



A Tradition of Stewardship  
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Agenda Date: 11/25/2014

Agenda Placement: 6P

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Tracy Schulze - Auditor-Controller  
Auditor - Controller

**REPORT BY:** Kaitlin Esser, ACCOUNTANT-AUDITOR I - 707-265-2342

**SUBJECT:** Napa County District Attorney's Office Automobile Insurance Fraud and Workers' Compensation Fraud Grant Programs Awarded by the California Department of Insurance

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### **RECOMMENDATION**

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the Audit Reports for the Napa County District Attorney's Office Automobile Insurance Fraud and Workers' Compensation Fraud Grant Programs awarded by the California Department of Insurance for the fiscal year ended June 30, 2014.

### **EXECUTIVE SUMMARY**

The Napa County Auditor-Controller's Office has audited the financial schedules of the Automobile Insurance and Workers' Compensation Insurance Fraud Grant Programs for the fiscal year ended June 30, 2014, as required by grant provisions. These grants have been awarded to the Napa County District Attorney's Office by the California Department of Insurance.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

The California Department of Insurance requires that a financial audit in accordance with Government Accounting Standards be performed by an independent auditor or the County Auditor-Controller.

Staff of the Auditor-Controller's Office conducted an audit of the Automobile Insurance and Workers' Compensation Insurance Fraud Grant Programs for the fiscal year ended June 30, 2014 in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*.

**Results of the Engagement:** If findings occur, they are categorized as follows:

- | Material Weakness - A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Department's financial records will not be prevented, or detected and corrected on a timely basis
- | Significant Deficiency - A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

There were no reportable findings for the Automobile Insurance Fraud Grant Program for the fiscal year ended June 30, 2014. There was one (1) finding noted for the Workers' Compensation Insurance Fraud Grant Program that is considered reportable as a Significant Deficiency. Please see the attached Management Comments for a detailed description of the finding, recommendation and management response. We did not audit the Department's response and, accordingly, we express no opinion on their response.

The audit reports are available from the Clerk of the Board.

**SUPPORTING DOCUMENTS**

- A . Automobile Insurance Fraud Report 6-30-14
- B . Workers' Compensation Insurance Fraud Report 6-30-14

CEO Recommendation: Approve

Reviewed By: Helene Franchi