

**Meeting of the
Audit Subcommittee
Yolo County
April 19, 2023
10:00 a.m.**

All meetings of the Yolo County Audit Subcommittee will be held in person at the Yolo County Administration Building, located at 625 Court Street, Woodland, Room 202. Please note: Zoom participation will no longer be supported.

If you have anything that you wish to be distributed to the Committee and included in the official record, please contact Kim Eldredge, Audit Manager at least two (2) working days before the meeting at 530-666-8190 ext. 9204 or kim.eldredge@yolocounty.org.

Committee Members:

Gary Sandy	(Board of Supervisors – Voting)
Chair Angel Barajas	(Board of Supervisors - Voting)
Vice-Chair, Lawrence Raber	(Public Member – Voting)

Yolo County Internal Audit Staff

Kim Eldredge	(Audit Manager – Non-voting)
Noemy Mora-Beltran	(Senior Auditor – Non-voting)
Navpreet Ghuman	(Internal Auditor – Non-voting)

2:00 pm Call to Order

- 1. Introductions.**
- 2. Roll Call.**
- 3. Approval of Agenda.**
- 4. Follow-up of items from prior meeting (if any).**
- 5. Public Comment**
This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to 3 minutes per speaker, but an extension can be provided at the discretion of the chair.

CONSENT AGENDA

- 6. Approve prior meeting minutes 2/06/2023.**
- 7. Receive Annual Reporting of Organizational Independence of the internal audit activity**

- 8. Receive Self-Assessment Report on the internal audit activity**
- 9. Receive Cash Department Audit – Probation**
- 10. Receive Cash Department Audit – DFS Revenue Unit**
- 11. Receive Fiscal Monitoring Report and copy of the Fiscal Monitoring Program**

REGULAR AGENDA

- 12. Receive staff report on resolution of audit findings and recommendations (Eldredge)**
- 13. Discuss roll-out of the Fraud, Waste and Abuse and Whistleblower hotline (Eldredge)**
- 14. Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting (Eldredge)**
- 15. Confirm next meeting date: July 19, 2023, at 10:00 to 11:00 am.**
- 16. Adjournment (Approximately 11:00 a.m.)**

Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Kim Eldredge, Audit Manager at 530-666-8190 ext. 9204 or kim.eldredge@yolocounty.org and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8190 ext. 9204 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/general-government/general-government-departments/financial-services/financial-oversight-committee>.

YOLO COUNTY AUDIT SUBCOMMITTEE

MINUTES OF MEETING February 6, 2023

Note: This meeting was held via teleconference, pursuant to the Government Code section 54953(e)(1) (as amended by Assembly Bill 361)

Members present on the call: Gary Sandy (Chair – Supervisor), Larry Raber (Public Member) and Angel Barajas (Supervisor)

Others present on the call: Kim Eldredge, Noemy Mora-Beltran and Navpreet Ghuman (Internal Audit)

Moderator/Recorded by: Noemy Mora-Beltran
Kim Eldredge

1) **Call to order.** Gary Sandy called the meeting to order at 8:33AM with Angel Barajas and Larry Raber in attendance. Quorum was formed.

2) **Introductions.** Members and Internal Audit above were on the call.

3) **Approval of agenda.**
Kim Eldredge requested a correction to the agenda for the call to order and adjournment times.

Agenda approved. (Raber/Barajas)

4) **Follow-up items from prior meetings (if any).** No items from follow-up were discussed.

5) **Public comment.** Noemy Mora-Beltran reported that no public comments were received for the record.

Consent Agenda

6) Renew authorization for remote (teleconference/videoconference) meetings by finding, pursuant to Assembly Bill 361, that (a) the COVID-19 pandemic state of emergency is ongoing, and (b) local officials continue to recommend measures to promote social distancing.

7) Approve prior meeting minutes 10/05/2022.

Consent agenda approved. (Raber/Barajas)

Regular Agenda

8) **Discuss Yolo County Internal Audit Peer Review report; (Eldredge)**
Kim Eldredge presented the Yolo County Internal Audit Peer Review report conducted by Napa County Internal Audit. The peer review results concluded as a generally conforms (clean review). The peer review team suggested three continuous improvements with the updating the internal audit charter and to provide reports to the full Board of Supervisors, consider adopting additional KPIs to specifically measure engagements' efficiencies and effectiveness, and expand on performance audits

with audit procedures that include assessments of program effectiveness and efficiencies in its annual audit plan.

9) **Review Yolo County Internal Audit Charter revisions, approve changes, and recommend for approval by the Yolo County Board of Supervisors (Eldredge)**

Kim Eldredge presented an updated internal audit charter using the Institute of Internal Auditors model. The revised charter includes the peer review recommendations to add the Quality Assurance and Improvement program. Committee members provided feedback and requested a separate meeting to go over the charter individually. Kim will schedule a meeting with the County Administrator for additional information on the vision of the internal audit structure.

10) **Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting (Eldredge)**

Kim Eldredge provided a status of current engagements: CF Capital Projects and CW Accounts Payable-finishing draft reports/scheduling exit conferences; Peer Review-Napa and Yolo-completed; Whistleblower Hotline completed-discussing hotline with department leadership this week with a “go live” date in March; Subrecipient Compliance Monitoring completed-working with on-call auditors for reviews; Payroll Processing project-consulted with external auditors may cancel project due to work already being performed; Cash Audits on track; Policies and Procedures review and Purchase Card planned to start in March; Risk Management project may be covered in another audit completed - will discuss with IT Director.

11) **Discuss remote meetings pursuant to Brown Act and approve future meeting locations (Eldredge)**

Kim Eldredge presented the committee with the memorandum provided by the Yolo County Counsel, Philip Pogledich where the expiration of the Governor’s emergency proclamation, local legislative bodies will have to return to in-person meetings, with limited exceptions by March 1, 2023. Future meetings will be in-person. Approved by (Barajas/Raber)

12) **Approve meeting calendar for 2023**

Preferred Month	Proposed Time
April 19, 2023	10:00-11:00 am
July 19, 2023	10:00-11:00 am
October 25, 2023	10:00-11:00 am

Approved by (Barajas/Raber)

13) **Confirm next meeting date:** April 19, 2023

14) **Committee Member and Staff Announcements.** There were no committee member and staff announcements.

15) **Adjournment** (Approximately 9:37 a.m.)



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

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- Financial Leadership
- Budget & Financial Planning
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- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

April 19, 2023

Yolo County Audit Subcommittee
Woodland, CA 95695

Re: Annual Reporting of the organizational independence of the internal audit activity

Dear Audit Subcommittee Members:

As required by International Standards for the Professional Practice of Internal Auditing (*Standards*) promulgated by the Institute of Internal Auditors, the chief audit executive (Audit Manager) must confirm with the board, at least annually, the organizational independence of the internal audit activity.

Standard 1110 – Organization independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

- Approving the internal audit charter
- Approving the risk-based internal audit plan
- Approving the internal audit budget and resource plan
- Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters
- Approving decisions regarding the appointment and removal of the chief audit executive
- Approving the remuneration of the chief audit executive
- Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations

1110.A1 – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.

The internal audit activity reports functionally to the Financial Oversight Committee's Audit Subcommittee and administratively to the Department of Financial Services Chief Financial Officer. The Audit Subcommittee has three members, two representatives of the Yolo County Board of Supervisors and one public member. The internal audit activity received an external quality assessment conducted by Napa County Internal Audit in January 2023. The external assessment team recommended that the Yolo Internal Audit Charter be reviewed at least every five years and include a section on the Quality Assurance Improvement Program. In addition, that certain reports also be presented for review and file with the full Board of Supervisors such as an annual summary of audit reports completed as well as the status of audit recommendations and any updates to the Charter. These recommendations are currently being reviewed and discussed with the Audit Subcommittee. The internal audit activity plans to submit suggested reports to the full Board of Supervisors in the Fall 2023.

It is in this report that no impairments of independence or objectivity have been reported or any interference with audit work.

Respectfully submitted,

Kim Eldredge, CGAP
Audit Manager

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer



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- Internal Audit

Transmittal Letter

April 19, 2023

Yolo County Audit Subcommittee
Woodland, CA 95695

Re: Submission of Internal Audit Self-Assessment Report

Dear Audit Subcommittee Members:

As required by International Standards for the Professional Practice of Internal Auditing (*Standards*) promulgated by the Institute of Internal Auditors, the chief audit executive (Audit Manager) must evaluate the internal audit activity's conformance with the *Definition of Internal Auditing, the Code of Ethics, and the Standards*, on a periodic basis, and submit the results to the Audit Committee. The last internal audit self-assessment was completed on April 6, 2022.

The purpose of the internal audit self-assessment is to evaluate the internal audit activity's conformance with the *Standards*, assess the efficiency and effectiveness of the internal audit activity, and identify opportunities for improvement. The annual internal audit self-assessment is also included in the internal audit activity's quality assurance and improvement program.

The internal audit self-assessment was focused on internal projects during the period of July 1, 2022, to the current period (date of this report). The review consisted of the review of administrative documents and audit work paper, interviews with audit staff, audit management and other key county managers, and comparison with practices recommended by the *Standards*.

Based on my evaluation, Yolo County Internal Audit generally conforms to the *Standards* and Code of Ethics. This means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit activity. However, there are identified opportunities for improvement in the areas of updating the internal audit charter, reviewing internal audit performance measures, and expanding on performance audits with audit procedures that include assessments of program effectiveness and efficiencies in its annual audit plan as noted in the report.

Sincerely,

Kim Eldredge, CGAP
Audit Manager

Cc: Chad Rinde, Chief Financial Officer

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Executive Summary

The International Standards for the Professional Practice of Internal Auditing requires that a periodic self-assessment of the internal audit activity be conducted to validate its continued conformance with the *Standards* and the Code of Ethics and to evaluate:

- The quality and supervision of work performed,
- The adequacy and appropriateness of internal audit policies and procedures,
- The ways in which the internal audit activity adds value,
- The achievement of key performance indicators; and,
- The degree to which stakeholders' expectations are met.

Periodic self-assessments are generally conducted by senior members of the internal audit activity, a dedicated quality assurance team or individuals within the internal audit activity who has extensive experience with the International Professional Practices Framework (IPPF), Certified Internal Auditors, or other competent internal audit professionals who may be assigned elsewhere in the organization.

To accomplish the self-assessment, each standard is assessed to determine whether the internal audit activity is operating in conformance. This may include in-depth interviews and surveys of county management or stakeholders, conducting post-engagement reviews, or analyzing key performance indicators.

Results of periodic self-assessments must be communicated to the audit committee upon completion, as required by Standard 1320 – Reporting on the Quality Assurance and Improvement Program.

Objectives, Scope and Methodology:

The internal audit self-assessment was focused on internal projects during the period of July 1, 2022, to the current period (date of this report). The review consisted of the review of administrative documents and audit work papers, surveys distributed to internal audit staff and other key county managers, and the comparison with practices recommended by the *Standards*.

The IPPF *Standards* (Revised January 2017) as well as the Institute of Internal Auditors Quality Assessment Manual for the Internal Audit Activity (2017) were used as the primary criteria for the evaluation.

- Standard 1311 requires ongoing monitoring of the performance of the internal audit activity.
- Standard 1312 requires an external assessment of the internal audit activity be conducted at least once every five years to assess compliance with the standards and to evaluate the quality of the internal audit activity's operations.

Conclusion:

Based on the Audit Manager's self-assessment of the Yolo County Internal Audit, the results of the internal audit activity's work generally conform to the IPPF *Standards* and Code of Ethics (See Attachment A, Standards Conformance Evaluation Summary) and has also incorporated best practices within the internal audit activity function. Additionally, the internal audit activity is well organized and innovative, understands the IPPF *Standards*, internal audit management provides useful tools for audit work, ensures that high risk auditable areas are covered within the annual audit plan, and has implemented a fraud hotline to help fraud, waste, and abuse. The internal audit activity's charter and quality assurance program needs improvement and should be a focus in the next review period.

Detail Observation and Recommendation

The Yolo County Internal Audit is comprised of three full-time employees (staff auditor, senior auditor, audit manager). The internal audit activity reports administratively to the County Chief Financial Officer and functionally to the Financial Oversight Committee's Audit Subcommittee. The internal audit activity follows the set of auditing standards as required by International Standards for the Professional Practice of Internal Auditing (*Standards*) promulgated by the Institute of Internal Auditors. The *Standards* require the internal audit activity to have a quality assurance and improvement program which includes periodic internal and external assessments, as well as on-going monitoring of performance. The purpose of the internal audit self-assessment is to evaluate the internal audit activity's conformance with the *Standards*, to assess the efficiency and effectiveness of the internal audit function, and to identify opportunities for improvement. The observations are divided into three categories, *Part I – Successful Internal Audit Practices*; *Part II – Gaps to Conformance with the Standards or the Code of Ethics*; and *Part III – Opportunities for Continuous Improvement* as described below:

Part I – Successful Internal Audit Practices

Successful Internal Audit Practices are areas where the Yolo County Internal Audit is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated in other internal audit activities. The identification of these items is intended to provide internal audit stakeholders with a view of the internal audit activity's practices when compared to other internal audit activities.

Standard 1200 – Proficiency and Due Professional Care – *Engagements must be performed with proficiency and due professional care. Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.*

The internal audit activity collectively has the knowledge, skills, and other competencies needed to perform their audit work. Internal audit staff are required to complete 40 hours of continuing education and 2 hours of ethics training annually. The internal audit management ensures that relevant continuing education training for internal audit staff is budgeted and included in the annual audit plan.

The chief audit executive has engaged with three qualified firms to perform audit services which include information system audits whereas the internal audit activity may not have the expertise on staff.

Standard 2110 – Governance – *The internal audit activity must assess and make appropriate recommendations to improve the organization's governance processes for:*

- *Making strategic and operational decisions.*
- *Overseeing risk management and control.*
- *Promoting appropriate ethics and values within the organization.*
- *Ensuring effective organizational performance management and accountability.*
- *Communicating risk and control information to appropriate areas of the organization.*
- *Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management*

The internal audit activity manages a fraud hotline and investigates matters to help stop fraud, waste, and abuse contributing to effective governance processes.

Standard 2300 – Performing the Engagement - *Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.*

The internal audit activity uses computer assisted auditing techniques (CAATs) for data analytics and sample-based testing. Each engagement includes the use of CAATs for data analytics (e.g., ratio analysis, trend analysis, or benchmarking) and to assist the auditor with performing detailed testing. The results of CAATs are also incorporated in their continuous monitoring program and fact sheets included in audit reports

Standard 2400 – Communicating Results – *The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.*

The internal audit activity initiates each engagement with an entrance conference to discuss audit objective, scope, and timing. Any deviations to the planned scope and objectives are communicated to the auditee in written form. Results of audit work are communicated in an exit conference with the auditee where each finding and recommendation is described in detail using a PowerPoint presentation. Audit reports are clear and concise with charts, fact sheets, and infographics.

Standard 2500- Monitoring Progress – *The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.*

The internal audit activity has an electronic workpaper system which includes the tracking of corrective actions from audit recommendations. The system provides automated notifications to responsible managers and executives to provide supporting documentation for implemented actions and status of progress made within the approved target dates. Reporting of resolution of corrective actions are prepared for county management and the audit subcommittee.

Part II – Gaps to Conformance with the Standards

Gaps to Conformance with the *Standards* or the Code of Ethics are areas identified during the internal audit self-assessment where the Yolo County Internal Audit is operating in a manner that falls short of achieving one or more major objectives, with the *Standards* or the Code of Ethics that results in an opinion for an individual standard of "partially conforms" or "does not conform." This item will include a recommendation for action to be implemented for achieving "generally in conformance" with the standard and will include the Yolo County Audit Manager's response and an action plan to address the gap.

None.

Part III – Opportunities for Continuous Improvement

Opportunities for Continuous Improvement are observations of opportunities to enhance the efficiency or effectiveness of the Yolo County Internal Audit's infrastructure of processes. This item does not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer a suggestion on how to better align with criteria defined in the *Standards* or the Code of Ethics. The Yolo County Audit Manager's response and action plan to address the opportunity for continuous improvement is noted.

Standard 1010 – Purpose, Authority, and Responsibility - *The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.*

The internal audit activity has an internal audit charter but was last approved by the Board of Supervisors on July 28, 2015. The internal audit activity recently had an external peer review and the peer review team recommended updating the charter to include the section on the quality

assurance improvement program and obtain approval by the audit subcommittee.

