

**The Sutter County  
Board of Supervisors' Response to the**

**ENDORSED FILED**

**2012-2013**

OCT 11 2013

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SUTTER  
CLERK OF THE COURT  
By JACKIE LASWELL Deputy

**Sutter County Grand Jury  
Final Report**



**Ronald Sullenger  
Stanley Cleveland, Jr.  
Larry Munger  
Jim Whiteaker  
James Gallagher**

**District No. 1  
District No. 2  
District No. 3  
District No. 4  
District No. 5**

# *County of Sutter*

*...established 1850*

## *Office of the County Administrator*

October 8, 2013

The Honorable Susan E. Green  
Presiding Judge of the Sutter County Superior Court  
466 Second Street  
Yuba City, CA 95991

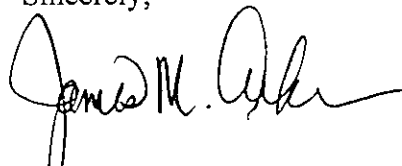
Dear Judge Green:

On behalf of the Sutter County Board of Supervisors, I am herewith submitting its response to the findings and recommendations of the 2012-2013 Grand Jury.

The Board of Supervisors appreciates the dedicated efforts of the 2012-2013 Grand Jury in the preparation of its report and the complimentary comments it made with respect to the County and its employees, and trusts that you will find the enclosed material responsive.

I would be happy to meet with the Grand Jury to discuss any or all of these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Arkens", written over a horizontal line.

JAMES M. ARKENS  
County Administrative Officer

JMA/SMC/gs

**TABLE OF CONTENTS**

Sutter County Jail Sobering Cell Policies and Procedures.....	4
Sutter County Vehicles.....	5
Sutter County Financial Practices .....	6
Sutter County Ettl Hall .....	7
Sutter County Health Department .....	9

**Attachments:**

- Attachment A – Response from Sutter County Sheriff-Coroner
- Attachment B – Review of Cash Handling Procedures, Gallina LLP, May 2010
- Attachment C – Response from Sutter County Auditor-Controller

## **Sutter County Jail Sobering Cell Policies and Procedures**

### **Grand Jury Findings:**

- (1) *The sobering cell Policies and Procedures are not specific for inmates under the influence of drugs, only alcohol, and do not include symptoms of drug intoxication, only symptoms of alcohol intoxication.*
- (2) *The P&P manual, as written, is difficult to determine when each individual policy has been revised and/or reviewed.*
- (3) *There are inconsistent practices among jail shifts during the 30 minute checks on inmates in the sobering cell who appear to be sleeping or cannot be verbally aroused.*
- (4) *There is a lack of comprehensive training on the Policies and Procedures of the sobering cell. Some of the jail staff are not thoroughly familiar with the policies regarding the sobering cell and state they do not receive annual training on sobering cell procedures.*
- (5) *Determination that the inmate had died was made without consulting with or confirmation by a qualified health professional as per the Policies and Procedures.*
- (6) *Although the Policies and Procedures allow Sutter County detectives to perform an in-custody death investigation, a perception of a conflict of interest is inherent.*
- (7) *An In Custody Death Team was not arranged after the incident; therefore, no weaknesses or failures were identified and non final review was completed.*

### **Grand Jury Recommendations:**

- (1) *Policies and Procedures for the sobering cell should specify whether they refer to individuals under the influence of chemical substances or a combination of alcohol or drugs. Symptoms of drug intoxication should be included.*
- (2) *Individual Policies and Procedures should be written on a separate page with the title and number of the policy at the top. Space should be provided to document dates of revisions and reviews.*
- (3) *Management should enforce sobering cell procedures stating correctional officers are to attempt physical arousal during 30 minute checks if inmates do not respond to verbal stimulation.*
- (4) *Staff should receive comprehensive training on the established Sutter County Jail Policy Manual's Policies and Procedures of the sobering cell on an annual basis. The training should include an assessment to ensure staff know and are able to implement the Policies and Procedures. A record of training and assessment should be maintained to document staff proficiency.*
- (5) *In cases where an inmate is not responsive, all life saving measures, including CPR, are to be performed until the inmate is transferred to Rideout Hospital Emergency Room or death is pronounced by a qualified health professional.*

- (6) *In cases of an in custody death, the investigation by another law enforcement entity is encouraged and should be considered to obviate a perception of conflict of interest.*
- (7) *An In Custody Death Review should be completed on all in custody deaths. All findings on the Review Team should be formally presented to jail staff and, where appropriate, the Jail Policy Manual should be updated to help prevent future similar incidents.*

**Response from the Board of Supervisors:**

**The Sutter County Sheriff-Coroner is an independently elected official, and as such, responds directly to the Grand Jury's findings and recommendations concerning his office.**

**While the Board of Supervisors was not listed as a required respondent, the Board of Supervisors concurs with and supports the Sheriff-Coroner's response to the Grand Jury's Findings.**

**Additionally, it should be noted that appropriations for improvements to the Sobering Cell have been approved in the FY 2013-14 Adopted Budget, at the request of the Sheriff-Coroner.**

**A copy of Sheriff Parker's response is included in this document as Attachment A.**

## **Sutter County Vehicles**

### **Grand Jury Finding #1:**

*Sutter County does not have a standard policy and procedure for vehicle operation.*

### **Grand Jury Recommendation #1:**

*The Sutter County Board of Supervisors adopts a standard policy and procedure for vehicle operation.*

### **Response from the Board of Supervisors:**

The Board of Supervisors agrees with the finding.

The recommendation has not yet been implemented, but will be implemented in the future. The General Services Department has begun the necessary steps to improve the policies and procedures for vehicle operation in Sutter County. This will be a comprehensive document and will take coordination with all departments to complete. It is anticipated that a comprehensive policy will be brought to the Board of Supervisors for consideration within the year.

### **Grand Jury Finding #2:**

*Fleet Maintenance schedules vehicles for service based on months not on miles driven.*

### **Grand Jury Recommendation #2:**

*The Sutter County Board of Supervisors adopts a policy where each department with assigned vehicles is required to maintain a vehicle log of use including mileage, reported to Fleet Maintenance. Vehicle mileage should be a consideration when service is due.*

### **Response from the Board of Supervisors:**

The Board of Supervisors disagrees with the finding.

At this time, all Departments log mileage when fueling the vehicles. This mileage is incorporated in the service analysis. Service is determined by mileage and/or time to ensure that vehicles that remain local and do not travel as many miles are serviced often enough to ensure the vehicles remain serviceable. This service includes a check of those items that mileage does not affect such as batteries, wear and tear caused by exposure to the elements, wipers, and tires.

The recommendation has not yet been implemented, but will be implemented in the future. The General Services Department plans to include this in the comprehensive policies and procedures mentioned in Recommendation 1. It is anticipated that a comprehensive policy will be brought to the Board of Supervisors for consideration within the year.

**Grand Jury Finding #3:**

*Sutter County does not have a standard for vehicle operator training.*

**Grand Jury Recommendation #3:**

*The Sutter County Board of Supervisors adopts a standard for vehicle operator training.*

**Response from the Board of Supervisors:**

The Board of Supervisors agrees with the finding.

The Board of Supervisors agrees with this recommendation.

The recommendation has not yet been implemented, but will be implemented in the future. The General Services Department plans to include this in the comprehensive policies and procedures mentioned in Recommendation 1. It is anticipated that a comprehensive policy will be brought to the Board of Supervisors for consideration within the year.

**Grand Jury Finding #4:**

*Sutter County does not have a standard check-out/check-in procedure for county owned vehicles.*

**Grand Jury Finding #5:**

*Sutter County vehicle operators are not required to conduct a pre and post vehicle inspection.*

**Grand Jury Recommendation #4:**

*The Sutter County Board of Supervisors adopts a standard check-out/check-in procedure to include a required vehicle pre and post inspection.*

**Response from the Board of Supervisors:**

The Board of Supervisors agrees with the findings #4 and #5.

Recommendation #4, which addresses findings #4 and #5, has not yet been implemented, but will be implemented in the future. The General Services Department plans to include this in the comprehensive policies and procedures mentioned in Recommendation 1. It is anticipated that a comprehensive policy will be brought to the Board of Supervisors for consideration within the year.



## **Sutter County Financial Practices**

### **Grand Jury Finding #1:**

*Departments are not following GAAP.*

### **Response from the Board of Supervisors:**

The Board of Supervisors disagrees with this finding. Many of Sutter County's Departments are staffed with positions which require knowledge of accounting, including Generally Accepted Accounting Principles (GAAP), while some departments are not staffed with accounting positions.

The Auditor-Controller's office is responsible for ensuring that the annual financial statements are prepared in compliance with GAAP. As such, they establish the policies, procedures, means and methods for performing all necessary accounting/bookkeeping for completing the annual financial statement. Departmental staff are required to be knowledgeable of and follow all applicable policies and procedures by utilizing the means and methods established by the Auditor-Controller's office. While non-accounting positions within the County may not have full technical knowledge of GAAP, they are expected to follow GAAP by following the guidance and direction of the Auditor-Controller. As long as the means and methods prescribed by the Auditor-Controller are in compliance, and as long as County departments are provided with the policies and procedures of the Auditor-Controller, departments and staff will be following GAAP principles for accounting transactions.

### **Grand Jury Recommendation #1:**

*All departments should follow GAAP. County departments should utilize the Auditor-Controller's expertise to become more familiar with GAAP.*

### **Response from the Board of Supervisors:**

The recommendation has been partially implemented, and will be fully implemented within the coming year.

The Board of Supervisors concurs with the Grand Jury's recommendation that all departments should follow GAAP. It should be noted that this pertains specifically to accounting transactions.

