County of Yolo

www.yolocounty.org

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- *Financial Strategy Leadership*
- *Budget & Financial Planning*
- *Treasury & Finance*
- *Tax & Fee Collection*

- *Financial Systems Oversight*
- *Accounting & Financial Reporting*
- *Internal Audit*
- *Procurement*

Date: May 6, 2016

Kevin Yarris,
Director
Department of General Services
Yolo County
101 Imperial Street
Woodland, CA 95965

Dear Mr. Yarris:

The Division of Internal Audit has completed the Department of General Services (Department) Risk Assessment Report. We recognize and express our appreciation to the department for being the first to volunteer and undergo the risk assessment process.

The Division of Internal Audit is facilitating the countywide control and performance risk assessment process in accordance with the Statement on Standards for Consulting Services issued by the AICPA. These services did not constitute an engagement to provide audit, compilation, review, or attestation services as described in the pronouncements on professional standards issued by the AICPA, and, therefore, no opinion will be expressed or other form of assurance with respect to the services. It is further understood that the County's Management is responsible for, among other things, identifying and assessing risk, and complying with laws and regulations applicable to various government code, statutes, and other authority that govern various county activities.

In consideration of all risk factors identified during the risk assessment process, which include the results of the risk assessment staff survey, analysis, inquiries and discussion with other county officials, and reviews of prior audits, etc. the department's assigned overall rating is medium to high risk level, and a score risk factor of 4.0, with 5 being the highest and 1 the lowest score that can be assigned. A detailed explanation of risk consideration, and the risk impact and occurrence measures, as well as the risk assessment methodology and approach is provided in the enclosed report.

The detailed report is a useful tool that should be used by the department. The report is organized in a manner that identifies risk and mitigating factors at various levels of consideration by staff, county management, auditor's analysis, and other factors. The department director and staff should review the report and consider the risk and mitigating factors identified, and ensure that the deficiencies are incorporated into the department's strategic plan. Further, the report should be used as a starting point for the department's ongoing monitoring of risk that is now a requirement under various state and federal laws and regulations to help ensure local government accountability.

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The department should focus on the identified risk factor deficiencies and prepare a plan of action that identifies the "who" "what" "how" and "when" (i.e. written procedures that ensure county policies are being followed. Procedures for business transactions both automated and manual, and other written policies and procedures on inventory tracking, project budgeting and approvals, cash handling, fees, permits, etc.).

The department director and managers should review and monitor the plan to ensure that the plan is implemented and progress is measurable. The auditors can provide guidance at the department's request.

Furthermore, the risk factors identified should be considered and used to help the department and the county determine risk impact countywide, where training is needed, succession planning, and other priorities that might require additional efforts, attention and/or focus. Additionally, the county auditors will use the risk factors identified to build the continuous audit plan for the county and an overall countywide risk matrix. The factors will help the auditors determine the departments risk level compared to other county departments, and also the type of review over similar business processes that should be considered and performed. The higher the risk score the more likely the department will be selected for review, and the higher level of risk identified around a particular business process the higher possibility the business process will be selected for review.

We found that the department is diligent and committed to improving their practices, ensuring accountability and transparency, and working towards a more efficient proactive approach in providing services to their internal and external customers. The department's commitment to public value is shown by staff's efforts, and them working to ensure that processes are done in the most efficient manner.

In effort to further assist management with risk consideration and mitigation of risk, the auditors would like to recommend that the department consider improvements around the following; the order of importance should be determined by the department:
✓ Review, inventory, establish a plan, assign, implement, and monitor written policies and procedures around department business processes and other department functions.
✓ Succession planning be developed, and implemented. Historical knowledge, 40% of our staff will be retirement age in the next 5 years.
✓ The department should have regular monthly meetings at the middle management and staff level and at the department wide level to ensure that everyone is heard, matters such as risk factors are discussed, and employee can be heard without fear of being dismissed, or targeted; a culture should be clearly defined and actions should support the plan. This will help support, and increase employee morale, provide a positive working environment, and increase employee trust and get employee buy-in.
✓ Review and develop written procedures over the use and review of purchase card use.
✓ Review and prepare a plan for uncaptured revenue between departments.
✓ Review and prepare written procedures for accounts receivable that ensure accounts receivables are formally booked, collected, aged, and properly written off (if applicable) according to proper accounting principles (A/R's should not be deleted at year-end without proper protocols).
✓ Review processes over revenue collections and tracking of revenue including grant funds use; develop and implement written policies and procedures.

- ✓ Review and implement written policies and procedures over proper documentation and retention regarding grant funding.
- ✓ Review and develop written policies and procedures over inventory control, tracking for materials and supplies, and projects.
- ✓ Review and develop a plan that ensures the department is capturing and recovering at full cost.
- ✓ Review and develop written procedures for ongoing budget tracking that includes monthly reconciliations, by project, divisions, and department. Amendments and other documentation should be developed and required to ensure that the budget, at all levels is accurate, supported, and balanced.
- ✓ Review and develop a written training plan that includes cross-training, and addresses succession planning.
- ✓ Review current practices, develop and implement written policies and procedures over fees and permit collections, reconciliations, and safeguarding.
- ✓ The department should consider risk that addresses data backup and site locations. The plan should include consideration of security and 24/7 coverage (potential break-ins are higher during evening and weekends).
- ✓ Duties statements should be updated, discussed, and signed annually during the annual performance reviews. This will help ensure understanding and expectations between management and staff, and supports a culture of stronger communication, support and understanding of staff needs, encourages a more productive relationship, boost morale, and can help to identify and plan for employees' training needs and professional goals.
- ✓ Suggest that the performance measurement be tied to measurable results (i.e. 98% of heat tickets were closed within X number of days).
- ✓ Procurement should be centralized and brought into one department.

To help ensure the department's success, the Internal Audit Division is available to support and provide guidance at the request of the department.

If you have any questions, please contact me at (530) 666-8190 Ext. 9210.

Kind Regards,

Mary Khoshmashrab, MSBA, CPA
Internal Audit Manager
Division of Internal Audit
Department of Financial Services
Yolo County

Enclosure (s) Department Director's Response
                Risk Assessment Report

cc: Patrick Blacklock,
        County Administrator,
        Yolo County
    Howard Newens, CIA, CPA,
        Chief Financial Officer,
        Yolo County
      Audit File

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Department Director's Response

Mary,

I have thoroughly reviewed your risk audit report and want to thank you for all of your work on ours, and the county's, behalf. We strive to be as transparent as possible and follow all county and departmental policies, procedures and best practices. I believe this report will be a valuable tool to help us improve our operations and our service delivery. In particular, we will be focusing on our priorities with guidance by this report and your office. Examples of those initiatives include:

1) Policy and procedures and updates: Since this report, we have updated our internal cash handling procedure to minimize the risk. We also updated the Facilities Project Management policy in the APM, approved by the Board April 26, 2016. In particular, the new provisions will reduce the last minute rush work at year's end, where mistakes are more probably in procurement and contracting services. Further, we are looking at developing desk procedures for the high volume work tasks we do every day in order to create consistency and improve efficiency. We have also changed our Purchase Card Reconciliation and approval processes in order to better validate our purchased goods.
2) Cross training/Staff Development: We just recently finished developing our Staff Development Toolkit and plan on launching it this spring. The intent is to engage staff on their personal and professional goals and develop a program to help them attain those goals. With the impending retirement in our Veteran's Services Office, we were also approved by the Board to have a new temporary position to allow onboarding and training of our new VSO before the current one retires.
3) Technology upgrades: In our upcoming Parks Study Recommendations going to the Board on May 24, 2016, we will be recommending installing automated fee stations where the public can use credit/debit cards to pay use fees. This will reduce the revenue leakage as many patrons don't carry cash for the current pay stations, and the reduced intake of cash will reduce the risk of theft.
4) Inventory Control: We will be examining methods to track and account for equipment across all divisions as well as develop annual audits/checks of equipment.
5) Budget Controls: We are exploring new thresholds for purchase cards to improve budget monitoring and performance.
6) Since our department has seen divisions come and go over the past few years, we convened a team of staff volunteers to help develop a new mission for the department that will guide our activities and duties. Further, we have convened another team of staff to help develop new customer service standards to help improve communication, performance and overall satisfaction/value with the service we provide.

Again, I want to thank you for all your work on our behalf. We look forward to further success in these areas.

Kevin Yarris, Director
Department of General Services, County of Yolo
IT, Telecom, Parks, Veteran's Services, Facilities & Utilities

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YOLO COUNTY
The Department of General Services
Risk Assessment Report
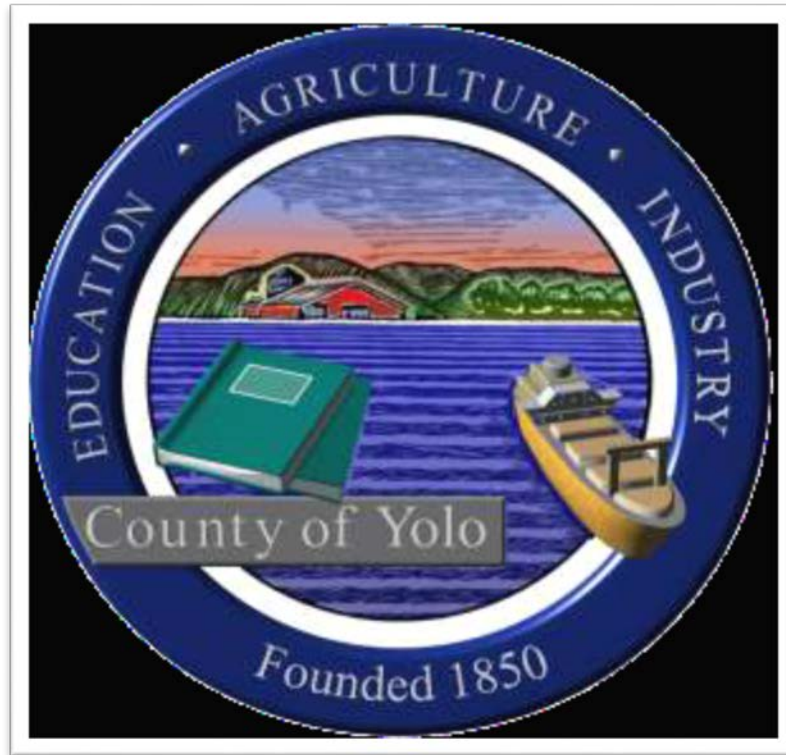
Fiscal Year 2015-16

Facilitated and Prepared by

Mary Khoshmashrab, MSBA, CPA

Division of Internal Audit

Department of General Services
Risk Assessment Report

Contents

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I.   Purpose

To assess the Department of General Services level of risk and the impact that the risks identified might have on the department, and the county as a whole. To determine the level of risk associated with a various processes, transactions, or procedures within the department. Additionally, to determine if the risks identified are being properly mitigated.

