



COUNTY OF YOLO
CALIFORNIA

Division of Internal Audit
Nathan Lugo, Internal Audit Manager

September 12, 2024

Yolo County Audit Subcommittee
Woodland, CA 95695

Re: Division of Internal Audit Proposed Workplan for Fiscal Year 2024-25

Attached for your review and approval is the Division of Internal Audit's Proposed Work Plan for Fiscal Year 2024-25. This work plan is based on our annual countywide risk assessment, which provides a framework for evaluating the efficiency, effectiveness, and compliance of county operations to ensure optimal use of resources and alignment with objectives.

California Government Code Section 1236 requires that all city, county, and district auditors follow standards set by the Institute of Internal Auditors (IIA) or Government Auditing Standards issued by the U.S. Comptroller General. These standards highlight the need for a risk-based approach to prioritize audit activities, ensuring resources are focused on areas with the greatest potential impact and risk to the organization.

Our countywide risk assessment, conducted from May to July 2024, included interviews with elected officials, executive management, department heads, and key stakeholders. We also reviewed county budgets, strategic plans, grand jury reports, board minutes, and policies, comparing these findings with industry risks.

Due to limited resources, we will outsource selected projects. Audits are categorized into two levels:

- Priority I: High-risk or time-sensitive audits to be completed this fiscal year
- Priority II: Lower-risk audits to be initiated as resources allow

We look forward to delivering insightful and objective performance audit and advisory services to the Board of Supervisors, executive management, county departments, and the public, with a focus on promoting accountability, improving efficiency, and enhancing county services.

If you have any questions, please do not hesitate to contact me at.

Sincerely,

Nathan Lugo, CPA, CIA, CFE
Internal Audit Manager

2024-25 WORK PLAN

Yolo County Division of Internal Audit



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OUR MISSION

The Division of Internal Audit is essential in upholding Yolo County's commitment to organizational integrity and transparency. Our mission is to *"enhance and protect organizational value by providing risk-based, objective assurance, advice, and insight."*

To help Yolo County achieve its goals, the Division of Internal Audit employs a systematic, disciplined approach to assess and enhance the effectiveness of governance, risk management, and control processes. This often includes verifying compliance with applicable laws and regulations, evaluating operational efficiency, and identifying internal control gaps or failures.

In accordance with the Yolo County Internal Audit Charter, which the Board of Supervisors has approved, the Internal Audit Manager is required to submit an annual risk-based audit plan for review and approval by the Audit Subcommittee. This report outlines the Division of Internal Audit's Proposed Work Plan for FY 2024-25.

The risk-based work plan is developed using both qualitative and quantitative metrics. By drawing on a broad range of information sources, our aim is to present the Audit Committee with a work plan that ensures fairness and maximizes value. The plan ensures the Division of Internal Audit focuses its resources on areas of the highest audit priority, aligning with the County's strategic needs. The outcome of this process forms the foundation of the Annual Work Plan.

Recognizing the potential for special requests throughout the year, we have allocated some of our Division's capacity to respond to such requests efficiently and in a timely manner.

I am pleased to present the Proposed Annual Work Plan for FY 2024-25. My team and I look forward to bringing the Audit Subcommittee and the Board of Supervisors valuable insights and recommendations to improve the efficiency and effectiveness of County operations.

Sincerely,



Nathan Lugo
Internal Audit Manager

PERFORMANCE AUDITS

Audits in Progress

General Services Department	Vendor Performance Monitoring	The objective of this audit is to assess vendor performance and compliance with service level agreements, with the aim of evaluating the effectiveness of third-party risk management, due diligence in service provider selection, and overall performance of the vendors. (300 hours – Outsourced)
Human Resources	Payroll Processing	The objective of this audit is to perform a review of payroll processes including the health benefit calculation, leave balances, employee pay rates, retros/overpayments, and W2 issuance and tax reporting. (400 hours - Internal)

Priority I Audits (In Tentative Order)

Department of Financial Services	Property Tax Calculations of Voter Approved Debt	The objective of this audit is to evaluate the adequacy of internal controls over the County's property tax calculations for voter-approved debt (school district bonds) to ensure accurate assessments and compliance with applicable regulations. (120 hours – Internal)
Innovation & Technology Services	IT Disaster Recovery & Emergency Preparedness	The objective of this audit is to assess the adequacy and effectiveness of the county's IT disaster recovery and emergency preparedness plans for ensuring the protection and rapid restoration of critical systems and data. (300 hours – Outsourced)
County Administrator	American Rescue Plan Funding	The objective of this audit is to assess whether the American Rescue Plan funds were distributed in accordance with the allowable uses of the awards to achieve the intended program goals. (300 hours – Internal)
General Service Department	Biennial P-card Program Review	The objective of this review is to evaluate the adequacy of internal controls, program management, and compliance of the purchase card program, with a focus on card management, merchant oversight, and transaction analysis. (200 hours – Internal)
County Administrator (CSAs)	Proposition 218 Election Process Review	The objective of this review is to assess the adequacy of internal controls in the County's Proposition 218 election process and adherence to state and county regulations. (200 hours – Internal)
Innovation & Technology Services	INFOR System Effectiveness and Workflow Integration	The objective of this audit is to assess the operational usability of the INFOR system, its effectiveness in supporting workflow integration, the accuracy of data entry and validation, system performance, user training, and ongoing support mechanisms. (500 hours – Outsourced)

PERFORMANCE AUDITS

Priority II Audits (In Tentative Order)

