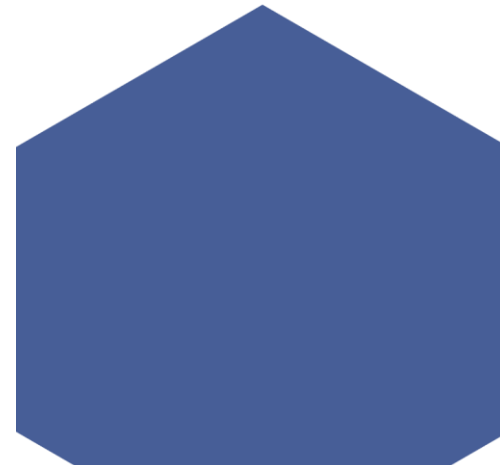
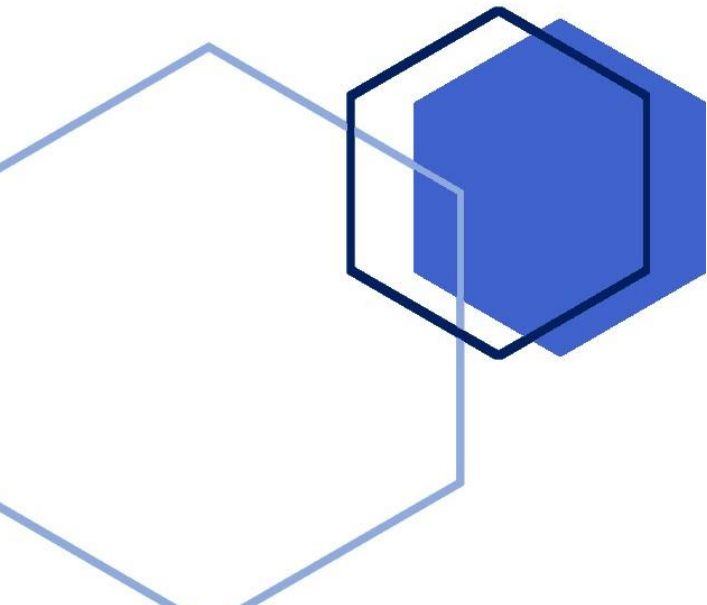




**Auditor-Controller Agency
Fiscal Year 2019-20 Audit Plan**



Introduction

Internal Audit is established as a function within the Alameda County Auditor-Controller's Office. Pursuant to Government Codes 1236, 25250, 26881, 26883, 26920, the County Administrative Code Sections 2.14.050 and 4.04.110 and the County Code of Ordinances 2.28.070, the Auditor-Controller is authorized to audit the accounts and records of any department, office, board or institution under the control of the Board of Supervisors, and any district maintaining funds in the County Treasury. Internal Audit assists all levels of the administration in achieving County objectives by bringing a systematic approach to evaluating and improving 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
- Economy and efficiency of operations and resource usage

Executive Summary

MISSION STATEMENT

The Auditor-Controller is an independently elected official with accountability directly to the voters. The Auditor-Controller Agency shall support Alameda County's Vision through the efforts of its employees by providing the highest degree of fiscal stewardship, transparency, accessibility and service when administering public funds and in the protection of official public records. Internal Audit's mission is to be a strategic partner with County management in order to achieve the highest degree of public accountability and to provide assurance to the public and other external parties that such accountability has been achieved through excellence in audit and evaluation services. The Internal Audit Unit of the Auditor-Controller Agency assists the County to effectively and efficiently achieve its strategic objectives and enhance its accountability to the residents of Alameda County.

The purpose, authority and responsibility of Internal Audit was established via the County Administrative Code 2.14.050.

The primary goals of the Internal Audit function are to ensure taxpayer confidence, provide fiscal oversight of County departments and ensure the safeguarding of all public funds. We provide support to the Board of Supervisors and County management in accomplishing their missions and stewardship responsibilities by conducting audits that provide reliable, independent, objective assessments of the adequacy and effectiveness of internal controls. Internal controls are processes established by management designed to safeguard County assets and resources, maintain the reliability and integrity of financial information, promote the efficiency and effectiveness of operational processes, and ensure compliance with laws, regulations, and policies.

We assist all levels of management in assuring internal and external parties that the County financial resources are being properly managed and accounted for, and that the County of Alameda is complying with the applicable policies and laws. Internal Audit covers a broad range of activities including:

- Testing transactions for compliance with accepted business practices
- Reviewing internal controls
- Establishing rules and regulations
- Performing audits to improve efficiency and cost savings

The Internal Audit function applies the principles of the Generally Accepted Government Auditing Standards (GAGAS or Yellow Book). The development of this audit plan is in compliance with the aforementioned standards and is driven by legal mandates, an independent countywide risk assessment via a departmental survey, information gathered through consultations with County management and in consideration of input or feedback from the public.