- *Audit Manager's response: The internal audit charter is currently under review by the chief audit executive and the audit subcommittee. Anticipate date of completion by 10/31/2023*

Standard 1300 – Quality Assurance and Improvement Program – *The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.*

The internal audit activity has incorporated the five essential components for an effective quality assurance and improvement program (QAIP) with an annual internal self-assessment of the internal audit activity, peer review, use of a checklist and customer survey after each audit, performance measures of the internal audit activity, and communication of QAIP results to the audit subcommittee. The internal audit activity recently had an external peer review and the peer review team recommended adopting additional KPIs to specially measure engagements' efficiencies and effectiveness.

- *Audit Manager's response: The internal audit management is currently reviewing the internal audit activity's performance measurements and looking at ways to monitor progress of engagements within their electronic workpaper system. Anticipated date of completion by 12/31/2023.*

Standard 2100 – Nature of Work - *The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.*

The internal audit activity had a countywide risk assessment performed to identify high risk areas and have incorporated the auditable areas in their FY22-23 annual audit plan approved by the audit subcommittee on 9/06/2022. The internal audit activity focuses on internal audit procedures and in their recent peer review recommended expanding on performance audits with audit procedures that include assessments of program effectiveness (i.e., meeting the objectives or goals of the program), economy (i.e., keeping the cost low), and efficiencies (i.e., getting the most out of available resources) in its annual audit plan.

- *Audit Manager's response: The internal audit management will include performance audits that include program effectiveness and result audit objectives in its FY23-24 annual audit plan. Anticipated date of completion by 8/31/2023.*

Yolo County Internal Audit Self-Assessment
Attachment A: Standards Conformance Evaluation Summary

OVERALL EVALUATION		GC	PC	DNC
1000	Purpose, Authority, and Responsibility (1010) The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the <i>Standards</i> , and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.		X	
1100	Independence and Objectivity (1110, 1111, 1120, 1130) The internal audit activity must be independent, and internal auditors must be objective in performing their work.	X		
1200	Proficiency and Due Professional Care (1210, 1220, 1230) Engagements must be performed with proficiency and due professional care.	X		
1300	Quality Assurance and Improvement Program (1310, 1311, 1312, 1320, 1321, 1322) The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.		X	
2000	Managing the Internal Audit Activity (2010, 2020, 2030, 2040, 2050, 2060, 2070) The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.	X		
2100	Nature of Work (2110, 2120, 2130) The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.		X	
2200	Engagement Planning (2201, 2210, 2220, 2230 2240) Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.	X		
2300	Performing the Engagement (2310, 2320, 2330, 2340) Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.	X		
2400	Communicating Results (2410, 2420, 2421, 2430, 2431, 2440) Internal auditors must communicate the engagement results.	X		
2500	Monitoring Progress The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	X		
2600	Communicating the Acceptance of Risks When the chief audit executive concludes that management has accepted the risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.	X		
IIA Code of Ethics The Code of Ethics states the principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.		X		

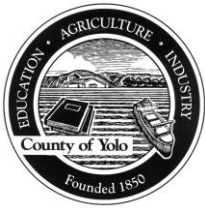
GC = Generally Conforms; PC = Partially Conforms; DNC = Does Not Conform

Yolo County Internal Audit Self-Assessment
Attachment A: Standards Conformance Evaluation Summary

GC - "Generally Conforms" means that the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to most of the individual *Standard* or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

PC - "Partially Conforms" means that the assessor has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics or a section or major category but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC- "Does Not Conform" means that the assessor has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many or all the objectives of the individual standard or element of the Code of Ethics or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity 's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.



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TOM HAYNES
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- Internal Audit

Transmittal Letter

March 14, 2023

Dan Fruchtenicht, Chief Probation Officer
Probation Department
Yolo County
725 Court Street
Woodland, CA 95695

Re: Internal Control Cash Audit for the Probation Department

Dear Chief Fruchtenicht:

The Division of Internal Audit performed an internal control cash audit of the Probation Department for the period of October 1, 2021 to September 30, 2022 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to petty cash and bus pass/gift card inventory.

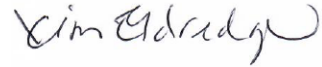
As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Probation management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Yolo County Administrator
Sou Xiong, Treasury Manager
Yolo County Audit Subcommittee
Internal Audit Website
Audit File Project No. 2023-31

Yolo County Division of Internal Audit
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Internal Control Cash Audit – Probation Department
Audit No: 2023-31

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Yolo County Division of Internal Audit
Internal Auditor's Report

Detailed Findings and Recommendations

Background

The Probation Department fosters behavioral change to ensure public safety. The Chief Probation Officer is responsible for administering and managing the department. There are three divisions within the Probation Department: Administration; Probation Services; and Juvenile Detention Facility, Alternative Sentencing Program, and Transportation Program.

Administration: Responsible for the administration of the department and for overseeing all operations including probation and detention services, budgeting and fiscal operations, strategic planning, human resources, facilities, information technology management, and clerical services.

Probation Services: Provides general management direction and control of all probation services functions within the department. Probation Services consists of the following units: Adult and Juvenile Court Services, Adult and Juvenile Field Services, Pre-Trial Services, and all other probation services.

Juvenile Detention Facility, Alternative Sentencing Program, and Transportation Program: The Juvenile Detention Facility consists of custody services, enhanced education services, and services for individual special needs of detained minors. The Alternative Sentencing Program provides community work for individuals in-lieu of custody in the county jail, or fines as set by the Superior Court. The Transportation Program provides supervised transportation of both adult and juvenile offenders as required by the court and assists in offenders attending treatment, placement, and court appearances.

Our review tested the Probation Department's cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and best practice.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Probation Department. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash funds and cash equivalents for the period of October 1, 2021 to September 30, 2022.

Yolo County Division of Internal Audit
Internal Auditor's Report

I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds, and special purpose funds.

The Probation Department has an authorized petty cash fund in the amount of \$500 for haircuts of minors under the Federal Office of Refugee Resettlement program (ORR) and to reimburse for small dollar items.

Audit Objective/Methodology

To determine whether the revolving fund accounts agreed to the authorized accountable balance, handling of cash disbursements comply with county policy, and funds are adequately safeguarded.

To accomplish our objective, the following procedures were performed:

- Reviewed cash on-hand and agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services
- Inquired with management and staff on the petty cash procedures
- Reviewed the annual revolving fund report to obtain an understanding of the type of petty cash replenishments made
- Observed that the funds were properly safeguarded

Finding #1: Establishment of the petty cash fund

Department heads may request the establishment of a revolving fund in writing to the Chief Financial Officer. The request shall state the purpose of the fund, the amount and the custodian of the fund. If the request is granted, the Chief Financial Officer will respond with an approval letter establishing the fund, describing the authorized use of the fund and specifying the custodian.

The Probation Department re-established the petty cash fund as a special purpose fund for use of cash advances to buy meals and incentives for youth probation clients without the approval from the Chief Financial Officer.

Cash funds re-established without proper authorization may result in the improper use of the fund as in accordance with county policy.

Recommendation 1:

We recommend that the Probation Department formally request in writing to the Chief Financial Officer the approval to re-establish the petty cash fund to a special purpose fund for cash advances to buy meals and incentives for youth probation clients. (Priority 1 Issue – 60 days required corrective action)

Management Response 1:

Probation has sent a memo to the Department of Financial Services to re-establish the petty cash fund to a special purpose fund for cash advances to buy meals and incentives for youth clients. (Anticipated Date of completion – March 8, 2023)

Finding #2: Accountability over petty cash transactions

The purpose for a petty cash fund is to reimburse small dollar miscellaneous items purchased for the department. The petty cash custodian must obtain an original sales receipt prior to reimbursing for payment. A control log should be used to record disbursements.

Yolo County Division of Internal Audit
Internal Auditor's Report

Yolo County Criteria for Allowing Charges Against County Funds Policy: The following criteria must be met in order to allow charges against county funds:

- *Transaction is related to county business*
- *Transaction is in compliance with laws and county operations*
- *Transaction is reasonable to an average prudent person*
- *Transaction is supported by corroborative information and documentation*
- *Transaction was approved by authorized County officials or personnel*

Internal Revenue Service (IRS): Amounts paid to an individual, partnership, or in some cases a corporation for services in the course of trade or business (including government agencies and nonprofit organizations) over \$600 during the year must be included on a Form 1099.

The auditors reviewed the Probation Department's annual revolving fund report for fiscal year 2021-22 and inquired with staff on the replenishments made out of the petty cash fund. The following was noted:

- Sales receipts were missing for cash advances to purchase food and items for clients.
- Payments made to barbers for haircuts of minors were not submitted to the Department of Financial Services for 1099 reporting purposes.
- Unallowable gratuities of \$5.00 were paid to the barbers for each haircut.

Not maintaining accountability over petty cash transactions increases the risk of improper charges against county funds and/or duplicate payments. Not tracking cash payments made to vendors may result in penalties levied by the IRS against the county and/or the Probation Department if the amounts exceed \$600 during the year.

Recommendation 2:

We recommend that the Probation Department develop a process to ensure that all petty cash reimbursements are supported by sufficient documentation to support the charges against county funds. It is also recommended that the department report the payments made to the barbers to the Department of Financial Services for 1099 reporting purposes. (Priority 1 Issue – 60 days required corrective action)

Management Response 2:

Probation will develop a process to ensure all petty cash reimbursements are supported by sufficient documentation to support charges against county funds. Payments made to barbers will also be reported to the Department of Financial Services for 1099 reporting purposes. (Anticipated Date of Completion – April 22, 2023)

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II. Other Cash Funds and Cash Equivalents

Cash equivalents; such as, gift certificates, gift cards, and bus passes may be acquired for use in grant funded or county programs. Approval and purpose of such acquisition must be on file. Departments are required to maintain an inventory for the cash equivalents showing the purchase date, card number, vendor name, amount and expiration (if applicable). Issuance of the inventory items must be documented and recipients must sign a receipt that the item was received. Total amount per recipient over \$600 within a calendar year must be reported to the Department of Financial Services.

The Probation Department maintains an inventory of gift cards and bus passes to be provided to clients to support positive behavioral outcomes for both, juvenile and adult probation clients. Gift cards are used as incentives for the completion of programs. Bus passes are used to provide transportation to attend appointments with probation officers.

Audit Objective/Methodology

To determine that the bus passes and gift cards are maintained, documented, and agree to the department's records and that the client signed a receipt for possession of the bus pass or gift card.

To accomplish our objective, the following procedures were performed:

- Conducted a count of the bus passes and gift cards on-hand and traced to the inventory logs
- Determined that the inventory was properly recorded in the general ledger
- Tested a sample of disbursements to determine compliance with county policy and procedures

Finding #3: Accountability over bus passes and gift cards

Departments are ultimately responsible for the safekeeping of inventory they purchase. Purchases of inventory are charged to the asset inventory account and credited from inventory when used. The inventory account should reflect the "book balance" of inventory on-hand. Physical inventory counts should be taken periodically by someone independent of the purchasing and custody of inventory. Missing items should be investigated and analyzed for possible control deficiencies.

The bus pass and gift card inventory is maintained by the Fiscal Administration division. Bus passes and gift cards are distributed to the probation officers upon request. During the audit period, the Probation Department had 70 gift cards with a value of \$1,846 and 139 bus passes totaling \$715 in inventory. The auditor reviewed the internal controls over the handling of bus passes and gift cards and noted the following exceptions:

- Bus passes purchased in September 2016 totaling \$215 are still outstanding and not recorded in the general ledger.
- Out of 43 bus passes distributed, twenty-six (26) bus passes in the month of August 2022 were missing client signatures for acknowledgement of receipt of the bus pass.
- Gift cards purchased between fiscal years 2014-15 and 2017-18 totaling \$1,300 are still outstanding to Southwest, In-N-Out, Dutch Brothers, and Walmart and not recorded in the general ledger.
- Two (2) gift cards distributed in the month of August 2022 were missing client signatures for acknowledgement of receipt of the gift card.

Not maintaining accountability over the bus passes and gift cards distributions may result in incomplete and inadequate supporting documentation and inventory records. Bus passes and gift cards held as inventory and not redeemed within a year may result in a loss of value and increases the risk of potential tracking errors and/or misappropriation of bus passes and gift cards.

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Recommendation 3:

We recommend that the Probation Department obtain a copy of the signature acknowledgement at the time of receipt by the client for each bus pass and gift card for audit purposes. In addition, the bus passes and gift cards purchased prior to fiscal year 2017-18 should be reviewed to determine if they are deemed necessary for program operations or should be returned for full value. The bus passes and gift cards should also be recorded in the general ledger to reflect the actual inventory on-hand in the financial records. (Priority 1 Issue – 60 days required corrective action)

Management Response 3:

Probation will rescind procedure changes that were made at the height of the COVID-19 pandemic and revert to standard procedures where clients sign for receipt of incentive (bus/gift cards).

Gift cards purchased in prior fiscal years are non-refundable and were purchased with grant funds. Probation remains committed to utilizing those gift cards first, provided the requirements of the funds that purchased said gift cards are adhered to.

Probation agrees to work with the Department of Financial Services to enter non-inventoried gift cards into the inventory. (Anticipated Date of Completion – April 22, 2023)

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III. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of County books, records, or report;
- c. The safeguarding of County asset;
- d. The County's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Interim Chief Financial Officer

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- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

Transmittal Letter

March 1, 2023

Sou Xiong, Accounting Manager
Department of Financial Services
Treasury & Revenue Division
Yolo County
625 Court Street, Room 102
Woodland, CA 95695

Re: Internal Control Cash Audit for the Department of Financial Services – Revenue Unit

Dear Mr. Xiong:

The Division of Internal Audit performed an internal control cash audit of the Department of Financial Services (DFS) – Revenue Unit for the period of October 1, 2021 to September 30, 2022 to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash handling, system access, and documentation of procedures.

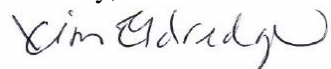
As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report. We will follow-up to verify that management implemented the corrective actions.

Yolo County Division of Internal Audit
Transmittal Letter

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the Revenue Unit management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP
Audit Manager

Distribution

Chad Rinde, Chief Financial Officer
Gerardo Pinedo, Yolo County Administrator
Lee Gerney, Chief Technology Officer
Yolo County Audit Subcommittee
Internal Audit Website
Audit File Project No. 2023-30

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Audit No: 2023-30

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Detailed Findings and Recommendations

Background

The Revenue Unit is within the Department of Financial Services Tax & Revenue division. The Revenue Unit is responsible for collecting countywide revenues and serves as the centralized collection service providing professional resolution of debts owed to the County of Yolo for payments from various sources such as property tax, transient occupancy tax, cannabis tax, court fines and fees, victim restitution, and other obligations.

Property tax is the largest source of local revenues for the county, its cities, special districts, and school districts. The Revenue Unit bills and collects the taxes and reports the amounts collected to the Chief Financial Officer who then allocates and distributes (apportions) the tax collections to the appropriate jurisdictions in the county. The Revenue Unit also takes all actions afforded by law to collect property taxes from the property owners.

As the collection specialist for Yolo County, the Revenue Unit provides professional and specialized collection services, including:

- Billing, cashiering and general collection
- Assessing ability to pay and collectability of debts
- Obtaining and enforcing judgments on delinquent accounts
- Processing accounts to the county auditor for discharge of accountability
- Consulting with county departments and other county agencies on ways to improve collections
- Maintaining accountability for debts owed the county

The Revenue Unit also provides guidance through the cannabis taxation process and collects quarterly cannabis tax returns and tax payments from cannabis businesses located in Yolo County unincorporated areas.

Our review tested the Revenue Unit's cash operations to determine that controls are operating in accordance with the Yolo County Cash Accounting Manual, Government Code, and best practice.

Objective, Scope, and Methodology:

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability over the handling of cash within the Revenue Unit. Operational accountability is achieved when the cash operations operate effectively and efficiently, transactions are executed in accordance with laws, regulations and board policies and reliable information is generated and reported.

The scope of our audit included the review of the revolving cash fund for the period of October 1, 2021 to September 30, 2022. This report does not include a full system review of the Megabyte System (property tax system) and RevQ (collections system).

Yolo County Division of Internal Audit
Internal Auditor's Report

I. Revolving Cash Fund Accounts

Revolving funds are established by the Department of Financial Services for specific operational needs to facilitate certain expenditure and cash transactions throughout the county departments. The most common types of revolving funds are change funds, petty cash funds and special purpose funds.

The Revenue Unit has an authorized revolving cash fund totaling \$900 to be used as change fund to make change for property tax payments, cannabis payments, restitution payments and franchise fees. The change fund is broken into four (4) sub-funds of \$200 and an additional fund in the amount of \$100.

Audit Objective/Methodology

To determine whether the revolving fund accounts agreed to the authorized accountable balance.

To accomplish our objective, the auditors reviewed cash on-hand and agreed to the authorized accountable revolving cash fund balance on file with the Department of Financial Services

Based on the procedures performed, the change fund agreed to the accountable balance with the Department of Financial Services.