Human Resources Department	Risk Management Effectiveness	The objective of this audit is to evaluate the effectiveness of the County's risk management function in identifying, analyzing, and mitigating risks across departments, to determine whether it aligns with best practices and supports the County's strategic objectives and operational needs. (400 hours – Internal)
Countywide	Competitive Bidding and Contract Compliance Review	The objective of this audit is to evaluate the County's competitive bidding process to determine the adequacy of contract compliance practices, with a focus on ensuring fairness, transparency, and alignment with procurement standards. (600 hours – Internal)
Department of Financial Services	AB 8 Property Tax Allocations	The objective of this audit is to assess the accuracy and compliance of AB 8 property tax allocations among local agencies, ensuring distributions align with statutory formulas and historical shares. (240 hours – Internal)
Countywide	Policies and Procedures	The objective of this audit is to assess the effectiveness of documented policies and procedures in promoting operational consistency, guiding employee actions, and ensuring compliance with organizational and regulatory standards. (300 hours – Internal)
General Services Department	Asset Management Review	The objective of the engagement is to assess the Countywide asset management practices including needs identification, procurement, maintenance, and disposal. (300 hours – Outsourced)
Countywide	Wireless Communications	The objective of the audit is to assess the management, usage, and security of the County's wireless communication devices to ensure cost-efficiency, proper oversight, and compliance with applicable policies and regulations. (400 hours – Internal)



HEALTH & HUMAN SERVICES AGENCY (HHSA)

The Division of Internal Audit supports HHSA's fiscal monitoring program and conducts ongoing compliance and performance reviews of the County's super agency to help identify risks and enhance operational effectiveness.

Work in Progress

Food and Nutrition Services Form 209 Validation Reviews for FY23 and FY24.	This engagement will include limited procedures to validate the Food and Nutrition Services (FNS) Form FNS-209, Status of Claims Against Households for the quarters ended June 30, 2023, and June 30, 2024. (80 hours – Outsourced)
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Priority I Audits (In Tentative Order)

HHSA Administrative Branch Performance Audit	This performance audit will review HHSA's Administrative Branch operations and function to develop recommendations for streamlining processes, expanding efficiencies, applying best practices, and performance monitoring. (400 hours – Outsourced)
HHSA Risk Assessment	The objective of this project is to conduct a comprehensive risk assessment of Yolo County's Health and Human Services Agency, identifying and evaluating key risks that could impact the agency's ability to achieve its objectives. (100 hours – Internal)
Increased Case Load	The objective of the engagement is to evaluate the department's policies and procedures, staffing levels, case load volume and system databases to determine if they are sufficient to administer program benefits to citizens when requested and as expected. (400 hours – Outsourced)

Fiscal Monitoring Contract Reviews (Annual)

Subrecipient Monitoring Reviews for FY24	The objective of this review is to perform subrecipient monitoring for Yolo County Health and Human Services Agency as required by Code of Federal Regulations 2 CFR part 200. (300 hours – Outsourced)
SUD/SABG Contract Monitoring Reviews for FY24	The objective of this review is to perform SUD/SABG contract monitoring for Yolo County Health and Human Services Agency as required by Code of Federal Regulations 2 CFR part 200. (300 hours – Outsourced)

CONTINUOUS & MANDATED AUDITS

The following audits are mandated by Government Code or County Policies and are required to be performed annually.

Department of Financial Services	Treasury Cash Counts (Quarterly)	The objective of the review is to conduct quarterly cash counts as required by Government Code Section 26920(a)(1). (20 hours – Internal)
Probation Department	Juvenile Books & Accounts	The objective of this review is to evaluate the Probation Department's juvenile books and accounts in accordance with the Welfare & Institutions Code Section 275. (50 hours – Internal)
Countywide	Fraud Hotline & Reporting	In accordance with the Yolo County Fraud Reporting and Whistleblower Policy, the Division of Internal Audit manages the fraud hotline, investigate matters, and report to Board/Audit Subcommittee. Includes developing internal policies and procedures for investigations. (120 hours – Internal)
Board of Supervisors and/or Executive Management	Ad Hoc Audits, Special Investigations, and Research	Internal Audit accommodates Board of Supervisors and/or Executive management requests for specific audits, investigations or research. (80 hours – Internal)



AUDIT SELECTION PROCESS

The Division of Internal Audit's Work Plan is developed on an annual basis; however, the Audit Subcommittee or Board of Supervisors may add projects to the work plan during the year and the Internal Audit Manager may propose additional work should new risks emerge.

Audit topics are selected using a combination of quantitative and qualitative factors that come from a variety of sources. Areas of risk that may be assessed when evaluating risks related to a department or division include, but are not limited to:

- ✓ Annual Budget
- ✓ Number of Employees
- ✓ Funding Sources
- ✓ Age of Programs
- ✓ Fiscal Sustainability
- ✓ Customer Satisfaction
- ✓ Regulatory Compliance
- ✓ Significant Changes
- ✓ Criticality
- ✓ Emerging Areas of Risk

Input from elected officials, county management, the whistleblower hotline, and the public is also considered when developing the annual work plan.

AUDITOR'S AUTHORITY

The Yolo County Division of Internal Audit provides independent, objective assurance and consulting services designed to add value and improve Yolo County's operations. The Internal Audit Manager reports functionally to the Audit Subcommittee and administratively to the Clerk of the Board. The Internal Audit Manager works closely with the Board of Supervisors, Audit Subcommittee, Senior Management, Department Heads, and other key stakeholder when conducting audits and evaluating programs.

The Division of Internal Audit will govern itself by adherence to the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Audit and provides the Board of Supervisors and the public with objective, timely, and accurate information about the County government. Findings and recommendations are designed to enhance the efficiency and effectiveness of County operations.

The Audit Subcommittee authorizes the Division of Internal Audit to have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information. Additionally, the Division of Internal Audit will have the authority to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.