

AUDIT REPORT

Department of Justice: Cash Controls Review



Bill Bradbury, Secretary of State
Cathy Pollino, Director, Audits Division

Summary

PURPOSE

The audit was conducted to determine if the Department of Justice has established and implemented adequate controls over cash handling, receipting and disbursement. We also followed up on the status of prior audit recommendations.

RESULTS IN BRIEF

Controls over the receipting, handling and disbursement of cash are in place and operating as intended. We noted issues of lesser significance that did not warrant including in an audit report. Those issues were communicated to the department in Management Letter No. 137-2003-09-01.

Background

The Department of Justice (department), established by statute in 1891, represents and advises all elected and appointed state officials, agencies, boards and commissions. The department is administered by the elected attorney general who has control and supervision of all court actions in which the state is a party or has an interest.

The department is in charge of all the state's legal business that requires an attorney or legal counsel. The department includes the Office of the Attorney General (Administration) and six operational divisions (the Appellate, Civil Enforcement, Criminal Justice, General Counsel, Child Support, and Trial Divisions).

The department receives General Funds, Other Funds, and Federal Funds. Other Funds make up over 80 percent of the department's revenue, half of which comes from hourly rates the department charges state agencies for legal advice, litigation, and other services. The other portion of the department's Other Funds revenue comes from the Department of Human Services for child support services and from individuals, organizations, and businesses and includes payments

for fees, fines, restitution, and Assurances of Voluntary Compliance.

Audit Results

The department has established and implemented adequate controls over cash receipting, handling and disbursement. We found no significant instances of noncompliance with laws, rules or regulations. However, we did note issues of lesser significance that that did not warrant reporting in an audit report. We conveyed those issues to the department in Management Letter No. 137-2003-09-01.

Follow up on Prior Audit Recommendations

During the current audit, we reviewed the department's efforts to implement prior audit recommendations communicated in our report No. 97-29, issued on March 13, 1997. We reviewed only those recommendations that related to the current audit objectives.

Those recommendations have been implemented except for as noted in Management Letter No. 137-2003-09-01.

Objectives, Scope and Methodology

The scope and objective of our audit was limited to determining whether controls over cash handling, receipting and disbursement have been established and are working properly. Our review was limited to the department's Administrative Services section and the Portland branch office.

We reviewed department documentation and conducted interviews with department staff and management. We also performed tests of controls to determine whether identified controls were in place and working as intended. Specifically, we:

1. Interviewed staff and management and reviewed documentation to determine whether the department has developed written policies and procedures to describe the authority and responsibility for receipts, disbursements and reconciliations in accordance with relevant state policies and procedures.
2. Reviewed cash reconciliations to determine whether the department has an effective process for the preparation and review of cash reconciliations.

3. Reviewed cash receipts and deposits for compliance with next day deposit requirements and determine whether the department has proper safeguards over cash and checks received but not yet deposited.
4. Interviewed staff and reviewed procedures to determine whether proper segregation of

duties exist regarding cash handling, record keeping and authorization.

5. Interviewed staff and reviewed procedures to determine whether proper segregation of duties exist regarding the functions of approving vouchers, preparing checks and recording disbursements.

We reviewed transactions to determine whether the department has conducted its receipt and disbursement procedures with accuracy.

We conducted our audit according to generally accepted government auditing standards.

This report, which is a public record, is intended to promote the best possible management of public resources. Copies may be obtained by mail at Oregon Audits Division, Public Service Building, Salem, Oregon 97310, by phone at 503-986-2255 and 800-336-8218 (hotline), or internet at Audits.Hotline@state.or.us and <http://www.sos.state.or.us/audits/audithp.htm>.

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The courtesies and cooperation extended by the officials and staff of the Department of Justice were commendable and much appreciated.

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