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January 18, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
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FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **OFFICE OF THE ASSESSOR – REVIEW OF BUSINESS OPERATIONS (Board Agenda Item 36-A, April 10, 2012)**

At the April 10, 2012 meeting, your Board instructed the Auditor-Controller (A-C) to review four areas in the Assessor's Office (Assessor's): 1) review the Assessor's Fiscal Year (FY) 2012-13 property roll value forecast; 2) a comprehensive management audit of the Assessor's; 3) a review of the Assessor's business operations; and 4) a review of properties that had a reduction in assessed value of 20% or more from December 2010 to January 2012. The first area, a review of the Assessor's FY 2012-13 roll forecast, was completed and issued to your Board on May 15, 2012. The second area, a comprehensive management audit was completed and issued January 3, 2013. The fourth area, reviewing properties with reductions in assessed value of 20% or more, is ongoing, and we will provide a report to your Board when the review is complete.

This report covers the third area requested by your Board, a review of the Assessor's business operations. Our review included evaluating the Assessor's internal controls and compliance with the County fiscal policies and procedures in key areas such as payroll/personnel, procurement, cash handling, and expenditures. We also reviewed the Assessor's budgetary performance, trust funds, and revolving funds.

Summary of Findings

Our review disclosed that the Assessor's needs to take action to improve controls over its fiscal operations in a number of areas, including payroll/personnel, procurement, cash handling, and expenditures.

It should be noted that all of the issues identified in our review, except for the improper coding of vacation time, not recording overtime on some employee timecards, and issues related to the elected Assessor's credit cards discussed below, are comparable to the results of our fiscal audits of other County departments.

The following is a summary of the three issues noted in our review that are unique to the Assessor's.

Improper Timecard Changes – Three (25%) of 12 Assessor's employees reviewed indicated that they were told to improperly record vacation time on days when they were at work. In addition, one employee indicated his timecard was changed without his knowledge to use his accrued vacation time. It appears these changes were made to avoid having to pay the employees for their accrued vacation time. While the number of hours involved in these cases was small, having employees code vacation on days they worked, and submitting inaccurate timecards violates federal, State, and County rules.

We notified Assessor's management of this issue immediately, and they indicated that they plan to issue a memo to all employees to stop the practice.

Unrecorded Overtime – Six of 13 (46%) Assessor's employees interviewed reported that they worked overtime, but did not always record the overtime on their timecards. Three of the employees indicated that they were allowed to "flex" their time (e.g., work overtime on one day, and leave early another day, etc.), and the other three indicated that they do not always record overtime on their timecards because requesting overtime approval is inconvenient. Allowing employees to not report overtime on the days it is worked violates federal, State, and County rules.

County Credit Cards

The Assessor's did not take or cancel the elected Assessor's (Mr. John Noguez) Voyager (gasoline) card when he went on leave of absence on June 1, 2012. Mr. Noguez continued to use the card for three weeks, making six purchases, totaling $383, after he started his leave. In addition, Mr. Noguez used the Voyager card to make five purchases in January and May 2012, totaling $198, and it is unclear whether these purchases, including two in Las Vegas, were business-related. We will work with Assessor's management and County Counsel to determine if the Assessor's should pursue reimbursement for any of these transactions.

The following is a summary of the issues noted in the Assessor's operations that are comparable to the results of audits of other County departments.

Procurement

Split Purchases - We reviewed 25 non-agreement purchases, and noted six (24%) were split to stay below the Assessor's $5,000 delegated authority. We also noted that the Assessor's split five (20%) additional purchases to avoid having to obtain price quotes.

Other Purchasing Issues - The Assessor's frequently purchased remanufactured print toner cartridges, an agreement item, from a non-agreement vendor, and paid more than the agreement price. For example, on three purchases reviewed, totaling $4,644, the Assessor's paid a total of $1,550 (35%) more than the agreement prices. The Assessor's also did not ensure they received the agreement price for one (10%) of ten agreement purchases reviewed, resulting in an overpayment of approximately $1,200. In addition, ten (77%) of 13 sole source purchases reviewed, totaling $33,600, should not have been made as sole source purchases, because the items were available from other vendors. The Assessor's may have paid lower prices if they had obtained the required price quotes.

Cash Handling

The Assessor's did not reconcile its cash collections and deposits to ensure that all collections are accounted for, and did not document cash transfers between employees or units. In addition, the Assessor's regularly had an employee use his own money to make change, instead of establishing a change fund, as required. The Assessor's also billed customers an average of 73 days after providing services, and did not establish receivables timely. This resulted in delayed collections, and some revenue being recognized in the wrong fiscal year.

Mileage

The Assessor's does not ensure that employee mileage claims were accurate. We reviewed 15 claims, and noted that 11 (73%) of the employees claimed more miles than the distance calculated by various internet mapping applications, resulting in $809 in possible overpayments. We also noted one (7%) instance where an employee claimed and was paid for mileage on a day when his timecard indicated he did not work. In addition, eight (53%) of the claims reviewed were missing some required information (e.g., valid/complete address, times/dates, trip purpose, etc.). Finally, all five supervisors we interviewed indicated they routinely approve employees' mileage claims without thoroughly reviewing them.

Trust Funds

The County Fiscal Manual (CFM) requires departments to reconcile their trust records and maintain ledgers of trust account balances and activity. The Assessor's does not have ledgers for three of its four trust funds, and does not reconcile any of its trust funds, which have a combined balance of $8.44 million. Because of the lack of reconciliations and documentation, the Assessor's could not identify the source of $18,000 deposited in one trust fund, which had been in the trust fund for at least five years.

Revolving Funds

We reviewed the Assessor's revolving fund transactions from FY 2011-12, and noted that five (83%) of the six purchases reviewed, totaling $2,078, should not have been made with the revolving fund. We also noted that the Assessor's used its revolving fund checking account to deposit and issue payments for charitable-giving activities/contributions (e.g., March of Dimes Campaign, etc.). The Assessor's should consider establishing a separate checking account for charitable giving collections.

Details of these and other audit findings and recommendations are included in the attached report.

Review of Report

We discussed the results of our review with Assessor's management. The Assessor's generally agrees with our findings and recommendations. The Assessor's response (Attachment II) describes the corrective actions they have taken, or plan to take, to address the recommendations in our report.

We thank Assessor's management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:YK

Attachments

c: William T Fujioka, Chief Executive Officer
Santos H. Kreimann, Chief Deputy Assessor
Sachi A. Hamai, Executive Officer, Board of Supervisors
Department Heads
Public Information Office
Audit Committee

Attachment I

Los Angeles County

Office of the Assessor

Comprehensive Fiscal Review

December 2012

Prepared by:

Department of Auditor-Controller

OFFICE OF THE ASSESSOR FISCAL REVIEW

Table of Contents

Background 1

Adherence to the County Budget 1

Payroll/Personnel 3

Procurement 7

Expenditure Accounting 12

Cash Handling 12

County Credit Cards 16

Mileage Reimbursement 18

Travel Expenses 21

Cellular Phones 22

Trust Funds 24

Revolving Funds 25

Internal Control Certification Program 27

OFFICE OF THE ASSESSOR
COMPREHENSIVE FISCAL REVIEW

Background

The Office of the Assessor (Assessor's) is responsible for identifying and valuing all secured and taxable unsecured property in Los Angeles County. The values determined by the Assessor's are the basis for the property taxes levied on the property. The Assessor's is the largest agency of its kind in the United States, with approximately 1,350 employees in seven offices located throughout the County. The Assessor's Fiscal Year (FY) 2011-12 budget was approximately $153 million.

On April 10, 2012, the Board instructed the Auditor-Controller (A-C) to conduct a comprehensive audit of the Assessor's business operations. As part of this audit, we reviewed the Assessor's internal controls and compliance with County fiscal policies and procedures in key fiscal areas, including payroll/personnel, procurement, expenditure accounting, trust funds, and cash. We also reviewed the Assessor's internal controls over revolving funds, County credit cards, mileage and travel reimbursements, and evaluated their budgetary performance.

FINDINGS AND RECOMMENDATIONS

Adherence to the County Budget

The Assessor's uses one budget unit to monitor and report on its six Divisions: Executive Office, Administrative Services, Roll Services, District Appraisals, Major Appraisals, and Information Technology. Based on our discussions with the Chief Executive Office, based on its size and operations, one budget unit is appropriate for the Assessor's.

We compared the Assessor's actual financial results to its final budget for FYs 2009-10, 2010-11, and 2011-12. The results are summarized in the table on the next page.

Budget to Actual Financial Comparison Fiscal Year 2011-12			
	Budget	Actual	Over or (Under) Budget
Expenditures	$153,094,000	$143,891,107	($9,202,893)
Intrafund Transfer	($87,000)	($61,950)	$25,050
Revenue	$75,955,000	$66,777,252	($9,177,748)
Net County Cost	$77,052,000	$77,051,905	($95)
Fiscal Year 2010-11			
	Budget	Actual	Over or (Under) Budget
Expenditures	$161,160,000	$153,328,436	($7,831,564)
Intrafund Transfer	($110,000)	($97,664)	$12,336
Revenue	$76,745,000	$74,174,707	($2,570,293)
Net County Cost	$84,305,000	$79,056,065	($5,248,935)
Fiscal Year 2009-10			
	Budget	Actual	Over or (Under) Budget
Expenditures	$161,994,000	$154,615,574	($7,378,426)
Intrafund Transfer	($167,000)	($80,321)	$86,679
Revenue	$70,923,000	$68,180,839	($2,742,161)
Net County Cost	$90,904,000	$86,354,414	($4,549,586)

Overall, the Assessor's has operated within its budgeted Net County Cost (NCC). In FYs 2009-10 and 2010-11, the Assessor's NCC was approximately 5% and 6.2% below its budget, respectively. For FY 2011-12, the Assessor's NCC was below budget by an immaterial amount. In all three fiscal years, we noted that the Assessor's under-realized its budgeted revenues, and underspent its budgeted expenditures. However, since expenditure savings exceeded under-realized revenues, the Assessor's was under its budgeted NCC in each of the three fiscal years.

