

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 11/25/2014	(3) CONTACT/PHONE Kerry Bailey, 788-2979/ Jim Erb, 781-5831	
(4) SUBJECT Review of the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY 2013-14. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached review report for the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant.			
(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>11/26/2013</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 Erb, CPA Auditor - Controller -Treasurer -Tax Collector
DATE: 11/25/2014
SUBJECT: Review of the District Attorney's Office State of California Department of Insurance Workers' Compensation Insurance Fraud Program Grant for FY2013-14. All Districts.

RECOMMENDATION

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

DISCUSSION

The objective of our review was to determine the County of San Luis Obispo District Attorney's Office compliance with the State of California Department of Insurance grant program guidelines.

OTHER AGENCY INVOLVEMENT/IMPACT

The District Attorney's Office administers the grant.

FINANCIAL CONSIDERATIONS

Total grant funds awarded were \$62,254 for FY2013-14.

RESULTS

We determined that the District Attorney's Office is in compliance with the grant program guidelines in all material respects.

The Auditor-Controller-Treasurer-Tax Collector's review of grant programs helps maintain and improve internal controls and procedures for grant compliance by County staff and contributes to the County's vision of a well-governed community.

ATTACHMENTS

1. DA Workers' Compensation Final Report



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

1055 MONTEREY ST, RM. D290
SAN LUIS OBISPO, CA 93408
(805) 781-5831 • FAX (805) 781-5362
<http://sloacttc.com>

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

James W. Hamilton, CPA
Assistant

TO: GERALD T. SHEA, DISTRICT ATTORNEY

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

DATE: OCTOBER 28, 2014

SUBJECT: REVIEW OF THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE
WORKERS' COMPENSATION FRAUD PROGRAM GRANT FOR FISCAL YEAR 2013-
2014.

Our office recently completed an audit of the State of California Department of Insurance Workers' Compensation Fraud Program Grant for fiscal year 2013-14.

Purpose

The purpose of our audit was to determine the County of San Luis Obispo's compliance with the State of California Department of Insurance grant program guidelines.

Scope

Our audit covered the Workers' Compensation Fraud Program Grant reports, revenue, expenditures, and budget for Fiscal Year 2013-2014.

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 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 would therefore enable 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 programs 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 2013-14 SLO County Internal Audit
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Item	Budget	Reported	Actual
Grant Revenue	62,254	62,254	
Salary & Benefits	54,175	54,175	62,254
Other:			
Prepared Financial Audit	2,000	2,000	2,000
Admin Cost Allocation	3,079	3,079	3,079
Copying	500	214	214
Travel/Mileage	2,500	1,584	1,584
Total	62,254	61,062	69,131

We would like to thank the District Attorney management and staff for their cooperation during our review.