



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: May 13, 2022
TO: Audit Committee Members
FROM: Supervisor Sal Quintero, Audit Committee Chairman
SUBJECT: Audit Committee Meeting

This will confirm the next Audit Committee meeting scheduled on **May 13, 2022 at 10:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

AGENDA

1) Pledge of Allegiance

2) Approve Agenda

3) Public Presentations

This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.

4) Reappointment of Member Vilanova for term expiring December 31, 2023

5) Approval of January 28, 2022 Audit Committee Meeting Minutes

6) Consent Items

- a. Approve Quarterly Fraud Report covering January 1, 2022 to March 31, 2022.

7) Discussion and Action Items

- a. Review and approve the Department of Social Services Department Head Transition Report.
- b. Review and approve the County Administrative Office Department Head Transition Report.
- c. Review and approve the Department of Social Services Payroll Compliance Audit Report for all calendar year 2019 and calendar year 2020 through June 28, 2020.
- d. Review and approve the Proposed Audit Plan for fiscal year 2022-23.

8) Staff Updates

9) Adjournment

aa

Enclosures

Audit Committee Members:

Supervisor Sal Quintero, Audit Committee Chairman

Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman

Supervisor Nathan Magsig

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Kulwinder Brar, Public Member



— THE COUNTY OF FRESNO —
BOARD OF SUPERVISORS

CERTIFICATE OF APPOINTMENT

I, BRIAN PACHECO, Chairman, Board of Supervisors for the
County of Fresno, State of California, do hereby certify that

Manuel Vilanova

was duly reappointed to the

THE AUDIT COMMITTEE

for a term to expire

December 31, 2023

DATE APPOINTED

FEBRUARY 22, 2022

BRIAN PACHECO
BOARD OF SUPERVISORS

CHAIRMAN

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
January 28, 2022 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Sal Quintero, Audit Committee Chairman
 Supervisor Nathan Magsig
 Greg Reinke, County Administrative Officer's Proxy
 Kari Gilbert, Department Heads Council Member
 Manuel Vilanova, Public Member
 Kulwinder Brar, Public Member

Call to Order: Chairman Quintero called to order the regular meeting of the Audit Committee (Committee) on January 28, 2022, at 10:00 a.m. in the Board of Supervisors' Chambers.

1. Pledge of Allegiance

- Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, led all in attendance with the Pledge of Allegiance.

2. Approve Agenda

- A motion was made by Supervisor Nathan Magsig, seconded by Kulwinder Brar, and carried 6-0 to approve the January 28, 2022 agenda.

3. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

4. Approval of December 9, 2021, Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Kulwinder Brar, seconded by Supervisor Nathan Magsig, and carried 6-0 to approve the December 9, 2021 Audit Committee Meeting Minutes.

5. Agenda Items**Consent Items****a) Approve Quarterly Fraud Report covering October 1, 2021, to December 31, 2021**

- There being no public comments, a motion was made by Greg Reinke, seconded by Manuel Vilanova, and carried 6-0 to approve Agenda Item 5a.

Discussion and Action Items**b) Review and approve the Department of Public Health Emergency Medical Services Authority (EMSA) Report for the fiscal year ended June 30, 2021.**

- Karoll Diaz, Accounting and Financial Manager, FR&A, introduced and presented the item, and Bruna Chavez, Department of Public Health Business Manager commented on this item.
- A discussion regarding the incorrect formula and if it affected the reporting to the State.
- There being no public comments, a motion was made by Supervisor Nathan Magsig, second by Kari Gilbert, and carried 6-0 to approve Agenda Item 5b.

c) Review and receive the County of Fresno, California, Grants Funded by the State of California Office of Emergency Services (Cal OES) Audited Financial Schedules for the Year Ended June 30, 2021.

- Eric Xin, Engagement Partner, Brown Armstrong Accountancy Corporation, introduced and presented the item.
- Greg Reinke added there have been no findings in the last 15 years of this audit.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova, and carried 6-0 to approve Agenda Item 5c.

d) Review and accept 2020-2021 County of Fresno Annual Comprehensive Financial Report.

- Eric Xin, Engagement Partner, Brown Armstrong Accountancy Corporation, introduced and presented the item.
- Supervisor Nathan Magsig asked about pension liability and actuarial valuation.
- Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector updated on the move of some Special Revenue funds to the General Fund.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Supervisor Nathan Magsig, and carried 6-0 to approve Agenda Item 5d.