The Assessor's attributed the under-realized revenues to collecting less fee income from supplemental assessments for new construction, changes of ownership, etc., than anticipated. For example, in FY 2011-12, the Assessor's collected approximately $3.1 million less in fees and $3.4 million less in penalties (e.g., assessed to legal entities when they fail to report ownership changes within 45 days, etc.) than anticipated. However, that was offset by lower than budgeted expenditures.

The Assessor's indicated that the lower expenditures were primarily due to savings in salaries and employee benefits (e.g., attrition, hiring freeze, etc.), and reduced Information Technology (IT) expenditures.

Payroll/Personnel

Inappropriate Timecard Changes and Reduction of Vacation Hours

County policy requires that employees who have more than 320 hours of accrued vacation time at the end of each calendar year be paid for their excess vacation time. To prevent or minimize vacation payouts, the Assessor requires employees to take time off to reduce their vacation balances below the limit.

Three (25%) of 12 Assessor's employees interviewed indicated they were instructed to improperly record vacation time on days when they were at work. In addition, one employee indicated his timecard was changed without his knowledge to reduce his accrued vacation time.

It appears these timecard changes were made to reduce the employees' vacation time so they would not have to be paid for excess vacation time. While the number of hours involved in these cases was small, improper recording of time worked is a violation of the federal Fair Labor Standards Act (FLSA), State labor laws (e.g., California Labor Code Section 206.5, etc.), County Fiscal Manual (CFM) Section 3.1.6, and County Department of Human Resources' (DHR) Policy 360. This practice could also make the County liable for damages.

We immediately notified Assessor's management of this issue, recommended that they issue a memo to all employees to stop the practice, and resolve any potential underpayments to employees.

Recommendation

1. **Assessor's management discontinue the practice of changing employee timecards to reduce vacation payouts, and ensure that employee timecards reflect actual hours worked.**

Unrecorded Overtime

We interviewed 13 Assessor's employees at various pay locations to determine if the Assessor's was complying with County overtime policy. Six (46%) employees in the IT Division indicated that they work overtime, but did not always record the overtime on their timecards. Three of the six employees indicated that they had verbal approval from their supervisors to "flex" their time (e.g., work overtime on one day, and leave early another day, etc.). The remaining three employees indicated that they did not always record overtime on their timecards because requesting overtime approval is inconvenient.

Not reporting overtime when it is worked violates federal FLSA, State Labor Code Section 510, and County Code 6.15, and could result in potential liability to the County. Assessor's management needs to ensure that employee timecards reflect actual hours

worked, and any variances, including overtime, are accurately reported, and paid or accrued.

Recommendation

2. **Assessor's management discontinue allowing employees to work unrecorded overtime, and ensure that employee overtime is appropriately approved by management and reported.**

Timecard Discrepancies

The Assessor's implemented the County's on-line eCAPS time collection system in some offices in January 2010. We reviewed a sample of 38 eCAPS timecards to determine whether employees accurately completed/reported their time. Specifically, we compared the hours reported on the timecards to other attendance-related documents (i.e., Daily Absence Reports, Time and Volume System, etc.), and interviewed employees and supervisors. We noted two (5%) timecards that were inaccurate. One employee's timecard indicated that he worked ten hours on a day when he was absent. The second employee's timecard showed that he worked ten hours for one day, when the employee actually worked nine hours, and took one hour off, which should have been coded as one hour of vacation.

The Assessor's should correct these timecards, adjust the employees' leave balances, remind employees of the requirement to accurately report their time, and ensure that supervisors review timecards for accuracy before they are approved.

Recommendations

Assessor's management:

3. **Correct the inaccurate timecards, and adjust the employees' leave balances accordingly.**

4. **Remind employees of the requirement to accurately report their time, and ensure that supervisors review employee timecards for accuracy before they are approved.**

eCAPS Time Collection Exception Reports

CFM Section 3.1.7 requires payroll staff to generate exception reports (e.g., Single Approver, Missing Timesheets, etc.) from eCAPS, follow up, and document the results. We noted that Assessor's Payroll staff did not always generate these exception reports for all pay locations, and did not always follow up on all exceptions on the reports. For example, Payroll staff only followed up on eight (17%) of 46 exceptions shown on the April 30, 2012 Audit Trail Report.

Recommendation

5. **Assessor's management ensure that Payroll staff generate eCAPS Time Collection Exception Reports for all pay locations, and follow up on all exceptions, as required.**

Prior Review - Recommendation Status

On March 21, 2011, we issued a report on the Assessor's compliance with the County's payroll and personnel policies. Our report included 22 recommendations in areas such as payroll processing, terminations, bonuses, time and attendance, and industrial accidents, etc. As part of our current review, we followed up on 15 of 22 recommendations from our prior review to determine if the Assessor's had implemented the recommendations. The remaining seven recommendations were no longer applicable because they related to the prior manual timecard process, or were less material than the 15 we reviewed.

Our follow-up review disclosed that the Assessor's had not fully implemented six (40%) of the 15 recommendations reviewed. The current status of these recommendations is detailed below.

Recommendation 9 from the March 21, 2011 Report

Assessor's management ensure out-of-class bonuses are only used temporarily until employees are appointed to a new position or returned to their previous position.

Current Status: NOT IMPLEMENTED

Employees can temporarily receive an out-of-class bonus for performing the duties of a higher level position, until they are appointed to a new position, or returned to their previous assignment. As noted in our prior review, the Assessor's was not using out-of-class bonuses properly. We noted nine Assessor's employees who received out-of-class bonuses for more than one year, including one employee who had been receiving an out-of-class bonus for 18 years.

Our follow-up review indicates that eight of the employees were no longer receiving out-of-class bonuses. However, the one employee who had been receiving a bonus for 18 years was still receiving it. Assessor's management indicated that this employee did not apply for the higher level position during the last exam, and we noted that she is not on the active list of candidates currently eligible for promotion. Per DHR, if an active eligible list exists, the Assessor's must appoint the employee to the new position, or discontinue the bonus if she is unwilling or unable to pass the exam, or is unreachable. The Assessor's should

immediately discontinue the out-of- class bonus for this employee, and work with DHR and County Counsel to determine if the bonus constitutes an overpayment.

Recommendation 12 from the March 21, 2011 Report

Assessor's management ensure staff reviews and compares the Temporary Disability Payments Report to CWTAPPS and corrects/resolves incorrect payments.

Current Status: PARTIALLY IMPLEMENTED

To assist County departments with monitoring Temporary Disability (TD) payments, the A-C's Countywide Payroll Division provides a Temporary Disability Payments report with the TD amount, period of coverage, etc. Our follow-up review indicates that Assessor's staff are currently reviewing the report and comparing it to CWTAPPS/eHR. However, Assessor's staff have not resolved the incorrect TD payments identified in our prior review. The Assessor's should immediately resolve the overpayments, as previously recommended.

Recommendation 16 from the March 21, 2011 Report

Assessor's management restrict access to personnel and payroll files to appropriate staff and ensure employees do not have access to their own files.

Current Status: NOT IMPLEMENTED

CFM Sections 3.1.3 and 3.1.10 require departments to restrict access to payroll and personnel files to authorized personnel, and maintain the files separately. In our 2011 report, we noted that the Assessor's stored payroll and personnel files in a common area, accessible to all Payroll and Personnel staff, and that staff had access to their own files.

We observed that the files had not been moved or secured since our last review, and were still accessible by all Payroll and Personnel staff. The Assessor's needs to separately maintain its payroll and personnel files.

Recommendation 20 from the March 21, 2011 Report

Assessor's management ensure unannounced payoffs are conducted at all pay locations at least annually.

Current Status: NOT IMPLEMENTED

CFM Section 3.1.12 requires departments to conduct payroll payoffs at least annually to ensure that all employees are bona fide. We noted that two

Assessor's pay locations had not conducted payoffs since 2004. In addition, one pay location did not obtain some employees' signatures. The Assessor's should conduct payoffs at all pay locations annually.

Recommendation 21 from the March 21, 2011 Report

Assessor's management ensure staff independent of the payroll/personnel function verify written approval for each supplemental warrant on the CWPAY Supplemental Departmental Warrant Register.

Current Status: NOT IMPLEMENTED

Supplemental payroll warrants are issued when employees are underpaid. CFM Section 3.2.3 requires an employee, independent of the payroll/personnel function, to verify that written approval exists for each supplemental warrant. We noted that Assessor's staff with personnel functions did not perform this verification.

Recommendation 22 from the March 21, 2011 Report

Assessor's management ensure payroll staff use CWTAPPS reports to monitor the Department's payroll operations and retain the reports at least five years.

Current Status: PARTIALLY IMPLEMENTED

After our 2011 review, Assessor's staff reviewed the CWTAPPS reports, as required. However, after eHR was implemented in April 2012, CWTAPPS reports were replaced by similar eHR reports. We noted that Assessor's staff were not reviewing the corresponding eHR exception reports after the new system was implemented.

Recommendation

6. **Assessor's management implement all recommendations from the 2011 Payroll/Personnel review.**

Procurement

The Assessor's Management Services Division (Procurement) is responsible for purchasing goods and services for the Assessor's, which includes reviewing requisitions, obtaining price quotes, reviewing invoices for accuracy, and maintaining supply inventories, etc. The Assessor's FY 2011-12 services and supplies budget was approximately $24 million.

We reviewed the Assessor's procurement practices for compliance with County policies and procedures. This included reviewing a sample of purchases, interviewing Assessor's personnel, and evaluating purchasing, payment, and inventory controls. We also reviewed the Assessor's controls over access to the County's accounting and purchasing system's payment and procurement modules (eCAPS and eProcurement).

Agreement and Non-Agreement Purchases

The Internal Services Department (ISD) establishes agreements with vendors for commonly purchased items through a competitive solicitation process. Departments can purchase items covered by ISD agreements without a transaction limit in most cases, and do not need to obtain price quotes. Departments cannot use these agreements to purchase non-agreement items.

