



David G. Elledge  
Controller-Treasurer

Bill Perrone, CIA  
Supervising Internal Auditor

August 24, 2007

Assignment 10161

To: Distribution List

Subject: Internal Audit Report: Custody Audit – Office of the District Attorney

We have completed a custody audit of the District Attorney's Office as of December 31, 2006. We conducted the audit from April 2006 through July 2007.

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

Respectfully submitted,

Signatures on file

David G. Elledge  
Controller-Treasurer

Bill Perrone, CIA  
Supervising Internal Auditor

Distribution List:

Dolores A. Carr, District Attorney  
George Doorley, Administrative Services Manager III, District Attorney  
John V. Guthrie, Director, Finance Agency  
Peter Kutras, Jr., County Executive  
Board of Supervisors  
Civil Grand Jury

# COUNTY OF SANTA CLARA

## CONTROLLER-TREASURER DEPARTMENT – INTERNAL AUDIT DIVISION

### INTERNAL AUDIT REPORT

Custody Audit – Office of the District Attorney



Assignment 10161  
August 24, 2007

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## **Executive Summary**

**Conclusion** Based upon our testing results, we express an unqualified opinion on the \$15,983,947 of reported assets.

**Audit Objective and Scope** The audit objective was to perform a financial audit of the District Attorney's Office assets as specified by the County Charter. The audit's scope 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 December 31, 2006.

**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. Ms. Dolores Carr was elected District Attorney and was sworn on January 9, 2007. We mutually agreed to a December 31, 2006 audit date.

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

Signatures on file

David G. Elledge  
Controller-Treasurer

Bill Perrone, CIA  
Supervising Internal Auditor

## INDEPENDENT AUDITOR'S REPORT

Dolores A. Carr  
Office of the District Attorney  
San Jose, California

We have audited the accompanying District Attorney's Statement of Assets as of December 31, 2006. This statement is the responsibility of the District Attorney. 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 manager has custodial responsibility and is not intended to present fairly the financial position and results of operations of the District Attorney's Office.

In our opinion, the Statement of Assets referred to above, presents fairly, in all material respects, the assets under the control of the department as of December 31, 2006, in conformity with generally accepted accounting principles.

July 16, 2007

Signatures on file

\_\_\_\_\_  
David G. Elledge  
Controller-Treasurer

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Bill Perrone, CIA  
Supervising Internal Auditor

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Brian P. Mark, CIA  
Sr. Internal Auditor

Santa Clara County, Internal Audit Division

COUNTY OF SANTA CLARA  
OFFICE OF THE DISTRICT ATTORNEY  
STATEMENT OF ASSETS  
DECEMBER 31, 2006

		Reported Assets	Audit Adjustments	Adjusted Balance
Cash and Investments	(Note 2)	\$ 6,213,779	0	\$ 6,213,779
Interest Receivable	(Note 3)	31,953	0	31,953
Accounts Receivable	(Note 4)	5,617,093	0	5,617,093
Fixed Assets	(Note 5)	4,121,122	0	4,121,122
TOTAL		<u>\$ 15,983,947</u>	<u>0</u>	<u>\$ 15,983,947</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF SANTA CLARA  
OFFICE OF THE DISTRICT ATTORNEY  
NOTES TO THE STATEMENT OF ASSETS  
DECEMBER 31, 2006**

**Note 1 Summary of Significant Accounting Policies**

The Office of the District Attorney'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 District Attorney has responsibility and is not intended to present fairly the financial position and results of operations of the District Attorney's Office. The following is the summary of significant accounting policies.

The District Attorney accounts for its financial activities in the General Fund and thirteen trust funds applying 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 balance consists of cash in the County's commingled pool, petty cash, and the District Attorney's Special Appropriation checking account. Monthly, the Internal Audit Division audits the cash in the pool; therefore, Internal Audit did not include testing for the commingled cash and investment pool in this custody audit. The Controller-Treasurer authorizes departments, including the District Attorney, to utilize petty cash funds for minor purchases. The California Government Code Sections 29400 and 29401 require the county boards of supervisors to appropriate funds (known as Special Appropriation) for the district attorneys' discretionary usage.

The cash and investments balance consist of the following:

Commingled (General Fund)	\$ 405,032
Commingled (DMV Fingerprint ID Trust)	1,904,463
Commingled (Asset Forfeiture Trust)	1,241,656
Commingled (Consumer Fraud Trust)	1,116,184
Commingled (H&S 11489 Asset Forfeiture Trust)	721,808
Commingled (Other Trust Funds)	787,251
Subtotal – Commingled Cash and Investments	<u>\$ 6,176,394</u>
Imprest (petty) Cash	1,982
Special Appropriation Checking	<u>35,403</u>
Total Cash and Investments	<u><u>\$ 6,213,779</u></u>

**Note 3 Interest Receivable**

The trust funds earn interest on their cash invested in the commingled pool. The Controller-

Treasurer distributes the interest earned quarterly. The undistributed interest totaled \$31,953.

**Note 4    Accounts Receivable**

The District Attorney receives grant funding and reimbursements from federal, state and local governmental entities. These grantors and other entities require the District Attorney to provide services to which they reimburse the District Attorney upon submission of claims. The receivables' primary sources are as follows:

Federal Government	\$ 256,260
State of California	3,143,885
Other Government Entities	<u>2,216,948</u>
Total Accounts Receivable	<u>\$ 5,617,093</u>

**Note 5    Fixed Assets**

Fixed Assets are recorded at original cost. Since this department is funded primarily by the general fund, book value depreciation is not computed. The fixed assets consist of a vehicle, furniture and equipment and low value assets (original cost less than \$5,000).

Vehicle	\$ 14,070
Furniture and Equipment	3,125,447
Low Value Assets	<u>981,605</u>
Total Fixed Assets	<u>\$ 4,121,122</u>