

Office of the Auditor-Controller
Contra Costa County

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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**

	Department	Historical		Prefd.	Scheduled	Audit
	Project Description	Estimated	Last Done	Audit	For	Hours
		Hours	Through	Cycle (yrs)	2014	2014
	Public Works					
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
	Contra Costa Fire Protection District					
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	Audit	For	Hours	Project
			Cycle (yrs)	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 (also brought up by Supervisor Gioia @ Finance Committee Mtg 2/7/11)</u>					
	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.