ISD delegates authority to departments to purchase non-agreement items, up to a certain limit. The Assessor's delegated authority is $5,000. For non-agreement purchases from $1,500 to $5,000, the Assessor's must obtain three price quotes, unless the item is only available from one vendor, and cannot be easily substituted (sole source purchases). The Assessor's must send requisitions to ISD for all non-agreement purchases over $5,000.

We reviewed a sample of the Assessor's agreement and non-agreement purchases, and noted several instances where the Assessor's did not follow purchasing requirements, resulting in the County paying more for goods and services than it should have.

- **Split Purchases** – We reviewed 25 non-agreement purchases and noted six (24%) purchases, totaling $19,948, had been split to stay below the Assessor's $5,000 delegated authority. For example, the Assessor's split a purchase of $8,091.62 into two purchases of $4,999.96 and $3,091.66. In another instance, "split order" was printed on the vendor's quotation, but it appears that Assessor's staff attempted to redact that information with a marker. We also noted that the Assessor's split five (20%) other purchases to stay below $1,500 to avoid having to obtain price quotes from vendors.

- **Inappropriate Use of Vendor Agreements and POs** – We noted that the Assessor's frequently purchased remanufactured toner cartridges, an agreement item, from a non-agreement vendor, and paid more than the agreement price. For example, on three purchases reviewed, totaling $4,644, the Assessor's paid $1,550 (35%) more than the agreement prices. In FY 2011-12, the Assessor's made at least 50 such purchases, totaling approximately $25,000. The Assessor's should review vendor agreements before purchasing items to ensure they purchase agreement items from agreement vendors.

In addition, on one (10%) of ten agreement purchases reviewed, the Assessor's purchased a non-agreement service, totaling $5,900, from an agreement vendor, as an agreement service. Since the purchase exceeded the Assessor's delegated authority, it should have been submitted to ISD for processing.

- **Agreement Prices Not Received** – For one (10%) of the ten agreement purchases reviewed, totaling $8,976, the Assessor's did not ensure they received the agreement prices, resulting in an overpayment of approximately $1,200. It appears Assessor's staff did not verify the agreement prices before paying the vendor.

- **Inappropriate Sole Source Purchases** – We reviewed 13 sole source purchases, and noted that ten (77%) purchases, totaling $33,600, did not meet the sole source requirement since the items were available from other vendors. The Assessor's might have paid lower prices if they had obtained the required quotes.

- **Requisition Approvals** – County policy requires purchases exceeding $25,000 to be approved by specific level managers (i.e., department head, chief deputy, executive staff manager or equivalent level). We noted that the Assessor's did not always comply with this policy. We reviewed three purchases exceeding $25,000, and noted that two (66%) purchases were approved by a lower level manager than required.

Recommendations

Assessor's management:

7. **Ensure that Procurement staff do not split purchases to circumvent the Department's delegated purchasing authority or the quote requirement.**

8. **Ensure Procurement staff review vendor agreements, make purchases from the appropriate sources (i.e., agreement or non-agreement vendors), and send non-agreement purchases over $5,000 to ISD for processing.**

9. **Require staff to verify agreement prices.**

10. **Ensure Procurement staff obtain price quotes as required by County purchasing policies, and only make sole source purchases that meet County criteria.**

11. **Ensure all purchases are approved by appropriate level managers.**

General Purchasing and Payment Controls

CFM requires departments to obtain approved requisitions before ordering goods/services, ensure requisitions and purchase orders include sufficient detail, and verify that goods and services are received before paying vendors, etc. We reviewed 38 purchases made in FYs 2010-11 and 2011-12, totaling approximately $508,000, and noted the following:

- **Chief Executive Office (CEO) Approval** – Departments are currently required to obtain CEO approval to purchase any non-essential services and supplies, and capital assets. We reviewed eight non-essential purchases, and noted that the Assessor's did not obtain CEO approval for three (38%) purchases, totaling $22,840.

- **Purchase Requisitions and Purchase Orders** – The Assessor's made 12 (32%) of the 38 purchases, totaling $154,400, without an approved requisition or without all of the required approvals. For three (8%) purchases, totaling approximately $4,700, the Assessor's only created requisitions and purchase orders after the services were received and invoiced. Lastly, seven (18%) requisitions, totaling $122,300, did not include sufficient information for Procurement to complete the purchases without following up with the requestor.

- **Prepayments** – ISD policy states that prepayments should only be made when it cannot be avoided (e.g., when a vendor requires prepayment). Prepayments must be approved by ISD, unless they are normal and customary (e.g., memberships, subscriptions, etc.). We noted that the Assessor's prepaid a vendor $8,000 for printing related services, without ISD's approval.

- **Payment Timeliness** – CFM 4.5.13 requires departments to pay vendors within 30 days of receiving the invoice. The Assessor's paid eight (18%) of 44 invoices reviewed an average of 21 days late. For one late payment, the Assessor's lost an available $216 discount.

- **Invoice Processing** – Departments are required to mark invoices "paid" to prevent duplicate payments. Although we did not find any duplicate payments, the Assessor's did not mark 12 (27%) of 44 invoices reviewed "paid".

Recommendations

Assessor's management:

12. Obtain CEO approval for purchases of non-essential services and supplies.

13. **Ensure staff only order goods and services after receiving properly approved requisitions and purchase orders, and ensure that all requisitions include sufficient detail.**

14. **Require staff to obtain ISD approval for prepayments that are not normal or customary.**

15. **Ensure vendors are paid within 30 days of receiving the invoice.**

16. **Ensure invoices are marked "paid" to prevent reuse.**

eCAPS Security Access

The eCAPS/eProcurement (System) allows authorized personnel to initiate and approve purchase and payment transactions online. County departments are required to periodically review employees' access (i.e., security roles), and authorization levels, to ensure that they are appropriate.

The Assessor's does not periodically review employees' System security roles, as required. We noted three Assessor's employees with inappropriate security roles. For example, one employee had the ability to add vendors/customers and approve payments. Another employee, an Account Clerk II, had a security role that should be limited to an Administrative Services Manager I or higher. The third employee's access was not deleted after he transferred to a different unit in October 2010.

Recommendation

17. **Assessor's management review employees' eCAPS/eProcurement access to ensure that employees have appropriate access/security roles.**

Annual Physical Inventory

CFM Section 5.3.1 requires County departments to have staff with no other supply, procurement, or warehouse responsibilities conduct annual physical inventories of their supply inventories. The Assessor's had warehouse staff conduct the annual physical inventory.

Recommendation

18. **Assessor's management ensure that staff with no other supply, procurement, or warehouse responsibilities complete the annual physical inventory.**

Expenditure Accounting

Commitment/Encumbrances

County departments establish commitment encumbrances (commitments) to reserve budgeted funds for goods and services that are ordered, but not received by the end of the fiscal year.

The Assessor's had 43 commitments at the beginning of FY 2011-12, totaling approximately $1.7 million. We reviewed 12 commitments, totaling $859,200, and noted that the Assessor's did not need six (50%) of them, totaling $212,800. Two commitments, totaling $167,200 were not needed because the Assessor's did not order the goods/services until the following fiscal year. And four, totaling $44,800, which had been carried over from FY 2010-11, should have been cancelled because the Assessor's had already received and paid for the goods/services in the previous year.

Recommendation

19. Assessor's management ensure that commitments are only established when good/services are ordered, but not received by the end of the fiscal year, and encumbrances/commitments are cancelled when no longer needed.

Accounts Payable

Departments establish accounts payable for goods/services that are received, but not paid for, by the end of the fiscal year. Accounts payable ensure that prior year expenses are paid with prior-year appropriations, and help ensure accurate budgetary results.

The Assessor's established 21 accounts payable for FY 2010-11, totaling approximately $61,600. We reviewed ten payables, totaling $46,800, and noted that eight (80%) accruals, totaling $35,752, should not have been established, because the Assessor's had already paid or returned/canceled the goods/services in the prior year.

Recommendation

20. Assessor's management ensure that accounts payable are only established when goods/services are received, but not paid for or returned, by end of the fiscal year.

Cash Handling

The Assessor's sells property and parcel related information (e.g., property description and assessment values, parcel boundary maps and changes, sales lists, etc.) to the public, developers, cities, and other agencies, etc. The Assessor's receives cash and

checks, both in person at public service counters, and through the mail for this information. During FY 2011-12, the Assessor's property information sales totaled approximately $217,000.

Property Data Sales Unit - Collections

The Assessor's Property Data Sales unit (PDS) sells large volume data (e.g., parcel related information on DVD and CDs, etc.) to developers, cities, and sanitation districts, etc. During FY 2011-12, PDS sales totaled approximately $186,000, or 86% of the Assessor's total information sales.

For over-the-counter sales, PDS collects cash and checks, and sends the collections to the Assessor's Accounting unit for deposit. Clients who make frequent purchases (e.g., developers, cities, etc.) may establish an account with the Assessor's, which allows them to make purchases and be billed. These clients mail their payments to a lockbox. We reviewed PDS' internal controls over cash collections and a sample of sales transactions, and noted the following:

- The Assessor's did not reconcile PDS collections to deposits to ensure that all collections are deposited. CFM Section 1.3.3.1 requires an individual independent of the cash receipting or depositing functions to reconcile the receipts to the deposit slips, within five days after receipts are deposited, to verify that all collections are properly accounted for and deposited. Without this reconciliation, it would be difficult to detect if any funds are missing. We reviewed PDS' collections and deposits for one month, and did not find any discrepancies. However, the Assessor's needs to complete this reconciliation, within five days of depositing collections, as required.

- When PDS transfers collections to the Accounting unit, they did not get a receipt for the funds, as required by CFM Section 1.3.3.1.

- PDS did not have a change fund, and had an employee use approximately $148 of his own money to make change. The Assessor's should immediately stop having employees use their own money to make change, and establish a change fund (i.e., revolving fund) for PDS, in accordance with CFM requirements.

- PDS sells property data on CDs and DVDs, but did not reconcile the CD and DVD inventory to the sales records. To ensure that all sales are properly accounted for, the Assessor's should have someone independent of sales or collections reconcile the beginning and ending inventory of CDs and DVDs to sales.