No exceptions noted.

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II. Cash Receipts

Cash refers to U.S. currency and coins, checks drawn on U.S. banks and written in U.S. dollar values including travelers, cashiers, and certified checks, money orders, credit card sales drafts, Automated Clearing House (ACH) payments, and wire transfers. All of these forms of payment are acceptable by the county. The Chief Financial Officer must grant approval to a department to collect cash on behalf of the county. Departments must follow general cash receipt procedures and recording of transactions in handling of all cash receipts as stated below:

- A cash receipt must be provided for all cash transactions received over the counter.
- Cash collections shall be summarized daily on a cash receipt journal showing date received, amount received, and revenue or other accounts to be credited.
- Cash receipts must be deposited in the County Treasury or other authorized depository bank daily or when the amount on-hand exceeds a safe and reasonable threshold but no less frequently than weekly.
- A deposit transmittal form must accompany all cash receipts.
- Cash receipts that are transported from branch locations to headquarters for deposit must be maintained using a transmittal log or slip.
- Cash overages shall not be netted against cash shortages. Overages shall be deposited into the general ledger account and any shortages be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage.
- Recording cash receipt transactions (cash register transactions, mail receipts, and credit cards) must be maintained and reconciled to the deposit.

The Revenue Unit has three (3) cash drawers at the public counter that are assigned to each cashier. Each cashier reconciles their own collections and transfers the reconciliation sheets to another cashier for the processing of the deposit. The Revenue Unit also uses lockbox services through the RT Lawrence Corporation for the processing of tax payments. The corporation also provides an electronic check processing software (RTL system) that is used for remote check processing. The cashiers scan and remotely deposit check payments to the bank.

Audit Objective/Methodology:

To determine that handling of cash receipts comply with county policy, funds are adequately safeguarded, and there is a separation of duties among employees handling and reconciling cash.

To accomplish our objective, the following procedures were performed:

- Reviewed the internal control questionnaire prepared by the department and evaluated that the internal controls were adequate
- Observed that the funds were properly safeguarded
- Reviewed any pending deposit records and agreed to the general ledger

Finding #1: Segregation of duties

Segregation of duties is “key duties and responsibilities that need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.”

To minimize the potential for mistakes in cash operations and/or misappropriation of cash, cash duties should be segregated among different individuals so that in all instances one person (preferably a supervisor) will check the work performed by another.

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The auditors found that duties were not properly segregated at the Revenue Unit as stated below:

- Cash collections are reconciled by each cashier at the end of the day and not reviewed by an employee independent of the receipting function.
- One employee compiles all of the daily reconciliation sheets and prepares the deposit. The same employee is also an assigned cashier at the public counter, records payments into the Megabyte and RevQ systems and adjusts for the payments.

Duties that involve one person with control of all aspects of a transaction may cause errors to go unnoticed and provide an opportunity for misappropriation of funds.

Recommendation 1:

We recommend that Revenue Unit review their procedures for handling payments at the public counter and ensure that an independent person verifies the daily reconciliation sheets and deposit permit prior to deposit with the county treasurer. In addition, that any adjustments for payment in the Megabyte and RevQ systems be approved by a supervisor. (Priority 1 Issue – 60 days required corrective action)

Management Response 1:

Currently, each cashier balance their respective drawers at the end of their shift. Daily collections from all cashiers are consolidated into one deposit that is entered into the County's financial system (Infor). The Infor deposits are reviewed and approved within the financial system by the Revenue Supervisor or Treasury & Revenue Manager prior to deposit with the County Treasury.

Megabyte and RevQ do not have delivered approval workflows to facilitate an approval process before a change and or adjustment is made. Certain adjustments such as penalty waivers are approved by the supervisor or manager prior to making adjustments in the respective systems.

The Revenue Unit will review procedures and incorporate processes that will include independent verification and sign off on daily reconciliations and adjustments made in Megabyte or RevQ. (Anticipated Date of Completion - April 30,2023)

Finding #2: Daily reconciliation of payments over the counter

In the case of change funds, if a receipting location has more than one cashier, the change fund shall be broken down into sub-funds and each sub-fund assigned to a cashier in order to establish accountability. Funds shall be secured in separate bags or lock-boxes. Cash funds shall never be commingled and monies from one fund shall not be loaned to or used by another fund. Cashiers shall reconcile cash on-hand to the receipts and the accountable balance of the fund daily. The reconciliation shall be reviewed by an employee independent of the receipting function.

The auditors reviewed the cash on-hand at the Revenue Unit on November 16, 2022 and agreed the pending deposit records to the general ledger. The following was noted:

- End of day closeout sheets completed by each cashier do not include the starting drawer balance and adjustments made in the Megabyte and RevQ systems. In addition, the sheets are not signed by the preparer or a reviewer.
- The change fund is kept separately in a locked cash bag during the day and not placed in the cash drawer to facilitate the cash tendering process.
- Cash collections (currency & coins) are placed into a cash bag by each cashier at the end of the day and sent unopened to the county's treasury without an independent verification of the deposit amount.
- Overall collections are not summarized onto a deposit permit reconciliation sheet that includes the

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amount collected by each cashier, register summaries from the Megabyte and RevQ systems, check batches received through the lockbox, adjusting entries, account coding information, and preparer/reviewer signatures.

Not properly reconciling cash collections may result in cash differences not identified on a timely basis and the loss of control to determine if payments were deposited into the county treasury.

Recommendation 2:

We recommend that the Revenue Unit review the register summary reports from the Megabyte and RevQ system and make the necessary adjustments to the end of day close out sheets to ensure all transactions agree to the actual collections, remote deposits, and the cash on-hand. It is also recommended that the Revenue Unit develop a deposit permit reconciliation sheet to summarize the overall collections, adjustments, electronic payments, and account coding information. Furthermore, the end of day closeout sheet and deposit permit reconciliation sheet should be signed by the preparer and the reviewer. (Priority 1 Issue – 60 days required corrective action)

Management Response 2:

The Revenue unit will make improvements to the daily reconciliation worksheet to ensure all collections are accounted for and agrees to the Megabyte and RevQ generated reports. Daily reconciliations will be reviewed and signed by someone other than the person preparing the reconciliation. The reconciliation worksheet will be accompanied by the system generated reports and other appropriate supporting documentation such as receipts from the cash counting machine to provide a breakdown of currency by denomination (excluding coins). A supervisor or manager will perform surprise cash counts and document findings to ensure change funds are accounted for.

The Revenue Unit currently uses a deposit permit reconciliation sheet that summarizes collection for all cashiers, however, it's not current practice to include this sheet with the deposit as supporting documentation. Staff will refine the reconciliation sheet to capture all collections, adjustments, electronic payments, and account coding and will include the sheet as supporting documentation to the deposit permit moving forward. (Anticipated Date of Completion - April 30, 2023)

Finding #3: Control log for payments received in the mail

Payments received in the mail should be listed immediately on a mail log (showing the date, check number, payee's name, amount, and description of payment) or scanned and kept on file to establish a record. All checks shall be immediately endorsed. A copy of the log or scanned documents must be maintained by the department for audit purposes and should be reconciled to the deposit.

The Revenue Unit does not maintain a control log for payments received in the mail. Payments are processed by staff and recorded into the Megabyte or RevQ systems the same day or within two days. Not recording checks on a control log may result in checks being misplaced and or misappropriated without timely detection.

Recommendation 3:

We recommend that the Revenue Unit record checks received in the mail onto a control log. It is also recommended that the control log be maintained by an employee independent of the collection process and that the log be reconciled at least weekly to the deposits to ensure that all monies received in the mail have been deposited in the bank or county treasury. (Priority 1 Issue – 60 days required corrective action)

Management Response 3:

Mail tasks and responsibilities may be re-evaluated with the hiring of a new Office Support Specialist. Currently, mail collection in the Department of Financial Services is a shared task across multiple divisions including the Revenue Unit and a mail log is not utilized.

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The Revenue Unit will log all checks received, whether retrieved directly from the mail carrier or from other divisions, and ensure that the staff logging the checks will not be the same to process the check. (Anticipated Date of Completion - April 30, 2023)

Finding #4: Cash overages and shortages

According to the Yolo County Cash Accounting Manual, cash overages and shortages shall be deposited into the general ledger's cash overage and shortage accounts. Shortages shall be listed on a log showing all relevant information including the date, amount, cashier, and an explanation for the shortage. The log shall be reviewed by the supervisor on a regular basis. Overages and shortages are reported on the annual report to the Department of Financial Services.

The Department of Financial Services reported a cash shortage of \$401 on the annual revolving fund report for fiscal year 2021-22. The amount included department cash shortages totaling \$1,266 for counterfeit payments and a fraudulent check that were netted with the overages for tax overpayments totaling \$865. The overages for tax overpayments are amounts less than \$20 that are accepted under the Revenue & Taxation Code 2611.5 and are not due to cash handling errors. These items are non-reportable items on the annual revolving fund report.

Not properly reporting cash overages and shortages may result in misinformation in the financial reports.

Recommendation 4:

We recommend that Revenue Unit consider updating the account coding for cash overages related to tax overpayments to ensure that the amounts are easily identified and not netted against cash handling shortages on the Department of Financial Services Annual Revolving Fund Report. (Priority 3 Issue – 180 days required corrective action)

Management Response 4:

Current fiscal year overpayments accepted under RTC 2611.5 have been re-classed to a separate general ledger account to comply with this recommendation. The change has been communicated with staff to ensure the proper general ledger account is used moving forward. (Anticipated Date of Completion - February 24, 2023)

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III. System Controls

According to Best Practice and the COSO framework of strong systems of control, departments are responsible for using appropriate systems to record and maintain detail of their accounts, including account activity, history of payments made, and outstanding balances. All documentation and records should be properly managed, maintained, and readily available for examination.

The Revenue Unit uses Megabyte as the property tax system. Megabyte is a database and web-based application that supports the property tax function at the Assessor's branch and the Department of Financial Services. It allows departments and taxpayers to accurately, efficiently, and securely access relative county property tax information. The system has the capability of generating predetermined or ad-hoc queries (reports) in real time. The Megabyte system is the leading property tax system in California and used by 36 other counties.

The Revenue Unit is also responsible for collecting court ordered fees for county services, environmental fees, victim restitutions, and cannabis taxes. The Revenue Unit uses the RevQ system to manage their day-to-day operations. The RevQ system is owned by Finvi (formerly Ontario Systems), a premier provider of enterprise technologies that streamlines and accelerates revenue recovery for clients across healthcare, government, accounts receivable management, and financial institutions. The system interfaces with the Probation Department System (LawSuite) and the Public Defender Records Management System (PDRMS).

Audit Objective/Methodology

To review the system accounts associated with the cash handling process to ensure that Revenue Unit has adequate segregation of duties given the user's role and responsibilities.

To accomplish our objective, the following procedures were performed:

- Obtained a list of system administrators and users
- Compared the list of system administrators and users against the list of employees handling cash
- Obtained a general understanding of the user profile accounts

Finding #5: Access to the Megabyte and RevQ systems

Access controls provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals, including effective, protection of information system boundaries, identification and authentication mechanisms, authorization controls, protection of sensitive system resources, audit and monitoring capability, including incident handling, and physical security controls.

The auditors obtained a list of system administrators and users from the Megabyte and RevQ systems. Access to the systems is not restricted to authorized users thus potentially posing a segregation of duties issue as stated below:

- Three employees with user access to the Megabyte and RevQ systems have the ability to record, modify, and delete transactions without supervisory approval.
- The Chief Financial Officer has administrative access to the Megabyte system but is not involved in cash handling process.

Improper user access rights and permissions may result in information that is added, deleted, or changed without approval or authorization.

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Internal Auditor's Report

Recommendation 5:

We recommend that the Revenue Unit review the list of system administrators and users for the Megabyte and RevQ systems to ensure that each access permission is assigned appropriately for the job being performed. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly. (Priority 1 Issue – 60 days required corrective action)

Management Response 5:

The Revenue Supervisor and Treasury & Revenue Manager will review both systems to ensure users are assigned the appropriate level of access to perform their job duties. A new process will be implemented where user access are reviewed annually at the beginning of each fiscal year. Annual reviews will be signed off by the supervisor or manager. (Anticipated Date of Completion - April 30, 2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

IV. County Policy and Procedures

The Yolo County Cash Accounting Manual prescribes uniform accounting procedures for county departments pertaining to cash collections, cash revolving funds, other cash funds, cash equivalents and cash losses in accordance with generally accepted accounting principles, laws & regulations and county policies. County employees with cash handling functions are required to read the manual and become familiar with its contents. Individual departments may have more detailed procedures for each cash handling position.

Audit Objective/Methodology

To determine if procedures for cash handling confer with standards of internal control, best practice, and the Yolo County Cash Accounting Manual.

To accomplish our objective, the following procedures were performed:

- Reviewed the policy manuals and procedures for recommended essential components within a cash handling policy
- Verified that the cash handling processes are documented

Finding #6: Written procedures

The Revenue Unit uses the Yolo County Cash Accounting Manual as a guideline on how to handle, record and reconcile cash receipts. However, detailed procedures for processing payments in the Megabyte and RevQ systems, reconciling collections, and processing remote deposits are not available.

Not providing staff with the necessary steps to process a transaction may result in procedures not being followed as intended and may allow errors to go undetected.

Recommendation 6:

We recommend that the Revenue Unit develop step-by-step procedures to ensure compliance with county policy and recommended best practice:

- Handling payments received at the counter and through the mail
- Handling credit card payments
- Recording payments into the cash handling systems
- Reconciling and depositing daily collections

The procedures should be disseminated to all staff involved in the cash handling process. (Priority 3 Issue – 180 days required corrective action)

Management Response 6:

The Revenue Unit will develop step-by-step procedures and disseminate them to staff. (Anticipated Date of Completion - August 31, 2023)

Yolo County Division of Internal Audit
Internal Auditor's Report

V. Priority Ranking Definitions

Auditors use their professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if a corrective action is not taken and the seriousness of the adverse impact that may result. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a. The quality of services department provides to the community;
- b. The accuracy and completeness of county books, records, or report;
- c. The safeguarding of county asset;
- d. The county's compliance with pertinent rules, regulations, or laws;
- e. The achievement of critical programmatic objectives or program outcomes; and/or,
- f. The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 60 days of report issuance.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance.



FINAL REPORT

County of Yolo
FISCAL MONITORING PROGRAM ASSESSMENT

February 13, 2023

Moss Adams LLP
999 Third Avenue, Suite 2800
Seattle, WA 98104
(206) 302-6500

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I. BACKGROUND, SCOPE, AND METHODOLOGY

A. BACKGROUND

The County of Yolo (the County) requested that Moss Adams LLP (Moss Adams) assess their current practices for conducting fiscal monitoring, specifically to evaluate related policies and procedures (P&Ps) for consistency with best practices. The County has an existing Fiscal Monitoring Program in place; however, this documentation is specific to the Department of Health and Human Services Agency (HHS) and was last updated in July 2020. Additionally, documented monitoring has not taken place since 2021.

As of October 2022, the County had the following four Revenue/Prime Agreements, which require subrecipient monitoring, totaling approximately \$64 million:

- Drug Medi-Cal Organized Delivery System (DMC-ODS) (SUD), administered by HHS – \$20,838,906
- Community Services Block Grant (CSBG), administered by HHS – \$302,667
- Workforce Innovation and Opportunity Act (WIOA), administered by HHS – \$656,451
- American Rescue Plan Act (ARPA), administered by County Administrator – \$42,829,540

The current agreements are administered by the HHS, with the exception of the ARPA funding, which is monitored by the County Administrator. The County anticipates that as additional funding is obtained, other County departments or agencies may be involved in funding administration and monitoring. As a result, the County requested that Moss Adams assist in developing more comprehensive and updated guidance that can be administered Countywide.

The objectives of this Fiscal Monitoring Program Assessment were to:

- Obtain an understanding of the fiscal monitoring requirements that are applicable to the County
- Evaluate existing HHS fiscal monitoring documentation for consistency with applicable compliance requirements and best practices, and identify gaps in coverage and other opportunities for improvement
- Document a recommended Fiscal Monitoring Program that can be used Countywide

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This report was developed based on our assessment of the County's Fiscal Monitoring Program as of October 2022. The procedures we performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

B. SCOPE AND METHODOLOGY

This assessment focused on the County's current fiscal monitoring practices and related documentation of County P&Ps, tools/templates, or other resources that support the Fiscal Monitoring Program. Based on initial discussions with the County, the only agency/department that had



documentation of these fiscal monitoring practices was HHSA, as they are currently responsible for administering the majority the County funds that require fiscal monitoring. As a result, this assessment was limited in scope to the County's HHSA Fiscal Monitoring Program, including HHSS Fiscal Monitoring Program documentation, available as of October 2022. Other documents, informal process documentation, or guideline documents may exist; however, they were not included in this analysis and are not included in the results presented in this report.

