

FY 2006/07 Internal Audit Activity Report &  
FY 2007/08 Audit Plan



County of Riverside  
Auditor-Controller's Office  
Internal Audit Division



*“Creating Value and  
Making a Difference”*

## Auditor-Controller's Office

Established under Government Code Sections 2400 et seq. and Government Code 26900 et seq. The Auditor is an Elected Official with a 4-year term with qualifications pertaining to Government code Section 26945. Subsequent to Government Code Section 26880 et seq. and Board of Supervisors Resolutions dated April 15, 1957 and June 17, 1957, the Auditor Controller's primary duty and responsibility is as chief accounting and disbursing officer of the County.

As Controller, he is charged with the responsibility to provide the County of Riverside with professional fiscal leadership through accounting, disbursement and audit services, monitoring financial performance and providing financial reports, information and advice. Further, the Auditor-Controller will assist in development of sound financial management policies and procedures. The Auditor-Controller is also charged with responsibility for reviewing, proposing, and installing accounting systems and improved methods, controls and forms. Further, the Auditor-Controller must maintain appropriation and budgetary controls, provide financial reports, and examine accounting records of departments and special districts for which the Board of Supervisors is the governing body.

The Auditor-Controller's mission is to provide the County of Riverside with professional fiscal leadership in a customer oriented, efficient, economical and effective manner through accounting, disbursement and audit services, monitoring financial performance and providing financial reports, information and advice.

This mission is achieved through the work performed by the following operational and administrative divisions:

- General Accounting
- Property Tax
- Payroll
- Audits and Specialized Accounting
- Administrative Section
- Information Technology



*Robert E. Byrd, CGFM  
County Auditor-Controller*

**Auditor-Controller's Office  
Core Values**

**Integrity  
Commitment  
Innovation  
Respect  
Self-Discipline**

## County of Riverside Chief Internal Auditor

Internal Audits is established as a function within the Audits and Specialized Accounting Division of the County Auditor-Controller's Office. Riverside County Board of Supervisors' Resolution No. 83-338 Establishing Authority and Declaring Policy authorizes the Auditor-Controller to audit accounts and records of any department, office, board or institution under the control of the Board of Supervisors, and any district keeping funds in the County Treasury. Internal Audits assists all levels of management in achieving County objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control, and the administrative processes in the following areas:

- ◆ Compliance with laws and regulations;
- ◆ Safeguarding of assets;
- ◆ The reliability and integrity of financial information; and
- ◆ Economy and efficiency of operations and resource usage.



*Michael G. Alexander, MBA, CIA*

### Chief Internal Auditor

- Find Us At:  
[www.auditorcontroller.org/  
opencms/Internal\\_Audits](http://www.auditorcontroller.org/opencms/Internal_Audits)
- E-mail Your Comments to:  
[malexander@co.riverside.ca.us](mailto:malexander@co.riverside.ca.us)

### OUR MISSION

To provide independent, objective assessments of business risk, identifying and recommending internal controls to safeguard assets, improve the reliability and integrity of financial information, enhance the efficiency and effectiveness of operational processes, and ensure compliance with laws, regulations and policies.



*Jon Haggard, CISA  
Audit Manager*



*Rachelle Román,  
Audit Manager*



*Russell Dominski,  
Audit Manager*

## **Table of Contents**

---

	<b>Page</b>
<b>EXECUTIVE SUMMARY</b>	<b>4</b>
<b>STRATEGIC PLAN</b>	<b>5</b>
<b>FISCAL YEAR 2006/07 ACTIVITY REPORT</b>	
<b>INITIATIVES</b>	<b>6</b>
<b>FISCAL YEAR 2006/07 AUDIT PROJECTS</b>	<b>8</b>
<b>SUMMARY OF AUDIT RECOMMENDATIONS</b>	<b>12</b>
<b>ORGANIZATIONAL STRUCTURE &amp; STAFFING</b>	<b>13</b>
<b>FISCAL YEAR 2007/08 AUDIT PLAN</b>	
<b>INITIATIVES</b>	<b>14</b>
<b>INTRODUCTION OF A FRAUD PREVENTION PROGRAM</b>	<b>15</b>
<b>THE AUDIT PLAN</b>	<b>16</b>
<b>AUDIT SCHEDULE</b>	<b>17</b>
<b>DEDICATION OF RESOURCES TO AUDIT RELATED SERVICES</b>	<b>20</b>

