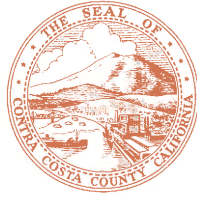


Office of the Auditor-Controller
Contra Costa County

Robert R. Campbell
Auditor-Controller




Harjit S. Nahal
Assistant Auditor-Controller

625 Court Street
Martinez, California 94553-1282
Phone (925) 335-8600
Fax (925) 646-2649

March 11, 2019

TO: Internal Operations Committee

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

SUBJECT: Internal Audit – Annual Report

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 examinations for the following calendar year. The attached “*Schedule of Internal Audit Examinations*” provides the proposed examination schedule for 2019, and the attached “*Schedule of Internal Audit Examinations for 2018*” summarizes the status of the 2018 examinations.

In 2018, the Internal Audit Division completed sixteen (16) of the scheduled examinations. Fieldwork has been completed for eleven (11) scheduled examinations which are in progress and scheduled to be completed by March 31, 2019. The two (2) remaining examinations have been rescheduled for 2019.

The Internal Audit Division of the Office of the Auditor-Controller received multiple resignations in 2018, leaving the division with two (2) Senior Auditors to complete the 2018 scheduled examinations. Staff was able to complete the fieldwork for all but two (2) examinations and is in the process of preparing the examination reports to complete the 2018 scheduled examinations. As of February 2019, three (3) of four (4) vacant positions have been filled.

Procurement Card

The quarterly procurement card reviews continue to reflect compliance issues in the use of the card for recurring payments, gifts, services, memberships, and meal payments. Per the Procurement Card Manual, Section V.G, the use of a procurement card for recurring payments, gifts, services, memberships, printing services, and meals is prohibited. Cardholders are also using procurement cards for purchases prohibited by the County’s Administrative Bulletins. Additionally, the required supporting documentation for payments often is missing or inadequate.

2019 Scheduled Examinations

The Auditor-Controller Division Manager of the Internal Audit division and the Auditor-Controller performed a thorough review of existing and recurring examinations and identified potential new examinations that should be incorporated in the 2019 schedule. The emphasis and priority in scheduling examinations is based on the perceived risk to the County. The schedule is composed of legally required examinations, such as the Treasury cash counts, reoccurring examinations, and new examinations. Thirty-three (31) examinations have been scheduled for calendar year 2019.

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

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 Housing Authority, state grant programs, and the FIRST 5 Contra Costa Children and Families Commission.

Attachments

**Schedule of Internal Audit Examinations
Calendar Year 2018**

Department	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2018	Estimated Hours 2018	Total Examination Hours
Examination Description					
Completed Examinations-Scheduled					
Board of Supervisors					
District 4 General Department Examination (Including MACs)	3/11	4	X	100	89.5
Auditor-Controller					
Revolving/Cash Diff. Fund & Shortage Report (fiscal year)	6/17	1 (Law)	X	60	55
Misc A-C duties (ie Petty Cash ICQ;Relief of Shortage; Increase/New Petty Cash; Recons)		1	X	60	13
Treasurer-Tax Collector					
Treasury Cash & Investments - 1st qtr (2018)	02/17	1/4 (Law)	X	50	43
Treasury Cash & Investments - 2nd qtr (2018)	05/17	1/4 (Law)	X	50	48
Treasury Cash & Investments - July 1 (2018)	7/3/17	1/4 (Law)	X	50	34
Treasury Cash & Investments - 3rd qtr (Auditor recommendation) (2018)	07/17	1/4 (Law)	X	50	28
Treasury Cash & Investments - 4th qtr (2017)	12/16	1/4 (Law)	X	50	30.5
Tax Collector Cash on Hand - 1st qtr (2018)	2/17		X	20	8
Tax Collector Cash on Hand - 2nd qtr (2018)	05/17		X	20	6
Tax Collector Cash on Hand - July 1 (2018)	7/3/17		X	20	9
Tax Collector Cash on Hand - 3rd qtr (2018)	07/17		X	20	8
Tax Collector Cash on Hand - 4th qtr (2018)	12/16		X	20	7
Treasury Oversight Committee (calendar year) (2017)	12/16	1 (Law)	X	175	238
District Attorney					
General Department Examination	12/16	3	X	225	308
Purchasing					
Procurement Card Program - July - December 2017	06/17	1/4 (CAO)	X	110	180.5
Single Audit wrap-up				80	50
GASB review and implementation				80	16
Special projects				140	7
Examinations carried to 2019					
Department of Information Technology					
Communications equipment inventory	6/12	3	X	100	118
Child Support Services					
General Department Examination	3/10	3	X	200	291.5
Clerk-Recorder					
General Department Examination	5/15	2	X	420	252.5

