



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/23/2021

Agenda Placement: 7H

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Tracy Schulze - Auditor-Controller
Auditor - Controller

REPORT BY: PAUL PHANGUREH, ACCOUNTANT-AUDITOR MANAGER -

SUBJECT: Internal Control Review County-Wide Assigned Vehicles FY2018-2020

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the internal audit report for County of Napa County-Wide Audit of Assigned Vehicles (excluding Sheriff and Special Districts) for the period of July 1, 2018 - June 30, 2020.

EXECUTIVE SUMMARY

The Internal Audit section of the Napa County Auditor-Controller's Office has completed an internal control review of vehicles assigned to departments (excluding Sheriff and Special Districts) for the period July 1, 2018 - June 30, 2020. The objective of our engagement was to (1) determine the adequacy of internal controls over assigned vehicles and (2) evaluate the cost effectiveness of assigned vehicles versus a pooled or personal vehicle.

Based on our internal control review, we believe that internal controls over assigned vehicles can be significantly strengthened. Additionally, we were unable to determine the cost effectiveness of assigned vehicles versus a pooled or personal vehicle. We obtained vehicle utilization (i.e. miles driven) but were unable to obtain use-frequency for each vehicle (i.e. how often is each vehicle driven). This report contains five observations and includes recommendations and management responses for improving the internal controls of vehicles assigned to departments.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed: Effective and Open Government

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 report before you has been completed by the Internal Audit section of the Napa County Auditor-Controller's office consisting of an internal control review of vehicles assigned to departments (excluding Sheriff and Special Districts) for the period July 1, 2018 - June 30, 2020. This engagement was conducted in conformance with the *Internal Standards for the Professional Practice Internal Auditing (Standards)* established by the Institute of Internal Auditors.

As part of our Internal Audit Plan approved by your Board for fiscal year 2018-19, the County Executive Officer requested an internal control review over assigned fleet vehicles and effectiveness of our program. Due to various staff changes since the review began in the Auditor-Controller's Office, Public Works and the County Executive Office, as well as redirecting Internal Audit staff to handle multiple disasters in the County, the report took more time than anticipated. To ensure more timely and relevant data, we expanded the time frame of the audit through June 30, 2020. Although it includes 3 months of COVID, the data was consistent with the two previous fiscal years, both with 12 months of full County operations. The report includes the data from fiscal year 2018-19 and 2019-20.

The primary objectives of this engagement:

- (1) Determine the adequacy of internal controls over assigned vehicles, and
- (2) Evaluate the cost effectiveness of an assigned vehicles versus a pooled or personal vehicle

Based on our internal control review, we believe that internal controls over assigned vehicles can be significantly strengthened. Additionally, we were unable to determine the cost effectiveness of assigned vehicles versus a pooled or personal vehicle. We obtained vehicle utilization (i.e. miles driven) but were unable to obtain use-frequency for each vehicle (i.e. how often is each vehicle driven). This report contains five observations and includes recommendations and management responses for improving the internal controls of vehicles assigned to departments. We will perform a follow up audit to provide your Board an update on the progress of policies and departmental procedures put in place. Taking into account less travel during COVID over fiscal year 2020-21, we will review the data and progress as part of our fiscal year 2021-22 audit plan to bring back a report by December 31, 2022.

SUPPORTING DOCUMENTS

A . Internal Control Review, County-Wide Assigned Vehicles FY2018-2020

CEO Recommendation: Approve

Reviewed By: Samuel Ross