

Office of the Auditor-Controller
Contra Costa County

Robert R. Campbell
Auditor-Controller

625 Court Street
Martinez, California 94553-1282
Phone (925) 646-2181
Fax (925) 646-2649




Elizabeth A. Verigin
Assistant Auditor-Controller

Harjit S. Nahal
Assistant Auditor-Controller

February 3, 2014

TO: Internal Operations Committee

FROM: Robert R. Campbell, Auditor-Controller
By: Joanne M. Bohren, CPA 

SUBJECT: Annual Report on the Financial Audits Program

The Board of Supervisors adopted a policy on June 27, 2000, directing the Auditor-Controller to annually report to the Internal Operations Committee on the proposed schedule of Internal Audit projects for the following calendar year. The attached "*Schedule of Internal Audit Projects*" provides the proposed project schedule for 2014 and summarizes the status of the projects that were scheduled for completion in 2013.

In 2013, the Internal Audit Division completed thirty-eight (38) projects during the year. There were forty-one (41) projects originally scheduled for 2013. Of the projects not complete, two (2) are in progress and one (1) is on the schedule for 2014. Attached are schedules showing the status of the 2013 scheduled projects as completed, in progress, or rescheduled/postponed.

The Chief Auditor and the Assistant Auditor-Controller performed a thorough review of existing, recurring projects as well as identifying potential new projects that should be incorporated into the 2014 schedule. The emphasis and priority in scheduling projects was based on the perceived risk to the County. The schedule is composed of legally required projects, such as the Treasury cash counts, reoccurring projects, and new projects.

Legally required projects have their basis in government code. Reoccurring projects have a preferred cycle attached to them based on their perceived amount of inherent risk. If a concern comes to the attention of the Chief Auditor or the Assistant Auditor-Controller, a reoccurring project may be planned prior to it being due based on the preferred cycle, or a new project may be planned and scheduled.

In addition to performing Internal Audit projects, the Internal Audit Division is responsible for preparing the County's Comprehensive Annual Financial Report (CAFR) and providing assistance to other County departments and the County's external auditors. The CAFR process consumes approximately four months of staff time. Also, the Internal Audit Division is the chief coordinator of the "Single Audit" performed by the County's external auditors.

The County's financial operations are subject to audit by a firm of independent external auditors, Macias Gini & O'Connell, LLP, Certified Public Accountants (MGO). The external auditors are responsible for performing an annual audit of the general-purpose financial statements of the County and the Public Financing Authority. The external auditors also perform an annual "Single Audit" of the County's federal financial-assistance programs. Other independent auditors perform annual audits of the Contra Costa County Employees' Retirement Association, the County Housing Authority, state grant programs, and the FIRST 5 Contra Costa Children and Families Commission.

Attachments

**Schedule of Internal Audit Projects
Calendar Year 2014**

| | Department | Historical | | Prefd. | Scheduled | Audit |
|------|--|-------------------|------------------|--------------------|------------------|--------------|
| | Project Description | Estimated | Last Done | Audit | For | Hours |
| | | Hours | Through | Cycle (yrs) | 2014 | 2014 |
| | <u>Board of Supervisors</u> | | | | | |
| 1102 | District 2 General Department Audit (Including MACs) | 60 | 1/07 | 4 | X | 10 |
| | <u>Risk Management</u> | | | | | |
| 0043 | General Department Audit | 250 | 5/05 | 2 | X | 300 |
| | <u>Auditor-Controller</u> | | | | | |
| 0105 | Revolving/Cash Diff. Fund & Shortage Report (fiscal year) | 60 | 6/13 | 1 (Law) | X | 60 |
| 0116 | Medical & Dental Premium Payments | 200 | 3/05 | 2 | X | 240 |
| 0037 | Misc A-C duties (ie Petty Cash ICQ; Relief of Shortage; Increase/New Petty Cash; Recons) | 60 | | 1 | X | 60 |
| | <u>Treasurer-Tax Collector</u> | | | | | |
| 0151 | Treasury Cash & Investments - 1st qtr | 100 | 2/13 | 1/4 (Law) | X | 100 |
| 0151 | Treasury Cash & Investments - 2nd qtr | 100 | 5/13 | 1/4 (Law) | X | 100 |
| 0151 | Treasury Cash & Investments - July 1 | 100 | 7/1/13 | 1/4 (Law) | X | 100 |
| 0151 | Treasury Cash & Investments - 3rd qtr (Auditor recommendation) | 100 | 9/12 | 1/4 (Law) | X | 100 |
| 0151 | Treasury Cash & Investments - 4th qtr | 100 | 12/12 | 1/4 (Law) | X | 100 |
| 0153 | Tax Collector's Special Trust (8314) | 50 | 8/04 | 4 | X | 60 |
| 0154 | Supplemental Tax Collection | 150 | 12/08 | 2 | X | 180 |
| 0155 | Duplicate payment trust (8315) | 65 | 4/04 | 4 | X | 75 |
| 0172 | Treasury Oversight Committee (calendar year) | 120 | 12/12 | 1 (Law) | X | 175 |
| | <u>Purchasing</u> | | | | | |
| 1491 | Purchasing | 175 | NEW | 4 | X | 175 |
| 1493 | Procurement Card Program - 3rd qtr | 30 | 9/13 | 1/4 (CAO) | X | 40 |
| 1493 | Procurement Card Program - 4th qtr | 30 | 12/12 | 1/4 (CAO) | X | 40 |
| 1493 | Procurement Card Program - 1st qtr | 30 | 3/13 | 1/4 (CAO) | X | 40 |
| 1493 | Procurement Card Program - 2nd qtr | 30 | 6/13 | 1/4 (CAO) | X | 40 |
| | <u>Department of Information Technology</u> | | | | | |
| 0147 | General Department Audit | 100 | 9/07 | 3 | X | 100 |
| | <u>Sheriff-Coroner</u> | | | | | |
| 3005 | Inmates' cash | 400 | 12/05 | 2 | X | 500 |
| | <u>Probation</u> | | | | | |
| 3081 | General Departmental Audit | 200 | 12/11 | 2(Law) | X | 220 |
| | <u>Health Services</u> | | | | | |
| 4501 | Public Health | 250 | 2/08 | 2 | X | 275 |
| 5408 | CCHP Vendor Payments | 150 | 7/04 | 3 | X | 160 |
| | <u>Employment & Human Services</u> | | | | | |
| | Trust Funds | 100 | Special | | X | 100 |

