



COUNTY OF PLACER
Community Development / Resource Agency

Michael J. Johnson, AICP
Agency Director

ADMINISTRATION

MEMORANDUM

TO: Honorable Board of Supervisors

FROM: Michael J. Johnson, AICP
CDRA Director

DATE: July 27, 2010

SUBJECT: Community Development Resource Agency Audit Follow-up

ACTION REQUESTED

This item is a follow-up to the January 12, 2010 presentation to your Board on the Community Development Resource Agency Audit. This report highlights the changes to procedures that have been implemented by the Agency to respond to issues raised in the audit. No action is requested.

BACKGROUND

At the request of the County Executive Officer, an administrative, financial and operations audit of the Community Development Resource Agency (the Agency) was initiated in 2009. This audit was a cooperative effort that also included staff from the County Auditor-Controller and the Department of Administrative Services (IT Division). The overall purpose of the audit was to assess existing operations within the Agency and to provide recommendations to better align daily practices with existing County policies and regulations, enhance the efficiency and cost-effectiveness of operations, and enhance operations management and service delivery.

The scope of the audit, as well as the resulting recommendations, were developed to ultimately provide a uniform set of Best Management Practices for administrative and functional areas of the Agency. In addition, one of the primary purposes of the audit was to ensure that the separate service teams that make up the Agency, which previously had varied administrative and management practices, are appropriately aligned into a single Agency with standard business practices.

The audit evaluated the use of technology, application of internal controls with respect to financial management, purchasing and credit card use, employee management and application of personnel policies (including the use of overtime and extra help). To assure that each of these topic areas was properly addressed, the Agency prepared a document (delivered under separate cover) that responded to specific issues identified in the audit. The responses, similar to the audit, were divided into the topic areas of financial and internal controls, management and operations, and automation.

ANALYSIS/AUDIT FOLLOW-UP

While the audit found, in general, that the Agency has been successful in development a number of internal systems process to further the County's policies and regulations, the audit did identify some areas of administration and accounting where internal controls needed to be enhanced. Over the past six months, staff from the Agency have been addressing each of the issues raised in the audit in an effort to assure that the practices of the Agency are consistent with County rules and regulations. Highlighted below are some of the changes that have been implemented by the Agency.

Financial and Internal Controls

Credit Card Account Reconciliation: In the processing of credit card statements, the audit found that some statements did not have all of the required receipts attached to the statement (including missing receipts and the lack of detailed receipts). To ensure that all Agency credit card statements are complete and that all required receipts are included with the statement (including the requirement for a detailed receipt), the Agency modified its internal procedures to require all credit cardholders to submit all required receipts, including detailed descriptions of the item purchased, with the monthly statement. As a double-check to the process, the Agency's Account Clerk that processes credit card statements verifies that all required receipts, including detailed receipts as described above, are included with the statement prior to submitting the statement to the Approving Official for signature. This double-check process has assured that all Agency credit card accounts are now processed correctly and consistent with County procedures.

County Business Purpose: A concern raised in the audit was that the specific County business purpose of the expenditure was not always noted on the credit card statement. To address this issue, the Agency developed a supplemental form which requires the credit card holder to document an identifiable County purpose for the expenditure as well as provide a detailed receipt of the expenditure. Through the implementation of this new process, the County business purpose is expressly identified for each expenditure.

Management and Operations

Securities: The audit noted that there was a lack of documented policies and procedures for the handling of securities. This was additionally compounded by having different standards in the Agency's divisions regarding the handling of securities. To address this concern, the Agency worked with the County Executive Office and the Auditor's Office to prepare policies and procedures for securities, including requirements for the acceptance, monitoring and release of securities. As a result of these new procedures, the Agency currently reconciles its securities on a quarterly basis.

Inconsistency Between Agency Divisions: The audit noted several instances where different divisions within the Agency handled standard procedures (i.e., processing of time cards, use of overtime, unpaid hours) differently. In response, the Agency has developed standards that are now implemented by all staff to assure internal consistency in the processing of time cards, leave requests and use of vacation and sick leave hours.

Administrative Services / IT Functions

To address the issues raised regarding the Agency's multiple IT functions, the Agency's IT team has been working collaboratively with the Administrative Services' IT team to respond to each of the issues raised in the audit. Primary changes that have occurred over the past six months is the streamlining of operations and the implementation of consistent procedures for all IT applications.

CONCLUSION / NEXT STEPS

As documented in the Responses to the Audit Review document, the Agency has implemented many changes over the past six months to assure not only internal consistency in its operations, but also to assure consistency with County rules and procedures. This process has improved the operations of the Agency, and the process has helped streamline how the Agency performs its daily tasks. While there is still much work to be done to assure the continued implementation of the audit findings, the work accomplished over the past six months has established a solid foundation from which to continue the implementation of the audit findings.

The Agency continues to work with the County Executive Office providing input on the Placer Administrative Manual (PAM) creation and implementation that will consolidate and clarify many of the numerous documents existing in the County.

FISCAL IMPACT

As staff works to streamline its operations and reduce and eliminate redundancies, continued implementation of the audit findings will have a beneficial fiscal impact on the operations of the Agency.

Respectfully submitted,



MICHAEL J. JOHNSON, AICP
Agency Director

ATTACHMENTS:

Attachment 1: Responses to Audit Review (delivered under separate cover – available at Clerk of the Board)

cc: Katherine Martinis, Placer County Auditor-Controller
Allison Carlos, Principal Management Analyst, County Executive Office
Amy Townley, Administrative and Fiscal Operations Manager, CDRA