6. Staff Updates

- Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, mentioned staff is concentrating on Department Head Transitions Reviews and will be adjusting to keep staff safe due to COVID. Chairman Quintero asked if staffing levels in the department are good. Oscar answered levels are not good.

7. Adjournment

- A motion was made by Supervisor Nathan Magsig, seconded by Manuel Vilanova, and was carried 6-0 to adjourn the meeting at 10:25 a.m.

Audit Committee Members:

Supervisor Sal Quintero, Audit Committee Chairman

Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman

Supervisor Nathan Magsig

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Kulwinder Brar, Public Member



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: May 13, 2022

TO: Audit Committee Members

FROM: Oscar J. Garcia, CPA – Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended March 31, 2022

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of January 1, 2022 through March 31, 2022.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Karoll Diaz, Accounting & Financial Division Manager at (559) 600-1378 or Jarry Lim, Accountant at (559) 600-1368 if we can be of any assistance.

Attachments



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended March 31, 2022

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Karoll Diaz
Hotline Staff: Jarry Lim

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended March 31, 2022

Below is the County of Fresno Fraud Hotline activity for the period of January 1, 2022 through March 31, 2022.

1. Statistical Summary

The Financial Reporting and Audits Division received 48 Hotline allegations, complaints, or other contacts during the reporting period. Of these reports, 27 were made anonymously while 21 reports were made by individuals who identified themselves. The Hotline received 23 reports via telephone, 24 by email, and one by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	15
Referred Items	29
Non-Actionable Items	4
Total Allegations/Complaints	48

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e., vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

**COUNTY OF FRESNO
 FRAUD HOTLINE QUARTERLY REPORT
 Administered by the Auditor-Controller/Treasurer-Tax Collector
 For the Quarter Ended March 31, 2022**

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

Table 2 Types of New Allegations/Complaints	
Actionable – County:	1
Employee Improprieties	1
Actionable – Non-County:	14
Forged/Altered Check	14
ACH Fraud	0
Referral – County:	19
Welfare Fraud	13
County - Other	6
Referral – Non-County:	10
Various	10
Non-Actionable Items:	4
Not enough information	4
Total	48

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended March 31, 2022

3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was one closed investigation by the County of Fresno Fraud Hotline. (See summary below)

Table 3						
Status of Complaints						
Actionable Calls	Investigation			Closed Findings		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management						
Employee		1	1		1	
Client						
Unknown						
Total		1	1		1	



County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

April 6, 2022

Maria Aguirre, Interim Director
Department of Social Services
200 W. Pontiac Way
Clovis, CA 93612

RE: Department of Social Services Transition Report

Dear Ms. Aguirre,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Department of Social Services (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

We conducted this review in conformance with the International Standards Framework for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives.

The transition report included accounting for cash, capital assets, and inventorable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.

4. Check the departing Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming interim Department Head's first paycheck for accuracy and appropriateness.
6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both the departing and interim Department Heads.

Results:

Finding 1 – Inventoriable Asset Management

Per County of Fresno MD 413.2, specific information for each inventoriable asset must be maintained with each department's inventoriable asset list. The inventoriable asset list provided does not include all the required attributes per MD 413.2 for each inventoriable asset. Missing attributes include the disposition date and method of disposition. During the verification, auditors discovered one inventoriable asset missing. The Department was made aware and has submitted appropriate documentation for the lost item.

Recommendation 1

We recommend that the Department continues to revise their inventoriable asset list to ensure all data is listed for each inventoriable asset, as required in MD 413.2. We further recommend that the Department examines their inventoriable and capital assets procedures to ensure assets are tracked and monitored carefully. All asset listings should be kept organized, current, and easily accessible.

Finding 2 – Capital Asset Management

Auditors discovered six capital assets on the Department's inventoriable asset list that were not included on the Asset Management System (AMS) in PeopleSoft. Five of them were purchased in 2012 and 2013, and another one was purchased in 2020, all of them with an individual cost of over \$5,000. As a result, depreciation and net book value were not recorded properly.

