A Tradition of Stewardship
A Commitment to Service

Auditor-Controller Internal Audit Section

Board of Supervisors

July 26, 2022, Agenda Item 11A

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Internal Audits

Today's Presentation will include:

- Authority of Internal Audit
- Internal Audit Team
- Internal Audit Services
- Internal Audit Process
- Fiscal Year 2022-23 Internal Audit Plan
- Fiscal Year 2021-22 Internal Audit Plan Results

Authority of Internal Audits

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Government Code Section 1236

(a) All city, county, city and county, and district employees that conduct audits or that conduct audit activities of those respective agencies shall conduct their work under the general and specified standards prescribed by the Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate. The Standards generally provide as follows:

(1) That auditors should be independent of the activities of the audit.
(2) That audits should be performed with proficiency and due professional care.
(3) That the scope of the audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and quality of performance in carrying out assigned responsibilities.
(4) The audit work should include planning the audit, examining and evaluating information, communicating results, and following up.
(5) That the chief auditor should properly manage the audit department.

(b) Nothing in this section is intended to limit the rights or obligations of auditors to conduct audits and audit activities in accordance with other laws and regulations that may apply to a particular entity, as appropriate.

Authority of Internal Audits

Government Code 26881

The county auditor, or in counties that have the office of controller, **the auditor-controller shall be the chief accounting officer of the county**. **Upon order of the Board of Supervisors, the auditor or auditor-controller shall prescribe, and shall exercise general supervision, including the ability to review departmental and countywide internal controls, over the accounting forms and the method of keeping the accounts of all offices, departments and institutions under the control of the board of supervisors and of all districts whose funds are kept in the county treasury.**

On June 30, 1964 the Board exercised this authority as evidenced in the Napa County Policy Manual, Part 1, Section 8.

Authority of Internal Audits

Government Code Section 26883

In addition to the power now possessed by the board of supervisors to enter into contracts for audits the board shall have the power to require that **the county auditor-controller shall audit the accounts and records of any department, office, board or institution under its control and of any district whose funds are kept in the county treasury.** The county auditor-controller's **report on such audit shall be filed with the board of supervisors and, if the report discloses fraud or gross negligence a copy thereof shall be filed with the district attorney.**

The governing body of any district may agree with the board of supervisors to reimburse the county for its actual cost of any audit of its accounts and records has under this section.

Authority of Internal Audits

Government Code Section 26884

In the event the board of supervisors elects to require that the county auditor-controller perform the additional services authorized by this chapter it shall have the power and it shall be its duty to provide the proper appropriations for any additional personnel, equipment, supplies or expenses made necessary thereby.

Authority of Internal Audits

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Napa County Resolution 2012-40

These Codes were all adopted by Napa County Resolution 2012-40. A resolution that states publicly that the Napa County Board of Supervisors is committed to upholding the highest standards of integrity, accountability and service in all they do.

This action also established the Internal Audit Policy in the County Policy Manual. Part 1, Section 6B.

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Internal Audit Team

Team Members

Paul Phangureh, CPA, CIA, CGAP - Accounting Manager

Internal Audits and Grant Compliance

Jennifer Phu – Internal Auditor

Susan MacDonald – Internal Auditor

Kaitlin Ager – Grant Compliance Auditor

(Two Vacancies)

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Internal Audit Services

- Department Audits
- Countywide Audits
- Contractual Audits
- State or Federal Mandated Audits
- Grant Compliance
- Requests
  - ✓ Board of Supervisors
  - ✓ County Executive Office
  - ✓ Department Heads
  - ✓ Special Districts
  - ✓ State Controller's Office
  - ✓ Grand Jury

The Internal Audit Plan

The Internal Audit Plan

- Is based on a documented risk assessment;
- Considers input from Board of Supervisors, County Executive Officer, and Departments Heads;
- Includes contractual and mandated audits; and
- Establishes internal audit priorities for the upcoming fiscal year.

This plan is subject to change based on staffing levels as well as other priorities that may come up (flexible plan)

The Internal Audit Process

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Overview of the Internal Audit Process

- **Planning Phase**
  - ✓ Engagement Letter
  - ✓ Entrance Conference
- **Fieldwork Phase**
  - ✓ Involve inspection, analysis and testing of transactions
- **Reporting Phase**
  - ✓ Exit Conference
  - ✓ Final report is communicated to Board of Supervisors, County Executive Office, and Department Head

2022-23 Internal Audit Plan

Attachment A – Audit Plan for Fiscal Year 2022-23

- Engagements in progress from prior fiscal year 2021-22
- Engagements carried forward from prior fiscal year
  - Due to timing of the report, fulfillment of a required action or staffing limitations
- New engagements scheduled for this fiscal year
  - Includes follow up audits on management’s correction action plans on audits reports completed in the prior fiscal years

2021-22 Internal Audit Plan Results

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Attachment B – Audit Plan Results for Fiscal Year 2021-22

- Engagements completed from prior fiscal year 2020-21
- Engagements completed within fiscal year 2021-22
- Engagements in progress from fiscal year 2021-22
- Engagements carried forward to fiscal year 2022-23

  Due to timing of the report, fulfillment of a required action, or staffing limitations)

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