COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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November 6, 2001

To: Patricia A. Hawkins
Fiscal Administration
Sheriff's Department

From: DeWitt Roberts, Chief
Audit Division

Subject: **Review of FY 2000-2001 Federal Annual Certification Reports for the Narcotic Enforcement and Vehicle Theft Funds**

In July 1999, the Audit Committee requested the Audit Division to review the Narcotics Enforcement Fund Annual Certification Report on an annual basis. In October 2001, we reviewed the Fiscal Year (FY) 2000-2001 Federal Annual Certification Reports for the Narcotics Enforcement and Vehicle Theft Program Funds.

Approach

Our approach has been to reconcile the revenues and expenditures stated on the Federal Annual Certification Reports to the Countywide Accounting and Purchasing System (CAPS). In addition, we examined a sample of expenditures to verify they are an allowable use of asset forfeiture funds per the U.S. Department of Treasury's Guide to Equitable Sharing, and that they comply with County fiscal policy.

Conclusion

Based on our review, the revenues and expenditures contained in the FY 2000-2001 Federal Annual Certification Reports for the Narcotic Enforcement and Vehicle Theft Funds appear reasonable. We also noted the Department has improved their expenditure reporting from the previous fiscal year by more clearly classifying the expenses on the Federal Annual Certification Report.

Additional Issues

During this review, we noted a few areas where the Department could improve its federal reporting procedures, and ensure accounting records are in compliance with County fiscal policy. Specifically, we noted:

- The Department's recaps do not always identify the specific CAPS report source. In addition, certain recaps contain unexplained allocations of funds. As we previously reported, the Department could simplify and better document the reporting process by developing procedures to centralize information from their internal and CAPS reports and reconcile the information to CAPS. The Department should also more thoroughly document funding allocations and distributions by disclosing the source(s) of the amounts and explaining how they were calculated.

- The Department should improve travel expense documentation. We noted the Department consistently reimburses meal expenses at the County's maximum rate and travelers do not identify meal cost or meal dates on their expense claims. While the County Code does not require receipts for meal reimbursements, Appendix C of the County Fiscal Manual states that, to be reimbursed, travelers must provide the exact amount and date of the expense. The Department should require claimants to disclose all required information on their expense claims and reimburse travelers the lesser of the County maximum or actual meal amount.

- The Department does not always include packing slips or similar receiving documentation in their purchasing files. County Fiscal Manual 4.3.1 states that vendor invoices must be matched with receiving reports/shipping documents before payments are processed. For two of five expenses tested, Departmental staff included informal notes that the items were "OK to pay" in their files. As we have previously recommended, management should ensure appropriate receiving documentation is maintained in their purchasing files to verify the receipt of goods and services.

If you have any questions, please call me at (213) 974-0301 or Mike Pirolo at (213) 974-0344.

DR:MP

c: David E. Janssen, Chief Administrative Officer
J. Tyler McCauley, Auditor-Controller
Leroy D. Baca, Sheriff
Audit Committee