community Services	9	217	\$48,404.18	6	159	\$34,369.38	(3)	(58)	-36%	(\$14,034.80)	-41%
County Administrator	6	341	\$57,168.11	6	242	\$38,291.88	0	(99)	-41%	(\$18,876.23)	-49%
County Counsel	1	23	\$1,961.55	1	20	\$1,279.94	0	(3)	-15%	(\$681.61)	-53%
District Attorney	6	249	\$43,832.85	3	153	\$21,959.89	(3)	(96)	-63%	(\$21,872.96)	-100%
Financial Services	5	225	\$50,659.22	5	184	\$60,705.58	0	(41)	-22%	\$10,046.36	17%
General Services	22	557	\$111,049.46	18	540	\$92,855.58	(4)	(17)	-3%	(\$18,193.88)	-20%
Health Human Services	45	2502	\$597,876.21	35	1767	\$438,940.78	(10)	(735)	-42%	(\$158,935.43)	-36%
Human Resources	2	140	\$30,866.84	2	102	\$24,316.30	0	(38)	-37%	(\$6,550.54)	-27%
Innovation Technology Services	5	83	\$26,715.56	2	81	\$16,642.69	(3)	(2)	-2%	(\$10,072.87)	-61%
Library	8	336	\$50,135.57	7	194	\$35,904.28	(1)	(142)	-73%	(\$14,231.29)	-40%
Probation	18	446	\$66,847.58	6	234	\$31,481.17	(12)	(212)	-91%	(\$35,366.41)	-112%
Public Defender	21	256	\$27,094.30	18	161	\$19,277.01	(3)	(95)	-59%	(\$7,817.29)	-41%
Sheriff	26	703	\$121,160.49	26	434	\$71,467.87	0	(269)	-62%	(\$49,692.62)	-70%
Total	189	6816	\$1,365,913.41	148	4853	\$952,862.40	(41)	(1963)	-40%	(\$413,051.01)	-43%

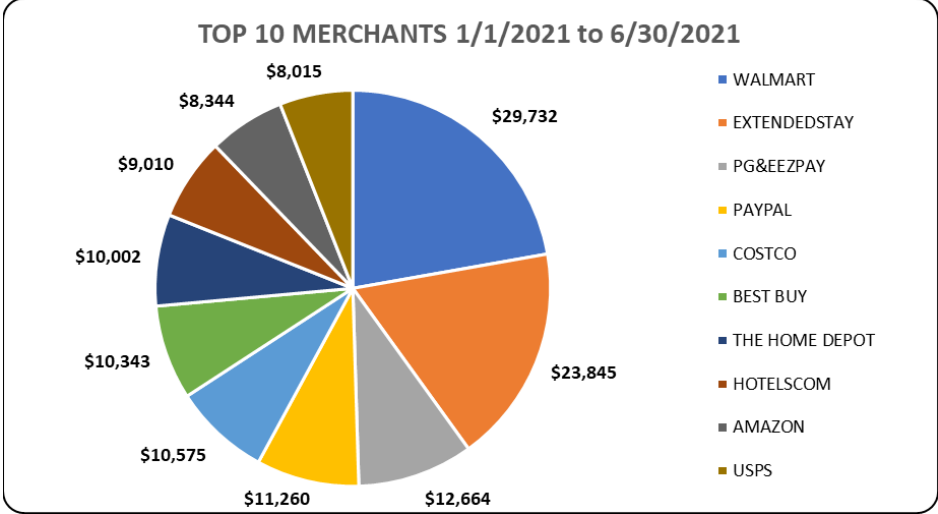
(Figure 1) Transaction Summary by Department



(Figure 2) Transaction Amount by Month

Common Types of Merchants

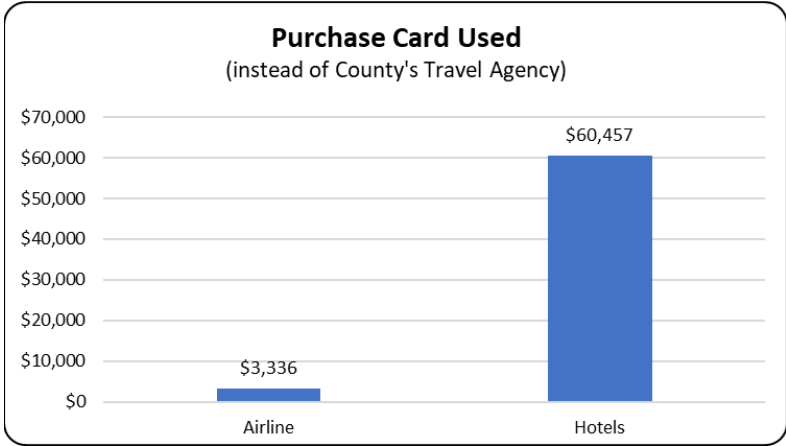
The most common merchants paid by the purchase card relate to items purchased for a specific program, office supplies, training, travel, and shelter/utilities paid for clients as illustrated in the “Top 10 Merchants” in the pie chart below totaling \$133,790 from January 1, 2021 to June 30, 2021. Four (4) vendors (ExtendedStay, Paypal, Costco, and The Home Depot) were added to the top ten based on goods needed for COVID-19 related transactions and items purchased for clients.



(Figure 3) Top 10 Merchants

Transactions Typically Made Through Travel Agency

The County has contracted with an outside travel agency to arrange travel involving airfare and/or an overnight stay in a hotel. The preferred method for arranging travel is through the County’s Travel Agency. In certain circumstances, better rates may be obtained via the Internet or sources other than the Travel Agency. Travel may be obtained from these other sources only if it results in a net saving to the County and has been pre-approved by the department head or their designee. During the audit period, there were 111 transactions totaling \$63,793 for airfare and hotels (Figure 4). Hotels include transactions for clients under the CalWORKs Housing Support Program (HSP) to shelter clients.



