



COUNTY AUDITOR

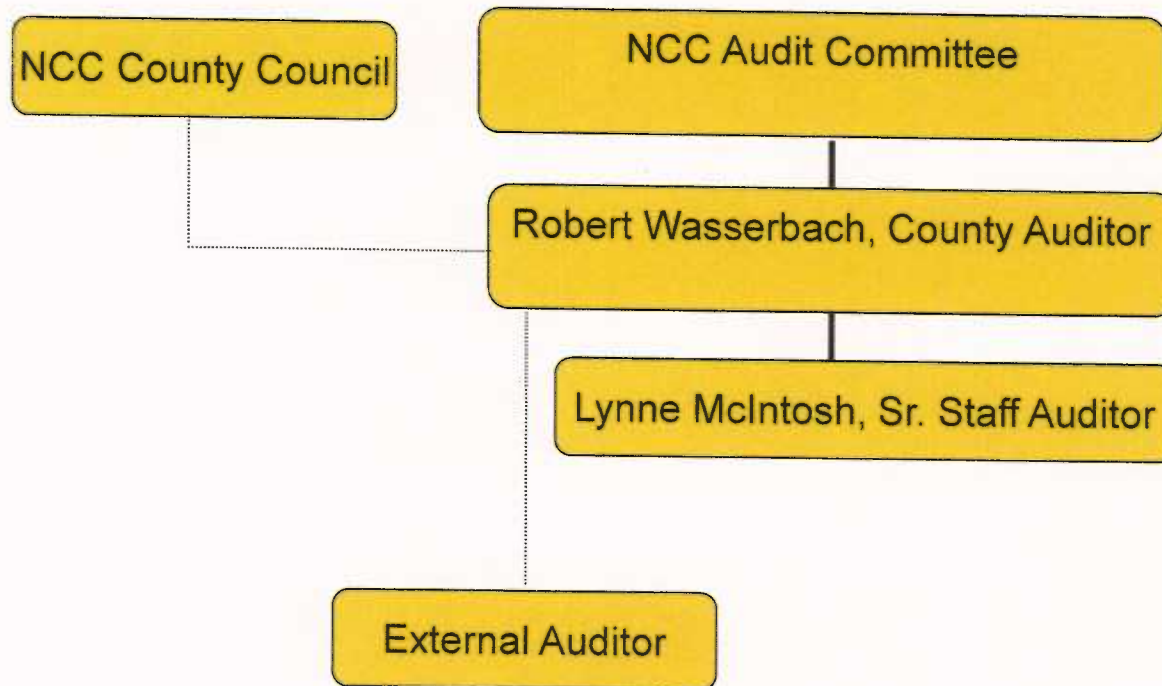
FY 2015

BUDGET REQUEST

TO COUNTY COUNCIL

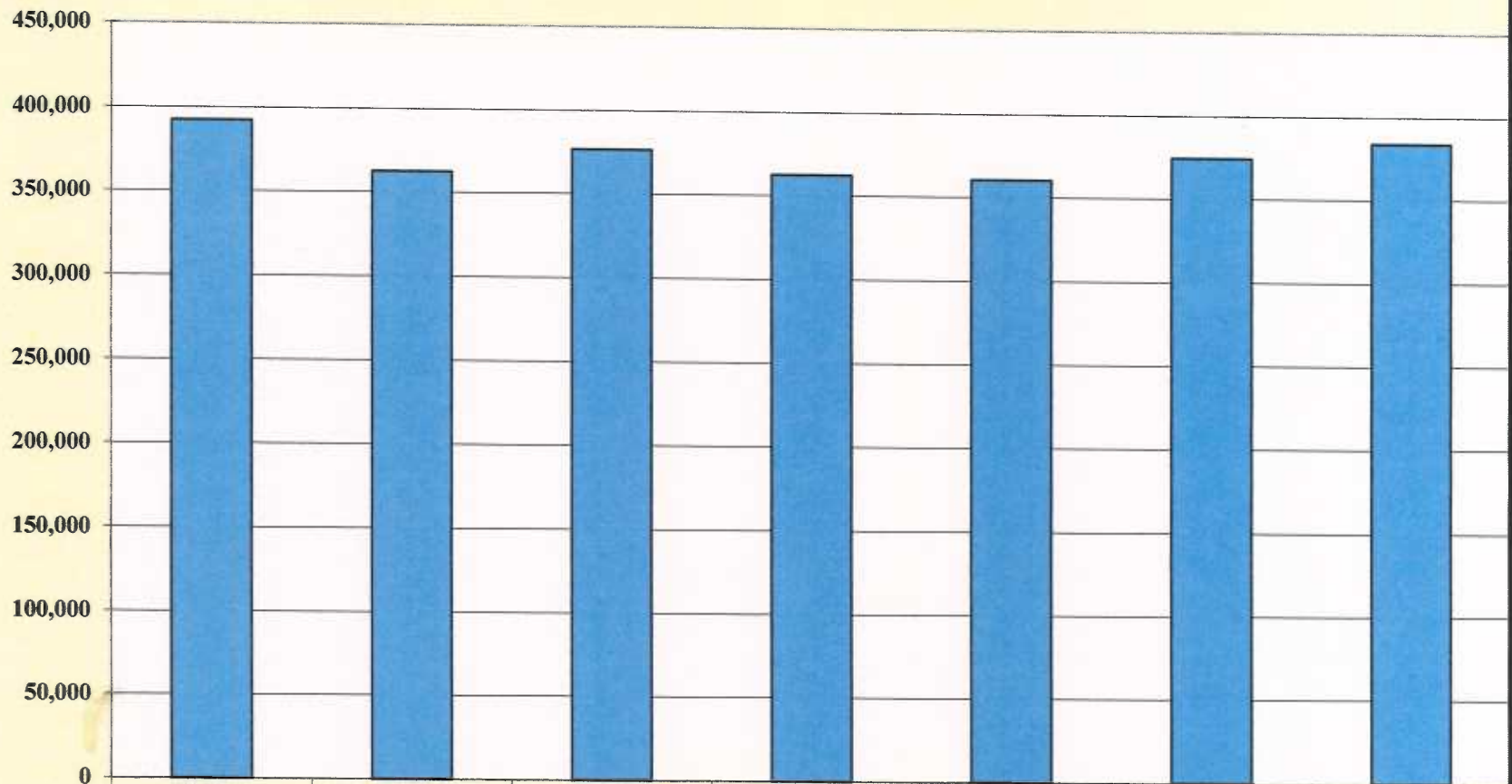
April 7, 2014

County Audit Department

