

INTERNAL AUDITOR WORKPLAN HEALTH SERVICES DEPARTMENT

This work plan encompasses issues that require consultation and support between the Auditor-Controller's (AC's) office and the Health Services Department. Collaboration between both departments will allow for more efficient use of personnel, ensure accurate financial reporting, and maximize revenues from program-specific funding sources in order to preserve discretionary funds. This collaboration also provides the opportunity for the CAO and Auditor-Controller in conjunction with the department head to validate the Health Services financial system and ensure its integrity.

	<i>Item / Issue:</i>	<i>Due From:</i>	<i>Date:</i>	<i>Comments:</i>
A.	<i>Issues Prior to FYE 2009 /10</i>			
1.	Final sign off of the 2007 / 08 Medi-Cal cost report certification.	Auditor-Controller	December 17, 2010	Need AC signature / recertification on final cost report (with disclaimer).
2.	Sign off of the 2008 / 09 Medi-Cal cost report certification.	Auditor-Controller	December 17, 2010	Report submitted to the State on November 4, 2010 without certification. Need AC certification.
B.	<i>Cost Accounting Methodologies</i>			
1.	AC's acceptance of Mental Health's new cost accounting system, HCAS	Auditor-Controller	Upon completion of 1.a through 1.d	Costs are allocated between Traditional and MHSA programs through the HCAS system.
1.a.	Review of time reporting system	Internal Auditor	Begin the week of January 3, 2011	
1.b.	Review of Indirect cost pools	Internal Auditor	Begin the week of January 3, 2011	
1 c.	Review of cost allocations to programs	Internal Auditor	Begin the week of January 3, 2011	
1.d.	Review and validate programming	Internal Auditor & IT Staff	Begin the week of January 3, 2011	

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1 e.	Rate setting for Mental Health staff for FY 2010/11 after determination of 2009/10 final costs.	Health Services Staff	Upon completion of B. 1.	
2.	Current cost allocation methods leave some programs significantly under allocated. Meet to discuss methods of allocating cost of:	Internal Auditor, AC Staff, CAO Staff	Begin the week of January 3, 2011	Need for open dialog with AC's staff to review acceptable methodologies in accordance with OMB A-87
2 a.	Department administration / indirect cost and Countywide A-87 costs.		Begin the week of January 3, 2011	Unresolved allocation methods have resulted in limited reimbursement of program costs where full allocations are allowed.
2 b.	Cost allocations to county staffed programs vs. contracted programs. (e.g. CSA's, Jail /Juvenile Medical services)		Begin the week of January 3, 2011	Contracted programs receive a very limited share or no share of admin/indirect costs if those costs are allocated based on labor dollars.
2 c.	Cost allocations to Animal Services		Begin the week of January 3, 2011	Ensure that Animal Services is receiving an appropriate share department indirect and A-87 costs.
3.	Development of an approved Indirect Cost Rate Plan (ICRP) for Public Health for use in FY 2009/10 cost reporting and claiming purposes.	Health Services Staff	Upon completion of item B.2.	Need ICRP in order to claim final 2009/10 costs to grants.
4.	Development of an approved Indirect Cost Rate Plan (ICRP) for Public Health for use in FY 2010/11.	Health Services Staff	Upon completion of item B.2.	ICRP will maximize state and federal funding to programs.
C.	<i>Open Items / Issues from FYE 2009 /10</i>			
1.	Current year SEFA data for both Mental and Public Health to be submitted to AC's office.	Health Services Staff	Upon completion of item B.2.	Need cost allocation resolution.
2.	Un-posted year end journals for Public Health to be completed upon agreement of cost allocation method.	Health Services Staff to resubmit.	Upon completion of item B.2.	If transactions are to be posted as residual equity transfers, the FY 2010/11 budget will need to be revised.

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3.	Public Health employee cost allocation to Mental Health not posted in FY 2009/10.	Auditor-Controller Staff	December 17, 2010	Journal entry is pending. Need discussion with AC staff to resolve.
4.	Several year end compliance / cost reports outstanding or becoming delinquent. Once final cost allocation methods are agreed upon these reports can be completed.	Health Services Staff	Upon completion of item B.2.	2009/10 year end billings or cost reports cannot be submitted for affected programs.