To complete this assessment, we performed the following procedures:

- **Interviews.** We conducted interviews with HHSA and County personnel responsible for performing various aspects of fiscal monitoring to obtain an understanding of what documentation was available to support the monitoring function and requirements, how monitoring had historically been performed, and their level of understanding of the related compliance requirements. We also conducted interviews with HHSA and County personnel responsible for performing various aspects of programmatic monitoring to understand if and how monitoring reviews were performed concurrently. Additionally, we conducted interviews with County Administrator personnel responsible for overseeing the administration of ARPA funds.
- **Documentation Reviews.** We requested all current (as of October 2022) Revenue/Prime Agreements with funders that require fiscal monitoring to be performed. We reviewed each of the four Revenue Agreements provided to identify specific requirements related to performing and documenting fiscal monitoring. In addition, we obtained documentation available to support the fiscal monitoring performed for one County subrecipient (Yolo County Children's Alliance (YCCA)). We reviewed the documentation to more thoroughly understand HHSA's current fiscal monitoring process and how the various tools, checklists, and forms were being utilized.
- **Existing Fiscal Monitoring Program Documents Inventory.** We obtained all documentation available, including documented P&Ps and supporting forms, tools, and templates, to support the HHSA fiscal monitoring process. Documents obtained and inventoried included:
 - HHSA Contract Monitoring Plan Fiscal Year (FY) 2020–2021, which describes the existing P&Ps related to fiscal monitoring and includes risk assessment tools, internal control questionnaires, and compliance letter templates
 - HHSA Subrecipient vs. Contractor Determination for Federal Sponsored Projects form, along with a supporting memo and flowchart related to the determination process
 - HHSA Monitoring Steps and Procedures document

We created an inventory of these documents to summarize the current coverage of documentation to support the HHSA fiscal monitoring process.

- **Fiscal Monitoring Program Documentation Gap Analysis.** We assessed the inventory results and performed a full gap analysis, including:
 - Assessed the current content for potential gaps in coverage related to the Fiscal Monitoring Program
 - Compared existing documentation to the general subrecipient monitoring requirements to identify gaps in monitoring requirements
 - Categorized the significance and extent of the identified gaps as: full, major, or minor
 - Developed recommendations to address the identified gaps
- **Fiscal Monitoring Program Development.** Based on the results of the procedures above, we developed a recommended Fiscal Monitoring Program that can be adapted to best meet the specific needs of the County and be implemented Countywide. The recommended Fiscal Monitoring Program was provided to the County as a separate document.



II. GAP ANALYSIS

A. OVERVIEW

Throughout the Fiscal Monitoring Program assessment, we found that HHSA had completed substantial work in 2019 and 2020 documenting P&Ps, specifically noting project deliverables that provided further guidance on Subrecipient vs. Contractor Determination (completed at the end of 2019) and the Contract Monitoring Plan (last updated July 2020). However, all documentation was specific to the HHS program and did not comprehensively describe subrecipient monitoring requirements. Additionally, based on interviews with various HHSA personnel, there appeared to be insufficient training on the requirements and processes of fiscal monitoring leading to a lack of a general understanding of their roles in fiscal monitoring and the overall P&Ps.

Gaps identified during the analysis were categorized as follows:

- **Full Gap:** Documented P&Ps do not exist for the area.
- **Major Gap:** Some P&P documentation exists; however, there are major gaps in overall coverage.
- **Minor Gap:** P&Ps cover most key areas but require updating or additional coverage.

The risk levels were assigned based on our understanding of the County, insights gained from management and staff, the inherent risk in each area, and the level and significance of gaps identified.

Assessed Risk Level	Category Description
High Risk	<ul style="list-style-type: none">• Area is inherently high risk• Gaps identified were either full gaps (i.e., no P&P coverage) or major gaps• Area is a high priority due to its required application across all programs and/or funding sources
Medium Risk	<ul style="list-style-type: none">• Area is inherently high or medium risk; however, a lack of documented P&Ps may only represent a medium risk to the County• Gaps identified were either full gaps or major gaps• Area is a medium priority due to its required application across all programs and/or funding sources
Low Risk	<ul style="list-style-type: none">• Area is inherently low risk• Gaps identified were either minor in significance or magnitude, or the area only needed review or updating• Area is a low priority, as it does not require application across all programs and or funding sources



B. RESULTS

The following table provides an overview of the observations related to fiscal monitoring policy areas. Full results can be found in Appendix A. The results of this analysis were used to guide the development of the recommended Fiscal Monitoring Program, which was provided as a separate document to the County.

Policy Area	Type of Gap	Associated Risk
Funder-Specific Compliance Requirements	Full to Major Gaps	High
Preliminary Risk Assessment	Minor to Major Gaps	Medium
Subrecipient vs. Contractor Determination	Minor to Major Gaps	Medium
Desk Review vs. Site Visit Determination	Major Gaps	Medium
Desk Reviews and Site Visits	Major Gaps	High
Results Reporting	Minor to Major Gaps	Medium
Follow-Up	Minor to Major Gaps	Medium



APPENDIX A. GAP ANALYSIS RESULTS

Monitoring Stage	Risk Gap Level	Current Documentation/Process	Gaps Identified	Recommendations to Address Gaps Identified
Funder-Specific Compliance Requirements	High Risk Full to Major Gaps	<ul style="list-style-type: none"> During this assessment, the only documentation provided to support County fiscal monitoring was from HHSA although other departments currently, or may in the future, have responsibilities related to fiscal monitoring. The HHSA Contract Monitoring Plan addresses certain compliance requirements; however, it does not address how the County will identify funder-specific requirements (which are typically included in individual Revenue Agreements). Current Revenue Agreements contain funder-specific requirements. 	<ul style="list-style-type: none"> Current guidance (HHSA Contract Monitoring Plan) is specific to the HHSA program, and as a result, documented P&Ps for other departments/agencies do not exist. The County does not have a process documented for how funder-specific requirements will be identified, documented, and addressed. The County currently has four Revenue Agreements which require fiscal monitoring. These include: <ul style="list-style-type: none"> Drug Medi-Cal Organized Delivery System (DMC-ODS), administered by HHSA – \$20,838,906 Community Services Block Grant (CSBG), administered by HHSA – \$302,667 Workforce Innovation and Opportunity Act (WIOA), administered by HHSA – \$656,451 American Rescue Plan Act (ARPA), administered by County Administrator – \$42,829,540 	<ul style="list-style-type: none"> Develop a Countywide Fiscal Monitoring Program and provide related training to all County personnel involved in the fiscal monitoring process. In the Fiscal Monitoring Program, specify requirements for evaluating new Revenue Agreements and identifying and documenting funder-specific requirements related to fiscal monitoring. For the County's current Revenue Agreements, document any funder-specific requirements related to fiscal monitoring.
Preliminary Risk Assessment	Medium Risk Minor to Major Gaps	<ul style="list-style-type: none"> Current guidance related to the risk assessment process (2.2.102 Standards for Active Contracts and Risk Assessment Tool, found in the HHSA Contract Monitoring Plan) is HHSA-specific. The YCCA Contract Request Form (provided as example documentation) has sections for risk level recommendations, acceptance of that recommendation by the Fiscal Approver, and acceptance of that recommendation by the Audit & Compliance Approver. 	<ul style="list-style-type: none"> Current guidance (Risk Assessment Tool) does not include reviewing prior monitoring when assessing risk. Reviewing the results of prior monitoring, such as evaluating whether there were material compliance findings in the last two years of desk reviews/site visits, is a key aspect of assessing the current risk and determining the level of fiscal monitoring that needs to occur. While the risk level is documented in the current process through the Contract Request Form, the omission of results of prior monitoring results in an incomplete assessment. 	<ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Risk Assessment Tool includes procedures to document and consider the results of previous monitoring (i.e., assessing whether prior desk reviews/site visits resulted in any material compliance findings).
Subrecipient vs. Contractor Determination	Medium Risk Minor to Major Gaps	<ul style="list-style-type: none"> Current guidance includes an HHSA-specific form for Subrecipient vs. Contractor Determination for Federal Sponsored Projects. This form is signed off by the Program Manager, Fiscal Approver, and Audit & Compliance Approver. HHSA Fiscal Monitoring Steps and Procedures 2.2 and 2.3 indicate Fiscal Monitoring occurs for both Subrecipients and Contractors, and risk assessment (more than vendor type) is what determines the major activities. 	<ul style="list-style-type: none"> The current Subrecipient vs. Contractor Determination form and supplemental guidance does not clarify the impact of the final determination or allow space for documented justification as to why a determination was made, where an organization has characteristics of both a subrecipient and subcontractor. During interviews, we found that there was a general lack of understanding of the subrecipient vs. contractor determination process and that those responsible for approving these classifications (through the defined forms) may not understand the key distinguishing factors to be able to fully assess and approve the determinations being made. As a result, individuals often defaulted to determining an organization to be a subrecipient. 	<ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Subrecipient vs. Contractor Determination Tool, and related guidance includes details relating to the impact of the final determination on the monitoring that should occur. Additionally, ensure the Subrecipient vs. Contractor Determination Tool provides space for written documentation of the determination justification, when applicable.
Desk Review vs. Site Visit Determination	Medium Risk Major Gaps	<ul style="list-style-type: none"> Current guidance (HHSA Fiscal Monitoring Steps and Procedures Section 2.2) does not require site visits or desk reviews unless a subrecipient is deemed high risk or the funder requires that level of oversight. 	<ul style="list-style-type: none"> The results of the risk assessment performed with the Risk Assessment Tool appear to have no bearing on the type of review performed (i.e., whether a desk review or site visit is performed). During interviews, we found that staff capacity appears to have an influence on the type of review performed or whether reviews were performed at all. We noted that all visits had been completed as site visits to ensure timely responses from subrecipients. Additionally, we noted that due to the COVID-19 pandemic, the most recent fiscal monitoring completed by HHSA had been conducted as desk reviews. In these instances, there did not appear to be a process for documenting the justification for the type of monitoring performed. 	<ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure that determination of the type of visit performed is guided by funder requirements and the results of the risk assessment performed. This determination process should be documented in a Desk Review vs. Site Visit Determination form, which clearly defines the following: <ul style="list-style-type: none"> How the Preliminary Risk Assessment results are utilized to determine the level of fiscal monitoring required How funder-specific requirements are considered in the decision-making process



Monitoring Stage	Risk Gap Level	Current Documentation/Process	Gaps Identified	Recommendations to Address Gaps Identified
Desk Reviews and Site Visits	High Risk Major Gaps	<ul style="list-style-type: none"> Current guidance (HHSA Fiscal Monitoring Steps and Procedures Section 2.5) lays out a timeline of activities related to Fiscal Monitoring and an estimated timeframe to complete each activity. Desk Reviews consist of reviewing the following: Contract, Internal Control Risk Assessment, Recent Financial Statements, Single Audit report with auditor's management letter, Departmental Records of invoices and expenditures submitted by vendors for reimbursement, and General Ledger to reconcile expenditures vs. vendor claims. 	<ul style="list-style-type: none"> The HHSA Fiscal Monitoring Steps and Procedures document does not adequately define the roles and responsibilities of various staff when a desk review or site visit is performed. HHSA Fiscal Monitoring Steps and Procedures lacks information on the purpose of the review performed on each item/document, what the review should be looking for, and how the reviews/testing should be documented. 	<ul style="list-style-type: none"> Within the Fiscal Monitoring Program, ensure the Documentation Review Tool provides guidance on what items should be requested, the purpose of reviewing each item/document (linking to the applicable funder-specific requirement or general compliance requirement), and what the review should consist of. Additionally, guidance on what must be documented to support the review/testing process should be provided.
Results Reporting	Medium Risk Minor to Major Gaps	<ul style="list-style-type: none"> Section 2.5 of the HHSA Fiscal Monitoring Steps Procedures provides the following framework of items to include in the report: 1) Date of visit, person conducting the visit, purpose, background, and results of the visit; 2) Incorporate any additional information received from contractor; 3) Finding(s); if there are non-compliance issues cite program requirements, and monitor's observations and recommendations; 4) Timeline for Contractor/Subrecipient to submit their response (generally within 20 working days after receipt of the report). 	<ul style="list-style-type: none"> HHSA Fiscal Monitoring Procedures do not include specific guidance on what constitutes a finding to be reported. 	<ul style="list-style-type: none"> Once the Fiscal Monitoring Program is finalized, the County should incorporate examples of findings within the Desk Review/Site Visit Evaluation Form. Examples may include missing policies and procedures or insufficient expenditure documentation.
Follow-Up	Medium Risk Minor to Major Gaps	<ul style="list-style-type: none"> The HHSA Contract Monitoring Plan defines what the options for resolution are, suggestions on which are appropriate for certain scenarios, and who at the County and at the vendor are responsible for reaching a resolution. 	<ul style="list-style-type: none"> Current guidance lacks direction on acceptable resolutions for certain types of findings and is unclear on which position is responsible for following up on findings and determining if resolution occurred. 	<ul style="list-style-type: none"> Once the Fiscal Monitoring Program is finalized, the County should provide acceptable resolutions to various findings and an acceptable timeline. This should incorporate assigned responsibilities into fiscal monitoring findings follow-up.



County of Yolo

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

April 19, 2023

Yolo County Audit Subcommittee
Woodland, CA 95695

Re: Resolution of Audit Findings and Recommendations

Dear Audit Subcommittee Members:

The Internal Audit Division monitors the implementation of all audit recommendations as in accordance with the Yolo County Audit Follow-up Policy and auditing standards. After the completion of each engagement, the auditee provides the auditor with a management response of the audit recommendation and anticipated date of completion (target date). The division monitors each audit recommendation by requesting a status of corrective action and provides a report to county management and the Audit Subcommittee.

To prepare this report, we asked each responsible manager and executive director to provide a status of each audit recommendation and provide supporting documentation for any implemented audit recommendation for review.

We categorized each audit recommendation by auditee progress:

Category	Description
Open	In-progress
Extended	Some elements of audit recommendation satisfied, but additional work remains
Past Due	Past Due from target date (anticipated date of completion)
Pending Review	Under review by auditor
Closed	Completed and supporting documentation provided OR removed due to change in circumstance rendered it no longer applicable or feasible

Our review consisted of an examination of the supporting documentation, inquiry, and discussion with county personnel. Our field follow-up review did not constitute an audit and did not include a sampling of transactions for testing and verification purposes.

We thank the county management and staff for their cooperation and assistance during this review and reporting period.

Respectively Submitted,

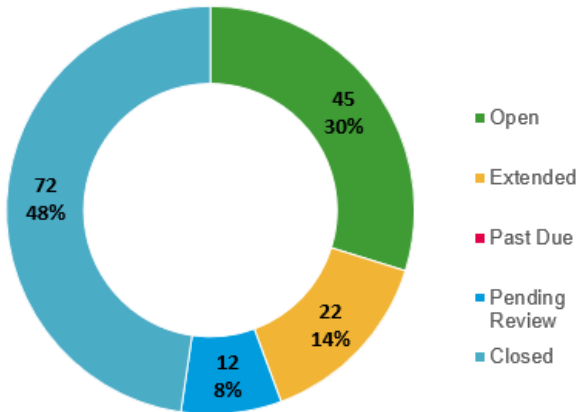
Kim Eldredge, CGAP
Audit Manager

Cc: Chad Rinde, Chief Financial Officer
Gerardo Pineda, County Administrator

I. OPEN AUDIT RECOMMENDATIONS BY STATUS

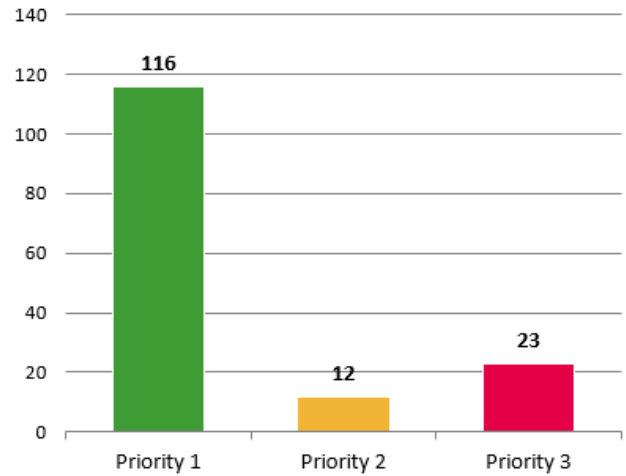
The following charts illustrate all open audit recommendations (issues) by status (Open, Extended, Past Due, Pending Review, and Closed), aging of issues (past due and coming due), and issues by priority ranking.

