

COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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May 24, 2011

Ms. Nancy Nittler
Director of Personnel
County of Placer
145 Fulweiler Ave, Suite 200
Auburn, CA 95603

Re: Personnel Cash Handling Review

Dear Ms. Nittler:

The Internal Audit Division of the Auditor-Controller's Office performed a review of controls over cash collections at the Personnel Department (Department) for the period July through December 2010.

The objectives of our review were to determine whether department internal controls regarding cash handling have been designed to safeguard County assets and detect fraud and/or abuse and prevent it from occurring, and that internal controls have been placed into operation and are operating as designed; and cash handling procedures continue to be followed in accordance with the Accounting Policies and Procedures Manual, Cash Handling Handbook, and the Accounting Manual for Cash.

Based on our review, internal controls over cash handling appear to be operating as designed within the Personnel Department. However, we noted retiree information is keyed numerous times into various spreadsheets, causing inefficiencies and a higher risk of errors. Our recommendation is as follows.

Manual Data Entry

We noted Personnel staff manually hand write receipts for payments received, enter the same receipt information into an Excel spreadsheet, manually update each retiree's individual Excel ledger with this information, and key all the individual payment information into an Excel workbook to upload the deposit into the accounting system.

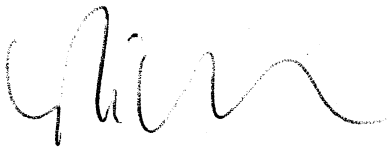
We recommend the Department research more efficient and effective automated solutions, such as a cash receipts processing software and/or retiree management database, or utilize existing functionality within the ACORN PeopleSoft application to process and manage this program more efficiently.

Department Response:

The Personnel Department is looking at various ways to streamline COBRA, retiree and leave benefit payments that will allow for additional efficiencies within the management of these accounts.

The Department's responses to the recommendations identified in our review are described above. We did not audit the Department's responses and, accordingly, we express no opinion on them.

We appreciate the Department staff's courtesy and cooperation throughout the course of this review.



Nicole C. Howard, CPA
Internal Audit Manager

cc: Karen Mayer, Senior Administrative Services Officer, Personnel
Katherine Martinis, Auditor-Controller
Placer County Audit Committee