

INTEROFFICE MEMO

DATE: March 4, 2011

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FROM: **MARK COUSINEAU**
Chief Deputy Auditor
Auditor-Controller/Recorder/Treasurer/Tax Collector

TO: **DAN WURL**
Fire Chief
County Fire Department



COUNTY OF SAN BERNARDINO

SUBJECT: COUNTY FIRE'S PERIOD 13 ADJUSTING JOURNAL ENTRIES

The purpose of the Year-End Closing Manual is to promote uniformity and consistency in the processes of collecting and reporting year-end financial data, to be followed by all Board-governed special districts and departments of the County. Accurate, timely, and reliable reporting of year-end closing activity is beneficial to the County of San Bernardino for a variety of reasons. It saves a considerable amount of time and dollars spent on tracking information and it provides valuable management information for decision-making regarding the County's assets, liabilities, revenues, expenditures, and equity.

We have reviewed County Fire's Period 13 adjusting journal entries for fiscal year ended June 30, 2010 to determine whether County Fire made required adjustments as a part of the Year-End Closing process submitted to the General Accounting Section of the Auditor-Controller/Recorder/Treasurer/Tax Collector in Period 12. Based on our review, we noted that the external auditors prepared three journal vouchers in Period 13 that should have been included in Period 12 as part of the fiscal year-end closing process. The external auditors made two entries in Period 13 to accrue accounts payable related to a FY10 refund of overpaid revenue (payables increased by \$92,867 and \$83,382). As a result, the department overstated revenue and fund balance by \$176,249 for budgetary purposes.

To ensure accurate, timely, and reliable reporting, we recommend that the County Fire Department focus on identifying goods and services that have been provided prior to fiscal year-end (or any other payments to or from accounts payable or receivable) to ensure they are included as year-end accruals in the year-end closing documents package. If costs have not yet been invoiced, the department will have to estimate the cost of the goods or services to prepare the accrual.

Please contact me if you have any questions.