



CROCE, SANGUINETTI, & VANDER VEEN<sup>INC.</sup>

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
**Tamalpais Community Services District**  
Mill Valley, California

In planning and performing our audit of the financial statements of **Tamalpais Community Services District** for the year ended June 30, 2019, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated April 30, 2020 on the financial statements of **Tamalpais Community Services District**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with District personnel, and we will be pleased to discuss it in further detail at your convenience.

Sincerely,

*Croce, Sanguinetti, & Vander Veen, Inc.*

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants  
Stockton, California  
April 30, 2020

## TAMALPAIS COMMUNITY SERVICES DISTRICT

### MANAGEMENT ADVISORY LETTER

#### **Prior year recommendations**

##### *Internal Control over Payroll*

During our audit, we noted that the General Manager's time card does not contain documentation of Board approval. We recommend that a Board member review and approve the General Manager's time card before each pay date.

Implemented

##### *Outside Payroll Processing Service*

We believe management should consider engaging the services of an outside payroll processing company, to process the District's payroll. For a relatively small fee, an outside payroll processor could prepare the necessary payroll reports, print paychecks or pay advices, withhold and file all payroll taxes, and prepare and file the required payroll tax returns for the District. In addition, by using an outside payroll processor, the District will have some accounting staff available for other projects and improve internal controls over payroll. Districts of comparable size generally find that the benefits of using an outside processor exceed its generally modest cost. In addition, having a third-party payroll processing company could enable online approval of time cards prior to pay date.

Status - Not implemented

##### *Establish a Vacation Use Policy*

The District does not require employees to take an annual, uninterrupted one week or longer vacation. We recommend that the District establish such a policy. Also, it is important that another person perform the absent employee's duties while he or she is on vacation. Requiring annual vacations is important in the detection of errors, inefficiencies, and irregularities; provides management with a means of cross-training employees; and helps prevent employee burnout and resulting inefficiencies.

Status - Partially implemented

##### *Payroll - Include Authorization of the Current Wage Rate in Personnel Files*

During our audit procedures, we noted that employee pay rates are not always documented in the personnel file. We recommend that employees' personnel files include an authorization of the current wage rate. These authorized wage rates should periodically be compared to the wage rate used in the payroll system as a check that the correct rate is being used. Although employees can be expected to notify the District if they are paid at less than the expected rate, they might not notify the District if they were being overpaid. The comparison process would help detect such a situation.

Status - Not implemented

### Internal Controls over Payroll

#### Payroll

During our audit procedures we noted that employee time cards do not always contain documentation of approval by supervisors or managers. We recommend that supervisors and managers initial each time card documenting their review and approval of hours worked. This procedure will increase the District's control over payroll costs and aide in assurance that wages are paid for work actually performed.

Status - Partially implemented

### Develop an Information Technology Disaster Recovery Plan

The District does not have written disaster recovery procedures. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing IT facilities. We recommend that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage.
- A listing of all data files that would have to be obtained from the off-site storage location.
- Responsibilities of various personnel in an emergency.

Status - Implemented