Issues by Status



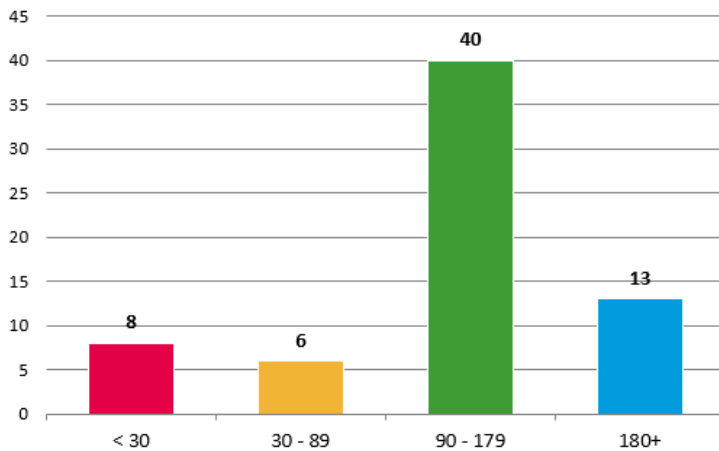
Status of issues by count and percentage for Open, Extended, Past Due, Pending Review, and Closed

Issues by Rating



*Number of issues by priority ranking
Priority 1 - 60 days, Priority 2 - 120 days,
Priority 3 - 180 days of report issuance*

Coming Due Issue Summary



Number of issues by length of days coming due

II. SUMMARY OF STATUS OF AUDIT RECOMMENDATIONS

Project Name	Project No. (Plan Year/No.)	Report Date	No. Issues	Open	Extended	Past Due	Pending Review	Closed
Internal Auditor's Initial Assessment of the Infor System Follow-up	2018-06	12/20/2018	11				8	3
Probation Agreed Upon Procedures	2018-11	07/31/2018	10					10
Audit of Yolo County Purchase Card Program	2019--2	05/28/2019	3					3
Internal Control Review of Wire Transfers and ACH Transactions	2019-1	11/06/2019	8		7			1
Cash Department Audit - Division of Integrated Waste Management	2019-34	08/02/2019	7				1	6
Countywide Payroll Audit	2021-0027	10/01/2021	16		5			11
Cash Department Audit - Sheriff	2021-0029	11/22/2021	8		2			6
Continuous Auditing Purchase Card (July to December 2020)	2021-0047	07/21/2021	6					6
Department Cash Audit - Assessor/Clerk-Recorder/Elections	2022-0054	02/18/2022	6					6
Continous Auditing Purchase Card (January to June 2021)	2022-0074	01/20/2022	7					7
Countywide Telecommuting Audit	2021-0035	02/04/2021	9				1	8
Cash Department Audit - District Attorney	2022-0053	04/08/2022	3		2			1
Cash Department Audit - Health & Human Services Agency	2022-0052	06/24/2022	9		6		1	2
Vehicle Fleet Operations	2022-External	08/12/2022	11	10				1
Cash Department Audit - Revenue Division	2023-0078	03/01/2023	6	5				1
Cash Department Audit - Probation	2023-0080	03/14/2023	3	2			1	
HIPAA Privacy Risk Assessment - Jan 2020 *	2023-External	01/01/2020	28	28				
Totals			151	45	22	0	12	72
<i>* Confidential</i>								

As seen in the table above, 151 audit recommendations were issued to strengthen accountability, internal controls, and improve the efficiency and effectiveness of county programs. During the reporting period, 22 extensions were granted due to the implementation of an upgrade to the County's ERP financial/procurement/human resources system to version 11 (CloudSuite) and limited staffing resources by departments to meet critical operations. In addition, the auditors noted twelve pending reviews waiting on supporting documents from departments. We anticipate most of these audit recommendations to be cleared after the implementation of the upgrade to the County's ERP system in the fiscal year 2023-24.

