BERNALILLO COUNTY

NEW MEXICO

Follow-Up on Open Internal Audit Observations

Internal Audit

June 2016

REDW LLC

CPAs | Business & Financial Advisors

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Table of Contents

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Report

INTRODUCTION

We performed the internal audit services described below solely to assist Bernalillo County in evaluating whether open internal audit observations issued through March 2016 have been resolved. We also updated the master observation list "Matrix" that includes a plan of action, the person responsible for the plan of action, and the planned date of completion, if available. This master observation list will assist the County in tracking the status of each internal audit observation. Our services were conducted in accordance with the *Consulting Standards* issued by the American Institute of Certified Public Accountants, Generally Accepted Government Auditing Standards, and the terms of our contract agreement for internal audit services. Since our procedures were applied to samples of transactions and processes, it is possible that significant issues related to the areas tested may not have been identified.

PURPOSE AND OBJECTIVES

Our follow-up on open internal audit observations was performed in response to management and the audit committee's interest in whether previous moderate to high risk internal audit observations have been resolved. We focused on assessing the current status of each observation.

The follow-up internal audit was not intended to be a complete re-audit of the departments and functions; therefore, our procedures were limited in scope to the procedures that would be performed in a full internal audit of each department or function. Processes were analyzed to determine if adequate corrective actions were implemented to resolve the observation and small samples were selected to verify that certain new processes were properly implemented.

SCOPE AND PROCEDURES PERFORMED

Interviews: In order to follow-up on the observations to determine if each had been resolved, we interviewed a large number of County employees and performed the following procedures:

- Obtained the observation Matrix from County Accounting;

- Compared the Matrix to the prior year's Matrix to ensure that all observations were included and also reviewed observations from internal audits performed after the prior year's Matrix was completed;

- Read relevant County policies and procedures;
- Performed walk-throughs of various systems;
- Tested various departmental reports;
- Tested various transactions;
- Classified each observation as resolved or unresolved; and,
- Provided County Accounting with the updated Matrix.

Summary by department of resolved and unresolved observations:

Department	Number of observations resolved	Number of observations unresolved
Accounting & Budget	8	0
Animal Care Services	1	1
Emergency & Information Services	1	0
Enterprise Resource Planning	1	0
Fleet/Facilities Management	2	1
Information Technology	3	5
Metropolitan Detention Center	1	7
Records Management	0	2
Sheriff's Office	1	4
Total	**18**	**20**

Summary by fiscal year of resolved and unresolved observations:

Fiscal Year	Number of observations resolved	Number of observations unresolved
2011	2	0
2012	0	0
2013	0	5
2014	1	1
2015	7	13
2016	8	1
Total	**18**	**20**

SUMMARY OF UNRESOLVED PRIOR AUDIT OBSERVATIONS

There were a total of 38 open high to moderate risk internal audit observations outstanding from 2011 through March 2016, 18 of which were resolved during this audit (see Appendix A). We have included a summary of the remaining unresolved internal audit observations below with a description of the follow-up testwork performed with updated management response to the outstanding observation.

August 2012 Records Management and Public Information

Email Record Retention—"The County did not have an email record retention policy and email accounts of former key employees were permanently deleted after 180 days. Additionally, the State Records Center and Archives was not notified at least 60 days prior to deletion as required by statute. As a result, some email records that should be considered public record were not maintained in accordance state requirements."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—IT is maintaining all disabled email accounts. IT is working on creating an email policy. Estimated completion is March 30, 2017.

Records Management Policies—"The County did not have formal records management policies and as a result records across the County were not always managed consistently and effectively."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—Current listing of Records Liaisons was finalized on 6/9/16 in preparation for mandatory formal training.

A. Records Inventory - The Records Manager is considering the expansion of Open Text as it is already owned in part by the County, and it is being used in the Clerk's Office, or using other enterprise content management systems. Funding may delay this component.

B. Training - Mandatory training is being coordinated for Records Liaisons for instruction on RM-10, Management of County records and operational procedures involving the proper disposition of County records. Target for completion is late July, early August 2016. Training of department personnel on a one-on-one basis continues as specific records management projects are completed.

