



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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April 28, 2015

Mr. Ken Grehm  
Interim Director, Department of Facility Services  
c/o: Placer County Public Works Department  
3091 County Center Drive, Suite 220  
Auburn, CA 95603

Re: Transfer of Accountability of Department of Facility Services' Assets – Follow-Up

Dear Mr. Grehm:

The Internal Audit Division of the Auditor-Controller's Office performed a follow-up to our prior review of the Transfer of Accountability of Assets at the Department of Facility Services (Department). The objective of our follow-up procedures was to determine how recommendations from our previous review were implemented to strengthen internal controls. Our procedures included inquiries of Department personnel along with reviewing of supporting documentation relating to the deficiencies in internal control and how recommendations were utilized along with actions taken.

The following is the summary of observations and recommendations along with the Department's responses from the previous report, dated February 3, 2014, which are then followed by the status of the Department's implementation of our recommendations.

### Stamp Funds

During our review, we noted that according to the Auditor-Controller's records, the Facility Services' stamp fund still exists.

We recommend Facility Services work with the Financial Reporting Division of the Auditor-Controller's Office to resolve this discrepancy.

### Facility Services Department's Response:

*Facility Services no longer requires a stamp fund because of changes to our procedures. The Department will take all required steps to close out this fund.*

## **Status – Implemented**

**The Department submitted a request to close their stamp fund on January 9, 2015 and the request was approved by the Auditor-Controller on January 15, 2015.**

### Accounts Receivable

During our review of Accounts Receivable, we noted the following:

- PAS does not always reconcile to the subsidiary ledger
- Certain accounts do not have billing support
- Certain accounts are many years old and could probably be written off as uncollectible

We recommend Facility Services monitor all their accounts receivables to ensure their records and subsidiary ledger reconciles to the general ledger. In addition, they should ensure that accounts receivables are recorded at net realizable value.

### Facility Services Department's Response:

*Facility Services agrees that the uncollectible accounts should be written off in accordance with County procedures. By taking this action, the inherited uncollectible accounts from DPW will be removed and thus eliminate the noted discrepancy between the subsidiary and general ledgers. The Department's current practice to reconcile all active Accounts Receivables to the General Ledger will continue in accordance with County procedures. It is also the Department's current practice to record accounts receivable as net realizable value.*

## **Status – Implemented**

**The Department has submitted the appropriate discharge of accountability forms that essentially records their receivables at net realizable value.**

### Missing Capital Asset Tag

During our verification of capital assets, we noted a trailer did not have an asset tag. Facility Services indicated that the trailer was purchased together with a dump truck. Therefore, they did not give the trailer a separate asset tag.

We recommend Facility Services ensure the trailer is issued a separate asset tag from the dump truck.

Facility Services Department's Response:

*Facility Services has provided documentation for the purchase of the dump truck and trailer. Because the fixed assets were procured on one Purchase Order, only one fixed asset tag was issued and reported as a single asset on the Capital Asset Detail Report for Equipment. Facility Services concurs that each piece of equipment should have a separate asset tag and be reported separately on the Capital Asset Detail Report for Equipment. Our department will be working with the Auditor's Office to ensure the trailer and dump truck are issued separate asset tags and reported as separate assets on their report.*

**Status – Implemented**

**On January 15, 2015, the Department requested a separate asset tag be issued for the above identified trailer and on January 20, 2015, the Auditor-Controller's Office created a new asset record for the trailer and an asset tag was sent to the Department.**

The Facility Services Department's responses to our recommendations identified by our original review, issued February 3, 2014, are included above. We did not audit the responses and, accordingly, we do not express an opinion on them.

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

Respectfully,



Nicole C. Howard, CPA  
Assistant Auditor-Controller

cc: Valerie Bayne, Administrative Services Manager, Department of Facility Services  
Placer County Audit Committee