San Diego Unified
SCHOOL DISTRICT

Office of Internal Audit
619.725.5696

**TO:** G. Wayne Oetken, Interim Chief Financial Officer

**FROM:** Stephen Carr, Director, Office of Internal Audit

**DATE:** May 22, 2012

**RE:** Review of Warrant and Check Processing Control Audit Report

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An Audit titled the "Review of Warrant and Check Processing Control" was conducted for the 2011/2012 school year. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the responses from General Counsel, the school district Finance Division and the school district Information and Technology Department.

If you have any questions concerning the information in this report, please call me at 725-5696.

c: Members, Board of Education
B. Kowba

email: Members, Audit Committee

San Diego Unified
SCHOOL DISTRICT

Office of Internal Audit
619.725.5692

# Review of Warrant and Check Processing Control

**December 12, 2011**

## Introduction

The San Diego Unified School District's (district) Office of Internal Audit performed a scheduled audit of the issuance of checks and warrants by the district. The review began on September 28, 2011, and included interviews with district employees. The audit included a review of documents from July 2011 to October 2011. Contact was made with the district's Chief Financial Officer, Fiscal Control Department and Computer Operation/Software Systems Department.

## Background

The district received authority to issue warrants effective July 1, 1975 from the State of California Department of Education. The district issues warrants for employee payroll, employee expense reimbursement, and payment of expenses processed by the Accounts Payable Department. The district also issues checks for the payment of expenses for the Food Services Department. Warrants for employee expenses, Accounts Payable expenses and checks for Food Services Expenses are processed twice a week. Warrants for employee payroll are processed twice a month, but additional special payments to employees can be processed during the month.

## Audit Scope and Objectives

The scope of this review was from July 2011 to October 2011. The specific objectives of this investigation were:

- To determine that the processing of checks and warrants is in compliance with applicable Education Code Requirements.
- To determine that the processing of checks and warrants is in compliance with applicable district Administrative Procedures.
- To determine that proper internal controls are in place for the processing of checks and warrants.

## Audit Findings Summary

1. The School District has not designated a person to issue warrants, thus violating State of California Education Code section 42647.

2. Blank warrant stock maintained by the district Fiscal Control Department was not properly secured.

3. A permanent log of warrant and check stock was not maintained, thus violating district Administrative Procedure 2215.

4. A "Spoiled Warrant/Check Stock Log" was not maintained for spoiled warrants that were processed by Fiscal Control, Accounts Payable and Computer Operations, thus violating district Administrative Procedure 2215.

5. School District Administrative Procedure 2215 has not been revised since 2003 and is out of date with current procedures for warrant and check processing and control.

6. School District Administrative Procedure 2217 has not been revised since 2003 and is out of date with current procedures for warrant check signature control.

7. Old unnumbered warrant stock, unusable defective warrant stock and voided printed warrants from 2006 were not accounted for and destroyed.

8. Errors were noted for the completion of the "Warrant Accountability Log" and the electronic computer file titled, "Payroll Warrant Log" maintained by the Computer Operations Department.

9. The "Warrant Accountability Log" completed by the Computer Operations Department does not include specific areas for approval and receipt of printed warrants.

10. An incomplete zip code for the mailing of completed warrants and payroll advices prevents the printing of postal bulk mailing permit information on warrants and payroll advices.

## Conclusion

Based on the audit scope and analysis performed by Internal Audit, internal controls are functioning properly for the processing and printing of checks and warrants. The process of payroll approval, fiscal control review, computer operations printing, and physical transfer of printed checks are appropriately controlled and segregated.

The district has not specifically designated a person to issue warrants as required by Education Code. State of California Education Code section 42647 requires the district to designate a person to issue warrants.

The processes for documenting and controlling blank warrant stock are in need of improvement. Blank warrant stock was not recoded when ordered and received. Complete records of the control of blank warrant stock were not maintained. Blank warrant stock was left unlocked and unattended and old unnumbered warrant stock, unusable defective warrant stock and voided printed warrants from 2006 were not accounted for and destroyed. Logs required by district Administrative Procedures were not maintained and errors were noted in the completion of logs that were maintained.

Administrative Procedures for the processing of checks and warrants have not been updated since 2003. Administrative Procedures have not been updated since before the district migrated to PeopleSoft software for the processing of accounts payable payments and payroll warrants.