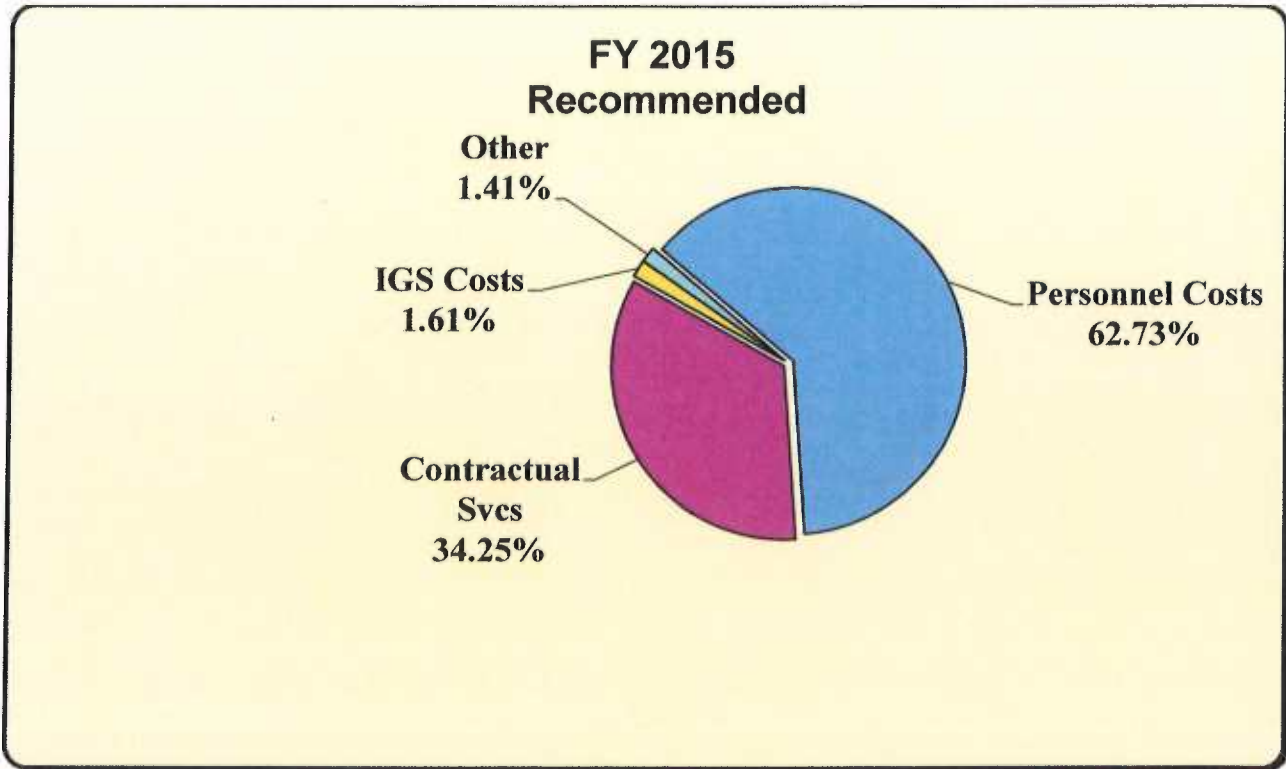


To assist County Government in ensuring adequate internal controls exist to mitigate the risks the County faces in achieving its objectives.

