

County of Ventura  
Auditor-Controller  
Internal Audit Division

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# **AUDIT PLAN**

JULY 1, 2007 through JUNE 30, 2008

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Internal Audit Division

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**MISSION STATEMENT**

The Internal Audit Division, through cooperation with County management, accomplishes timely audits that foster positive change to reduce risk and enhance the economy, efficiency, and effectiveness of Ventura County departments/agencies.

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GOALS AND OBJECTIVES

The Internal Audit Division goals and objectives for fiscal year 2007-08 include:

1. Improve the timeliness of audit reports.
2. Provide support to department/agency management in the development and ongoing evaluation of internal control systems.
3. Issue 12 audit reports during the fiscal year.
4. Identify \$500,000 in cost savings to the County.
5. Use Internal Audit Division staff as follows (not including standard estimated accruals for vacation, sick, and holiday hours):
  - 80% direct time (i.e., billable audit hours)
  - 20% indirect time (i.e., training, administrative projects, staff meetings, etc.)
6. Identify 20 potential audit subjects.
7. Issue three special project engagement reports.
8. Perform an annual quality assurance review.
9. Schedule eight training sessions to increase staff knowledge of auditing techniques.
10. Follow-up on previously issued significant audit reports within 6 to 18 months of management's reported corrective action.
11. Encourage staff development, resulting in 50% of Internal Audit Division staff with relevant professional certifications (i.e., CPA, CIA, CFE).
12. Ensure that 100% of auditors meet CPE requirements.

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PERFORMANCE MEASUREMENTS

To evaluate the effectiveness of the Internal Audit Division and to determine whether operational adjustments are necessary, the following performance measurements have been adopted:

1. 80% of non-mandated audits:
  - Produce results that justify the audit hours expended.
  - Result in additional revenue and/or cost savings to the County.
  - Address management issues.
2. 20% of non-mandated audits:
  - Address streamlining operations.
  - Address increased efficiency through automation.
  - Address performance measurements.
  - Are requested by auditee management.
  - Impact on countywide systems.
  - Cross organizational lines or involve interagency coordination.
  - Address previously-submitted audit needs.
3. 80% of audits are completed within budgeted hours allocated.
4. 100% of audit findings are corrected or corrective action has been initiated by management during the course of the audit.
5. 100% of audit findings are noted to have corrective action implemented during follow-up audits.
6. 100% of audits of Special Districts, Joint Powers Authorities, and Federal Award Subrecipients are in compliance with applicable requirements.

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**AUDIT PLANNING PROCESS**

1. **Audit Selection:**

The Auditor-Controller makes the final determination in selecting audits that will be performed. To achieve optimum utilization of audit resources, audits are selected using the following criteria:

- A. Legal mandates
- B. Audit requests (i.e., from Board of Supervisors, County management, Grand Jury, etc.)
- C. Financial exposure
- D. Potential risk of loss
- E. Operating benefit opportunities
- F. Changes in operations
- G. Date and result of last audit
- H. Capabilities of the audit staff
- I. Sensitivity to:
  - 1) Mismanagement
  - 2) Unauthorized use of resources
  - 3) Erroneous reports of data
  - 4) Illegal or unethical acts
  - 5) Adverse or unfavorable public opinion

2. **Audit Process:**

Once audit areas are selected, additional subject research (i.e., a survey) is performed to assure that the area warrants an audit. During the survey, objectives identifying areas that could benefit from detailed evaluation are developed through use of interviews, observations, and limited testing.

3. **Audit Plan Updating and Reporting:**

The Audit Plan is prepared annually.

When originally included in the Audit Plan, audit areas have not been subjected to an audit survey; therefore, budgeted time in the Audit Plan is subjective. Once the audit scope has been determined and field work begins, the time requirements for the audit are established and may differ from the planned hours in the Audit Plan.

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AUDIT RESOURCES

<u>Position</u>	<u>Authorized for FY 2007-08</u>	<u>Assigned as of July 2007</u>
Chief Deputy Auditor-Controller	1	1
Fiscal Manager I/II	1	0
Internal Auditor IV	2	0
Internal Auditor III	2	0
Internal Auditor II	0	3
Internal Auditor I	<u>0</u>	<u>1</u>
TOTAL	<u>6</u>	<u>5</u>

Direct Time Available

Fiscal Manager I/II	1,800* x 0.80 x 0.75^	1,080
Internal Auditor IV	- 0 -	- 0 -
Internal Auditor III	- 0 -	- 0 -
Internal Auditor II		
- Hortensia Pizano	1,800* x 0.80	1,440
- Syindie Le	1,800* x 0.80	1,440
- Eric Lozano (hire date 07/16/07)	(1,800* x 0.80) - 80	1,360
Internal Auditor I		
- Brant Markley	1,800* x 0.80	<u>1,440</u>
TOTAL		<u>6,760</u>

\* Based on 2,080 annual full-time hours, subtracting standard estimated accruals of 280 hours for vacation, sick, and holiday hours.

^ Assumes position will be filled by October 1, 2007.