W. Stephen Carr
Director, Office of Internal Audit

G. Clark Simington, Jr.
Operations Audit Manager

## Explanation of Findings

1. **The School District has not designated a person to issue warrants, thus violating State of California Education Code section 42647.**

   State of California Education Code section 42647 states, "With the approval of the Superintendent of Public Instruction, the governing board of a unified school district, or district with over 10,000 average daily attendance, may cause to be drawn all warrants on the county treasurer against all the funds, except debt service, of the district in the county treasury in the payment of the expenses of the district. The warrants shall be issued by a person designated as the district auditor or district disbursing officer for the school district on the county treasurer in favor of the persons entitled thereto in payment of all claims chargeable against the district which have been legally examined, allowed, and ordered paid by the governing board. The district auditor shall issue warrants on the county treasurer for all debts and demands against the district when the amounts are fixed by law."

   The School District Board of Education Resolutions for the 2011/2012 school year do not specifically include a resolution designating an employee to issue warrants.

   **Recommendation**

   Internal Audit recommends that the district Legal Services Department revise the 2011/2012 resolutions to include the designation of an employee to issue warrants.

2. **Blank warrant stock maintained by the district Fiscal Control Department was not properly secured.**

   A locking filing cabinet used by the Fiscal Control Department to store blank warrant stock was observed to be left unlocked with the filing cabinet key left in the lock. An employee was not present at the desk where the filing cabinet was located.

   Blank warrant security is an important internal control for the processing and printing of warrants.

   **Recommendation**

   Internal Audit recommends that Fiscal Control management enforce procedures to insure that blank warrant stock is secured at all times.

3. **A permanent log of warrant and check stock was not maintained, thus violating district Administrative Procedure 2215.**

   School District Administrative Procedure 2215 states, "A designated Accounting Operations Department employee not having access to signature dies or check-signing equipment shall be responsible for receipt and issuance of warrant and check stock. A permanent log of warrant and check stock shall be maintained and shall include: all stock ordered, all stock received, all stock issued and returned, all stock used, all spoiled stock, and disposition of unused or obsolete stock."

Blank warrant stock ordered to process payroll ("A" Warrants) and blank warrant stock ordered for processing of Accounts Payable payments ("B" Warrants) and Food Service checks) were not logged in when received. A single permanent log was not maintained. Various unrelated and dissimilar logs are maintained that do not meet all of the criteria of a permanent log.

A "Warrant Accountability Log" is completed by Computer Operations when warrants are printed and transferred to Fiscal Control. This log records the warrant control numbers printed and any spoiled warrants. This log is a two part single page log that is not continuous and does not include all stock ordered, all stock received, all stock returned, and disposition of unused or obsolete stock. The "Warrant Accountability Log" was used to transfer the printed and folded warrants to Fiscal Control.

A "Control Number Log for Accounts Payable B-Warrants" was completed when an Accounts Payable employee logged out warrants to be printed for Accounts Payable warrants and Food Services checks. This log is continuous but does not include all stock ordered, all stock received, all spoiled stock, and disposition of unused or obsolete stock.

A standard lined tablet was used by Fiscal Control to log "A" warrant stock in and out for printing of "on demand" warrants. This log was continuous but does not include all spoiled stock and the disposition of unused or obsolete stock. This log was used to receive blank "A" warrant stock from the supply maintained at Computer Operations and to transfer blank "A" warrant stock to the Fiscal Control employee that prints "on demand" warrants.

An electronic file named, "Payroll Log 2010 & 2011" was maintained by Fiscal Control to record warrant control numbers issued for "on demand "A" warrants. This log is continuous but does not include all stock ordered, all stock received, and disposition of unused or obsolete stock.

The separate processes currently in use are not standardized and do not adequately control the security of blank warrant stock.

**Recommendation**

Internal Audit recommends that the Fiscal Control Department, the Computer Operations Department, and the Accounts Payable Department jointly develop and use a permanent log for control of "A" and "B" warrants.

4. **A "Spoiled Warrant/Check Stock Log" was not maintained for spoiled warrants that were processed by Fiscal Control, Accounts Payable and Computer Operations, thus violating district Administrative Procedure 2215.**

Spoiled "B" warrants that were processed by the Accounts Payable Department or returned to Fiscal Control by the Accounts Payable Department were not recorded on a "Spoiled Warrant/Check Stock Log" prior to shredding. Spoiled "A" warrants that are processed by the Computer Operations Department were not recorded on a "Spoiled Warrant/Check Stock Log" prior to shredding. School District Administrative Procedure 2215 states, "On receipt

of spoiled warrant/check stock, enters receipt information on "Spoiled Warrant/Check Stock Log" form. A complete record of all spoiled warrants should be maintained by the Fiscal Control Department.