The Board of Supervisors partially disagrees with the Grand Jury's recommendation that departments should utilize the Auditor-Controller's expertise to become more familiar with GAAP, in that proper training will be provided to staff through outside training sources, in addition to utilizing input and training from the Auditor-

Controller's Office.

For those positions which are identified as requiring accounting knowledge, the County will work to ensure that proper training is provided to the incumbents and/or new hires to ensure comprehensive knowledge and skills.

It should be noted that the Accounting Standards and Procedures Manual attached to the Grand Jury Report is a previous version of the manual. This manual was updated and reissued in March 2013. The County strives to comply with the guidance and requirements of the Accounting Standards and Procedures Manual and the County Budget Act, through the proper preparation of both the annual financial statements and the annual budget. The Accounting Standards and Procedures manual states that "the accounting system should provide the basis for appropriate budgetary control," *and acknowledges that the legal basis for budgeting can differ materially from GAAP*, and that in these cases the budgetary data should present a comparison of the legally adopted budget with actual data on the budgetary basis.

Principles of GAAP apply to accounting transactions, and not all GAAP principles may be applicable to the methods by which the annual budget must be prepared. The Grand Jury appropriately acknowledges that the County's financial statements are required to be prepared according to GAAP, but that the County's annual budget is required to comply with the County Budget Act, (i.e., Government Code Sections 29000 through 29144), which uses GAAP as a guideline. While GAAP is used as a guideline, following GAAP in all aspects of the County budget is not feasible due to potential differing treatment of certain budgeted vs. actual transactions. Department personnel are expected to comply with both sets of standards.

### **Grand Jury Finding #2:**

*The Cash Handling Policy is not being followed consistently.*

### **Response from the Board of Supervisors:**

The Board of Supervisors partially disagrees with this finding. It should be noted that according to the Grand Jury Report this finding pertains only to the Public Works Department (now part of the Development Services Department).

The Cash Handling Policy refers to the "County of Sutter, Office of the Auditor-Controller, Cash Handling Procedures Manual", regarding both the Internal Control – General Principles and the Specific Cash Control Requirements. The manual recognizes that "Internal control methods and procedures vary from organization to organization, depending on such factors as the nature of the activities and its size." The Public Works Department (now part of the Development Services Department) has confirmed that it follows the procedures for managing cash, and are now staffed sufficiently such that accounting and related functions can be segregated between employees to ensure adequate internal controls.

Nonetheless, recognizing the differing size and expertise levels between individual County Departments, this finding will be further investigated and proper training will be provided to ensure all Departments follow duly established and adopted policies.

**Grand Jury Recommendation #2:**

*All departments should follow the county Cash Handling Policy. Accounting tasks should be divided between employees to provide more checks and balances.*

**Response from the Board of Supervisors:**

The recommendation has been partially implemented, and will be fully implemented within the coming year.

In November of 2009, in response to improper cash handling issues that arose in prior years, the County Administrative Officer identified an internal weakness in Cash Handling Procedures in that cash-handling policies that should have prevented such incidents from happening were not being followed. In 2009, the Board of Supervisors authorized issuing a Request for Proposals from outside audit firms to conduct internal financial and management audits, based on a recommendation from the County Administrative Officer.

At that time, the County, with the approval of the Joint Grand Jury/Board of Supervisors Audit Committee, had already contracted with Gallina LLP to review all cash-handling departments within the county to see if the departments were following existing cash-handling policies and procedures. That audit was completed in May of 2010 and is attached to this report for reference (Attachment B). For a majority of County departments reviewed the 2009 audit found no exceptions as a result of applying the procedures. However, some exceptions in individual departments were identified and those departments committed to implementing the corrections identified in the audit.

At that time, as well, the Board of Supervisors was informed of a pending recommendation to approve an amendment to the existing agreement with Gallina LLP to include an annual cash-handling audit of three to four County departments, to be conducted as part of the annual independent audit.

Nonetheless, recognizing the differing size and expertise levels between individual County Departments, this finding will be further investigated and proper training will be provided to ensure all Departments follow duly established and adopted policies. On a department-by-department basis, the Cash Handling Policy has been or will be discussed with employees, and responsibilities have been or will be divided between employees whenever practical. The County will work with the Auditor-Controller's office to ensure that all Departments are following the Cash Handling Policy. As indicated above, the Public Works Department (now part of the Development Services Department) has already implemented this recommendation.

**Grand Jury Finding #3:**

*CAMS and the QuickBooks accounts are not audited or reconciled on a routine basis.*

**Response from the Board of Supervisors:**

The Board of Supervisors partially disagrees with this finding.

The Public Works Departments (now part of the Development Services Department) maintains the CAMS and QuickBooks systems. The Department reports that it prepares quarterly reconciliations utilizing the Click, Drag and Drill (CD&D) accounting system of the cost accounting data contained within the Cost Accounting Management System (CAMS). The Department is working towards a goal of reconciling to the CD&D system on a monthly basis and will achieve the goal once the Department's accounting division is fully staffed. The State Controller's office annually prepares a Road Report; as part of that process the State Controller's staff reviews all Road Fund CAMs accounts, verifying that the accounts have been reconciled to the CD&D system. The QuickBooks receivables are submitted to the Auditor-Controller's office annually for inclusion in the annual financial statement and are subject to review by the outside Independent Auditor.

**Grand Jury Recommendation #3:**

*CAMS and the QuickBooks accounts should be audited and reconciled on a regular basis.*

**Response from the Board of Supervisors:**

This recommendation has been partially implemented, and will be fully implemented as funding and staffing permits.

The Public Works Department (now part of the Development Services Department) reports that it has implemented this recommendation. The CAMs and QuickBooks systems are reconciled at least quarterly to the Click, Drag and Drill financial system (with a goal to have the accounts reviewed monthly as staffing permits).

**Grand Jury Finding #4:**

*Labor rates are not consistently calculated using the standard worksheet.*

**Response from the Board of Supervisors:**

The Board of Supervisors partially disagrees with this finding.

Labor rates for the Internal Service Fund's (Information Technology & Fleet

Maintenance) are calculated using the same standard worksheet, slightly modified to take into account that Fleet charges a mark-up for parts and Information Technology does not. This standard worksheet was developed by the Auditor-Controller's office, and has been slightly modified by a Certified Public Accountant previously assigned to review labor rate calculations within the County.

The standard worksheet that is used for developing labor rates for the Community Services, County Administrative Office, Human Resources, and County Counsel departments was developed by the Auditor-Controller's office, without the modification made to accommodate ISFs. It should be noted that this standard worksheet would require a slight modification in order to accommodate calculating rates for a department that has an elected department head.

The methodologies and worksheets used have worked well for several years.

The Public Works Department (now part of the Development Services Department) reports that it has always used a separate spreadsheet, which is essentially a hybrid of both the worksheets described above. The Department has used this hybrid worksheet in order to avoid a double-billing issue that it identified when using the standard worksheet. The Department reports that it has been offered at least two different worksheets for preparing labor rates by the Auditor-Controller's office. It should also be pointed out that the worksheet used by the Auditor-Controller for their rate calculation presented in this report by the Grand Jury and the one used by the Department are the same worksheet. The differences in the two rate calculations are in the assumptions used for preparing the rates; otherwise the worksheets are the same.

In summary, the County employs a standard worksheet in the development of labor rates for both internal rates/charges and public fees. Minor modifications and assumption changes must be made to this standard worksheet depending upon the Department and function, in order to present a proper and accurate labor rate calculation.

#### **Grand Jury Recommendation #4:**

*Labor rates should be calculated using the standard worksheet.*

#### **Response from the Board of Supervisors:**

This recommendation has already been implemented.

As the example provided by the Grand Jury as an attachment to its report demonstrates, the Auditor-Controller and County Departments are using the same worksheet to prepare labor rates. Any differences which may arise may be due to differences in the assumptions regarding "overhead" type costs used for preparing the rates.

The County follows a standard process for the development and approval of internal rates, which include labor rates. It should be noted that labor rates, which are

developed based on labor costs as well as certain “overhead” costs, are used in developing both internal charges and for fees charged to the general public.

**Grand Jury Finding #5:**

*There are no internal audits.*

**Response from the Board of Supervisors:**

The Board of Supervisors disagrees with the Grand Jury’s finding.

The County does not have an internal auditing position. It is neither cost effective nor feasible at this time to add such a position. The County has historically contracted with outside firms to perform internal management audits, which focus on a number of identified areas including cash handling within the given department.

In 2009, the Board of Supervisors authorized issuing a Request for Proposals from outside audit firms to conduct internal financial and management audits, based on a recommendation from the County Administrative Officer. It should be noted that one factor in this decision in 2009 was that the outside management firm is independent of both the Auditor-Controller and the County Administrative Office.

In January 2010, the Board of Supervisors formed an Ad Hoc Committee to serve on a Management Audit Interview Committee. The Committee consists of the County Administrative Officer, the Auditor-Controller, and two Board Members. In addition to interviewing and selecting the outside management audit firm, the Ad Hoc Committee identifies which departments should be audited by the outside management audit firm.

The outside management audit firm has performed three comprehensive audits of the Public Works Department (completed January 2011), Community Services Department (completed May 2011), and the Human Resources Department Safety Program Review (completed July 2012) and Human Resources Department Internal Service Funds (completed August 2012). The Ad Hoc Committee has identified additional departments which could be audited in future years. The County’s contract with the outside management audit firm expired June 30, 2013, and options for a renewal or a new contract will be considered by the Board in the coming months.

**Grand Jury Recommendation #5:**

*The Auditor-Controller’s office should be assigned the responsibility of conducting internal audits.*

**Response from the Board of Supervisors:**

This recommendation will not be implemented because it is not warranted.

