



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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October 19, 2010

Mr. James Durfee
Director, Facility Services Department
11476 C Avenue
Auburn, CA 95603

Re: Western Placer Waste Management Authority, Cash Controls Review

Dear Mr. Durfee:

The Internal Audit Division of the Auditor-Controller's Office performed a review of controls over cash collections at the Western Placer Waste Management Authority (the Authority) as of October 18, 2010.

The objectives of our review were to determine whether adequate controls are in place to ensure that all cash collected on site is properly verified and recorded, that cash is properly safeguarded and is handled in dual custody, and that all cash receipts are independently reconciled to control figures. Our review consisted of interviewing the Authority's personnel and observation of cash collections, count, and deposit preparation.

Overall, the Authority's internal controls appear to be operating as designed. We specifically noted the following internal controls implemented by the Authority: video surveillance of all scalehouse operators and transactions, an independent daily review of transactions summary, detailed research and validation of all voided transactions, daily random transaction auditing which includes review of video surveillance, and cumulative over/short analysis by scalehouse operator.

However, we noted a few areas where internal controls could be strengthened. Our recommendations are as follows:

Void Transaction Review/Processing

The scalehouse supervisor is the only person conducting an in depth review and validation of all voided transactions from the prior business day. However, on occasion, the scalehouse supervisor has to perform duties of a scalehouse operator, including voiding transactions. The

following business day it is still his responsibility to validate all voided transactions, including the voided transactions initiated by him.

We recommend the scalehouse supervisor, after having worked at a scalehouse, forward his voided transactions documentation to his supervisor for in depth review and validation, to ensure proper segregation of duties.

Authority Response:

The Authority agrees with the recommendation of the Auditor-Controller's Office and will have the scalehouse supervisor, after having worked at a scalehouse, forward his voided transactions documentation to his supervisor for review.

Change Fund Periodic Count

A strong internal control environment prescribes every petty cash or change fund to be independently and randomly counted periodically (quarterly). The Authority currently maintains a \$9,400 change fund consisting of eight cashier drawers of \$800 each and a change fund of \$3,000, which is used to make change for scalehouse operators weekly.

We recommend the Authority implement a random change fund count policy to ensure proper use and safeguards of the change fund. The count sheets from these quarterly counts should be filed with the Auditor-Controller's Office regularly. Additionally, we recommend the scalehouse supervisor continue the current practice of randomly counting the eight cashier drawers on a regular basis to ensure proper cash controls are working as designed.

Authority Response:

The Authority agrees with the recommendation of the Auditor-Controller's Office and will implement a random change fund count policy to ensure proper use and safeguard of the change fund. The Authority also commits to the quarterly petty cash audit and filing the reports with the Auditor-Controller's Office.

Cash Counting Procedures

Cash is counted in dual custody (in the presence of two employees); however, we noted each employee does not count the cash separately and agree his or her count to the other employee's count.

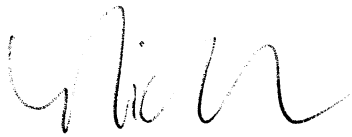
We recommend all cash be counted in dual custody and both of these employees count all cash, including bundled currency. The Authority could consider an electronic bill counter to save time and make the cash counting process more efficient.

Authority Response:

The Authority agrees with the recommendation of the Auditor-Controller's Office and will have all cash counted in dual custody. The Authority is currently looking into the purchase of an electronic bill counter to save time in the cash counting process.

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

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



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Placer County Auditor-Controller's Office

cc: Eric Oddo, Senior Civil Engineer, Western Placer Waste Management Authority
Valerie Bayne, Facility Services Administrative Services Manager
Katherine Martinis, Auditor-Controller
Placer County Audit Committee