## Executive Summary

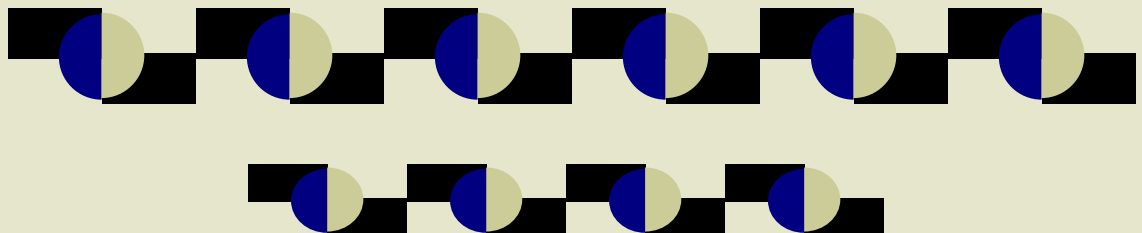
---

The primary goal of the Internal Audit Division is to provide the Board of Supervisors and county management with highly reliable, independent, objective assessments of business risk, identifying and recommending internal controls to safeguard assets, improve the reliability and integrity of financial information, enhance the efficiency and effectiveness of operational processes, and ensure compliance with laws, regulations and policies.

We are here to assist all levels of management in assuring internal and external parties that the financial resources are being properly managed and accounted for, and that the County of Riverside is complying with applicable laws and policies. Internal Auditing covers a broad range of activities including: testing transactions for compliance with accepted business practices; reviews of internal control; and operational audits which involve reviews directed towards improving efficiency and cost savings. Recent audited activities include: the evaluation of general controls over the access, handling, use and disposal of protected information; the evaluation of county departments use of bank and store charge cards; assisting county departments to improve the accountability of non-capitalized assets; and conducted reviews of compliance with laws and regulations governing the use of grant funding.

To meet our clients' expectations and for us to function effectively with reliability and credibility, we must ensure our audits and reviews of county operations are independent, accurate, and unbiased. Therefore, we follow, when appropriate and necessary and depending on the type of audit being conducted, the exacting ethical and professional standards promulgated by the Institute of Internal Auditors (IIA) and the Government Accountability Office (GAO).

The Internal Auditing staff members have a responsibility to those they serve to refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of the laws and regulations. They uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity and confidentiality consistent with the Institute of Internal Auditors *Code of Ethics*. Internal Audits operates within the Institute's *International Standards for the Professional Practice of Internal Auditing*.



## Strategic Plan

The continuous improvement of Internal Audits demands that we devote a portion of our effort to developing a strategic plan as well as an annual operating audit plan. Our long-term goal is to develop a cadre of highly proficient audit professionals to meet the increasing demands of a growing Riverside County. We will meet the audit requirements established by the Government Code and Board of Supervisor's Resolutions, and will continue to identify and address areas of risk within the county operations.

The audit plan and initiatives for 2007/08 are driven by several factors, including:

- ◆ Recommendations from external and internal quality assurance reviews and customer surveys;
- ◆ A changing role of internal auditors within the county that focuses on assisting management accomplish their overall goals and objectives, as well as strengthening internal controls and organizational governance; and
- ◆ The recent change in exposure factors throughout the county, which have changed internal auditing from a reactive, control-based form to one that is risk-based and proactive.

The recognition that internal auditors provide assurance services while retaining their independence and objectivity is a cornerstone of the new professional definition. Its reality is demonstrated by our changing role in the county. Increasingly, customers seek our assistance and counsel as they address business issues rather than wait for a "post audit" process to validate or critique their efforts.



*Internal Audit Staff*

## Fiscal Year 2006/07 Initiatives

---

The Internal Audit Division's initiatives represent broad areas of concern that we have dedicated our resources to assist management in evaluating internal controls to mitigate the county's risks.

**Peer Review.** California Government Code requires county internal audit (IA) departments to follow either the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors (IIA), or the Government Auditing Standards established by the Government Accountability Office (GAO). Riverside County follows the IIA standards. These standards require the performance of an independent external quality assurance review (peer review) every five years. The Auditor-Controller's office participates in the State Association of County Auditor's peer review program. This program keeps the cost of peer reviews to a minimum by reciprocal peer review agreements; San Diego County performed our peer review during fiscal year 2006/07 and we completed a peer review of the Orange County Internal Audit Department during August 2007.