- PDS did not immediately endorse checks received, as required by CFM 1.3.4. We noted that the Accounting unit endorsed the checks on a weekly basis.

Recommendations

Assessor's management:

21. **Require an individual independent of the cash receipting or depositing functions to reconcile collections to deposits, within five days after the receipts are deposited.**

22. **Ensure that staff document transfers of collections by requiring transferring and receiving employees to sign for the funds, attesting that the amount transferred is correct.**

23. **Establish a change fund for PDS, and ensure that employees do not use their own money to make change.**

24. **Require staff independent of sales or collections to reconcile the beginning and ending balance of CD and DVD inventory to sales.**

25. **Require PDS staff to endorse checks immediately upon receipt.**

Account Handling

As noted earlier, the Assessor's allows buyers to purchase property data on account. To establish an account, customers must complete an application, provide a security deposit, and sign an agreement. The agreement specifies the payment due date and late fees. As of August 2012, the Assessor had 331 accounts. We reviewed these accounts, and noted the following:

- The Assessor did not always bill customers timely, and did not enforce their 30-day payment policy or late fees. We reviewed 15 transactions, and noted that the Assessor billed the customers an average of 73 days after the transaction date. Three (20%) of the customers paid an average of 23 days late, but the Assessor's did not charge them late fees, totaling $127.

- The Assessor did not always establish accounts receivables timely. Specifically, we reviewed 18 accounts receivable that were established in FY 2011-12, and noted that 13 (72%) receivables, totaling $5,985, should have been established in the prior fiscal year when the goods/services were provided. As a result, revenue from these sales were not recognized in the correct fiscal year. The Assessor's needs to ensure that they establish accounts receivable in the fiscal year services are provided.

- The Assessor's allowed a customer, who had a past due balance of $302 from June 2011, to make purchases on account in October and November 2011, totaling $1,265. The Assessor's ultimately had to refer the uncollected balance of $1,567 to the Treasurer and Tax Collector for collection in June 2012. The

Accounting Unit should inform PDS of delinquent/unpaid accounts to ensure that customers with past due amounts cannot make purchases.

- The Assessor's did not have follow-up procedures for delinquent accounts, as required by CFM Section 10.1.3. Some of the issues noted above may have been prevented if the Assessor's had follow-up procedures.

Recommendations

Assessor's management:

26. **Ensure staff bill customers timely, enforce the 30-day payment policy, follow up on late payments, and assess late fees, as appropriate.**

27. **Ensure Accounting staff establish accounts receivable in the fiscal year services are provided.**

28. **Require Accounting staff to inform PDS of unpaid accounts to ensure customers with past-due amounts cannot continue to make purchases.**

29. **Develop follow-up procedures for delinquent accounts.**

Separation of Duties

We noted that one employee received payments, updated account records, and followed up on delinquent accounts. In addition, as noted earlier, the Assessor's did not reconcile collections to deposits. To minimize the risk of fraud, these functions must be separated, as required by CFM Section 10.1.3.

Recommendation

30. **Assessor's management ensure the functions of receiving payments, updating accounts, and following up on delinquent accounts are appropriately separated.**

Deposits

CFM Section 1.3.7.1 requires departments to deposit $500 or more in cash and checks by the close of each business day. We inventoried a safe, and noted that the Assessor's had $17,467 in cash and checks, which had been there for at least five days. Assessor staff indicated that they make weekly deposits, which is not in compliance with the CFM.

Recommendation

31. Assessor's management ensure collections of $500 or more are deposited daily.

Safe Inventories

CFM Section 1.1.4 requires departments to restrict access to safes to as few authorized individuals as necessary. The CFM also requires departments to inventory safes every six months, and purge non-negotiable items.

We reviewed a safe in the Accounting unit, used to store daily collections, check stock, petty cash, etc., and noted that all six Accounting unit staff had access to the safe, even though only four employees needed access. In addition, we noted that the staff kept non-negotiable items, such as floppy disks with outdated Assessor's policies and schedules, etc., in the safe. Assessor's staff also could not tell us if this safe had ever been inventoried.

Recommendation

32. Assessor's management ensure that access to safes is limited to as few authorized individuals as necessary, safe contents are inventoried every six months, and non-negotiable items are purged, as appropriate.

County Credit Cards

Voyager (Gasoline) Cards

Some County employees use Voyager cards when County fueling sites are not geographically or readily accessible. The Assessor's has six Voyager cards.

We reviewed the Assessor's Voyager card transactions, and noted the Assessor's did not take or cancel the elected Assessor's (Mr. John Noguez) Voyager (gasoline) card when he went on leave of absence on June 1, 2012. Mr. Noguez continued to use the card for three weeks, making six purchases, totaling $383, after he started his leave. In addition, Mr. Noguez used the Voyager card to make five purchases in January and May 2012, totaling $198, and it is unclear whether these purchases, including two in Las Vegas, were business-related. We will work with Assessor's management and County Counsel to determine if the Assessor's should pursue reimbursement for any of these transactions.

The Assessor's also did not have receipts for nine (18%) of Mr. Noguez' 50 Voyager card purchases, totaling $568.

The Assessor's other five Voyager cards have not been used since 2004. The Assessor's indicated that the five cards are kept for emergency purposes. The Assessor's should reevaluate the need for each Voyager card, and cancel unused cards, as appropriate.

Recommendations

Assessor's management:

33. **Ensure Voyager cards are collected or canceled timely when employees are on a leave of absence.**

34. **Monitor Voyager card transactions to ensure that the cards are only used for business purposes.**

35. **Ensure that all Voyager card purchases are supported with receipts.**

36. **Reevaluate the need for each Voyager card and cancel unused cards, as appropriate.**

American Express

County departments can issue American Express corporate (AMEX) cards to employees who travel frequently, to avoid giving travel advances or having employees incur out-of-pocket expenses. When employees use their AMEX card, they are required to submit an expense claim, and pay off the card balance with the funds received from the claim. The Assessor's had one AMEX card, assigned to Mr. Noguez.

We reviewed the Assessor's AMEX card transactions from February 2011 to February 2012, and noted that all transactions appeared to be business-related. However, we noted that on three separate occasions, Mr. Noguez forwarded the AMEX statements to the Accounting unit to be processed for payment to AMEX, and also submitted expense claims for the same charges. The Accounting unit processed all of the requests, directly paying AMEX approximately $1,141, and also paying Mr. Noguez $1,141, resulting in duplicate payments. The Accounting unit discovered the error several months later, and recovered the overpayments from Mr. Noguez.

It should be noted that the Assessor's cancelled the AMEX card in April 2012. Assessor's staff indicated that they cancelled the card because Mr. Noguez no longer needed it. The recommendation below applies if the Assessor's issues AMEX cards in the future.

Recommendation

37. Assessor's management ensure the Accounting unit follows the American Express card reimbursement procedures to avoid duplicate payments.

Mileage Reimbursement

The County Code allows reimbursement to employees for mileage and parking fees when they drive their own cars on County business. The Assessor's has over 850 employees who drive their personal vehicles on County business, and Assessor's employees received a total of approximately $996,000 in mileage reimbursements during FY 2011-12.

Mileage Claim Accuracy

CFM Section 13.12.7 requires employees to submit mileage claims with the date, time, location/address and city, odometer readings, miles traveled, and purpose for each trip. The claims must be reviewed/approved by supervisors who can attest to their accuracy, and be reviewed by mileage clerks before they are processed for payment. Employees cannot claim mileage on days they do not work, or claim excessive mileage. We reviewed a sample of 15 mileage claims, interviewed Assessor's staff, and noted the following:

- **Over-claimed Mileage** – We compared the mileage on the 15 claims to the mileage computed by internet applications (i.e., MapQuest, Google Maps), and noted that 11 (73%) claims reported more miles than the internet applications, resulting in $809 in total possible overpayments, or 8.5% of the total amounts claimed, $9,566. For example, one employee claimed 16 miles from one work location to another when the longest computed route was nine miles, and the claim did not include any justification for the additional miles.

- **Mileage Claimed for Days Not Worked** – On one (7%) of the 15 claims, an employee claimed and was reimbursed for mileage on a day when his timecard indicated he did not work. While we did not find other improper mileage payments on the 15 claims reviewed, we noted that 38 (26%) of 144 entries in the Assessor's log of mileage claims returned to employees for corrections (Returned Mileage Log) were for mileage claimed on days the employees did not work. Assessor's supervisors need to do a better job of reviewing employees' mileage claims to ensure that only accurate claims are submitted for reimbursement, and counsel employees about submitting false/inaccurate claims.

- **Incomplete Mileage Claims** – Eight (53%) claims were missing some required information (e.g., valid/complete addresses, times/dates, trip purpose, etc.). We were unable to verify a total of 434 miles ($222) because the claims did not have valid or complete addresses.

- **Incorrect Headquarters Address** – For two (13%) claims, employees entered incorrect headquarters on their mileage claims. For one employee, this resulted in an overpayment of $66, or 126 miles. The second employee used the address of another County department's office as her headquarters on the mileage claim, but it did not result in an over/under payment. Since mileage claims are paid based on the headquarters shown on the claims, the Assessor's should ensure that employees report accurate headquarters on their claims.

  Recommendations

  Assessor's management:

  38. **Reinstruct employees on mileage claim rules, and the requirement to complete their claims accurately, and monitor for compliance.**

  39. **Reemphasize to employees that they should only claim mileage on days they work, and that submitting inaccurate claims may result in discipline.**

  40. **Instruct supervisors and mileage clerks to reject inaccurate or incomplete claims.**

  41. **Ensure employees include correct headquarters on their mileage claims.**

Mileage Claim Processing

We interviewed five supervisors from various Assessor's offices, and all five indicated they routinely approve employees' mileage claims without thoroughly reviewing them. In addition, four of the five supervisors indicated they sign mileage claims for employees they do not supervise, when the employees' supervisors are not available. This may explain the number of claims returned for correction, as noted earlier. All mileage claims should be reviewed/approved by supervisors who can verify the accuracy of the claims.

