

Office of the Auditor-Controller
Contra Costa County

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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

Schedule of Internal Audit Examinations for 2025

Department	Historical Estimated Hours	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2025	Estimated Hours 2025	Exam Hours 2025
Project Description						
2025 Examinations Completed and Reports Issued						
Auditor-Controller						
0105	60	06/24	1 (Law)	X	60	31.00
0037	60		1	X	60	26.00
Misc A-C duties (ie Petty Cash ICO; Relief of Shortage; Increase/New Petty Cash; Recons)						
County Administrator						
0031	New	New	Special	X	150	120.00
Measure X Funding						
Treasurer-Tax Collector						
0151	50	03/24	1/4 (Law)	X	50	72.00
0151	50	05/24	1/4 (Law)	X	50	112.50
0151	50	07/24	1/4 (Law)	X	50	56.50
0151	50	09/24	1/4 (Law)	X	50	22.50
0151	50	12/24	1/4 (Law)	X	50	37.00
0151-A	20	03/24	1/4	X	20	14.50
0151-A	20	05/24	1/4	X	20	13.00
0151-A	20	07/24	1/4	X	20	12.00
0151-A	20	09/24	1/4	X	20	15.00
0151-A	20	12/24	1/4	X	20	12.00
0172	175	12/23	1 (Law)	X	175	273.50
Treasury Oversight Committee (calendar year)						
Employment and Human Services						
5001	100	06/24	1	X	100	52.00
5001	200	04/17	3	X	200	393.50
FNS-209 Report Validation Review Aging and Adult Services						
Human Resources						
0351	170	07/17	5	X	170	269.00
General Department Examination						
Health Services						
4671	175	04/17	2	X	175	294.00
5401	110	06/15	3	X	110	223.50
5408	175	05/14	3	X	175	273.00
Alcohol and Other Drugs Year End Inventory Control (Pharmacy) CCHP Vendor Payments						
Purchasing:						
1493	100	09/24	1/4 (CAO)	X	100	155.00
1493	100	06/24	1/4 (CAO)	X	100	176.00
1493	100	03/24	1/4 (CAO)	X	100	137.00
1493	100	12/23	1/4 (CAO)	X	100	116.50
Procurement Card Program - 3rd qtr Procurement Card Program - 2nd qtr Procurement Card Program - 1st qtr Procurement Card Program - 4th qtr (2024)						
Sheriff						
2553	150	12/12	5	X	150	236.00
Seized and Forfeited Property						

Schedule of Internal Audit Examinations for 2025

Department Project Description	Historical Estimated Hours	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2025	Estimated Hours 2025	Exam Hours 2025
Examinations started in 2025 and to be completed in 2026						
Board of Supervisors						
1105 District 5 General Departmental Examination (including MACs)	100	06/16	4	X	100	225.00
Treasurer-Tax Collector						
0155 Duplicate Payment Trust (831500)	75	04/14	4	X	75	121.50

Schedule of Internal Audit Examinations
Calendar Year 2026

	Department Project Description	Historical Estimated Hours	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2026	Exam Hours 2026
	Auditor-Controller					
0105	Revolving/Cash Diff. Fund & Shortage Report. (fiscal year)	60	06/25	1 (Law)	X	60
0037	Misc A-C duties (ie Petty Cash ICQ; Relief of Shortage; Increase/New Petty Cash; Recons)	60		1	X	60
	Treasurer-Tax Collector					
0151	Treasury Cash & Investments - 1st qtr	50	01/25	1/4 (Law)	X	50
0151	Treasury Cash & Investments - 2nd qtr	50	05/25	1/4 (Law)	X	50
0151	Treasury Cash & Investments - July 1	50	07/25	1/4 (Law)	X	50
0151	Treasury Cash & Investments - 3rd qtr (Auditor recommendation)	50	08/25	1/4 (Law)	X	50
0151	Treasury Cash & Investments - 4th qtr	50	10/25	1/4 (Law)	X	50
0151-A	Tax Collector Cash on Hand - 1st qtr	20	01/25	1/4	X	20
0151-A	Tax Collector Cash on Hand - 2nd qtr	20	05/25	1/4	X	20
0151-A	Tax Collector Cash on Hand - July 1	20	07/25	1/4	X	20
0151-A	Tax Collector Cash on Hand - 3rd qtr	20	08/25	1/4	X	20
0151-A	Tax Collector Cash on Hand - 4th qtr	20	10/25	1/4	X	20
0156	Tax Redemptions	200	12/14	4	X	200
0172	Treasury Oversight Committee (calendar year)	175	12/24	1 (Law)	X	175
	Department of Information Technology					
0258	Communications Equipment Inventory	100	06/18	3	X	100
	District Attorney					
2421	General Department Examination	225	02/18	3	X	225
	Employment and Human Services					
5001	FNS-209 Report Validation Review	100	06/25	1	X	100
5001	Children and Family Services	250	04/17	3	X	250
	Health Services					
5402	Hospital and Clinics (Collections and Petty Cash)	200	07/19	2	X	200
	County Libraries					
6201	General Departmental Examination	275	05/19	4	X	275
	Probation					
3081	General Departmental Examination	240	04/24	2 (Law)	X	240
	Public Works					
0634	Voyager Cards	160	03/19	3	X	160

Schedule of Internal Audit Examinations
 Calendar Year 2026

	Department	Project Description	Historical Estimated Hours	Last Done Through	Prefd. Examination Cycle (yrs)	Scheduled For 2026	Exam Hours 2026
		Purchasing:					
1493		Procurement Card Program - 3rd qtr	100	09/25	1/4 (CAO)	X	100
1493		Procurement Card Program - 2nd qtr	100	06/25	1/4 (CAO)	X	100
1493		Procurement Card Program - 1st qtr	100	03/25	1/4 (CAO)	X	100
1493		Procurement Card Program - 4th qtr (2025)	100	12/24	1/4 (CAO)	X	100
		Sheriff					
2551		Escrow Fund (aka Sheriff's Civil)	300	04/16	2	X	300
3002		Inmate Welfare Fund	140	02/15	2	X	140