**Schedule of Internal Audit Examinations
Calendar Year 2018**

Department	Last Done	Prefd.	Scheduled	Estimated	Total
Examination Description	Through	Examination Cycle (yrs)	For 2018	Hours 2018	Examination Hours
Probation					
General Department Examination	12/15	2(Law)	X	240	414
Health Services					
Public Health	12/13	2	X	250	394.5
Employment & Human Services					
Community Services Bureau (EHSD)	5/11	2	X	400	285
Public Works					
Public Works Inventories	6/12	3	X	100	59.5
Fleet Services Inventory	6/11	3	X	120	210
County issued Fastrak passes / County issued Vehicles	special		X	120	167
Purchasing					
Procurement Card Program - January - June 2018	12/17	1/4 (CAO)	X	110	178.5
Procurement Card Program - July - September 2018	06/18	1/4 (CAO)	X	110	82
Postponed Examinations-Rescheduled for 2019					
Auditor-Controller					
General Department Examination	12/10	4	X	250	45
Miscellaneous Trust Funds	1/10	4	X	320	52.5

**Schedule of Internal Audit Examinations
Calendar Year 2019**

Department	Historical Estimated	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2019	Exam Hours 2019
Project Description	Hours	Through	Cycle (yrs)	2019	2019
Board of Supervisors					
District 3 General Department Examination (Including MACs)	100	06/16	4	X	100
<i>Note: Staff turnover and reorganization within the Internal Audit Division prevented an examination of District III upon election of Supervisor Burgis. Prior examination was for the exit of Supervisor Piepho.</i>					
Auditor-Controller					
Revolving/Cash Diff. Fund & Shortage Report (fiscal year)	60	6/18	1 (Law)	X	60
General Department Examination	250	12/10	4	X	250
Fund 8109	100	1/10	5	X	100
Miscellaneous Trust Funds	320	1/10	4	X	320
Misc A-C duties (ie Petty Cash ICQ; Relief of Shortage; Increase/New Petty Cash; Recons)	60		1	X	60
Treasurer-Tax Collector					
Treasury Cash & Investments - 1st qtr	50	02/18	1/4 (Law)	X	50
Treasury Cash & Investments - 2nd qtr	50	04/18	1/4 (Law)	X	50
Treasury Cash & Investments - July 1	50	7/2/18	1/4 (Law)	X	50
Treasury Cash & Investments - 3rd qtr (Auditor recommendation)	50	07/18	1/4 (Law)	X	50
Treasury Cash & Investments - 4th qtr	50	12/18	1/4 (Law)	X	50
Tax Collector Cash on Hand - 1st qtr	20	02/18		X	20
Tax Collector Cash on Hand - 2nd qtr	20	04/18		X	20
Tax Collector Cash on Hand - July 1	20	7/2/18		X	20
Tax Collector Cash on Hand - 3rd qtr	20	07/18		X	20
Tax Collector Cash on Hand - 4th qtr	20	12/18		X	20
Treasury Oversight Committee (calendar year)	175	12/17	1 (Law)	X	175
County Counsel					
General Department Examination	120	NEW	5	X	120
Public Defender					
General Department Examination	120	4/09	5	X	120
Sheriff-Coroner					
Revolving Fund	100	5/12	2	X	100
Coroner	120	1/10	5	X	120
Health Services					
Hospital and Clinics (Collections and Petty Cash)	200	06/15	2	X	200
Employment & Human Services					
Workforce Services Bureau	700	1/09	2	X	325
Welfare Accounting	240	7/12	3	X	240
County Libraries					
General Department Examination	275	12/12	4	X	275

**Schedule of Internal Audit Examinations
Calendar Year 2019**

	Historical		Prefd.	Scheduled	Exam
Department	Estimated	Last Done	Examination	For	Hours
Project Description	Hours	Through	Cycle (yrs)	2019	2019
Public Works					
Capital Leases	240	6/13	3	X	240
Purchasing					
Procurement Card Program - 4th qtr (2018)	40	12/18	1/4 (CAO)	X	110
Procurement Card Program - 1st qtr (2019)	40	03/19	1/4 (CAO)	X	110
Procurement Card Program - 2nd qtr (2019)	40	6/19	1/4 (CAO)	X	110
Procurement Card Program - 3rd qtr (2019)	40	9/19	1/4 (CAO)	X	110
Crockett-Carquinez FPD					
General Department Examination	100	12/09	5	X	100
Special projects					180
Supervisor/Training/Review					100
New CAFR Software/Due To/From					50
GASB Implementation (40 X 2)					80
Single Audit assistance/wrap up					80