Generally Accepted Government Auditing Standards require:

- Independence of audit staff and the audit organization
- Objectivity of the auditors performing the work
- Competent staff, including continuing professional education
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

The Audit Plan for fiscal year (FY) 2019-20 is a dynamic document, which currently includes 76 audit projects. We have allocated resources and provided coverage for conducting our key initiatives to comply with Board of Supervisors' mandates, management requests and areas of inquiry made by the public.

Authority and Scope

Our long-term goal is to develop a team of highly proficient audit professionals to meet the increasing demands of a growing Alameda County and changes in our industry. We will meet the audit requirements established and authorized by Government Codes 1236, 25250, 26881, 26883 and 26920, the County Administrative Code Sections 2.14.050 and 4.04.110 and the County Code of Ordinances 2.28.070. Internal Audit will continue to identify and address areas of risk within County operations.

The audit plan for FY 2019-20 is driven by several factors, including:

- Mandated audits in accordance with California Government Code, County Administrative Codes, Code of Ordinances and Board of Supervisors' Resolutions
- Consultations with County management
- Changes within the audit profession
- The evolving needs within the County
- Risk assessments

The FY 2019-20 Audit Plan includes examination of internal control as established in the framework designed by the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework Principles. This framework covers organizational objectives for operations (effectiveness of internal controls, efficiency of business processes, safeguarding of assets), reporting (external and internal financial and non-financial), as well as compliance including adherence to laws, regulations, and policies and procedures. The framework consists of five components (control environment, risk assessment, control activities, information and communication, and monitoring) that are broken down into 17 principles (see next page for a diagram of the COSO Framework as presented by coso.org).

Internal Audit provides attestation engagements and performance audits. Attestation engagements examine, review, or perform specific procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessing County services and processes, and providing recommendations to improve department operations.

Internal Audit provides both audit assurance and consulting services while retaining its independence, and objectivity is a cornerstone of this profession. Increasingly, key stakeholders seek Internal Audit's assistance and counsel as they address business issues rather than wait for a "post audit" process to validate or critique their efforts.

COSO Internal Control — Integrated Framework Principles



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Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values.
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3 Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- 4 The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- 5 The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- 7 The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- 8 The organization considers the potential for fraud in assessing risks to the achievement of objectives.
- 9 The organization identifies and assesses changes that could significantly affect the system of internal control.

Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- 11 The organization selects and develops general control activities over technology to support the achievement of objectives.
- 12 The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Information & Communication

- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
- 14 The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
- 15 The organization communicates with external parties regarding matters affecting the functioning of internal control.

Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.



For more information about COSO, visit coso.org.

Organizational Structure & Staffing

Individual staff of the Internal Audit function are active members of professional organizations. This includes the Institute of Internal Auditors and the California State Association of County Auditor's - Audit Chief's Committee. This active involvement with professional organizations ensures auditors have access to updated technical guidance and professional networking opportunities that are critical to professional development and to the sharing of valuable information and ideas with peers. Through these memberships, Internal Audit receives continuous training improving the skill set of each individual staff member. Training is focused and specialized for our work environment and includes areas such as fraud, risk management, the COSO internal control framework and other areas related to our field.

The Auditor-Controller Agency continues to recruit Internal Auditors with professional credentials and encourages existing employees to enhance their professional effectiveness and credibility by earning advanced degrees and professional credentials relevant to the profession of internal auditing.

Fiscal Year 2019-20 Audit Plan

The Audit Plan for FY 2019-20 includes 76 audits. The objective of the Audit Plan is to provide a timely and comprehensive scope of audit coverage. Our Audit Plan is designed to be dynamic and responsive to staff level changes, the focus of leadership and other factors that may guide the audit priorities of the County. This flexibility helps us to meet emerging and critical issues evolving in the upcoming year.

Audit Selection

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, many of our audits are cyclically driven by the requirements of the Government Code, County Administrative Code and the County Code of Ordinances. The scope of our audits will be dictated by a risk assessment conducted prior to audit commencement.

The Auditor-Controller makes the final determination in selecting audits that will be performed. To achieve optimum utilization of audit resources, audits are selected using the following criteria:

- Legal mandates
- Audit requests (i.e., from Board of Supervisors, County management, Grand Jury, etc.)
- Risk assessment results
- Financial exposure
- Potential risk of loss

- Operating benefit opportunities
- Changes in operations
- Transfer of accountability
- Date and result of last audit
- Availability and skill set of the Internal Audit staff
- Sensitivity to:
 - o Mismanagement
 - o Unauthorized use of resources
 - o Erroneous reports of data
 - o Illegal or unethical acts
 - o Adverse or unfavorable public opinion

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

Our audits are 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 internal controls.

