

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 2.9
(ID # 25868)

MEETING DATE:
Tuesday, September 17, 2024

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit.

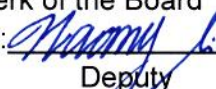
ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 8/28/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Washington, Perez and Gutierrez
Nays: None
Absent: Spiegel
Date: September 17, 2024
xc: Auditor Controller

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: n/a	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We completed a follow-up audit of Riverside County Probation Department. Our audit was limited to reviewing actions taken as of July 22, 2024, to correct findings noted in our original audit report 2024-002 dated February 27, 2024. The original audit report contained four recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the four recommendations:

- Three of the recommendations were implemented.
- One of the recommendations was not evaluable.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-002 included as an attachment to this follow-up audit report or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit.



Office of Ben J. Benoit
Riverside County Auditor-Controller

Internal Audit Report

2025-302

Follow-up

4 Recommendations

- ✓ 3 Implemented
- ▶ 0 Partially Implemented
- 1 Not Evaluable
- ✗ 0 Not Implemented



**Riverside County
Probation Department,
Follow-up Audit**

September 17, 2024



**COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER**

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



September 17, 2024

Christopher Wright
Chief Probation Officer
Riverside County Probation Department
3960 Orange Street, Suite 600
Riverside, CA 92501

Subject: Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit

Dear Chief Wright:

We completed the follow-up audit of Riverside County Probation Department. Our audit was limited to reviewing actions taken as of July 22, 2024, to help correct the findings noted in our original audit report 2024-002 dated February 27, 2024.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained four recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the four recommendations:

- Three of the recommendations were implemented.
- One of the recommendations could not be evaluated.

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-002 included as "Attachment A" of this audit report along with your department status letter as "Attachment



Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit

B.” You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.

Ben J. Benoit
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Juan Perez, Chief Operating Officer
Grand Jury



Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit

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Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit

Revolving Fund

Finding 1: Revolving Fund Timely Reconciliations

“Probation’s policy relating to the management of the revolving fund, *Revolving Fund/Petty Cash*, states, ‘a monthly reconciliation of the fund must be made to ensure the integrity of the fund.’ Additionally, Standard Practice Manual 104, *Internal Controls*, states, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’

Four out of five (80%) revolving fund reconciliations randomly selected for testing were not prepared or reviewed timely. The average time elapsed between month-end and the reconciliation date was 21 days, with the longest taking 49 days to prepare the reconciliation after month-end and the shortest taking 6 days. The delay in preparing the reconciliations was primarily due to the amount of time dedicated to collecting the reconciliation paperwork from other divisions in the department. Without timely reconciliations, there is an increased risk of mismanagement of the revolving fund. Performance of monthly revolving fund reconciliations are a critical internal control to ensure errors or unauthorized activities do not go undetected.”

Recommendation 1.1

“Ensure monthly revolving fund reconciliations are prepared and reviewed in a timely manner.”

Current Status 1.1: Implemented

Recommendation 1.2

“Revise current policies and procedures to accelerate the retrieval of reconciliation documentation from other divisions within the department.”

Current Status 1.2: Implemented

Finding 2: Revolving Fund Cash Shortage

“Standard Practice Manual 603, *Revolving Funds*, states, ‘the Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller’s Office using Form AR-3, Cash Overage/Shortage Daily Report.’

During our surprise cash count of the revolving fund conducted in August 2023, we identified a cash shortage of \$6 that originated in May 2023, and was not reported to the Auditor-Controller’s Office, as required. This cash shortage was due to untimely reporting of



Internal Audit Report 2025-302: Riverside County Probation Department, Follow-up Audit

transactions from prior months. A cash shortage that remains undiscovered or not reported can create an environment conducive to misconduct and may encourage unethical behavior and financial mismanagement. Also, non-compliance with county policies increases the risk inappropriate use of funds.”

Recommendation 2.1

“Ensure the respective revolving fund cash shortage is promptly reconciled and corrected.”

Current Status 2.1: Implemented

Recommendation 2.2

“Promptly address and resolve any revolving fund cash discrepancies and provide monthly reports of cash shortages and overages to the Auditor-Controller's Office.”

Current Status 2.2: Not Evaluable

No cash overages or shortages occurred during our audit review period. As such, the implementation of the recommendation could not be evaluated. We will no longer follow-up on the implementation status of the recommendation. Rather, we will evaluate the internal controls of the revolving fund during a future audit.