(Figure 4) Purchase Card Used (instead of County’s Travel Agency)

Summary of Spending Limits

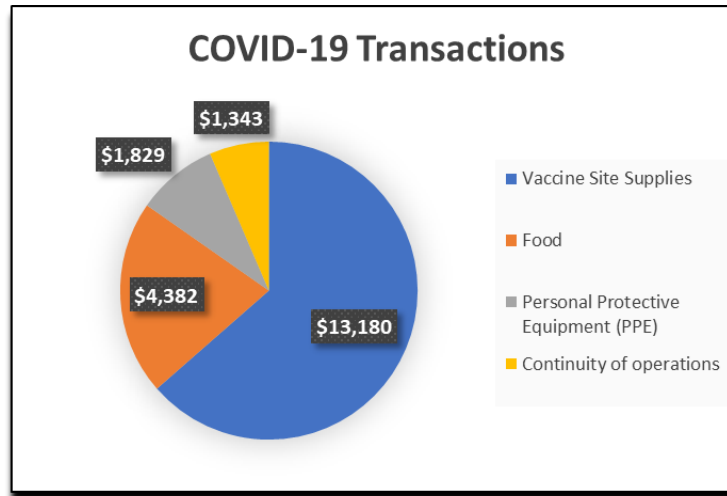
Each purchase card has monthly credit limit established within the CAL-Card system. Cardholders have monthly credit limits from \$500 to \$20,000 depending on their usage. Single transaction limits will no longer be applicable under the new Purchase Card Policy. Cardholders currently have single dollar limits that range from \$0 to \$5,000. The auditors reviewed the purchase card accounts and found that 37 Cardholders had low activity (less than 5 transactions in a 6-month period); 24 Cardholders had no activity during the period under review; and 8 Cardholders had duplicate cards.

COVID-19 Transactions

The auditors reviewed sixteen (16) COVID-19 related transactions totaling \$20,734. There were 13 exceptions noted for lack of supporting documentation and purchase card statements not signed by Cardholder and authorized Approving Official. The Yolo County Coronavirus Recovery Operations Center (CROC) was responsible for monitoring COVID-19 related transactions and for ensuring compliance with the Federal Emergency Management Agency (FEMA) and other applicable policy and procedures. The Health and Human Services Agency department (HHSA) will be assuming the CROC responsibilities moving forward. The following charts provide an overview of the COVID-19 purchase card transactions tested.

Category	Item Purchased	# of Trans	Transaction Amount
Vaccine Site Supplies	Folding tables, thermometers, coolers, iPads and covers	7	\$13,180
Food	Food for COVID-19 individuals and lunch for volunteers	5	\$4,382
Personal Protective Equipment (PPE)	Cleaning supplies	2	\$1,829
Continuity of operations	Subscriptions and window repairs for CROC vehicle	2	\$1,343
Total		16	\$20,734

(Figure 5) COVID-19 Purchase Card Transactions (Items Purchased)



(Figure 6) COVID-19 Purchase Card Transactions

Results of Transaction Testwork

The following findings and recommendations are made as a result of tests conducted on 109 transactions by Cardholders at the Agriculture, Assessor/Clerk-Recorder/Elections, Board of Supervisors, Community Services, County Administrator, District Attorney, Financial Services, General Services, Health & Human Services Agency, Library, Probation, Public Defender, and Sheriff's departments. The auditors reviewed the transactions and additional documentation provided by the department management and verified compliance with County policy and procedures. The results are listed below.

Purchase Card Transactions (CAATs Results) – 1/1/2021 to 6/30/2021		
9		Split Transactions- Potential split purchases within the same day and across multiple days to circumvent purchase card limits
9		Exceeds Limit- Transactions exceeded Cardholder's single purchase and monthly credit limits
207		Weekend/Holiday Transactions- Transactions that occurred on weekends or holidays
111		Purchases made through other means- Transactions typically made through the County's travel agency (hotels, airline, car rental, fuel)

Summary of Findings and Recommendations

Title	Finding	Recommendation	Management Response
1. Lack of supporting documentation (original or supporting receipts)	<p>DIA identified:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Seven (7) transactions had no original or supporting receipt on file and/or incomplete evidence of all items purchased <input type="checkbox"/> Four (4) transactions for food purchases did not include a list of name(s) of persons who benefited from the County paid meal as required by County policy <input type="checkbox"/> Seven (7) transactions had no approved Travel Request Forms attached or the forms were not signed by an authorized official <input type="checkbox"/> Seven (7) transactions had no documentation for using alternative methods for travel arrangements instead of the County's Travel Agency 	<p>DFS should ensure that the Cardholders review the statement for accuracy and attach copies of sales receipts or other documentation to support the charge expensed to the County in the order they appear on the statement. The Approving Official ensures that receipts and documentation are in order and that they match the statement. The Reconciler reviews the supporting documentation, records the proper expenditure accounts, and prepares the journal entry.</p>	<p>Concur. Tom Haynes, Interim Chief Financial Officer 1/19/2022. Management is conducting travel policy training in fiscal year 2021/2022 and will incorporate into the training the issues identified in this report. Management will remind departmental approvers and reconcilers that they are the first and second level of people who are responsible for ensuring supporting documentation is present and sufficient.</p>
2. Description of business purpose not identified	<p>DIA identified:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Three (3) transactions had no description of business purpose <input type="checkbox"/> Six (6) transactions with not enough information to determine compliance with County policy and procedures 	<p>DFS should ensure that detailed information be documented when the business purpose is not evident from the sales draft. Fund codes need to be exact and having information to better assist in the coding of the transaction is helpful.</p>	<p>Concur. Tom Haynes, Interim Chief Financial Officer 1/19/2022. Management has established trainings that inform cardholders of the need to document the business purpose. Management will</p>