III. Detail Open/Extended Audit Issues

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
Internal Control Review of Wire Transfers and ACH Transactions: 06-Nov-2019			
<p>0018. Finding #01: ACH payment enrollment process. Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p>	<p>The ACH Payment Enrollment Form is completed by vendors who want to enroll in the ACH payment process and or add/change their banking information. The form is emailed and or faxed to the Treasury & Revenue Division for receipt and routed to the Accounting & Financial Reporting Division for set-up within the vendor master file. There are currently 360 vendors established for ACH payment. The auditors selected a sample of vendors and reviewed the safeguards and internal controls. The results are illustrated below:</p> <p>Supporting documentation for enrollment forms missing or not signed by vendor Enrollment forms received by email not encrypted to protect banking information Verification not performed prior to making changes to banking information Process followed by staff to verify changes to banking information not documented Pre-note or other testing mechanisms to verify bank account number not used Approval for new and updated payment information not reviewed by management</p> <p>The Government Finance Officers Association (GFOA) recommends that the ACH payment method be used for high volume, low dollar transactions. The County uses ACH as an alternative payment method and does not have an established limit per transaction. During the audit period, there were 1,764 transactions totaling \$109,528,985.</p> <p>In addition, the auditors found 22 County employees established as ACH payment in the Infor system. The banking information for these employees and other vendors are visible to all Infor system users who have access to AP10 Vendor-List View.</p> <p>Furthermore, the banking information for the fraudulent activity found on February 7, 2019, was retained in the Infor system until discovered by the auditors. County management has removed the account from the system.</p> <p>Recommendation:</p> <p>The Division Managers should review their internal controls over the ACH enrollment process against the "Government Finance Officers Association Advisory for Electronic Vendor</p>	<p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. The GFOA does not recommend a limit the dollar amount but recommended best practice of high-volume payee activity at a minimum for safety and efficiency.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>Fraud" for recommended safeguards and internal controls to mitigate the risk of fraudulent vendor payment activity and to ensure that the above noted exceptions are addressed. In addition, the Division Managers should review GFOA recommended guidelines and NACHA rules to determine if a dollar limit should be established per ACH transaction.</p>	
<p>0019. Finding #02: Monitoring of ACH transactions. Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 15-Oct-2023 Extensions: 4</p>	<p>The auditors selected a sample of 20 ACH transactions and verified that the transactions were in compliance with County policy and procedures, contract provisions, and supported by adequate documentation. The exceptions are noted below: 4 transactions not supported with an original invoice or any other documentation that detail the description of goods or services purchased 3 transactions corrected by department staff on invoice amount 3 transactions with no description of business purpose 12 transactions not approved by an authorized approving official 4 transactions approved with no contract agreement on file</p> <p>In addition, purchase orders and contract payments processed through the perfect match process in the Infor system are not reviewed by the Accounting & Financial Reporting Division for adequate supporting documentation.</p> <p>Recommendation: The Accounting & Financial Reporting Division should ensure that ACH transactions are supported by sufficient documentation to support the charges against County funds.</p>	<p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p>
<p>0020. Finding #03: Changing the default payment method. Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 15-Oct-2023 Extensions: 4</p>	<p>There were 250 ACH vendors paid through multiple payment methods. All vendors have completed an enrollment form authorizing the County to be paid through ACH. This authorization remains in effect until written notice is received from the vendor to terminate the ACH payment method. Exception was noted within the Infor system that allows users to change the default payment method during payment processing. The multiple payment methods are illustrated below.</p> <p>Payment Method Number of Vendors ACH only 95 ACH and warrant 147 ACH, warrant, and wire transfer 8 Total 250</p> <p>Recommendation: The Accounting & Financial Division should develop a process to ensure that vendor payments are in agreement with the payment method on file.</p>	<p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Develop standards and implement approval process for exceptions to vendor standard payment method that should remove payment changes from personnel that enter invoices during the process if system capabilities allow.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
<p>0021. Finding #04: Handling of wire transfers. Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p>	<p>The Outgoing Wire Request Form is used by department/agencies to request wire transfers. The form and supporting documents are sent to the Accounting & Financial Reporting Division to ensure compliance, completeness, and proper general ledger recording. The forms are submitted to the Treasury & Revenue Division for approval and release of payment.</p> <p>The auditors selected a sample of 23 wire transfer transactions and verified that the transactions were in compliance with County policy and procedures, contract provisions, and supported by adequate documentation. The results are illustrated below:</p> <p>2 transactions not accompanied by an Outgoing Wire Request Form. For those transactions, it was undetermined that the bank account information was keyed correctly by staff or that the payment went to the right bank account.9 transactions not reviewed/signed by the Accounting & Financial Reporting Division17 transactions not approved by an authorized approving official and/or a contract agreement on file5 transactions not supported with an original invoice or any other documentation that detail the description of goods or services purchased10 transactions for payment transfers to the State/other agencies (worksheet prepared by staff) not reviewed by an independent person to ensure accuracy of calculation for payment amount</p> <p>Recommendation:</p> <p>The Division Managers should ensure that wire transfers are supported by sufficient documentation to support the charges against County funds and other agencies.</p>	<p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained. We will revise the current wire transfer procedure to include the special districts. We will also develop a enter agency review and authorization form for all manual calculations to be included on all booked liabilities.</p> <p>Overall Issue Status: Extended</p>
<p>0022. Finding #05: Access to resources and records. Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p>	<p>The auditors met with Department of Financial Services management and staff to determine if logical and physical access to the banking website and Infor system is adequately controlled to prevent loss and theft. The following control concerns were noted:</p> <p>Wire Transfers: The wire transfer process is performed in the US Bank system. The US Bank system has a dual authentication security in place; whereas, a pin code and pass code key is required. The system administrator assigns each user accounts, entitlements, and payment limits. User profile assignments for access to banking system not documented for assigned accounts, entitlements or payment limits Payment limits not established for authorized personnel in</p>	<p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. US Bank System itself documents the creation, changes, additions, deletions to any user profile along with payments limits. Payment limits are only related to wire transfers for manual</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>banking system. Users for initiating and approving ACH, book transfer and wire transfers have maximum payment limits of over 9 billion dollars each. System Administrator(s) in the banking system also have system administration rights and permissions in the County financial system (Infor system)</p> <p>ACH Transactions: The ACH process is performed in the Infor system. The security is linked to the vendor master file where the requestor's banking information is stored. The ACH transaction is processed through the Infor system accounts payable module. The user enters the requestors invoice for payment, selects the payment code, and submits for approval. Transactions over \$5,000 are routed to the DFS Accounting Manager for review/approval for payment (except perfect match process). Security class APXAVendorMtce gives access to add/change/delete vendor banking information to users that are not necessarily to perform the job</p> <p>Recommendation:</p> <p>The Division Managers should consider; 1) documenting user profile assignments for access to the banking system for assigned accounts, entitlements and payment limits. Payment limits should be set at tolerance levels for authorized personnel in banking system and in accordance with insurance policy coverage; and, 2) implementing the Kinsey & Kinsey security tool (Agreement 17-210 dated 7/18/2017), that assists with improving the security and monitoring of the system, and review each user's profile to identify the nature and extent of access to the Infor system for necessary restricted access and segregation of duties.</p>	<p>Overall Issue Status: Extended</p>
<p>0024. Finding #07: Written policy and procedures for wire transfers and ACH enrollments Impact Rating: Priority 3</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p>	<p>Wire Transfer Payments: The Treasury & Revenue Division developed a written procedure for handling wire transfers in September 2018. However, the procedure does not have all of the essential components to provide specific and detailed procedures for initiating, approving and executing wire transfer payments.</p> <p>ACH Enrollments: The Accounting & Financial Reporting Division developed a draft procedure in June 2019 for adding ACH information for a vendor during the vendor registration process or as requested by vendor. However, the procedure does not include key components recommended by the GFOA to mitigate the risk of electronic payment fraud.</p>	<p>Action Plan:</p> <p>DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>Best business practice recommends that the following components be present in the policy and procedures to ensure internal processes are fully documented and understood by staff: Reviewing wire request forms for completeness Obtaining supporting documentation Verifying accounting information Verifying bank account information and documenting the verification process Processing wire transfers in the US Bank system Handling routine wires for processing Maintaining updated records for authorized approvers</p> <p>Recommendation: The Division Managers should formally develop, document, and disseminate policy and procedures to provide direction and guidance to staff for handling wire transfer and ACH transactions.</p>	
<p>0025. Finding #08: Segregation of duties for wire transfer payments and ACH enrollments Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-May-2020 Target Date: 30-Jun-2024 Extensions: 3</p>	<p>Wire Transfer Payments: One employee at the Treasury & Revenue Division is responsible for initiating/approving wire transfers in the US Bank system. The assigned employee also prepares bank reconciliations, review/approves bank reconciliations prepared by staff, and authorizes wire transfer payments recorded in the general ledger without an additional review by an independent person.</p> <p>ACH Enrollments: One employee is responsible for maintaining the master vendor file. The assigned employee changes vendor and banking information without an additional review by an independent person.</p> <p>Recommendation: The Division Managers should review the process around the reconciliation of bank accounts and ACH enrollment set-up to ensure that an employee independent of the cash disbursement process reconciles transactions to the bank and the general ledger.</p>	<p>Action Plan: DFS divisions (Budgeting, Procurement, General Accounting, and Treasury) will complete a procure to pay process review (with possible risk matrix and narrative) to identify key risks, rate them, and ensure to document management's recommended internal controls to reduce and mitigate risks to acceptable levels. This will act as a roadmap to developing procedures and working instructions including steps for the recommended internal controls defined. Data cleanup will coincide as we are working through this process. Temporary random selection and review of transactions by General Accounting Supervisor will be included until full procedures are developed and staff are trained.</p> <p>Overall Issue Status: Extended</p>
<p>Countywide Payroll Audit: 01-Oct-2021</p>			
<p>0034. Finding #09: County Policy on Employee Timekeeping Impact Rating: Priority 2</p>	<p>Orig. Target Date: 25-Feb-2022 Target Date: 30-Jun-2023 Extensions: 2</p>	<p>The auditors reviewed the County's Policy on Employee Timekeeping against GAO Internal Control Standards on controls over employee time and attendance reporting and found that the policy lacks several essential areas such as setting forth the responsibilities for employees, supervisors, HR Generalists, and payroll administrators in regards to recording, examining and approving time and attendance transactions.</p>	<p>Action Plan: This policy was under the Auditor-Controller (Finance) not HR. Since Payroll now resides within HR, it is something we can take a look at and update.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>Recommendation:</p> <p>We recommend that Human Resources review and update the County Policy on Employee Timekeeping to ensure that it meets the established governing standards or recommended Best Practices. The updated policy and guidance should be disseminated to all county employees, supervisors, HR Generalists, and payroll administrators.</p>	
<p>0035. Finding #10: Documentation of Payroll Processes Impact Rating: Priority 3</p>	<p>Orig. Target Date: 26-Apr-2022 Target Date: 31-Dec-2023 Extensions: 1</p>	<p>Human Resources has training guides for entering, modifying, approving, and exporting timesheets in WFM. Detailed procedures for handling other various payroll tasks are not available.</p> <p>Recommendation:</p> <p>We recommend that Human Resources consider developing a Payroll Procedures Manual that details payroll procedures and processes not provided elsewhere and coordinate instructions of various authorities on specific payroll subjects.</p>	<p>Action Plan:</p> <p>Staffing levels will need to be looked at. The existing staff is unable to dedicate the needed time to developing a manual. An alternative is to hire a consultant to assist with this specific task, but HR did not budget for such service in the current budget cycle.</p> <p>Overall Issue Status: Extended</p>
<p>0036. Finding #11: Record Retention Policy Impact Rating: Priority 3</p>	<p>Orig. Target Date: 26-Apr-2022 Target Date: 31-Mar-2024 Extensions: 1</p>	<p>The County’s retention schedule for payroll records is an outdated document that was approved by the Board in 1985. Code sections and retention requirements have changed since the approval of this document.</p> <p>Recommendation:</p> <p>Department of Financial Services should review and update the County’s policy on record retention to ensure that the policy is in accordance with applicable laws and regulations for financial and payroll records.</p>	<p>Action Plan:</p> <p>The Department of Financial Services will update the record retention schedule for financial documents and will incorporate input from the Human Resources department where financial records are payroll related in nature. We expect to be able to complete the updated of the record retention schedules by March of 2022.</p> <p>Overall Issue Status: Extended</p>
<p>0042. Finding #05(b) Monitoring of standby pay (Health & Human Services Agency) Impact Rating: Priority 1</p>	<p>Orig. Target Date: 01-Dec-2021 Target Date: 31-Jul-2023 Extensions: 2</p>	<p>The auditors reviewed 15 timesheets that included standby pay from the Health & Human Services Agency and verified compliance of standby hours with the applicable bargaining units and approved department standby duty schedules. The following was noted:</p> <p>Audit Result# of Exceptions Do not agree to schedules – Standby hours did not agree to approved standby duty schedules15Simultaneous payment of standby and overtime – Employee received standby pay and overtime simultaneously (not allowed under MOU). 1Excessive standby hours – Employee was on standby duty for 13 consecutive days and earned a total of 178.75 hours during the pay period. 1Excessive overtime hours – Employees were on standby duty between 8 to 16 hours per day and received</p>	<p>Action Plan:</p> <p>Health & Human Services Agency management concurs that standby hours and reason for work assignment by employee should be monitored. However, we do not concur that this responsibility lies solely on the payroll clerk. The Health & Human Services Agency is bound by the countywide systems in place to process payroll; namely, the Infor version 10 and WFM software systems. County Human Resources has placed very tight timelines around the processing of payroll hours which do not allow for thorough review of all 600+ Agency employees between the time of supervisor approval and the due date to submit to County Human Resources. It is the Agency's recommendation that the responsibility for monitoring the standby hours and reason for work assignment be assigned to the supervisor and manager, as appropriate. Additionally, the Agency has begun</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>overtime for the entire standby assignment. There was no supporting documentation of the actual times worked to determine overtime eligibility.⁶</p> <p>Recommendation:</p> <p>We recommend that the Health & Human Services Agency monitor the standby hours and reason for work assignment by employee to ensure that proper employee rotation is maintained. In addition, provide the department payroll clerk a copy of the standby duty schedule before processing payroll to ensure that the time and attendance records are accurately recorded.</p>	<p>regular discussions and trainings with supervisors to ensure that they are referencing the standby calendar when approving timesheets with standby (and related overtime) hours claimed. The Agency has started a quality improvement project around standby hours and has assigned Business Process Analyst resources to the project. The goal of the project is to provide clarifying guidance about how to correctly use, document, monitor, claim, process and track standby pay to ensure our procedures are in accordance with all applicable Labor Association Memorandums of Understanding and county policies. The product of this work will be applicable to existing systems and policies and may very well be superseded by policies and procedures that result from the upcoming countywide implementation of Infor version 11.</p> <p>Overall Issue Status: Extended</p>
<p>0049. Finding #12: Reconciliation of payroll liability accounts Impact Rating: Priority 1</p>	<p>Orig. Target Date: 27-Dec-2021 Target Date: 31-Dec-2023 Extensions: 2</p>	<p>The following accounts relate to the payment of employee benefits that were not reconciled on a regular basis. In many cases, it has been several years since the last reconciliation and missing data has resulted in unidentified balances. The auditors noted the following exceptions within the accounts below:</p> <p>County has overpaid both the dental and vision plans. Exceptions were found where terminated employees continued to receive benefits after leaving county employment. The auditors sampled the months of February and March 2021 and found that the County paid dental benefits for 3 employees that had been terminated between November 2016 and February 2020. Premium rates used for vision insurance do not agree to the rates billed by the vendor. For the Health insurance, county management has completed a preliminary review of payroll deductions versus PERS billing, but further research is required to reconcile the account. Deferred compensation balances do not match the amounts paid and the adjustments noted lack supporting documentation.</p> <p>This is not an inclusive list of unreconciled accounts.</p> <p>Recommendation:</p> <p>We recommend that Human Resources reconcile all payroll liability accounts at least monthly, that documentation be maintained to support the account balances and that reconciliations be reviewed and approved by management.</p>	<p>Action Plan:</p> <p>This is something we will look at as a priority.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
Cash Department Audit - Sheriff: 22-Nov-2021			
0055. Finding #05: Outstanding checks for the Civil Trust Fund Impact Rating: Priority 2	Orig. Target Date: 01-Feb-2022 Target Date: 31-Dec-2024 Extensions: 2	<p>The auditors noted that the Sheriff's Office has several outstanding checks for the Civil Trust account. As of June 30, 2021, the outstanding checks totaled \$199,815. The amount includes checks that have not been claimed since June 2010.</p> <p>Recommendation:</p> <p>We recommend that the Sheriff's Office review the list of outstanding checks for the Civil Trust account and develop a process for unclaimed monies as prescribed in the Government Code Section 50050.</p>	<p>Action Plan:</p> <p>The Sheriff's Office will review the list of outstanding checks and process the unclaimed monies as appropriate in accordance with Government Code.</p> <p>Overall Issue Status: Extended</p>
0057. Finding #08: Written procedures Impact Rating: Priority 3	Orig. Target Date: 01-Feb-2022 Target Date: 30-Jun-2023 Extensions: 2	<p>The Sheriff's Office has an office policy manual that provides guidelines on how to handle the petty cash fund, instruction manuals on how to process disbursements in the Teleosoft system, and procedures for reconciling cash collections at the Civil and Animal Services sections.</p> <p>The auditors reviewed the manual and procedures and identified the following: Procedures include outdated information. Written procedures for recording, distributing, and performing inventory counts of bus passes are not available.</p> <p>Recommendation:</p> <p>We recommended that the Sheriff's Office review and update their policy manuals and procedures to ensure that it meets the County Policy and recommended Best Practice. The updated policy manuals and procedures should be disseminated to all staff handling cash payments, performing bank reconciliations, and handling bus pass inventory.</p>	<p>Action Plan:</p> <p>The Sheriff's Office will review our policy manuals and procedures and update as necessary</p> <p>Overall Issue Status: Extended</p>
Cash Department Audit - District Attorney: 08-Apr-2022			
0095. Finding #3 Written Procedures Impact Rating: Priority 3	Orig. Target Date: 30-Jun-2022 Target Date: 30-Apr-2023 Extensions: 1	<p>The District Attorney's department uses the Yolo County Cash Accounting Manual as a guideline on how to handle the petty cash funds and record and reconcile cash receipts. The department also has written procedures for handling the special appropriation fund and for recording and adjusting client accounts in the Checkres system. However, detailed procedures for recording, distributing and performing inventory counts of gift cards are not available.</p> <p>Recommendation:</p> <p>We recommend that the department develop step-by-step procedures to ensure compliance with County Policy and</p>	<p>Action Plan:</p> <p>Procedures will be written</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		recommended Best Practice. The procedures should be disseminated to all staff handling gift card inventory.	
0096. Finding #2 Access to the Checkres system Impact Rating: Priority 1	Orig. Target Date: 07-Jun-2022 Target Date: 30-Jun-2023 Extensions: 1	<p>Access to the Checkres system is limited to only one user thus creating a segregation of incompatible duties issue. The user has the ability to record payments, distribute payments, and adjust client accounts. The system is a demo version without software maintenance support and installed on an old computer. According to the department, the software is unable to be transferred to a different computer device.</p> <p>Recommendation:</p> <p>We recommend that the department develop a procedure to review system reports that include client account information that maybe added, deleted or changed and have an independent person verify the accuracy of the information on all client account transaction activity. It is also recommended that the department document a plan of continued usage of the unsupported software or migrate to another supported system.</p>	<p>Action Plan:</p> <p>The Chief Fiscal Admin Officer can go into CheckRes and review account information, see what was added, payments made, check notes, etc. The program may be on one computer but it's a laptop which can move from office to office. We will be closing the Check Prosecution unit. We are still working out all the logistics but it is anticipated that all bad checks that come to our department will go through Restorative Justice Partnership (RJP). We are hoping to make this transition by July 1, 2022. We do have a few clients that pay monthly but we anticipate that these clients will be transferred into the RJP process. By the time we develop a plan, CheckRes will no longer be used.</p> <p>Overall Issue Status: Extended</p>
Cash Department Audit - Health & Human Services Agency: 24-Jun-2022			
0097. Finding#9 Written procedures Impact Rating: Priority 3	Orig. Target Date: 31-Dec-2022 Target Date: 30-Jun-2023 Extensions: 3	<p>HHSA uses the Yolo County Cash Accounting Manual as a guideline on how to handle the petty cash funds and record and reconcile cash receipts. However, detailed procedures for handling the revolving funds, bank accounts, and bus pass/gift card inventory, cash payments are not available.</p> <p>Recommendation:</p> <p>We recommend that HHSA develop step-by-step procedures to ensure compliance with County Policy and recommended Best Practice for the following processes: ☐ Recording payments into the cash handling systems☐ Reconciling and depositing daily collections☐ Preparing and printing checks to creditors☐ Performing bank reconciliations☐ Handling bus pass/gift card inventory</p> <p>The procedures should be disseminated to all staff handling cash, bus passes, gift cards, and bank accounts.</p>	<p>Action Plan:</p> <p>HHSA will continue working with our business process analyst team to document procedures</p> <p>Overall Issue Status: Extended</p>
0099. Finding#5 Terminated employees as Check Signers Impact Rating: Priority 1	Orig. Target Date: 31-Aug-2022 Target Date: 30-Apr-2023 Extensions: 1	<p>HHSA has not updated the check signers for the Emergency Relief Account and the Child Welfare Services-Special Needs Fund account. Two employees were terminated in March 2020 and February 2022 and another employee was temporarily assigned to another entity in July 2020 are still listed as check signers with the banks.</p>	<p>Action Plan:</p> <p>This is in process and departed staff were being updated for removal at the time of the audit review. We plan to add name review as part of the ongoing bank reconcile process for greater visibility.</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>Recommendation:</p> <p>We recommend that HHSA update the check signers with the bank immediately after an employee terminates to ensure only authorized personnel is able to write checks against the bank accounts.</p>	
<p>0100. Finding#3 Payments at the West Sacramento Service Center Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2022 Target Date: 30-Jun-2023 Extensions: 1</p>	<p>Payments at the West Sacramento Service Center are placed in an envelope by the client and dropped in a collection box (drop box) located at the public counter. These payments are sent unopened to the Administration branch for recording into the VACS system and for further processing of the deposit. There is no control log to identify the amount collected to ensure that all collections were accounted for and deposited timely in the County Treasury.</p> <p>Recommendation:</p> <p>We recommend that HHSA record payments received through the drop box onto a control log and that the log be reconciled to the cash on-hand before collections are transported to the Administration branch for deposit.</p>	<p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez 1/30/23; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p>
<p>0102. Finding#2 Segregation of duties Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2022 Target Date: 30-Jun-2023 Extensions: 1</p>	<p>The petty cash fund for the Public Authority program is maintained by three custodians. One of the custodians uses the fund to purchase items as needed and prepares the claim to replenish the fund. The petty cash fund is not reconciled by someone independent of the custodian.</p> <p>Recommendation:</p> <p>We recommend that HHSA review their procedures for handling the petty cash fund for the Public Authority program and ensure that an independent person perform a surprise cash count on a regular basis. In addition, that the cash count sheets be retained for audit purposes.</p>	<p>Action Plan:</p> <p>Plan to identify a resource to do reconciliation on a regular basis or consider closing out the petty cash. It appears to be infrequently used.</p> <p>Overall Issue Status: Extended</p>
<p>0104. Finding#6 Accountability over bus passes Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2022 Target Date: 31-Jul-2023 Extensions: 1</p>	<p>Bus passes are mainly used by the Child, Youth & Family branch and Service Centers branch. The bus passes are ordered by the Social Services Client Services program then transferred to each branch where the case workers/program coordinators distribute them to the clients. During the audit period, HHSA had 522 bus passes with a value of \$1,670 in inventory. The auditors reviewed the internal controls over the handling of the bus passes and noted the following exceptions: Bus passes are not issued in sequential order Bus passes are held 1 to 5 months by the case workers/program coordinators until distributed to the clients Control logs do</p>	<p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>not include client signatures of acknowledgement of receipt of the bus pass</p> <p>Furthermore, the custodian receives the bus passes from the vendor, records the passes onto the control log and distributes the passes to the case workers/program coordinators without an independent review in the process.</p> <p>Recommendation:</p> <p>We recommend that HHSa require the case workers/program coordinators to report their number of bus passes issued to clients and the inventory on-hand to assist with reconciling the inventory account for any missing or unused passes. In addition, include a copy of the acknowledgement of receipt of the bus pass from the client for audit purposes.</p> <p>Furthermore, we recommend that a surprise count of the bus pass inventory be performed by a person independent of the custodian and that the count be reconciled to the general ledger and control logs to reflect the inventory on-hand.</p>	
<p>0105. Finding#7 Accountability over gift cards</p> <p>Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2022</p> <p>Target Date: 31-Jul-2023</p> <p>Extensions: 1</p>	<p>The gift card inventory is maintained by the Social Services Client Services program. Gift cards are distributed to the case workers/program coordinators upon request. During the audit period, HHSa had 146 gift cards with a value of \$3,012 in inventory. The auditors reviewed the internal controls over the handling of the gift cards and noted the following exceptions: General ledger inventory account did not agree to the gift cards on-hand Gift cards purchased between 2018-19 and 2019-20 totaling \$2,412 are still outstanding to Goodwill, Subway, Nugget, Food4Less, Walgreens, and Raley’s</p> <p>Recommendation:</p> <p>We recommend that HHSa reconcile the general ledger inventory account against the actual gift cards on hand to ensure accurate financial records. It is also recommended that the gift cards be reviewed to determine if they are deemed necessary for program operations or should be returned for full value.</p>	<p>Auditor Comments</p> <p>Change Responsible Manager to Lucy Chavez; John Buzolich no longer with County</p> <p>Overall Issue Status: Extended</p>
<p>Cash Department Audit – Revenue Division: 01-Mar-2023</p>			
<p>0117. Finding 3 - Control log for payments received in the mail</p> <p>Impact Rating: Priority 1</p>	<p>Orig. Target Date: 30-Apr-2023</p>	<p>The Revenue Unit does not maintain a control log for payments received in the mail. Payments are processed by staff and recorded into the Megabyte or RevQ systems the same day or within two days. Not recording checks on a control log may result in checks being misplaced and or misappropriated without timely detection.</p>	<p>Action Plan:</p> <p>Mail tasks and responsibilities may be re-evaluated with the hiring of a new Office Support Specialist. Currently, mail collection in the Department of Financial Services is a shared task across multiple divisions including the Revenue Unit and a mail log is not utilized. The Revenue Unit will log all checks received, whether retrieved directly</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>Recommendation:</p> <p>We recommend that the Revenue Unit record checks received in the mail onto a control log. It is also recommended that the control log be maintained by an employee independent of the collection process and that the log be reconciled at least weekly to the deposits to ensure that all monies received in the mail have been deposited in the bank or county treasury.</p>	<p>from the mail carrier or from other divisions, and ensure that the staff logging the checks will not be the same to process the check.</p> <p>Overall Issue Status: Open</p>
<p>0118. Finding 6 - Written Procedures Impact Rating: Priority 3</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>The Revenue Unit uses the Yolo County Cash Accounting Manual as a guideline on how to handle, record and reconcile cash receipts. However, detailed procedures for processing payments in the Megabyte and RevQ systems, reconciling collections, and processing remote deposits are not available</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit develop step-by-step procedures to ensure compliance with county policy and recommended best practice: Handling payments received at the counter and through the mail Handling credit card payments Recording payments into the cash handling systems Reconciling and depositing daily collections The procedures should be disseminated to all staff involved in the cash handling process.</p>	<p>Action Plan:</p> <p>The Revenue Unit will develop step-by-step procedures and disseminate them to staff.</p> <p>Overall Issue Status: Open</p>
<p>0119. Finding 5 - Access to Megabyte and RevQ system Impact Rating: Priority 1</p>	<p>Orig. Target Date: 30-Apr-2023</p>	<p>The auditors obtained a list of system administrators and users from the Megabyte and RevQ systems. Access to the systems is not restricted to authorized users thus potentially posing a segregation of duties issue as stated below: Three employees with user access to the Megabyte and RevQ systems have the ability to record, modify, and delete transactions without supervisory approval. The Chief Financial Officer has administrative access to the Megabyte system but is not involved in cash handling process.</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit review the list of system administrators and users for the Megabyte and RevQ systems to ensure that each access permission is assigned appropriately for the job being performed. Further, that the security and change control reports be available, actively monitored, logged, and reported accordingly.</p>	<p>Action Plan:</p> <p>The Revenue Supervisor and Treasury & Revenue Manager will review both systems to ensure users are assigned the appropriate level of access to perform their job duties. A new process will be implemented where user access are reviewed annually at the beginning of each fiscal year. Annual reviews will be signed off by the supervisor or manager.</p> <p>Overall Issue Status: Open</p>
<p>0121. Finding 2 - Daily reconciliation of payments over the counter</p>	<p>Orig. Target Date: 30-Apr-2023</p>	<p>The auditors reviewed the cash on-hand at the Revenue Unit on November 16, 2022 and agreed the pending deposit records to the general ledger. The following was noted: End</p>	<p>Action Plan:</p> <p>The Revenue unit will make improvements to the daily reconciliation worksheet to ensure all collections are accounted for and agrees to the</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
<p>Impact Rating: Priority 1</p>		<p>of day closeout sheets completed by each cashier do not include the starting drawer balance and adjustments made in the Megabyte and RevQ systems. In addition, the sheets are not signed by the preparer or a reviewer. The change fund is kept separately in a locked cash bag during the day and not placed in the cash drawer to facilitate the cash tendering process. Cash collections (currency & coins) are placed into a cash bag by each cashier at the end of the day and sent unopened to the county's treasury without an independent verification of the deposit amount. Overall collections are not summarized onto a deposit permit reconciliation sheet that includes the amount collected by each cashier, register summaries from the Megabyte and RevQ systems, check batches received through the lockbox, adjusting entries, account coding information, and preparer/reviewer signatures.</p> <p>Recommendation:</p> <p>We recommend that the Revenue Unit review the register summary reports from the Megabyte and RevQ system and make the necessary adjustments to the end of day close out sheets to ensure all transactions agree to the actual collections, remote deposits, and the cash on-hand. It is also recommended that the Revenue Unit develop a deposit permit reconciliation sheet to summarize the overall collections, adjustments, electronic payments, and account coding information. Furthermore, the end of day closeout sheet and deposit permit reconciliation sheet should be signed by the preparer and the reviewer.</p>	<p>Megabyte and RevQ generated reports. Daily reconciliations will be reviewed and signed by someone other than the person preparing the reconciliation. The reconciliation worksheet will be accompanied by the system generated reports and other appropriate supporting documentation such as receipts from the cash counting machine to provide a breakdown of currency by denomination (excluding coins). A supervisor or manager will perform surprise cash counts and document findings to ensure change funds are accounted for. The Revenue Unit currently uses a deposit permit reconciliation sheet that summarizes collection for all cashiers, however, it's not current practice to include this sheet with the deposit as supporting documentation. Staff will refine the reconciliation sheet to capture all collections, adjustments, electronic payments, and account coding and will include the sheet as supporting documentation to the deposit permit moving forward.</p> <p>Overall Issue Status: Open</p>
<p>0122. Finding 1- Segregation of Duties</p> <p>Impact Rating: Priority 1</p>	<p>Orig. Target Date: 30-Apr-2023</p>	<p>The auditors found that duties were not properly segregated at the Revenue Unit as stated below: Cash collections are reconciled by each cashier at the end of the day and not reviewed by an employee independent of the receipting function. One employee compiles all of the daily reconciliation sheets and prepares the deposit. The same employee is also an assigned cashier at the public counter, records payments into the Megabyte and RevQ systems and adjusts for the payments.</p> <p>Recommendation:</p> <p>We recommend that Revenue Unit review their procedures for handling payments at the public counter and ensure that an independent person verifies the daily reconciliation sheets and deposit permit prior to deposit with the county treasurer.</p>	<p>Action Plan:</p> <p>Currently, each cashier balance their respective drawers at the end of their shift. Daily collections from all cashiers are consolidated into one deposit that is entered into the County's financial system (Infor). The Infor deposits are reviewed and approved within the financial system by the Revenue Supervisor or Treasury & Revenue Manager prior to deposit with the County Treasury. Megabyte and RevQ do not have delivered approval workflows to facilitate an approval process before a change and or adjustment is made. Certain adjustments such as penalty waivers are approved by the supervisor or manager prior to making adjustments in the respective systems. The Revenue Unit will review procedures and incorporate processes that will include independent verification and sign off on daily reconciliations and adjustments made in Megabyte or RevQ.</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		In addition, that any adjustments for payment in the Megabyte and RevQ systems be approved by a supervisor.	Overall Issue Status: Open
Cash Department Audit - Probation: 14-Mar-2023			
0123. Finding# 2 Accountability over petty cash transactions Impact Rating: Priority 1	Orig. Target Date: 22-Apr-2023	<p>The auditors reviewed the Probation Department’s annual revolving fund report for fiscal year 2021-22 and inquired with staff on the replenishments made out of the petty cash fund. The following was noted: Sales receipts were missing for cash given in advance to purchase food or items for clients. Payments made to barbers for haircuts of minors were not recorded onto a control log for 1099 reporting purposes to the Department of Financial Services. Gratuities of \$5 were paid to the barbers for each haircut.</p> <p>Recommendation:</p> <p>We recommend that the Probation Department develop a process to ensure that all petty cash reimbursements are supported by sufficient documentation to support the charges against county funds. It is also recommended that the department develop a control log to record the payments made to the barbers along with running totals to ensure that amounts paid over \$600 are reported to the Department of Financial Services for 1099 reporting purposes. The department should also consult with the Department of Financial Services on the appropriateness for using county funds for gratuities to the barbers.</p>	<p>Action Plan:</p> <p>Probation will develop a process to ensure all petty cash reimbursements are supported by sufficient documentation to support charges against county funds. Payments made to barbers will also be reported to the Department of Financial Services for 1099 reporting purposes.</p> <p>Overall Issue Status: Open</p>
0124. Finding# 3 Accountability over bus passes and gift cards Impact Rating: Priority 1	Orig. Target Date: 22-Apr-2023	<p>The bus pass/gift card inventory is maintained by the Fiscal Administration division. Bus passes/gift cards are distributed to the probation officers upon request. During the audit period, the Probation Department had 70 gift cards with a value of \$1,846 and 139 bus passes totaling \$715 in inventory. The auditor reviewed the internal controls over the handling of bus passes and gift cards and noted the following exceptions: Bus passes purchased in September 2016 totaling to \$215 are still outstanding and not recorded in the general ledger. Out of 43 bus passes distributed, twenty-six (26) bus passes distributed during the month of August 2022 were missing client signatures of acknowledgement of receipt of the bus pass. Gift cards purchased between fiscal years 2014-15 and 2017-18 totaling \$1,300 are still outstanding to Southwest, In-N-Out, Dutch Brothers, and Walmart. The inventory for these cards is not recorded in the general ledger. Two (2) gift cards distributed</p>	<p>Action Plan:</p> <p>Probation will rescind procedure changes that were made at the height of the COVID-19 pandemic and revert to standard procedures where clients sign for receipt of incentive (bus/gift cards). Gift cards purchased in prior fiscal years are non-refundable and were purchased with grant funds. Probation remains committed to utilizing those gift cards first, provided the requirements of the funds that purchased said gift cards are adhered to. Probation agrees to work with the Department of Financial Services to enter non-inventoried gift cards into the inventory.</p> <p>Overall Issue Status: Open</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>during the month of August 2022 were missing acknowledgement from the client for the receipt of items.</p> <p>Recommendation:</p> <p>We recommend that the Probation Department develop a process to ensure that the probation officers provide a copy of the acknowledgement of receipt of bus pass/gift cards from the client for audit purposes. In addition, the bus passes and gift cards purchased prior to fiscal year 2017-18 should be reviewed to determine if they are deemed necessary for program operations or should be returned for full value. The bus passes and gift cards should also be recorded in the general ledger to reflect the actual inventory on-hand in the financial records.</p>	
Vehicle Fleet Operations: 12-Aug-2022			
<p>0106. Finding# 1 Budget Principle of switching to Electric vehicles “Sustainable Fleet”</p> <p>Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>The County budget principles clearly indicates under “Sustainable Fleet” that vehicles are to be purchased in the following order; starting with electric, electric-hybrid, hybrid, and traditional combustion last. It appears that this budget initiative is not being adhered to, implemented, or communicated to Department Heads outside of the budget documents.</p> <p>We noted this as a Compliance issue, but also noted it within Purchasing since it is directly tied to the budget and purchasing of new vehicles.</p> <p>Note: This affects multiple functional areas; such as compliance, budgeting, purchasing, and inventory management.</p> <p>Recommendation:</p> <p>Develop County-wide policies and procedures to ensure that this budget principle is met and enforced. This should include the development of mechanisms to track the on- going performance as well as establish accountability of this budget principle to ensure that electric vehicles (as well as electric stations) are purchased within the County’s Fleet. The established policies and procedures should be adhered to by all staff involved in the County’s vehicle purchasing processes and may be a joint effort by Fleet services and County departments.</p> <p>Short-term: As older vehicles need to be replaced, they should be replaced with electric vehicles and electric stations</p>	<p>Action Plan:</p> <p>Management partially agrees with this recommendation. Budget principles are developed and approved annually by the Board of Supervisors to provide general guidelines for developing the County’s budget for the upcoming fiscal year. While the budget principles provide an important yardstick for County staff in the course of budget development, they merely represent a statement of what the County would ideally like to achieve through the budget process, and do not carry the same weight and authority of a formal County Policy. While establishing a Countywide policy requiring the purchase and use of electric and/or hybrid vehicles is a laudable goal, there are currently several barriers to implementing such a policy, including insufficient electric vehicle charging infrastructure, higher purchase and different maintenance costs, and vehicle options that may not meet certain department specific service needs. However, inclusion of Sustainable Fleet in the County’s budget principles since January 2020 has resulted in a change in process whereby Fleet Services now provides electrified options to County departments when new vehicles are requested, as well as the infrastructure requirements to charge such vehicles. It should be noted that the Board of Supervisors has also taken several recent actions to address climate change and sustainability, including adoption of a resolution declaring a climate crisis requiring an urgent and inclusive mobilization in Yolo County, creation of the Yolo County Climate Action Commission (YCCAC) to advise the County on implementation of the Yolo County Climate Action Plan, and approval of several early action priority projects to reduce greenhouse gas emissions. One early action priority being considered is contemplation of a Zero Emission Vehicle (ZEV) Master plan that would help to guide</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		<p>should be installed and budgeted annually. Training should also be provided to drivers.</p> <p>Long-term: With the price of gas continuing to significantly increase, the switch to electric will provide a more sustainable fleet in the long-term, which is the goal of this budget principle.</p>	<p>this transition methodically across County departments. In addition, the Board of Supervisors approved funding in the 2022-23 Recommended Budget for an update to Yolo County’s Climate Action Plan. As the County continues to make progress on climate sustainability initiatives and reduce or eliminate the barriers to electrification of the County’s vehicle fleet, a Countywide policy regarding the purchase and use of low- or zero-emission vehicles may be considered at a future time however likely would be informed by the aforementioned ZEV master plan. If and when such a policy is approved, procedures to ensure adherence to the policy will also be considered and implemented.</p> <p>Overall Issue Status: Open</p>
<p>0107. Finding# 2 No reconciliation or interface between CAMS and Lawson (Infor)</p> <p>Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>There is neither a manual reconciliation or an electronic interface between the CAMS and Lawson (Infor). Therefore, the information in CAMS for inventory and maintenance purposes may not match the information in Lawson for accounting and financial reporting purposes.</p> <p>Recommendation:</p> <p>A regular reconciliation should be performed between CAMS and Lawson (Infor) to ensure information agrees and is accurate in both systems. This is recommended to maintain accurate and complete listings for inventory and maintenance purposes of the County’s fleet, as well as financial reporting information.</p> <p>The CAMS asset inventory listing should also be checked for old vehicles and equipment that no longer exists, and then remove them from the listing.</p> <p>Once the CAMS asset listing is determined to be accurate (preferably after conducting a County-wide inventory), then the related financial reporting information in Lawson (Infor) should be regularly reconciled to CAMS to ensure the vehicles and equipment within the fixed asset ledger prepared by the Department of Financial Services (DFS) agrees as noted above.</p>	<p>Action Plan:</p> <p>Management does not agree with this recommendation. The Lawson/INFOR system and the CAMS function serve distinctly different functions. Therefore, while the County acknowledges there may be some risk to a lack of reconciliation between the two systems related to inventory control of vehicles, a reconciliation would be time consuming, and the cost of implementation and maintenance of a reconciliation is likely to exceed any benefit derived. The Department of Financial Services (DFS) is responsible for maintenance of the INFOR system and accounting and financial reporting. DFS uses Lawson/Infor and they do not rely on CAMS as the system of record. Fleet Services is not responsible for tracking and maintaining the inventory of vehicles for either the department’s assets or the County as a whole’s assets. Infor is the County’s record keeping system therefore all assets are reported, adjusted, certified, or removed from that system. CAMS Fleet module is for service and repair management purposes only. Infor holds all required assets consistent with County policy for Fixed Assets, not just vehicles. Our use of CAMS is to manage vehicle maintenance and process operations and repair billing, i.e., service, repair, and fuel. Fleet does not “track” historical value or depreciation. CAMS is not designed to store all County assets and is not the current purpose of the system. Although, Fleet accounts for the presence of vehicles frequently, specifically at times of service which is the primary method Fleet uses to identify the physical presence of vehicles and equipment. CAMS is a tool which follows vehicle use (through fuel use) and documentation of services and repairs. When a lack of information or discrepancies are identified, multiple sources are investigated to ensure the issue is correctly addressed. The movement of the vehicle during the year seems to be adequate evidence to Fleet that the</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
			<p>vehicle exists and is being used as indicated by fuel use, regular services (per Fleet’s schedule) as well as other needs which may include recalls, service calls, or even accident, vandalism or theft. Infor is considered the official inventory, and inventory of fixed assets are performed on a scheduled basis (typically annually) by the Department of Financial Services through request of department personnel to verify their fixed assets (including vehicles) to determine if the official record of the county needs to be modified. Because of the differing purposes of the systems, a reconciliation while possible would like be time consuming and the value of which for organizational purposes is unclear thus likely the cost of performance exceeding the benefit.</p> <p>Overall Issue Status: Open</p>
<p>0108. Finding# 3 No County-wide inventory of vehicles and equipment Impact Rating: Priority 1</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>It was noted that a County-wide physical inventory has not been conducted of vehicles and equipment. Per the County’s Vehicle Policy, "all County vehicles will be properly administered and maintained and administration and maintenance is provided by Fleet Services. Administration includes inventory, reporting, regulatory compliance, and historical documentation." While departments annually review and certify asset listings provided by DFS, these are prepared to verify asset listings in Lawson (Infor), and as noted in CW #2 above, reconciliations are not performed between Lawson (Infor) and CAMs (Fleet Services inventory records). This makes it difficult to conclude that the assets included in the CAMS inventory listing exist and the listing is complete and accurate as a County-wide fleet inventory has not been conducted. Fleet Services tries to service vehicles and equipment on a regular basis and relies on communication with Department Heads as a countermeasure which may uncover discrepancies; however, that does not eliminate the risks involved with not having a County- wide inventory.</p> <p>Recommendation: Fleet Services should perform a County-wide inventory of vehicles and equipment. This should be performed to ensure the CAMS inventory listings (maintained by Fleet Services) are accurate and complete. A County-wide inventory will also supplement and verify the accuracy of the departments’ annual inventories that are prepared for the DFS for financial</p>	<p>Action Plan: Management partially agrees with this recommendation. While a County-wide inventory of vehicles and equipment might be ideal, Fleet Services does not currently have the staffing or ability to complete such a physical inspection of County vehicles and equipment on an annual basis and this is likely be repetitive of efforts already conducted. Processes are already in place for County departments to review and certify physical inspection and inventory of assets under their control on an annual basis, and to make adjustments to fixed asset inventories as needed. Pursuant to the County Policy on Capital Asset Management, the Department of Financial Services maintains an inventory of all capital assets, which is updated annually based on certifications from all departments.</p> <p>Overall Issue Status: Open</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
		reporting. This also provides an opportunity to briefly inspect all of the vehicles and equipment.	
<p>0109. Finding# 4 Official Count Sheets not used or retained in auto-parts inventory Impact Rating: Priority 2</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>Count sheets were not used or retained for the inventory of auto-parts. This makes it difficult to determine that the inventory actually took place and that changes were processed in both CAMS and Lawson (Infor). Fleet Services certifies that an inventory did take place June 2021 and provided a document with changes in quantities on it, but the document had no dates, document parameters, or other official identifying information on it. A recommendation will be made to use official count sheets and retain count sheets for auto-parts in order to show and prove that the inventory took place.</p> <p>Recommendation: Use and retain official count sheets during the inventory of auto-parts, that includes the certification of the staff who took the inventory, as well as an approver. This will provide an audit trail that the inventory took place.</p>	<p>Action Plan: Management does not agree with this finding. The terminology “count sheets” was not familiar to Fleet staff and repeated requests did not clarify the items. Perhaps a verbal review of the process would have led to a mutual understanding of Fleet Services process on auto parts inventory. Fleet provided a CAMS report called “Shop Inventory Transaction Review” This report includes date inventory was received and issued to/on a department vehicle, retail price of the item, the vendor name, inventory item, location of the item, quantity, and net value of quantity (if ran by date range). This information is very similar to information that would be found on a count sheet except this is an electronic version. If the purpose of count sheets is to track or document parts received and distributed, then CAMS provide this already.</p> <p>Overall Issue Status: Open</p>
<p>0110. Finding# 5 Lack of official Policies and Procedures in writing over maintenance and repairs Impact Rating: Priority 2</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>As part of our procedures, we requested more specific policies and procedures in writing for maintenance, repair operations, and inspections. We also requested an official list of maintenance and repairs performed in- house and those that are outsourced. Fleet Services was not able to provide either. There appears to be a lack of official policies in writing regarding what/when maintenance and repair services are to be performed. We also noted that the official Vehicle Policy was written and approved in 2013, which is significantly aged as of this report. In addition, Fleet Services relies heavily on the Fleet Superintendent to coordinate maintenance and repairs. While the Fleet Superintendent has 14 years of experience, if he were to separate from the County, it would create a significant “knowledge gap” within the department. Therefore, we recommend more formal procedures in writing.</p> <p>Recommendation: Develop official approved policies and procedures in writing for specific maintenance, repair operations, and inspections. Also develop and maintain a comprehensive list of services that are performed in- house and those that are outsourced.</p>	<p>Action Plan: Management partially agrees with this finding. The Fleet module in CAMS assigns each vehicle to the appropriate service schedule based on the vehicle category. Each vehicle category has a list of “PM Services” which provides the service schedule and indication of the depth of the service. For instance, Category A is scheduled every 6 months or 5,000, whichever comes first, and a checklist of services is used by Fleet staff. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services to improve the narrative on maintenance and repairs along with related policies and procedures.</p> <p>Overall Issue Status: Open</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
<p>0111. Finding# 6 Lack of official Policies and Procedures in writing Fuel Cards Impact Rating: Priority 2</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>The County should update the Vehicle Policy (within the County of Yolo Administrative Policies and Procedures Manual) as it is almost 10 years old.</p> <p>There is no official policy and procedures in writing over the Voyager fuel credit cards or the vehicle fuel cards.</p> <p>Recommendation: Develop official, approved policies and procedures in writing over the fuel cards and Voyager fuel credit cards. An emphasis on accountability and security of the cards should be made in the official policies and procedures to help ensure that the fuel cards are not misused, misplaced, or abused. The County should ensure staff that have access to these cards are aware of the standard policies and procedures over fuel cards.</p>	<p>Action Plan: Management agrees with this finding. The vehicle fuel cards remain with the vehicle and are used to fuel only that vehicle whereas the Voyager fuel cards are assigned to the driver. Card use requires a driver with an assigned personal identification number (PIN). When PINs are assigned, drivers are provided an email from Fleet Services with the procedures and some limits pertaining to the fueling process, such as the steps of the fueling process and that the card is not to be used for purchases other than fuel. CAMS will flag questionable mileage entries and cause Fleet to investigate the apparent error. This is part of the reason Fleet has confidence that the cars getting fuel are county cars. Fleet processes the fuel transactions and bills the departments for their fuel use monthly. The department effectively approves of all transactions when paying their fuel bill. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will include a section on fuel cards.</p> <p>Overall Issue Status: Open</p>
<p>0112. Finding# 7 Use of miscellaneous or unassigned fuel cards Impact Rating: Priority 2</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>Some departments have miscellaneous cards for small equipment or rental vehicles. Card security is dependent on the department that holds the cards. There does not appear to be any official policies or procedures in place provided to departments to ensure that unassigned cards are kept locked-up in a secure location and properly checked-out for use. Therefore, this could create an internal control weakness over the security of these cards issued to departments for small equipment. Eide Bailly will recommend formal Policies and Procedures in writing over the physical security of unassigned cards.</p> <p>Recommendation: Develop official approved policies and procedures in writing over the “miscellaneous” fuel cards that are assigned to departments for equipment and not assigned to specific vehicles. Specifically, these should include the requirement that cards are properly secured and checked out/in for official use only.</p>	<p>Action Plan: Management agrees with this finding. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will include a section on fuel cards. Fleet Services will state in the updated policy that fuel cards are to be locked in a secure location and properly checked-out for use, however Fleet Services does have the staffing or ability to monitor other department’s security of the cards so the responsibility will likely remain with departments.</p> <p>Overall Issue Status: Open</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
<p>0113. Finding# 8 Lack of official Policies and Procedures in writing over “Low Mileage Usage” vehicles Impact Rating: Priority 2</p>	<p>Orig. Target Date: 31-Aug-2023</p>	<p>There are no formal policies or procedures approved and in writing over the review of low usage vehicles. From a review of vehicle listings provided and their respective mileages performed, Eide Bailly calculated and estimated a total of 232 vehicles with average mileage below 400 annually; however, only 114 vehicles were noted as reassigned in a listing provided. In addition, there were a total of 48 vehicles with negative mileage reported. While there may be explanations or reasons for why certain vehicles are not reassigned, as well as negative mileage, the County would benefit from having written policies and procedures related to the reassignment of low mileage vehicles.</p> <p>Recommendation: Develop official, approved policies and procedures in writing related to the review and reassignment of low mileage vehicles. Specifically, this should document the defined parameters for when vehicles with low usage are to be reassigned as well as the overall review process. Departments should follow the recommendations for reassigned vehicles or provide justification for not reassigning a low mileage vehicle. This will help to reduce the risk that County vehicles are not being reassigned or utilized as efficiently and effectively as possible.</p>	<p>Action Plan: Management partially agrees with this finding. The identification and reporting of low use (mileage) vehicles to each department happens at the beginning stages of budget development process to ensure additional vehicles are not purchased when unnecessary. During the month of January Fleet Services reviews the list of county vehicles and will highlight vehicles that are recommended for replacement including low use (mileage) vehicles, high mileage vehicles, and aged vehicles. Each department receives their recommendations for replacement list prior to the entry of budget requests. Fleet Services does not have authority over other departments decisions regarding vehicles, therefore if a department decides to continue using a vehicle that was recommended for replacement, Fleet Services will continue to service and maintain the vehicle. Community Services agrees to update the County Vehicle Policy in conjunction with County Administrator’s Office and Department of Financial Services which will enhance the section on low mileage usage and related policies and procedures to be applied.</p> <p>Overall Issue Status: Open</p>
<p>0114. Finding# 9 Not all physical locations with department vehicles have security cameras Impact Rating: Priority 3</p>	<p>Orig. Target Date: 31-Dec-2023</p>	<p>It was noted per inquiry with Fleet Services that County vehicles have had catalytic convertors stolen, vehicles vandalized, and two vehicles stolen. The stolen vehicles were noticed, identified and recovered promptly, however not all of the physical locations with vehicles and equipment have security cameras to help deter theft or vandalism.</p> <p>Recommendation: It is recommended to add security cameras to all locations holding vehicles and equipment. We also recommend to add additional physical security controls to those locations as needed to help deter theft or vandalism.</p>	<p>Action Plan: Management partially agrees with this finding. Fleet Services does not have authority over other departments who store vehicles at their physical department locations rather than at the Fleet corporation yard and the security measures implemented but advises and will bring attention to issues concerning vehicle security, however each department is responsible for securing their own assets from loss, damage, or theft. This includes providing recommendations for preventing catalytic converter thefts. The General Services department agrees that the County as a whole should apply prudent and cost-effective security solutions where the value exceeds the cost however this is not anticipated to be all locations or possible locations that vehicles are stored. Certain proposals are being reviewed for two locations that experienced recent damage to vehicles. In addition, General Services has been developing longer term security options with a security consultant that includes replacement of the existing card key/lock system as well as deployment of additional cameras in select locations.</p> <p>Overall Issue Status: Open</p>

