

Status of the 2003 Management Report Items

Issue—Policies

The County Commissioners' Finance staff invest considerable time in establishing policies and procedures to be followed by all departments within the County. We noted that departments comply selectively with these financial policies and procedures, making it difficult to have uniformity throughout the County.

Recommendation: We recommend that the Commissioners insist all departments follow established policies and procedures.

Commissioners' Response: We recognize the importance of policies and procedures and will continue to educate the departments.

Status--While we continue to educate the departments we plan to focus on standardization of forms in 2005 to further support the effort.

Issue--Grant Policies:

The general provisions of the Grant Policy are not being implemented. Grants, in general, have differing requirements. Federal grants, in particular, have specific requirements that are established by law and regulation. Neither the general provisions of Rockingham County's "Grant Policy" nor the "Grant Reconciliation Policy" are being followed in all cases.

Recommendation: It is not feasible for several employees of Rockingham County to all be knowledgeable of all of the federal requirements for specific grants. It is recommended that all grant activity and related documents be channeled through one person and that person should be responsible for compliance with laws and regulations.

Commissioners' Response: In addition to the two policies mentioned above, the County provides budget instructions and has a grant application and acceptance policy for all departments. As mentioned in the previous issue, not all departments understand the importance of following policies and procedures but we will continue our education efforts.

Also, we will consider the idea of one staff person being responsible for all grant compliance.

Status—We have identified one person to be responsible for grant compliance.

Issue-- Budgetary Policies and Procedures:

The departments' budgets are extremely important for the effective functioning of Rockingham County's financial affairs. The responsibility of administering the budget within the annual budget parameters and County requirements must rest with the departments. We noted that several of the departments rely on the Finance staff to monitor their budgets.

Recommendation: That the departments be held responsible for tracking their expenses and initiate timely requests for line item transfers.

Commissioners' Response: We concur.

Status--We continue to make efforts to ensure the departments are aware of their responsibilities.

Issue-- Cash:

The Nursing Home is holding cash that exceeds the County policy of \$10,000. Our concern is with the amount of cash/checks being kept in the vault until all endorsements have been obtained and the business office deems that a complete deposit can be made. Subsequently, the cash is not being recorded in the County's accounting system timely.

We are concerned about the long range applicability of the software used by the Nursing Home business office without major modifications, especially with changes in billing requirements for Medicare and Medicaid. Delays in billing result in delays in cash flow.

Recommendation: That the Nursing Home adheres to the County's deposit policy and that a new software package be considered for the Nursing Home which would be able to keep pace with the changes in Medicare and Medicaid billing requirements.

Commissioners' Response: We concur.

Status—Deposit requirements were discussed with the Nursing Home staff. Additionally, we have recommended funding in the 2005 budget to address updating the billing software.

Issue--Accounts Receivable Accruals:

Material revenue accruals are booked at various times regularly. However, at least one department submits accruals only at year end. In at least one department, prior year revenue received in the current year is booked against accounts receivable and current year receipts are booked as revenue as they are received.

Recommendation: That monthly accruals of revenue be made for all departments receiving a material amount of revenue and that the same system of accruing revenue be used throughout the County.

Commissioners' Response: We concur.

Status—We expect to make headway in 2005

Issue--Documentation:

Frequently, the Finance Department is provided with copies of original source documents instead of the originals. In some cases, no support other than a summary of information such as timecards or deposit information is provided. Departments should maintain copies and the originals should go to the Finance Department. The Commissioners recognize the importance of original support documents in all payment processes to avoid duplicate payment and ensure all payments are genuine.

Recommendation: That the County departments should submit original documentation for support of all financial transactions.

Commissioners' Response: We concur.

Status—We expect to make headway in 2005.

Issue--Personnel Files:

As stated under the "Personnel Files" section of the "Review of Financial Functions" dated October 16, 2003 personnel files are maintained in several areas within the County.

Recommendation: That a complete review of the information contained within personnel files at the various locations be undertaken. At a minimum, the files maintained by Human Resources should be the "master files" containing all information relative to an employee.

Commissioners' Response: We concur.

Status—We continue to educate the departments.

Issue-- Departmental Communications:

It was noted that at times requested information, financial data, or documentation has not been reported to the requesting department on a timely basis or in some instances at all. As examples, compensatory time to be accrued at year end was not reported by departments nor were some internal control questionnaires completed.

Recommendation: That all requests for information, financial data or documentation continue to include a specific due date. We recommend that the Commissioners insist all departments respond timely for effective reporting and accounting.

Commissioners' Response: We concur.

Status—We are happy to report we are making good progress in this area and expect it to get even better over time.