Internal Auditor's Report

Title	Finding	Recommendation	Management Response
			remind departmental approvers and reconcilers that they are the first and second level of people who are responsible for ensuring supporting documentation is present and sufficient.
3. Goods not verified when received	DIA identified ten (10) transactions with no verification of when goods were received	DFS should ensure that the Cardholder keep a copy of the order form, including all shipping and sales tax information. When the order is received, the Cardholder should keep a copy of the packing slip and attach it as proof that the goods were received.	Concur. Tom Haynes, Interim Chief Financial Officer 1/19/2022. Management has established trainings that inform cardholders of the need to verify when goods were received. Management will remind departmental approvers and reconcilers that they are the first and second level of people who are responsible for ensuring supporting documentation is present and sufficient.
4. Program eligibility and department's policy and procedures for client services needs improvement	DIA identified: <ul style="list-style-type: none"> <input type="checkbox"/> Six (6) cases were missing acknowledgement from the client for the receipt of items/services <input type="checkbox"/> Two (2) cases where documentation that the client existed in the department's case management system was not available for review <input type="checkbox"/> Two (2) cases to procure the items/services on behalf of client was not approved by management in advance <input type="checkbox"/> One (1) case where there was not enough information to determine client eligibility for the program 	DFS should ensure that the Cardholders review the statement for accuracy and attach copies of sales receipts or other documentation to support the charge expensed to the County in the order they appear on the statement. The Approving Official ensures that receipts and documentation are in order and that they match the statement. The Reconciler reviews the supporting documentation, records the proper expenditure accounts, and prepares the journal entry.	Concur. Tom Haynes, Interim Chief Financial Officer 1/19/2022. Management has established trainings that inform cardholders of the need to document the allowability of the purchase for clients and that the client received the items purchased. Management will remind departmental approvers and reconcilers that they are the first and second level of people who are responsible for ensuring supporting documentation is present and sufficient.
5. Purchase card statements not approved by an authorized Approving Official	DIA identified: <ul style="list-style-type: none"> <input type="checkbox"/> Three (3) purchase card statements were not signed by authorized Approving Official <input type="checkbox"/> Two (2) purchase card statements were not signed by Cardholder <input type="checkbox"/> Fifteen (15) purchase card statements had printed names instead of an authorized signature <input type="checkbox"/> Two (2) purchase card statements were approved through 	CPM should communicate to the Cardholder, Approving Official, and Reconciler of the policy requirement for approval of purchase card statements.	Concur. Ryan Pistoichini, Procurement Manager 1/7/2022. Management is developing a training specific for approvers and reconcilers that will begin in Quarter 1 of 2022.

Internal Auditor's Report

Title	Finding	Recommendation	Management Response
	email without detail of transaction or amount		
6. Split transactions	DIA identified three (3) transactions that were split into multiple purchases	CPM should review the transactions and communicate to the Cardholder, Approving Official, and Reconciler actions required to resolve this type of transaction.	Concur. Ryan Pistochini, Procurement Manager 1/7/2022. The change in approach regarding split transactions was communicated in 2021 to all involved parties through trainings that occurred during the first half of 2021.
7. Purchase card used for unauthorized purchases	<p>DIA identified one (1) transaction where the purchase card was used to pay for cold weather clothing. (Fourteen jackets were purchased for employees totaling \$747).</p> <p><i>According to GAO, cold weather clothing is an employee's personal responsibility, not the government's. In order for an item to be authorized for purchase, three tests must be met: (1) the item must be "special" and not part of the ordinary and useful furnishings an employee may reasonably be expected to provide for himself; (2) the item must be for the benefit of the government, that is, essential to the safe and successful accomplishment of the work, and not solely for the protection of the employee; and (3) the employee must be engaged in hazardous duty.</i></p>	CPM should discuss the transaction with the applicable department and determine whether the transaction violates the recommended standard from GAO.	Concur. Ryan Pistochini, Procurement Manager 1/7/2022. Management will engage with the department to determine if the transaction is authorized and allowable.

Since the last Purchase Card Continuous Auditing report, the CPM has conducted a series of 6 trainings for cardholders on the use of the purchase card, policy, and procedures. In addition, the CPM revised the Purchase Card Policy and the Purchase Card Procedures Manual in January 2021 to strengthen accountability and improve the effectiveness of the purchase card program. Furthermore, the number of purchase cards have decreased by 41 cards due to the efforts made by the Procurement Manager upon updating the new Purchase Card Policy and purchase card trainings.

For the exceptions and findings noted in this report, we forwarded the exceptions to the County Procurement Manager for further research, which involves contacting departments/agencies and/or clarifying existing purchase card policies and procedures.

All findings above are rated as Priority 1 Issues – 60 days required corrective action. See Attachment A for definitions of priority rankings.

PRIORITY RANKING DEFINITIONS

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of County books, records, or report;
- c. The safeguarding of County asset;
- d. The County's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



County of Yolo

www.yolocounty.org

TOM HAYNES
Interim Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102

PO BOX 1268

WOODLAND, CA 95776

PHONE: (530) 666-8190

FAX: (530) 666-8215

DFS @ yolocounty.org

- *Financial Strategy Leadership*
- *Budget & Financial Planning*
- *Treasury & Finance*
- *Tax & Revenue Collection*
- *Financial Systems Oversight*
- *Accounting & Financial Reporting*
- *Internal Audit*
- *Procurement*

Transmittal Letter

November 22, 2021

Tom Lopez, Sheriff-Coroner-Public Administrator
140 Tony Diaz Drive
Woodland, CA 95776

Re: Internal Control Cash Audit - Sheriff-Coroner-Public Administrator Office

Dear Mr. Lopez:

The Division of Internal Audit performed an internal control cash audit of the Sheriff-Coroner-Public Administrator Office for the period of July 1, 2020 to June 30, 2021 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, bank reconciliations, bus passes inventory, system access, and cash handling procedures.

