Exit Recommendations
Skamania County
Audit Period Ending: December 31, 2023

We are providing the following exit recommendations for management's consideration. They are not referenced in the audit report. We may review the status of the following exit items in our next audit.

Accountability:

Controls over cash receipting at the Sheriff's Office – Cash receipts are transferred between Sheriff's Office employees without adequate documentation to support that both parties agree on the amount of funds transferred. Without adequate documentation of the transfer of custody, it would be difficult for the County to assign responsibility for a loss, should one occur. Also, there is no independent reconciliation of receipts to deposits to ensure all funds were deposited intact. The employee responsible for preparing the deposit and taking the deposit to the Treasurer is also responsible for reconciling receipting activity to Treasurer deposits. This should be done by someone independent of cash handling responsibilities.

We recommend the Sheriff's Office reevaluate its cash receipting processes and strengthen internal controls to ensure the safeguarding of public resources. Specifically, we recommend the County:

- Document the transfer of custody of cash receipts between employees to ensure the accountability of funds.
- Perform an independent reconciliation of cash receipts to deposits to ensure all funds receipted are deposited intact and timely.

Confidential funds at the Sheriff's Office – The Sheriff's Office does not have a policy or written procedures for the use and safeguarding of confidential funds. The County does not perform a periodic independent reconciliation of these funds and does not replenish monthly when funds are used, as required by the BARS manual. Additionally, there was not a documented transfer of custody when the custodian of these funds changed in 2023.

We recommend the County strengthen internal controls over confidential funds by implementing a policy or written procedures that addresses the safeguarding of these funds. Additionally, we recommend the County comply with BARS requirements to replenish and reconcile funds monthly and ensure the change in custody is adequately documented.

Controls over property appraisals – During our review of internal controls over property appraisals in the Assessor's Office, our audit found the County does not have a written policy that prohibits employees from making changes to properties with a direct or indirect financial interest.

We recommend the County improve internal controls by implementing a policy that prohibits employees from making edits to properties in which they have a financial interest.

Cash receipting at the Treasurer's Office – During our review of internal controls over the cash receipting systems at the Treasurer's Office, we identified the following control weaknesses:

- All employees have the ability to void receipts and voids are not consistently performed by someone other than the person that receipted the payment
- The daily cash deposit is counted by multiple people and transfer of custody is not documented
- The cash receipting systems allow for changes to the mode of payment after the transaction occurred and the County does not have a process to monitor this risk

We recommend the County improve controls over cash receipting to safeguard public resources.

Controls over ER&R vehicle replacement rates – The County calculates ER&R rates based on estimated costs for vehicles which will be replaced over the next five years. We reviewed this calculation and found errors with either including or excluding vehicles within the five-year window which resulted in rate discrepancies. Additionally, we reviewed the rates approved by the Board and found three instances in which the Board approved rate did not agree to the County's calculation worksheet and one instance when the approved rate was not used. However, we determined the ER&R fund has adequate reserves set aside for future Sheriff's Office, County Roads, and Solid Waste vehicle replacements.

We recommend the County improve internal controls over ER&R vehicle replacement rates by ensuring Board approved rates are adequately supported and actual billings agree to approved rates.

Community development permits – We reviewed the County's permitting process and found the County did not have an effective reconciliation process to ensure that all receipts for permits were deposited. For the two-week period tested, we identified a payment receipted in October 2023 that was not deposited at the time of audit. Additionally, we noted the following:

- The review of the permits did not detect errors in fees charged for three of the permits.
- Seven payments were not deposited within 24 hours, as required by state law.
- Rates charged by the County for permits processed on behalf of the City of Stevenson did not agree with the City's fee schedule.

The County did take steps to begin addressing the concerns identified during the audit. We recommend the County continue strengthening internal control over building permits to ensure the correct fees are charged, collected, and deposited intact and timely. This would include implementing an independent reconciliation of daily cash receipts to deposits.

Financial Statements:

Review of monthly bank reconciliations – The Treasurer's Office did not receive the final year-end reconciliation for the District Court trust account prior to preparing the county-wide reconciliation. Additionally, while the Treasurer's Office received the reconciliation for the Inmate Trust checking account, supporting documentation of the reconciling items was not obtained to ensure amounts were valid. In our review of these accounts, we identified trivial misstatements within ending cash reported on the County's financial statements.

We recommend the Treasurer's Office ensure that bank accounts managed by other departments are reconciled on a monthly basis and ensure that the reconciliations, including reconciling items, are accurate and supported.

Financial statement preparation – The County prepares its financial statements in accordance with the cash-basis accounting method prescribed in the Budgeting, Accounting and Reporting System (BARS Manual). The County did not have a sufficient process for identifying and evaluating new BARS Manual accounting and reporting guidance, as they had not evaluated the new reporting requirements for Public-Private and Public-Public Partnerships (PPPs) in BARS 3.4.22.

We recommend the County review any BARS manual updates and maintain documentation to support its evaluation and implementation of new reporting requirements.

Single Audit:

SLFRF annual reporting – The County is required to submit an annual Project and Expenditure Report for its Coronavirus State and Local Fiscal Recovery program. Our audit found that amounts reported for current period obligations and expenditures were inaccurate and did not tie to underlying accounting records or support.

We recommend the County ensure reports are accurate and supported before submission.