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December 18, 2007

TO: Board of Supervisors

FROM: Craig Hufford, Financial Management Supervisor
Pat Reynolds, Budget Coordinator
Wes Rostenbach, Accounting and Tax Manager
C. Ray Wierson, County Administrator

SUBJ: Quarterly Status Report from the Financial Review Committee on Various Financial Management Improvements – December 2007

The Financial Review Committee (FRC) consisting of Craig Hufford, Financial Management Supervisor in the Treasurer's Office, Pat Reynolds, Budget Coordinator, Wes Rostenbach, Accounting and Tax Manager in the Auditor's Office, and C. Ray Wierson, County Administrator reports quarterly to the Board on the status of various financial management improvements.

Attached to this memo are the following status reports:

- FY2006-07 Audit Management Letter Comments

Please contact us should you have any questions regarding this memo or the attached status report.

Attachment

cc: All County Departments and Offices
McGladrey & Pullen, LLP

**2005-06 MANAGEMENT LETTER COMMENTS
December 2006**

SUBJECT	RESPONSIBILITY	TIMEFRAME
<p>1. Comment: The purchasing card and accounts payable system are two separate systems for processing expenditures that are unable to communicate with each other. It is possible that a charge could be paid twice out of each system resulting in a duplicate expenditure. Currently, the County does not have a process in place to avoid double payments occurring but instead has to rely on the vendors notifying the County of the overpayment and/or the departmental claims clerks to catch the error.</p> <p>Recommendation: As each department prepared the accounts payable vouchers and the purchasing card reconciliations, we recommend the department develop a method for comparing these two items to avoid duplication. We would also recommend the County investigate the ability to have the two systems communicate with each other through a common identifier.</p> <p>Current Status: The testing between the Accounts Payable System and the Purchasing Card System has been completed. The training has been delayed until January due to the starting process of the FY09 budget.</p>	Administration/FSS/IT	January 2007
<p>2. Comment: During payroll testing, we noted the Time Card Balance report did not include the department head's signature for one of the nine selections tested.</p> <p>Recommendation: We recommend the department head signs all Time Card Balance reports to ensure payroll is properly approved.</p> <p>Current Status: All department heads have been notified to sign off on all Time Card Balance reports. Completed.</p>	Auditor	December 2007
<p>3. Comment: A capital asset was capitalized at an incorrect amount due to a discount provided to the County at the bottom of the invoice. The amount used for the cost basis of the capital asset was the cost before the discount from the invoice, causing the capital asset to be higher than the actual cost to the County.</p> <p>Recommendation: We recommend the County review all capital asset purchases to ensure the capital assets are capitalized appropriately.</p> <p>Current Status: This issue has been reviewed with the data entry clerk. In the future, any equipment purchases that involve any "discount" or "trade-in allowance" will be scrutinized and reviewed as part of the year-end review to ensure that the entries properly reflect the</p>	FSS	December 2007

2005-06 MANAGEMENT LETTER COMMENTS
December 2006

SUBJECT	RESPONSIBILITY	TIMEFRAME
<p>transaction that occurred. Completed.</p> <p>4. Comment: During accounts payable testwork, we noted several invoices that were improperly excluded from accounts payable. These exclusions were a result of the County using the invoice date to determine when to record the payable instead of when the goods or services were received or provided.</p> <p>Recommendation: We recommend the County review all invoices to ensure they are included in the proper period based on when the goods or services were received or provided.</p> <p>Current Status: This error has occurred when dealing with pay applications on multi-period construction projects. At year-end, these applications will require careful review to ensure that the application date concurs with the time-period in which the work occurred, not necessarily the invoice date, which could extend into the following period. Both departments are aware of the issue and will review year-end pay applications for proper application dates. Completed.</p>	Auditor/FSS	December 2007