The objective of a peer review is to assess the Internal Audit Activity's compliance with the International Standards for the Professional Practice of Internal Auditing. Our review included:

- ◆ Assessing the efficiency and effectiveness of the Internal Audit activity in light of its charter, the expectations of the Board of Supervisors, the Auditor-Controller, the Executive Office and the Chief of Audits;
- ◆ Providing an opinion on IA's conformance to the spirit and intent of professional audit standards; and
- ◆ Identifying opportunities and suggestion for enhancing the operations of the IA activity.

The peer review resulted in the opinion that the County of Riverside's IA activity generally conforms to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. This opinion means that the County IA activity adheres to procedures and practices necessary for ensuring the independence, objectivity, and proficiency of the internal audit activity. The review team found that the IA activity utilizes qualified personnel required to execute its mission and to proficiently perform audits. Additionally, they found that the IA unit is well managed, is respected throughout the county and is viewed as adding considerable value to county operations. They also noted significant improvement in operations since the previous external peer review conducted in 2001.



**Karen Johnson, Senior Internal Auditor**

The peer review also identified opportunities for improvement related to the perception of the IA activity's independence and possible limitations to the scope of audit work activities. They also made recommendations to enhance documentation of audit work.

**Non-Capitalized Assets.** We continued our efforts to help county departments to improve accountability of non-capitalized assets. The results of our audits in this area have prompted a great deal of discussion and action countywide; including the establishment of Board of Supervisors Policy H-26—Non-Capitalized Asset Management. The purpose of this policy is to provide guidance for the accountability of county property classified as non-capitalized assets. Significant results of this initiative also include the increased awareness and improved accountability over portable devices, and additional county policies addressing the storage of data on these devices.

**Information Security.** With the support and assistance of the county's Chief Information Security Officer, we continued to evaluate the general controls over the access, handling, use and disposal of protected information. This includes information stored electronically or in hard-copy. Audit results have indicated this is an area that continues to be of concern across the county. While we have made some significant progress and recommended changes in practices to several departments, this area requires a continued effort of Internal Audits in collaboration with the County Information Security Office to help identify areas of concern and provide recommendations for improving internal controls to mitigate the risks over information security exposure.

**Credit Cards.** The Board of Supervisors has authorized the use of County Procurement Cards (P-cards), administered by the Purchasing Department. During our audits, we identified that many county departments use bank cards; gas company cards; and stores charge cards instead of or in addition to the approved P-cards. Because credit cards are a good medium for making improper or unauthorized purchases, we audited to obtain assurance that use of the cards was for appropriate county expenditures. While we do not believe the cards were used for making inappropriate purchases, the opportunities exist. One of our recommendations as a result of this audit is for the Purchasing Department to revise existing policy to make the use of most bank and store cards unallowable.

**Grants.** As part of meeting the county's responsibility to monitor sub-recipients of Federal Awards, we conducted reviews of compliance with laws, and regulations governing the use of grant funding. Our review disclosed non-compliance with laws and regulations. We believe the county has a significant exposure in this area and will devote resources to further examine this area during FY2007/08.



*Niloufar Alian, Internal Auditor  
and Carmen McGowin-Paul, Senior  
Internal Auditor*



## Fiscal Year 2006/07 Audit Projects

We scheduled forty-six audits for fiscal year 2006/07. We have completed audit work for thirty-three of the scheduled audits. Seven audits are in progress and two were canceled due to changes in county policies when rendered the audit unnecessary. The remaining audits will be rolled into the fiscal year 2007/08 audit plan.

### Summary of Fiscal Year 2006/07 Audit Plan

Department/Audit Project	Reason for Audit	Status
County Libraries	Management Requested	Completed and Report Issued
Sheriff - Inmate Trust Fund	Management Requested	Completed and Report Issued
TLMA – Fee Study	Management Requested	Completed and Report Issued
Flood Control Review	Grand Jury Request	Completed and Report Issued
1st Quarter Treasury Verification	Mandated	Completed and Report Issued
2nd Quarter Treasury Verification	Mandated	Completed and Report Issued
3rd Quarter Treasury Verification	Mandated	Completed and Report Issued
4th Quarter Treasury Verification (FY2005/06)	Mandated	Completed and Report Issued
Human Resources – Asset Management	Mandated	Completed and Report Issued
Facilities Management	Mandated	Completed and Report Issued
Public Defender	Mandated	Completed and Report Issued
Clerk of the Board	Mandated - Follow-up	Completed and Report Issued
Information Technology	Mandated - Follow-up	Completed and Report Issued
Countywide Follow-up - Accounts Payable Interface Transactions	Mandated - Follow-up	Completed and Report Issued
Follow-up - Economic Development Agency - Fair and National Date Festival & Change in Department Head	Mandated - Follow-up	Completed and Report Issued
Probation Department	Mandated - Follow-up	Completed and Report Issued