Recommendation 2

We recommend that the Department examines their capital asset procedures to ensure assets are tracked, monitored, and recorded properly. Capital assets on the inventoriable list will need to be added to the AMS in PeopleSoft for proper recording. We further encourage the Department to follow the proper procedures when purchasing capital assets.

Finding 3 – Compliance

Certain County of Fresno officials and employees are required to complete FCAC-255, a County of Fresno Conflict of Interest Affidavit; Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form A, two of 31 samples selected were not signed within 15 days of quarter ending. For Form 700, eight of 31 selected, were either not signed, not filled out in a timely manner or not filled out completely and accurately.

Recommendation 3

We recommend that the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

While still a matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1378.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



DATE: May 2, 2022

TO: Oscar Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

FROM: Sanja Bugay, Director of Social Services

SUBJECT: Department of Social Services 2022 Transition Report Findings Responses

Please find the Department of Social Services response to the Transition Review findings and recommendations by the Auditor-Controller/Treasurer-Tax Collector Office.

Finding 1 – Inventoriable Asset Management

The Department agrees with the recommendations set forth in the Transition Review. Missing attributes which include the disposition date and method of disposition have been added to the Department's Inventoriable Asset Management list to comply with County of Fresno Management Directive 413.2.

Finding 2 – Capital Asset Management

The Department maintains an internal Policy and Procedure Guide (PPG) on capital asset acquisitions and will revise the guide to reinforce that Board approval should be obtained prior to the acquisition of equipment over \$5,000.

In 2021, the Department sought guidance from the Auditor-Controller/Treasurer-Tax Collector (AC/TTC) office to correct and record an asset purchased in 2020 into the Asset Management System (AMS). AC/TTC provided guidance that the asset could not be recorded into AMS, and should instead be tracked as part of the Department's Inventoriable Asset list. During the Exit Interview for this audit, AC/TTC staff provided new guidance that capital assets can still be properly added to AMS. The Department has complied and processed the FCAC 082- Fixed Asset Form for all six capital assets purchased without Board approval to be added to AMS. Forms have been submitted to AC/TTC for finalization.

Office Location: 205 W. Pontiac Way – Clovis, CA - 93612

Phone: (559) 600-2300 ≈ FAX: (559) 600-2310

Mailing Address: P.O. Box 1912, Fresno, California 93718-1912

www.co.fresno.ca.us

The County of Fresno is an Equal Employment Opportunity Employer

Finding 3 – Compliance

The Department agrees with the recommendations set forth in the Transition Review. DSS currently maintains an internal PPG which all employees must follow to prevent conflict of interest. DSS will put together a reviewal process to ensure Form A and Form 700 are submitted completely and timely.

The Department would like to thank you and your staff for your assistance with this review.



County of Fresno

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

April 13, 2022

Paul Nerland
County Administrative Office
2281 Tulare Street
Room 304
Fresno, CA 93721

RE: County Administrative Office Transition Report

Dear Mr. Nerland,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the County Administrative Office (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

We conducted this review in conformance with the International Standards Framework for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve objectives.

The transition review included accounting for cash, capital assets, and inventoriabale assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming/interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.

3. Examine conflict of interest filings.
4. Check the departing Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming Department Head's first paycheck for accuracy and appropriateness.
6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both the departing and the incoming Department Heads.

Results:

Finding 1 – Asset Management

Per County of Fresno MD 413.2, specific information for each inventoriable asset must be maintained with each department's inventoriable asset listings. The inventoriable asset list provided does not include all the required attributes per MD 413.2 for each inventoriable asset. Missing attributes include the acquisition date, quantity of the asset, cost of the asset, source of funding, disposition date, and method of disposition. Additionally, two of the 20 inventoriable assets selected for testing were missing an appropriate form of identification.

Recommendation 1

We recommend the Department to continue to revise their inventoriable asset list to ensure all data is listed for each inventoriable asset, as required in MD 413.2. We further recommend the Department to examine their inventoriable asset procedures to ensure assets are tracked and monitored carefully. All asset listings should be kept organized, and easily accessible.

Finding 2 – Compliance

Certain County of Fresno officials and employees are required to complete FCAC-255, a County of Fresno Conflict of Interest Affidavit; Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form 700, one of the 8 selected for testing was not filled out within the appropriate time.