Mandated Audits

California Government Code Section 25250 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. California Government Code Sections 26920 and 26922 require a quarterly count of assets held by the Treasurer.

Effective on January 26, 1999, the Board of Supervisors directed all agencies and departments to complete a Control Self-Assessment every three years. Internal Audit provides internal control guidance to the agencies and departments and validates the Control Self-Assessments.

Internal Audit also leads the Single Audit and compiles the Schedule of Expenditures of Federal Awards for the timely issuance of the Single Audit Report.

Discretionary Engagements

Pursuant to the risk assessment process, the Internal Audit unit has determined a variety of specific scope audit projects that will utilize resources in the areas of highest risk.

Each year certain County departments will be scheduled for an audit at the discretion of the Auditor-Controller, input from departments or as a result of risk assessment processes and procedures conducted by Internal Audit. Departments with higher risk overall or departments with business processes seen as having higher inherent risk, compared to other departments and processes, will be allotted a greater percentage of the discretionary audit hours.

Transfer of Accountability Review

The Alameda County Auditor-Controller Agency performs a transfer of accountability review for County departments where a change or transfer in the Department Head position occurs. This type of review is conducted to ensure that the accountability of assets is properly transferred from the departing department head to the new department head. A transfer of accountability review is limited in scope.

Follow-up Engagements

Internal Audit will be performing follow-up engagements for those audits performed that resulted in any findings being issued. The purpose of these engagements will be to ensure that any recommendations are implemented or findings are corrected in a timely manner.

Training and Development

We comply with Continuing Professional Education requirements and encourage staff development. All Internal Audit staff meet Continuing Professional Education requirements.

Fiscal Year 2019-20 Scheduled Audits

Task No.	Audit Project	Department (Audit Type)	Reason for Audit
PRIOR YEAR IN PROGRESS PROJECTS			
01	Control Self-Assessment	County Counsel	Mandated by Board of Supervisors
02	Control Self-Assessment	District Attorney	Mandated by Board of Supervisors
03	Control Self-Assessment	Public Health Department	Mandated by Board of Supervisors
04	Control Self-Assessment	Public Defender	Mandated by Board of Supervisors
05	Control Self-Assessment	Sheriff's Office	Mandated by Board of Supervisors
06	Audit - Auction Process	Performance - Tax Collector - Auction Process	Discretionary
07	Audit - Cash Handling and Safeguarding	County Library	Follow up on Projects #14-101, 14-102, 15-114
08	Audit - Cash handling	Child Support Services	Discretionary
09	Audit - Gift Cards, Purchasing Cards & Cash Handling	Probation Department	Discretionary
10	Audit - Purchasing Card Program	District Attorney's Office	Discretionary
11	Bank Confirmations	County Financial Institutions	Discretionary
12	Review - Control Self-Assessment	Human Resources	Follow up on Project #14-123
13	Review - Phone Commissions and Purchasing Procedures	Probation Department	Follow up on Project#12-109, 12-117
CASH COUNTS			
14	Quarterly Cash Count Q1 FY19/20	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
15	Quarterly Cash Count Q2 FY19/20	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
16	Quarterly Cash Count Q3 FY19/20	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
17	Quarterly Cash Count Q4 FY19/20	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS COMPILATION (SEFA)			
18	Single Audit - SEFA Compilation	Countywide	Mandated by Federal/ State Gov. Code
19	Single Audit - SEFA Compilation Prep for 2020-21	Countywide	Mandated by Federal/ State Gov. Code
CONTROL SELF-ASSESSMENT PROJECT			
20	Conduct CSA Training	Conduct CSA Training	Mandated by Board of Supervisors
21	Control Self-Assessment	Assessor	Mandated by Board of Supervisors
22	Control Self-Assessment	Health Care Services	Mandated by Board of Supervisors
23	Control Self-Assessment	Behavioral Health Care Services	Mandated by Board of Supervisors
24	Control Self-Assessment	Human Resources	Mandated by Board of Supervisors
REVOLVING FUND COUNTS			
25	ALACO Narcotics Task Force	Sheriff's Office	Discretionary
26	Sheriff-Urban Shield	Sheriff's Office	Discretionary
27	Social Services Agency	Social Services Agency	Discretionary
28	Public Guardian	Social Services Agency	Discretionary
29	Family Support	Child Support Services	Discretionary
30	Family Health Services	Public Health Department	Discretionary
31	Family Health Services - Others	Health Care Services	Discretionary
32	Mental Health Services-Spiff	Health Care Services	Discretionary
33	Out Patient Services	Behavioral Health Care Services	Discretionary
34	Everyone Home	Behavioral Health Care Services	Discretionary
35	Contract Bonding Assistance Program	County Administrator	Discretionary

