

INTEROFFICE MEMO

DATE: March 4, 2011

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COUNTY OF SAN BERNARDINO

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

TO: **GRANVILLE M. BOWMAN**
Director
Department of Public Works

SUBJECT: FLOOD CONTROL'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 the Department of Flood Control's Period 13 adjusting journal entries for fiscal year ended June 30, 2010 for the purpose of determining whether Flood Control made required adjustments as a part of the Year-End Closing process submitted to the General Accounting Section of the Auditor-Controller/Treasurer/Tax Collector's office in Period 12. Based on our review, we noted five journal vouchers that contained entries that should have been included in Period 12 as part of the fiscal year-end closing process. The external auditors made five entries in period 13 to accrue accounts payable related to unrecognized expenses for professional services (payables increased by \$348,601). As a result, expenses/expenditures were understated and fund balance overstated for budgetary purposes.

To ensure accurate, timely, and reliable reporting, we recommend that Flood Control focus on identifying goods and services that have been provided prior to fiscal year-end 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.