As discussed above, the County has established an Ad Hoc Management Audit Committee that has taken on the task of selecting departments to be audited. The Auditor-Controller is a member of this Ad Hoc Committee. One factor in the decision to establish an Ad Hoc Committee and to contract with an outside management audit firm was to maintain involvement of the CAO, Auditor-Controller and Board, but that the outside management firm would be independent of both the Auditor-Controller and the County Administrative Office.

**Grand Jury Finding #6:**

*Almost all accounting position employees outside of the Auditor-Controller's office are not familiar with GAAP.*

**Response from the Board of Supervisors:**

The Board of Supervisors disagrees with the Grand Jury's finding.

As stated in the Board's response to Finding #1 above, many of Sutter County's Departments are staffed with positions which require knowledge of accounting, including Generally Accepted Accounting Principles (GAAP), while some departments are not staffed with accounting positions.

To increase the number of accounting staff in those departments that currently do not have an accountant or analyst position would be cost prohibitive at this time.

The Auditor-Controller's Office is responsible for ensuring that the annual financial statements are prepared in compliance with GAAP. As such, it establishes the policies, procedures, means and methods for performing all necessary accounting/bookkeeping required for completing the annual financial statement. Departmental staff are required to be knowledgeable of, and follow, all applicable policies and procedures by utilizing the means and methods established by the Auditor-Controller's office. While non-accounting positions within the County may not have full technical knowledge of GAAP, they are expected to follow GAAP by following the guidance and direction of the Auditor-Controller. As long as the means and methods prescribed by the Auditor-Controller are in compliance, and as long as staff across the County are provided with the policies and procedures of the Auditor-Controller, Departments and staff will be following GAAP principles for accounting transactions.

**The Sutter County Auditor-Controller has been identified as a required respondent. The Sutter County Auditor-Controller is an independently elected official, and as such, responds directly to the Grand Jury's findings and recommendations concerning his office. A copy of the Auditor-Controller's response is included in this document as Attachment C.**

## **Sutter County Ettl Hall**

### **Grand Jury Finding #1:**

*There has been a delay in marketing Ettl Hall. The County Public Information Officer is developing a marketing plan that includes the production of a brochure/oversized postcard.*

### **Grand Jury Recommendation #1:**

*Develop effective marketing strategies to increase community awareness of Ettl Hall.*

### **Response from the Board of Supervisors:**

The Board of Supervisors partially disagrees with the finding. The recommendation has been implemented.

The Board of Supervisors' response to the 2011-2 Grand Jury, approved in September of 2012, indicated that a staff working group had been established in the summer of 2012. The staff working group included the Museum Director, Public Works Director, and the County Public Information Officer. This group had developed a marketing plan that included the production of a rental brochure that will be available to parties that are interested in renting Ettl Hall. The goal at that time was to provide additional tools to assist in the marketing of the Hall. Additional tasks identified by the working group included looking into additional signage at the Hall, expanding the use of the Hall to include the adjacent Rose Garden, participating in local/regional bridal fairs and publications, and staging the Hall and new courtyard area for photographs.

Since that time, a brochure has been completed for Ettl Hall and has been distributed by the Public Information Officer as well as the General Services Department. The Public Information Officer has also advertised the availability of the Hall on the County of Sutter Facebook page. In fact, many of the wedding photographs included in the brochure were donated by members of the public who learned of plans for the brochure by following the County's Facebook page. The Museum Director routinely discusses the availability of Ettl Hall in the Sutter County Historical Society's publication, as well as the quarterly Muse News.

The rent structure for the Hall was evaluated by staff and a new ordinance and fee structure adopted by the Board of Supervisors in October of 2012, and a revised policy and rental agreement for the use of the Hall was developed by staff and approved by the Board of Supervisors in November of 2012.

The General Services Department staff has also looked at participating in the Bridal Fairs that occur two times per year, however there is a cost involved to set up a booth as well as a cost for staff to man the booth, and the fair requires that all booths be staffed.



The County will continue to explore new ways to increase the exposure of the facility and to increase rentals.

**Grand Jury Finding #2:**

*There is no online reservation system on the Ettl Hall website to view rental availability.*

**Grand Jury Recommendation #3:**

*Create an online reservation system on the Ettl Hall website.*

**Response from the Board of Supervisors:**

The Board of Supervisors agrees with the finding. The recommendation will not be implemented at this time.

The General Services Department has been evaluating options for updating the on-line reservation system to include not only Ettl Hall but the Community Meeting Room and possibly Whiteaker Hall. This could entail the purchase of an "off-the-shelf" system, as the cost and time required for Information Technology staff to update the current system create an online reservation system for Ettl Hall is currently estimated at approximately \$40,000. This recommendation will be implemented in the future should a final solution and adequate funding be identified.

**Grand Jury Finding #4:**

*The Ettl Hall sign has very limited visibility from Butte House Road.*

**Grand Jury Recommendation #2:**

*Install prominent signage clearly visible from Butte House Road that identifies Ettl Hall.*

**Response from the Board of Supervisors:**

The Board of Supervisors agrees with the finding.

As is mentioned above, the need for additional signage identifying Ettl Hall was identified by a staff working group in 2012. The General Services Department is currently investigating options for additional signage for the Hall. Four directional signs have already been installed which point to the Museum and Ettl Hall.

**Grand Jury Finding #3:**

*There is no dedicated phone number for Ettl Hall and no prompt for Ettl Hall when calling the main Public Works Facilities Management number.*

**Grand Jury Recommendation #4:**

*Change the phone message at Public Works Facilities Management to include a prompt for Ettl Hall.*

**Response from the Board of Supervisors:**

The Board of Supervisors agrees with the finding.

The recommendation is currently being evaluated and will be implemented within the year. The General Services Department is preparing a new message to more accurately identify the services provided by the new General Services Department. This message will include information regarding the rental of Ettl Hall and the new Community Meeting Room. There is no dedicated line for the Veterans Memorial Building reservations; it is the regular General Services line.

**Grand Jury Finding #5:**

*Fees for renting Ettl Hall may not be low enough to attract renters. A decision to lower fees will be considered depending upon the success of the marketing campaign.*

**Grand Jury Recommendation #5:**

*Public Works should reevaluate rental fees on a periodic basis.*

**Response from the Board of Supervisors:**

The Board of Supervisors partially agrees with the finding.

The recommendation will be implemented. The new General Services Department will review fees on an annual basis. However, the current fees are in line with other local rentals and the County has had several rentals for the Hall and is experiencing increasing rental inquiries.

## **Sutter County Health Department**

### **Discussion:**

*The Grand Jury attended a tour of the Sutter County Health Department facility and provided an overview of the Department's programs and services.*

### **Response from the Board of Supervisors:**

**The Grand Jury did not issue Findings or Recommendations regarding the Sutter County Health Department.**

**The Board of Supervisors thanks the Grand Jury for its comments.**

## ATTACHMENT A

Response from Sutter County Sheriff-Coroner



# SUTTER COUNTY SHERIFF'S DEPARTMENT

J. PAUL PARKER  
SHERIFF - CORONER

**RECEIVED**

July 2, 2013

**COPY PROVIDED TO  
ALL BOARD MEMBERS**

JUL 05 2013  
COUNTY CLERK  
and EX-OFFICIO CLERK  
BOARD OF SUPERVISORS  
SUTTER COUNTY

Honorable Susan Green - Presiding Judge  
Superior Court of California  
County of Sutter

## **RE: Response to the 2012-2013 Grand Jury Final Report**

I would like to commend each grand jury member for taking time out of their personal lives to serve on the Grand Jury. The Grand Jury is an integral part in acting as a check and balance for government agencies by our citizens and this particular grand jury expended tremendous effort in their investigations of the issues at hand. I agree with many of the findings and recommendations in the Grand Jury report. However, there are areas in which I respectfully disagree with some of the findings and recommendations.

The following are the responses as the Sheriff-Coroner-Public Administrator to the findings and recommendations of the 2012-2013 Sutter County Grand Jury Final Report.

### **Jail**

**#1 Findings:** *The sobering cell policy and procedures are not specific for inmates under the influence of drugs, only alcohol, and do not include symptoms of drug intoxication, only symptoms of alcohol intoxication.*

**Recommendations:** *The Grand Jury recommends the policy and procedure for the sobering cell should specify whether they refer to individuals under the influence of chemical substances or a combination of alcohol or drugs. Symptoms of drug intoxication should be included.*

**Response:** The Office of the Sheriff concurs with the findings and recommendations. The Office is working in developing policy language to comply with the Grand Jury recommendation. Once the language is developed into policy, the policy will be included into the Sheriff's Office Jail Policy Manual within six months.

**#2 Findings:** *The policy and procedures manual, as written, is difficult to determine when each individual policy has been revised and/or reviewed.*

**Recommendations:** *The Grand Jury recommends individual policy and procedures should be written on a separate page with the title and number of the policy at the top. Space should be provided to document dates of revisions and reviews.*

**Response:** The Sheriff's Office agrees that when policies are updated, a revision date should be included within the revision when a policy becomes effective. Currently when policies and procedures are updated or developed, an Executive Order is issued by the Sheriff and distributed to all sheriff personnel explaining the policy.

The sheriff's office will include the Executive Order number along with the effective date of the policy in the Jail Policy Manual. The sheriff's office feels it is not necessary to place each policy on a separate page, since there is a Table of Contents that include the policy number, title and the page number as a reference. This will be effective immediately.

**#3 Finding:** *There are inconsistent practices among jail shifts during the 30 minute checks on inmates in the sobering cell who appear to be sleeping or cannot be verbally aroused.*

**Recommendations:** *The Grand Jury recommends that management should enforce sobering cell procedures stating correctional officers are to attempt physical arousal during 30 minute checks if inmates do not respond to verbal stimulation.*

**Response:** The sheriff's office concurs with the findings. We are currently evaluating our policy. The challenge in obtaining a verbal response is the chance an inmate could lapse into a state of Excited Delirium which could cause immediate death. We are facing an increase in the number of intakes brought into the jail in this excited state of being. Many agencies do not have a strict policy like we do requiring a verbal response on all checks. In fact most don't. We need to examine our policy carefully with medical advice to see how we can revise our procedures so we can intervene and provide life saving measures to an affected inmate and do so without exciting the patient back into the excited state of mind and cause a sudden death. The re-evaluation of this policy will occur within the next six months.