II.   Background Profile

The Department of General Services Director Kevin Yarris, and the department's fifty-three full-time team members consisting of professional staff and managers, were the first to volunteer to undertake in the risk assessment process. Kevin and his team of professionals are dedicated and committed to making the department, and in turn the county as a whole, run more efficiently and effectively, while ensuring accountability and transparency to the community they serve.

Major Services Provided

The Department of General Services (DGS) oversees the operations and maintenance of the County's technology infrastructure including hardware, software and telephone support. Additionally, the department provides for and manages the maintenance and remodeling of the County-owned buildings and leased spaces of County-occupied buildings. The Facilities division manages new construction, monitors and manages utilities and collects rents. The Parks division focuses on maintenance, operations and capital improvements to the County's parks and open spaces. Veterans Services assists veterans and their families with benefits and transportation, and provides Honor Guard and outreach services to veterans both newly and not-so-newly returned.

III.   Criteria and Requirements

The Division of Internal Audit facilitated the countywide control and performance risk assessment in accordance with the Statement on Standards for Consulting Services issued by the AICPA. These services did not constitute an engagement to provide audit, compilation, review, or attestation services as described in the pronouncements on professional standards issued by the AICPA, and, therefore, no

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opinion will be expressed or other form of assurance with respect to the services. In addition, the services did not constitute an examination or compilation of prospective financial information in accordance with standards established by the AICPA. No legal advice regarding our services was provided; the responsibility for legal issues with respect to these matters is the County's Management. It is further understood that the County's Management is responsible for, among other things, identifying and complying with laws and regulations applicable to various government code, statutes, and other authority that govern and relate to various county activities.

Additionally, changes in the OMB Super Circular regarding federal grant management and requirements to consider and assess risk with a risk based approach over grant oversight, requirements, development and implementation of strong systems of controls, including written policies and procedures around operational processes (OMB SS200.303 Internal Controls). The requirements include following the Committee of Sponsoring Organizations of the Treadway Commission (COSO) or a similar enterprise risk management, internal control and fraud deterrence system to ensure strong systems of organizational control.

Government Code Section 12422.5 specifically cites the AICPA standards, the internal control guidelines incorporate or reference other internal control standards and practical guidance (i.e. U.S. Government Accountability Office (GAO), Office of Management and Budget (OMB), Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Standards, Institute of Internal Auditors (IIA), Government Finance Officers Association Best Practices, etc.) that are applicable to all local agencies.

The Institute of Internal Auditors Section 2120- Risk Management specifies that as part of the internal audit function, the internal auditor's internal audit activity must include evaluating the effectiveness and contribute to the improvement of risk management processes, etc.

IV.   Department's Budget for Fiscal Year 2015-16

2015-16 Summary of Budget Units

	Appropriation	Revenue	General Fund	Staffing
Facilities Operations, Maintenance, and Utilities (BU 130-3)	$2,379,679	$466,507	$1,913,172	13.0
Information Technology (BU 156-1)	$1,889,394	$1,463,410	$425,984	27.0
Courier and Reprographics (BU 160-1)	$108,463	$40,833	$67,630	1.0
Telecommunications Internal Service Fund (BU 185-1)	$1,875,195	$1,875,195	$0	3.0
Veterans Service (BU 580-1)	$238,812	$35,000	$203,812	2.0
Parks Maintenance and Planning (BU 701-1)(includes Funds 110 , 051, 054)	$907,727	$195,000	$712,727	6.0
TOTAL	**$7,399,270**	**$4,075,945**	**$3,323,325**	**53.0**

Summary of General Services 2015-16 budget

	Actual 2012-13	Actual 2013-14	Budget 2014-15	Requested 2015-16	Recommended 2015-16
Revenues					
Fines, Forfeits & Penalties	$1,338	$1,845	$1,800	$0	$0
Revenue Fr Use Of Money & Prop	$252,280	$215,312	$152,000	$114,264	$114,264
Intergovt Revenue-State	$36,501	($54,736)	$823,600	$30,000	$30,000
Intergovt Revenue-Federal	($10,307)	$4,325	$5,000	$5,000	$5,000
Charges For Services	$3,032,805	$3,480,781	$3,287,496	$2,935,316	$3,058,986
Miscellaneous	$658,488	$2,891,237	$52,500	$74,000	$74,000
Other Financing Sources	$982,758	$1,700,131	$35,000	$148,500	$23,500
Total Revenue	**$4,953,863**	**$8,238,895**	**$4,357,396**	**$3,307,080**	**$3,305,750**
Appropriations					
Salaries And Employee Benefits	$5,990,456	$6,182,097	$6,409,865	$6,737,691	$6,662,110
Services And Supplies	$3,154,345	$3,686,819	$3,200,981	$3,843,642	$3,652,766
Other Charges	$1,130,953	$2,939,223	$317,361	$312,984	$312,984
Capital Assets-Struct & Imp	$186,074	$19,424	$993,600	$365,000	$225,000
Capital Assets-Equipment	$157,388	$830,277	$343,000	$410,000	$410,000
Operating Transfers Out	$632,264	$15,200	$19,200	$16,100	$16,100
Intrafund Transfers	($2,542,945)	($2,493,904)	($2,936,784)	($3,635,372)	($3,879,690)
Total Appropriations	**$8,708,535**	**$11,179,136**	**$8,347,223**	**$8,050,045**	**$7,399,270**
Use of fund balance available	**$0**	**$0**	**$572,001**	**$770,195**	**$770,195**
Net County Cost	**$3,754,672**	**$2,940,241**	**$3,417,826**	**$3,972,770**	**$3,323,325**

Source: Yolo County website

V. *Department's Mission Statement and Strategic Plan Goals for 2015-2019*

<u>Mission Statement</u>
To provide the highest level of service possible to our customers through innovative and excellent customer service.

<u>Strategic Plan Goals</u>
The Department's Director and his team of professionals have identified the following 7 strategic goals that the team plans to accomplish during fiscal-year 2015-16.

Goal 1: Provide a robust and reliable network for all departments.
Goal 2: Complete all work requests in a timely fashion and with consistent positive customer feedback.
Goal 3: Enhance GIS capabilities for departments and the public.
Goal 4: Improve amenities, public outreach and site access in County parks.
Goal 5: Continue to keep County facilities running smoothly.
Goal 6: Continue to modernize the phone and voicemail systems.
Goal 7: Provide direct assistance to veterans and their families to obtain benefits.

The team has identified key initiatives within each goal that align with the department and the County's tactical plan to further ensure that the staff stays on task, and is successful in accomplishing their plan.

In addition each division within the department has established performance measures that are geared towards measuring successes and identifying where improvements can be implemented to support continuous customer satisfaction, and more effectiveness and efficiencies in county government.

VI. *The Importance of Risk Management*

Elements of risk are found within every organization, including government organizations, and, therefore, an organization should calculate its risks and understand that risk management needs to be built into the core infrastructure of the organization. Risk is broadly defined as "what can go wrong." It is the possibility of an event occurring that will have an impact on the achievement of objectives. "Risk" is not synonymous with "problem," and the risks that are identified in this report are a combination of risks that exist within and can be controlled by the County, and risks that are inherent to the County as a local government entity. These inherent risks may or may not be controlled by the County but can be an exposure risk to the County, and therefore be considered in the countywide risk assessment.

To maintain alignment between risk exposures and organizational objectives, a risk

intelligent organization draws on the coordinated efforts of three levels of risk management responsibility:

Risk governance, including strategic decision-making and risk oversight, led by the Governing Board, the County Administrator, the Chief Financial Officer, and other executive management

Risk infrastructure and management, including designing, implementing, and maintaining an effective risk management program, led by executive management and/or facilitated by the Chief Auditor

Risk ownership, including identifying, measuring, monitoring, and reporting on specific risks, led by the departments and management in these areas including political, high profile programs, external oversight reviews, etc.

The more clearly an organization can state its mission and priorities, as well as understand its strengths and capabilities, the more directly it can navigate to identify key risk areas to develop mitigation plans. Recent changes, including department reorganization, implementation of a new payroll, budget, and financial system, and other emerging changes, have placed the County in a unique position to evaluate its strategies, key business processes, supporting technology, people, and their related elements of risks, to further help ensure success.

The Division of Internal Audit (division) used an industry standard approach in developing the risk assessment methodology that gave consideration to the key strategies, operational, compliance, financial and other risks associated with a large local government organization such as Yolo County.

Among the critical inputs to the development of the risk assessment and the creation of a continuous internal audit plan was the information obtained from the Yolo County management and other departmental staff that responded to a computer based self-risk assessment survey prepared by the division, or those that were interviewed in person by the engagement team.

VII.   *Overview of the Methodology and Procedures Performed*

The Yolo County's Internal Audit Manager facilitated the Department's risk assessment. The risk assessment process began with the Internal Audit Manager gaining an understanding of County and the Department's key business processes through interviews with key personnel and a review of relevant policies, procedures, and business process-related documentation.

The Internal Audit Manager interviewed key personnel from the department, members of the Executive Management team, and others that county staff work with

or depend upon the County and the Department's support for services and other duties to accomplish their objectives or meet their needs.

The next step in the process consisted of the Internal Audit Manager providing a training to department's managers and key staff on COSO Framework 2013. The purpose of the training was to help the managers and staff assimilate COSO into their risk environment and gain an understanding of risk as it relates to their internal and external processes. During the training the staff was provided a self-assessment risk survey to follow that was later sent to each of the participants to complete.

Shortly after the COSO the training class, using a web based survey service, a self-assessment risk survey similar to the survey provided in training, was sent to all training participants, requesting that the survey be completed and submitted to the division for review and analysis. The internal auditors performed an analysis of the department's survey results. The results will be included in a summary report to the department and incorporated into the countywide risk assessment report and risk matrix. The information and the results obtained from the risk assessment process identified above will be useful in helping the auditors further assess the department's risk, and the impact to the county. The countywide risk matrix will include risk consideration of key business processes, responsibilities, transactions, and other factors, by department. The risk matrix is designed to identify areas of control and inherent risk, by department, and rank the level of impact associated with the risk including the consideration of the mitigating factors identified by participates.

