



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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March 5, 2015

Mr. Jeffrey Brown, Director
Placer County Health and Human Services Department
3091 County Center Drive, Suite 290
Auburn, CA 95603

Re: Transfer of Accountability of Department of Health and Human Services' Assets – Six Month Follow-Up

Dear Mr. Brown:

The Internal Audit Division of the Auditor-Controller's Office performed a six month follow-up to our prior review of the Transfer of Accountability of Assets at the Department of Health and Human Services (Department). The objective of our follow-up procedures was to determine how recommendations from our previous review were implemented to strengthen internal controls. Our procedures included inquiries of Department personnel along with reviewing of supporting documentation relating to the deficiencies in internal control and how recommendations were utilized along with actions taken.

The following is the summary of observations and recommendations along with the Department's responses from the previous report, dated June 24, 2014, which are then followed by the status of the Department's implementation of our recommendations.

Prepaid Gas Cards

During our review, we noted that the Children's Systems of Care division located in Auburn was in possession of \$5,645 in prepaid gas cards and had not completed or submitted a reconciliation to the Auditor's Office as required by the Placer County "Accounting Policies and Procedures Manual", Imprest Funds (Petty Cash, Change Funds, Stamp Funds, Gift Cards/Certificates & Cash Equivalents).

We recommend all prepaid gas cards be included with department's quarterly reconciliations of gift cards/certificates, bus passes and all other cash equivalents and a copy of the reconciliation be submitted to the Auditor-Controller's Office per the County's policy.

Department's Response:

Health and Human Services agrees with the findings of the Internal Audit Division, and will implement their recommendations regarding quarterly reconciliation and reporting. A copy of the reconciliation will be submitted to the Auditor-Controller's Office per the County's policy.

Status – Implemented

The Children's Systems of Care division located in Auburn included their prepaid gas cards on all subsequent quarter's reconciliation of gift cards/certificates, bus passes and all other cash equivalents which they submitted to the Auditor-Controller's Office.

Outside Bank – Signature Cards

During our review of the outside bank accounts, we noted the Department had not submitted updated bank signature cards as required by the County's "Accounting Manual for Cash". We noted some signature cards had not been updated since 1999 and it appears some individuals listed as authorized signers are no longer employed with the County. In addition, we noted that Dr. Burton had not been removed as an authorized signer and that the new department head had not been added to the outside bank account signature cards.

We recommend the Department work with the outside banks to remove Dr. Burton and the individuals who are listed as authorized signers and are no longer employed with the County, and update all other necessary signers on all bank accounts. Once complete, the Department should submit all updated signature cards to the Auditor-Controller's Office in accordance with the County's policy.

Department's Response:

Health and Human Services agrees with the findings of the Internal Audit Division, and will implement their recommendations regarding bank signature cards. The Department has already begun this update process, and when completed, will submit all updated signature cards to the Auditor-Controller's Office per the County's policy.

Status – Implemented

The Department subsequently prepared and submitted updated signature cards for five of their six outside bank accounts having removed the former director and the names of employees no longer employed with the County along with adding the current director, Jeffrey Brown. The sixth outside bank account, managed by the Mental Health Division (now Adult System of Care), was closed because of reduced business need.

We appreciate the courtesy and assistance of staff from the Department throughout the course of our follow-up review.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nicole C. Howard', with a stylized, cursive script.

Nicole C. Howard, CPA
Assistant Auditor-Controller

cc: Rebecca Mellott, Director, HHS Administrative Services
Placer County Audit Committee