Task No.	Audit Project	Department (Audit Type)	Reason for Audit
AUDITS AND ATTESTATION ENGAGEMENTS			
36	Review - Quarterly Agreed-Upon Procedures Q1	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
37	Review - Quarterly Agreed-Upon Procedures Q2	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
38	Review - Quarterly Agreed-Upon Procedures Q3	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
39	Review - Quarterly Agreed-Upon Procedures Q4	Treasurer-Tax Collector's Office	Mandated by Calif. Gov. Code
40	Audit - Fixed Asset Tag Policies and Procedures	Fire Department and Auditor-Controller	Discretionary
41	Audit - SB12 Maddy Fund Claim Process	Health Care Services	Discretionary
42	Audit - Countywide Vehicle Accident Policy	Countywide	Discretionary
43	Audit - Countywide Vehicle Maintenance Policy	Countywide	Discretionary
44	Audit - Cash Handling Process	Information Technology	Discretionary
45	Audit - Gift Cards	Public Health Department	Discretionary
46	Audit - Purchasing, Transit and Gift Cards	Social Services Agency	Discretionary
REVIEW - PRIOR AUDIT FINDINGS STATUS			
47	Review - Focus on Emergency Medical Services	Public Health Department	Discretionary
48	Review - Emergency Preparedness	Public Works Agency	Discretionary
49	Review- Drayage Services	Registrar of Voters	Discretionary
50	Review - Travel Policies	Sheriff's Office	Discretionary
51	Review - Submission of Property to Coroner	Sheriff's Office	Discretionary
52	Review - Vehicle Usage and Purchasing Cards	Social Services Agency	Discretionary
53	Review - Operational Review of the Investment Unit	Treasurer-Tax Collector's Office	Discretionary
AUDIT SERVICES POOL			
54	Fire Department Comprehensive Annual Financial Report	Fire Department	Mandated
55	Workers' Compensation Insurance Fraud	District Attorney's Office	Mandated by Department of Insurance
56	Disability and Healthcare Insurance Fraud	District Attorney's Office	Mandated by Department of Insurance
57	Automobile Insurance Fraud	District Attorney's Office	Mandated by Department of Insurance
58	Organized Automobile Fraud Activity Interdiction ("Urban")	District Attorney's Office	Mandated by Department of Insurance
59	Victim/Witness Assistance	District Attorney's Office	Mandated by CA Governor's Office of Emergency Services
60	Alternative Payment CAPP 7000	Social Services Agency	Mandated by CA Department of Education
61	Food and Nutrition Service (FNS-209)	Social Services Agency	Mandated by CA Department of Social Services
62	Measure B Funds/BB Funds/VRF	Public Works Agency	Mandated by Alameda County Transportation Commission
63	Transportation Development Act (TDA)	Public Works Agency	Mandated by Metropolitan Transportation Commission
64	County Service Area - Castlewood	Public Works Agency	Mandated by CA Water Resources Control Board
65	Child Development Program-Child Care Salary/Retention Incentive	General Services Agency	Mandated by CA Department of Education
66	Child Development Program - Local Planning Council	General Services Agency	Mandated by CA Department of Education
67	East Bay Regional Communications System Authority	Auditor-Controller Agency	Mandated by Authority
68	Local Transportation Fund - Nbr. 44511	Auditor-Controller Agency	Mandated by Metropolitan Transportation Commission
69	State Transit Assistance Fund - Nbr. 44515	Auditor-Controller Agency	Mandated by Metropolitan Transportation Commission

Task No.	Audit Project	Department (Audit Type)	Reason for Audit
AUDIT SERVICES POOL (continued)			
70	Abandoned Vehicle Abatement Authority	Auditor-Controller Agency	Mandated by Authority
71	Bay Area Regional Interoperable Communications Systems	Auditor-Controller Agency	Mandated by Authority
72	Treasury Financial Audit	Treasurer	Mandated
73	Elation AUP	Auditor-Controller Agency	Discretionary
74	Blaisdell's & Songey, Inc.	General Services Agency	Discretionary
75	Inmate Welfare Fund	Sheriff's Office	Discretionary
76	Treasury Basic Financial Statement	Treasurer	Discretionary