April 2013 Animal Care Complaint Process

Noncompliance with Policies and Procedures—"Policies and procedures were not followed consistently, and the ZACS database was not properly utilized to track and report complaints received."

Risk Level—High

Status: Unresolved—A new process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management as of July 2016—A new process was implemented at the beginning of June 2016. Animal Services moved the operation of call intake and dispatching within the Animal Care department.

April 2013 Information Technology—Strategic Plan

Some Initiatives Not Completed Timely—"Target completion dates are important in order to monitor the status of the initiatives in the Plan and the Plan as a whole. The IT Strategic Plan lists target completion dates for the various initiatives. Three of the 12 initiatives tested with target completion dates prior to the audit date were not yet completed. Two of the three had been started and one had not."

Risk Level—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—IT Management will completely rewrite the IT Strategic Plan. This will be completed by December 2016.

April 2013 Metropolitan Detention Center

Initial Background Checks—"MDC Policy 3.11 governing background checks was not consistently followed. Additionally, MDC Policy 20.01 had conflicting language as it related to screening and selection of volunteers."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Policy Administrator Position was frozen for FY2016 and will be posted and hired in the first quarter of FY2017. The MDC policies should be updated by the end of FY2017.

September 2013 Community Custody Program

Forms and Signatures—"There are various forms that are required to be completed and approved throughout the inmates' time in the Community Custody Program (CCP). Many of the required forms were often missing from the inmates' files. Additionally, there were many versions of forms in use, and newer versions of the same forms not in use. Different files from the same period of time used different versions of the same form."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Policy Administrator position was frozen and will not be posted and hired until the first quarter of FY2017. Policy changes will not be implemented until the end of FY2017.

September 2014 Metropolitan Detention Center—Timekeeping & Scheduling

Time Coding & Documentation—"MDC Personnel Policy Recording Time Worked states documentation and submission requirements including the employee's responsibility for accuracy of time worked and approval from their supervisor."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—Workforce Management is still in the process of working to have the Kronos system implemented by the end of 2016.

Shift exchanges and payment for time worked—"The shift exchange process was not paying employees for their actual time worked. MDC should consider revising the policy to pay and provide benefits to each employee for actual time worked."

Risk Level—High

Status: Unresolved—A new process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management as of July 2016—Workforce Management implemented a new process on March 31, 2016. Additionally, Telestaff rules changed to ensure adherence to the policy.

Leave notification and coding requirements—"Employees were not consistently notifying MDC timely, or at all, for a leave of absence. Additionally, there were multiple leave with pay coding errors. Sufficient notice should be given for all leave of absences to ensure MDC can properly fill vacancies. MDC should consider monitoring these absences and implementing consequences for employees who repeatedly violate the policy."

Risk Level—Moderate

Status: Unresolved—A new process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management as of July 2016—Workforce Management is communicating with the MDC Timekeepers with a documented email and is keeping track with a monthly bereavement tracking spreadsheet.

Roster Change timelines and accuracy—"Roster changes were not completed accurately or timely. MDC should implement a process to monitor roster changes and continue to perform periodic audits of roster changes to ensure that changes made are appropriate or consider centralizing the process to strengthen controls."

Risk Level—Moderate

Status: Unresolved—A new process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management as of July 2016—Captains and/or Workforce Management continue to make changes to the roster and, once it has finalized, documentation will be requested, if necessary. A few monthly audits have been completed since April 2015. A new process was implemented at the end of April 2016 to perform bi-weekly audits.