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PLANNED AUDITS

**Audits in Progress – Prior Fiscal Year:**

<u>Subject</u>	<u>Planned Hours</u>
1. Fire Cash Collections .....	10
2. Airports Lease Administration .....	80
3. GSA Change in Director .....	60
4. HCA Change in Director .....	160
5. Probation Change in Director .....	60
6. Library Change in Director .....	140
7. RMA Accounts Receivables Follow-Up .....	160
8. GSA Limited Procedures Engagement .....	40
9. FY 2005-06 Internal Quality Assurance Review .....	<u>100</u>
	810

**Mandated/Required Audits/Projects:**

<u>Subject</u>	<u>Planned Hours</u>
1. Treasury – Quarterly Cash Counts and Annual Audit .....	600
2. Tax Collector Redemptions .....	200
3. Probation – Reimbursements and Payments for Juveniles .....	200
4. FY 2006-07 Internal Quality Assurance Review .....	200
5. External Quality Assurance Review .....	300
6. Control Self-Assessment .....	800
7. Fraud Hotline .....	200
8. Monitoring – Special Districts, JPAs, Subrecipients .....	100
9. Compilation of Schedule of Expenditures of Federal Awards .....	<u>100</u>
	2,700

**New/Priority Audits:**

<u>Subject</u>	<u>Planned Hours</u>
1. Medical Examiner Management of Decedent Assets .....	200
2. Harbor Lease Administration .....	240
3. Library Cash and Asset Management .....	300
4. Administration of Business License Revenue .....	300
5. RAIN Program Transfer .....	300
6. Fleet Services Fuel Management .....	300
7. Administration of Transient Occupancy Tax Collections .....	260
8. Change in Board Member .....	160

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PLANNED AUDITS

New/Priority Audits (continued):

<u>Subject</u>	<u>Planned Hours</u>
9. RMA Change in Director.....	160
10. Behavioral Health Change in Director .....	160
11. Animal Regulation Cash Controls Follow-Up .....	160
12. HSA Benefits Issuance Office Follow-Up.....	160
13. Public Health Clinics Cash Controls Follow-Up.....	160
14. Requested Audits* .....	390
15. Child Development Resources – Contract Administration and Compliance^.....	<u>- 0 -</u>
	3,250
<b>TOTAL PLANNED HOURS</b>	<b><u>6,760</u></b>

\* Benchmark is normally 10 percent of productive audit hours.

^ Outsourced to external auditor.

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**FUTURE POTENTIAL AUDIT SUBJECTS**

**Countywide Audits**

<u>Subject</u>	<u>Future Planned Hours</u>
1. Contract Administration and Compliance	
A. Social Services Contracts.....	600
B. Foster/Group Home Contracts.....	800
C. Contract Compliance Monitoring .....	800
- Area Agency on Aging	
- County Executive Office	
- Human Services Agency	
2. Credit Card Purchases.....	800
3. Cash Controls.....	800
- General Services Agency	
- Health Care Agency (centralized)	
4. Grant and Subvention Management .....	600
- Agricultural Commissioner	
- Area Agency on Aging	
- Behavioral Health	
- County Executive Office	
- District Attorney	
5. Administration of Trust Funds.....	300
- County Clerk and Recorder*	
6. Management of Sensitive Non-Fixed Assets.....	500
7. Voucher Programs .....	500
- Behavioral Health	
- Human Services Agency	
8. Revolving Loan Program Administration.....	300
- County Executive Office	
- Human Services Agency	
9. Effectiveness of HR Department Personnel Representatives .....	500
10. Capital Projects Administration.....	<u>500</u>
- Ventura County Integrated Justice Information System	
	7,000

**Follow-Up Audits**

<u>Subject</u>	<u>Future Planned Hours</u>
1. Public Administrator-Public Guardian – Management of Client Assets.....	160
2. Countywide – Software Licensing.....	500
3. General Services Agency – Lease Administration .....	<u>160</u>
	820

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FUTURE POTENTIAL AUDIT SUBJECTS

Information Technology

<u>Subject</u>	<u>Future Planned Hours</u>
1. Business Continuity Planning .....	600
2. Systems Development and Procurement.....	500
3. Personal Computer Standards Compliance .....	500
4. IT Asset Disposal .....	<u>500</u>
	2,100

Performance and Compliance Audits

<u>Subject</u>	<u>Future Planned Hours</u>
1. Sheriff's Evidence Room .....	200
2. Sheriff's Contracts with Cities .....	300
3. Franchise Fees .....	300
4. Property Auction Procedures.....	160
5. Management of Public Safety Overtime.....	200
6. Work Furlough/Work Release – Flow of Funds.....	160
7. Public Defender Client Charges .....	160
8. PWA Uniform Construction Cost Accounting .....	160
9. Environmental Health Operations.....	200
10. Sheriff Food Services Procurement and Inventory Procedures .....	200
11. Viability of Workers' Compensation and 4850 Employee Benefits.....	300
12. Fire Protection District Staffing.....	200
13. Animal Regulation Change in Director (anticipated) .....	160
14. Integrated Waste Management – Administration of Recycling Programs .....	200
15. Administration of In-Home Supportive Services.....	300
16. Application of Special Assessments.....	200
17. Fleet Services Performance and Charges to Departments.....	300
18. County Counsel Direct Billing .....	120
19. Board of Supervisors Meals and Travel Reimbursements.....	120
20. Effectiveness of Labor Relations and Risk Management.....	160
21. Election Volunteers and Polling Place Procedures .....	160
22. Indigent Legal Services.....	<u>160</u>
	4,420
<b>TOTAL FUTURE PLANNED HOURS</b>	<b><u>14,340</u></b>

\* Requested by department.