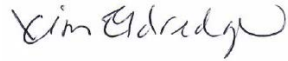
As required, in accordance with auditing standards, management responded to each finding and recommendation contained in our report. Management's responses are documented in a separate report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Sheriff-Coroner-Public Administrator Office management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Tom Haynes, Yolo County, Interim Chief Financial Officer
Chad Rinde CPA, Interim Yolo County Administrator
Yolo County Audit Sub-Committee
Internal Audit Website
Audit File Project No. 2022-25

Yolo County Division of Internal Audit
Table of Contents

**Internal Control Cash Audit – Sheriff-Coroner-Public Administrator Office
Audit No: 2022-25**

For the Period: July 1, 2020 to June 30, 2021

Transmittal Letter.....	1
Detailed Findings and Recommendations.....	4
I. Revolving Cash Fund Accounts.....	5
II. Cash Receipts.....	6
Finding #1: Segregation of duties	7
Finding # 2: Depositing cash receipts.....	7
Finding # 3: Endorsement of checks and control log for payments received in the mail	8
Finding # 4: Weekly bank reconciliations of the Civil Trust account	9
Finding # 5: Outstanding checks for the Civil Trust account	9
III. Other Cash Funds and Cash Equivalents	10
Finding # 6: Accountability over bus passes	10
IV. System Controls	11
Finding # 7: Access to the Teleosoft system.....	11
V. County Policy and Procedures	12
Finding # 8: Written procedures	12
VI. Further Review Needed	13
VII. Priority Ranking Definitions.....	14

Yolo County Division of Internal Audit
Internal Auditor's Report

Detailed Findings and Recommendations

Background

The Sheriff-Coroner-Public Administrator Office is the chief law enforcement agency in the County of Yolo established since 1850. The department is divided into five major areas: Finance, Detention, Administration, Patrol, and Coroner.

- Finance: maintains fiscal accountability and stability for the Sheriff's Office, including all aspects of the general fund and public safety operating budgets, other special funds, and Inmate Welfare Trust.
- Detention: ensures a safe and secure environment for inmates housed in Yolo Detention Facilities. Detention Courts: ensures a safe and secure environment for inmates accessing the Courthouse and to provide bailiff and security services for courthouse staff and the general public.
- Administration/Civil: ensures timely and impartial assistance to the public with the service of process and enforcement of court orders. Training Section: increases employee knowledge, safety, and productivity.
- Patrol: ensures the protection of people, property, and rights in our community. Animal Services: increases the number of animals adopted in Yolo County.
- Coroner: determines the manner and cause of all deaths within the jurisdiction of the Coroner's Office. Public Administrator: ensures the resolution of finances and proper burial of decedents without a will or any known relatives to act on their behalf.

Our review tested the Sheriff's Office cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and Best Practice.

Objective, Scope, and Methodology

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Sheriff-Coroner-Public Administrator Office. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash fund and cash equivalents for the period of July 1, 2020 to June 30, 2021. We did not review cash handling operations for the inmate welfare trust or Public Administrator operations. This report also does not include a full system review of the Teleosoft system (civil case management system).

Yolo County Division of Internal Audit
Internal Auditor's Report

I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds and special purpose funds.

The Sheriff-Coroner-Public Administrator Office (Sheriff's Office) has an authorized revolving cash fund balance totaling \$2,750 to be used as follows:

- a. Petty cash in the amount of \$200 at the Finance section to reimburse small dollar items and office supplies needed on an emergency basis.
- b. Special purpose - Training & Per Diem fund in the amount of \$2,000 to advance per diem meals for trainings.
- c. Change fund in the amount of \$300 to be used by the Civil counter to make change for court-related civil activities, concealed weapon licenses, coroner reports, and live scan transactions.
- d. Change fund in the amount of \$100 to be used by the Records counter to make change for cash bails, crime reports, and cash repossession fees.
- e. Change fund in the amount of \$150 to be used by the Animal Services section to make change for animal licenses, vaccinations, shelters, inspections, and animal pick-up fees.

The Sheriff's Office also has four separate bank accounts at Bank of the West to record receipts and disbursements for the Civil Trust account and the Inmate Welfare Trust account and to manage the client burial trust and custodial funds for the Public Administrator.

In addition, the Sheriff's Office has an established Special Appropriation fund in the amount of \$3,000 for use in accordance with Government Code 29430. The Sheriff may use the appropriation fund for expenses incurred in criminal cases arising in the County; expenses necessarily incurred in the preservation of peace; and expenses necessarily incurred in the suppression of crime.

Audit Objective/Methodology

To determine whether the revolving fund accounts were authorized, expenses applied allowed under policy, and replenishments supported by adequate documentation that funds were received.

To accomplish our objective, the following procedures were performed:

- Verified that the revolving funds agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services
- Inquired with management and staff on the petty cash and special purpose procedures
- Tested a sample of the petty cash, special purpose (training & per diem), and special appropriation fund replenishments to determine compliance with County Policy and Government Code

Based on the procedures performed, the revolving funds agreed to the accountable balance with the Department of Financial Services and the replenishments for the petty cash, special purpose, and special appropriation fund were supported by adequate documentation and complied with County Policy and Government Code 29430.

Yolo County Division of Internal Audit
Internal Auditor's Report

II. Cash Receipts

Cash refers to U.S. currency and coins, checks drawn on U.S. banks and written in U.S. dollar values including travelers, cashiers, and certified checks, money orders, credit card sales drafts, Automated Clearing House (ACH) payments, and wire transfers. All of these forms of payment are acceptable by the County. The Chief Financial Officer must grant approval to a department to collect cash on behalf of the County. Departments must follow general cash receipt procedures and recording of transactions in handling of all cash receipts as stated below:

- A cash receipt must be provided for all cash transactions received over the counter.
- Cash collections shall be summarized daily on a cash receipt journal showing date received, amount received, and revenue or other accounts to be credited.
- Cash receipts must be deposited in the County Treasury or other authorized depository bank daily or when the amount on-hand exceeds a safe and reasonable threshold but no less frequently than weekly.
- A deposit transmittal form must accompany all cash receipts.
- Cash receipts that are transported from branch locations to headquarters for deposit must be maintained using a transmittal log or slip.
- Cash overages shall not be netted against cash shortages. Overages shall be deposited into the general ledger account and any shortages be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage.
- Recording cash receipt transactions (cash register transactions, mail receipts, and credit cards) must be maintained and reconciled to the deposit.