The following processes and factors are considered in the assessment:

➢ Operational processes, which are those related to the Department's key mission of collecting and accounting for public funds and other fiduciary duties.

➢ Infrastructure processes, which are those that relate to the support and management of the department's (County's) (information systems, financial reporting, human resources, etc.)

➢ Risk ownership, including identifying, measuring, monitoring, and reporting on specific risks, led by the business areas, including political, high profile programs, external oversight reviews, etc.

These areas and related processes were further broken down into the sub-processes, functions, or activities that naturally occur within the department. Additionally, established controls and performance measures designed to help mitigate risk associated with the processes were considered, measured, and assessed.

In addition to gaining an understanding of the department's general business practices, as it relates to running the department, the auditor identified department specific risks. These risks, both inherent and control, that are pervasive within the

county and the department, were identified through interviews, observations, external and internal research, and survey analysis. For each process, function, or matter identified, a ranking of the vulnerability and the significance of the impact the risk could have on the department, and/or the county was examined and incorporated further into the overall risk analysis. Each of the risk identified is assigned a risk level that ranges from low to high, and is scored from 1 to 5. Once the risks are scored and totaled, the department will receive an overall department score and assigned level of risk based on the total number of risks. The assignment of risk is discussed in more detail below.

Additionally, the auditors will consider risk factors and assign a risk score for shared transactions and general business functions (e.g. purchase cards, accounts receivable, etc.). These factors will also be incorporated into the countywide risk matrix and used to develop county's continuous performance based audit plan. The plan will be developed based on the level of risk by department, and also by processes or general functions within each department. As such, areas with high to medium risk will be included in the controls and performance continuous audit plan for testing and review. Areas with predominately low risk will be included in the controls and performance audit plan but will receive a lower level of review than the higher-risk areas. Other factors and consideration (e.g. Board, CAO, Pubic Interest-special request, etc.) will be incorporated into the plan as well.

A summary of the survey results and the risk analysis of the department's assessment is provided to the department director and a meeting to discuss results, answer questions, and/or discuss the recommendations will be scheduled. The auditors will also discuss additional actions or training requests that the department may like to consider.

VIII.   *General Risk Themes (Countywide Consideration)*:

The countywide risk matrix universe identified by the auditors, as previously mentioned, consists of business processes, general functions, and other activities that drive the daily operations of all departments countywide. The risk assessment theme considered all departments countywide and includes both department specific control and inherent risks. Various factors were considered including the relevant policies and procedures of countywide and department specific. These considerations will be articulated more fully in the Countywide Risk Assessment Matrix that will be included as part of the Countywide Risk Assessment Report. The report and the matrix will be completed once all the departments have been assessed.
As a result of the risk assessment procedures performed at the countywide level of government and drilling down into departmental levels, several general risk themes became apparent.

These themes generally relate to one of the following fundamental questions:

➢ Does the Organization have the right strategy and governance mechanisms in place to achieve its mission?
➢ Does the Organization have the right processes and technologies in place to support its strategies?
➢ Does the Organization have the right people in place to execute the processes and technologies in accordance with the Organization's expectations?

General observations related to each of these areas are as follow:

Strategy/Governance – The County's strategy has been heavily focused on its customers. Yolo County's Strategic Planning effort is a dynamic, countywide, long-term, future-oriented, process of evaluation, assessment, decision/policy-making and implementation that links present circumstances with a meaningful vision of the future, considers Yolo County's capacity, resources and changing environment and indicates where resources are to be concentrated. However, with the drive to be dynamic in the long-term, future-oriented, and future focused, there must be consideration of the past and present processes, practices, performances, including areas that may be short of proper planning and consideration which resulted in success and/or encouraged failures. If forward moving does not take into consideration the importance of proper planning, brainstorming of possibilities, and a review of past behaviors and failures due to a deficiency of well-planned and defined steps, the following errors may occur and future successes may not be realized:

❖ There may be a lack of recognition of the importance of a strong system of governance and internal controls

❖ There may be a lack of a risk identification process and mitigation of those risks

❖ There may be a lack of understanding, responsibility, or appreciation for the key government codes, statutes, authority, and for state or countywide policies and procedures

❖ There may be a lack of awareness of the importance behind producing accurate and complete information that can be relied upon by other government entities and internal and external stakeholders

❖ There may be a lack of an overall governing strategy that guides the County in part or as a whole to achieve its goals

❖ There may be a lack of business analysts or experienced personnel who are responsible for understanding operating procedures, defined performance measures, program expectations, forecasting, projecting, accounting, monitoring,

collecting and fully recognizing full cost recovery, revenue, and liabilities both to internal and external customers, reporting, and requirements by other governments

❖ People- the County may not have a sufficient resource strategy to support the Organization's needs and its responsibilities to the Community. The County may not be appropriately focused on managing organizational design

❖ The organizational plan does not seem sufficient, and the structure may not be aligned to meet needs. The plan does not identify the "who, what, when" and/or critical links by title or position

❖ Staffing of personnel may not be focused on placing personnel with the proper level of knowledge, skills, and abilities necessary to effectively accomplish their jobs

❖ Key roles and responsibilities may not be adequately defined and communicated

❖ Succession plans may not be in place to plan for and manage turnover in key positions

❖ Positions may not exist for those areas that may not historically have been a focus, such as internal audits, financial reporting, accounting , and business and revenue analysis and grant program oversight, monitoring and review analysis

❖ The County may lack experienced personnel with knowledge of the operating procedures specific to standards and government type business process

❖ Revenue stream reporting may not exist due to the lack of experienced personnel who understand the end to end business processes around various transactions in order to perform appropriate analysis and fully capture revenue

❖ There may not be an effective change management process to implement and communicate changes consistently and ongoing across the County

Process -There does not appear to be an updated comprehensive set of documented (written) processes in place to adequately guide the day-to-day operations of the County as a whole. Many Departments processes may not be well defined and may lack internal controls; as a result, errors may occur and go undetected if the following issues are not addressed:

❖ A robust process documentation system, including written policies and procedures, may not be clearly defined and utilized for consistency within the departments and the County as a whole.

❖ As a result of turnover and several department realignments, it is unclear whether key activities within the processes are being performed or that they are being applied consistently

❖ Many processes are manual and may require duplicative and intensive data entry due to a system that is not designed for a decentralized government environment

❖ Reconciliations may not be consistently performed by staff and reviewed by management

❖ Analytics to review balances and identify trends in data may not be performed

❖ Cross training of staff, written desk procedures, or other succession planning consideration may not be present in many of the departments environments

❖ Unrecorded accounts receivable, accounts payables, inventory tracking and monitoring, and poor or no collections efforts may be present in many of the departments

❖ Poor or no controls over liquid assets, such as revolving fund accounts, accounts held outside of county treasury, cash cards, purchase cards, vouchers, gas cards, and other liquid assets

❖ Poor or lacking documentation over disposal and use of liquid assets appear to be present in many of the departments

❖ Lack of oversight and monitoring of vendors, contractors, and other entities that the County departments are responsible for monitoring

❖ Material and repetitive dollar findings from external review performed by other government entities

❖ Inconsistent treatment regarding Countywide policies and procedures around programs such as employee recognition, travel and travel reimbursement, and allowable use of revolving fund

❖ Countywide policies and procedures are outdated and/or contradicting

Technology- the County's strategy, mission, and direction related to IT systems may not be clearly defined to meet the current and future needs of the business and aligned with the strategy of the County. Below are key risk areas associated with IT for County that need to be further examined:

- ❖ There may be a lack of an IT governance model, including an IT strategy that is aligned with business needs and management's priorities

- ❖ There may be a lack of defined key technology processes, such as, the system development life cycle (SDLC) process, the change control process, IT policies, written system documentation, and technology procedures

- ❖ Though the County is in the process of implementing a new countywide system (Infor), much of the system will comingle with other technology over many key business applications that appear to be outdated and inflexible; many workarounds have been created and several system control deficiencies have been identified

- ❖ There may not be an effective disaster recovery and business continuity plan for key business applications

- ❖ Core systems may not support automated interfaces, which can cause manual entry or data summarization errors and limit the ability to reconcile accounts and age collections, distributions, and payments, including with the newly implemented Infor system that require several workarounds in order to accommodate the deficiencies

- ❖ System and data audit logging, monitoring for changes ,and maintaining system history for various transactions and processing information may not be occurring (e.g. State Cost Reporting)

- ❖ Application and data security access to the system and sensitive information may not be properly secured or monitored according to business and compliance requirements

- ❖ The County may not have personnel or business analysts who are adequately and continuously trained or knowledgeable in both IT and business processes necessary to develop business requirements to correspond with IT changes

Risk Categories:

As part of the risk assessment, we identified the various categories of risk applicable to an organization like Yolo County. These risk categories were determined through discussions with County personnel and our experience with other local government entities. We ultimately assessed the likelihood or probability of occurrence for each of these risk categories for each department reviewed and subsequently for each potential internal audit identified. The risk types are presented below.

Risk Types- Likelihood	
Budget Risk	Risk assessed based solely on magnitude of annual budgeted expenditures. • Low – up to $2.9 million • Moderate – greater than $3 million up to $5 million • High – greater than $5 million
Strategic Risk	Inability to meet business goals, objectives, or strategies due to: • An ineffective or inefficient business model • An improper or inefficient organizational structure • Improper or ineffective strategic planning
Financial Operations Risk	Information used to support operational and financial decisions is not relevant and reliable, resulting in: • Budgets that are unrealistic or ineffective • Operation measurements that cannot be relied upon for monitoring performance • Accounting information that is not prepared in a timely and accurate fashion
Information Technology Risk	• Technology used does not effectively support the current and future needs of the department or County • Compromise to the integrity, access and/or availability of data or operating systems
Legal and Regulatory Risk	Noncompliance with county, state, or federal legal or regulatory requirements can result in fines, penalties and/or other adverse impact to the department or County.
Integrity/Fraud Risk	• Susceptibility to theft, waste and abuse of County resources • Assets and information that is vulnerable to theft or manipulation
Customer Service/ Delivery Risk	• Failure to provide service to internal or external customers • Failure to respond to internal or external customers in a timely and effective fashion
Environment, Health & Safety Risk	A condition or vulnerability that has an adverse effect on the environment or negatively impacts the health and/or safety to employees and/or local citizens.
Personnel/ HR Risk	Lack of proper skill set, resources, training, or succession planning in County personnel.

