

County of Contra Costa
Office of the County Administrator
MEMORANDUM

DATE: June 18, 2019

TO: FINANCE COMMITTEE:
Supervisor Karen Mitchoff, Chair
Supervisor John Gioia, Vice Chair

FROM:  DAVID TWA, County Administrator
BY: LISA DRISCOLL, Finance Director

SUBJECT: **COUNTYWIDE SINGLE AUDIT FOR THE
FISCAL YEAR ENDING JUNE 30, 2018**

On November 8, 1999, the Board established a policy and procedure for addressing the annual findings and recommendations of the County's external auditors. The procedure directs that the Board refer the annual Single Audit findings to the Finance Committee, and that the County Administrator make a report to the Finance Committee on the current- and prior-year audit findings and recommendations that identifies what corrective action has been taken or is planned to be taken on each recommendation. Inasmuch as the current year Single Audit report encompasses all unresolved or pending audit issues from prior-year audits, this report responds directly to the current-year Single Audit report (FY ending June 30, 2018).

Internal Control Over Financial Reporting. Government Auditing standards require the external auditor to obtain reasonable assurance that the general-purpose financial statements are free of material misstatement. The external auditor reported no findings for internal control over financial reporting.

Internal Control Over Compliance. Government Auditing Standards and OMB Circular A-133 (which is applicable to federal programs) require the external auditor to report on both compliance with and internal controls over the major federal programs carried out by the County. The external auditor found once instance of significant deficiency of internal control over compliance with 2018-001 "Wage Rate Requirements".

The reportable conditions are described in the following report:

◆ Finding 2018-001: Wage Rate Requirements

Recommendation: The County should evaluate the effectiveness of its current internal control policies and procedures and establish new policies and procedures over withholding payment to construction contractors until certified payrolls are received (in accordance with the Title 29-Labor Part 5-Standards Provisions Applicable to Contracts Covering Federally

Financed and Assisted Construction).

Background: During the audit of the County's compliance with the Wage Rate Requirement for the Highway Planning and Construction Program, the Auditors noted that the Public Works Department did not receive the required certified payroll for 14 of a sample of 40 reports prior to disbursing funds to the contractors. Contractors are required to submit monthly certified payrolls and the Department did not review and verify required documents were received before approval for payment.

Corrective Action: The Public Works Department has improved its procedures and documentations to ensure compliance with the Wage Rate Requirement by revising a "checklist" to include certified payroll for both the primary contractor as well as all subcontractors. Invoices will not be approved for payment until the checklist is completed.

Prior Year Findings – None.

Attachments

cc:

Joanne Bohren, Division Manager of Internal Audit, Auditor-Controller's Office

Brian Balbas, Public Works Director

Diana Oyler, Public Works Chief of Fiscal Services