WHY IS THIS AUDIT CRITICALLY IMPORTANT?

The Auditor-Controller and Treasurer-Tax Collector processed approximately $22 billion electronic funds transfers (EFTs) between March 2008 and March 2009. EFTs consist of wire transfers and automated clearing house transactions initiated in the County departments/agencies and processed in the Auditor-Controller and the Treasurer-Tax Collector. EFTs are made for a variety of transactions including: accounts payable/vendor payments, trust payments, debt service payments, investment activities, intra-bank transfers, Department of Education payments, property tax apportionments, and for payroll, sales, and landfill tax payments. Between March 2008 and March 2009, the Treasurer-Tax Collector processed about $20 billion in EFTs using the Quantum and Commercial Electronic Office systems, and the Auditor-Controller processed about $2 billion EFTs in the CAPS/CAPS+ system.

WHAT THE AUDITORS FOUND?

Successes

We found controls are adequate to provide reasonable assurance in all material regards for: (1) establishing, authorizing and processing electronic funds completely and accurately in the Auditor-Controller (A-C) and Treasurer-Tax Collector (T-TC); (2) segregation of duties in the Quantum and Commercial Electronic Office (CEO) systems, including application controls related to user access profiles, system enforced dual authorization, and password settings; and (3) access and transmission of A-C and T-TC EFT payment files transmitted to Wells Fargo Bank. In addition, EFT processes are efficient and effective.

Audit Findings and Control Recommendations

Because of the materiality of EFT payments, we identified fifteen (15) Control Findings to improve compliance with existing procedures and enhancing existing controls for EFTs. The Auditor-Controller, Treasurer-Tax Collector, and CEO/Information and Technology management concurred with the findings and are in process of implementing the recommendations.