Outside banking relationships must also be approved by the Chief Financial Officer to establish an outside banking relationship with a financial institution (bank). Individuals that have the authority to deal directly with the bank should adhere to the following general guidelines:

- All cash must be deposited in accordance with the cash receipts policy.
- A record must be kept of all cash receipts and disbursements. Deposit receipt must be obtained from the bank teller.
- All signature cards must be current.
- Cash in banks must be protected by FDIC insurance.
- Authorized use of the County tax identification number must be obtained in advance from the Chief Financial Officer.
- Outstanding checks must be monitored on a regular basis for stale dated checks.
- Bank reconciliation must be prepared monthly and available for review.

The Sheriff's Office has three (3) collection areas at the Civil section, Animal Services, and the Records public counter. Each area reconciles their daily collections and transfers the cash receipts to the Sheriff's Finance section for further processing. Collections for court-related civil activities and the inmate welfare funds are deposited into non-interest-bearing accounts at Bank of the West. All other collections at the Civil section (concealed weapon licenses, coroner reports, live scan, and parking citations), Animal Services, and the Records counter (crime reports, cash repossessions and cash bails) are deposited into the County's Treasury.

Audit Objective/Methodology

To determine that handling of cash receipts and the use of outside bank accounts comply with County Policy, funds are adequately safeguarded, and there is a separation of duties among employees handling and reconciling cash.

To accomplish our objective, the following procedures were performed:

- Conducted a cash count of all change funds
- Tested a sample of cash receipts
- Reviewed the cash reconciliation procedures

Yolo County Division of Internal Audit
Internal Auditor's Report

- Determined whether the cash and check stock were secured and locked at all times
- Reviewed the annual revolving cash report for fiscal year 2019-20 for reported cash overages and shortages
- Verified that monthly bank reconciliations for the Civil Trust account were properly completed

Finding #1: Segregation of duties

Segregation of duties is "key duties and responsibilities that need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

To minimize the potential for mistakes in cash operations and/or misappropriation of cash, cash duties should be segregated among different individuals so that in all instances one person (preferably a supervisor) will check the work performed by another. This is attained by having a different individual to receive the cash, prepare the deposit transmittal, and reconcile the ledger sheets while providing a control over the others, catching mistakes and preventing the misappropriation of funds.

The auditors found that duties were not properly segregated for the handling of payments at the Civil section as stated below:

- One employee oversees the section's operations. The same employee occasionally collects payments at the public counter, records and approves payments into the Teleosoft system (civil management system), sets up client accounts, prints checks for payments to creditors, maintains the check stock, and transfers service fees to the general ledger.
- Other collections at the Civil section (concealed weapon licenses, coroner reports, live scan, and parking citations) are reconciled weekly by one of the cashiers and not reviewed by an employee independent of the receipting function.

Duties that involve one person with control of all aspects of a transaction may cause errors to go unnoticed and provide an opportunity for misappropriation of funds.

Recommendation 1

We recommend that the Sheriff's Office review their procedures for handling payments at the Civil section and ensure that an independent person verifies the payments recorded in the Teleosoft system and the amounts disbursed for civil transactions. It is also recommended that the Finance section perform a surprise cash count at the Civil section to ensure that funds received are properly recorded, approved, and deposited in accordance with County Policy and procedures. (Priority 1 Issue – 60 days required corrective action)

Management Response 1

The Sheriff's Office will review our procedures. As part of the weekly reconciliation, the activities are printed from the Teleosystem summarizing Civil Revenue, by category and type. A copy of the reconciliation is attached to the print-out, as well as the listing of all checks deposited. The listing of checks deposited is printed from the mobile depositing system and lists the check number, the account number, bank routing number, and the amount. The Chief of Finance reviews the bank statement against the reconciliations when the statements are received and investigates any irregularities.

Finding # 2: Depositing cash receipts

All collections shall be deposited promptly and intact into the County Treasury or authorized bank accounts. Promptly deposited generally means making deposits daily or when the amount collected on hand exceeds a safe and reasonable threshold but no less frequently than weekly. This threshold is usually in the \$500-\$1,000

Yolo County Division of Internal Audit
Internal Auditor's Report

range and depends on the composition of the cash (currency versus checks) and the physical controls over cash.

The auditors performed a cash count of all the change funds, selected a sample of cash receipts and traced the funds to the deposits recorded in the general ledger. The following was noted:

- On the day of the cash count, the Animal Services had seven outstanding deposits totaling \$2,784 (\$723 cash and \$5,061 checks) from collections received from the prior week. The deposits were not made until 13 to 20 days after the receipt date.
- During the month of May 2021, deposits from the Animal Services were not transferred to the Finance section in sequential order (e.g. 5/9 collections deposited before the 5/4 collections).
- Collections from the Civil section for concealed weapon licenses and coroner reports totaling \$1,080 were not deposited until 16 to 29 days after the receipt date.

Deposits not made when collections exceed a safe and reasonable threshold increases the risk of misplacement or misappropriation of cash and may cause reconciliation problems.

Recommendation 2:

We recommend that the Sheriff's Office develop a process to monitor outstanding deposits at the different sections to ensure that all deposits are reconciled on a timely basis, accounted for, and in compliance with the Yolo County Cash Accounting Manual. (Priority 1 Issue – 60 days required corrective action)

Management Response 2

Although we do NOT concur with the finding, the Sheriff's office acknowledges the recommendation proposed and agree that every attempt will be made to make deposits of payments received at the Sheriff's Office to Department of Finance timely. Prior to the Covid pandemic, the Sheriff's Office made deposits with the Department of Finance twice per week.

Finding # 3: Endorsement of checks and control log for payments received in the mail

Payments received in the mail should be listed immediately on a mail log (showing the date, check number, payee's name, amount, and description of payment) or scanned and kept on file to establish a record. All checks shall be immediately endorsed. A copy of the log or scanned documents must be maintained by the department for audit purposes and should be reconciled to the deposit.

The Sheriff's Office does not use a control log for payments received in the mail. Checks are not restrictively endorsed upon receipt. Not endorsing the checks immediately upon receipt and recording them on a control log may result in checks being misplaced or misappropriated without timely detection.