December 2014 Information Technology

IT Disaster Recovery Plan—"The County does not have a formal, written IT disaster recovery plan or policy. There is no IT disaster recovery strategy other than recovery from backups. A business impact analysis (BIA) was performed several years ago to determine the criticality of data, applications and systems, and to determine recovery time objectives (RTO) and recovery point objectives (RPO) for systems and data. The BIA needs to be updated. Servers and data were being backed up nightly to removable media and the media was stored in a secure off-site facility for 90 days, which is what is required by County Legal. The County should develop and implement an IT DRP as soon as it is practically possible. A business impact analysis should be done as the first step of this process to identify critical applications, functions and processes and determine recovery time and point objectives."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—IT Quality Assurance has completed a draft Disaster Recovery Plan. The draft plan is currently being reviewed and finalized. The basic plan was tested during a real world event in December 2015. The review and finalization will be completed by September 30, 2016.

Removable Media Security—"Administrative Instruction IT12 addresses controls over removable media. Removable media includes flash memory devices such as USB thumb drives, cameras, MP3 players, removable hard drives (including hard drive-based MP3 players), optical disks such as CD/DVD disks, and floppy disks. Of particular concern are USB thumb drives and other USB storage devices. These are considered by security experts and the Federal Bureau of Investigation (FBI) to be one of the greatest risks to network and data security. AI IT12 states that users are only allowed to use removable media purchased by the County IT Department. From interviews with IT personnel, they tell users that USB drives are prohibited. The County should consider implementing automated preventive controls over the use of USB flash drives. These automated controls can be configured to block the use of USB flash drives or automatically encrypt them if they are not encrypted."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—IT Security has begun conducting a risk assessment for removable media. This risk assessment will be completed by September 30, 2016.

User Access control Policies and Procedures—"There is not a formal documented user access control policy. IT implemented a new Technology Request Form (TRF) and procedure in July 2014. This procedure is documented and addresses how users receive access to the network and applications, how access is changed, and how access is removed when they are no longer employed by the County.

From interviews with IT personnel and the results of our test work it appears that the process for termination of user access does not always work as it is supposed to and IT is not always informed in a timely manner of users leaving employment. The County should develop a formal User Access Control Policy that addresses current practices and ensure that the user access termination procedures are communicated throughout the organization and enforced."

Risk Level—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The IT Service Desk has created and implemented a user access control procedure; however, this has not been documented in an Administrative Instruction (AI). They expect the AI to be completed by September 30, 2016.

Data Storage—"AI IT09 Desktop/Laptop Usage Guidelines requires that all sensitive or critical data is stored on network servers. From the results of our workstation testing it is apparent that some users store County data on their local desktops/laptops. Laptops are not encrypted. Loss of a laptops could result in sensitive data stored locally being lost or compromised. Users should receive training on the importance of storing County data on network drives. Laptop hard drives should be encrypted."

Risk Level—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—IT Security added information in the new employee orientation that emphasizes the importance of storing County data on the network. This will also be included in the required employee security training pushed out by the HR Learning Management System.

March 2015 Fleet Management

Monitoring of Fuel consumption—"The Fleet department prepares quarterly reports and provides those to departments; however, there was no process to track or investigate unusual fuel activity or trends. Additionally, 14 of the 22 vehicles tested from the Fuel Usage report had mileage entry errors."

Risk Level—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The policy is still under development as part of the overall Fleet Operations Plan and is scheduled to be completed by fiscal year 2017. The mileage entry errors in the finding were partially a result of a configuration error in M5 that has since been corrected by our consultant and software vendor AssetWork, resulting in more accurate readings of mileage at the time of fueling. Unusual fueling that exceeds the established daily limits for the vehicle causes the system to reject the fuel request, preventing the driver from fueling. At that point, the error needs to be reset by Fleet.

March 2015 Sheriff's Office Inventory & Training

Inventory Tracking—"The Sheriff's Office does not have a process in place to track inventory in the warehouse in a way to prevent theft or loss. There was no inventory count performed in calendar year 2014. An inventory tracking system should be created and policies and procedures updated to ensure that all inventory is tracked."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Sheriff's Office has purchased a new inventory system called Quartermaster. We have not been able to fully transition over to the system due to the loss of inventory staff. The issuance and tracking of inventory should be easily accomplished and should resolve these issues. We are hoping to have a new Inventory Tech hired within the next three months. After staff is hired, we plan to have everyone trained on Quartermaster and start converting assets into the database and using the new system.