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Information & Communication Risk	Inaccurate, inconsistent or untimely information or communications to internal and external customers, including financial reporting.

Impact Categories:

Once the likelihood of occurrence was determined, based upon all of the information gathered, the impact of the risk occurrence was rated for each of the following factors:

Risk Impact	
Reputation Impact	Improper instructions, communication and interactions with internal or external customers, regulators, or constituents that may result in negative public perception and/or could harm the reputation of Yolo County.
Business Operations Impact	• A condition or issue that prevents County operations from functioning effectively, efficiently or from meeting internal/external goals and objectives • A vulnerability due to volume, complexity of transactions or activities
Financial Impact	• Circumstances that could result in significant financial implications to the department or the County • Failure of the County to meet financial obligations or requirements • Failure of the County to comply with funding requirements thus impairing future funding • Misstated Financial Statements

When considering the risk ratings for likelihood and impact, we considered the factors outlined in the table below.

Likelihood		Impact	
High	Immediate and high degree of vulnerability such that it is critical that the risk be managed and controlled in order for this area to achieve its objectives. If not properly controlled, that area could have a serious, long-term or detrimental effect on operations, internal controls and the achievement or organizational goals and objectives.	**High**	If an event occurs, the financial ramifications would be severe and/or operations would suffer long standing consequences.

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Moderate	Risk present should be addressed and controlled but the probability is not as severe as defined above. If not properly controlled, the area could have some impact on operations and internal controls, but achievement of organizational goals and objectives will still be met.	**Moderate**	Indicates that the resulting consequences of an event would be negative and must be managed but would not have a substantial effect on finance or on-going operations.
Low	The threat of a serious event occurring is either non-existent or remote. The area should be managed but the level of risk response is limited.	**Low**	Indicates that the event occurring would have little or no impact financially or operationally.

The combined analyses of risk were grouped by risk likelihood and impact category and an average response rating calculated. Based upon the average response rating calculated all risk categories were initially assessed as High, Moderate-High, Moderate, Moderate-Low or Low. The Table below details the how the values were applied to the assessment rankings.

Initial Assessment Rankings

Value	Risk
1.00	Low
2.00	Low-Mod
3.00	Moderate
4.00	Mod-High
5.00	High

Development of Department Ratings:

Department ratings were developed based on consideration of the following:

- Structured question responses from the survey – Responses to the survey questions were assigned a point value that was averaged with all of the responses from a particular department. These average scores equated to a high, moderate or low rating. Each question on the survey was linked directly to a risk or impact category.

- Narrative responses from the survey – Narrative survey responses provided context beyond the numerical score. Although responses were generally brief,

they provided additional information that impacted the judgments and conclusions of the engagement team.

- Interviews – The auditor interviewed County managers and senior officials in individual and group meetings. These interviews provided compelling information regarding the risks and challenges facing the County. The interviews also provided significant direction related to the audit universe for the County. All of the interviews were attended by the Internal Audit Manager. By providing advance information to the interviewees, our time together was spent focusing on the risks, issues and concerns of the management team and not on the process. The interviews significantly impacted the judgments and conclusions reached by the auditor.

- Data review – The internal Audit Manager also reviewed previous process reviews and audit reports from internal and external parties as part of the assessment process. From each of these, we gained additional context and understanding of the department and overall the County's successes and challenges, and we have considered this information in each of the departmental assessments.

After consideration of the narrative survey responses, interviews and data review, as well as the engagement team's prior experience, we reviewed and revised, as judgment dictated, the initial risk ratings that had been mathematically calculated. The Countywide Risk Level Heat Map shown by Department is presented in Section XIII. Ultimately, the final risk and impact ratings reflect the judgments of the internal auditors based on the totality of the information gathered.

IX. *Department's Control and Performance Risk Results*

Summary of Survey Results

The survey was designed in subsections that pertain to various aspects and consideration of the department's environment. The questions were developed to help staff consider, identify, and assess the potential likelihood of occurrence, and impact of risk associated with various categories or factors within the department. Also, the questions were open ended to encourage staff to describe how the risk identified are mitigated and/or need to be addressed and further developed or improved.

Mission and Organization Objectives:
The majority of the staff surveyed noted that communication and cooperation, proper planning, buy-in, follow-through and good customer service was among the highest

factors of importance in helping to ensure that the organization's objectives are accomplished and successful.

Staff also identified deficiencies in properly documenting (written) processes and procedures, accurately and consistently tracking spending, and adhering to program budgets which could contribute to, and potentially hinder their ability to successfully accomplish the department's goals and objectives.

Further, staff cautioned that deficiencies in building structures, failure to properly secure information systems, update systems in a timely manner, and ensure adherence to and proper use of software licensing, as well as potential misuse or misappropriation of grant funds or other county funds would bring the greatest potential legal exposure to the department, and the county as a whole.

Staff concurred that while behaving with accountability and transparency over daily transactions would help the organization and the County gain creditability and trust with the public and other interested parties, staff consistently shared that avoiding bad behavior such as poor judgment, misuse of grant funds, failure to properly inform the public, or other government entities when necessary, not following applicable laws and regulations, not ensuring compliance where applicable, and not following consistent industry best practices would increase risk to the department, and the County as a whole; thus losing credibility with the public and other oversight entities.

The staff surveyed suggested the following factors be considered to further improve the department and its successes:

➢ Improve dated buildings and infrastructure to ensure a safe environment for Yolo County employees, and the public
➢ Mutual connectivity with other entities to save on operational cost and enhance communication with other departments
➢ Consider a centralized purchasing unit that handles all request, performs bids, and creates master agreements that can save public funds
➢ Support training to keep up with new technology and centralized controls over purchasing equipment and inventory
➢ Encourage increased transparency, accountability and efficiency by implementing consistent practices, policies and procedures, and documentation requirements
➢ Consider cross training and knowledge sharing, increase resources, and steps to prepare for retiring staff
➢ Encourage more involvement from the County Administrator's Office (CAO) and Department of Financial Services (DFS) by setting an environment that practices and sets a tone from the top, and
➢ Support ongoing assistance from the Auditors to help encourage and improve processes and procedures.

The staff surveyed identified the following practices that help ensure that the organization is able to measure their progress:

➢ Budget driven
➢ If timelines are being met and work projects are completed
➢ Tying projects to the County's tactical plan and aligning goals and objectives
➢ Work order system metrics
➢ Heat tickets
➢ Customer service surveys
➢ Annual reports to the Board on productivity, projects completions and results
➢ Time data collection
➢ Management encourages continuous improvement practices, and
➢ Tying performance measurements specifically to budget items.

The staff surveyed identified the following actions as potential failure to the success of the organization:

➢ Over expended department budget
➢ Not completing projects on time, or over budget
➢ Not providing timely support to customers
➢ Building structure unsafe due to untimely maintenance or repairs
➢ System failures due to poor security environments or untimely system updates
➢ Failure to properly track, record, bill, and collect revenues
➢ Other departments not wanting to reimburse organization for time and supplies
➢ Poor communication between staff, management and executive management
➢ Failure to fully inventory and account for large and small equipment, and
➢ Failure to track and test inventory on a timely and ongoing basis.

Business Continuity:
The staff surveyed identified the following would be impacted if access to the organizations building was disrupted:
➢ Loss of revenue- however minimal impact because most have remote location capability
➢ Loss of productivity- also minimal impact because most have remote location capability
➢ Some facility control and security programs would be inaccessible making it difficult to monitor other departments functions
➢ If flood or fire the impact would be disastrous for the County since a majority of all data systems are stored in the building
➢ Support for the County would be hindered, and
➢ Depending on reason and time for inability to access, it could be a great impact because currently the county does not have another site as a backup.

Based on the survey *67 percent* of those surveyed stated that the organization does not have a written recovery plan. Others commented that there may be a plan but it requires updating.

Identified Potential Risk:

The staff surveyed were provided up to seven spaces to identify potential risk within the department, of the 19 surveyed, 15 responded. The following potential risks were identified:

Staff	2. Potential Risk	2a. Potential Risk	2b. Potential Risk	2c. Potential Risk	2d. Potential Risk	2e. Potential Risk	2f. Potential Risk
1.	understaffed	lack of funds	Administrative requests	Poor project management	aged equipment		
2.	Not sure	Not sure					
3.	Overwork	Aging Infrastructure	Training				
4.	improper planning						
5.	Cash Theft at campground	Cash theft from "iron rangers"	Abuse of purchase cards	Theft of computer equipment	Theft of tools (Parks and Facilities)	Improper bidding (All divisions)	
6.	Single point of failure by having one person know a specific job.						
7.	loss of personnel	fire or water damage for a given site	wide spread power failure				
8.	power failure	fire alarm failure	well failure	flooding			
9.	Data center redundant site	Single points of failure	CUPCCAP	Poor planning			
10.	Short staffed	Staff morale low	Software management	lack of funding			
11.	ONLY 1 PERSON KNOWS TELECOM BILLING (SHEILA)	ONLY 1 PERSON KNOWS ALL SYSTEMS (LEE)	DEPT. SYSTEMS IS THE ONLY SECTION WITHOUT A FULLY RECOVERABLE PLAN	RATE STUDIES OLD NEED TO BE REDONE (FACILITY & TELECOM)	PARKS NEEDS TO BE RETRAINED ON TIME STUDY & WHY	PARKS NEEDS TO BE RETRAINED ON CODING EXPENDITURES TO MAKE SURE CORRECT	
12.	Single point of failure- Telecom billing	Single point of failure- Parks Management, day to day.					
13.	Lack of clear leadership	Single points of failure	Lack of staff development and investment	Lack of communication	Lack of cooperation	Lack of institutional knowledge transfer, or information hoarding	
14.	No off-site redundancy of IT infrastructure	No off-site redundancy/back- up of data	No off-site redundancy/back-up of applications	Single points of failure for critical staff/knowledge	internal communication between Network and development		loss of staff - Staff at top step of their positions, no growth

15.	Lack of separation of duties	Communication	Year-end projects that a rush, not well thought out because of funding	No consistency among divisions	Lack of direction as to what departments pay and when	IBs being deleted at the end of the year	Lack of understanding of policies and procedures

The staff surveyed were then asked to measure the impact of each of the risk identified above based on occurrence and impact for each risk number (2 through 2f). The following are the results:

	2. Response (%)	Responses
High Occurrence & High Impact	50.00	7
High Occurrence & Low Impact	7.14	1
Low Occurrence & High Impact	42.86	6
Low Occurrence & Low Impact	0.0	0
No Risk	0.0	0
	Answered Question	14

Risk 2- Approx. 93% of the risk identified were high to moderate risk level; 50% of the risk identified were considered to be high occurrence and high impact and approx. 43% were identified as low occurrence with high impact. The overall assessment of approximately _93%_ was ranked at a high to moderately high risk level.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ Only one person knows anything about Telecom Billing System
➢ No control known
➢ Data backup tape
➢ Standby generators are in place at detention and other key Facilities
➢ None
➢ This matter has been discussed in the department and known that it is a problem that requires attention in regards to TCS. The new Infor system must first be considered because it will change everything including TCS
➢ Inventory control and online reservation system. Good solid policy and procedure as well on cash. Other areas need work on written policies and procedures
➢ The department has over committed and staff are writing more checks they cannot cash. Spreading resources too thin does not do staff or the projects justice. Controls should be put in place to bring departments together and jointly prioritize work. This largely does not occur anymore, and
➢ There is not enough resources.