**#4 Finding:** *There is a lack of comprehensive training on the policy and procedures of the sobering cell. Some of the jail staff are not thoroughly familiar with the policies regarding the sobering cell and state they do not receive annual training on sobering cell procedures.*

**Recommendations:** *The Grand Jury recommends that staff should receive comprehensive training on the established Sutter County Jail Policy Manual's policy and procedures of the sobering cell on an annual basis. The training should include an assessment to ensure staff know and are able to implement the policy and procedures. A record of training and assessment should be maintained to document staff proficiency.*

**Response:** The Sheriff's Office partially disagrees with this finding and recommendation. When jail personnel are hired they go through an intensive training program which includes policy and procedures that is documented in their jail training manuals. Whenever a policy is developed or updated an Executive Order is sent out by the Sheriff to each personnel that are affected by update or change in policy or procedure. Jail personnel also understand that they have an individual responsibility to keep up with all jail policies. There is a hard copy of the Jail Policy Manual at each control station and in addition there is an electronic version available to jail personnel that include a feature to allow a "keyword" search for policies. Staff is also encouraged to ask supervisors for direction on policy or procedures when there is a need for clarification. All jail personnel participate in roll call training which includes policies, procedures, laws, etc.... In addition, each jail personnel are required to attend 24 hours of Standards and Training annually.

The sheriff's office agrees that we can be more proactive in keeping jail staff more informed on policies and procedures and there is always room for improvement. Within the last few months, staff has been working on updating roll call training to include more jail manual policy and procedure topics. In addition, we have tasked the first line supervisors to work as a team in developing training topics to be included in our roll call training program. Effective within six month of this response, the Training Manager will work with staff in organizing the material for each month. Once the roll call training is completed, personnel that attended the roll call training will be documented. The completed roll call training will go through the chain of command to the Jail Division Commander for review. Once the review is completed, the completed roll call training will be delivered to the Training Manager to be placed in a roll call training file for future reference.

**#5 Finding:** *Determination that the inmate had died was made without consulting with or confirmation by a qualified health professional as per the Policy and Procedures.*

**Recommendations:** *In cases where an inmate is not responsive, all life saving measures, including CPR, are to be performed until the inmate is transferred to Rideout Hospital Emergency Room or death is pronounced by a qualified health professional.*

**Response:** The sheriff office disagrees with the findings of the Grand Jury. As the Grand Jury pointed out in the Sheriff's Jail Manual Policy J144.10 B – In Custody Deaths, death can be determined by jail staff if "Rigor Mortis" is present. The fact is jail staff found the inmate in rigor mortis. Jail staff followed policy and in addition the detective coroner was summoned per policy.

**#6 Finding:** *Although the policy and procedures allow Sutter County detectives to perform an in-custody death investigation, a perception of a conflict of interest is inherent.*

**Recommendations:** *In cases of an in custody death, the investigation by another law enforcement entity is encouraged and should be considered to obviate a perception of conflict of interest.*

**Response:** The Sheriff's office partially agrees with this finding. The Sheriff is the elected officer by the people to serve as the Coroner for the County of Sutter. One of the constitutional duties of the Office of the Sheriff/Coroner is to investigate all deaths and the coroner cannot abrogate that duty. The investigation of all deaths includes deaths within a County Jail pursuant to California Government Code, Section 27491. The sheriff's office agrees that deaths investigated by the same agency can be perceived as being a conflict; however, in the case of a suspicious death, the Sheriff can conduct a Coroner's inquest, with an outside hearing officer if needed, under Government Section 27491.6 and 27491.7 to eliminate the possible perception of a conflict of interest.

Lastly, and specific to deaths that occur within a jail facility, there is the Grand Jury itself that the Sheriff's Office relies on as they are the ultimate watch dog for the interest of the people. The Grand Jury is part of the county judicial system as authorized by the California State Constitution. It is advised by the Superior Court, but is not accountable to elected officials or government employees. Its findings and recommendations are unbiased and impartial. Under Government Code section 919 (b), the Grand Jury **shall** inquire into the condition and management of the public prisons within the county and the Grand Jury in Sutter County do this yearly.

**#7 Finding:** *An In Custody Death Team was not arranged after the incident; therefore, no weaknesses or failures were identified and no final review was completed.*

**Recommendations:** *An In Custody Death Review should be completed on all in custody deaths. All findings of the Review Team should be formally presented to the jail staff and, where appropriate, the Jail Policy Manual should be updated to help prevent future similar incidents.*

**Response:** The Sheriff's Office disagrees with the Grand Jury findings and concurs with its recommendations. The Jail Commander held an In Custody Death Review. The commander interviewed all personnel involved in the incident including the patrol sergeant. In addition a debriefing by our office Chaplin was conducted. A review of the incident was conducted which included the jail commander, jail lieutenant, patrol sergeant, detective sergeant and medical staff from the Health Department. From this review additional training was implemented that included Excited Delirium to jail, patrol and support personnel which included medical staff. In addition a webinar was attended by staff on excited delirium. Two of our personnel were certified as train the trainers for excited delirium. The Health Department also committed in developing scenario training for emergency response. After the training we actually experienced a situation where a prisoner was brought to our jail that was displaying the symptoms of excited delirium. This prisoner was transported to the Rideout emergency center immediately for care. The



prisoner survived due to the Excited Delirium training being implemented from recommendation of the In Custody Death Review meeting.

The In Custody Review policy does not required written documentation, however the sheriff's office agrees with the Grand Jury that In Custody Death Review meetings should be documented for future incidents and the findings be presented to jail staff in a more formal manner. The sheriff's office will include written documentation whenever an In Custody Death Review is conducted effective immediately.

This concludes the Sheriff-Coroner-Public Administrator's response to the findings and recommendations of the 2012-2013 Sutter County Grand Jury Final Report.

Respectfully submitted,



J. PAUL PARKER  
SHERIFF-CORONER

cc: Sutter County Board of Supervisors  
James M. Arkens, County Administrative Officer

## ATTACHMENT B

Review of Cash Handling Procedures, Gallina LLP, May 2010

**COUNTY OF SUTTER**

**REVIEW OF CASH  
HANDLING PROCEDURES**

# COUNTY OF SUTTER

## Review of Cash Handling Procedures

### Table of Contents

	<u>Page</u>
Introduction.....	1
Department Summaries:	
Agriculture.....	2
Animal Control.....	3
Assessor.....	4-5
Auditor-Controller.....	6
Board of Supervisors.....	7
Child Support .....	8
Clerk Recorder .....	9-10
Community Services .....	11-12
County Counsel .....	13
District Attorney.....	14
Elections .....	15-16
Human Services.....	17
Information Services .....	18
Library .....	19-20
Mental Health .....	21-22
Museum .....	23-25
Personnel .....	26-27
Probation .....	28
Public Defender.....	29
Public Guardian.....	30
Public Works.....	31-32
Sheriff.....	33-34
Treasurer/Tax Collector .....	35-36
Welfare .....	37
Countywide Recommendations .....	38-39



GALLINA<sub>LLP</sub>

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors  
Yuba City, California

We have performed procedures which were agreed to by the County of Sutter to review the cash handling procedures and internal controls for all Sutter County departments and divisions within each department that handle "cash." This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are presented in the following pages. The following comments and recommendations represent those matters observed in the course of our engagement where we believe improvements can be affected. Our comments and suggestions are submitted as constructive suggestions to assist you in strengthening controls and procedures. They are not intended to reflect on the honesty or integrity of any employee. We thank the County's staff for its cooperation on this engagement.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management of the County of Sutter and the Board of Supervisors and is not intended to be and should not be used by anyone other than these specified parties.

Roseville, California  
May 4, 2010

# COUNTY OF SUTTER

## Review of Cash Handling Procedures

### AGRICULTURE

#### Cash Balances as of February 17, 2010:

Cash:	
Imprest cash	\$ 75.00
Cash on hand	<u>3,192.96</u>
Total cash	<u>\$ 3,267.96</u>

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

#### Results

The cash counted agreed to the cash fund and to the receipts issued. The currency and checks counted also agreed to the currency and checks noted on the receipts. The department obtains its own receipt books.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

# COUNTY OF SUTTER

## Review of Cash Handling Procedures

### ANIMAL CONTROL

(Under Community Services)

#### Cash Balances as of February 18, 2010:

Cash:	
Imprest cash	\$ 100.00
Cash on hand	<u>1,160.00</u>
Total cash	<u>\$ 1,260.00</u>

#### Procedures Performed

On February 18, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

#### Results

The cash counted agreed to the imprest cash fund and the receipts issued for three days. Also, the currency and checks deposited agreed to the currency and checks noted on the receipts.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

# COUNTY OF SUTTER

## Review of Cash Handling Procedures

### ASSESSOR

#### Cash Balances as of February 17, 2010:

Cash:	
Imprest cash	\$ 50.00
Cash on hand	<u>1,375.00</u>
Total cash	<u>\$ 1,425.00</u>

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Counted all cash and checks on hand including imprest cash.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Examined department's accounts receivable control log.

#### Results

The cash counted agreed to the imprest cash fund and the undeposited cash on hand since February 2, 2010. The currency and checks counted agreed to the composition of collections noted on the receipts. Additional findings are noted below.

#### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Safekeeping of Cash** – Department does not keep imprest cash and undeposited checks/cash in a locked drawer. The entire office is locked at night but the janitorial service has access to office. We recommend that cash be kept in a locked drawer.

*Management Response:* The imprest cash and checks always have been kept in a locked drawer, which is not readily accessible even by members of the staff. A separate cash box kept in a drawer at the public counter, for use in daily collection of fees for assessment data sold directly to the general public, has not been locked in the past. On February 19, 2010, the drawers in which the public counter cash and receipt books are kept were equipped with locks. Accordingly, the recommendation has been implemented.



## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### ASSESSOR (continued)

#### Points and Recommendations (continued)

2. **Timely Recording of Receipts** – We noted that a \$50.00 check had been received and the item was not marked as paid on the accounts receivable ledger. We recommend that the accounts receivable ledger is updated immediately upon receipt of the check.

*Management Response:* Although the department certainly agrees with the recommendation, the oversight noted was an extremely rare and accidental occurrence, which is borne out by the fact that only one such instance was noted among the many, many receipts entered into the accounts receivable ledger.

3. **Segregation of Duties** – The same employee is responsible for preparing invoices, receiving payments, and maintaining accounts receivable records. We recommend that these duties be segregated.

*Management Response:* The department concurs and already has instituted new procedures to involve an additional staff member, in order to comply with the recommendation for segregation of duties.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### AUDITOR-CONTROLLER

#### Cash Balances as of March 3, 2010:

Cash:

Cash on hand                      \$ 134.33

#### Procedures Performed

On March 3, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.

#### Results

The cash counted consisted of one check which agreed to the receipt issued. Additional findings are noted below.

#### Points and Recommendations

1. **List of Bank Accounts** – During the review of various departments' cash handling procedures, we became aware of bank accounts held outside the Treasury of which the Auditor-Controller had no knowledge of. According to the cash handling procedure manual, section 4. C. (1) g., "the Auditor-Controller shall maintain a list of all current depository accounts and a list of accounts that were open at any time during the preceding two fiscal years." To ensure that this list is current, we recommend that the Auditor-Controller send a memo to all departments requesting a list of all active bank accounts. The list should include the following:
  - a. The purpose of the bank account,
  - b. The responsible County officer named as custodian of the account,
  - c. The name and location of the bank,
  - d. The account number,
  - e. The current balance of the account

*Management Response:* The department concurs with the recommendation.

# COUNTY OF SUTTER

## Review of Cash Handling Procedures

### BOARD OF SUPERVISORS/COUNTY ADMINISTRATOR

#### Cash Balances as of February 16, 2010:

Cash:	
Imprest cash - Clerk of Board	\$ 25.00
Imprest cash - Administrator	<u>25.00</u>
Total cash	<u>\$ 50.00</u>

#### Procedures Performed

On February 16, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts, including the Notice of Determinations (NOD) for the Environmental Filing Fees.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### CHILD SUPPORT

#### Cash Balances as of February 17, 2010:

Cash:

Cash on hand                      \$ 0.00

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts, including payments received by the department and forwarded on to the State.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### CLERK RECORDER

#### Cash Balances as of February 16, 2010:

Cash:	
Imprest cash	\$ 100.00
Cash on hand	<u>6,217.67</u>
Total cash	<u>\$ 6,317.67</u>

#### Procedures Performed

On February 16, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Reviewed cash receipt reports, deposit permits, and supporting documentation for receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.

#### Results

The cash counted agreed to the receipts issued and the composition of cash and checks agreed to the receipts. Additional findings are noted below.

#### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Safekeeping of Check Stock** – The department holds blank signed checks from various title companies. These blank checks are kept in unlocked trays easily accessible to the public. We recommend that blank checks from title companies be kept in a secure location at all times.

*Management Response:* The department agrees and has implemented the suggestion.

2. **Safekeeping of Cash** – The department has two cash drawers, one of which is used infrequently. This cash drawer is visible to the public and is unlocked during the day. As it is rarely used, we recommend that this drawer be kept locked except when in use. Additionally, we recommend that the department consider moving the second cash drawer to a more secure location.

*Management Response:* The department agrees and has implemented the suggestion.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### CLERK RECORDER (continued)

#### Points and Recommendations (continued)

3. **Receipt Numbering** – The department uses a cash register system to assist in the frequent cash collections. The cash register automatically assigns a sequential receipt number to each transaction, however the sequence is not continuous from day to day. The receipt number is formatted with the date and the number receipt for that day (YYYYMMDDxxxx). Thus, the first transaction of each day will be that day's date, then 01. This does not allow the department to be sure that all transactions from day to day were properly included in the daily balancing and deposit. We recommend that the department investigate methods to incorporate a continuous sequential number in the receipts.

*Management Response:* The department agrees and is investigating possibilities.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COMMUNITY SERVICES

##### Cash Balances as of March 9, 2010:

Cash:	
Imprest cash	\$ 175.00
Cash on hand	<u>5,402.11</u>
Total cash	<u>\$ 5,577.11</u>

##### Procedures Performed

On March 9, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Performed inquiries of department personnel regarding the recording and maintaining of deposit records to determine if there were adequate controls in place.

##### Results

The cash counted agreed to the receipts issued for building permit fees, planning fees, and environmental health charges. Cash and checks counted agreed to the composition noted on the receipts. The department uses generic receipts as well as those provided by the County depending upon the activity. Below are additional findings.

##### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Safekeeping of Cash** – The Department does not keep undeposited cash and checks in a safe. Based upon the quantity of cash that accumulates between deposits to the Treasury, we recommend that undeposited funds be kept in a safe.

*Management Response:* The department agrees and is investigating the solution. Undeposited cash and checks are currently kept in a locked filing cabinet. The procurement of a safe was included in the current year's budget and the department is working with the Purchasing Department.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COMMUNITY SERVICES (continued)

##### Points and Recommendations (continued)

2. **Payments Received by Mail** – Payments to the Department are often received by mail. We recommend that the person opening the mail and accumulating payments to be processed by cashiers keep a log of all payments received. The log should be reconciled to receipts created by cashiers to ensure that all payments received have been included in deposits to the Treasury.

*Management Response:* The department agrees and has implemented the suggestion. A mail log has been created. The log is maintained daily by staff opening mail. Each month, this log will be reconciled with deposits recorded.

3. **Monitoring** – We recommend that monitoring procedures be employed to ensure that off site cash collection points are implementing required control procedures.

*Management Response:* The department agrees and is investigating the solution of using non-off site staff to conduct random quarterly cash counts and deposit reconciliation verifications for off-site cash collections. Please note that a separate audit of cash handling procedures was conducted at the off site collection point in February. No recommendations for change were documented.



## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COUNTY COUNSEL

#### Cash Balances as of February 17, 2010:

Cash:  
Cash on hand                      \$ 0.00

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### DISTRICT ATTORNEY

#### Cash Balances as of February 17, 2010:

Cash:  
Cash on hand                      \$ 384.70

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### ELECTIONS

(Under the Clerk-Recorder)

#### Cash Balances as of February 16, 2010:

Cash:	
Imprest cash	\$ 50.00
Cash on hand	<u>3,240.80</u>
Total cash	<u>\$ 3,290.80</u>

#### Procedures Performed

On February 16, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.

#### Results

The cash counted agreed to the imprest cash fund and the receipts issued. The composition of cash also agreed to the receipts. Additional findings are noted below.

#### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Safekeeping of Receipt Book** – During our visit, we noted that the department's receipt book was kept in an unlocked drawer. We recommend that the receipt book be moved to a locked drawer.

*Management Response:* The department agrees and has implemented the suggestion.

2. **Check Endorsement** – As part of our count of cash and checks on hand, we noted that checks were not restrictively endorsed until the deposit was prepared. We recommend that all checks be restrictively endorsed when received.

*Management Response:* The department agrees and has implemented the suggestion.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### ELECTIONS (continued)

##### Points and Recommendations (continued)

3. **Voided Receipts** – In examining the receipt book, we noted an example of a voided receipt where the second copy (the white copy) was not kept. We recommend that both copies of all voided receipts be kept in the receipt book.

*Management Response:* The department believes that this was an isolated incident and does have a policy to keep both copies of all voided receipts.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### HUMAN SERVICES

##### Cash Balances as of March 5, 2010:

Cash:	
Imprest cash	\$ 100.00
Undeposited collections	<u>2,347.15</u>
Total cash	<u>\$ 2,447.15</u>

##### Procedures Performed

On March 5, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.
- Performed inquiries of department personnel regarding accounts receivable procedures to determine if there were adequate controls in place.

##### Results

The cash counted agreed to the imprest cash fund and the receipts issued. The composition of cash also agreed to the receipts.

##### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### INFORMATION SERVICES

##### Cash Balances as of March 9, 2010:

Cash:	
Cash on hand	<u>\$3,514.61</u>

##### Procedures Performed

On March 9, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

##### Results

The cash counted agreed to the receipts issued as also did the composition of cash.

##### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### LIBRARY

##### Cash Balances as of February 16, 2010:

Cash:	
Imprest cash	\$ 252.50
Cash on hand	4,551.34
Cash held for Friends of the Library	<u>30.00</u>
Total cash	<u>\$ 4,833.84</u>

##### Procedures Performed

We visited the Library on February 17, 2010, and were asked to return another day due to staff absences. On February 26, 2010, we returned to the Library and performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.

##### Results

The cash counted agreed to the imprest cash fund and the receipts issued. The composition of cash also agreed to the receipts. Additional findings are noted below.

##### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Coin Rolling** – As part of our cash count, we noted that the Library can collect large amounts of coins that then need to be rolled. Library staff currently rolls coins manually. We recommend that the Library consider purchasing a coin rolling machine to assist in this process, possibly increasing efficiency and accuracy.