Recommendation 2

We recommend that the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

While still matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1378.

Sincerely,

A handwritten signature in blue ink, appearing to read "Oscar J. Garcia".

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



County of Fresno

COUNTY ADMINISTRATIVE OFFICE
PAUL NERLAND
COUNTY ADMINISTRATIVE OFFICER

April 13, 2022

Via Email Transmission to: ogarcia@fresnocountyca.gov

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector
2281 Tulare St., Room 105
Fresno, CA 93721

RE: CAO Response to Transition Report Findings & Recommendations Dated
04.13.2022

Dear Mr. Garcia:

The County Administrative Office (CAO) concurs with the recommendations as set forth in the April 13, 2022, transition report from the Auditor-Controller/Treasurer-Tax Collector.

Thank you.

Sincerely,

Paul Nerland
County Administrative Officer



County of Fresno

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

April 7, 2022

Maria Aguirre, Interim Director
Department of Social Services
200 W. Pontiac Way
Clovis, CA 93612

RE: Department of Social Services Payroll Compliance Audit

Dear Ms. Aguirre,

Through risk assessment, financial analysis of PeopleSoft activities, and prior year analysis, our Financial Reporting & Audits Division conducted a Payroll Compliance Audit of the Department of Social Services (Department), covering the pay period dates for calendar year 2019 (December 17, 2018, through December 15, 2019) and 2020 (December 16, 2019, through June 28, 2020). The purpose of a Payroll Compliance Audit, which is limited in scope, is to account for proper handling and reporting of payroll expenditures, as well as to determine the Department's compliance with established internal controls, and policies and procedures.

We conducted this audit in conformance with the International Standards Framework for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives. We believe that the information obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our procedures and findings are as follows:

Procedures:

1. Examine internal controls to verify if they are at an acceptable level.
2. Verify the existence of segregation of duties.
3. Review payroll expenditures, with regards to:
 - a. Payroll type
 - b. Proper supporting documentation
 - c. Appropriate timing of payroll
 - d. Timesheets for accuracy and appropriate approvals
 - e. Terminations processed timely

Results: The performance of this audit yielded the following issues:

We reviewed 105 transactions selected at random from a population size of 97,000. Internal controls were tested for existence and to verify if they were at an acceptable level. Our testing resulted in the following.

Finding 1 – Lack of or Insufficient Supporting Documentation

During this payroll audit, we noted that the Department lacked an effective system of internal controls over its timesheets, predominantly in overtime approval and supporting documentation.

Out of the 105 transactions tested, 18 of them included a timesheet that was not supported by clock times or other supporting documentation. Another 10 included Overtime Request Forms that were either missing an approval signature, or the two approving signatures were the same.

Also, 40 out of the 105 transactions had inaccurate overtime or stand-by supporting documentation or were missing support. In addition, 33 of those 40 transactions were not provided within the appropriate time.

We also found that not all the Department's staff were aware of their Departmental policies and procedures regarding overtime. This resulted in 35 out of the 105 transactions selected not following policies and procedures.

Recommendation 1

Based on the audit procedures applied and testing results, we have concluded the Department's processes related to overtime can be enhanced with the following recommendations:

1. Department should continue to improve, develop, and implement policies and procedures to ensure they are effective and incorporate a well-structured policy on overtime, including:
 - Overtime requests, approval policy, authorization, and logs.
 - Ensuring Overtime Request Forms are correctly filled out, including the date it was signed.
 - Establishing procedures for collecting overtime forms from employees.
2. Department should develop training for all staff members regarding overtime processes, including:
 - The importance of obtaining the appropriate approvals prior to working overtime; as well as reviewing overtime supporting documentation to ensure hours reported on timesheets are accurate and in compliance with policies and procedures.

- The importance of timely submittal of overtime supporting documentation for appropriate processing.

Finding 2 – Under/Over Payment of Overtime

There was also a total of seven transactions out of the 105 tested that resulted in overpayment/underpayment of overtime. Five of them were addressed by the Department during this Audit by submitting a Payroll Adjustment Form to the Payroll Unit. Another one was partially addressed, where an adjustment form was submitted for the underpayment portion, but the adjustment for the overpayment of a different earn code is still pending. The last transaction is still pending to be addressed. Both pending transactions will require the Department to submit a Payment Adjustment Form to the Payroll Unit. The adjustments to payroll resulted from the lack of proper review of supporting documentation; thus, not following policies and procedures.