	2a. Response (%)	Responses
High Occurrence & High Impact	46.15	6
High Occurrence & Low Impact	0.00	0

Low Occurrence & High Impact		46.15	6
Low Occurrence & Low Impact		0.00	0
No Additional Risk		7.69	1
		Answered Question	13

Risk 2a - Of the staff that identified a risk, the risk was ranked either as high occurrence and high impact (46%) or low impact, high occurrence (46%) for a total of approximately 92%. The remaining 7.69% did not identify additional risk.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ There are only one or two employees that know the day to day major operations in several of the Division. Many of them are nearing retirement and there is no plan
➢ Cross training has been provided in some of the areas but many are lacking in others
➢ Fire alarms and testing are done timely
➢ Access controls are implemented
➢ Iron rangers and cash are put in locked areas. Strict procedures are in place
➢ None
➢ Several plans are in place such as PC replacement program, however aging technology threatens the county overall, and
➢ Staff is lacking and departments are reluctant to pay for the services provided.

		2b. Response (%)	Responses
High Occurrence & High Impact		41.67	5
High Occurrence & Low Impact		8.33	1
Low Occurrence & High Impact		16.67	2
Low Occurrence & Low Impact		25.00	3
No Additional Risk		8.33	1
		Answered Question	12

Risk 2b- Approximately 42% assessed the risk levels at the high occurrence and high impact and approximately 17% at low occurrence and high impact, for a total of approximately 59% assessed risk levels at high to moderate. Of the total that responded, 8% did not identify additional risk. The other 33% assessed risk at approximately 8% HO/LI and 25% LO/LI.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ IT charges- we can only account for contracts/projects that are signed and estimates based on previous years usage. This leaves a significant gap of

recovery. We are working to streamline this and pounding the pavement to solidify more projects

➢ Because there was no software management program in place before our recent directive to have customers provide proof of purchase or licensing if they need a PC reimaged or software transferred to another or new PC and cannot provide proof of purchase or licensing. If we cannot install the software this will impact the customer

➢ Review of CUPCCAP Regulations

➢ We now have a permanent metered connection at another campus. If there is failure this will help bring water needs to the campus

➢ Backup power generator

➢ All managers review their staff's purchases and those purchases show where the items went. The director reviews every bill and asks questions if not clear.

➢ Rarely are staff trained on new technology, but are constantly held to a high performance standard on all technologies used by the county. No particular control in place, only in good economic times is this considered, and

➢ Administrative requests are when CAO/BOS/GSD Admin and department heads call for urgent response to whatever request they are making. We have to call staff that have already been assigned to tasks for the day and pull them off to respond to the "urgent" matter. Most of the time departments lie about the urgency and/or it is a trivial matter. While we understand there are emergencies, Admin staff should be more considerate of what we deal with on a daily basis instead of asking for preferential treatment. Cleaning up after homeless is an endless job. Having to move furniture or equipment shouldn't be considered urgent.

		2c. Response (%)	Responses
High Occurrence & High Impact		36.36	4
High Occurrence & Low Impact		18.18	2
Low Occurrence & High Impact		18.18	2
Low Occurrence & Low Impact		9.09	1
No Additional Risk		18.18	2
		Answered Question	11

Risk 2c- Approximately 55% of the identified risk are assessed at high occurrence and high impact (37%) and low occurrence and high impact (18%), which are considered high to moderately high levels of risk. 18.18% did not identify

additional risk and approx. 27% was a combination of HO/LI (18.18%), and LO/LI (9.99%).

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ Identifying single points of failure, planning for cross training, documenting process and knowledge
➢ No Control
➢ We are not fully recovering cost
➢ We have looked at KACE software and asset management systems with Dell but it is too costly
➢ Project planning meetings
➢ Emergency Response plans are enacted if necessary
➢ Equipment is expensive. Each manager reviews all purchases and most are tied back to a heat ticket for documentation. Bar coding could improve this further, and
➢ Project management is somewhat disorganized. Facilities staff involvement should be scheduled if possible so the daily work is not too disrupted.

		2d. Response (%)	Responses
High Occurrence & High Impact		37.50	3
High Occurrence & Low Impact		12.50	1
Low Occurrence & High Impact		12.50	1
Low Occurrence & Low Impact		12.50	1
No Additional Risk		25.00	2
		Answered Question	8

Risk 2d- Approximately 50% of the identified risk are assessed at high occurrence and high impact (38%) and low occurrence and high impact (12%), which are considered high to moderately high levels of risk. 25% assessed risk at HO/LI and LO/LI and 25% did not identify additional risk.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ There is no explanation of why one department pays over another. The board has a full recovery policy but its interpretation is different among many, including those in the Auditor's office who state, "full" cost recovery to the extent possible" which leaves staff wondering the definition. Elected department heads have their own interpretation, etc. Standardization is need in order to properly implement full cost recovery

- ➢ Migration plans are being developed for databases and applications. IT managers are communicating and collaborating on how to better plan and execute development, testing, implementation, maintenance, migration of systems and infrastructure (hardware)

- ➢ No Control

- ➢ Time Studying in regards to the Parks on specific projects that are being worked on so we can accurately report the cost to run each location. If we could retrain what is what would be helpful

- ➢ I am not sure there are any controls for all the tools in parks or facilities. Their Supervisor authorizes purchases as appropriate, and

- ➢ Regarding the aged equipment. This ties in with the lack of sufficient budget to enable Facilities to repair and/or replace aged equipment in a timely manner. Staff have resorted to removing equipment from vacant buildings to utilize elsewhere with no way of knowing how long it will last. We have many vehicles that should be replaced. Which creates a hazard for our staff that travel to 55 different buildings for maintenance issues and our staff has on-call for afterhours calls to any one of our buildings. They should have reliable vehicles to drive. Again lack of budget.

		2e. Response (%)	**Responses**
High Occurrence & High Impact		33.33	2
High Occurrence & Low Impact		16.67	1
Low Occurrence & High Impact		16.67	1
Low Occurrence & Low Impact		0.00	0
No Additional Risk		33.33	2
		Answered Question	6

Risk 2e- Approximately 50% of the identified risk are assessed at high occurrence and high impact (33%) and low occurrence and high impact (17%), which are considered high to moderately high levels of risk. Approx. 17% assessed as LO/LI and 33% did not identify additional risk.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

- ➢ The department is diligent in processing IB and revenue masters for receivables. However, at the end of the year we are told to resolve the IB or it will be deleted. There is no long term monitoring of the IBs for monitoring receivables

- ➢ No Control

- ➢ Retraining on what program codes = what and that when Infor comes in there

will be no program codes only cost centers and activity codes

➢ N/A

➢ We follow state laws and county ordinances/policies. We have few contractors these days as doing public works projects are very cumbersome for smaller contractors. We need more competition

➢ N/A, and

➢ N/A.

2f. Response (%)	Responses		
High Occurrence & High Impact		20.00	1
High Occurrence & Low Impact		0.00	0
Low Occurrence & High Impact		20.00	1
Low Occurrence & Low Impact		0.00	0
No Additional Risk		60.00	3
	Answered Question		5

Risk 2f- 100% of the identified risk (40% of the total possible) are assessed at high occurrence and high impact (50%) and low occurrence and high impact (50%), which are considered high to moderately high levels of risk. 60% of the total did not assess additional risk.

Respondents provided the following comments in regards to mitigating controls currently in place to help detect or prevent impact.

➢ The department has one analyst who also completes work in the fiscal area. The department overall needs an analyst just for policies and procedures. There are enough policies and procedures which fall in general services that the position is warranted

➢ Developing training plans, developing development plans, talent development (countywide)

➢ N/A

➢ N/A, and

➢ N/A.

The staff surveyed were asked if the organization (department) considers and mitigates public perception risk. The follow responses were provided by staff:

➢ Yes, because most of our buildings are public buildings. We maintain the grounds as well. For instance, if our sprinkler or irrigation system is creating runoff or are broken and create a fountain. The public will call to complain and could end up in the local newspaper. Some of our sidewalks surrounding some of our buildings are trip hazards so we try to repair them

so we won't be liable if someone trips and falls on County property. We try to keep walkways clear and provide handles on stairways for staff safety and convenience.

➢ Yes, for both county employees and the public in general. IT takes seriously the perception that people have and try to address it through surveys sent out via HEAT after trouble tickets are completed.

➢ Not sure

➢ The biggest risk we face in public perception is misuse of funds. High dollar hammers, etc. Our goals and projects are presented in the budget annually and reported to the Board annually in the department update. We buy off pre-bid lists as authorized to control costs, and bid to get the best price whenever feasible.

➢ Yes, use of vehicles rules as to their use.

➢ Not sure on this one, but if you mean public perception how we are viewed as we are doing business within the County on a daily basis, then yes. Careful spending, driving and protection of assets.

➢ N/A

➢ I feel public perception can be a risk if the public feels they're not receiving proper service or see misuse of County/Government funds or property. At my level as a Supervisor I make sure that staff is providing customers the proper service needed and that there is no abuse of County resources.

➢ I think so

➢ Yes, we absolutely are aware of these issues, but time and availability of staff are strained already

➢ No

➢ Yes, transparency and communication, and

➢ Yes, we take feedback and complaints seriously and mitigate the risk by analyzing the impact and making appropriate adjustments necessary.