**Recommendation**

Internal Audit recommends that the Fiscal Control Department, the Computer Operations Department, and the Accounts Payable Department jointly develop and use a "Spoiled Warrant/Check Stock Log" for control of spoiled "A" and "B" warrants.

5. **School District Administrative Procedure 2215 has not been revised since 2003 and is out of date with current procedures for warrant and check processing and control.**

School District Administrative Procedure 2215 was last updated August 1, 2003. Since the revision during 2003 the School District has migrated to PeopleSoft software for the processing of warrants. The following School District Administrative Procedure 2215 processes were no longer valid:

- The process for the issuance of "A" warrants for "on demand" payments issued by The Fiscal Control Department was not included.
- The process for the issuance of "B" warrants for payments issued by the Accounts Payable Department was not included.
- Reference was made to unnumbered warrant stock that was no longer utilized.
- Signatures are no longer affixed to printed warrants and checks.
- Blank warrant stock for processing "A" Warrants was not logged out from the Accounting Operations Department. The supply of blank warrant stock for processing monthly payroll is maintained by the Computer Operations Department.
- Current department names and responsible employee titles do not match Administrative Procedure 2215 department names and employee titles.

The process for procurement, storage, issuance, and accounting of warrant stock was out of date. School District Administrative Procedures should be kept up to date to document and control current processes.

**Recommendation**

Internal Audit recommends that School District Administrative Procedure 2215 be revised with current procedures for warrant and check processing and control. The Fiscal Control Department has advised that School District Administrative Procedure 2215 is currently in the revision process.

6. **School District Administrative Procedure 2217 has not been revised since 2003 and is out of date with current procedures for warrant check signature control.**

School District Administrative Procedure 2217 was last updated August 1, 2003. Since 2003 the School District has migrated to PeopleSoft software for the processing of warrants. The following School District Administrative Procedure 2217 processes are no longer valid:

- The School District no longer uses signature plates to affix signatures to warrants and checks.
- Responsibilities for warrant and check signature control were no longer valid.
- The process and control for releasing electronic signatures for "A" warrants was no longer valid.
- Current department names and responsible employee titles do not match Administrative Procedure 2217 department names and employee titles.

The process for affixing signatures to warrants and checks was out of date. School District Administrative Procedures should be kept up to date to document and control current processes.

**Recommendation**

Internal Audit recommends that School District Administrative Procedure 2217 be revised with current procedures for warrant check signature control. The Fiscal Control Department has advised that School District Administrative Procedure 2217 is currently in the revision process.

7. **Old unnumbered warrant stock, unusable defective warrant stock and voided printed warrants from 2006 were not accounted for and destroyed.**

Defective warrant stock that was processed and printed in 2006 was stored in the Fiscal Control locked warrant stock storage area. The glue on the warrant stock will not function to fold and seal the warrants. This warrant stock included 50 warrants that were printed and stamped void and another 911 blank warrants that were unusable. An additional small supply of unnumbered blank warrant stock was also maintained by Fiscal Control in the locked warrant stock storage area. These unnumbered blank warrants are no longer used for any warrant payments.

Because this warrant stock was old and not in the current inventory, and sensitive employee information was contained on the printed and voided warrants, this warrant stock should be accounted for and destroyed.

**Recommendation**

Internal Audit recommends that old unusable, outdated, and voided warrant stock is properly accounted for and subsequently destroyed.

8. **Errors were noted for the completion of the "Warrant Accountability Log" and the electronic computer file titled, "Payroll Warrant Log" maintained by the Computer Operations Department.**

Computer Operations completed the "Warrant Accountability Log" when payroll warrants were printed. The "Warrant Accountability Log" was used to transfer the printed and completed warrants from the Computer Operations Department to the Fiscal Control

Department. The log was a record of the warrants that were printed, folded and sealed. The following errors were noted for the completion of the "Warrant Accountability Log."

- Warrant control numbers were recorded incorrectly.
- The "Reason for Spoiled Warrants" section was left blank.
- "MICR Toner Mounted" initials were not recorded.
- The "Number of Warrants Printed" section was left blank
- The "Number of Warrants Folded/Sealed" section was left blank
- "Number of Warrants Printed" was not calculated correctly.
- The "Number of Warrants Printed" section total does not match "Printer Counter" total.

