



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 11/6/2018		(3) CONTACT/PHONE Kerry Bailey (805) 788-2979	
(4) SUBJECT Submittal of a compliance audit report for the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY 2017-18. All Districts.					
(5) RECOMMENDED ACTION It is recommended the Board receive, review, and file the attached compliance audit report for the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY 2017-18.					
(6) FUNDING SOURCE(S) N/A		(7) CURRENT YEAR FINANCIAL IMPACT \$0.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>11/07/2017</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>					
(18) SUPERVISOR DISTRICT(S) All Districts					



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller - Treasurer - Tax Collector

DATE: 11/6/2018

SUBJECT: Submittal of a compliance audit report for the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY 2017-18. All Districts.

RECOMMENDATION

It is recommended the Board receive, review, and file the attached compliance audit report for the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY 2017-18.

DISCUSSION

The purpose of this audit was to determine whether the District Attorney's Office was in compliance with the approved grant guidelines; including appropriate expenditure of personnel and support costs, adherence to the budget, accurate completion of expenditure reports, and appropriate treatment of carryover funds.

OTHER AGENCY INVOLVEMENT/IMPACT

The District Attorney's Office administers the grant.

FINANCIAL CONSIDERATIONS

Total grant funds awarded were \$56,662 for FY 2017-18.

RESULTS

We determined that the District Attorney's Office is in compliance with the grant program guidelines. The Auditor-Controller-Treasurer-Tax Collector's review of grant programs help maintain and improve internal controls and procedures for grant compliance by County staff and contributes to the County's vision of the well-governed community.

ATTACHMENTS

1. Compliance Audit of the State of California Department of Insurance Workers' Compensation Insurance Fraud Grant for FY 2017-18.



COUNTY OF SAN LUIS OBISPO
AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

Office of the District Attorney
Compliance Audit of the State of California Department of
Insurance Workers' Compensation Fraud Program Grant

October 2018

JAMES P. ERB, CPA
Auditor-Controller • Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

TO: DAN DOW, DISTRICT ATTORNEY

FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: OCTOBER 12, 2018

SUBJECT: AUDIT OF THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE WORKERS' COMPENSATION FRAUD PROGRAM GRANT FOR FISCAL YEAR 2017-2018

A handwritten signature in blue ink, appearing to be "J. Erb", is written over the "FROM:" line.

Our office recently completed an audit of the State of California Department of Insurance Workers' Compensation Fraud Program Grant for Fiscal Year 2017-18.

Purpose

The purpose of this audit was to determine whether the District Attorney's Office was in compliance with the approved grant including appropriate expenditure of personnel and support costs, adherence to the budget, accurate completion of expenditure reports, and appropriate treatment of carryover funds.

Scope

Our audit covered the Workers' Compensation Fraud Program Grant reports, revenue, expenditures, and budget for Fiscal Year 2017-18.

Methodology

We conducted our audit using generally accepted auditing standards and the *Government Auditing Standards* published by the Comptroller General of the United States (revised December 2011). Our work included review of grant payments received; grant expenditures, including salaries of staff assigned to the grant; statistics of cases used to measure grant performance; and the department's internal controls. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair generally accepted auditing standards of independence. Specifically, "auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant and/or material to the subject of the audit." Although the San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector is statutorily obligated to maintain the accounts of departments, agencies or funds that are contained within the County Treasury, we believe adequate safeguards and division of responsibility exist. The Auditor-Controller-Treasurer-Tax Collector's Internal



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Audit Division, which has the responsibility to perform audits, has no other responsibility for the accounts and records being audited including the approval or posting of the transactions subject to audit. This enables the reader of this report to rely on the information contained herein.

The County of San Luis Obispo does not follow a three-year peer review cycle as required by Governmental Auditing Standards, however, the County is peer reviewed on a five-year cycle.

Results

We determined that expenditures were made for the purposes of the program as specified in Section 1872.83 of the Insurance Code and the California Code of Regulations, Title 10, Section 2698.50 et. Seq.

The table below details the program's budgeted, reported, and actual expenditures by line item. The department is in compliance with the grant program guidelines in all material respects.

Workers' Compensation Insurance Fraud Grant District Attorney FY 2017-18 San Luis Obispo County Internal Audit

Item	Grant Approved Budget	Budget Variance*	Reported	Actual
Grant Revenue	56,662	-	56,662	56,662
Salary & Benefits	53,793	869	54,662	55,344
Other:				
Prepared Financial Audit	2,000	-	2,000	2,000
Travel/Mileage	869	(869)	-	-
Total Grant Expenditures	\$56,662	-	\$56,662	\$57,344

* In accordance with CA Department of Insurance procedures, a written explanation of the budget variance was submitted to the CA Department of Insurance with the 2017-18 Annual Expenditure Report

We very much appreciate the courteous attitude of your staff and the cooperation we received during our audit.