The staff surveyed were asked to identify any additional concerns or risk. The following responses were provided:

➢ Although not specific to our department, the ACO fund seems to have risk in being used for other purposes than authorized.

➢ Complete system failure of single core equipment or site such as the communications center, trend has been to migrate system back to single processor, single point control. If this should continue from a diversified distributed communication system as we have, one site failure will be catastrophic for system operation and will break down continuity of government. No communications via telephone, voice mail or computer.

➢ I am not sure there are others but I don't know what I don't know.

➢ Budget/Funding, staffing and natural disaster, and

➢ Role of purchasing/procurement. Why is purchasing/procurement for some items at the department level? It would seem appropriate for

purchasing/procurement to handle and for them to also get all the insurance requirements. If every department does it, it's not consistent.

The staff surveyed were asked to respond regarding the review of controls if any, and how often.

Results: 57.15% of staff responded that controls were not reviewed or that there were no consistent controls in place. 42.86% responded that controls are in place. Staff were asked if the control deficiencies are reported to a manager or director. Approximately 54% responded that control deficiencies are reported to the Director and or Chief. However, approximately 46% stated that there are no consistent controls in place and/or reviews are not conducted.

The following responses were provided:

➢ I do not know what the specific schedule for review is or the latest outcomes
➢ Last month the Admin team reviewed and updated the Departmental Cash Handling Policies/Procedures
➢ Management controls this
➢ Consistently reviewed just not the proper time to fix
➢ Cash handling was reviewed this past year. The others fall under county-wide policies
➢ N/A, and
➢ People in general are busy to the point that they are putting out fires most of the time, extra projects and policy review therefore tend to suffer because of this, no one's fault per se, just a lot of work to do.

The staff surveyed were asked to identify foreseeable risk within the next 2 years. The following responses were provided:

➢ Further deterioration of buildings
➢ Aging infrastructure, training in emerging technologies, and budgets
➢ Yes there are risk
➢ Recession. Internal Services get cut the worst yet the requirements don't change. Loss of knowledgeable staff to retirement is a risk as well and there is little capacity and time to cross train and no dollars to hire bodies to transition the knowledge
➢ Unknown
➢ Loss of single point personnel that have no backup/cross training
➢ If drought continues the well at the Justice campus may have issues with water quality
➢ Software audit, Technology advancing with smart phones and tablets and not enough staff to keep up with it as I would like to. Our new Infor financial system storing all of the County employee's social security numbers and personal information off site on and I believe an Amazon server
➢ Lack of support or direction for the Parks
➢ Retirement of staff and subsequent loss of institutional knowledge

- ➢ Foreseeable risk include retiring staff, staff leaving for higher paying jobs, leaving large institutional knowledge gaps
- ➢ Infrastructure failure, security breaches, application failures, reduced funding, no additional staff, and
- ➢ Mass retirement and lack of staff.

The staff identified the following areas of critical information that is relied on for the entity to perform their roles:

- ➢ Communication, getting the correct information, especially when emergencies occur
- ➢ Contact and communication, our ability to reach out to the right people with the institutional knowledge to achieve success
- ➢ Not sure
- ➢ Departments often wait until the end of the year to start projects. Lack of communication and PLANNING affects our ability to perform
- ➢ Communication, decision making, having no single point of failure
- ➢ Information pertaining to department operations and interaction with the public by those departments. do the existing systems work as designed
- ➢ CIP plan, where should money be going (which facility based on its life expectancy or replacement date)
- ➢ County's e-mail, financial system, network infrastructure, telephone systems, servers
- ➢ Budget and Direction
- ➢ For Parks, Telecom, ITD Security issues, GIS. This department has been cut to the bones, and there are so many instances where the information lies with one person
- ➢ Our networks must be functioning, priorities must be set by management and clear communication, and
- ➢ Policies and procedures.

The staff surveyed were asked to provide additional comments. The following responses were provided:

- ➢ 11 of the 14 staff that responded stated that key staff positions were not adequately crossed trained.

- ➢ Succession planning- The respondents were ask about top issues or concerns regarding succession planning. 74% of those that responded stated that there is no written plan. Additionally, 74% of the respondents foresee a large number of the staff in their department retiring in the next 2 years.

- ➢ The following responses were provided in regards to succession planning.

❖ Buildings up to date and/or replaced as well as replacing vehicles. A budget that is reasonable
❖ Documentation is the first thing that comes to mind, anytime someone leaves, even if there has been cross training and succession planning in place, I believe it's critically important to have a culture within the county/department where we document everything so that there are smooth transitions
❖ I recently asked if one of our soon to be retired folks would be replaced since there's only two of us and the answer was no, this kind of speaks for itself
❖ For retirees, a special fund for giving a three month overlap to cross-train new hires
❖ Cross training- have more than one individual that knows the processes
❖ Age of existing staff as it relates to retirement and the physical nature of our work
❖ Loss of institutional knowledge
❖ More staff to meet the demands of new technology, and keep the current systems running
❖ Plan budget, program backup, and institutional knowledge
❖ The existence and need for an actual succession plan
❖ I am not sure
❖ Infor System Administration, Avatar System Administration, DBA, and
❖ Historical knowledge. 40% of our staff will be retirement age in the next 5 years.

➢ The staff surveyed were asked if the department has updated written policies and procedures for all work processes. _84.62%_ responded that they did not have updated written policies and procedures. The following responses were provided.

  ❖ I can only speak for the items I have a part in, but again, the only documentation is the Cash Handling Policy and Procedure document
  ❖ We will be developing them as we go through this process
  ❖ Yes and no. I know some are up to date but some need updating
  ❖ Our procedures are different than what other departments may deal with as most times a BCM is creating his own procedure for what task is at hand. In other words repairing a component may have three or four ways to get to the same end result. It is how you are trained or programmed to look at an issue and resolve it. But we do discuss difficult issues and try to come up with a common procedure for the repair as well as common steps on emergency issues with critical facility components
  ❖ It is unknown how they will be applied completed
  ❖ Unknown
  ❖ We have this in a number of areas. Mostly, admin, finance and the IT Helpdesk. With a new telecom work order system and an updated

facilities work order system in the works, procedures will be ingrained in those workflows
❖ Not sure
❖ A lot of the policies are out of date and work processes are not always documented, and
❖ Everyone is clear on what is expected of them and everyone works well independently.

➢ The staff were asked if duty statements are current, reviewed, and signed by employees to ensure duties were updated and expectations are understood by both management and staff. 63.64% of staff responded that a current and signed duty statement was on file for all staff positions. Approximately 36% stated otherwise. The following responses were provided.

❖ I do not know. Performance evaluations is one tool for this
❖ All I know is that my duties do not align with what my job description is. I do a lot more. I do not know how my department plans to define job expectations. I have relied up on my immediate supervisors for such information, and many times that guidance has changed. So a lot of times I am not sure of my role or which duties are expected
❖ My job description seems to allow for management to have me do whatever they need at any given time
❖ Unknown currently, but I know that we are waiting for this to be a part of the process by starting now
❖ Update duty statements
❖ The work order is what I consider a duty statement as each one is unique. Expectations are defined in evaluations and as needed
❖ We do have job descriptions and can see them anytime we need to. They are addressed in yearly reviews, and
❖ On the helpdesk, we have solid procedures with "should take times." We review those with the "did take times" for inconsistency. Job Specs are clear and could use minor tweaking, but they are not required to sign them. All managers, with the director, recently went through evaluation training and much of that expectation is captured in the reviews. Finally, most managers have 1:1 with their reports regularly to go over any issues.

➢ According to the staff responses, the department spends and disburses the most money on the following:

❖ HVAC equipment and repairs and replacement
❖ Staffing
❖ Facilities, Telecom, IT
❖ Operational billing

FISCAL RESPONSIBILITY & SUSTAINABILITY

- ❖ 90% towards County facilities.
- ❖ Facilities and Information Technology
- ❖ Purchasing items to complete jobs
- ❖ On-going maintenance to keep buildings operational are nickeling and diming this County. I've been involved in the Facilities budget for five years now, and we spend a ridiculous amount of money just putting Band-Aids on problems instead of actually fixing them
- ❖ ITTD or Facilities, and
- ❖ Facilities and IT.

➢ The staff surveyed were asked the type of assets the department maintains and how they are managed and protected. The following responses were provided.

- ❖ We have purchase orders in place with specific vendors we use continuously throughout the year. Paper files are managed by the OSS but can be accessed by any staff. Our shop is card locked, and we have a burglar alarm for after hours. Our Facility is within locked gates
- ❖ Both physical hardware and software licensing that are covered by warranty that enables the county to perform their daily business. Broken up into groups that are managed by upper managers and supervisory staff that oversee specific areas of the county's network
- ❖ Phones switches maintenance contract
- ❖ Servers, computers, vehicles, tools, phone switches, buildings. Most are under video surveillance, alarms, locked gates/yards and secured rooms
- ❖ Telephone switching system, voice mail system, fiber optic and microwave transmitting system. Remotely managed via separate alarm system. *Weak point is holidays or weekends, system is not monitored then. No one is on call*
- ❖ Well each facility is an asset but within it all of the key critical components have a scheduled maintenance plan. Generators, package unit's large chillers and boilers as well as elevators
- ❖ Buildings, parks, computers, servers, phones. Some divisions have much better inventory controls than others. ITD has excellent inventory controls, Parks, not so much
- ❖ Data, facilities, network, computer systems. I don't know how they are managed for protected
- ❖ Hardware, software, telecommunications equipment, automobiles, cellular phones. I do not know the management and protection policy, and
- ❖ The assets are from anything such as vehicles to computers to building supplies. It's all over the board as to how they are managed and protected. Some divisions have better controls than others.

➢ The staff surveyed were asked which information systems are used by their organization. The following responses were provided.

  ❖ TMA, Genled, Outlook, County provided cell phones, Intranet. Fortunately, the County lets us utilize pretty much any information to get our jobs done quickly and efficiently
  ❖ Heat ticket
  ❖ Cisco
  ❖ Finance/HR, helpdesk, phone system
  ❖ TMA
  ❖ TCS billing, and
  ❖ People Soft, VACS, CalWin, etc.

➢ The staff surveyed were asked how the County can help management best experiment, innovate, and reposition the organization for the good of the public (promoting public value) as well as promote a healthier working environment for employees. The following responses were provided.