Attachment A



Office of Ben J. Benoit
Riverside County Auditor-Controller

www.auditorcontroller.org

Number of Recommendations

0	Priority Level 1 High Risk
2	Priority Level 2 Medium Risk
2	Priority Level 3 Low Risk

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2024-002

Riverside County Probation Department Audit

February 27, 2024



**COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER**

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



February 27, 2024

Christopher Wright
Chief Probation Officer
Riverside County Probation Department
3960 Orange Street, Suite 600
Riverside, CA 92501

Subject: Internal Audit Report 2024-002: Riverside County Probation Department Audit

Dear Chief Wright:

In accordance with Board of Supervisors Resolution 83-338, we audited the Probation Department to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, expenditure transactions, and revolving fund.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Our conclusion and details of our audit are documented in the body of this audit report.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.

Ben J. Benoit
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

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Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Executive Summary

Overview

Riverside County Probation Department (Probation) operates two juvenile detention facilities, one youth treatment and education center, and thirteen office locations countywide. Probation collaborates with other county agencies and various organizations in the community to provide services to the courts and protect the community.

Probation activities are divided into four divisions:

- Field Services – responsible for the investigation and supervision of adult and juvenile offenders.
- Institution Services – responsible for the operation of two juvenile detention facilities: Indio Juvenile Hall and Southwest Juvenile Hall.
- Administrative and Business Services – responsible for providing the infrastructure by which the department can achieve its mission.
- Juvenile Court Placement – responsible for the out-of-home care for minors who are wards of the Juvenile Court.

Probation has an adopted budget of \$175.7 million for FY 2023-24 and 981 adopted positions. *County of Riverside, Fiscal Year 2023-24 Adopted Budget Volume 1, 250.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department head, as well as internal controls over expenditure transactions. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance

AUDIT HIGHLIGHTS

- Revolving fund reconciliations need to be performed timely to ensure the completeness and accuracy of reporting activities.
- Reporting of cash shortages of revolving fund need to follow county procedures.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

with laws and regulations, and reliability of financial and non-financial information. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from August 21, 2023, through November 22, 2023, for operations from July 1, 2021, through November 13, 2023. Our scope included the following:

- Revolving Fund
- Capital Assets
- Expenditure Transactions

Audit Conclusion

Based on the results of our audit, internal controls over capital assets and expenditure transactions are functioning as designed to help Probation achieve its business process objectives. However, we identified improvement opportunities for internal controls over the revolving fund to help provide reasonable assurance that its objectives relating to this area will be achieved. Specifically, we identified a cash shortage during a cash count of the revolving fund and revolving fund reconciliations are not performed timely.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Revolving Fund

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisor's adopted Board Resolution 83-338 on November 1, 1983, authorizing the Riverside County Auditor-Controller's Office to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

Probation has one revolving fund, with an authorized balance of \$10,000, of which \$6,000 is maintained in the form of a bank account and \$4,000 is maintained in the form of petty cash. Probation has an established process in place for the use of the revolving fund. The fund is primarily used to pay for emergency expenditures. Replenishment requests are prepared by the fund custodian and approved by an authorized manager. Checks are processed by the fund custodian and signed by authorized personnel.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department head were completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller's Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form*, for the establishment and transfer of the revolving funds.
- Interviewed key personnel and reviewed department procedures over the revolving funds.
- Verified whether proper access to the fund checkbook was implemented.
- Verified whether revolving fund reconciliations were prepared.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

- Verified whether adequate segregation of duties existed.

Finding 1: Revolving Fund Timely Reconciliations

Priority Level: 2¹

Probation's policy relating to the management of the revolving fund, *Revolving Fund/Petty Cash*, states, "a monthly reconciliation of the fund must be made to ensure the integrity of the fund." Additionally, Standard Practice Manual 104, *Internal Controls*, states, "records are routinely examined and reconciled to determine that transactions were properly processed."

Four out of five (80%) revolving fund reconciliations randomly selected for testing were not prepared or reviewed timely. The average time elapsed between month-end and the reconciliation date was 21 days, with the longest taking 49 days to prepare the reconciliation after month-end and the shortest taking 6 days. The delay in preparing the reconciliations was primarily due to the amount of time dedicated to collecting the reconciliation paperwork from other divisions in the department. Without timely reconciliations, there is an increased risk of mismanagement of the revolving fund. Performance of monthly revolving fund reconciliations are a critical internal control to ensure errors or unauthorized activities do not go undetected.

Recommendation 1.1

Ensure monthly revolving fund reconciliations are prepared and reviewed in a timely manner.

Management's Response

"Concur. The Probation Department agrees that every reconciliation was not completed by month end as outlined in department's policy. During the audit review period, the department had significant vacancies which resulted in reconciliation delays. Probation has corrected this finding and has ensured that the reconciliations are completed monthly. Effective September 30, 2023, the Probation Department has maintained compliance to the internal policy."

Actual/Estimated Date of Corrective Action: September 30, 2023

Recommendation 1.2

Revise current policies and procedures to accelerate the retrieval of reconciliation documentation from other divisions within the department.