**Schedule of Internal Audit Projects
Calendar Year 2014**

| | | Historical | | Prefd. | Scheduled | Audit |
|------|---|-------------------|------------------|--------------------|------------------|--------------|
| | Department | Estimated | Last Done | Audit | For | Hours |
| | Project Description | Hours | Through | Cycle (yrs) | 2014 | 2014 |
| | <u>Public Works</u> | | | | | |
| 0791 | Craft inventories and Custodial Supplies Inventory (combined) | 100 | 6/09 | 3 | X | 150 |
| 1481 | Print and Mail (Central Services) Inventory | 120 | 6/09 | 3 | X | 120 |
| | | | | | | |
| | <u>Contra Costa Fire Protection District</u> | | | | | |
| 9502 | General Department Audit | 300 | 1/06 | 2 | X | 310 |

**Schedule of Internal Audits Completed
Calendar Year 2013**

| | Department | Last Done | Prefd. | Scheduled | Audit | Total |
|------|--|------------------|--------------------|------------------|--------------|----------------|
| | Project Description | Through | Audit | For | Hours | Project |
| | | | Cycle (yrs) | 2013 | 2013 | Hours |
| | <u>Auditor-Controller</u> | | | | | |
| 0105 | Revolving/Cash Diff. Fund & Shortage Report (fiscal year) | 6/13 | 1 (Law) | X | 60 | 40 |
| 0037 | Misc A-C duties (ie Petty Cash ICQ; Relief of Shortage; Increase/New Petty Cash; Recons) | | 1 | X | 60 | - |
| | <u>Treasurer-Tax Collector</u> | | | | | |
| 0151 | Treasury Cash & Investments - 1st qtr | 2/13 | 1/4 (Law) | X | 85 | 76.5 |
| 0151 | Treasury Cash & Investments - 2nd qtr | 5/13 | 1/4 (Law) | X | 85 | 76.5 |
| 0151 | Treasury Cash & Investments - July 1 | 7/1/13 | 1/4 (Law) | X | 85 | 62 |
| 0151 | Treasury Cash & Investments - 3rd qtr (Auditor recommendation) | 9/12 | 1/4 (Law) | X | 85 | 71 |
| 0151 | Treasury Cash & Investments - 4th qtr | 12/12 | 1/4 (Law) | X | 85 | 70.5 |
| 0152 | State of California trust (8011) | 4/13 | 4 | X | 80 | 105.5 |
| 0172 | Treasury Oversight Committee (calendar year) | 12/12 | 1 (Law) | X | 160 | 212 |
| | <u>Purchasing</u> | | | | | |
| 1493 | Procurement Card Program - 3rd qtr (2012) | 9/12 | 1/4 (CAO) | X | 40 | 64 |
| 1493 | Procurement Card Program - 4th qtr | 12/12 | 1/4 (CAO) | X | 40 | 64 |
| 1493 | Procurement Card Program - 1st qtr | 3/13 | 1/4 (CAO) | X | 40 | 64 |
| 1493 | Procurement Card Program - 2nd qtr | 6/13 | 1/4 (CAO) | X | 40 | 64 |
| 1493 | Procurement Card Program - 3rd qtr (2013) | 9/13 | 1/4 (CAO) | X | 40 | 64 |
| | <u>Clerk-Recorder</u> | | | | | |
| | GC27361(d)(4) project re: SSN truncation - Required to be performed by 12/31/2013 | 2013 | 4 | X | 120 | 94 |
| | <u>Sheriff-Coroner</u> | | | | | |
| 2553 | Seized & Forfeited Property | 12/12 | 5 | X | 150 | 275 |
| | <u>Agriculture</u> | | | | | |
| 3351 | General Departmental Audit | 3/13 | 4 | X | 150 | 135 |
| | <u>Health Services</u> | | | | | |
| 5403 | Materials Management | 3/13 | | X | 200 | 146.5 |
| | <u>County Libraries</u> | | | | | |
| 6201 | General Departmental Audit | 12/12 | 4 | X | 300 | 230.5 |
| | <u>Public Works</u> | | | | | |
| 1492 | Capital Leases | 6/13 | 3 | X | 230 | 203 |
| 0632 | Vehicle Inventory | 6/13 | 3 | X | 175 | 164 |
| | <u>Contra Costa Fire Protection District</u> | | | | | |
| 9501 | Other Supplies Inventory | 6/13 | | X | 80 | 119 |