  ❖ Share information with staff
  ❖ Provide information to the public that is clear and understandable so that the departments can have a positive interaction
  ❖ Yolo Performance project, measure outcome and show results and impact
  ❖ Provide customers with robust data system
  ❖ Find the best way to help other departments that assist the public do it more effectively and efficiently
  ❖ Have monthly staff meetings
  ❖ Proactive public outreach
  ❖ Make Parks more of priority
  ❖ Support staff, provide training, encourage better morale, and upper mobility
  ❖ Support culture of change and managed or measure risk. Strategically align projects with duties. Plan for sustainable change
  ❖ Reporting areas of concern with solution based techniques to mitigate
  ❖ IT has become as integral as both water and electricity in the day to day operations of business. By harnessing technological prowess to push both the accessibility and clarity of data to our counterparts in the county and the public in general we realize our full potential as an agency. Measuring this of course is tricky, but one good indicator is the number of people that we service, the partnerships that we are involved in, and to what degree people come to us and rely on us for solutions
  ❖ I believe the institutional knowledge our long time employees have is incredible. With that also comes desire not to change. New blood of all ages from other backgrounds can help us improve on old ways of doing things. We need more positivity

FISCAL RESPONSIBILITY & SUSTAINABILITY

- ❖ Communication, Customer Service, Honesty. I know they are trying to work on the atmosphere in our department and uplifting to a positive atmosphere which would be great
- ❖ I feel right now that there are many facility decisions being made outside of General Services. Having money in your budget, or grant funds available to you should not drive remodeling projects or property acquisitions. I think all facility related decisions should go through General Services. Also, we have invested a huge amount of money as well as staff time in a space needs assessment and it is paramount that we follow the recommendations without deviating due to funding or political intervention
- ❖ Our organizations should be developed and used by hiring additional staff where needed, offering training and cross training opportunities where appropriate. Our organization should be used more avidly by other departments due to the talent we have to serve their needs. The department culture needs to improve where it provides staff with a happy place to work, with increased communication from leadership, and increased moral after many years of layoffs and general mistrust between management and staff. Our staff is very dedicated to serving our customers to the highest level, even if there is lack of support from management at times
- ❖ There needs to be more consistency across divisions and that's where I would start. Consistency will provide for a more effective working environment which will ultimately lead to efficiency
- ❖ Leaders in technology and innovation. Transparency, and
- ❖ Consistency across the Divisions which will lead to a working environment that is more efficient.

- ➢ The staff surveyed were asked how the organization could proactively exhibit purposefulness in today's government of changing political mandates, limited recourse that are adaptive, flexible and equipped to move supportively with changing trends, and that can measure value. The following responses were provided.

- ❖ New buildings, cross training and updated equipment
- ❖ Improving the organization inside out first, responding quickly to change as it occurs to prevent backlog
- ❖ Goals that are tied to Board goals, evolving CIP that is updated annually and allows for shifts in priorities that can be measured, reported, and shows the success and value
- ❖ Holding staff responsible for their duties and the defined values
- ❖ Interconnectivity to other agencies, to leverage systems, save money and increase the flow of information
- ❖ Leverage technology, and use systems to the full capabilities, and

- ❖ More resources in areas that require attention, such as the Park maintenance.

➢ The staff surveyed were asked how the organization could better define and successfully measure whether management is succeeding in building a durable, and strong organization that focuses more attention on stimulating innovation of various kinds. The following responses were provided.

- ❖ Whole department brainstorming meetings that encourages participation and recommendations from staff that supports the department on ways to function better and increase productivity
- ❖ Encourages staff to take on new projects, skill sets, and provides opportunity for growth and measures the willingness of staff to do so, new innovations good communication, and management's willingness to support new and innovative products and processes
- ❖ Established baselines that include solicitation from other departments, and measurements such as feedback from heat tickets responses, and
- ❖ Reduce system redundancy, low down time and latency of information flow to keep cost low.

➢ Staff identified the following training that would be useful and benefit the organization as a whole.

- ❖ Forklift
- ❖ HVAC
- ❖ Succession planning
- ❖ Inventory Control
- ❖ Desk auditing of financial information
- ❖ Group brainstorming
- ❖ Cash handling and audit training, and
- ❖ Risk identification.

Summary of Interviews and Observations

As part of the risk assessment process, the internal audit manager invited the County's Executive Management Officials, including the department's director, to consider, identify and provide a response regarding risk from a countywide standpoint that the Department of General Services may pose to the County, and to provide any mitigating factors in place to minimize those risk.

As a result of the interviews the following risk considerations were identified:

➢ Newly structured department (merged completed as of 2012)

- Numerous issues and areas of concern with budget overspending and projections particularly in Parks, Facilities and Utilities
- Weaknesses in the budget oversight process (e.g. projected revenues error of $500,000)
- Current budget systems does not have system controls in place to prevent or detect budget overspending
- Lack of administrative and other staff training and understanding over budget and fiscal processes
- Questionable expenditures
- IT staff requires training relating to budget projection and forecasting over IT projects
- Project tracking and monitoring processes are weak (e.g. park shower project that was budgeted for $30 to $50 thousand dollars exceeded $100,000 much of the it was as a result of underestimating of plumbing)
- There are matters of concern around unrecorded accounts receivable of both internal and external customers; many cost are not being fully recovered
- Process improvement is needed around contracts, particularity around Facilities
- Processes and procedures over cash intake around fee collections for Parks is poor
- Weak Internal Controls- inventory, purchase cards use (tracking of daily trips), supplies purchased vs. uses needs, inventory tracking over minor supplies used on facilities and parks
- IT purchases and tracking (e.g. microchips tied to a computer)
- Oversight and approval processes require updating
- Limited resources to allow for proper separation of duties
- Equipment Control- for dollar value on IT and other purchase that do not reach the $5,000 threshold
- Building structures- over the years many have been configured and reconfigured (e.g. HVAC that were engineered to meet original use but have since been reconfigured have changed. Review of processes as to how to ensure that needs are appropriate for the current use
- Updates needed to help break old culture habits, which include lacking processes, procedures and controls over the Parks Division (e.g. issuances of permits, fee collection, and other practices)
- Procedures that would help detect and prevent misuse of services (e.g. retired staff gave an individual a life time boat launching permit, staff is unable to track the person).
- Weaknesses around cash handling overall
- Veterans- good return on investment and services provided but processes should be reviewed and updated ($300.000 for a return of $3million however, resources are required, may not be the best fit for DGS to manage)
- Succession planning is needed, low morale, skills improvement needed, buy-in for change and willingness to be more proactive

FISCAL RESPONSIBILITY & SUSTAINABILITY

➤ A need to move from compliance to performance and end result driven (e.g. grant funding)
➤ Concern around no written policy, processes or procedures regarding sensitive data stored in the cloud, and
➤ Park Study in process will be concerning regarding collection of fees, destruction and damage of county parks and other property.

Summary of review of internal and external audits and reviews

The Department was due an Internal Control Contract Audit in FY 2013-14. However, due to budget limitations, the department requested that the audit be postponed to the following fiscal year. Since the department was undergoing the countywide risk assessment process, limited audit staff resources, and demands from the implementation of the new countywide Infor, the review has been postponed until the countywide risk assessment is completed and the department's risk factors have been determined.

In FY 2010-11 the California Department of Fish and Game performed a Compliance Review of the Propagation fund expenditures. The audit resulted in three findings that included inadequate approval process of fund expenditures, comingling of fund monies, and inadequate tracking of fund related labor costs. The county responded to the report and corrected all of the findings by the time the final report was issued on February 1, 2012.

In FY 2008-09 at the request of Howard Newens, the Chief Financial Officer, a review of the department's vendor payments was performed. The request stemmed from over payments to a supply vendor. The review concluded that the overpayments resulted from duplicate vendor payments due to a lack of training, and weaknesses in processes and procedures, and systems of control.

In FY 2008-09 at the request of Yolo County Parks and Resources Director, a review of the department's rafting concession gross receipts from operations reported by rafting companies at the Cache Creek was performed. The review performed was to determine if gross receipts reported to the county reconciled to the rafting companies' records. The review concluded that the companies failed to pay the county for all gross receipts received based on the agreement. The auditors determined the cause of the unreported receipts resulted from the departments lack of monitoring of receipts and review of the companies reports, including unusual transactions, and missing payments.

High Inherent Risk:
• Large dollar and number of contracts
• High cash transactions for fees and permits
• Services based

- Liquid Assets (high quantity of supplies and equipment - with low dollar threshold)
- Newly restructured department- culture merge
- Change of political support (Parks – not as much as in past years, less desire to fund)
- High levels of materials and supplies (number of items vs. dollar per item)
- Small equipment that is easily removed, too small to tag, but costly in aggregate (i.e. computer chips, licenses, tablets, and laptops that are under threshold)
- Limited previous audits performed by external or internal auditors (08-09 was last review performed), and
- Previous audit findings and/or not fully implemented recommendations.

Control Risk Factors:

Control risk factors were identified in more detail through the staff's surveys self-assessment of risk. The control risk factors and mitigation of risks identified in the survey results are considered and included in the department's overall risk assessment as well as the countywide risk assessment matrix.

Additionally, based on inquiries and discussions with the department director and business services officer, there are limited resources to ensure sufficient separation of duties, and written policies and procedures are lacking and/or outdated. The department staff has been working to improve these weaknesses by implementing compensating controls such as iron boxes (rangers) to collect cash fees, and establishing written policies and procedures, improving approval processes, and limiting p-card purchases. The director and staff acknowledge that there is much work to be done in these areas. Control related factors are further vouched and identified in the survey results. Due to limited resources in the Division of Internal Audit, testing of controls will be limited during the risk assessment phase to inquiries, and the risk assessment survey.

Summary of other matters of risk consideration

Board of Supervisors presentation and review of General Services (Director Kevin Yarris- May 19, 2015). The Director of the Department of General Services presented a departmental update to the board. The following matters identified during the meeting may result in an increased or decreased level of risk to the department, and to the County as a whole. Auditor comments are included for further clarification or risk consideration.

➢ Changes due to reorganization – Procurement Division was transferred to the Department of Financial Services (with the transfer the DGS should ensure that

all efforts and employee resources relative to the Procurement Division is also transferred. Ensuring full transfer of efforts and use of resources would help reduce the risk for DGS by freeing up the much needed resources for other projects and responsibilities held by DGS).

