

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

413



FROM: Auditor-Controller

SUBMITTAL DATE:
August 13, 2014

SUBJECT: Internal Audit Report 2014-309: Countywide Gift Card Follow-up, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2014-309: Countywide Gift Card Follow-up

BACKGROUND:

Summary

We have completed a Follow-up Audit of Countywide Gift Cards for the Department of Public Health. Our audit was limited to reviewing actions taken as of August 6, 2014, to correct findings noted in our original audit report (2011-017) dated October 30, 2012.

(Continued on page 2)

Departmental Concurrence

Paul Angulo

Paul Angulo, CPA, M.A.
County Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: n/a	

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: 11/20/2012 #2.5 | **District:** ALL | **Agenda Number:**

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: County of Riverside Auditor-Controller's Office - Internal Audit Report 2014-309: Countywide Gift Card Follow-up, [District: All]; [\$0]

DATE: August 13, 2014

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

The original audit report contained two findings which required corrective action and; therefore, were reviewed as part of the follow-up audit. Our follow-up audit found that corrective action was completed for both findings. For an in-depth understanding of original audit, please refer to Internal Audit Report 2011-017 at www.auditorcontroller.org.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2014-309: Countywide Gift Card Follow-up.

Internal Audit Report 2014-039
Countywide Gift Card Follow-up
Report Date: August 11, 2014



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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, M.A.
AUDITOR-CONTROLLER

August 11, 2014

Ms. Susan D. Harrington, Director
Department of Public Health
Health Administration Building
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2014-309: Countywide Gift Card Follow-up

Dear Ms. Harrington:

We have completed a Follow-up Audit of Countywide Gift Cards for the Department of Public Health. Our audit was limited to reviewing actions taken as of August 6, 2014, to correct the findings noted in our original audit report (2011-017) dated October 30, 2012.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our opinion.

The original audit report contained two findings for the department, all of which required corrective action and; therefore, were reviewed as part of this audit.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2011-017 at www.auditorcontroller.org.

This follow-up audit found that both two findings were corrected.

Detailed statuses of the findings identified in the original audit are provided in the body of this report.

Internal Audit Report 2014-309: Countywide Gift Cards Follow-up

We appreciate the cooperation and assistance extended to us by staff of the Department of Public Health during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, M.A.
Auditor-Controller

Mark W. Cousineau

By: Mark Cousineau, CPA, CIA, CFE
Chief Internal Auditor

cc: Board of Supervisors
Executive Office

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Department of Public Health

Finding 1

We found the Injury Prevention and Family Planning branches did not use a transfer of accountability form in the issuance of gift cards. More specifically, the custodians of the gift cards do not use a transfer of accountability form when issuing the gift cards to program coordinators. In addition, when STD was transferred from the Disease Control to HIV/AIDS Program in 2010, a transfer of accountability was not provided to show who received gift cards on hand when provided to the new program. All other documents relating to their issuance was not readily available for review.

In general, department officials have utilized the transfer of accountability form but did not in the above mentioned transfers. Internal Control Handbook, Chapter 2, Paragraph 2(h)(5) states, "All transfers of money from one accountable employee to another should be evidenced by a written receipt relieving the one employee of a specific amount of money and establishing the responsibility for the receiving employee of a specific amount of money and establishing the responsibility for the receiving employee of the same amount." Failure to implement a transfer of accountability form may result in loss or misappropriation of funds or in this case, the loss or misappropriation of gift cards.

Current Status 1: Corrected.

The Injury Prevention Branch had four gift card items, or 563 gift cards totaling \$3,395 as of August 5, 2014. The Branch has set up binders for each of the gift card items. The binders contained inventory logs for the physical counts of the cards, the transfer of accountability for when a staff member takes gift cards from the safe and the signed receipt from the recipient of the gift cards. According to the Branch's Program Director, the Injury Prevention program will phase out the use of gift cards once the current inventory is gone.

The Family Planning Branch had no gift cards inventory as of August 6, 2014 since they have phased out the use of gift cards effective July 2014. Based on the results of our review, the Family Planning branch utilized a transfer of accountability form for 99% of the transfers of gift cards from one employee to another. Nine (9) of 637 cards/tickets (1%), or movie tickets totaling \$90, were not supported with a transfer of accountability form.

Finding 2

The Injury Prevention branch did not perform regular reconciliations. Reconciliations of the gift cards were not completed at least monthly by Injury Prevention staff. Internal controls are strengthened when consistent reconciliations are conducted. According to Standard Practice Manual (SPM) 104, (B) (3), "Review and Reconciliation: Records are routinely examined and reconciled to determine that transactions were properly processed."

Current Status 2: Corrected.

Internal Audit Report 2014-309: Countywide Gift Cards Follow-up

Based on the results of our review, the Injury Prevention Branch was reconciling the gift cards on a monthly basis and the reconciliation logs were signed by the custodians, and the verifier. We counted the gift cards on August 5, 2014 and agreed them with "Reconciliation and Inventory Log" balances.