We also noted that supervisors return approved mileage claims to employees, so the employees can submit the claims for processing. While we did not note any inappropriate changes, returning approved claims to the employees could result in approved claims being altered before they are submitted for processing, and improper payments.

Recommendations

Assessor's management:

42. **Require mileage claims to be reviewed and approved by supervisors who can attest to the accuracy of mileage claimed.**

43. **Ensure supervisors do not return approved mileage claims to employees.**

Mileage Re-Certification

CFM Section 13.12.2 requires departments to review all mileage permittees annually to verify if they still need permittee status. Assessor's management indicated that the they conduct this review annually by requiring employees to complete the 'Mileage Reimbursement Classification' form, and have it approved by their supervisors, to verify their continued need for permittee status. They also indicated that, if a mileage permittee does not submit the form, the employee's permittee status is removed from CWTAPPS/eHR, until the form is received. However, we noted that four (40%) of ten employees reviewed did not submit the required form, but their permittee status was not removed.

Recommendation

44. **Assessor's management review all employees' mileage permittee status annually, and ensure that permittee status is removed from CWTAPPS/eHR, if employees do not verify their continued need.**

Driver License Monitoring

CFM Section 13.12.10 requires departments to review the Driver License Expiration report every month to verify that all employees driving on County business have a current driver's license. Assessor's staff indicated they do not review this report. We noted two instances where the employees were paid for mileage when CWTAPPS indicated they had expired licenses. To protect the County from liability for employees driving without a current driver's license, the Assessor's should review this report monthly.

Recommendation

45. **Assessor's management ensure that mileage clerks review the Driver License Expiration report monthly, and that employees with an expired driver's license do not drive on County business or claim mileage.**

Travel Expenses

Assessor's employees sometimes travel for County business, such as out-of-state business property audits, conferences, etc. During FY 2011-12, the Assessor's incurred approximately $242,000 in travel expenses.

Travel Requests/Advances

We interviewed Assessor's staff, reviewed travel logs, and a sample of 15 travel expense claims, which included nine travel advances, and noted the following:

- Two (13%) employees attended a conference without written approval. Although the conference appeared job-related, CFM Section 13.2.2 requires employees to obtain written approval before traveling on County business.

- The Assessor's does not have a standardized travel authorization form. As a result, some completed travel authorization forms did not include all required information (e.g., employee number, purpose of trip, etc.).

- For all nine travel advances, the Assessor's advanced 100% of the estimated travel expenses to employees. CFM Section 13.9.0 indicates that travel advances should be limited to no more than 75% of the estimated travel expenses. We noted that five (56%) of the nine employees reviewed spent less than the amount advanced. In all five instances, the employees returned the unused advances to the Assessor's.

Recommendations

Assessor's management:

46. Require employees to obtain written approval before traveling on County business.

47. Standardize the travel authorization form to include all required information.

48. Ensure that no more than 75% of estimated travel expenses are advanced.

Reconciliation of Travel Billing Statements

Each month, the A-C's Disbursements Division sends departments a travel billing statement that lists all travel charges (e.g., airfare, car rental, etc.). Departments are required to reconcile this statement to their approved travel requests to ensure they are only billed for approved employee travel. However, the Assessor's did not complete this reconciliation. As a result, we noted an instance where the Assessor's was charged

$122 for car rental expenses incurred by another department's employee. This error would have been detected if staff reconciled travel billing statements.

Recommendation

49. Assessor's management require staff to reconcile travel billing statements to approved travel requests.

Cellular Phones

The Assessor's has 30 cellular (cell) phones and seven broadband cards, and spends approximately $20,000 a year on these services. We evaluated the Assessor's controls over cell phones and broadband cards, reviewed billing statements and inventory records, and noted the following:

- CFM Section 4.7.2 indicates that departments should reevaluate individual cell phone assignments annually to ensure they are needed. The Assessor's did not reevaluate individual cell phone assignments once they assigned the cell phones to employees. We noted that ten (33%) of 30 cell phones were used for less than ten minutes over a two-year period, resulting in approximately $2,900 for unnecessary service fees. The Assessor's indicated that these cell phones were assigned to employees for "emergency" use. However, we interviewed two of the ten employees, and both indicated that they do not carry their County cell phones, but keep them in their office drawer. Given the minimal usage, it may be more cost effective to have the employees use their personal cell phones, if needed, and reimburse them for usage.

- The Assessor's did not always cancel cell phone service timely when employees leave the Assessor's. We noted that one employee left the Assessor's on January 4, 2012, but kept his County cell phone and continued to use it until the Assessor's cancelled it on February 27, 2012. The employee incurred $103 in service/usage charges, and the Assessor's subsequently recovered $52 from the employee. Another employee retired in January 2012, and turned in his cell phone, but the Assessor's did not cancel the service until August 2012, resulting in $103 in service fees for this unused phone.

- The Assessor's did not maintain up-to-date cell phone inventory records, as required by the CFM. We noted 13 incorrect/incomplete cell phone inventory items. For example, the inventory records did not include three cell phones that had been active since July 2001. As a result, we were unable to determine when these phones were assigned to the employees. Assessor's staff updated their inventory records after we brought the issue to their attention.

- The Assessor's did not have adequate segregation of duties related to cell phones. One employee ordered, received, and distributed cell phones, and reviewed monthly billing statements. This employee was also responsible for submitting forms to Procurement to update the cell phone inventory. We also noted that the employee did not always notify Procurement when phones/accessories were received. This may have contributed to the inaccurate cell phone inventory records.

- Assessor's staff purchased cell phones and related equipment without approval. For example, an employee received an upgraded cell phone, at a cost of $257, without management approval. We also noted that cell phone accessories (e.g., chargers) were purchased without approval.

Recommendations

Assessor's management:

50. **Ensure cell phone assignments are reviewed annually, and unused phones are deactivated.**

51. **Consider canceling services for rarely used phones, and reimbursing employees for infrequent/intermittent use of their personal cell phones.**

52. **Ensure cell phones are returned and service is cancelled timely when employees leave the Department.**

53. **Maintain an accurate inventory of cell phones, including up-to-date records of assigned users.**

54. **Ensure the functions of ordering, receiving, and distributing cell phones, and reviewing monthly billing statements are adequately separated.**

55. **Consider having Procurement staff (who are not responsible for ordering cell phones) receive cell phones to ensure accurate and timely updates to the cell phone inventory records.**

56. **Ensure cell phone related purchases are properly approved.**

Broadband Cards

We reviewed the Assessor's controls over their broadband cards, and noted that the Assessor's paid $633 for one broadband card that was not used from May 2011 to June 2012. We also noted that the Assessor's inventory records did not include one broadband card that was assigned to an employee. The Assessor's subsequently

assigned an asset tag number and updated their inventory records, after we brought it to their attention.

Recommendation

57. Assessor's management cancel unused broadband cards, and maintain accurate inventory records.

Trust Funds

The Assessor's has four trust funds, totaling $8.44 million, as of June 30, 2012. Approximately $8.4 million (99.5%) of the total trust fund balance is in the Assessor's Property Tax Administration Trust Fund (S4G), used to maintain the State Property Tax Administration Program grant. The remaining three trust funds, totaling $40,000, are used to hold security deposits, temporarily account for accounts receivable collections and revenue, etc.

Trust Fund Documentation and Records

CFM Section 2.1.3 requires departments to keep documentation indicating the purpose and authority for each trust fund. We noted that the Assessor's did not have this documentation for any of its trust funds. The Assessor's indicated that the documentation may have been misplaced since the trust funds were established years ago (e.g., in 1990).

In addition, CFM Section 2.3.0 requires departments to maintain a ledger and detailed subsidiary records for each trust account, and to perform monthly reconciliations to the County's official accounting records (eCAPS). The Assessor's did not have ledgers for their trust funds, except for the SG4 trust fund, and they did not perform monthly reconciliations for any of the trust funds. As a result, we noted that the Assessor's could not identify the source of $18,000 in one trust fund, a sweep account – TU3. We noted that the $18,000 had been in the trust fund for at least five years.

Recommendations

Assessor's management:

58. Maintain documentation indicating the purpose and authority for each trust fund.

59. Maintain detailed ledgers for all trust funds, and reconcile the records to eCAPS monthly.

60. Determine the source of the $18,000 balance in the TU3 trust fund, and appropriately disposition the funds, as necessary.

Revenue Transfers

The Assessor's uses trust funds to temporarily deposit collections until the Accounting unit can identify the appropriate revenue accounts. However, the Accounting unit did not always transfer trust fund balances to revenue accounts timely. We reviewed 26 revenue transfers, totaling $10,422, and noted that 24 (92%) transfers, totaling $4,456, were completed an average of 111 days after the Assessor's earned the revenue. It appears these transfers were delayed because the Accounting unit did not prepare journal vouchers timely.

Recommendation

61. Assessor's management ensure Accounting unit staff transfer revenue from trust funds timely.

Revolving Funds

A revolving fund is a predetermined amount of money maintained on a fixed (imprest) basis to be used for County business. Departments establish revolving funds to make change, to make small (petty cash) purchases, etc. The Assessor's has one revolving fund, totaling $5,340, consisting of a $4,860 checking account that is used to purchase goods and services; and smaller petty cash and change funds assigned to the Assessor's District offices. We reviewed the Assessor's revolving fund transactions and controls, and noted the following:

- For five (83%) of six revolving fund purchases reviewed, totaling $2,078, the Assessor's made non-emergency purchases, that did not require prepayment. CFM Section 4.6.4 indicates that, for purchases between $25 and $1,000, revolving funds may be used when emergencies exist, when prepayment is required, etc. The Assessor's should have purchased these items through the regular procurement process, and should have paid for them using the online vendor payment system (eCAPS). In addition, we noted that an individual with knowledge of the procurement process was not always involved with revolving fund purchases, as required.

