

# County of San Luis Obispo

## Department of Veterans Services



Veterans Memorial Building, 801 Grand Avenue, San Luis Obispo, CA 93401  
Telephone: (805) 781-5766 • FAX: (805) 781-5769

**Dana M. Cummings**  
Veterans Service Officer

TO: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR JAMES P. ERB, CPA,  
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR  
FROM: DANA CUMMINGS, VETERANS SERVICES OFFICER

DATE: AUGUST 19, 2015  
SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF VETERANS SERVICES  
CONDUCTED ON APRIL 15, 2015

Dear Sir,

This letter is in response to the Cash Procedures and Internal Control Review conducted on the Veterans Services Department on April 15<sup>th</sup>, 2015.

Though the Department does not find the report completely inaccurate, the Department Head opinion is that there are serious discrepancies in how the report presents the situation within the Veterans Services Department.

### RESULTS

The Section states “serious lapse in internal controls and over cash and cash equivalents were found”. The Department Head finds this statement to be exaggerated and out of context for what the true situation was when the audit was conducted. Please review the following to get a more accurate description.

### Findings and Recommendations

#### **1. Separation of Duties over Cash and Cash Equivalents**

It is simply not true that at times the Veterans Services Officer handled all the functions of collecting, depositing cash, and reconciling the Department’s cash receipts and deposits. Yes, the Department Head had been handling the majority of these functions, but this has been due mainly to staffing issues. The Department had staff in place to assist the Department Head with these matters, That staff member left County employment on March 9<sup>th</sup>, her replacement didn’t start until April 6<sup>th</sup>, one week prior to the audit being conducted!

In the interim the Department Head was forced to reassume the duties of depositing cash, and reconciling the Department’s cash receipts and deposits. The one and only time there was cash handling done in the office was on March 21<sup>st</sup>, for a fund raising BBQ, when there was a gap in staff coverage. The collection of cash and cash equivalents has always and continues to be the responsibility of the front office staff person. This has been the policy in the department for well over 5 years.

The Department does not receive 2-3 cash or check payments a week. Though this is true during the months of April and May, leading up to the County Veterans Stand Down, normally the Department only receives about 1-2 checks a month if that.

The recommendation of the Auditor's office has already been put into action and the Department has been fully compliant.

## **2. Untimely Deposits**

It is true that the Department has had untimely deposits. Due to the fact that the Department has never had adequate accounting staff. In an email dated May 1<sup>st</sup>, 2015 the Department's assigned Auditor Analyst from the Auditors office noted 40+ (see attached email) auditing functions that the Department Head has been required to do, that should be completed by an assigned accounting staff person in the Department. The Department Head has been addressing this issue for over 3 years with his Admin Analyst and the Auditor Analyst, and been told on several occasions that the Department would not get that type of support. Also the Department has experienced times when it has completed everything to make a deposit but had Auditor, Treasurer, Tax collector staff cancel the deposit, not giving the Department staff time to bring the deposit from the Veterans Services Office, to the Auditors office. The Auditor is aware of this happening and has taken corrective measures.

The recommendations of the Auditor's office are being followed. This issue has also been brought to the attention of County Administration and the Board of Supervisors. The department is currently working on gathering the required information to submit a Mid-Year BAR to fill this much needed position within the department, and hopes that Administration and the Board of Supervisors will support this much needed staff for the Department.

## **3. Receipts not issued for cash/checks**

The Veterans Services Department does, and has issued receipt letters for all donation checks received. No, the department has not been sending donor receipts from a receipt book. The department has for over 3 years been sending every person who has donated to the Department a donor receipt/thank you letter. (see attached from 2013) The Department policy has been for over a year to not accept cash donations. The department has not been in receipt of any cash donations since meeting with the Auditor in 2014. The Department did have a Fundraising BBQ on March 21<sup>st</sup>, 2015 where patrons paid with cash for their meal. This is the only time the department has collected cash without giving a receipt. The Department was unaware that a receipt needed to be given to each patron for this event. The monies were collected by staff and then given to the Department Head for deposit on the next available business day, that the CVSO had to get the deposit completed.

The Department Head did state that it would be cumbersome to write a receipt at events such as a fundraiser BBQ. The solution has been to now issue a ticket to each person taking part and use that as a way to track the number of patrons and meals served.

The recommendations of the Auditors office are being followed. Receipt letters for all donations to the Department have been given to donors, with all appropriate information needed for tax purposes. This has been the Departments policy for over 3 years. If the Department conducts any fundraisers in the future it will issues a receipt/ticket to each person at the event.

## **4. Information Technology Acceptable Use Policy**

The Department Head was simply unaware that this document had to be signed by staff on a yearly basis and that this was an item that involves the Auditor's office. All Department staff have signed copies, and those are in their Department HR files, but yes they were not being done yearly.

The recommendations of the Auditor's Office are now being followed.

## Suggested Improvements

### 1. Establish a Gift Incentive Log

17 bus passes were presented to the staff conducting the audit and the Department Head asked them how they should be handled. The bus passes were stored in a drawer, in an envelope and were being tracked. The Department did not have any gift cards at the time of the audit. The Auditor's office gave the Department the County policy and procedures for handling these items and the Department has been compliant since.

### 2. County Receipt Book Storage

The County receipt book was stored with the front office staff, whose responsibility it would be to issue a receipt of a donation. Since the Department's Policy was to not receive and cash donations and write a receipt letter for all check donations, there was no need for County receipt book to be used.

### 3. Certification of Cash Handling Policy

The Cash Handling Policy and the cash that the Department was made to take from the Auditors office in July of 2014 was kept in a secured lock drawer in a secured office space. The policy and the cash is still kept in the locked drawer in the secured office and the policy has been signed by the new department staff that is handling the cash.

### 4. Small Purchase Process

The Veterans Services Officer has not used his own credit card for purchases. In July of 2014 with the direction of the Auditor the County Veterans Services Officer received a County American Express Corporate Card. The County Veterans Services Officer has used this County credit card, not his personal credit card to make purchases. All purchases have been tracked using Internal Orders through the County accounting software SAP. The Department, since the audit, has worked with the Auditor's office and County Purchasing to set up blanket purchase orders with local vendors to reduce the need to use the County credit card to a minimum.

In conclusion, the Veterans Services Department plays a vital role in the County and has been compliant with and implemented all the recommendations of the Auditors office. Having this audit was a good experience for the Department and helped to make sure that the Department is following County policy and procedure. The audit also points out the need for the Department to have staff dedicated to making sure that the Department maintains compliance. It is the hope of the Department Head that Administration and the Board of Supervisors will see the need, see that the Department has requested that this need be met and take action by approving the Mid-Year BAR that the Department is currently gathering information for to fill a position for the necessary oversight and separation of duties when it is brought to the Board.

Sincerely,



Dana Cummings  
San Luis Obispo County  
Veterans Service Officer