

Office of the Auditor-Controller
Contra Costa County

Joanne M. Bohren, CPA
Auditor-Controller



Peter Karumbi, CPA
Assistant Auditor-Controller

625 Court Street
Martinez, California 94553-1282
Phone (925) 608-9300
Fax (925) 608-9395

March 23, 2026

TO: Internal Operations Committee

FROM: Joanne M. Bohren, CPA, Auditor-Controller
By: Sandi Bewley, Auditor-Controller Division Manager 

SUBJECT: Internal Audit-Annual Report

The Board of Supervisors adopted a policy on June 27, 2000, directing the Auditor-Controller to annually report to the Internal Operations Committee on the proposed schedule of Internal Audit examinations for the following calendar year. The attached "*Schedule of Internal Audit Examinations*" provides the proposed examination schedule for 2026, and the attached "*Schedule of Internal Audit Examinations for 2025*" summarizes the status of the 2025 examinations.

The Internal Audit Division completed twenty-five (25) of the twenty-seven (27) examinations on the Schedule of Internal Audit Examinations for 2025. Of the remaining two (2) examinations scheduled, fieldwork is in progress and the examinations will be completed in calendar year 2026 due to hiring new staff and additional training time needed in the Office of the Auditor-Controller.

Examination Reports

Objectives:

The necessary tests and procedures were conducted to determine if, within the scope of the examinations, the following financial conditions existed:

- Assets were adequately safeguarded.
- Appropriate internal controls were in place and functional.
- Records were accurate and reliable.
- Statutory, contractual, and administrative requirements were followed.

General Findings:

There is an overall lack of adherence to several of the County's administrative requirements. Many of the departmental examinations included recommendations due to the following:

- Lack of compliance with the Administrative Bulletins established to ensure accurate and reliable records;
- Lack of compliance with the Administrative Bulletins established to safeguard assets;
- Lack of accurate and reliable records for inventory activities; and,
- Lack of adherence to the procurement card manual.

Conditions:

Approximately thirty-three percent (33%) of the findings in 2025 were repeated from previous examinations which is a decrease from forty-six percent (46%) in 2024. Common examination conditions included:

- Lack of segregation of duties,
- Lack of safeguarding of inventories and assets;
- Lack of internal controls for contract monitoring;
- Lack of internal controls of unauthorized transactions for expense reports;
- Lack of adequate procurement card supporting documentation; and,
- Unauthorized charges on procurement cards.

In order to correct issues timely and mitigate repetitive findings, the Internal Audit division follows-up with auditees six months after the issuance of the examination report to determine if the recommendations were implemented. No data is available yet on the status of the 2025 findings.

Procurement Card

The quarterly procurement card reviews continue to reflect compliance issues in the use of the card for services, meal payments, printing services, and items of a personal nature. Per the Procurement Card Manual, Section V.G., the use of a procurement card for services, meal payments, printing services, and items of a personal nature is prohibited. Cardholders are also prohibited from using the procurement card for purchases not authorized in the County's Administrative Bulletins. Additionally, required supporting documentation such as itemized receipts, transaction logs, and exception memos often is missing or inadequate.

2026 Scheduled Examinations

The Auditor-Controller Division Manager of the Internal Audit division and the Auditor-Controller performed a thorough review of existing and recurring examinations that should be incorporated in the 2026 schedule. The emphasis and priority in scheduling examinations is based on the perceived risk to the County. The schedule is composed of legally required examinations, such as the Treasury cash counts, and reoccurring examinations. Twenty-eight (28) examinations have been scheduled for calendar year 2026.

Legally required examinations have their basis in government code. Reoccurring examinations have a preferred cycle attached to them based on the perceived amount of inherent risk. If a concern comes to the attention of the Internal Audit Division a reoccurring examination may be scheduled prior to it being due based on the preferred cycle.

The County's financial operations are subject to audit by a firm of independent external auditors, Macias Gini & O'Connell, LLP, (MGO). The external auditors are responsible for performing an annual audit of the general-purpose financial statements of the County. The external auditors also perform an annual "Single Audit" of the County's federal financial-assistance programs. Other independent auditors perform annual audits of the Contra Costa County Housing Authority, state grant programs, and the First 5 Contra Costa Children and Families Commission.

Attachments