- The Assessor's made 18 purchases, averaging $275 per month, using the revolving fund checking account, but the Assessor's only requested reimbursement/replenishment of the account once during the Fiscal Year. CFM Section 1.6.6 indicates that departments should reimburse/replenish revolving funds monthly. Not reimbursing/replenishing the revolving fund on a monthly basis may be an indication that the fund assignment is too large for the department's needs. The Assessor's should reevaluate the amount of the revolving fund assignment, and return any excess funds to the A-C's Accounting Division.

- The Assessor's used its revolving fund checking account to deposit and issue payments for charitable giving campaign activities/contributions (e.g., March of Dimes, etc.). The Assessor's deposited a total $14,700 of charitable giving contributions into the account, and approximately $1,160 in contributions are still in the account. The Assessor's should work with the CEO's Office of Workplace Programs to transfer the remaining charitable giving funds, and obtain guidance/training on how to properly deposit and account for charitable giving funds.

- The Assessor did not conduct surprise cash counts of revolving funds, as required by CFM Section 1.6.3.

- The Assessor did not follow up on uncashed revolving fund checks timely. For example, the Assessor's June 2012 reconciliation included seven checks, totaling $160, which have been outstanding since at least January 2007.

- The Assessor's revolving fund checks did not indicate "Amounts over $500 require two signatures", as required by CFM Section 4.6.4.

Recommendations

Assessor's management:

62. **Ensure that revolving fund purchases, between $25 and $1,000, are limited to emergency purchases, when prepayment is required, etc.**

63. **Ensure that an individual with procurement expertise is involved in revolving fund purchases.**

64. **Reevaluate the Department's revolving fund assignment to determine if the amount should be reduced, and return any excess funds to the Auditor-Controller's Accounting Division.**

65. **Work with the CEO's Office of Workplace Programs to transfer the remaining charitable giving funds, and obtain guidance/training on how to properly deposit and account for charitable giving funds.**

66. **Require staff to conduct periodic surprise cash counts of revolving funds.**

67. **Ensure staff follow up on uncashed revolving fund checks and cancel them timely, as necessary.**

68. **Ensure the revolving fund checks indicate "Amounts over $500 require two signatures".**

Internal Control Certification Program

The A-C developed the Internal Control Certification Program (ICCP) to assist County Departments in evaluating and improving internal controls over fiscal operations. Departments must review and evaluate controls in key fiscal areas, and certify that proper controls are in place, or document corrective action to address internal control deficiencies or weaknesses.

Many of the deficiencies noted in this report were not identified when Assessor's staff completed the ICCP for FY 2010-11 and 2011-12. Assessor's management should require staff to accurately complete the ICCP questionnaires, identify all internal control weaknesses, and develop an improvement plan to address each control weakness. Assessor's management should also review completed ICCP questionnaires and improvement plans, and monitor to ensure the timely implementation of corrective action.

Recommendations

Assessor's management:

69. **Require staff to accurately complete the Internal Control Certification Program questionnaires, identify all internal control weaknesses, and develop an improvement plan to address each control weakness.**

70. **Review completed Internal Control Certification Program questionnaires and improvement plans, and monitor to ensure the timely implementation of corrective action.**

Attachment II

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SANTOS H. KREIMANN
CHIEF DEPUTY ASSESSOR

December 3, 2012

TO: Wendy L. Watanabe
Auditor-Controller

FROM: Santos H. Kreimann
Chief Deputy Assessor

SUBJECT: **COMPREHENSIVE FISCAL REVIEW**
(BOARD AGENDA ITEM 36-A, APRIL 10, 2012)

Attached is the Assessor's response to the recommendations contained in the Comprehensive Fiscal Review conducted by your office. Please see the attached document which reflects our responses to these recommendations.

If you have any questions or need additional information, please contact George Renkei, Assistant Assessor of Administration at (213) 974-3101.

SHK:GR:tt

Attachment

c: George Renkei, Assistant Assessor, Administration
Sharon Moller, Assistant Assessor, Operations

County of Los Angeles
Office of the Assessor
Response to Recommendations – Comprehensive Fiscal Review

PAYROLL/PERSONNEL

Recommendations:

1. **Assessor management discontinue the practice of changing employee timecards to reduce vacation payouts, and ensure that employee timecards reflect actual hours worked.**

   Department Response: AGREE

   Three reminder memos are sent to Division Managers and employees with excess vacation throughout the calendar year. An additional reminder will be sent out this year in December to remind employees and supervisors of the proper rules of excess vacation and the importance of recording time accurately and timely.

   HR operations managers will also begin conducting roundtable meetings with supervisors and managers to discuss this issue as well as others.

2. **Assessor management discontinue allowing employees to work unrecorded overtime, and ensure that employees' overtime is appropriately approved by management and reported.**

   Department Response: AGREE

   On March 8, 2011 a memo was sent to all supervisors and managers on FLSA rules. By the end of the 2011/12 Fiscal Year, all departmental managers and supervisors had attended the instructor-led FLSA trainings offered by the Department of Human Resources.

   A reminder memo will be sent to all supervisors and managers to re-enforce the FLSA rules and the importance of obtaining appropriate approvals for overtime as well as recording time accurately and timely.

   In addition, HR operations managers will begin conducting roundtable meetings with supervisors and managers to discuss this issue as well as others.

3. **Assessor management to correct the inaccurate timecards, and adjust the employees' leave balances accordingly.**

   Department Response: AGREE

   One of the employee's timesheet was corrected on September 23, 2012. The other employee timesheet variance form is pending and the correction will be processed as soon as it's received.

4. **Assessor management to remind employees of the requirement to accurately report their time, and ensure that supervisors review employee timecards for accuracy before they are approved.**

   Department Response: AGREE

On November 15, 2012 the department sent out a memo reminder to all Division Chiefs reinforcing the review of benefit time and the requirement of employees and supervisors to accurately report time.

Periodically, a memo will be sent to all employees reiterating the importance of recording time accurately and timely.

HR operations managers will begin conducting roundtable meetings with supervisors and managers to discuss this issue as well as others.

5. **Assessor management ensure that Payroll staff generate eCAPS Time Collection Exception Reports for all pay locations, and follow up on all exceptions, as required.**

Department Response: AGREE

A log was created on June 1, 2012 to ensure all eCAPS Time Collection Exception Reports are printed and reviewed for all pay locations. The Payroll supervisor periodically reviews the log and the Exception Reports to ensure compliance.

Recommendation 9 from the March 21, 2011 Report
Assessor management ensure out-of-class bonuses are only used temporarily until employees are appointed to a new position or returned to their previous position.

Department Response: AGREE

The department has put in place a procedure ensuring that the out-of-class bonus is terminated when an employee is either not on the eligibility list or not reachable on the eligibility list.

Recommendation 12 from March 21, 2011 Report
Assessor management ensure staff reviews and compares the Temporary Disability Payments Report to CWTAPPS and corrects/resolves incorrect payments.

Department Response: AGREE

The department has been working with the worker's compensation's third party administrator in order to correct/resolve the incorrect payments made to one employee.

Recommendation 16 from March 21, 2011 Report
Assessor management restrict access to personnel and payroll files to appropriate staff and ensure employees do not have access to their own files.

Department Response: AGREE

Due to space limitation, the department was not able to comply with this at the time of review. Remodeling work in HR has begun and, once completed, we will have the space needed to separate the personnel and payroll files.

Recommendation 20 from the March 21, 2011 Report

Assessor management ensure unannounced payoffs are conducted at all pay locations at least annually.

Department Response: AGREE

The department will draft procedures to ensure that staff perform the payoff audits in accordance with CFM guidelines.

Additionally, an audit schedule will be prepared annually listing all of the pay locations and proposed dates to ensure that no pay location is left out.

Recommendation 21 from the March 21, 2011 Report
Assessor management ensure staff independent of the payroll/personnel functions verify written approval for each supplemental warrant on the CWPAY Supplemental Departmental Warrant Register.

Department Response: AGREE

The department now has a procedure in place to ensure that written approval exists for each supplemental warrant and has identified where this function will be assigned/transferred.

Recommendation 22 from the March 21, 2011 Report
Assessor management ensure payroll staff use CWTAPPS reports to monitor the Department's payroll operations and retain the reports at least five years.

Department Response: AGREE

A log will be created to ensure all eHR Exception Reports are printed and reviewed. In November 2012 payroll staff members were instructed to begin reviewing the exception reports generated from April 2012 to present. Going forward, the payroll supervisor will review the log and the eHR Exception Reports to monitor and ensure compliance each pay period.

6. **Assessor management implement all recommendations from the 2011 Payroll/Personnel review.**

Department Response: AGREE

As discussed above, the department has either implemented, or is in the process implementing, all of the recommendations from the 2011 Payroll/Personnel review.

PROCUREMENT

Recommendations:

7. **Ensure that Procurement staff does not split purchases to circumvent the Department's delegated purchasing authority of the quote requirement.**

Department Response: AGREE

- Procurement staff members were briefed on ISD's purchasing policies and procedures in September 2012.
- The department will create and distribute a job-specific policy and procedures manual for each procurement employee.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

8. **Ensure Procurement staff review vendor agreements, make purchases from the appropriate sources (i.e., agreement or non-agreement vendors), and send non-agreement purchases over $5,000 to ISD for processing**

Department Response: AGREE

- Procurement staff members were briefed on ISD's purchasing policies and procedures in September 2012.
- The department will create and distribute a job-specific policy and procedures manual for each procurement employee.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

9. **Require staff to verify agreement prices.**

Department Response: AGREE

- Procurement staff members were briefed on ISD's purchasing policies and procedures in September 2012.
- The department will create and distribute a job-specific policy and procedures manual for each procurement and budget employee.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

10. **Ensure Procurement staff members obtain price quotes as required by County purchasing policies, and only make sole source purchases that meet County criteria.**

Department Response: AGREE

- In September 2012 Procurement staff members were briefed on ISD's purchasing policies and procedures.
- The department will develop a Sole Source Purchasing Policy for purchases within the department's purchasing authority.
- The department will create and distribute a job-specific policy and procedures manual for each procurement and budget employee.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

11. **Ensure all purchases are approved by appropriate level managers.**

Department Response: AGREE

- A memorandum to procurement and budget staff members will be distributed reminding them of proper signature requirements.
- CFM Policy and Procedure #4.4.2.1 will be distributed to all procurement and budget staff members.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

12. **Obtain CEO approval for purchases of non-essential services and supplies.**

Department Response: AGREE

- A memorandum to procurement and budget staff members regarding the Freeze on Non-Essential Services, Supplies and Equipment will be distributed.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

13. **Ensure staff only order goods and services after receiving properly approved requisitions and purchase orders, and ensure that all requisitions include sufficient detail.**

Department Response: AGREE

- A memorandum to procurement and budget staff members reminding them of purchasing policies and procedures will be distributed.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

14. **Require staff to obtain ISD approval for prepayments that are not normal or customary.**

Department Response: AGREE

- A memorandum to procurement and budget staff members reminding them of ISD's purchasing policy relating to prepayments to vendors will be distributed.
- Procurement policies and procedures will be reviewed annually with all procurement and budget staff members.