Firearm Tracking—"There were discrepancies in the firearms maintained and the inventory listings. All firearms were subsequently located by the department. Additionally, the process to track and organize firearms does not appear to be adequate. A physical count at the armory should be performed to ensure all firearms are tracked on the listing including the serial number and/or tag number."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Sheriff's Office has purchased, but not yet received, gun racks necessary to properly store firearms in locked cabinets. Additionally, the Sheriff's Office has purchased a new inventory system called Quartermaster. We have not been able to fully transfer over to the system due to the loss of inventory staff. The issuance and tracking of inventory should be easily accomplished and should resolve these issues.

Firearm Qualifications—"Instances were identified where deputies were carrying firearms they had not qualified with, or had qualified with firearms that were not tracked on inventory. The armory should implement a process to allow for accurate monitoring of firearms (personal or department issued) that deputies are carrying on duty."

Risk Level—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Sheriff's Office has worked to create a process for tracking firearms qualifications. The Rangemaster and the Academy Administrative Assistant are now working to track qualifications through the academy tracking database. Additionally, Deputy's are required to complete a Personal Firearm Authorization form. Deputy's are also required to complete a Qualifications Card showing that they have qualified to carry a firearm but, according to the Sherriff's Office, this card is being updated in fiscal year 2017 to better track whether their qualification was with a department issued or personal firearm, as well as, all other firearm information.

Assignment of Inventory—"Discrepancies were identified between the personnel inventory sheet when compared to the inventory system and the inventory in the possession of the deputies. BCSO should create a process that requires the transfer in/out forms to be utilized and the system updated on a regular basis in order to accurately track the inventory items."

Risk Level—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management as of July 2016—The Sheriff's Office has purchased a new inventory system called Quartermaster. We have not been able to fully transfer over to the system due to the loss of inventory staff. The issuance and tracking of inventory should be easily accomplished and should resolve these issues. We are hoping to have a new Inventory Tech hired within the next three months. After staff is hired, we plan to have everyone trained on Quartermaster and start converting assets into the database and using the new system.

November 2015 MDC Budget Preparation and Monitoring

Overall Budget Process—"The budget should be created with significant input from the members of management responsible for operational decisions that incur costs or encumber resources and those individuals should be properly trained, should have access to tools that allow them to monitor budget performance and should be held accountable for that performance. Based on inquiries of four Captains and one Assistant Chief (AC), there is not a consistent understanding of how the budget is created, approved or monitored nor is there adequate communication regarding the final approved budget or each cost center's performance relative to the established budget."

Risk Level—High

Status: Unresolved—MDC is holding quarterly meetings which MDC Finance, Captains, and Department Managers are requested to attend; however, since this is considered ongoing, we will not perform testing at this time.

Updated Response from Management as of July 2016—This process is ongoing and began in Quarter 3 (completed). It has been implemented by the Chief Financial Administrator and MDC Finance staff. Communication with MDC Finance, Captains and Department Managers has increased. Captains and Assistant Chief's are now being invited to quarterly budget meetings and annual budget preparations. This has been pivotal in assisting MDC Finance with keeping the budget in line and making the Captain's jail Units more accountable for their spending.

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This report is intended for the information and use of Bernalillo County management, the audit committee, members of the Board of Commissioners of Bernalillo County, and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

REDW LLC

Albuquerque, New Mexico
July 25, 2016

APPENDIX A—SUMMARY OF RESOLVED INTERNAL AUDIT OBSERVATIONS

April 2011 Animal Care Services—Fee Collection and Licensing

License Tag Inventory Controls—"ACS does not conduct a periodic physical inventory count of the animal license tags. Periodic physical inventories provide a basis for updating inventory balances and aid in detecting variances."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. We verified that the daily Cashbox Reconciliation process include a reconciliation of the tag inventory.

