

## SCHEDULE OF FINDINGS AND RESPONSES

### **Finding 2014-1— Segregation of Duties**

**Condition:** The County Treasurer's office has one deputy. The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections. In some situations, there is only one person working in the office; this person is responsible for receiving, receipting, and depositing money.

**Cause of Condition:** The deputy is new and is in the process of learning the duties of the office.

**Effect:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

**Management Response:** It is my duty to ensure verification and review of all accounting records prepared by the Deputy and myself. We both sign the daily report and the auditor's report. We are trying to initial and date documents, proving we both reviewed them. If something is overlooked, generally we will find the error at the end of the month, when we balance everything. If you have any suggestions, please bring it to my attention and I will try to implement whatever you suggest.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of funds, and record transactions.