Observation Title	Estimated Completion Date	Observation/Recommendation	Follow-up and Current Status
<p>0115. Finding# 10 Security access badges are not used to enter Fleet Services</p> <p>Impact Rating: Priority 3</p>	<p>Orig. Target Date: 31-Dec-2023</p>	<p>Fleet Services currently does not use security access badges to access the main Fleet Services building. Physical keys are used with an “Employees Only” sign in front of the door. While physical keys are a great physical control to prevent unauthorized access, security access badges provide additional data for who and when people access the main Fleet Services building. Therefore, we will make a recommendation to use security access badges.</p> <p>Recommendation:</p> <p>It is recommended to switch from a traditional lock and key system to security access badges for access to the main Fleet Services building.</p>	<p>Action Plan:</p> <p>Management partially agrees with this finding. Fleet services will confer with General Services as to security improvements that can be applied that do not impair operations and whether key cards are necessary at this location. A security study was recently conducted, and General Services is working to secure funding for replacement of the existing card key/lock system across the County. This location has some specific challenges where a card key system could be costly or administratively burdensome. Fleet must leave the front door unlocked to allow for customers and vendors to come in during business hours. In addition, there are multiple garage bays with large doors. All Community Services staff (including Fleet Services staff) have County issued key cards to access the yard and main building. The parts/inventory room is secured by lock and key to limit access, and only Fleet staff and the Director of Public Works has keys to this room (as well as General Services Department staff). The physical vehicle keys are stored in a key management system and each user has their own pin which limits risk of theft and loss.</p> <p>Overall Issue Status: Open</p>

