



# County of Yolo

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**HOWARD H. NEWENS, CIA, CPA**  
Chief Financial Officer

**DOUGLAS K. OLANDER, CPA**  
Assistant Chief Financial Officer

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## DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102  
PO BOX 1268  
WOODLAND, CA 95776  
PHONE: (530) 666-8190  
FAX: (530) 666-8215  
DFS @ yolocounty.org

- *Financial Strategy Leadership*
- *Budget & Financial Planning*
- *Treasury & Finance*
- *Tax & Fee Collection*
- *Financial Systems Oversight*
- *Accounting & Financial Reporting*
- *Internal Audit*
- *Procurement*

November 15, 2016

Chad Rinde, Manager  
Department of Financial Services  
Yolo County  
625 Court Street, Room 102  
Woodland, CA 95695

Re: Treasury Cash Count quarterly report for September 30, 2016

Dear Mr. Rinde:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 26920 (a) (1) for the quarter ending September 30, 2016. The County's Treasurer is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of this 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. Further, we did not review system controls of the county financial system.

Our procedures and results are as follows:

1. Perform a cash count of all cash (US currency and coins, checks drawn on US banks and written in US dollar values including travelers, cashiers, and certified checks and money orders) in the Treasurer public counter drawer, Treasurer vault, Tax Collector public counter drawers/cash lock bags and any pending deposits.

**Results:** Procedure performed with no exceptions.

**Considerations:** None.

2. Trace cash count to Treasurer daily cash report and Tax Collector daily register close out report.

**Results:** Procedure performed with no exceptions.

**Considerations:** None.

3. Verify that all deposits received by the Treasurer on 9/28/2016 were accounted for and recorded in the county financial system.

**Results:** All cash received by the Treasurer on 9/28/2016 and recorded on the Treasury Unit Transfer of Cash Accountability control log was accounted for and recorded in the county financial system. According to the Treasury Manager, the scalehouse deposits are submitted electronically through an INFOR Process Automation (IPA), the cash receipts are transported to the County Treasury by Brinks Armored Services and included in the Daily Deposit. Procedure performed with no exceptions.

**Considerations:** None.

4. Verify that all cash and deposits on 9/28/2016 were deposited in the county bank account at the outside financial institution.

**Results:** All cash counter deposits reported on 9/28/2016 agreed to the county bank account at Bank of America.

The auditor traced a sample of bank transactions from the INFOR Bank Transaction Posting report for 9/28/2016 to the Bank of America Detail Report for 9/28/2016 and found transactions updated on a date later than 9/28/2016. According to the Treasury Manager, the INFOR Bank Transaction Posting report for 9/28/2016 is a posting job to ensure that counter deposits are balanced daily. Bank transactions may be delayed due to the receipt of the accounting document from the customer.

The Department of Financial Services (DFS) Accounting Division performs a limited monthly close whereas items pending receipt of the customer accounting document can be posted to a period in the general ledger that was previously closed. During a limited monthly close, the accounting staff notifies all users of this type of closing procedure and instructs all users that they should not make any changes. The INFOR system does not have a system control in place that prevents any user from manipulating a transaction while a limited close has been initiated. Once a period is completely finalized, it can be moved to a final close status. As of October 24, 2016, the month of September 2016 has been transferred to a limited close status. The months of July and August 2016 are also in a limited close status. In addition, the fiscal year 2015-16 is in a limited close status until after the County financial audit is completed (December 2016) to allow the recording of audit adjustments. Therefore, bank reconciliations prepared by the Treasury Division may be incomplete.

Pursuant to Government Accounting Standards Board (GASB), Concept Statement No.1, financial reporting (financial transactions) should be relevant and timely to provide information about sources and uses of financial resources and how it financed its activities and met its cash requirements.

**Control Deficiency:** During a limited close status some system users within the DFS have the ability to change the limited close status to backposting status. Once in backposting status the INFOR system allows all user access to a period that is in a backposting status, to post to a prior monthly period. The manual control identified by auditors is that all users are instructed they should not post transactions during the backposting status; and DFS staff are instructed that they should not approve. This can pose a problem with departments that are reconciling and also can create issues around grant funding and assurance that expenditures are posted in the proper period. Further, some users that have access to the GL45 can unpost, unrelease, quick post, release, or bypass the IPA process at any point. It was noted that several DFS staff with access to the GL45 have duties and responsibilities that are in conflict, and therefore lack proper separations of duties.

**Considerations:** The Treasury management should ensure that timely adjusting journal entries and all pending items are reflected in the correct accounting period for general accepted accounting principles. Proper cutoff procedures and timely reconciliation are also essential for financial reporting. Additionally, the DFS Internal Audit Division should review, as planned, the system controls over the cash modules within the INFOR system.

5. Determine that the Tax Collector checks are not held for more than 7-10 days as prescribed by the Yolo County Cash Accounting Manual.

**Results:** There were no Tax Collector checks on hold during this quarterly review.

**Considerations:** None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Treasury management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

*Department of Financial Services  
Treasury Cash Count QE 9/30/2016  
November 15, 2016  
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We appreciate the timely and professional responses provided by the Treasury management and staff to our requests for information.

Sincerely,



Mary E. Khoshmashrab, MSBA, CPA  
Internal Audit Manager  
County of Yolo

cc: Patrick Blacklock, Yolo County Administrator  
Howard Newens, CIA, CPA, Yolo County, Chief Financial Officer