



County of Santa Cruz 0000005

AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX (831) 454-2660

MARY JO WALKER, AUDITOR-CONTROLLER
Pam Silbaugh, Accounting Manager
Kathleen Hammons, Budget and Tax Manager
Edith Driscoll, Audit and Systems Manager

January 25, 2006

Honorable Board of Supervisors
701 Ocean Street
Santa Cruz CA 95060

Agenda Date: March 28, 2006

Dear Members of the Board:

SUBJECT: Accountability Review – Auditor-Controller

We have performed a review of the office of the Auditor-Controller with respect to the transfer of accountability resulting from the retirement of the incumbent effective December 30, 2005.

As part of our review, we noted matters of internal control and administrative procedures that we believe merit department attention, as summarized below:

Areas of weakness regarding the imprest cash fund for postage stamps, trust fund reconciliations, and signature authorization cards for payment of claims existed in the Auditor-Controller's Office. Detailed findings and recommendations were provided to the Auditor-Controller's Office.

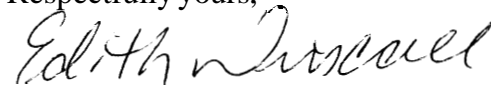
We recommend the Auditor-Controller's Office implement detailed recommendations regarding the imprest cash fund, trust fund reconciliation, and signature cards provided to them in a management letter dated January 25, 2006. The department's response is attached.

March 28, 2006
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It is therefore RECOMMENDED that your Board:

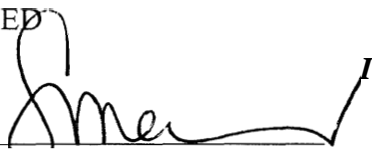
1. ACCEPT AND FILE this report
2. Direct management of the Auditor-Controller's Office to implement the recommendations provided to them in a detailed Management Letter dated January 25, 2006, and summarized in this report.

Respectfully yours,



Edith Driscoll
Audit and Systems Manager

RECOMMENDED



Susan A. Mauriello
County Administrative Office

CC: CAO
Auditor-Controller



county of santa Cruz

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March 13, 2006

AGENDA: MARCH 28, 2006

BOARD OF SUPERVISORS
 County of Santa Cruz
 701 Ocean Street
 Santa Cruz, CA 95060

RESPONSE TO ACCOUNTABILITY REVIEW OF THE AUDITOR-CONTROLLER'S OFFICE

Dear Members of the Board:

The Audit Division of the Auditor-Controller's Office performed a review of this Office with respect to the transfer of accountability resulting from the retirement of the incumbent effective December 30, 2005. As part of the Audit Division's review, the Auditors noted matters of internal control and administrative procedures that merited attention, and recommended that the Auditor-Controller's Office implement the detailed recommendations made in their letter dated January 25, 2006. We agree with their recommendations, and have or will implement them as follows.

1. Imprest Cash Fund for Postage Stamps – The stamp box has been replenished to \$30.
2. Trust Fund Reconciliations – Trust fund reconciliations were a few months behind. They have been brought up to date and will be performed monthly thereafter.
3. Bank Reconciliations – Bank reconciliation procedures will be updated and implemented. Reconciling items over one year old will be resolved or written off.
4. Signature Authorization Cards for Payment of Claims – The signature authorization cards have been updated to reflect the new Auditor-Controller, and staff has been reminded not to override this internal control procedure.

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Internal controls are an integral part of our financial system, and we welcome periodic reviews to keep the controls current, strong and efficient. I want to thank the Audit Division staff for performing this review in a professional, timely and independent manner.

Sincerely yours,



Mary Jo Walker
Auditor-Controller