Department/Audit Project	Reason for Audit	Status
DPSS - Change in Department Head	Mandated - Follow-up	Completed and Report Issued
Public Defender	Mandated - Follow-up	Completed and Report Issued
Human Resources - Asset Management	Mandated - Follow-up	Completed and Report Issued
Community Health Agency - Animal Control	Mandated - Follow-up	Completed and Report Issued
Community Action	Mandated - Follow-up	Completed and Report Issued
County Counsel	Mandated - Follow-up	Completed and Report Issued
District Attorney	Mandated - Follow-up	Completed and Report Issued
Mental Health	Mandated - Follow-up	Completed and Report Issued
Veterans' Services	Mandated - Follow-up	Completed and Report Issued
County Fire Department	Mandated - Follow-up	Completed and Report Issued
County Fire Department	Mandated	Completed and Report Issued
Agricultural Commissioner	Mandated	Completed and Report Issued
Department of Child Support Services	Mandated	Completed and Report Issued
Department of Public Social Service - Foster Care Programs	Mandated	Completed Audit and Waiting on Management's Response
Department of Public Social Service - Purchasing and Contracting	Mandated	Completed Audit and Waiting on Management's Response
TLMA Accounts Receivable	Mandated	Completed Audit and Waiting on Management's Response
Countywide - Credit Cards	Internal Controls	Completed Audit and Waiting on Management's Response
Purchasing and Fleet Services	Mandated	Moved to FY 2007/08 Audit Plan
Mental Health - Western Region	Mandated	Moved to FY 2007/08 Audit Plan
RCRMC Nursing Fees	Mandated - Follow-up	Moved to FY 2007/08 Audit Plan

Department/Audit Project	Reason for Audit	Status
RRCMC - Patient Charges	Mandated - Follow-up	Moved to FY 2007/08 Audit Plan
RRCMC - Asset Management	Mandated	Moved to FY 2007/08 Audit Plan
Riverside County Habitat Conservation Agency	Mandated	Canceled
Countywide - Cellular Phones	Internal Controls	Canceled
4th Quarter Treasury Verification (FY2006/07)	Mandated	In Progress
Economic Development Agency - HUD - CDBG Home Grants	Mandated	In Progress
Community Health Agency - Public Health	Mandated	In Progress
RRCMC - Purchasing and Contracting	Internal Controls	In Progress
Sheriff	Mandated	In Progress
Transportation - Garage	Mandated	In Progress
Waste Management	Mandated Follow-up	In Progress



