

**Stanislaus County Civil Grand Jury
Stanislaus County Audit
Case 12-29GJ**

Summary:

The 2011-2012 Stanislaus County Civil Grand Jury (SCCGJ) reviewed the 2010-2011 Audit of Stanislaus County, per §925 of the California State Penal Code. The audit was conducted by Brown Armstrong, Certified Public Accountants (<http://www.bacpas.com>). The audit shows that the accounting policies of Stanislaus County are being followed and that the office of the Stanislaus County Auditor-Controller has excellent leadership and management. The continuity of management at all levels has resulted in a depth of knowledge and a commitment to adhere to the accounting policies and procedures established.

Glossary:

Unqualified Opinion: Auditor's opinion of a financial statement, given without reservation. Such an opinion basically states that the auditor feels the entity followed all accounting rules appropriately and that the financial reports are an accurate representation of the entity's financial condition.

Qualified Opinion: Qualified Opinion report is issued when the auditor encountered one of two types of situations which do not comply with generally accepted accounting principles (GAAP) however the rest of the financial statements are fairly presented.

California Penal Code § 925: Requirement of Grand Juries to investigate and report the operations, accounts, and records of the officer departments, or functions of the county.

Methodology of Investigation:

The review of the 2011 Stanislaus County Audit was conducted by receiving a briefing from the accounting company of Brown and Armstrong. Members of the SCCGJ attended the entrance audit conference on October 26, 2011 and the exit audit conference on March 12, 2012. The Stanislaus County Auditor-Controller and the Assistant Stanislaus County Auditor-Controller were also interviewed. In addition, a review of the Stanislaus County Clerk-Recorder Modernization Trust Fund was conducted as well as review of the county's Travel and Credit Card Purchasing policies and procedures.

Findings:

F1: An Unqualified Opinion on the Comprehensive Annual Financial Report (CAFR) was obtained.

F2: Unqualified Opinions were obtained for:

- Health Services Agency Audit
- Inmate Welfare Audit

- Regional 911 Audit
- Redevelopment Agency
- Insurance Fraud Program
- North County Corridor Transportation Expressway
- Treasury Compliance Audit
- Tobacco Endowment Investment Fund
- Animal Services Fund
- Capital Improvement and Financing Agency

F3: The Office of Management and Budget (OMB) circular A-133 also requires the performance of a Federal Compliance Audit of the County's federal grants to ensure the County is materially in compliance with federal regulations for each of the County's major federal grants including any related ARRA Grants.

Unqualified Opinions for the Single Audits were obtained for:

- Food Stamps – Administration
- Women, Infants and Children (WIC)
- Highway Planning and Construction
- Foster Care – Title IV E
- Medical Assistance
- Block Grants for Community Mental Health Services (SAMHSA)
- Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
- Child Care and Development (CCDF Cluster)
- Edward Byrnes Memorial Grants (JAG Program Cluster)
- WIA (Workforce Investment Act) Cluster
- Temporary Assistance for Needy Families (TANF Cluster)

F4: A review of the Stanislaus County Recorder – Modernization Trust Fund was conducted and included interviews with management and staff. All records indicate that expenditures are in accordance with Government Code 27361.

F5: The review of the Stanislaus County's policies and procedures related to Travel and Credit Card Purchases and Reimbursement are comprehensive. The SCCGJ did not perform any audit testing on actual data.

F6: The County continues to upgrade and improve its accounting software, further strengthening its financial documentation, procedures and processes.

F7: As part of the Stanislaus County's efforts to reduce staff and expenditures, effective with the 2011-2012 budget, the county has dissolved the Internal Audit Department. The internal audit functions are no longer being performed.

Recommendations:

R1: The Stanislaus County Board of Supervisors should publicly recognize the outstanding efforts of the staff within the Stanislaus County Auditor-Controllers office, the directors and staff of each Stanislaus County Department.

R2: The Stanislaus County Board of Supervisors should carefully and critically analyze any recommendation to reduce staffing in the Stanislaus County Auditor-Controllers department.

The internal audit function is an integral part of any accounting team, especially an entity with a \$ 900 million public funds budget. The lack of internal review, oversight and education to and for the benefit of the county's departments, could easily result in non-compliance and a deterioration of future financial results.

This report of case 12-29GJ is issued by the 2011-2012 Stanislaus County Civil Grand Jury. No members of the grand jury volunteered to recuse themselves due to a perceived conflict of interest.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code § 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code § 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

Requests For Responses:

No responses required