



**Contra
Costa
County**

To: Board of Supervisors
From: INTERNAL OPERATIONS COMMITTEE
Date: March 3, 2015

Subject: PROPOSED 2015 FINANCIAL AUDIT SCHEDULE

RECOMMENDATION(S):

ACCEPT report on the Auditor-Controller's audit activities for 2014 and APPROVE the proposed schedule of financial audits for 2015 with the following modification:

- REQUEST the Auditor-Controller to examine the Inmate Welfare Fund as soon as possible and to broaden the examination of the Public Works Department to include an examination of compliance with the vehicle acquisition policy.

FISCAL IMPACT:

There is no fiscal impact related to providing input into the annual audit schedule. The financial auditing process may result in positive and negative fiscal impacts, depending on the audit findings.

BACKGROUND:

The Internal Operations Committee was asked by the Board in 2000 to review the process for establishing the annual schedule of audits, and to establish a mechanism for the Board to have input in the development of the annual audit schedule and request studies of

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/03/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor

ABSENT: Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 3, 2015

, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Joanne Bohren
925-646-2233

departments, programs or procedures. The IOC recommended a process that was adopted by the Board on June 27, 2000, which called for the IOC to review the schedule of audits proposed by the Auditor-Controller and the County Administrator each December. However, due to the preeminent need during December for the Auditor to complete the Comprehensive Annual Financial Report, the IOC, some years ago, rescheduled consideration of the Auditor's report to February of each year.

BACKGROUND: (CONT'D)

>

Attached is a report from the Auditor-Controller reviewing the department's audit activities for 2014 and transmitting the proposed schedule of financial audits for 2015, which are already in progress. At the February 9 IOC meeting, the Auditor reported that all but one of the projects originally scheduled for 2014 are now completed and one special project (EHSD trust funds) was rescheduled to 2015. The Auditor highlighted some areas of noncompliance that have been revealed as a result of the 2014 audits, including issuance of gift cards, segregation of duties, asset inventory control, and procurement card usage and explained that the Auditor's office now makes a practice of following up with County departments six months post audit to verify that the Auditor's corrective recommendations have been addressed. Follow-up on the 2013 audits indicated that departments implemented 81% of the corrective actions that had been recommended. In some cases, departments do not have the capacity to implement a recommended correction. Depending upon the severity or potential risk associated with a finding, the Auditor may report issues of noncompliance to the County Administrator.

The Auditor believes that misuse of the procurement card stems from an ignorance of the County's policies and suggested that County procurement card training should be reinstituted. The Committee concurred and thought this could be accomplished with a short video training and also with the development of a "cheat sheet" to provide quick reference regarding allowable vs. unallowable charges.

The Committee approved the proposed financial audit schedule for 2014 and requested the Auditor-Controller to examine the Inmate Welfare Fund as soon as possible and to broaden the examination of the Public Works Department to include an examination of compliance with the vehicle acquisition policy.

CONSEQUENCE OF NEGATIVE ACTION:

The purpose of the report is to inform and provide the Board an opportunity for input on the new year financial audit plan and schedule, which is determined by the Auditor-Controller. Absent any specific input by the Board, the Auditor would proceed in accordance with the plan, as presented.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

Auditor Report on 2015 Audit Plan

2014 Audit Status

2015 Audit Plan

2015 Master Audit Cycle