Computer Operations maintains an electronic computer file to track the warrant control numbers and number of warrants printed. This computer file is titled, "Payroll Warrant Log". On two separate dates the "warrant printed total" amount was recorded incorrectly.

Accurate records are an important internal control for documenting the processing and printing of warrants.

**Recommendation**

Internal Audit recommends that the Computer Operations Department enforce procedures to insure that the "Warrant Accountability Log" is properly completed.

9. **The "Warrant Accountability Log" completed by the Computer Operations Department does not include specific areas for approval and receipt of printed warrants.**

Computer Operations completes the "Warrant Accountability Log" when payroll warrants are printed. Approval for the warrants printed is initialed by a Computer Operations employee not involved with printing the warrants. A specific area on the "Warrant Accountability Log" was not provided for these initials. A Fiscal Control employee signs the "Warrant Accountability Log" when the printed warrants are transferred from the Accounting Operations Department to the Fiscal Control Department. A specific area on the "Warrant Accountability Log" is not provided for this signature. The "Warrant Accountability Log" does contain an area to record the name of the person printing and folding the warrants, but it does not specify that a signature is required.

Documentation for the approval for the printing and transfer of warrants is an important internal control.

**Recommendation**

Internal Audit recommends that the Computer Operations Department enforce procedures for approval and transfer of printed warrants. When the current stock of "Warrant Accountability Logs" is depleted, the form should be modified to include specific areas for initials and signatures.

**10. An incomplete zip code for the mailing of completed warrants and payroll advices prevents the printing of postal bulk mailing permit information on warrants and payroll advices.**

When a nine digit zip code was not included in the information for printing payroll advices and warrants, the bulk mail permit information was not printed on the payroll advice or warrant. These payroll advices and warrants are separated by Fiscal Control prior to the transfer to Mail Services for processing. Payroll advices and warrants without pre-printed bulk mail permit information must be processed individually by Mail Services rather than bulk weighed for determining postal expenses. Individually processed payroll advices and warrants numbering less than 500 must be metered at the first class postage rate rather than the discounted bulk mailing rate.

Postal bulk mail costs the School District less than regular first class mail. Mailings of less than 500 pieces of mail cannot use the bulk mailing discount. Warrants and Payroll Advices that do not have pre-printed bulk mail permit information are more labor intensive for the Mail Services Department.

**Recommendation**

Internal Audit recommends that Fiscal Control and Human Resource management develop procedures to input the proper zip code format in employee records.

San Diego Unified
SCHOOL DISTRICT

LEGAL SERVICES
Lawrence M. Schoenke
General Counsel
619.725.5630
Fax 619.725.5639
lschoenke@sandi.net

**DATE:** November 30, 2011

**TO:** Stephen Carr, Director, Internal Audit

**FROM:** Lawrence M. Schoenke, General Counsel

**SUBJECT:** Response to Audit Report re Review of Warrant and Check Processing Control

We are in receipt of the draft audit report dated November 15, 2011 and make the following response regarding Finding No. 1.

We agree with this finding. We made revisions to Annual Resolution No. 9 to include a specific statement designating the Chief Financial Officer as the Disbursing Officer and submitted it to the Board of Education for approval at their regular meeting held on November 29, 2011. The revisions to Annual Resolution No. 9 were approved by the Board.

A copy of the new Annual Resolution No. 9 is attached. A copy of the redline version, showing changes, is also attached for your convenience.

LMS/dmh

Enclosures

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BOARD OF EDUCATION
SAN DIEGO UNIFIED SCHOOL DISTRICT
SAN DIEGO, CALIFORNIA

In the Matter of Authorizing the Signatures )
to be Affixed to School Warrants and Checks ) RESOLUTION
(Education Code Section 42647) )

WHEREAS, Education Code Section 42647 permits a governing board which has met certain requirements to authorize the district's Disbursing Officer to issue warrants on the County Treasurer in favor of payees; and

WHEREAS, the Board of Education will appoint the Chief Financial Officer as Disbursing Officer for this purpose;

WHEREAS, it is desired by this Board of Education that the signatures of the President of the Board of Education, of the Superintendent, and of the Chief Financial Officer as Disbursing Officer appear on all the school warrants, and Cafeteria Fund and Trust Fund checks;

NOW, THEREFORE, BE IT RESOLVED by this Board of Education that the President of the Board of Education, the Superintendent, and the Chief Financial Officer, hereby appointed as Disbursing Officer, are authorized to sign school warrants, and Cafeteria Fund and Trust Fund checks.