***René Casillas, Senior Internal Auditor***

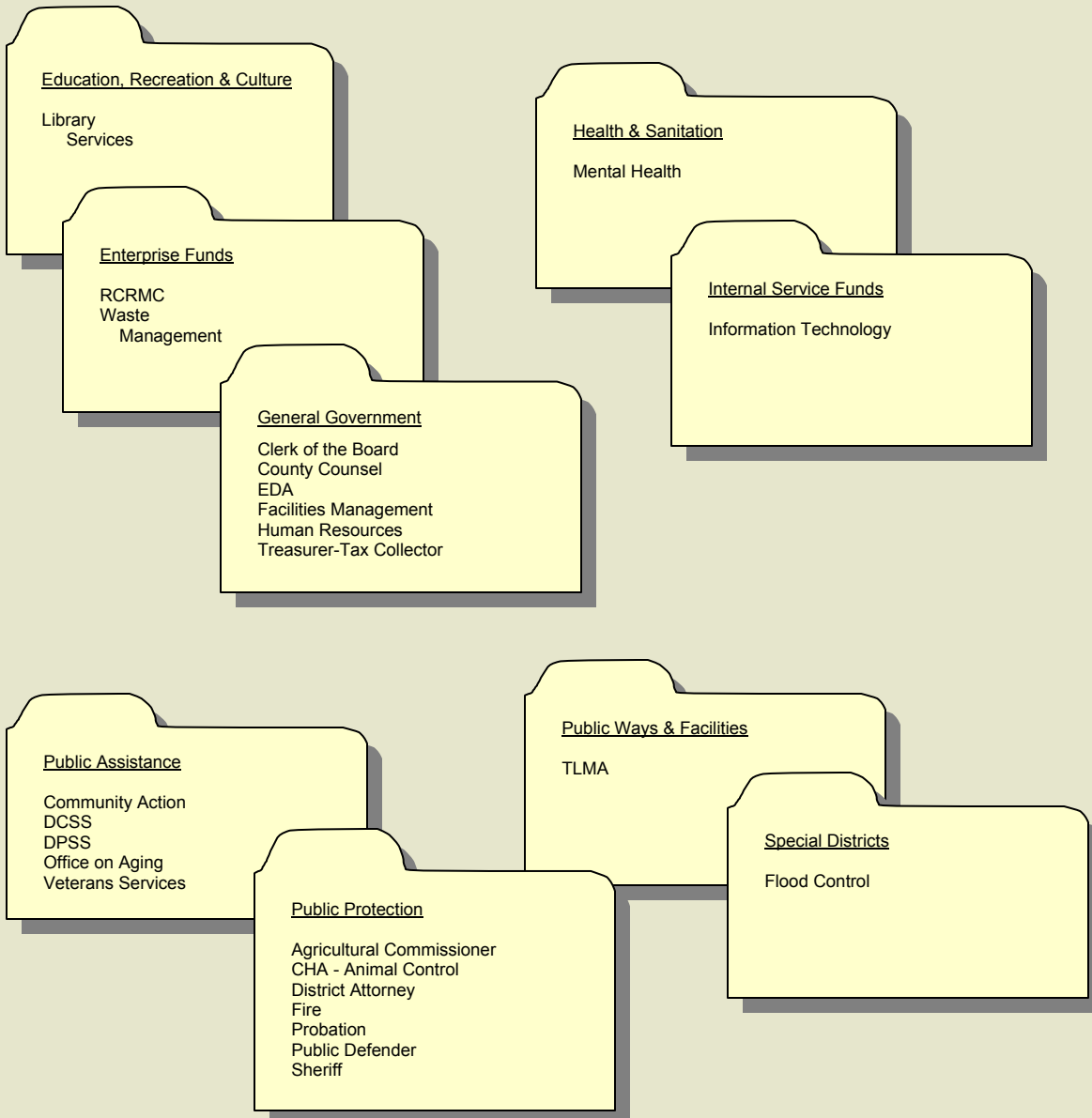


***Sapna Nangia, Senior Internal Auditor***



***George Tabora, Senior Internal Auditor***

California Government Code requires the Board of Supervisors to audit the financial accounts and records of all officers having responsibility for the care, management, collection or disbursement of county funds every two years and a quarterly count of assets held by the Treasurer. The following is a summary of the County Departments that were audited during FY 2006/07:



## Summary of Audit Recommendations

---

As we endeavor to add value to our customers through our services, the Internal Audit Division has made a total of 82 recommendations during fiscal year 2006/07. Of the 82 recommendations, we obtained full or partial management concurrence on 99% of the recommendations. The different types of recommendations that our team makes relates to either financial, internal control, efficiency and effectiveness or information technology. We work closely with management so that we can produce more accurate recommendations for any weaknesses identified during the audit. Working with management is essential to ensuring that our recommendations are reflective of the identifying problem at hand and that it is the most effective and efficient way to resolve the issue.

Internal Audits follows-up on all significant and minor recommendations reported to management. We verify implementation of our recommendations during the follow-up process and identify if the recommendations have been fully implemented, partially implemented or not implemented.



*Melissa Bender, Senior Internal Auditor & Michael Mena,  
Internal Auditor*

## Organizational Structure & Staffing

Over the past two years, recruiting qualified Internal Auditors was a challenge throughout California. We have seen a positive change in the quality of candidates competing for vacant positions during the past six months and have been able to fill vacant positions.

The Board of Supervisors authorized eight new positions in the FY2007/08 budget. We have filled four of these positions, and are in the process of recruiting for the remaining four. We anticipate having all positions filled during October.