➢ Veterans Services- Possible transfer to Department of Health and Human Services (recommend because the impact of resources, services have high impact of risk if not successful, grant funding to cover cost is more recoverable, and inherent environment is similar, with a community that often requires HHS related services therefore more effective and efficient situation)

➢ Infor implementation – (full cost recovery relating to services provided to other departments with additional funding from the state and federal government should be implemented).

➢ Shower Project- (shower project was costly and over budget. Monthly project review and budget reconciliations would greatly reduce the risk over a project going over budget. Further ongoing, timely monitoring would quickly identify where adjustments and other amendments or considerations can be determined before the project becomes costly and inefficient).

➢ IT Plan requires updating- (outdated policies and plans that are no longer applicable bring both wastes and inefficiencies to government)

➢ IT Fund for PC replacement- influx of computer due to prep and disbursement of PC's

➢ Improvement of Documentation Process- working with other departments

➢ GIS Program- kicking it back up – plan for implementation at higher level working on workflow now

➢ Long Range Goals align with Tactical Plan

➢ Park Study Efforts- Use studies will have findings (e.g. boat ramp not paying, and other fee collection concerns) a review of lost revenue to cost of rangers should be performed to determine if the cost to hire a ranger would be justifiable. The County risk of loss of revenue and cost to repair and improve Parks as a result of damages due to parks that do not have a level of safeguarding is a risk to the County both in fact and matter.

➢ Phone services- updates needed

➢ Upgrading network equipment – cost effective to do countywide

➢ Preventive maintenance necessary- the cost to ensure that structures are at minimum to code both lowers the risk to the County in fact and matter to both the community and County employees.

➢ Broadband working with other local government to be cost effective- this would be cost effective and beneficial to the County thus lower risk.

- ➢ Succession planning- a material amount of institutional knowledge will be lost. The cost to the county and increased risk would be apparent. According to DGS the loss of 40% within the next five years is material. A recommendation to the DGS to ensure that there are written policies and procedures; cross training, updating skills and hiring qualified staff should be considered.
- ➢ Training needs, IT, Facilities, and Parks require resources
- ➢ Data protection, robust tools to support other departments- high risk
- ➢ Fee and uses studies- some issues on collection efforts of fees on honor system- high risk loss of revenue.
- ➢ Veterans Services- return on investment 1 to 10. However, resources are necessary (under 300,000 bring 3 million benefits to community- see above
- ➢ Over 40% of staff will retire in next 5 years- high risk
- ➢ Classification max out- should review to ensure competitive
- ➢ Falling behind on IT innovation- falling behind (other departments are getting IT that we are not aware of)
- ➢ Cyber Security – Big issue
- ➢ Mobile device – policy and frame work is needed.
- ➢ Increase of needs and funding from state grants that increase staff of other departments are not supported to DGS in getting more resources to support staff
- ➢ Parks grant was returned and not fully used due to lack of resources- projects cancelled
- ➢ Park ranger no enforcement of revenue collection, unsecured site that allow abuse graffiti and vandalism- hospital- homeless on other sites. Demolition is sooner than later
- ➢ Alternative landscaping to reduce use of water, and
- ➢ Low morale, fatigued staff, low productive due to work overload with no support growth elsewhere, without support staff to absorb that growth makes it difficult.

X.   Professional Standards and Other Regulations

The Division of Internal Audit facilitated the countywide control and performance risk assessment in accordance with consulting standards established by the American Institute of Certified Public Accountants (AICPA). Our proposed procedures, developed to meet the objectives stated above, as well as other applicable laws and regulations as stated in numerous Government Codes and other professional auditing standards. The risk assessment plan, the ongoing application, implementation and processes and procedures are provided to the Financial Oversight Committee at each of the meetings, and/or as necessary to the Board of Supervisors.

XI. Auditor's Risk Assessment Summary and Conclusion

In consideration of all risk factors identified during the risk assessment process, which include the results of the risk assessment staff survey, analysis, inquiries and discussion with other county officials, and reviews of prior audits, the department's assigned overall rating is medium to high risk level, and a score risk factor of 4.0, with 5 being the highest and 1 the lowest.

The department is diligent and committed to improving their practices, ensuring accountability and transparency, and working towards a more efficient proactive approach in providing services to their internal and external customers. The department's commitment to public value by working to ensure that processes are done in the most efficient manner is also a goal that the department seeks to continue achieving.

The department's risk report is organized in a manner that identifies risk and mitigating factors at various levels of consideration by staff, county management, auditor's analysis, and other factors. The department director and staff should review the report and consider the risk and mitigating factors identified, and ensure that the deficiencies are incorporated into the department's strategic plan. Further, the report should be used as a starting point for the department's ongoing monitoring of risk that is now a requirement under various state and federal laws and regulations to help ensure local government accountability.

The department should prepare a plan that focuses on the risk factor deficiencies and prepare a plan of action that identifies the "who" "what" "how" and "when" (i.e. written procedures that ensure county policies are being followed. Procedures for business transactions both automated and manual, and other written policies and procedures on inventory tracking, project budgeting and approvals, cash handling, fees, permits, etc.). The department director and managers should review and monitor the plan to ensure that the plan is implemented and progress is measurable. The auditors can provide guidance at the department's request.

The auditors will use the risk factors identified to build the continuous audit plan for the county and an overall countywide risk matrix. The factors will help the auditors determine the departments risk level compared to other county departments, and also the type of review over similar business processes that should be considered and performed. The higher the risk score the more likely the department will be selected for review, and the higher level of risk identified around a particular business process the higher possibility the business process will be selected for review.

Additionally, the risk factors identified should be considered and used to help the department and the county determine risk impact countywide, where training is needed, succession planning, and other priorities that might require additional efforts, attention and/or focus

In effort to further assist management with risk consideration and mitigation of risk, the auditors would like to recommend that the department consider improvements around the following; the order of importance should be determined by the department:

✓ Review, inventory, establish a plan, assign, implement, and monitor written policies and procedures around department business processes and other department functions.

✓ Succession planning be developed, and implemented. Historical knowledge, 40% of our staff will be retirement age in the next 5 years.

✓ The department should have regular monthly meetings at the middle management and staff level and at the department wide level to ensure that everyone is heard, matters such as risk factors are discussed, and employee can be heard without fear of being dismissed, or targeted; a culture should be clearly defined and actions should support the plan. This will help support, and increase employee morale, provide a positive working environment, and increase employee trust and get employee buy-in.

✓ Review and develop written procedures over the use and review of purchase card use.

✓ Review and prepare a plan for uncaptured revenue between departments.

✓ Review and prepare written procedures for accounts receivable that ensure accounts receivables are formally booked, collected, aged, and properly written off (if applicable) according to proper accounting principles (A/R's should not be deleted at year-end without proper protocols).

✓ Review processes over revenue collections and tracking of revenue including grant funds use; develop and implement written policies and procedures.

✓ Review and implement written policies and procedures over proper documentation and retention regarding grant funding.

✓ Review and develop written policies and procedures over inventory control, tracking for materials and supplies, and projects.

✓ Review and develop a plan that ensures the department is capturing and recovering at full cost.

✓ Review and develop written procedures for ongoing budget tracking that includes monthly reconciliations, by project, divisions, and department. Amendments and other documentation should be developed and required to ensure that the budget, at all levels is accurate, supported, and balanced.

✓ Review and develop a written training plan that includes cross-training, and addresses succession planning.

✓ Review current practices, develop and implement written policies and procedures over fees and permit collections, reconciliations, and safeguarding.

✓ The department should consider risk that addresses data backup and site locations. The plan should include consideration of security and 24/7 coverage (potential break-ins are higher during evening and weekends).

✓ Duties statements should be updated, discussed, and signed annually during the annual performance reviews. This will help ensure understanding and expectations between management and staff, and supports a culture of stronger communication, support and understanding of staff needs, encourages a more productive relationship, boost morale, and can help to identify and plan for employees' training needs and professional goals.
✓ Suggest that the performance measurement be tied to measurable results (i.e. 98% of heat tickets were closed within X number of days).
✓ Procurement should be centralized and brought into one department.

To help ensure the department's success, the Internal Audit Division is available to support and provide guidance at the request of the department.

XII. *Department's Staff Requested Training*

❖ Forklift
❖ HVAC
❖ Succession planning
❖ Inventory Control
❖ Desk auditing of financial information
❖ Group brainstorming
❖ Cash handling and audit training
❖ Risk identification

XIII. *Department Director's Response*

Mary,

I have thoroughly reviewed your risk audit report and want to thank you for all of your work on ours, and the county's, behalf. We strive to be as transparent as possible and follow all county and departmental policies, procedures and best practices. I believe this report will be a valuable tool to help us improve our operations and our service delivery. In particular, we will be focusing on our priorities with guidance by this report and your office. Examples of those initiatives include:

7) Policy and procedures and updates: Since this report, we have updated our internal cash handling procedure to minimize the risk. We also updated the Facilities Project Management policy in the APM, approved by the Board April 26, 2016. In particular, the new provisions will reduce the last minute rush work at year's end, where mistakes are more probably in procurement and contracting services. Further, we are looking at developing desk procedures for the high volume work tasks we do every day in order to create consistency and improve efficiency. We have also changed our Purchase Card Reconciliation and approval processes in order to better validate our purchased goods.
8) Cross training/Staff Development: We just recently finished developing our Staff Development Toolkit and plan on launching it this spring. The intent is to engage staff

on their personal and professional goals and develop a program to help them attain those goals. With the impending retirement in our Veteran's Services Office, we were also approved by the Board to have a new temporary position to allow onboarding and training of our new VSO before the current one retires.

9) Technology upgrades: In our upcoming Parks Study Recommendations going to the Board on May 24, 2016, we will be recommending installing automated fee stations where the public can use credit/debit cards to pay use fees. This will reduce the revenue leakage as many patrons don't carry cash for the current pay stations, and the reduced intake of cash will reduce the risk of theft.

10) Inventory Control: We will be examining methods to track and account for equipment across all divisions as well as develop annual audits/checks of equipment.

11) Budget Controls: We are exploring new thresholds for purchase cards to improve budget monitoring and performance.

12) Since our department has seen divisions come and go over the past few years, we convened a team of staff volunteers to help develop a new mission for the department that will guide our activities and duties. Further, we have convened another team of staff to help develop new customer service standards to help improve communication, performance and overall satisfaction/value with the service we provide.

Again, I want to thank you for all your work on our behalf. We look forward to further success in these areas.

Kevin Yarris, Director
Department of General Services, County of Yolo
IT, Telecom, Parks, Veteran's Services, Facilities & Utilities