15. **Ensure vendors are paid within 30 days of receiving the invoice.**

Department Response: AGREE

- Additional staff will be required in order to implement this recommendation.

- The Department is the process of requesting additional staf f through hiring and/or transfer.
- A memorandum to procurement and budget staff members reminding them of ISD's Purchasing policy relating to pre-payments to vendors will be distributed.
- Procurement and payment policies and procedures will be reviewed annually with all procurement and budget staff members.

16. **Ensure invoices are marked "paid" to prevent reuse.**

Department Response: AGREE

- A memorandum to procurement and budget staff members reminding them of purchasing policies and procedures will be distributed.
- Procurement and payment policies and procedures will be reviewed annually with all procurement and budget staff members.

17. **Assessor management review employees' eCAPS/Procurement access to ensure that employees have appropriate access/security roles.**

Department Response: AGREE

- In November 2012 the department reviewed eCaps/Procurement access and made adjustments as needed.
- The department will review eCaps/Procurement for access/security roles annually.

18. **Assessor management ensure that staff with no other supply, procurement, or warehouse responsibilities complete the annual physical inventory.**

Department Response: AGREE

- Additional staff will be required in order to implement this recommendation.
- The Department will cross-train existing staff or seek additional resources in order to implement this recommendation.

EXPENDITURE ACCOUNTING

Recommendations:

19. **Assessor management ensure that commitments are only established when good/services are ordered, but not received by the end of the fiscal year, and encumbrances/commitments are cancelled when no longer needed.**

Department Response: AGREE

- A memorandum to procurement and budget staff members reminding them of CFM policies regarding encumbrances and commitments will be distributed.

- The department will create an internal policy to ensure that encumbrances and commitments are reviewed and cancelled when no longer needed.

20. **Assessor management ensure that accounts payable are only established when goods/services are received, but not paid for or returned, by end of the fiscal year.**

Department Response: AGREE

- A memorandum to Directors, Chiefs and procurement and budget staff members reminding them of purchasing policies and procedures will be distributed.
- Procurement and payment policies and procedures will be reviewed annually with all procurement and budget staff members.

CASH HANDLING

Recommendations:

21. **Require an individual independent of the cash receipting or depositing functions to reconcile collections to deposits, within five days after the receipts are deposited.**

Department Response: AGREE

- Additional staff will be required in order to implement this recommendation.
- The Department is in the process of requesting additional staff through hiring and/or transfers.

22. **Ensure that staff document transfers of collections by requiring transferring and receiving employees to sign for the funds, attesting that the amount transferred is correct.**

Department Response: AGREE

- Accounts Receivable has developed a spreadsheet that lists all funds being transferred.
- A new form was created in September 2012 and is currently in use.

23. **Establish a change fund for PDS, and ensure that employees do not use their own money to make change.**

Department Response: AGREE

- A change bag will be provided to PDS staff.
- The Department's Management Services staff will meet with ITD and establish written policies and procedures for this function.

24. **Require staff independent of sales of collections to reconcile the beginning and ending balance of CD and DVD inventory to sales.**

Department Response: AGREE

The Department's Management Services staff will meet with ITD to establish written policies and procedures for this function.

25. **Require PDS staff to endorse checks immediately upon receipt.**

Department Response: AGREE

- The Department's Management Services will meet with ITD to establish written policies and procedures for this function.
- ITD will be provided with an endorsement stamp.

26. **Ensure staff bill customers timely, enforce the 30-day payment policy, follow up on late payments, and assess late fees, as appropriate.**

Department Response: AGREE

- In consultation with the Accounts Receivables and ITD, Management Services will develop new written policies and procedures.
- Policies and procedures will be reviewed annually with all appropriate staff members.

27. **Ensure Accounting staff establish accounts receivable in the fiscal years services are provided.**

Department Response: AGREE

- This recommendation is consistent with existing policy. Management Services will issue a memo to staff reminding them of the proper procedures.
- Policies and procedures will be reviewed annually with all appropriate staff members.

28. **Require Accounting staff to inform PDS of unpaid accounts to ensure customers with past due amounts cannot continue to make purchases.**

Department Response: AGREE

The Department's Management Services staff will establish written policies and procedures for this function.

29. **Develop follow-up procedures for delinquent accounts.**

Department Response: AGREE

- The department will develop written policies that address follow-up procedures for delinquent accounts.
- Management Services will issue a memo to staff outlining the policy and procedures for delinquent accounts.
- Policies and procedures will be reviewed annually with all appropriate staff members.

30. **Assessor management ensure the functions of receiving payments, updating accounts, and following up on delinquent accounts are appropriately separated.**

Department Response: AGREE

- The department will develop written policies that address follow-up procedures for delinquent accounts.
- Management Services will issue a memo to staff outlining the policy and procedures for delinquent accounts.
- Policies and procedures will be reviewed annually with all appropriate staff members.

31. **Assessor management ensure collections of $500 or more are deposited daily.**

Department Response: AGREE

- Management Services is currently developing written procedures for this work function.
- Management Services will cross-train staff in order to provide backup.
- A memorandum emphasizing this policy will be distributed.
- Policies and procedures will be reviewed annually with all appropriate staff members.

32. **Assessor management ensure that access to safes is limited to as few authorized individuals as necessary, safe contents are inventoried every six months, and non-negotiable items are purged, as appropriate.**

Department Response: AGREE

- The combination to the safe was changed in September 2012 and access has been limited to Accounting Unit staff only.
- A list of those authorized to access the safe will be created and maintained.
- A written access policy will be developed and distributed.

COUNTY CREDIT CARDS

Recommendations:

33. **Ensure Voyager cards are collected or cancelled timely when employees are on leave of absence.**

Department Response: AGREE

- The Department's only active Voyager card was collected and cancelled on August 31, 2012.
- The Department will develop new guidelines, standards and a user agreement which will include notification and the return of any card should an employee take a leave of absence.

34. **Review Voyager card transactions to ensure that the cards are only used for business purposes.**

Department Response: AGREE

The department will develop new guidelines, standards and a user agreement that will clearly state that Voyager card transactions are to be used exclusively for County business purposes.

35. **Ensure that all Voyager card purchases are supported with receipts.**

Department Response: AGREE

The department will develop new guidelines, standards and a user agreement that will clearly state that Voyager card transactions must be fully documented, including receipts.

36. **Reevaluate the need for each Voyager card and cancel unused cards, as appropriate.**

Department Response: AGREE

As new guidelines, standards and a user agreement are developed, the ongoing need for each card will be evaluated.

37. **Assessor management ensure the Accounting unit follows the American Express card reimbursement procedures to avoid duplicate payments.**

Department Response: AGREE

- The department's only active American Express Card was cancelled on April 6, 2012.
- If a new card is assigned, the Accounting Unit will train the user on proper reimbursement procedures and monitor all transactions in accordance with reimbursement policy.

MILEAGE REIMBURSEMENT

Recommendations:

38. **Reinstruct employees on mileage claim rules, and the requirement to complete their claims accurately, and monitor for compliance.**

Department Response: AGREE

- The department will reissue the administrative memorandum on mileage claim reiterating the importance of timely and accurate submission of claims.
- HR operations managers will begin conducting roundtable meetings with supervisors and managers to discuss this issue as well as others.

39. **Reemphasize to employees that they should only claim mileage on days they work, and that submitting inaccurate claims may result in discipline.**

Department Response: AGREE

- The department will reissue the administrative memorandum on mileage claim reiterating the importance of timely and accurate submission of claims.
- HR operations managers will initiate roundtable meetings with supervisors and managers to evaluate related issues.

40. **Instruct supervisors and mileage clerks to reject inaccurate of incomplete claims.**

Department Response: AGREE

- The department currently has a procedure in place wherein mileage claims are checked by the mileage clerks and inaccurate or incomplete claims are returned.
- HR will re-issue the memorandum on mileage claims to mileage clerks and appropriate staff.
- HR operations managers will begin conducting roundtable meetings with supervisors and managers to reiterate their responsibilities.

41. **Ensure employees include correct headquarters on their mileage claims.**

Department Response: AGREE

- The department will reissue the administrative memorandum on mileage claims reiterating the importance of timely and accurate submission of claims.
- Mileage clerks will continue to review the mileage claims and return inaccurate or incomplete.

42. **Require mileage claims to be reviewed and approved by supervisors who can attest to the accuracy of mileage claimed.**

Department Response: AGREE

- HR operations managers will begin conducting roundtable meetings with supervisors and managers to reiterate their responsibilities.
- Supervisors will be instructed to verify accuracy of mileage claims.
- A regular system if internal mileage claim audits will be established.

43. **Ensure supervisors do not return approved mileage claims to employees.**

Department Response: AGREE

- HR operations managers will begin conducting roundtable meetings with supervisors and managers to discuss this issue as well as others.
- Supervisors will be instructed to comply with this policy.