Internal Audits and individual staff are active members of professional audit organizations. This includes the Institute of Internal Auditors, the American Institute of Certified Public Accountants, the Association of Government Accountants and the California State Association of County Auditor's - Audit Chief's Committee. Over the past two years the Chief of Internal Audits was the President of the Inland Empire Chapter of the Institute of Internal Auditors and was also the 2006/07 Chairman of the California State Association of County Auditor's - Audit Chief's Committee. This active involvement with professional organizations ensures that auditors have access to updated technical guidance and professional networking opportunities that are crucial to professional development and to the sharing of valuable information and ideas with peers.

Chief Internal Auditor	Michael G. Alexander, MBA, CIA
Audit Manager	Russell Dominski
Audit Manager	Jon Haggard, MS, CISA
Audit Manager	Rachelle Román
Senior Internal Auditor	Melissa Bender, CIA, CGAP
Senior Internal Auditor	René Casillas, CPA
Senior Internal Auditor	Emad Gewaily
Senior Internal Auditor	Karen Johnson
Senior Internal Auditor	Kimberly Kelly
Senior Internal Auditor	Richard Kleeberg, MBA, CMA
Senior Internal Auditor	Carmen Mc-Gowin - Paul
Senior Internal Auditor	Sapna Nangia
Senior Internal Auditor	Kan Shugandh, MBA, CPA
Senior Internal Auditor	Steven Swift, CPA
Senior Internal Auditor	George Tabora, CPA
Accountant II	Niloufar Alian, MBA
Accountant II	Rudy Bati
Accountant II	Michael Mena, MBA

### CERTIFICATION LEGEND

CIA Certified Internal Auditor	CISA Certified Information Systems Auditor	CMA Certified Management Accountant
CPA Certified Public Accountant	CGAP Certified Government Auditing Professional	MBA Master of Business Administration



## Fiscal Year 2007/08 Initiatives

---

The Internal Audit Division's 2007/08 Initiatives which are presented below represent broad areas of concern to which we will dedicate our resources. Initiatives will be addressed either through the inclusion of the topics in audits conducted as part of the 2007/08 Audit Plan or through assistance and guidance provided to management. These areas were identified either through our audits research, management's concerns or from insights gained in the performance of other audit projects.

**Information Security.** With the support and assistance of the county's Chief Information Security Officer, we will continue to evaluate the general controls over the handling, use and disposal of sensitive information. With the prevalence of computer usage and the ease with which data can be stored and transported, it is essential that the county continues to be vigilant in its efforts to protect data. We will continue our efforts to help minimize the likelihood that sensitive, confidential or Health Insurance Portability and Accountability Act (HIPAA) information is inadvertently disclosed.

**Rates and Contract Revenues.** This effort will initially include two areas. First, a review of rates charged to external and internal customers for services; and, second, a review of revenues from contracts or franchise agreements. This initiative is intended to identify areas where the county may not be recovering all cost or may be missing opportunities to collect all revenues it is entitled to.

**Audit Follow-up Process.** Audit recommendations are made with the expectation of management's implementation. An element of the role of Internal Audits is to ensure that corrective action was taken on findings and recommendations. While we have a fairly effective follow-up process in place, we do have the opportunity to be more effective and to enhance our efficiency by directly involving departments in the process.



## Introduction of a Fraud Prevention Program

---

Fraud forces all individuals to pay more for goods and services, including the critical services provided by government. We believe that all governmental agencies and employees have a responsibility to prevent, detect and reduce fraud. As such, our most significant initiative for fiscal year 2007/08 is the introduction of a fraud prevention program.

In 2006, the American Institute of Certified Public Accountants issue Statement on Auditing Standard (SAS) No. 112 which addresses the communication of matters dealing with internal controls over financial reporting. SAS 112 defines reportable internal control deficiencies as control deficiencies, significant deficiencies and material weaknesses. A deficiency related to a fraud prevention program is required to be identified at least as a significant deficiency, which is an inconsequential misstatement of the financial statements. The last three management letters issued as part of the external audit of our Comprehensive Annual Financial Reports recommended the establishment of a fraud prevention program.

In addition to SAS 112, the Office of Management and Budget has updated Circular A-123 – Management's Responsibility for Internal Controls. Circular A-123 requires federal managers to attest to the adequacy of internal controls within their programs. These include programs providing Federal Awards to state and local governments. It is reasonable to believe that it is only a matter of time before the same level of management's responsibility becomes a county requirement.