**Schedule of Internal Audits Completed
Calendar Year 2013**

| | Department | Last Done | Prefd. | Scheduled | Audit | Total |
|------|--|------------------|--------------------|------------------|--------------|----------------|
| | Project Description | Through | Cycle (yrs) | For | Hours | Project |
| | | | | 2013 | 2013 | Hours |
| | <u>Additional Projects as discussed with Elizabeth</u> | | | | | |
| 0014 | Examination of Mitigation Funds, MACs/TACs, and Other Funds with Board Discretion | | | X | 360 | 770 |
| | <u>Mitigation Funds</u> (also brought up by Supervisor Gioia @ Finance Committee Mtg 2/7/11) | | | | | |
| | Crockett Co-Generation | 3/13 | | | | |
| | Rodeo Unocal | 3/13 | | | | |
| | Livable Communities Trust | 12/12 | | | | |
| | County Regional Enhancement Contribution | 12/12 | | | | |
| | Transient Occupancy Tax/Contra Costa Futures | 12/12 | | | | |
| | Navy Transportation | 2/13 | | | | |
| | Tosco/Solano Transportation | 2/13 | | | | |
| | <u>MACs/TACs</u> | | | | | |
| | BOS District #3: | | | | | |
| | Byron MAC | 3/13 | | | | |
| | Diablo MAC | 3/13 | | | | |
| | Knightsen TAC | 3/13 | | | | |
| | Bethel Island MAC | 3/13 | | | | |
| | BOS District #5: | | | | | |
| | Bay Point MAC | 12/12 | | | | |
| | Pacheco MAC | 12/12 | | | | |
| | Rodeo MAC | 12/12 | | | | |
| | <u>General Purpose with Board Discretion</u> | | | | | |
| | Child Care Affordability Fund | 12/12 | | | | |
| | Dougherty Valley Transit Fees | 12/12 | | | | |
| | Industrial Job Training & Education Fee | 12/12 | | | | |

**Schedule of Internal Audits in Progress at the End of Calendar Year 2013
To be Completed in Calendar Year 2014**

| | Department | Estimated | Last Done | Prefd. | Scheduled | In |
|------|--|------------------|------------------|--------------------|------------------|-----------------|
| | Project Description | Hours | Through | Audit | For | Progress |
| | | | | Cycle (yrs) | 2013 | 2014 |
| | <u>Board of Supervisors</u> | | | | | |
| 1102 | District 2 General Department Audit (Including MACs) | 60 | 1/07 | 4 | X | X |
| | | | | | | |
| | <u>Treasurer-Tax Collector</u> | | | | | |
| 0151 | Treasury Cash & Investments - 3rd qtr (Auditor recommendation) | 100 | 9/12 | 1/4 (Law) | X | X |

**Schedule of Internal Audit Projects Postponed
Calendar Year 2013**

| | Department | Estimated | Last Done | Prefd. | Scheduled | Scheduled | |
|------|-------------------------------|-----------|-----------|-------------|-----------|-----------|---|
| | Project Description | Hours | Through | Audit | For | for | |
| | | | | Cycle (yrs) | 2013 | 2014 | |
| | <u>Sheriff-Coroner</u> | | | | | | |
| 3005 | Inmates' cash | 400 | 12/05 | 2 | X | X | The Office of the Sheriff-Coroner pushed back the start date for the audit. Ultimately, the assigned internal auditor was reassigned pending the Office of the Sheriff-Coroner agreeing to a date for the entrance meeting. The audit is included in the 2014 audit plan and got underway January 22, 2014. |