May 2011 ERP—SAP User Access Controls

Lack of Current Approved Access Monitoring Policies and Procedures—"Although several draft blueprint reports were provided, there were no current written policies or procedures to ensure that ERP staff was properly monitoring SAP user access roles, including the SAP super user accounts. Also, there were no documented procedures for preventing incompatible user duties; ensuring users have proper segregation of duties when roles are created or changed, and monitoring users and those creating user roles."

Risk Level—Moderate

Status: Superseded—An internal audit was conducted over the SAP User Controls in May 2016. This observation was deemed resolved and will be replaced with the May 2016 audit observations.

May 2014 Emergency Communications Department

Complaint Processing—"The method for tracking complaints was not secure to ensure that all complaints were fully documented and not accidentally deleted or modified."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. The Monthly and Annual Complaint logs have been restricted to the Supervisor through password protection.

December 2014 Bond Funds Compliance Monitoring

Investment of Bond Proceeds—"Bond tax certificates and transcripts include restrictions on the types of investments that bond proceeds can be invested in. There was not a process to ensure restrictions were considered when bond proceeds were invested. The County should consider implementing a process to monitor invested bond proceeds."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. Processes have been implemented to resolve issues for the monitoring of invested bond proceeds and proceeds have been segregated. We obtained the July 2015 statement and verified the funds were properly segregated.

December 2014 Information Technology

Security of computers in the Human Resources (HR) Department—"The County Human Resources Department has its own IT personnel who manage desktops, laptops and HR servers. As part of our workstation testing, we tested security controls on eight HR workstations. We found that some users were local administrators, two computers had not been updated with security patches in over five months, and Trend Micro antivirus application was out-of-date. Users should not be local administrators as this allows them to change security settings and download and install software. Security patches should be centrally managed."

Risk Level—High

Status: Resolved—Follow-up testwork was performed in June 2016. Based on computer screen shots, we verified that the HR department was running the most current version of the TrendMicro antivirus software.

Local Administrator Rights—"Administrative Instruction IT03 Acceptable Use of Information Systems states that only IT personnel are to be given local or global administrative rights. During our workstation testing, we determined that some users were local administrators on their workstations.

Being a local administrator allows the user to perform all administrative tasks on their computer including changing security settings and installing software. Management should ensure that users are not local administrators on their workstations unless there is a documented and approved business reason to grant them such access."

Risk Level—High

Status: Resolved—Follow-up testwork was performed June 2016. The IT Department was running quarterly reports to determine if administrator roles were properly assigned and tracking or removing access that was no longer needed.

IT Governance—"The County does not have any formal structured IT governance process. Deputy County Managers meet weekly and all significant issues are discussed; however, this not an IT governance or steering committee that focuses on the IT needs of the organization and helps prioritize projects and resources."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The IT Department created an IT Governance Committee and created an Administrative Instruction on the operations and duties of the committee. Additionally, they developed an Excel workbook for the tracking of projects sent to the committee.

March 2015 Sheriff's Office Inventory & Training

Instructor Certification—"Training classes were identified where certified instructors were not utilized and no other certified instructors present at these trainings. A process should be implemented to monitor instructor certifications and ensure that all classes are led by an instructor that has taken basic instructor training and is certified with the New Mexico Law Enforcement Academy."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. The Sheriff's Office has updated it's process to include a tracking report of instructor certifications, Department of Public Safety Letters, and certification expiration. This allows them to ensure that they are aware of when instructor certifications are expiring and what certifications are required for training instructors.

March 2015 Fleet Management

System Access Controls—"The inventory control warehouse uses M5 system to track auto parts inventory. This system is managed by the Fleet Management Department. During implementation of M5, user access controls were not limited allowing Fleet Management employees to have access to the inventory control warehouse auto parts inventory in M5. We found one instance during our testing where an item that was not maintained in inventory was inaccurately adjusted in the system by a Fleet Management employee."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. Based on our analysis of Role Maintenance documentation provided, roles had been limited to warehouse employees. Therefore, this observation is resolved.