Recommendation 3:

We recommend that the Sheriff's Office record checks received in the mail onto a control log and endorse the checks immediately upon receipt. It is also recommended that the control log be maintained by an employee independent of the collection process and that the log be reconciled at least monthly to the deposits to ensure that all monies received in the mail have been deposited in the bank or County Treasury. (Priority 1 Issue – 60 days required corrective action)

Management Response 3

There is limited opportunities and a low risk in our process for the misplacement or misappropriation of a check. We rely on recording the receipt into our system to track the check rather than creating a control log, therefore our system serves as our control log. Checks received are written pay to the order of the Yolo County Sheriff's Office, the opportunity for anyone to deposit or cash a check that is meant for the Yolo

Yolo County Division of Internal Audit
Internal Auditor's Report

County Sheriff's Office is extremely low. To comply with the Yolo County Cash Accounting Manual, the Sheriff's Office will obtain and use endorsement stamps. (Anticipated Date of Completion 1/1/2022)

Finding # 4: Weekly bank reconciliations of the Civil Trust account

Cash on hand shall be reconciled to the accountable balance and to the bank on a monthly basis. The reconciliation shall be documented and signed by the preparer and reviewer.

The bank reconciliation for the Civil Trust account is prepared on a weekly basis by the Finance section. However, the reconciliation is not signed by the preparer and the reviewer. Not reviewing or signing the bank reconciliation may allow errors to go undetected and differences to go unresolved.

Recommendation 4:

We recommend that a section manager or supervisor review the bank reconciliation to provide oversight of any differences between the accounting records, cash balances, and bank balance position per the bank statement. Additionally, the bank reconciliation must be signed by the preparer and reviewer. (Priority 1 Issue – 60 days required corrective action)

Management Response 4

Finance Section will perform the bank reconciliation and sign off by the preparer and reviewer.

Finding # 5: Outstanding checks for the Civil Trust account

Government Code Section 50050: *Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency. At the expiration of the three-year period, money representing restitution collected on behalf of victims shall be deposited into the Restitution Fund or used by the local agency for purposes of victim services.*

The auditors noted that the Sheriff's Office has several outstanding checks for the Civil Trust account. As of June 30, 2021, the outstanding checks totaled \$199,815. The amount includes checks that have not been claimed since June 2010. Not performing a review of outstanding checks may result in unnecessary and inefficient use of staff time to track and monitor checks that have been stale dated for several years.

Recommendation 5:

We recommend that the Sheriff's Office review the list of outstanding checks for the Civil Trust account and develop a process for unclaimed monies as prescribed in the Government Code Section 50050. (Priority 2 – 120 days required corrective action)

Management Response 5

The Sheriff's Office will review the list of outstanding checks and process the unclaimed monies as appropriate in accordance with Government Code. (Anticipated Date of Completion 2/1/2022)

Yolo County Division of Internal Audit
Internal Auditor's Report

III. Other Cash Funds and Cash Equivalents

Cash equivalents; such as, gift certificates, gift cards, and bus passes may be acquired for use in grant funded or county programs. Approval and purpose of such acquisition must be on file. Departments are required to maintain an inventory for the cash equivalents showing the purchase date, card number, vendor name, amount and expiration (if applicable). Issuance of the inventory items must be documented and recipients must sign a receipt that the item was received. Total amount per recipient over \$600 within a calendar year must be reported to the Department of Financial Services.

The Sheriff's Office maintains an inventory of bus passes to be used for transportation of clients released from the detention facility or travel to the animal shelter for community service work. The bus passes are purchased by one of the commissary officers (custodian) at the detention facility and then transferred to the sub-divisions for distribution to the clients. During the audit period, the Sheriff's Office purchased a total of \$2,500 value of bus passes for their inventory.

Audit Objective/Methodology

To determine that the bus passes are maintained, documented, and agree to the Sheriff's Office records. And, that the client signed a receipt for possession of the bus pass.

To accomplish our objective, the following procedures were performed:

- Conducted a count of the bus passes on-hand and traced to the inventory logs
- Determined that the inventory was properly recorded in the general ledger

Finding # 6: Accountability over bus passes

Departments are ultimately responsible for the safekeeping of inventory they purchase. Purchases of inventory are charged to the asset inventory account and credited from inventory when used. The inventory account should reflect the "book balance" of inventory on-hand. Physical inventory counts should be taken periodically by someone independent of the purchasing and custody of inventory. Missing items should be investigated and analyzed for possible control deficiencies.

The auditors examined 240 bus passes and reviewed the internal controls over the handling of bus passes and noted the following exceptions:

- Inventory of bus passes are not recorded in the general ledger.
- Control logs for bus passes purchased, transferred to other department sections, and distributed to clients were not available for review.

Not maintaining control logs for bus passes creates the risk for misappropriation and/or a loss of accountability of the bus passes. In addition, not recording the inventory of bus passes in the general ledger may result in inaccurate financial data reported on the County's annual financial statements.

Recommendation 6:

We recommend that the Sheriff's Office develop a process to document the transfer of bus passes to the office sections and the distribution to clients. In addition, the bus pass inventory should be recorded in the general ledger to reflect the actual inventory on-hand in the financial records.

(Priority 1 Issue – 60 days required corrective action)

Management Response 6

The Sheriff's Office will develop a process to log bus passes purchased, transferred, and distributed. The purchase of the bus pass will be recorded in the general ledger as inventory and once per quarter, the Finance Section will review the number of bus passes distributed and record a journal entry to adjust the inventory account in the general ledger.

Yolo County Division of Internal Audit
Internal Auditor's Report

IV. System Controls

According to Best Practice and the COSO framework of strong systems of control, departments are responsible for using appropriate systems to record and maintain detail of their accounts, including account activity, history of payments made, and outstanding balances. All documentation and records should be properly managed, maintained, and readily available for examination.

The Sheriff's Civil section works in conjunction with the Civil Courts in Yolo County to provide services related to court judgements and for collecting and disbursing funds as required by those judgements. The Civil section uses the Teleosoft system (civil case management system) to manage its day-to-day operations. In November 2020, the Civil section replaced its case management system "Sirron" due to the owner's retirement and the lack of system support. The Teleosoft system is used by other counties in the area (Sacramento, Sonoma, and Placer).