PASSED AND ADOPTED by the Board of Education of the San Diego Unified School District, San Diego, California, at a public meeting thereof duly called and held this 29th day of November 2011, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

oOo

STATE OF CALIFORNIA )
) SS:
COUNTY OF SAN DIEGO )

I, Cheryl Ward, Board Action Officer, Board of Education, San Diego Unified School District, do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by said board at a meeting thereof held on the day and by the vote above stated, which resolution is on file with the minutes of said meeting.

Board Action Officer, Board of Education
San Diego Unified School District

BOARD OF EDUCATION
SAN DIEGO UNIFIED SCHOOL DISTRICT
SAN DIEGO, CALIFORNIA

In the Matter of Authorizing the Signatures )
to be Affixed to School Warrants and Checks ) RESOLUTION
(Education Code Section 42647) )

WHEREAS, Education Code Section 42647 permits a governing board which has met certain requirements to authorize the district's Disbursing Officer to issue warrants on the County Treasurer in favor of payees; and

WHEREAS, the Board will appoint the Chief Financial Officer as Disbursing Officer for this purpose;

WHEREAS, it is desired by this Board of Education that the signatures of the President of the Board of Education, of the Superintendent, and of the Chief Financial Officer a~~nd~~ Disbursing Officer appear on all the school warrants, and Cafeteria Fund and Trust Fund checks;

NOW, THEREFORE, BE IT RESOLVED by this Board of Education that the President of the Board of Education, the Superintendent, and the Chief Financial Officer, hereby appointed as ~~and~~ Disbursing Officer, are authorized to sign school warrants, and Cafeteria Fund and Trust Fund checks.

PASSED AND ADOPTED by the Board of Education of the San Diego Unified School District, San Diego, California, at a public meeting thereof duly called and held this 29~~8~~th day of November~~June~~ 2011, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

oOo

STATE OF CALIFORNIA )
) SS:
COUNTY OF SAN DIEGO )

I, Cheryl Ward, Board Action Officer, Board of Education, San Diego Unified School District, do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by said board at a meeting thereof held on the day and by the vote above stated, which resolution is on file with the minutes of said meeting.

Board Action Officer, Board of Education
San Diego Unified School District

San Diego Unified
SCHOOL DISTRICT

Ron Little
Chief Financial Officer
Finance Division
619.725.7561 • 619.725.7564 fax
rlittle@sandi.net

# MEMORANDUM

**TO:** C. Simington, Internal Auditor

**FROM:** R. Little

**DATE:** February 10, 2012

**SUBJECT: RESPONSE TO AUDIT REPORT**

The San Diego Unified School District Office of Internal Audit performed a scheduled audit of the issuance of checks and warrants by the district. The review began on September 28, 2011 and included interviews with the Chief Financial Officer, Fiscal Control Department, Accounts Payable and Computer Operations Department.

The audit objectives were to determine that the processing of checks and warrants (payroll and accounts payable) is in compliance with district administrative procedures and to determine that proper internal controls are in place for processing checks and warrants. Below is a summary of audit findings and responses.

**Audit Finding # 2**

The Fiscal Control Department prints "on demand" pay warrants on a daily basis. Blank pay warrant stock is held in Computer Operations for the regular monthly and hourly pay warrant print jobs. Fiscal Control requests pay warrant stock periodically for the printing of the daily "on demand" pay warrants. This stock is secured in a locked vault, in a locked cabinet. A small amount of pay warrant stock is held in a locked cabinet behind an employee who is responsible for printing daily "on demand" pay warrants. On October 10, 2011, Internal Audit observed that the cabinet behind the employee was unlocked. This was discussed with Fiscal Control employees at the Fiscal Control staff meeting on October 13, 2011. All employees were reminded that the warrant cabinet behind the front counter desk should be locked when not in use and the key should be properly stored.

**Audit Findings # 3 & # 4**

Blank warrant stock ordered to process payroll and blank warrant stock ordered for processing of Accounts Payable payments are not logged in when received. School District Administrative Procedure 2215 states, "A permanent log of warrant and check stock shall be maintained and shall include: all stock ordered, all stock received, all stock issued and returned, all stock used, all spoiled stock, and disposition of unused or obsolete stock." Computer Operations orders pay warrants and is responsible for the receiving and logging of received pay warrants. Fiscal Control keeps a log of pay warrants received for on demand check purposes. This log is also kept for pay warrants used for regular payroll processing.

