



County of Santa Clara

**Controller-Treasurer Department
Internal Audit Division**

Bill Perrone, CIA
Internal Audit Manager

December 19, 2008

Assignment 10216

To: Distribution List

Subject: Internal Audit Report: Custody Audit- Board of Supervisors – Supervisorial District 2

We have completed a custody audit of the Board of Supervisors (BOS) Office- Supervisorial District 2 as of June 30, 2008. We conducted the audit in November 2008.

We thank the staff of the Board of Supervisors Office for their cooperation. Their assistance contributed significantly to the successful completion of the audit.

Respectfully submitted,

Signature on file.

Bill Perrone, CIA
Internal Audit Manager

Distribution List:

Blanca Alvarado, Supervisor
Kristina Cunningham, Chief of Staff
Gary A. Graves, Acting County Executive
John V. Guthrie, Director of Finance
Vinod Sharma, Controller-Treasurer
Board of Supervisors
Civil Grand Jury

COUNTY OF SANTA CLARA

CONTROLLER-TREASURER DEPARTMENT – INTERNAL AUDIT DIVISION

INTERNAL AUDIT REPORT

Custody Audit: BOARD OF
SUPERVISORS –
SUPERVISORIAL
DISTRICT 2



Assignment 10216
December 19, 2008

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Executive Summary

Conclusion Based upon the results of our testing, we express an unqualified opinion on the \$60,559.90 of reported assets.

The Board of Supervisor's Office – Supervisorial District 2 is in agreement with this report.

Audit Objective and Scope The audit objective was to perform a custody audit of the Board of Supervisors Office – Supervisorial District 2 reported assets as specified by the County Charter. The scope of the audit included:

- Testing internal controls over the assets
- Verifying the existence, valuation and completeness of amounts of the assets
- Determining whether the assets under the department's control are fairly presented in conformity with generally accepted accounting principles as of June 30, 2008.

Audit Background The Santa Clara County Charter Section 602(b) requires an audit upon the vacancy in any office charged with the responsibility for County assets. Blanca Alvarado will leave office on January 4, 2009 and be replaced by elected supervisor George Shirakawa.

We conducted our audit in accordance with the Professional Practices Framework established by the Institute of Internal Auditors.

Signature on file.

Bill Perrone, CIA
Internal Audit Manager

INDEPENDENT AUDITOR’S REPORT

Blanca Alvarado
Board of Supervisors, Supervisor District 2
San Jose, California

We have audited the accompanying Statement of Assets of the Board of Supervisor’s Office – Supervisorial District 2 as of June 30, 2008. This statement is the responsibility of the Board of Supervisor’s Office. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Assets. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the Statement of Assets. We believe that our audit provides a reasonable basis for our opinion.

Additionally, the Statement of Assets is presented to report the assets for which the supervisor has custodial responsibility and is not intended to present fairly the financial position and results of operations of the Board of Supervisors – Supervisorial District 2.

In our opinion, the Statement of Assets referenced above, presents fairly, in all material respects, the assets under the control of the department as of June 30, 2008, in conformity with generally accepted accounting principles.

December 19, 2008

Signatures on file.

Bill Perrone, CIA
Internal Audit Manager

Barbara Hartman
Auditor-in-Charge

Santa Clara County, Internal Audit Division

COUNTY OF SANTA CLARA
BOARD OF SUPERVISORS – SUPERVISORIAL DISTRICT 2
STATEMENT OF ASSETS
JUNE 30, 2008

| | Reported Assets | Audit Adjustments | Adjusted Balance |
|----------------------------------|--------------------|----------------------|---------------------|
| Cash and Investments (Note 2) | 21 | 0 | 21 |
| Imprest (Petty) Cash (Note 3) | 100 | 0 | 100 |
| Fixed Assets (Note 4) | \$ 60,439 | 0 | \$ 60,439 |
| TOTAL | \$ 60,560 | 0 | \$ 60,560 |

The accompanying notes are an integral part of this statement.

**COUNTY OF SANTA CLARA
BOARD OF SUPERVISORS – SUPERVISORIAL DISTRICT 2
NOTES TO THE STATEMENT OF ASSETS
JUNE 30, 2008**

Note 1 Summary of Significant Accounting Policies

The Board of Supervisors Office – Supervisorial District 2’s Statement of Assets is prepared in accordance with generally accepted accounting principles (GAAP). The Statement of Assets is presented to report the assets for which the Board of Supervisors has responsibility and is not intended to present fairly the financial position and results of operations of the Board of Supervisor’s Office. The following is the summary of significant accounting policies.

The Board of Supervisors accounts for its financial activities in the General Fund using the modified accrual basis of accounting. The modified accrual basis recognizes revenues and related receivables when they are both “measurable and available.” Measurable is the determinable amount earned while available is the collectable amount anticipated within the current period, or shortly thereafter, to pay current liabilities.

Note 2 Cash and Investments

The cash and investments for the General Fund are maintained in the County’s cash and investment pool. The Internal Audit Division audits the cash in the pool monthly; therefore, Internal Audit did not include testing for the cash and investment pool in this custody audit. The cash and investments balance consist of the following:

| | |
|-----------------------------------|----------------|
| | |
| Commingled (General Fund) | \$21.00 |
| Total Cash and Investments | \$21.00 |

Note 3 Imprest (Petty) Cash

The Controller-Treasurer issues petty cash funds to departments for minor purchases.

Note 4 Fixed Assets

Fixed Assets are recorded at original cost. Since the Board of Supervisor’s Office is accounted for under the modified accrual basis of accounting, book value depreciation is not computed. The fixed assets consist of equipment and low value assets (original cost less than \$5,000). The low value assets are not tested as part of fixed assets due to County policy being that low value assets are up to the discretion of each department to use as they see fit. As of the date of issuing the report, the department was reviewing the low value asset list.

| | |
|---------------------------|---------------------|
| | |
| Equipment | \$ 5,127.80 |
| Low Value Assets | 55,311.10 |
| Total Fixed Assets | \$ 60,438.90 |