Audit Objective/Methodology

To review the system accounts associated with the cash handling process to ensure that the Sheriff's Office has adequate segregation of duties given the user's role and responsibilities.

To accomplish our objective, the following procedures were performed:

- Obtained a list of system administrators and users
- Compared the list of system administrators and users against the list of employees handling cash
- Obtained a general understanding of the user profile accounts

Finding # 7: Access to the Teleosoft system

The auditors obtained a list of the system administrators and users for the Teleosoft system. Users were assigned to security classes without knowing the full access permissions within each security class, thus potentially posing a segregation of duties issue as stated below:

- Three employees have administrative access with one employee assigned as a cashier. The system administrators have the ability to add, change or delete transactions, set-up new client accounts, and print checks.
- One employee was found with supervisory access, who has the ability to approve and post payment transactions in the system. This individual is also an assigned cashier.

Improper user access rights and permissions may result in information that is added, deleted, or changed without approval or authorization. System administrator access that also have operational duties and responsibilities should not have the ability to change financial transactions.

Recommendation 7:

We recommend that the Sheriff's Office review the list of system administrators and users for the Teleosoft system to ensure that each access permission is assigned appropriately for the job being performed. Further, that the security and change controls reports be available, actively monitored, logged, and reported accordingly. (Priority 1 Issue – 60 days required corrective action)

Management Response 7

The Sheriff's Office has reviewed the list of system administrators and users for the Teleosoft system and is deemed appropriate.

Yolo County Division of Internal Audit
Internal Auditor's Report

V. County Policy and Procedures

The Yolo County Cash Accounting Manual prescribes uniform accounting procedures for county departments pertaining to cash collections, cash revolving funds, other cash funds, cash equivalents and cash losses in accordance with generally accepted accounting principles, laws & regulations and county policies. County employees with cash handling functions are required to read the manual and become familiar with its contents. Individual departments may have more detailed procedures for each cash handling position.

Best Practice recommend that the following processes be documented with step-by-step procedures:

- Handling payments received at the counter and through the mail
- Handling credit card payments
- Recording payments into the cash handling systems
- Reconciling and depositing daily collections
- Preparing and printing checks to creditors
- Transferring funds to the general ledger
- Performing bank reconciliations

Audit Objective/Methodology

To determine if procedures for cash handling confer with standards of internal control, Best Practice, and the Yolo County Cash Accounting Manual.

To accomplish our objective, the following procedures were performed:

- Reviewed the Sheriff's Office policy for recommended essential components within a Cash Handling Policy
- Verified that the cash handling processes are documented

Finding # 8: Written procedures

The Sheriff's Office has an office policy manual that provides guidelines on how to handle the petty cash fund, instruction manuals on how to process disbursements in the Teleosoft system, and procedures for reconciling cash collections at the Civil and Animal Services sections.

The auditors reviewed the manual and procedures and identified the following:

- Procedures include outdated information.
- Written procedures for recording, distributing, and performing inventory counts of bus passes are not available.

Not providing staff with current procedures may result in processes not operating as intended and may allow errors to go undetected.

Recommendation 8:

We recommended that the Sheriff's Office review and update their policy manuals and procedures to ensure that it meets the County Policy and recommended Best Practice. The updated policy manuals and procedures should be disseminated to all staff handling cash payments, performing bank reconciliations, and handling bus pass inventory. (Priority 3 Issue – 180 days required corrective action)

Management Response 8

The Sheriff's Office will review our policy manuals and procedures and update as necessary. (Anticipated Date of Completion 2/1/2022)

Yolo County Division of Internal Audit
Internal Auditor's Report

VI. Further Review Needed

Implementation of the Teleosoft system

The Sheriff's Office implemented a new civil case management system Teleosoft in November 2020 in the mist of COVID-19. The Sheriff's Office did not receive a post implementation system review. We recommend a follow-up review to determine that the data transferred from the Sirron system to Teleosoft was accurate and complete.

Access to the Chameleon system

The Animal Services section is responsible for the operation of the Yolo County Animal Services shelter and animal control services to the cities and unincorporated areas of the county. The section uses the Chameleon system (an integrated animal shelter case management system) to document all animal related information and to record payments. A list of system users and administrators for the Chameleon system was not available for review. We recommend a follow-up review to determine that the Sheriff's Office has adequate segregation of duties given the user's roles and responsibilities.

Internal controls over customer accounts

The Animal Services and Civil sections have several customer accounts with large outstanding receivable balances. We recommend a follow-up review to determine whether adequate internal control exists over the handling of customer accounts at the Animal Services and Civil sections.

Inmate Welfare Trust account

The Sheriff's Office has 21 employees that are authorized to sign checks for the Inmate Welfare Trust account. These employees included staff, supervisors and a manager. We did not perform a review over the handling of cash for the Inmate Welfare Trust account; therefore, a follow-up review is recommended to determine that the department has adequate internal controls over cash receipts and disbursements of the fund.

Yolo County Division of Internal Audit
Internal Auditor's Report

VII. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of County books, records, or report;
- c. The safeguarding of County asset;
- d. The County's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2021-2022