¹ Please see Appendix A (page 13) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Management's Response

“Concur. The Probation Department has a preexisting internal policy that outlines the roles, responsibilities, and documentation submission due dates for revolving fund reconciliations. The department will take additional steps to ensure that its internal policy is being followed to prevent future delays. Effective September 30, 2023, monthly email reminders from the Fiscal Services Accounts Payable Unit have been sent out to the divisions. Divisional staff have been provided with a copy of the department's internal policy and additional training will be provided to ensure future compliance.”

Actual/Estimated Date of Corrective Action: March 31, 2024

Finding 2: Revolving Fund Cash Shortage

Priority Level: 3²

Standard Practice Manual 603, *Revolving Funds*, states, “the Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller's Office using Form AR-3, Cash Overage/Shortage Daily Report.”

During our surprise cash count of the revolving fund conducted in August 2023, we identified a cash shortage of \$6 that originated in May 2023, and was not reported to the Auditor-Controller's Office, as required. This cash shortage was due to untimely reporting of transactions from prior months. A cash shortage that remains undiscovered or not reported can create an environment conducive to misconduct and may encourage unethical behavior and financial mismanagement. Also, non-compliance with county policies increases the risk inappropriate use of funds.

Recommendation 2.1

Ensure the respective revolving fund cash shortage is promptly reconciled and corrected.

Management's Response

“Concur. Effective September 30, 2023, the department has retrained staff on the proper cash counting protocol and how to report discrepancies. In addition to retraining staff, effective December 1, 2023, the department has implemented a re-count verification process that validates the cash on hand is counted correctly.”

Actual/Estimated Date of Corrective Action: December 1, 2023

² Please see Appendix A (page 13) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Recommendation 2.2

Promptly address and resolve any revolving fund cash discrepancies and provide monthly reports of cash shortages and overages to the Auditor-Controller's Office.

Management's Response

"Concur. Effective September 30, 2023, the department has retrained staff on the proper cash counting protocol and how to report discrepancies. In addition to retraining staff, effective December 1, 2023, the department has implemented a re-count verification process that validates the cash on hand is counted correctly."

Actual/Estimated Date of Corrective Action: December 1, 2023



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Riverside County Auditor-Controller's Standard Practice Manual 515, *Transfer of Accountability on Capital Assets*, states that upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Riverside County Auditor-Controller's Office.

The new Chief Probation Officer was appointed on May 31, 2023, and acknowledged receipt of the capital assets from the outgoing officer on July 18, 2023. At that time, Probation maintained 245 capital assets in the Riverside County financial system's asset management module, consisting of vehicles, trailers, and equipment with the combined acquisition cost of over \$5.8 million.

Objective

To determine if the required Standard Practice Manual Form AM-1, *Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new director was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards.
- Established the date of the department head change.
- Conducted interviews with department management and staff.
- Verified whether proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.
- Obtained a listing of capital assets tracked in the asset management module.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

- Selected a random sample of capital assets and verified their existence and whether they were transferred to the new department head.
- Identified additional capital assets during review and traced them to the asset management module.

Finding: None Noted	Priority Level: N/A
----------------------------	----------------------------

Based upon the results of our audit, we determined that internal controls over capital assets provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Expenditure Transactions

Background

Probation's expenditure transactions encompass a wide array of financial activities, such as payments for goods and services, non-capital assets, and intra-fund transfers through partnerships with other county agencies. Additionally, Probation's expenditures include services that assist with the following programs: Juvenile Justice Realignment (SB 823), Judicial Council Pretrial (SB 129), Juvenile Justice Crime Prevention Act (JJCPA), and Local Revenue Fund 2011.

Probation tracks expenditures related to special revenue transactions and general fund operations using different methods. The two primary methods are by department/division ID and project codes. Most general fund expenditures are tracked using the department ID unless there is a justification that warrants additional tracking methods. Special revenue transactions are tracked by department ID and project codes depending on the complexity of the program or transaction.

Objective

To verify the existence and adequacy of internal controls over Probation's process to monitor and track expenditure transactions.

Audit Methodology

- Obtained an understanding of board policies and department processes and procedures over monitoring and tracking expenditure transactions.
- Conducted interviews with department management and staff.
- Selected a random sample of expenditures to verify whether the transactions were appropriate, supporting documentation was adequate, and the transactions were reviewed and approved.
- Reviewed supporting documentation relating to expenditure transaction reconciliations.

Finding: None Noted

Priority Level: N/A

Based upon the results of our audit, we determined that internal controls over expenditure transactions provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



Final Internal Audit Report 2024-002: Riverside County Probation Department Audit

Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department’s objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.</p>	<p>These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.</p>	<p>These are audit findings that are less critical and generally have a lower impact on the department’s objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.</p>
<p><u>Expected Implementation Date of Recommendation*</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

* Expected completion to implement recommendation date begins after issuance of final audit report.