A "Spoiled Warrant/Check Stock Log" was not maintained for spoiled warrants that were processed by Fiscal Control, Accounts Payable and Computer Operations, violating district Administrative Procedure 2215.

In conjunction with other audit findings, Computer Operations, Fiscal Control and Accounts Payable met to develop a master warrant accountability log and spoiled warrant accountability log to be used by all three departments. The uniform logs were reviewed and approved by Internal Audit. All three departments are now using the uniform warrant accountability logs.

**Audit Finding # 7**

Defective warrant stock that was processed and printed in 2006 was stored in the locked warrant stock storage area. The glue on the warrant stock will not function to fold and seal the warrants. This warrant stock included 50 warrants that were printed and stamped void and another 911 blank pay warrants that are unusable. These warrants were stored to be used for testing alignment of warrants and signature changes by Computer Operations. There were a small number of printed, voided pay warrants that were used for a prior print test. The pay warrants in question were destroyed on November 3, 2011. Destroyed pay warrants are noted on the appropriate log.

There were 27 "sample" Accounts Payable warrants in a locked vault in a locked cabinet. These warrants were sent to the district as a sample by a vendor. The Accounts Payable Manager confirmed that these warrants could be destroyed. The 27 blank Accounts Payable warrants were destroyed November 3, 2011.

**Audit Findings # 5 & # 6**

School District Administrative Procedure 2215 and 2217 was last updated August 1, 2003. Since 2003 the School District has migrated to PeopleSoft software for the processing of warrants. Fiscal Control and Financial Accounting have been reviewing several Administrative Procedures related to ASB practices over the past year and a half. The revisions are in conjunction with the preparation of a uniform ASB Manual for school sites which is being prepared by Internal Audit. Administrative Procedure 2215 and 2217 has draft revisions. Tina Stallone in the Superintendent's office has been contacted to discuss next steps.

**Audit Finding # 10**

Incomplete mailing zip codes prevent the printing of postal bulk mailing permit information on warrants and payroll advices. Fiscal Control orders and runs a zip code update program in the Oracle HCM environment twice a year, usually during the months of June and January. This program updates the zip code to the current five digit plus four digit format. Program CDs to update the zip codes cost $100 per CD, $200 per year.

Mail is segregated by department and charged accordingly, which prevents meeting the 500 threshold needed to obtain the postal discount. For example, Accounts Payable issues warrants twice weekly and does not hit the 500 piece threshold that allows bulk mailing to be used. AP reviewed the last year of activity and the only month meeting the 500 threshold on a single pay date was in the month of June. Fiscal Control distributes pay warrants via site mail and US mail so the 500 piece threshold might not be met.

The postal service will be contacted to inquire about suggestions to take advantage of bulk mailing rates.

The Finance Department is dedicated to ensuring applicable controls are in place for warrant processing. The corrective actions outlined above will facilitate our efforts.

RL:raj

c: S. Carr
J. Salkeld
S. Freedman

(Response to Audit-021012)

**San Diego Unified**
SCHOOL DISTRICT

**Darryl LaGace**
Chief Information & Technology Officer
619.260-5473
dlagace@sandi.net

**TO:** S. Carr, Director, Office of Internal Audit
**FROM:** D. LaGace, Chief Information and Technology Officer
**CC:** Clark Simington, Bill Honaker
**DATE:** May 21, 2012
**RE:** REVIEW OF AUDIT AND CHECK PROCESSING CONTROL, AUDIT FINDINGS 8 AND 9

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**Audit Finding Number 8**

Audit finding number 8 states: "Errors were noted for the completion of the "Warrant Accountability Log and the electronic computer file titled, "Payroll Warrant Log" maintained by the Computer Operations Department.

We agree with this finding.

Computer Operations staff was directed to review the forms in question and to produce written instructions on how to complete them. Bill Honaker, Software Systems Coordinator for Computer Operations, was directed to train and monitor staff in the use of this form to ensure accuracy and completeness. This was completed by November, 30th, 2011.

**Audit Finding Number 9**

Audit finding number 9 states: "The "Warrant Accountability Log" completed by the Computer Operations Department does not include specific areas for approval and receipt of printed warrants."

We agree with this finding.

Computer Operations reviewed the existing multipart carbonless form and developed written instructions on how to complete every field. This is being used to train and monitor staff in the proper and accurate use of the form.

A revised version of the Warrant Accountability Log form has been drafted with designated areas for the needed signatures.

While there is a small amount of existing forms to use, the revised forms have been printed and we began using them with the first payroll in January 2012.

DL/sel