Internal Audits will take the following steps in response to SAS 112; as part of a program to provide the Board of Supervisors with assurance about the adequacy of internal controls over county operations; and, to be proactive in dealing with the impending federal grant related requirements associated with OMB Circular A-123:

- ◆ Work with the appropriate county departments to evaluate and establish a fraud hotline;
- ◆ Develop a comprehensive internal control training program to be delivered to county departments;
- ◆ Establish a framework for a countywide internal control self-assessment program;
- ◆ Initiate a pilot program for the internal control self-assessments with at least two county departments; and
- ◆ Fine-tune the self-assessment program before roll-out to all county department.



## Fiscal Year 2007/08 Audit Plan

The Internal Audit Plan for the fiscal year 2007/08 includes 71 audits and is designed to meet the objective of providing a timely and comprehensive scope of audit coverage. The Audit Plan constitutes the schedule of audits comprised of planned audits, other direct audit activities, and an allocation of time for requested audits which may arise during the course of the year. The latter recognizes that we exist in a dynamic environment and the Audit Plan requires some margin of flexibility.

Risk assessment is a fundamental auditing concept premised on the need to concentrate our efforts in the areas of the greatest relative risk. This is a more efficient and focused approach to providing audit coverage on a cyclical basis. "Risk" for this purpose does not imply any unwarranted business strategy or lack of management oversight; however, most risk is inherent in the business activity. As such, while most of our audits are cyclically driven by the requirements of the Government Code, the scope of those audits will be dictated by an evaluation of risk within the operations under audit.

The Audit Plan is intended to represent our primary means of providing audit coverage to the areas identified as having the highest business risks while complying with the requirements of the Government Code. It also provides broad audit coverage to the various components of the county's business operations.

Our audits are largely focused on adding value and improving the departments' operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control.

**Mandated Audits.** California Government Code requires the Board of Supervisors to audit the financial accounts and records of all officers having responsibility for the care, management, collection or disbursement of county funds every two years and a quarterly count of assets held by the Treasurer. Government Code also requires the Auditor-Controller to ensure the scope of internal audits includes an examination of the organization's system of internal controls and follow-up on prior audit findings and recommendations. Our plan includes thirty-five mandated audits, fourteen of which are follow-up audits on prior audit findings and recommendations. The plan also includes twenty-two internal control audits and fourteen compliance audits.



*Rudy Bati, Internal Auditor*

**Requested Projects by Department Management.** Departmental Management continue to request assistance from Internal Audits to evaluate and assess the internal controls over business functions or processes. We continue to provide this service to our clients upon request.

**Special Concerns and Other Allocation of Audit Time.** We reserved audit hours to address audits of concern from the Board of Supervisors and the Grand Jury.

Schedule of Audits for FY 2007/08

Audit Project	Department	Reason for Audit
<b>Education, Recreation &amp; Culture</b>		
Edward Dean Museum	EDA	Mandated
<b>Enterprise Funds</b>		
Cafeteria Services	RCRMC	Internal Control
Operating Room - Purchasing	RCRMC	Internal Control
Pharmacy	RCRMC	Internal Control
Professional Services	RCRMC	Internal Control
Purchasing/Inventory	RCRMC	Internal Control
Asset Management	RCRMC	Mandated
Detention Health Systems	RCRMC	Mandated
Patient Charges	RCRMC	Mandated Follow-up
Nursing Fees	RCRMC	Mandated Follow-up
Waste Management	Waste Management	Mandated Follow-up
<b>General Government</b>		
Assessor-County Clerk-Recorder	Assessor-County Clerk-Recorder	Mandated
Special Handling of Warrants	Auditor-Controller's Office	Internal Control
Fair & National Date Festival	EDA	Mandated Follow-up
Property Insurance	Facilities Management	Internal Control
Projects	Facilities Management	Internal Control
Facilities Management	Facilities Management	Mandated Follow-up
Purchasing	Purchasing & Fleet Svcs.	Mandated
Registrar of Voters	Registrar of Voters	Mandated
1st Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
2nd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
3rd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
4th Quarter Treasury Verification	Treasurer-Tax Collector	Mandated