Attachment B



RIVERSIDE COUNTY PROBATION DEPARTMENT

Serving Courts • Protecting Our Community • Changing Lives



The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2024-002: Riverside County Probation Department Audit.


Authorized Signature

7-22-24
Date

Finding 1: Revolving Fund Timely Reconciliations

“Probation’s policy relating to the management of the revolving fund, *Revolving Fund/Petty Cash*, states, ‘a monthly reconciliation of the fund must be made to ensure the integrity of the fund.’ Additionally, Standard Practice Manual 104, *Internal Controls*, states, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’

Four out of five (80%) revolving fund reconciliations randomly selected for testing were not prepared or reviewed timely. The average time elapsed between month-end and the reconciliation date was 21 days, with the longest taking 49 days to prepare the reconciliation after month-end and the shortest taking 6 days. The delay in preparing the reconciliations was primarily due to the amount of time dedicated to collecting the reconciliation paperwork from other divisions in the department. Without timely reconciliations, there is an increased risk of mismanagement of the revolving fund. Performance of monthly revolving fund reconciliations are a critical internal control to ensure errors or unauthorized activities do not go undetected.”

Current Status

Reported Finding Corrected? Yes No

The department have completed its revolving fund reconciliation monthly within 30 days of the receipt of the bank statement except for February 2024 where the reconciliation was processed 12 days outside of the reconciliation due date. The late processing was due to staff shortage.

Recommendation 1.1

“Ensure monthly revolving fund reconciliations are prepared and reviewed in a timely manner.”

Management’s Response

“Concur. The Probation Department agrees that every reconciliation was not completed by month end as outlined in department’s policy. During the audit review period, the department had significant vacancies which resulted in reconciliation delays. Probation has corrected this finding and has ensured that the reconciliations are completed monthly. Effective September 30, 2023, the Probation Department has maintained compliance to the internal policy.”

Actual/Estimated Date of Corrective Action: September 30, 2023

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department is currently cross training all new staff assigned to the Accounts Payable Unit to ensure that coverage is always available.

Recommendation 1.2

“Revise current policies and procedures to accelerate the retrieval of reconciliation documentation from other divisions within the department.”

Management’s Response

“Concur. The Probation Department has a preexisting internal policy that outlines the roles, responsibilities, and documentation submission due dates for revolving fund reconciliations. The department will take additional steps to ensure that its internal policy is being followed to prevent future delays. Effective September 30, 2023, monthly email reminders from the Fiscal Services Accounts Payable Unit have been sent out to the divisions. Divisional staff have been provided with a copy of the department’s internal policy and additional training will be provided to ensure future compliance.”

Actual/Estimated Date of Corrective Action: March 31, 2024

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Finding 2: Revolving Fund Cash Shortage

“Standard Practice Manual 603, *Revolving Funds*, states, ‘the Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller’s Office using Form AR-3, Cash Overage/Shortage Daily Report.’

During our surprise cash count of the revolving fund conducted in August 2023, we identified a cash shortage of \$6 that originated in May 2023, and was not reported to the Auditor-Controller’s Office, as required. This cash shortage was due to untimely reporting of transactions from prior months. A cash shortage that remains undiscovered or not reported can create an environment conducive to misconduct and may encourage unethical behavior and financial mismanagement. Also, non-compliance with county policies increases the risk inappropriate use of funds.”

Current Status

Reported Finding Corrected? Yes No

Department has a log in place that tracks all shortages and/or overages. To date no shortages and/or overages have been identified or reported. The department have implemented the dual counting policy – 2nd authorization count that confirms the count.

Recommendation 2.1

“Ensure the respective revolving fund cash shortage is promptly reconciled and corrected.”

Management’s Response

“Concur. Effective September 30, 2023, the department has retrained staff on the proper cash counting protocol and how to report discrepancies. In addition to retraining staff, effective December 1, 2023, the department has implemented a re-count verification process that validates the cash on hand is counted correctly.”

Actual/Estimated Date of Corrective Action: December 1, 2023

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Recommendation 2.2

“Promptly address and resolve any revolving fund cash discrepancies and provide monthly reports of cash shortages and overages to the Auditor-Controller's Office.”

Management's Response

“Concur. Effective September 30, 2023, the department has retrained staff on the proper cash counting protocol and how to report discrepancies. In addition to retraining staff, effective December 1, 2023, the department has implemented a re-count verification process that validates the cash on hand is counted correctly.”

Actual/Estimated Date of Corrective Action: December 1, 2023

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).