*Management Response:* The Library will purchase a coin rolling machine.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### LIBRARY (continued)

#### Points and Recommendations (continued)

2. **Staff Cross Training** – We were asked to return to count cash at a later date due to staff absences. The Library should consider if this was due to a lack of sufficient staff to carry out normal operations during the cash audit or if it was due to insufficient cross training of staff. If the latter, we recommend that the Library increase cross training of staff.

*Management Response:* The Library has reviewed the recommendation, and feels that there is sufficient cross training of staff. Three of the four Library staff who routinely do Library cash handling were sick the day the independent auditor arrived to do the Library cash count. Director of Library Services inquired if it would be beneficial for the staff to be present when the audit took place, and if there would be any department penalty to requesting a delay. Independent auditor advised that it might be instructive for the staff to hear any recommendations, and delay would be reported as a statement of fact only. In the interest of including Library staff in the audit for the purpose of staff education, the Library Director elected to defer the cash count. Four Library staff were present when the cash handling audit took place at a later date.

3. **Timing of Deposits** – The Library normally deposits receipts weekly. This timing does not currently vary if unusually large amounts are received. We recommend that when large amounts are received, they should be deposited into the County Treasury within a few days of receipt. The Library could change the day of the regular weekly deposit for that week, or have two deposits into the Treasury for that week.

*Management Response:* The Library will deposit grant award checks within a day of receipt, and not wait for the weekly deposit.



## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### MENTAL HEALTH

#### Cash Balances as of March 9, 2010:

Cash:	
Imprest cash	\$ 347.69
Cash on hand	26,652.98
Cash held in trust	<u>479.76</u>
Total cash	<u>\$27,480.43</u>

#### Procedures Performed

On March 9, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.
- Performed inquiries of department personnel regarding accounts receivable procedures to determine if there were adequate controls in place.

#### Results

Imprest cash counted was \$2.31 less than records maintained by the Auditor's Office. All other cash counted agreed to the receipts issued. Cash and checks counted agreed to the composition noted on the receipts. The department uses generic receipts as well as those provided by the County depending upon the activity. Below are additional findings.

#### Points and Recommendations

1. **Accountability of Silent Auction Funds** – Accounting records for silent auction funds kept at the office Children's System of Care did not record enough detail to track the current balance of cash in the fund. We recommend that all necessary details be recorded in accounting records to establish and track all cash on hand.

*Management Response:* We agree with this recommendation and are investigating solutions. It should be noted for clarity that the silent auction funds referred to are not county funds, but are funds raised by clients and staff to support client activities. Better record-keeping is clearly in order and we will develop a system with sufficient controls to ensure these funds are appropriately accounted for.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### MENTAL HEALTH (continued)

##### Points and Recommendations (continued)

2. **Accountability of Inpatient Funds** – It was noted during the audit that belongings including cash are kept in behalf of individuals staying in the inpatient facility. There is no control account kept over cash kept in behalf of patients. We recommend that all cash held in behalf of patients be centrally recorded and updated as cash is received and disbursed.

*Management Response:* We agree with this recommendation and are investigating solutions. We will develop a policy and procedure to incorporate the auditor's suggestion that in addition to the system we have that accounts for each patient's belongings, we should also have a centralized record of all cash on hand.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### MUSEUM

#### Cash Balances as of February 17, 2010:

Cash:  
Cash on hand                      \$ 1,859.22

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Examined documentation of expenses paid out of external checking accounts to ensure reasonableness.

#### Results

The currency and cash counted did not agree to the receipts issued or to the composition of collections noted on the receipts. Additional findings are noted below.

#### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Safekeeping of Receipt Books and Blank Checks** – We noted that unused receipt books, blank checks, and the receipt book currently in use are not kept in secure locations. We recommend that unused receipt books and blank checks be kept locked at all times. The receipt book currently in use should also be kept locked at night and should be kept out of sight except when actually in use at the counter.

*Management Response:* We currently are securing these.

2. **Frequency of Deposits** – The Museum does not deposit receipt weekly. We recommend that deposits should be made on a weekly basis, more frequently if large amounts are received.

*Management Response:* We are adopting a schedule of weekly deposits.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### MUSEUM (continued)

##### Points and Recommendations (continued)

3. **Bank Reconciliations** – Bank reconciliations are currently performed by the same individual who is performing all other functions. They are also not performed timely. We recommend that the bank statement be reconciled within a few days of the statement being received. We also recommend that a second individual either prepare the bank reconciliations or closely review the bank reconciliations.

*Management Response:* We are working on implementing this.

4. **Staff Cross Training** – Currently, one individual performs all accounting functions. This presents a significant challenge to the smooth and uninterrupted operation of the Museum in the event of unforeseen illnesses or other absences. We recommend that the Museum consider cross training staff members to allow the Museum to continue operating in the absence of a staff member.

*Management Response:* We are implementing training for the second staff person.

5. **Record Keeping** – The Museum staff currently keeps all accounting records on paper manually. We recommend that they consider purchasing and using a computer program to assist in keeping records. Given the size, complexity, needs, and knowledge of staff involved, we believe that a program such as Intuit Quicken, which is primarily used for checkbooks, may be the most feasible option. While this would not satisfy full accounting requirements, the Museum doesn't appear to have much need for a double entry accounting system, and such a system would likely not be sustainable with current staff.

*Management Response:* We have purchased this program and plan to learn how to utilize it.

6. **Use of Receipts** – The Museum currently writes receipts for store sales only. The lack of complete receipts resulted in a cash overage of \$83.67. We recommend that receipts be written for all cash or checks received, regardless of the source or purpose of the funds. The source and purpose for the funds should be noted on the receipt (i.e., donations, memberships, fundraising, store sales, etc). Receipts should be written promptly when cash or checks are received.

*Management Response:* Receipts are now automatically generated for membership and memorial donations when entered into Past Perfect software. Handwritten receipts are created for other sources.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### MUSEUM (continued)

##### Points and Recommendations (continued)

7. **External Savings Accounts** – The Museum currently has several savings accounts with a local bank which earn only nominal amounts of interest revenues. We recommend that the Museum consider transferring those funds to the County Treasury, where higher rates of return could likely be earned. Arrangements could be made with the County to ensure separate reporting of different funds.

*Management Response:* When the Museum Commission was presented with this suggestion for their funds, they formally rejected the option.

8. **Director's Account Disbursements** – The Museum has two checking accounts, one used for normal operations, and the Director's Account, which is used for more incidental expenses or for times when the second signature required for the primary checking account is not feasible to obtain. The balance in the Director's Account is limited. However, while monthly reports are provided to the Museum Commission for primary checking account disbursements, similar information is not provided for the Director's Account disbursements. We recommend that a detailed summary of disbursements from the Director's Account be provided to the Commission monthly.

*Management Response:* The Director's Account expenditures have always been included in the report to the Commission along with those of the primary account.

9. **Director's Account Balance** – The Director's Account has been limited to a \$500 balance by the Commission. However, the bank where the account is held has recently instituted a fee if a \$1,500 minimum balance is not maintained. The Museum has accordingly increased the balance in the account so that fees are not incurred. We recommend that the Museum investigate the availability of a no fees checking account so that the previous \$500 limit can be reinstituted. It may be necessary for the Museum to consider other institutions to find a suitable account.

*Management Response:* We are researching a more suitable account.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PERSONNEL

##### Cash Balances as of February 17, 2010:

Cash:	
Cash on hand	<u>\$ 2,000.00</u>

##### Procedures Performed

On February 16, 2010, we performed the following procedures:

- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.
- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed monthly trust fund reconciliations.

##### Results

The cash counted agreed the receipts issued. Also, the currency and checks counted agreed to the composition of collections noted on the receipts. Additional findings are noted below.

##### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Voided Receipts** – We noted that the department did not keep original copies of voided receipts. We recommend that original copies of voided receipts be maintained.

*Management Response:* The Department has changed its management practice and is now maintaining voided receipts.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PERSONNEL (continued)

##### Points and Recommendations (continued)

2. **Reconciliation of Personnel Benefits Revolving Trust Fund** – The department deposits checks received for Retiree Benefits into a trust fund (Agency Fund 5226) which is held in the Treasury. However, since its inception in 2001, the fund has never been reconciled. We recommend that the fund be reconciled on a monthly basis.

*Management Response:* Management is in agreement with the findings that this fund needs to be reconciled. However, the Personnel Department does not have the technical skills set (accounting and finance) required to reconcile the account. Despite numerous attempts by an outside accounting firm to reconcile this account in 2008 and 2009, it could not be accomplished. I recommend that this reconciliation function be transferred to the Auditor-Controller's office as they have the staff who possess the necessary accounting/finance skills to reconcile the account.

3. **Accepting Post-dated Checks** – During our review, we noted that the department occasionally accepts post-dated checks from retirees as a courtesy to those people that wish to pay their premium while on vacation. The department holds the post-dated checks on file until that date is reached. Section B. (8) f. of the County's Cash Handling Procedure Manual states that the County will not honor a check that is post-dated. Therefore, we recommend that the County discontinue this practice and offer alternate means for retirees to submit payments while on vacation.

*Management Response:* Management is in agreement with this recommendation and has instituted practices to ensure that we no longer accept post-dated checks from retirees in the future.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PROBATION

#### Cash Balances as of March 3, 2010:

Cash:  
Cash on hand                      \$ 0.00

#### Procedures Performed

On March 3, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.



## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PUBLIC DEFENDER

#### Cash Balances as of March 5, 2010:

Cash:

Cash on hand                      \$ 0.00

#### Procedures Performed

On March 5, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PUBLIC GUARDIAN

#### Cash Balances as of March 5, 2010:

Cash:  
Cash on hand                      \$ 0.00

#### Procedures Performed

On March 5, 2010, we performed the following procedures:

- Examined the on-line tracking system for conservatee accounts.
- Examined the most recent bank reconciliation, reconciling between the total of conservatee accounts to the bank balance.
- Counted all the cash and checks at the location, tracing these balances back to their accounts in the on-line system.
- Reviewed cash handling policies, ensuring appropriate segregation of duties.
- Reviewed recent examination reports issued by Social Security regarding the adequacy of the Department's control procedures.
- We did not audit the assets held by the public guardian in a fiduciary role as that is outside the scope of these agreed upon procedures.

#### Results

After performing the procedures listed above, adequate controls over cash handling procedures appear to be in place.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PUBLIC WORKS

##### Cash Balances as of March 9, 2010:

Cash:

Imprest cash – Public Works	\$ 100.00
Imprest cash – Fish & Game	150.00
Cash on hand	<u>402.50</u>
Total cash	<u>\$ 652.50</u>

##### Procedures Performed

On March 9, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.
- Counted all cash and checks on hand.
- Reconciled total counted funds to receipts.

##### Results

The cash counted agreed to the imprest cash funds and the undeposited cash on hand. The currency and checks counted agreed to the composition of collections noted on the receipts. Additional findings are noted below.

##### Points and Recommendations

1. **Customized Policy** – The Public Works Department does not have a written policy in place as a guide for staff on proper cash handling procedures. We recommend a customized policy be finalized and implemented.

*Management Response:* The Department concurs with the recommendation. The Public Works Department is preparing a written and customized cash handling policy and written procedures to implement the policy. Once completed and approved, it will be implemented department-wide.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### PUBLIC WORKS (continued)

##### Points and Recommendations (continued)

2. **Airport Bank Account** – The airport has a separate bank account that all credit gas sales go in to. Currently, Public Works has full custody of this account and full access to the funds in the account with no oversight. We recommend a separation of duties with regards to this bank account, with oversight coming from the Auditor-Controller.

*Management Response:* The Department concurs with the recommendation. Discussions will be initiated with the Treasurers' Department to arrange for a transfer of the account. In addition the Auditor-Controller will be informed of these discussions so that they might be better prepared to perform the oversight function once the account transfer is complete.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### SHERIFF

#### Cash Balances as of February 16, 2010:

Cash:

Investigative fund	\$ 642.28
Imprest cash	150.00
Cash on hand	<u>11,870.20</u>
Total cash	<u>\$ 12,662.48</u>

#### Procedures Performed

On February 16, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.
- Counted the Detective's Investigative Imprest Cash fund.
- Counted cash on-hand for the Inmate Welfare/Commissary fund.
- Counted cash on-hand for the Civil & Records division.

#### Results

The cash counted agreed to the imprest cash funds, the current accountability balance on the date of the count, and the undeposited cash on hand. The currency and checks counted agreed to the composition of collections noted on the receipts. Additional findings are noted below.

#### Points and Recommendations

1. **Replacement Training** – While reviewing the cash handling procedures for the Sheriff's Inmate and Welfare Commissary fund, we noted that the bank reconciliation was being performed by an employee who had no back-up. If this employee were to leave for an extended period of time, the bank reconciliation would likely not be performed. We recommend training additional individuals to act as back-up to this control

*Management Response:* The Department agrees and has implemented the suggestion.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### SHERIFF (continued)

#### Points and Recommendations (continued)

2. **Timeliness of Deposits** – While reviewing the Sheriff's Inmate and Welfare Commissary bank account, we noted that deposits to the County Treasury transferring revenue for sales made to inmates in the commissary had not been made since August 2009. We also noted that a deposit was made on March 2, 2010 for electronic monitoring activity taking place during January thru May of 2009. We recommend that regular deposits be made to the County Treasury for revenues being transferred from the Sheriff's Inmate and Welfare Commissary bank account.

*Management Response:* The Department agrees and has implemented the suggestion.

3. **Cash Drawer Counts** – We recommend that when opening and closing the cash drawers in the Civil & Records Division, employees should have access to a log sheet to record how much they counted, to help track problems.

*Management Response:* The Department agrees and is investigating solutions.

4. **Separate Cash Drawers** – In the Civil & Records Division, we noted that four employees were using the same cash register and drawer. We recommend that policies found in section 7. CASH REGISTER PROCEDURES be employed. Each employee should have access to their own cash drawer, and at no time should a cash drawer be shared by employees.

*Management Response:* The Department agrees and is investigating solutions.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### TREASURER/TAX COLLECTOR

##### Cash Balances as of February 17, 2010:

Cash:	
Imprest cash	\$ 1,600.00
Undeposited collections	<u>14,648.52</u>
Total cash	<u>\$16,248.52</u>

##### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.

##### Results

The cash counted agreed to the undeposited cash on hand. The currency and checks counted agreed to the composition of collections noted on the receipts. Additional findings are noted below.

##### Points and Recommendations

During our review, we noted several matters that are opportunities for strengthening internal controls and operating efficiency. Following is a list of the conditions that existed and our proposed recommendations:

1. **Cash Drawer Counts** – Current policy states that cash drawers are to be counted each time a drawer is opened or closed for the day. We noted certain instances where this was not always followed. We recommend a log sheet be used for each drawer so the employee can document their beginning and ending totals.

*Management Response:* The Treasurer Tax-Collector concurs with the recommendation and has established departmental daily cash drawer log for documenting the beginning and ending cash drawer counts. This is a monthly log with daily requirements, completed at the beginning and ending of each shift by each employee.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### TREASURER/TAX COLLECTOR (continued)

##### Points and Recommendations (continued)

2. **Cash Drawer Closing Procedures** – Once a cash drawer is counted and closed for the day, it should not be used to process further transactions.

*Management Response:* The Treasurer Tax-Collector concurs with recommendation and has implemented the necessary policies and procedures stipulating that a closed and reconciled cash drawer will not be used for further transactions during that date. All cash drawers are closed and reconciled at the end of each shift.

3. **Transaction reversals** – The system currently allows for any employee to reverse a transaction, allowing the potential for misuse. While all reversals are reviewed by management, we recommend that this feature be disallowed to staff through the system.

*Management Response:* The Treasurer Tax-Collector concurs with the recommendation and is currently working with Information Technology (IT) to restrict the ability to reverse transactions to the management team in the Treasurer Tax-Collectors office.

4. **Undeposited Cash** – We discovered during our inspection that certain balances of currency do not receive a deposit permit until the next morning. While we recognize that certain payments are required by state law to be accepted until 5 pm, the amount of cash or checks held overnight without a deposit permit should be minimized. The department may wish to consider a deposit cutoff earlier in the day for most payments, while still accepting tax payments until 5 pm. This would satisfy state law, while minimizing the undeposited balance.

*Management Response:* The Treasurer Tax-Collector concurs with recommendation and has implemented a flexible work schedule whereby only two of six windows, one in the Tax Collection area and one in the Office of Revenue Collections remain open till 5 pm, thereby minimizing balances without complete deposit permits. The two late closing windows prepare deposit permits at the end of each day and complete the deposit permits by receiving deposit permit numbers the following morning from the Auditor Controller's office for inclusion in the daily deposit.

5. **Cash Surveillance** – We recommend that a surveillance system be put in-place in the Treasury to act as further safeguard over the numerous cash transactions that take place at the public counters.

*Management Response:* The Treasurer Tax-Collector concurs with recommendation and has filed a Project Order Request with the Public Works department to have a surveillance system installed in FY 10-11. Approval is pending.



## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### WELFARE

#### Cash Balances as of February 17, 2010

Cash:	
Imprest cash	\$ 63.41
Cash on hand	<u>556.02</u>
Total cash	<u>\$ 619.43</u>

#### Procedures Performed

On February 17, 2010, we performed the following procedures:

- Performed inquiries of department personnel regarding cash handling procedures to determine if there were adequate controls in place.
- Reviewed cash receipt books, deposit permits, and supporting documentation for the receipts.
- Performed inquiries of department personnel regarding accounts receivable procedures to determine if there were adequate controls in place.

#### Results

The cash counted plus the vouchers that had not yet been reimbursed by the Auditor-Controller (\$36.59) agreed to the imprest cash fund of \$100.00. Also, the cash counted for the cash on hand agreed to the undeposited cash. The currency and checks counted agreed to the composition of collections noted on the receipts.

#### Points and Recommendations

No exceptions were found as a result of applying the procedures.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COUNTY-WIDE RECOMMENDATIONS

During our review of the cash handling procedures throughout the various County departments, we noted several common areas of deficiencies. The following is a list of general recommendations for the County's cash handling procedures:

1. **Timeliness of Deposits** – Per the County's Cash Handling Procedures Manual, section 11. B. (1), "receipts should be deposited daily, intact. Less than daily deposits (not to exceed one week) may be warranted if receipts are small or special circumstances exist." During our review, we noted that several departments submit weekly, or occasionally monthly, deposits. We recommend that, in general, departments deposit their cash on a timelier basis.

*Auditor-Controller's Management Response:* We concur with the recommendation. Departments should deposit their cash on a timelier basis than weekly unless deposits are small (less than \$100).

*County Administrator's Management Response:* We agree with the recommendation. We also agree with the Auditor-Controller's additional statement of depositing more often than weekly if the deposits are greater than \$100.

2. **Bank Accounts** – During our review, we noted that there are departmental bank accounts that were opened without the approval of the Auditor-Controller's Office. The County's Cash Handling Procedures Manual states that the requesting departments obtain authorization from the Auditor-Controller prior to the establishment of a new bank account. We recommend that the departments follow the procedures outlined in the manual regarding the establishment of a new bank account.

*Auditor-Controller's Management Response:* We concur with the recommendation.

