

Improving GPD Records & ID Section's Cash Management Processes

Presented By:

Lourdes Perez

Rodalyn Marquez

Vincent Duenas

Doris Flores Brooks



November 18, 2008

Why Are We Here?

- Overview of the Importance of Internal Controls
- Results of OPA's Evaluation



What are Internal Controls?

- Ongoing Process
- Effected by people
- Provides reasonable, but not absolute assurance
- Built into the operations, not separate



Management / Internal Controls

A process, effected by an entity's management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Source: www.coso.org



COSO's Internal Control Integrated Framework



Control Environment

- Tone at the Top
- Positive control environment
- Management's commitment to competence
- Operational structure



Control Activities

- Segregation of duties
- Proper execution of transactions and events
- Accurate and timely recording of transactions and events
- Physical control over cash



Monitoring

- Continuous monitoring
- Management and Supervisory activities, such as comparisons, reconciliation, and approval



10-80-10 Rule

Would never
do anything
dishonest
under any
circumstance

10%

80%

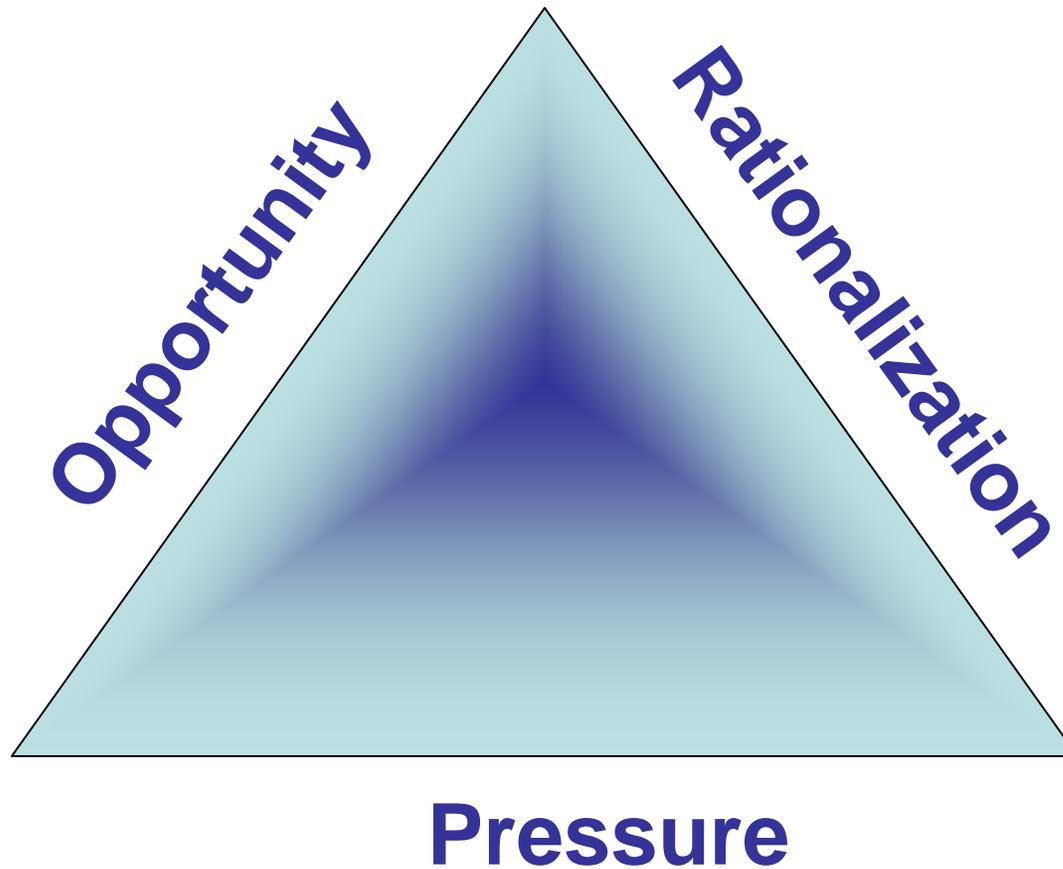
Always on the
lookout for
something to
steal

10%

Might commit fraud,
given the right
opportunity,
motivation, and
rationalization



Fraud Triangle



What We Found

- Insufficient management review, oversight, and monitoring
- Point of Sale Non-Operational
- Lack of Segregation of Duties



How We Found Them

- Interviews with GPD CID, Records and ID employees, and TOG
- Review of daily deposit records
- Existing built-in controls in cash register



Recommendations and Actions Taken

- Implement the POS system.
- Train Records and ID Section personnel on the POS system.

Both completed in September 2008



Opportunities for Improvement

- Update and modify the existing SOP, to include but not limited to:
 - Management providing review, oversight, and monitoring of the Records and ID Section **on a regular basis**;
 - Separation of key duties; and
 - Assigning cashier identification numbers to Records and ID Section personnel who operate the cash register.



Additional Information

- Standards of Internal Control
- Useful Websites
- Internal Control Procedures and Checklist



For more information, contact:

Rodalyn Marquez

(rmarquez@guamopa.org)

475-0390 ext. 205

Vincent Duenas

(vduenas@guamopa.org)

475-0390 ext. 218



For more information, contact:

Telephone 475-0390

Fax 472-7951

Hotline: 47AUDIT (472-8348)

Website: www.guamopa.org



Questions / Comments?



November 18, 2008

Closing Statement and Evaluation

Thank you!