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
Fiscal Year 2022-2023

Item #14

No.	AA No	AUDTRACK No	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
1	2021-0025	2023-23	Carry Forward FY21-22	Capital Projects	Countywide	Perform a review of county capital projects to identify and test key processes and controls related to contract administration, change order management, project & cost management, and project closeout.	High	320	95%	In-progress; Under Mgmt. Review exit planned for May			Yolo
2	2021-0026	2023-17	Carry Forward FY21-22	Accounts Payable	Countywide	Perform a review to evaluate accounts payable internal control processes, review and evaluate transactions for accuracy, identify the cause of processing delays and determine compliance with applicable laws, regulations, policies, and procedures.	High	280	98%	In-progress; Waiting on Mgmt. responses		12	Yolo
3	2022-055	2023-26	Carry Forward FY21-22	Wireless Communications Devices	Countywide	Perform a review of the county's wireless communication devices to identify areas of risk and opportunities for potential savings.	Med	280	50%	Delayed; Reassing scope of work			Yolo
4	N/A	2023-33	New	Peer Review - Internal Audit	Internal Audit	Prepare documents for Internal Audit Peer Review in accordance with IIA Standards. Peer Review to be performed by Napa County.	High	80	100%	Completed			Yolo
5	N/A	2023-34	New	Peer Review - Placer County	Internal Audit	Conduct Peer Review of Placer County in accordance with IIA Standards. The review will include interviews, evaluation of documents against standards, and final report.	High	100	100%	Completed			Yolo
6	N/A	2023-23	New	FWA Reporting and Hotline	Countywide	Develop a fraud reporting and whistleblower policy and implement hotline.	High	202	100%	Completed			Yolo
7	N/A	O/S	New	Subrecipient Compliance Monitoring	Countywide	Assess and document a County-wide fiscal monitoring program, providing recommendations for ongoing fiscal monitoring, and potentially performing some of the 2022/2023 required desk reviews & site visits.	High	350	100%	Completed	2/13/2023	7 Gaps Identified	Outsource
8	N/A	O/S	New	Payroll Processing and Changes CalPERS and payroll taxes	Department Human Resources	Perform a review of payroll processes including the CalPERS contribution and payroll taxes.	High	200	5%	Not Started: Reassing scope of work			Outsource
9	2023-0083 2023-0084 2023-0085 2023-0086	2023-13	New	Cash Count	Department Financial Services - Treasury	Conduct quarterly cash count as required by Government Code Section 26920(a)(1).	Med	14	80%	Quarterly; Completed 6/30, 9/30, 12/31, 3/31 Qtrs	7/22/2022 10/21/2022 1/13/2023 4/03/2023	0	Yolo
10	2023-0078	2023-30	New	Cash Operations	Department Financial Services - Tax Collector	Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.	Med	48	100%	Completed	3/01/2023	6	Yolo

Yolo County
Division of Internal Audit
Audit Plan - Status of Projects
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No.	AA No	AUDTRACK No	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
11	2023-0077	2023-31	New	Cash Operations	Department Probation	Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.	Med	48	100%	Completed	3/14/2023	3	Yolo
12	2023-0076	2023-28	New	Cash Operations and Accounts Receivable	Department Agriculture	Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash and accounts receivable.	Med	80	0%	Planned for May			Yolo
13	2023-0079	2023-29	New	Cash Operations	Department Library	Perform an Internal control review to determine whether adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability over cash.	Med	60	98%	In-progress, Waiting on Mgmt. response		6	Yolo
14	2023-0080	2023-27	New	Juvenile Books & Accounts	Department Probation	Perform a review over the Probation Department's juvenile books and accounts in accordance with the Welfare & Institutions Code Section 275.	Med	20	0%	Not Started; wait for new Fiscal Officer			Yolo
15	2023-0082	2023-37	New	Policies and Procedures	Countywide	Assess the adequacy of documented policy and procedures to determine the impact on knowledge transfer when employees are hired, transfer, resign or retire from the County.	High	120	5%	Preliminary Mtg. scheduled with CAO			Yolo
16	2023-0081	2023-16	New	Purchase Card	Countywide-Cont Audit	Perform a review to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the purchase card program, including the areas of card management, merchant management, and transaction analysis.	High	160	25%	In-progress; Add review of of PCard prg; added 80 hrs			Yolo
17	2023-0091	2023-25	New	Accounts Receivable	Countywide	Perform an internal control review over accounts receivables.	High	140	0%	Planned for June			Yolo
18	2023-0087	2023-32	New	Fiscal Monitoring	Department Health & Human Services Agency	Perform desk and site fiscal monitoring reviews for County Health & Human Services Agency as required by Code of Federal Regulations 2 CFR part 200 etal.	High	640	10%	Started. Will outsource SR reviews			Yolo
19	2023-0092	2023-21	New	Payroll Processing and Changes, Employee Leave/FMLA, and Pay Rates	Department Human Resources	Perform a review of payroll processes including the health benefit calculation, leave balances, and the accuracy of employee pay rates.	High	200	0%	Planned for May-June			Yolo
20	2023-0093	2023-24	New	Procurement Processes	Department General Services	Assess procurement practices related to oversight, transparency, needs identification, sourcing, strategic purchasing, receiving goods and services and reporting to determine whether the policy is being adhered to and to identify process inefficiencies.	High	220	0%	Planned for May-June			Yolo

Yolo County
 Division of Internal Audit
 Audit Plan - Status of Projects
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No.	AA No	AUDTRACK No	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
21	N/A	O/S	New	Governance and Strategy	Department Information Technology	Assess the IT strategic planning process. Understand how performance is evaluated, the operating budget is tracked, and resources are consumed.	High	250	5%	Started			Outsource
22	N/A	O/S	New	Risk Management	Department Information Technology	Assess the practices around IT risk management, including the identification, treatment, tracking and reporting across the County.	High	250	0%	Canceled			Outsource
23	N/A	2023-35	Ongoing	Internal Audit Risk Assessment and Audit Planning	Internal Audit	Annual Risk Assessment procedures and developing/updating the three-year Internal Audit Plan based on the results that are updated annually.	N/A	80	10%	Started, Interviews planned for May			Yolo
24	N/A	2023-36	Ongoing	Ad Hoc Audits, Investigations, and Research	Audit Function	Internal Audit is asked by the Board or by Executive management to perform certain audits or research.	N/A	300	60%	Ongoing			Yolo
25	N/A	2023-15	Ongoing	Follow-up on Prior Internal Audit Findings	Countywide	Information requests, meetings, and additional verification/testing will be conducted to determine if prior issues have been remediated.	N/A	60	75%	Monthly			Yolo
26	N/A	2023-20 2023-11	Ongoing	Financial Oversight Committee and Financial Services Administration	Administration	Administrative support for the Financial Oversight Committee and Audit Subcommittee meetings.	N/A	240	75%	Quarterly 2X			Yolo
27	N/A	2023-10 2023-14	Ongoing	Internal Meetings and Planning	Audit Function	General planning, project management meetings, workload and planning reviews required by the IIA standards.	N/A	766	75%	Ongoing			Yolo
28	N/A	2023-02 to 2023-09	Ongoing	Staff Benefits and Leave	Other Administration	Required time based on labor bargaining units.	N/A	1170	75%	Ongoing			Yolo
29	N/A	2023-12 2023-14 2023-18	Ongoing	Training, Professional Development, Office Non-productive Time	Audit Function	120 hours for training and continuing professional education (CPE) 100 Countywide Fiscal Foundations Series training 312 hours for office time (2 hours/week)	N/A	532	75%	CPE Hrs - On Track			Yolo
30	N/A	2023-19	Ongoing	Manage Co-Sourced/External Resources	Audit Function	Internal Audit to manage and coordinate with external resources.	N/A	80	75%	Ongoing			Yolo

Total audit & non-audit hours and benefits & leave

7290