Recommendation 2

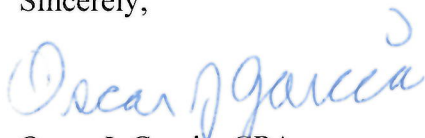
To ensure overtime is paid correctly and minimize overtime discrepancies, we recommend the Department to:

- Develop procedures to review overtime forms. These procedures should include matching timesheet hours with overtime logs and a review of proper departmental approvals included in the Overtime Request Form.
- Ensure timesheets are approved by employees and by supervisors with first-hand knowledge of hours worked.
- Submit a Payroll Adjustment Form to the Payroll Unit when an error or discrepancy exists.

While still a matter of public record, this letter is intended solely for the information and use of members of the County of Fresno Audit Committee and management of the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at 559-600-1378.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



DATE: May 2, 2022

TO: Oscar Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

FROM: Sanja Bugay, Director of Social Services

SUBJECT: Department of Social Services Payroll Compliance Audit Findings Response

Please find the Department of Social Services response to the Payroll Compliance Audit findings and recommendations by the Auditor-Controller/Treasurer-Tax Collector Office.

Finding 1 – Lack of or Insufficient Supporting Documentation

The Department agrees with the recommendations set forth in the Payroll Compliance Audit. The Department has assembled a workgroup to review the existing Policy and Procedure Guide (PPG) on overtime and improve the processes for overtime requests, overtime authorization, the completion of required forms and logs, and the record keeping for forms and logs. The Department has also reinforced with supervisors the importance of reviewing employee forms and logs to ensure they are correctly filled out, signed, and match the employee's time sheet.

After revision of the PPG, the Department's Staff Development Division will provide training to all Department staff on the revised overtime policies.

Finding 2 – Under/Over Payment of Overtime

The Department agrees with the recommendations set forth in the Payroll Compliance Audit. The Department's PPG on overtime will be reviewed as described in the Finding #1 response above.

Additionally, the two pending payroll adjustment transactions mentioned in the Audit report have been completed and processed.

The Department would like to thank you and your staff for your assistance with this review.

**County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Plan for Fiscal Year 2022-23**

Financial Reporting & Audits will be continuing audits from fiscal year (FY) 2021-22 that have not been completed due to various circumstances.

High Risk Departments and Business Cycles

<u>Department</u>	<u>Business Cycle</u>
Public Health	Payroll
Social Services	Cash Receipts
Public Health	Cash Receipts

Additional Six Riskiest Departments and Business Cycles

These departments and business cycles are considered medium risk. Inclusion in the audit plan will be at the discretion of the Audit Committee.

<u>Department</u>	<u>Business Cycle</u>
Behavioral Health	Assets (Capital and Sensitive)
District Attorney	Cash Disbursements
Social Services	Fee Generated Revenue
Public Works	Cash Receipts
Public Health	Fee Generated Revenue
Mental Health Services Act (DBH)	Cash Receipts

Contract Audits

<u>Departments</u>	<u>Contract Name/Number</u>
Behavioral Health, Social Services	Therapeutic Foster Care Services; A-18-440
Behavioral Health, Social Services	Triage Center Emergency Shelter; A-19-257
Behavioral Health, Social Services	Child Abuse Prevention Services; A-17-069

Follow-up Audits

The purpose of these audits will be to ensure that any recommendations and corrective actions that result from audits are implemented in a timely manner. These follow-up audits will occur six months from the issuance of the original audit report. We expect to use 500 staff hours for follow-up audits.

<u>Departments</u>	<u>Contract Name/Number</u>
Probation – Grants	Cash Disbursements
County Clerk Elections	Cash Disbursements
Agriculture	Transition Review
Human Resources	Transition Review
County Clerk Elections	Transition Review
Public Health	Transition Review
Public Defender	Transition Review

Transition Reviews

The purpose of the review is to account for all property under the control of the existing County officer as well as to determine the department’s compliance with established internal controls, policies, and procedures. Based on past experience and current County environment, we expect to perform at least two transition reviews during FY 2022-23 and project to use a total of 250 staff hours for transition reviews.