Item #10

No.	Project No	Type	Name	Entity	Preliminary Audit Objective/Project Description	Priority	Hours	% Complete	Status	Report Issued	No. of Findings
1	2022-18	Carry Forward FY20-21	Accounts Payable Audit	Countywide	To assess internal controls over accounts payable to ensure invoicing/payment processes are properly reviewed and complete, valid, and accurate. Includes review of system controls and data analytics.	High	410	0%	Planned for Mar-June		
2	2022-24	Carry Forward FY20-21	Yolo County Transit District	Special Project	Confidential Audit; Requested by District Board.	High	60	100%	Completed	11/17/2021	7
3	2022-17	Carry Forward FY20-21	Purchase Card	Countywide-Cont Aud	To provide County Management with assurance that the purchase card program is in compliance with County's policies and industry best practices. <i>Continuous audit every six month period. Review period (July - Dec 2020)</i>	High	130	100%	Completed	7/21/2021	6
4	2022-23	Carry Forward FY20-21	Capital Project Audit	Countywide	To provide County Management with assurance that capital project management systems are in compliance with County's policies, industry best practices, and generally accepted project management standards.	High	200	60%	Delayed due to conflicts with other audits; Anticipated to be completed by February 28, 2022		
5	2022-22	Carry Forward FY20-21	Payroll Audit	Countywide	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	High	120	100%	Completed	10/1/2021	12 5 Follow-ups
6	2022-25	Carry Forward FY20-21	Cash-Department Audit	Department Sheriff	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	High	172	100%	Completed	11/22/2021	8 4 Follow-ups
7	2022-34	New	Contracting and Procurement Audit	Countywide	The internal audit activity will work with the Procurement Manager on determining scope of audit.	TBD- Depends on scope	220	0%	Planned for Mar-Apr		
8	2022-33	New	Payroll Audit	Countywide	To be determined from outcome from Payroll Audit (Project No. 2022-22)	High	120	0%	Planned for April		
9	2022-32	New	Accounts Receivable-Department Audit	Department TBD	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	Med	172	0%	Planned for May		
10	2022-31	New	Accounts Receivable-Department Audit	Department TBD	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	Med	172	0%	Planned for April		
11	2022-30	New	Cash-Department Audit	Department HHSA	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	High	172	0%	Planned for March		

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2021-2022

No.	Project No	Type	Name	Entity	Preliminary Audit Objective/Project Description	Priority	Hours	% Complete	Status	Report Issued	No. of Findings
12	2022-29	New	Cash-Department Audit	Department District Attorney	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	High	172	5%	Planned for February		
13	2022-28	New	Cash-Department Audit	Department Clerk-Recorder	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	High	172	95%	Scheduling exit conference		
14	2022-36	New	Cell Phone Audit	Special Project-Countywide	To ensure compliance with County Policy & Procedures, Government Code, and Best Practices.	TBD-Depends on scope	168	5%	Planned for February		
15	2022-27	New	Purchase Card	Countywide-Cont Aud	To provide County Management with assurance that the purchase card program is in compliance with County's policies and industry best practices. <i>Continuous audit every six month period. Review period (Jan - June 2021)</i>	High	120	100%	Completed	1/20/2022	7
16	2022-13 2022-14	New	Treasury Cash Counts	Department DFS	To count cash in the county treasury (at least once in each quarter). <i>Mandated: Government Code 26920 (a)(1).</i>	High	28	40%	2nd Qtr 12/31 - inprogress	1st Qtr 9/30 - 10/12/21	0
17	Outsource	New	Network and Web Application Penetration Tests	Department ITS	To address concerns raised on cybersecurity of the County Network.	High	0		Terms & Conditions and SOW agreed. Waiting on contractor for timeline. Tentatively scheduled to begin March 2022		
18	Outsource	New	Access Review Audit	Special Project-Countywide	To ensure compliance with County Policy & Procedures, Government Code, and Best Practices.	High	0		Waiting on On-Call Audit Services contract		
19	Outsource	New	Fleet Audit	Department Community Services	To ensure compliance with County Policy & Procedures, Government Code, and Best Practices.	High	0		Waiting on On-Call Audit Services contract		
20	2022-26	New	Whistleblower Hotline and Report of Fraud, Waste and Abuse Policy	Countywide	Implement policy; create incident form on website, and track incidents. Report to BOS/Audit Committee	Med	100	20%	In-progress	N/A	N/A
21	Outsource	New	Countywide Risk Assessment	Internal Audit	Support Internal Audit with 3-year Risk Based Audit plan within Auditor Assistant tool	Med	0	10%	Working with AA vendor	N/A	N/A

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2021-2022

No.	Project No	Type	Name	Entity	Preliminary Audit Objective/Project Description	Priority	Hours	% Complete	Status	Report Issued	No. of Findings
22	2022-19	New	Countywide Trainings	Audit Function	Countywide Fiscal Foundations Series: Internal Controls and audit tips-short video clips. Includes development, preparation and instruction. Restart discussion on CBO Workshop w/Procurement Mgr.	Low	180	0%	Not Started	N/A	N/A
23	2022-35	New	Contingency Reserve	Special Project	Unassigned projects	TBD	142	0%	TBD	TBD	TBD
24	2022-15	On-going	Audit Communication with Management and Staff	Countywide	Division weekly meetings, discussions on audit subject matters, and other communications. <i>Requirement - Standard 2200.</i>	N/A	500	50%	On-going	N/A	N/A
25	2022-16	On-going	Follow-up Audits and Testing of Correction Action Plans	Countywide	Monitor progress of the status of audit recommendations. Report to FOC/Audit Committee <i>Requirement - Standard 2500, 2600.</i>	High	80	90%	Automate issues and email notifications Launch Jan/Feb	N/A	N/A
26	2022-20	On-going	Electronic workpapers	Audit Function	Implementation and training	High	160	90%	Developing templates and learning the software	N/A	N/A
27	2022-10	On-going	Internal Audit General	Audit Function	Manage the internal audit activity, establish a risk-based audit plan; ensure that engagements are performed with proficiency and due professional care; develop and update policies and procedures. Various general duties-timekeeping, team-building activities (strength finders), etc.	Various	700	50%	Working with DFS-Procurement & HHSa on subrecipient monitoring	N/A	N/A
28	2022-12	On-going	Continuing Professional Development	Audit Function	Continuing professional development-Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development. <i>Requirement - Standard 1230.</i>	High	120	50%	Staff on-track with training plan	N/A	N/A
29	2022-11	On-going	Department of Financial Services General	Administration	Various meetings, employee evaluations, and other events not directly related to the division	N/A	320	50%	On-going	N/A	N/A
30	2022-21	On-going	Financial Oversight Committee	Administration	Support services for the Financial Oversight Committee	N/A	160	50%	On-going	N/A	N/A
31		On-going	Estimated staff benefits & leave	Other-Administration	General provisions within the MOU	N/A	1170	N/A	N/A	N/A	N/A

Total audit & non-audit hours and benefits & leave

6240