44. **Assessor management review all employees' mileage permittee status annually, and ensure that permittee status is removed from CWTAPPS/her, if employees do not verify their continued need.**

Department Response: AGREE

The department has an annual mileage re-certification procedure in place. To strengthen the process, the department implemented a new procedure using the eHR system. The system was set up so that mileage clerks are not able to process a mileage claim if the certification is not submitted or the certification information in the system does not reflect active permittee status.

45. **Assessor management ensure that mileage clerks review the Driver License Expiration report monthly, and that employees with an expired driver license do not drive on County business or claim mileage.**

Department Response: AGREE

The department began implementing a new process using the eHR system that, once complete, will not allow mileage clerks to process a mileage claim if the employee's license has expired.

TRAVEL EXPENSES

Recommendations:

46. **Require employees to obtain written approval before traveling on County business.**

Department Response: AGREE

- The department will redistribute the administrative memorandum on reimbursement for travel expenses.
- Management Services will monitor travel expense claims and return those that do not include written pre-authorization.

47. **Standardize the travel authorization form to include all required information.**

Department Response: AGREE

The department's travel authorization form will be revised to include additional travel information.

48. **Ensure that no more than 75% of estimated travel expenses are advanced.**

Department Response: AGREE

- The Department will comply with County Fiscal Manual Policy relative to advanced travel expenses.

- A memo will be distributed to staff reminding them of the County Fiscal Manual Policy relative to travel expenses.

49. Assessor management require staff to reconcile travel billing statements to approved travel requests.

Department Response: AGREE

- The department's Travel Policy will be revised to require the submission of the travel itinerary. The Accounting Unit staff will use this information to reconcile the travel billings.
- In the interim, Travel Coordinators will inform employees that travel itineraries must be submitted to Accounting.

CELLULAR PHONES

Recommendations: AGREE

50. Ensure cell phone assignments are reviewed annually, and unused phones are deactivated.

Department Response: AGREE

Management Services is in the process of developing procedures that will include the annual review of phone assignments as well as the deactivation of unused phones.

51. Consider canceling services for rarely used phones, and reimbursing employees for infrequent/intermittent use of their personal cell phones.

Department Response: AGREE

Management Services will cancel services for rarely used phones and develop written policy and procedures to reimburse employees for the use of their personal cell phones.

52. Ensure cell phones are returned and service is cancelled timely when employees leave the Department.

Department Response: AGREE

In November 2012, the Department implemented a new procedure in which the HR Division provides Management Services with a copy of the Employee Release form as soon as it is received from divisions. This is in addition to the monthly Attrition Report already being provided to HR to advise them of any employees departing from County service. The Exit Interview form was also revised to ensure that various County issued properties including cell phones are returned.

Management Services is in the process of developing a user agreement which requires the employee to return the devise to the Division before leaving the Department. HR will provide the Employee Release forms to ensure phones are returned and service is cancelled prior to the employee leaving County service.

53. Maintain an accurate inventory of cell phones, including up-to-date records of assigned users.

Department Response: AGREE

- Beginning in June 2012, Management Services began reviewing and revising the inventory. The department's MobileFrame inventory tracking system's cellphone records are now up-to-date.
- Inventory record update forms are now required to be submitted to the Procurement Unit for proper and accurate recording of updates (new cell phones, user reassignment and release, relocation, disposal, etc.).
- The HR Division will notify both the Procurement Unit and the Personal Computing Device (PCD) Coordinator when staff, who are assigned cell phones, are leaving the Department. This will ensure that inventory records are updated and service is cancelled promptly. Please see response in Item #52.
- The above actions will be incorporated in the new policy and procedures being developed by Management Services.
- The accuracy of the inventory will be monitored regularly consistent with the new procedures.

54. Ensure the functions of ordering, receiving, and distributing cell phones, and reviewing monthly billing statements are adequately separated.

Department Response: AGREE

- As an immediate response to the audit review, the PCD Coordinator is now required to fill out non-stock request forms for new cell phone orders. The requests are now approved by the Assistant Assessor. Orders are now shipped directly to the Procurement Unit, and not to the PCD Coordinator.
- The PCD Coordinator will continue sending all cell phone users their monthly billing statements for review and approval as part of his/her overall monthly billing review of orders and charges made.
- A Portable Computing Device (PCD) Policy will be developed and implemented. This new policy will specify the separation of duties and responsibilities regarding the ordering, receiving and distribution of cell phones, laptops, broadband cards, tablets and other portable computing devices within the Department.
- A new mobile device policy will be developed that will include the separation of ordering, receiving, and distribution responsibilities.
- Additional staff will be assigned to ensure appropriate separation of responsibilities.

55. Consider having Procurement staff (who are not responsible for ordering cell phones) receive cell phones to ensure accurate and timely updates to the cell phone inventory records.

Department Response: AGREE

- The Procurement Unit now receives orders directly. Orders are no longer shipped to the PCD Coordinator who places the orders.
- A new mobile device policy will be developed that will include the separation of ordering, receiving, and distribution responsibilities.
- Additional staff will be assigned to ensure appropriate separation of responsibilities.

56. **Ensure cell phone related purchases are properly approved.**

Department Response: AGREE

- Non-stock request forms are now required and approved by the Assistant Assessor for new cell phone orders.
- A new mobile device policy will be developed by April 30, 2013 that will include proper authorization standards.

57. **Assessor management cancel unused broadband cards, and maintain accurate inventory records.**

Department Response: AGREE

- All unused broadband cards have been cancelled.
- All portable computing devices (PCDs) including cell phones, emergency phones, and broadband cards will be reviewed to determine need. An assessment and recommendation report will be submitted to the Assistant Assessor.
- Broadband cards that are built-in to laptops cannot be individually tracked in the MobileFrame inventory system. Rather, the laptops that have built-in cards are tagged in the system. After coordinating with the Information Technology (IT) Section, which provided the list of laptops with broadband cards, the inventory list is now up-to-date.
- As with cell phones, the HR Division will notify both the Procurement Unit and the Personal Computing Device (PCD) Coordinator when staff, who are assigned broadband cards, are leaving the Department. This will ensure that inventory records are updated and service is cancelled promptly.
- A new mobile device policy will be developed that will address use of broadband cards and mandate the maintenance of an accurate inventory.

TRUST FUNDS

Recommendations:

58. **Maintain documentation indicating the purpose and authority for each trust fund.**

Department Response: AGREE

- A memo will be issued to appropriate staff emphasizing compliance with County Fiscal Manual guidelines.
- A job-specific manual for each accounting unit staff member will be developed and distributed.

59. **Maintain detailed ledgers for all trust funds, and reconcile the records to eCAPS monthly.**

Department Response: AGREE

- A memo will be issued to appropriate staff addressing the maintenance of detailed ledgers for all trust funds, and reconciliation of records to eCAPS monthly.
- A job-specific manual for each accounting unit staff member will be developed and distributed.

60. **Determine the source of the $18,000 balance in the TU3 trust fund, and appropriately disposition the funds, as necessary.**

Department Response: AGREE

Management Services is reviewing the source of the $18,000 balance in the TU3 trust fund and will determine appropriate action.

61. **Assessor management ensure Accounting unit staff transfer revenue from trust funds timely.**

Department Response: AGREE

- A memo will be issued to appropriate staff outlining appropriate County Fiscal Manual guidelines.
- A job-specific manual will be developed and distributed to accounting unit staff that will address the timely transfer of revenue from trust funds.

REVOLVING FUNDS

Recommendations:

62. **Ensure that revolving fund purchases, between $25 and $1,000, are limited to emergency purchases, when prepayment is required, etc.**

Department Response: AGREE

- Management Services will issue a memo to staff reminding them of guidelines regarding revolving fund purchases.
- Justifications for revolving fund purchases are now required and will be approved only if deemed urgent.
- The policy will be reviewed annually along with other standard policies and procedures.

63. **Ensure that an individual with procurement expertise is involved in revolving fund purchases.**

Department Response: AGREE

- The Department will reassign, train or hire staff in order to implement this recommendation.

64. **Reevaluate the Department's revolving fund assignment to determine if the amount should be reduced, and return any excess funds to the Auditor-Controller's Accounting Division.**

Department Response: AGREE

- The revolving fund activity was reviewed and will be reduced.
- Accounting Unit staff will work with the Auditor-Controller staff to make necessary changes.

65. **Work with CEO's Office of Workplace Programs to transfer the remaining charitable giving funds, and obtain guidance/training on how to properly deposit and account for charitable giving funds.**

Department Response: AGREE

- The department is working with the CEO's Workplace Program Office to transfer the remaining charitable giving funds.

66. **Require staff to conduct periodic surprise cash counts of revolving funds.**

Department Response: AGREE

The department will incorporate this practice as part of our ongoing procedures and conduct random reviews.

67. **Ensure staff follow up on uncashed revolving fund checks and cancel them timely, as necessary.**

Department Response: AGREE

- The Accounting Unit staff will cancel the current outstanding checks totaling $159.98. In the future, uncashed revolving fund checks will be monitored and cancelled in a timely manner.
- The policy and procedures will be redistributed and reviewed annually.

68. **Ensure the revolving fund checks indicate "Amounts over $500 require two signatures".**

Department Response: AGREE

- The department's policy requires two signatures for all revolving fund checks issued including those under $500.
- New checks specifying that two signatures are required for warrants exceeding $500 will be ordered.

INTERNAL CONTROL CERTIFICATION PROGRAM

Recommendations:

69. **Require staff to accurately complete the Internal Control Certification Program questionnaire, identify all internal control weaknesses, and develop an improvement plan to address each control weakness.**

Department Response:

- In 2013, all assessable units in the Department will participate in the Internal Control Certification Program. It is anticipated that the questionnaire will be distributed in February 2013. The Department will instruct all staff to complete the questionnaire and managers to develop an improvement plan to address each control weakness.

70. **Review completed Internal Control Certification Program questionnaire and improvement plans, and monitor to ensure the timely implementation of corrective action.**

Department Response:

- In 2013 all assessable units in the Department will participate in the Internal Control Certification Program.
- The department will review the ICCP questionnaire and instruct responsible managers to monitor and ensure implementation of corrective plans.