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DATE: February 14, 2014
TIME:
TO: Bill Fulbright
Howard Recht
CC:
FROM: Jim Woy
CLIENT NO.:
RE: Status report

Independent Examination Update through Thursday February 13, 2014

I am pleased to report that progress is being made during the past two weeks and we are confident our examination can be completed within the next few weeks. County personnel have helped us make progress on our independent examination of the Treasurer's office. Timelines have been agreed to and County staff resources have been identified to continue the very time consuming and challenging tasks to bring all County cash account reconciliations current through January, 2014 as well as ensuring County personnel stay current on day to day treasurer functions going forward.

Additionally, we are making progress on getting all agency monthly statements updated through December 31, 2014. We will oversee the confirmation process with all agencies doing business with the Ravalli County Treasurer's office. Within the next couple of weeks each Agency will receive a Treasurer's report that we will circulate and request the agency to review their statement and respond directly to us as to the accuracy of the report.

At this point it is apparent the duties of the Ravalli County Treasurer were not properly executed and the state of the Treasurer's office was in disarray.

AZ auditors took an inventory of all cash items located in the Treasurer's office. On the day Ms. Stamey was put on leave we accounted for \$952,372.78 located in the Treasurer's office and not deposited. We obtained copies of all subsequent deposit slips totaling \$779,697.37 made by County employees from the time Ms. Stamey was put on leave through January 31, 2014.

We noted that even after the checks that were taken out of the Treasurer's office by County personnel there were still a large number of checks (hundreds) that were not deposited. There were numerous piles of paperwork located throughout the office that had been left incomplete. We completed the count of this cash in the Treasurer's office on Tuesday February 4th, 2014. There was \$172,675.41 of currency and checks (\$171,197.68 in checks and \$1,477.73 in currency).

As of February 14, 2014, most of the funds have been receipted and deposited. We will schedule out the status of all cash items and opine on it in our final report.

We are pleased to report there was more currency found in the Treasurer's office than what we know was not accounted for with two specific agency deposits. The two agencies noted currency discrepancies totaling \$579. The total cash currency we inventoried on February 4, 2014 was \$1,477.73. We will immediately report to the County Attorney whether any cash discrepancies occur once we complete our reconciliation process with the agencies in the upcoming confirmation process.

The mills for the county open space bond were not properly updated on the current year tax statements. Although these were sent out with what was charged for the prior tax year, the mills were still within state laws and can be recalculated and updated on the next year's tax statement. The finance department is also in the process of researching some of the mill levies tested to determine they were appropriately allocated. We will report on this in our final report.

We have developed numerous internal control recommendations during our examination and will communicate them to you in our final report.

The Ravalli County Finance department will complete the reconciliation of all County bank statements for our review and plans to have all cash reconciliations for July and August 2013 complete by Friday February 21, 2014. All remaining reconciliations are expected to be completed by March 20, 2014. We are overseeing this process and intend to opine on these reconciliations in our final report. Again, the volume of work not performed in the Treasurer's office during the past several months is the reason for the additional time needed to complete the work.

The Treasurer's office personnel intends to have all agency deposits, receipts and disbursements information that is known based on what has been obtained in the Treasurer's office, posted by February 28, 2014 so we can begin circulating confirmations to all Agencies. It is important all agencies be prepared to respond to our confirmations once they receive them.

Please contact me with questions