Accountability of Auto Parts at the Fleet Facility—"Low value assets, such as auto parts maintained at the Fleet Facility, should be properly accounted for and tracked with a monthly physical count. For the months of November 2014 and January 2015 physical counts were not completed. Additionally, for two physical counts tested, count documentation did not include complete information with resolution of differences identified. A documented process should be established to maintain accountability of auto parts."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. Fleet Management is no longer storing auto part inventory and all inventory is maintained by the Inventory Control Group.

September 2015 Cash Receipts and ACH Payment Process

Segregation of Duties—"The receipting, reconciliation, and depositing functions were not adequately segregated in three of the ten locations tested. One location tested had theft of cash occur during the year."

Risk Level—High

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department met with each of the necessary departments and discussed the processes necessary to correct the observations identified in the audit. The County has created training for all cash handlers and supervisors in order to train them on the County's procedures for proper cash handling, compliance with the updated Administrative Instruction, and proper segregation of duties. Training was completed for all but ten of the required cash handlers as of July 1, 2016; therefore, this observation is resolved.

Administrative Instruction No. AD 02 Inconsistencies—"The Administrative Instruction has some requirements that do not align with the procedures being performed at the locations tested."

Risk Level—High/Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department met with each of the necessary departments and discussed the processes necessary to correct the observations identified in the audit. The County has created training for all cash handlers and supervisors in order to train them on the County's procedures for proper cash handling, compliance with the updated Administrative Instruction, and proper segregation of duties. Training was completed for all but ten of the required cash handlers as of July 1, 2016; therefore, this observation is resolved.

Inadequate Documentation of cash Reconciliations to Deposit—"The cash reconciliation process should be documented. One location tested did not have a reconciliation process and five transactions in other locations sampled did not have documentation of reconciliation."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department met with all departments and ensured that a process was in place to ensure reconciliation were completed appropriately, records were retained, and deposits were made daily. We verified with the Sheriff's Department that they had a reconciliation process in place and a process to ensure deposits were completed daily.

Check not Endorsed—"Two locations tested did not have a stamp in order to endorse checks "for deposit only" once received."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. Accounting met with all departments and ensured that they had a stamp to restrictively endorse checks received. We verified with the Sheriff's Department that they had the required stamps.

Access to Cash not Restricted—"All employees were allowed to receive cash at one of the locations tested. At three other locations, all employees had access to the safe."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department met with each of the necessary departments throughout the County and discussed the processes necessary to correct the observations. The County created training for all cash handlers and

supervisors in order to train them on the County's procedures for proper cash handling and to ensure that they are in compliance with the updated Administrative Instruction. Training was completed for all but ten of the required cash handlers as of July 1, 2016; therefore, this observation is resolved.

Untimely Deposits—"Cash receipts should be deposited by the close of the next business day in accordance with State statute and County policy. We identified twelve transactions that were not deposited in a timely manner."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department met with each of the necessary departments throughout the County and discussed the processes necessary to correct the observations. The County created training for all cash handlers and supervisors in order to train them on the County's procedures for proper cash handling and to ensure that they are in compliance with the updated Administrative Instruction. Training was completed for all but ten of the required cash handlers as of July 1, 2016; therefore, this observation is resolved.

Cash Receipts Posted to Wrong Cash Desk—"During our testing we found two instances where an employee's assigned cash desk location was not changed when the employee moved departments within the County."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed June 2016. The Accounting Department has worked with the Enterprise Resource Planning Department to develop a process for communication and monitoring of all cash handling roles to ensure that when cash handling roles change SAP functional roles are updated. Necessary departments were trained on the updated process as of June 23, 2016.

November 2015 MDC Budget Preparation and Monitoring

Journal Entries Approval and Support—"All journal entries should be approved by the appropriate level of management in the SAP workflow system; however, three of 22 entries tested had no evidence of approval in the SAP system. We were able to obtain email evidence that the three entries were approved."

Risk Level—Moderate

Status: Resolved—Follow-up testwork was performed in June 2016. The ERP department worked with the County's SAP consultant to determine why the missing workflow occurred and if it could be recreated. Based on the County's response and documentation provided showing communication between the County and the SAP consultant, this observation is considered resolved.

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