

Office of the Auditor-Controller
Contra Costa County

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TO: Internal Operations Committee

FROM: Robert R. Campbell, Auditor-Controller
By: Sandi Bewley, Supervising Accountant-Auditor 

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 2023, and the attached "*Schedule of Internal Audit Examinations for 2022*" summarizes the status of the 2022 examinations.

In 2022, the Internal Audit Division completed eighteen (18) of the twenty-one (21) scheduled examinations. Of the remaining (3) three examinations, fieldwork has been completed for two (2) examinations. The Internal Audit Division is in the process of scheduling exit conferences to issue the final examination report. One (1) examination was postponed to calendar year 2023 due to staff departures in the Office of the Auditor-Controller.

Examination Report

Objectives:

The necessary tests and procedures were conducted to determine if, within the scope of the examinations, the following financial conditions existed:

- Assets were adequately safeguarded.
- Appropriate internal controls were in place and functional.
- Records were accurate and reliable.
- Statutory, contractual, and administrative requirements were followed.

General Findings:

There is an overall lack of adherence to several of the County's administrative requirements. Many of the departmental examinations included the recommendations in the following areas:

- Lack of compliance with Board Resolution 2020/1 ensuring Committee members have been trained on the Ralph M. Brown Act (Government Code §54950). The County Better Government Ordinance, Contra Costa County's conflict of interest policy, and submitting annual reports to the Contra Costa County Board of Supervisors,
- Lack of compliance with the Administrative Bulletins established for the cash collection process, petty cash, inventories of noncapital assets, county volunteer programs; and,
- Lack of adherence to the procurement card manual.

Conditions:

Approximately forty-two percent (42%) of the findings in 2022 were repeated from previous examinations. Common examination conditions included:

- Certificates of training not being provided for Committee members and lack of annual reports being submitted to the Contra Costa County Board of Supervisors;
- Receipt forms completed incorrectly;
- Lack of segregation of duties,
- Lack of timeliness of deposits when receiving and depositing cash;
- Lack of annual replenishment of petty cash;
- Lack of documentation for volunteers;
- Lack of adequate procurement card supporting documentation, including lack of approving official authorization of cardholder charges; and,
- Lack of adequate documentation for noncapital assets.

In order to timely correct issues and mitigate repetitive findings, the Internal Audit division follows-up with auditees six months after the issuance of the examination report to determine if the recommendations were implemented. No data is available yet on the status of the 2022 findings.

Procurement Card

The quarterly procurement card review continues to reflect compliance issues in the use of the card for services, memberships, printing services, meal payments, fines, gifts, fuel, cash instruments, and items of a personal nature. Per the Procurement Card Manual, Section V.G., the use of a procurement card for services, memberships, printing services, meal payments, fines, gifts, fuel, cash instruments, and items of a personal nature is prohibited. Cardholders are also prohibited from using the procurement card for purchases not authorized in the County's Administrative Bulletins. Additionally, use of cardholder accounts by noncardholder(s) is prevalent and required supporting documentation for payments often is missing or inadequate.

2023 Scheduled Examinations

The Supervising Accountant-Auditor of the Internal Audit division and the Auditor-Controller performed a thorough review of existing and recurring examinations that should be incorporated

in the 2023 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 and reoccurring examinations. Twenty-two (22) examinations have been scheduled for calendar year 2023.

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 Supervising Accountant-Auditor or the Auditor-Controller, a reoccurring examination may be scheduled 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 for 2022

Department	Last Done Through	Prdfd. Examination Cycle (yrs)	Scheduled For 2022	Estimated Hours 2022	Exam Hours 2022
Project Description					
Completed Examinations-Scheduled					
Auditor-Controller					
0105 Revolving/Cash Diff. Fund & Shortage Report (fiscal year)	06/22	1 (Law)	X	60	22.00
0037 Misc A-C duties (ie Petty Cash ICQ;Relief of Shortage;Increase/New Petty Cash; Recons)		1	X	60	13.00
Treasurer-Tax Collector					
0151 Treasury Cash & Investments - 1st qtr	02/21	1/4 (Law)	X	50	42.00
0151 Treasury Cash & Investments - 2nd qtr	06/21	1/4 (Law)	X	50	45.00
0151 Treasury Cash & Investments - July 1	07/21	1/4 (Law)	X	50	38.00
0151 Treasury Cash & Investments - 3rd qtr (Auditor recommendation)	08/21	1/4 (Law)	X	50	39.50
0151 Treasury Cash & Investments - 4th qtr	12/21	1/4 (Law)	X	50	46.00
0151-A Tax Collector Cash on Hand - 1st qtr	02/21	1/4	X	20	8.00
0151-A Tax Collector Cash on Hand - 2nd qtr	06/21	1/4	X	20	10.00
0151-A Tax Collector Cash on Hand - July 1	07/21	1/4	X	20	7.00
0151-A Tax Collector Cash on Hand - 3rd qtr	08/21	1/4	X	20	9.00
0151-A Tax Collector Cash on Hand - 4th qtr	12/21	1/4	X	20	11.00
0172 Treasury Oversight Committee (calendar year)	12/20	1 (Law)	X	175	282.50
Employment & Human Services					
5005 In Home Support Services (IHSS)	03/15	3	X	175	118.50
Health Services					
3641 Public Administrator	01/16	2	X	120	280.50
Public Works-Purchasing Division					
1493 Procurement Card Program - 2nd qtr	06/22	1/4 (CAO)	X	100	101.00
1493 Procurement Card Program - 1st qtr	03/22	1/4 (CAO)	X	100	139.50
1493 Procurement Card Program - 4th qtr (2021)	12/21	1/4 (CAO)	X	100	105.50
Examination fieldwork completed-Report Issued in 2023					
Conservation and Development (DCD)					
3571 North Richmond Mitigation Fund	06/17	4	X	250	327.50
Probation					
3081 General Department Examination	04/20	2 (Law)	X	240	371.90
Examinations carried to 2023					
Public Works-Purchasing Division					
1493 Procurement Card Program - 3rd qtr (2022)	09/21	1/4 (CAO)	X	100	27.00