<b>Audit Project</b>	<b>Department</b>	<b>Reason for Audit</b>
<b><i>Health &amp; Sanitation</i></b>		
Public Health	CHA	Mandated
Sub-recipient Monitoring of Substance Abuse	Mental Health	Compliance
Arlington Inpatient Treatment Facility	Mental Health/RCRMC	Internal Control
Western Region	Mental Health	Mandated
<b><i>Internal Service Funds</i></b>		
STD Disability Insurance	Human Resources	Internal Control
Malpractice Insurance	Human Resources	Internal Control
Employee Assistance Program	Human Resources	Internal Control
Information Technology	Information Technology	Mandated Follow-up
Fleet Services	Purchasing & Fleet Svcs.	Mandated
<b><i>Public Assistance</i></b>		
Foster Care Programs	DPSS	Mandated Follow-up
Sub-recipient Monitoring of Foster Care Programs (3 Separate Audits)	DPSS	Compliance
Purchasing & Warehouse	DPSS	Mandated
Medical Assistance Grants	CHA	Compliance
Sub-recipient Monitoring of Community Services	EDA	Compliance
Sub-recipient Monitoring of Home Investment	EDA	Compliance
Sub-recipient Monitoring HUD/CDBG Home Grants	EDA	Compliance
Sub-recipient Monitoring of Workforce Investment	EDA	Compliance
Sub-recipient Monitoring of Title 3	Office on Aging	Compliance
<b><i>Public Protection</i></b>		
Agricultural Commissioner	Agricultural Commissioner	Mandated Follow-up
Animal Control	CHA	Mandated Follow-up
County Expenses for Death Penalty Cases	Courts	Internal Control
Fire Department	Fire Department	Mandated Follow-up
Public Guardian	Mental Health	Mandated Follow-up

Audit Project	Department	Reason for Audit
Administration & Support	Probation	Mandated Follow-up
Ben Clark Training Center	Sheriff Department	Mandated
Sheriff Department	Sheriff Department	Mandated
Planning Department	TLMA	Mandated
<b>Public Ways &amp; Facilities</b>		
County Airports	EDA	Mandated
Building & Safety	TLMA	Mandated
Garage	TLMA	Mandated
Transportation Accounts Receivable	TLMA	Mandated Follow-up
<b>Special Districts</b>		
Housing Authority	EDA	Mandated
<b>Countywide Projects</b>		
Annual Employee Evaluations	Countywide	Compliance
Overnight Vehicle Usage	Countywide	Compliance
Travel Reimbursement	Countywide	Compliance
Cash Handling (4 Separate Audits)	Countywide	Internal Control
Cellular Phones	Countywide	Internal Control
Disposal of Computer & Related Equip.	Countywide	Internal Control
Franchise Fees	Countywide	Internal Control
Rate Review	Countywide	Internal Control
Revolving Funds	Countywide	Internal Control
Credit Cards	Countywide	Mandated Follow-up
<b>Other</b>		
Quality Assurance Review - Orange County	Orange County IIA	Compliance



*Emad Gewaily, Senior Internal Auditor*

## Dedication of Resources To Audit Related Services

---

Our Audit Plan is based on services to be provided by twenty-two audit professionals. In addition to the above projects, audit staff will be involved throughout the year in various other audit initiatives and tasks as follows:

**Cash Shortages/Overages.** We will continue to devote time to the reviews of departmental cash shortages and overages throughout the year.

**Information Systems.** We will participate with the team developing the new property tax system by reviewing the need and recommending necessary system controls. We will also provide continuing support for County reviews of PeopleSoft security roles.

**Internal Control Self Assessment Program.** In line with our initiative to establish an internal control self-assessment program, time will be devoted to developing the framework, providing training, assisting department and monitoring. We look forward to this effort as we believe it will be a significant contributing factor to improving the overall system of internal controls throughout the county.

**Review of Special Districts' Financials.** The Auditor-Controller has the responsibility to ensure Special Districts receive an annual financial audit. These audits are usually performed by public accounting firms. Internal Audit staff monitors the submission of Special Districts' financial statement to ensure they are conducted as required by Government Code and reviews the reports in order to identify any concerns.

**Risk.** We will conduct a Countywide macro risk assessment to identify area for future audit coverage.

**TeamMate Audit Management System.** With the implementation of electronic working papers in fiscal year 2004/05, we have achieved an increased level of efficiency in conducting audits. As with any other system, we have a need to devote some time to TeamMate administration so that we can harness the full potential of the application.

