

**SANTA BARBARA COUNTY
AGENDA BOARD LETTER**



Clerk of the Board of Supervisors
Room 407 105 E. Anapamu Street
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Department:
Department Number:
Agenda Date:
Placement:
Estimated Time:
Continued Item:

Auditor-Controller
061
March 2, 2004
Administrative
No

TO: Board of Supervisors
FROM: Robert W. Geis, CPA
Auditor-Controller
STAFF CONTACT: Mike Struven
Financial Reporting Division Chief
SUBJECT: Letter of Recommendations to Management for fiscal year ended June 30, 2003

RECOMMENDATIONS: C.A. Recommendation: _____

That the Board of Supervisors:

Receive and file the KPMG Letter of Recommendations to Management related to the annual County Financial Statement audit for the fiscal year ending June 30, 2003.

ALIGNMENT WITH BOARD STRATEGIC PLAN:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

EXECUTIVE SUMMARY & DISCUSSION:

As part of the County's annual Financial Statement Audit, KPMG, the County's independent audit firm, prepares a Letter of Recommendations to Management. This letter is intended to provide constructive findings related to the County's procedures and controls and is intended to be used to improve the County's internal controls and various business practices. For each finding presented, the Auditor-Controller compiled a response with input from other departments as indicated in the report. The responses have been incorporated within the KPMG Letter.

It should be noted that the Letter is critical in nature and is not intended to address the positive features of the County's procedures and controls. To summarize, KPMG presented findings in the following areas:

- Payroll – Reconciliation for Payroll Batches to FIN Batches, Reconciliation of Payroll system to FIN, On-Line Timecard Approval Authorization
- County Treasurer's Cash and Investment Pool – Compliance with County Investment Policy, Daily Cash Reconciliation
- Federal Grants – Grant Activity recorded in the General Ledger

FISCAL IMPACT:

The annual Financial Statement audit fee is \$105,000 and internal audit provides 1200 hours to assist the outside firm in completion of the engagement. Receiving an opinion from the independent audit firm on the accuracy of the County Financial Statements is the basic product and the Management Letter is a by-product of the audit.

CONCURRENCES: N/A