*County Administrator's Management Response:* We agree with the recommendation. Requests for outside bank accounts should be reviewed and recommended by the Auditor-Controller, but must have Board of Supervisor authorization. If justified, the Auditor-Controller shall draft an implementing resolution and submit it to the Board of Supervisors for adoption of the implementing resolution.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COUNTY-WIDE RECOMMENDATIONS (continued)

3. **Update Cash Handling Procedures Manual** – The Cash Handling Procedures Manual has not been updated since January 2001. Based on our findings, there are several instances in which the County is not following the manual. We recommend that the procedures either be enforced or the manual be updated to reflect current practices.

*Auditor-Controller's Management Response:* We concur with the recommendation.

*County Administrator's Management Response:* We agree with the recommendation. If the updating of the Cash Handling procedure changes by altering or adding new accounting policies and procedures which impacts the daily operations of other County departments, in 2004 the Board of Supervisors directed that the Auditor-Controller shall provide a written recommendation to the County Administrative Officer and, if needed, have Board of Supervisor authorization prior to implementation of changes.

4. **Monitoring** – During our review, we noted several instances in which appropriate levels of management responsible for oversight were providing little or no monitoring over controls and procedures in place at decentralized locations where cash was being collected, safeguarded, or recorded. We recommend that Departments institute sufficient appropriate monitoring procedures to ensure that controls are being designed, implemented, and are effective at these locations.

*Auditor-Controller's Management Response:* We concur with the recommendation. This needs clarification however due to the County's consolidation of many departments. Administrative and operations management at both the department level and the division level need to be clearly made accountable for the implementation of these controls.

*County Administrator's Management Response:* We agree with the recommendation. We also agree with the Auditor-Controller's additional statement that both the Administrative and the operations management at department level and division level need to be clearly made accountable for the implementation of these controls. We would add that annual training for staff, both new and experienced, be established by the Auditor-Controller's office.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COUNTY-WIDE RECOMMENDATIONS (continued)

5. **Incorrect Deposit Permits** – In discussions with County personnel, we noted that increased numbers of incorrect deposit permits have been noted. This results in several complications of the deposit process. In order to reduce the number of corrections necessary, we recommend that the Auditor-Controller's office contact depositing entities and review with them their deposit process. In this way, opportunities for reducing errors could be identified and addressed.

*Auditor-Controller's Management Response:* We concur with the recommendation. Accounting policies and procedures as well as the cash handling are within the responsibilities of the Auditor-Controller's Office. We agree that departments need help so they will know how to complete the deposit permits correctly. The Auditor-Controller has taken responsibility for providing instruction to the departments as necessary.

*County Administrator's Management Response:* We agree with the recommendation. We also agree with the Auditor-Controller's additional comment that the accounting policies and procedures are within the responsibilities of the Auditor-Controller's office and therefore their office should be responsible for the training of staff.

6. **Assess Need for Imprest Cash Funds** – During our review, we noted that there were instances in which there had been a imprest cash fund established several years ago and the fund was seldom used. For example, the County Administrator's fund (\$25), Clerk of the Board fund (\$25), and the Fish and Game fund (\$150) are seldom used. There may be others as well. We recommend that the County reassess its need for imprest cash funds and if inactive, eliminate these funds and redeposit the cash into the Treasury.

*Auditor-Controller's Management Response:* We concur with the recommendation.

*County Administrator's Management Response:* We agree with the recommendation. The recommendation states that the County Administrative Officer, Clerk of the Board and Fish & Game funds were seldom used. Although we agree with the recommendation, the need for the funds should be discussed with each department prior to the Auditor-Controller recommending removal. Since the Board of Supervisor must authorize all departmental imprest cash funds, the Auditor-Controller would submit a staff report to the Board of Supervisor requesting authorization to remove the imprest cash fund.

## COUNTY OF SUTTER

### Review of Cash Handling Procedures

#### COUNTY-WIDE RECOMMENDATIONS (continued)

7. **Issuance of Blank Cash Receipts** – During our review, we noted that several departments were using generic receipts books rather than official County receipt books. The departments noted were Agriculture, Community Services, Museum, Public Health, Sheriff, and Welfare. Consequently, these receipt books are not tracked by the Auditor-Controller's Office. We recommend that the Auditor-Controller's Office control the receipt books given to the departments and account for the receipt numbers issued and used.

*Auditor-Controller's Management Response:* We concur with the recommendation.

*County Administrator's Management Response:* We agree with the recommendation.

8. **Recording of Change Fund** – During our review, we noted that the Treasurer-Tax Collector's change fund was not recorded as a separate account in the general ledger. We recommend that this amount be tracked separately and reclassified to a separate account in the general ledger.

*Auditor-Controller's Management Response:* We concur with the recommendation. Change funds should be approved by the Board of Supervisors and recorded on the general ledger. The Treasurer-Tax Collector needs to correct this by obtaining proper approval according to County of Sutter Cash Handling Procedures Manual (p.8). That necessitates justifying the establishment of such a fund to the Auditor-Controller before it can be approved by the Board of Supervisors. Upon completion of the formal approval process it will be properly recorded on the general ledger.

*County Administrator's Management Response:* We agree with the recommendation. We also agree with the Auditor-Controller's response. Requests for a change fund should be reviewed and recommended by the Auditor-Controller, but must have Board of Supervisor authorization. If justified, the Auditor-Controller shall draft an implementing resolution and submit it to the Board of Supervisors for adoption of the implementing resolution.

## ATTACHMENT C

Response from Sutter County Auditor-Controller

# COUNTY OF SUTTER

July 24, 2013

**COPY PROVIDED TO  
ALL BOARD MEMBERS**



ROBERT E. STARK, CPA

AUDITOR-**RECEIVED**

The Honorable Christopher R. Chandler  
Presiding Judge of the Superior Court of California  
County of Sutter  
446 Second Street  
Yuba City, California 95991

JUL 26 2013  
COUNTY CLERK  
and EX-OFFICIO CLERK  
BOARD OF SUPERVISORS  
SUTTER COUNTY

Dear Judge Chandler:

Submitted herewith is the Auditor-Controller's response to the 2012-2013 Grand Jury Report section on SUTTER COUNTY FINANCIAL PRACTICES. Penal Code §933(c) and §933.05 require elected officers to respond within 60 days to the findings and recommendations of the Grand Jury. This response is submitted directly to you pursuant to Penal Code §933.05.

We commend the individual members of the Grand Jury for their public service.

We share the Grand Jury's concerns in making Sutter County government work better. We are looking forward to working constructively and positively with the Board of Supervisors and the County Administrator's Office to implement improvements with the objective of increasing the County's efficiency and effectiveness.

By law the Auditor-Controller as an elected officer is also required to send a copy of this report to the Sutter County Board of Supervisors, after which they will have another 30 days to write their response. I am complying with that requirement. I trust that this response will likewise be distributed to all recipients of the Grand Jury's report and all recipients of the Board of Supervisor's response.

Sincerely,

Robert E. Stark, CPA  
Auditor-Controller

Cc: Information copy to Sutter County Board of Supervisors per Penal Code §933(c)

**Sutter County Auditor-Controller's Response to 2012-2013 Grand Jury  
Report:**

**SUTTER COUNTY FINANCIAL PRACTICES**

This is the response of Auditor-Controller Robert Stark.

**Finding F1**—"Departments are not following GAAP."

**Auditor-Controller's Response to F1**—Agree with finding in principle. Compliance with GAAP is not consistent throughout the county and has not been emphasized by management. The non GAAP basis budgeting has been noted in the Auditor-Controller's "budget memo" which is published in the Adopted Budget submitted to the State Controller's office and also published on the county's website. Management has taken no action to correct this deficiency.

**Recommendation R1**—"All departments should follow GAAP. County departments should utilize the Auditor-Controller's expertise to become more familiar with GAAP."

**Auditor-Controller's Response to R1**—Agree with recommendation. Following GAAP is required by law for both financial accounting and budgeting.  
.....

**Finding F2**—"The Cash Handling Policy is not being followed consistently."

**Auditor Controller's Response to F2**—Agree with finding.

**Recommendation R2**—"All departments should follow the county Cash Handling Policy. Accounting tasks should be divided between employees to provide more checks and balances."

**Auditor-Controller's Response to R2**—Agree with recommendation. The Cash Handling Policy was adopted in 1985 and updated in 2001. It is posted on the county website.  
.....

**Finding F3**—"CAMS and the QuickBooks accounts are not audited or reconciled on a routine basis."

**Auditor-Controller's Response to F3**—Agree with finding.

**Recommendation R3**—"CAMS and the QuickBooks accounts should be audited and reconciled on a regular basis."

**Auditor-Controller's Response to R3**—Agree with recommendation. Audits of these systems have not been provided for in the budget.  
.....



**Finding F4**—"Labor rates are not consistently calculated using the standard worksheet."

**Auditor-Controller's Response to F4**—Agree with finding.

**Recommendation R4**—"Labor rates should be calculated using the standard worksheet."

**Auditor-Controller's Response to R4**—Agree with recommendation.  
.....

**Finding F5**—"There are no internal audits."

**Auditor-Controller's Response to F5**—Agree with finding. Except for some management audits which have been contracted there are no internal audits.

**Recommendation R5**—"The Auditor-Controller's office should be assigned the responsibility of conducting internal audits."

**Auditor-Controller Response to R5**—Agree with recommendation. To achieve the intended effect, this will require revising the county's internal audit policy to conform to Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors (IIA) standards).  
.....

**Finding F6**—"Almost all accounting position employees outside of the Auditor-Controller's office are not familiar with GAAP."

**Auditor-Controller Response to F6**—Agree with finding. This also applies to management positions and is the root cause of many budgeting issues that have arisen over the course of many years.

**Recommendation [R6]**—[No recommendation was presented.]

**Auditor-Controller Response to [R6]**—None.

Submitted by,



Robert E. Stark, CPA  
Auditor-Controller

July 24, 2013

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