County Auditor Budget History



	FY2009 Approved	FY2010 Approved	FY2011 Approved	FY2012 Approved	FY2013 Approved	FY2014 Approved	FY2015 Recommended
County Auditor	392,389	362,606	376,675	362,634	360,575	374,531	384,091
% Change over PY	7.36%	-7.59%	3.88%	-3.73%	-0.57%	3.87%	2.55%



<u>Object Level</u>	<u>FY 2015 Recommended</u>	<u>Percent of Budget</u>
Personnel Costs	\$240,931	62.73%
Contractual Svcs	131,540	34.25%
IGS Costs	6,197	1.61%
Other	5,423	1.41%
<u>Recommended Budget</u>	<u>\$384,091</u>	

**COUNTY AUDITOR
FY 2015 BUDGET RECOMMENDATION**

Object Level	FY2014 Approved	FY2015 Recomm'd	FY2014 Approved vs. FY2015 Recomm'd	% Incr (Decr) over FY2014 Approved
Salaries and Wages	\$164,170	\$186,516	\$22,346	13.61%
Employee Benefits	63,931	80,815	16,884	26.41%
Training and Civic Affairs	5,190	5,073	(117)	-2.25%
Communication and Utilities	250	-	(250)	-100.00%
Materials and Supplies	400	350	(50)	-12.50%
Contractual Services	134,540	105,140	(29,400)	-21.85%
Equipment Replacement	0	0	0	
Fixed Charges	0	0	0	
Land/Structures	0	0	0	
Contingency	0	0	0	
IGS Costs	6,050	6,197	147	2.43%
Intragov. Service Credits	0	0	0	
Total:	\$374,531	\$384,091	\$9,560	2.55%

**County Auditor
FY 2015
Budget Recommendation**

Object Level	FY 2015 Recommended	\$ Change	% Change
Salaries and Wages :	\$162,516	(\$1,654)	-1.01%
<p>Salaries and Wages reflect hiring an Associate Auditor or Staff Auditor, at a salary of \$45,795, beginning 10/1/14. Funding for the Part-Time Senior Staff Auditor has been decreased but a large portion of this decrease can be restored if the fee for the new external firm is less than budgeted . As of 3/31/14, an evaluation committee is reviewing the audit proposals and we do not yet know what the external audit fee is going to be.</p>			
Employee Benefits:	\$78,415	\$14,484	22.66%
<p>Employee Benefits increase primarily due to hiring a full-time Associate or Staff Auditor in the 2nd quarter of FY '15.</p>			
Training and Civic Affairs:	\$5,073	(\$117)	-2.25%
<p>Training and Civic Affairs to remain basically the same in FY '15.</p>			
Communication and Utilities:	\$0	(\$250)	-100.00%
<p>Reduced to \$0 based on past experience.</p>			
Materials and Supplies:	\$350	(\$50)	-12.50%
<p>Materials and Supplies to remain basically the same in FY '15.</p>			
Contractual Services:	\$131,540	-\$3,000	-2.23%
<p>"Accounting & Auditing" fees for FY '15 are budgeted for less than last year due to needing less funds to engage contractual auditors to assist on <u>internal</u> audits. As of 3/31/14, we did not yet know the fee for the external audit of the County's financial statements; therefore we have budgeted a conservative estimate. If this fee proves to be less than budgeted, we'd like to shift funds from "Accounting & Auditing Fees" to part-time salaries.</p> <p>"Information System Support Services" remain at \$2,540 to reflect the utilization of a 3rd party to administer the Fraud, Waste, and Abuse Hotline.</p>			
Equipment Replacement:	\$0	\$0	0.00%
IGS Costs:	\$6,197	\$147	2.43%
<p>Slight increase in Information Technology cross charges.</p>			



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY 2014 ACCOMPLISHMENTS**

Due to an issue with the water consumption information received from Artesian Water Co., performed audit to determine the effect upon the 2013 sewer bills and to provide recommendations to management on how to address sewer billing inaccuracies and strengthen internal controls. Audit determined that there was approximately \$700,000 in over-billings and \$200,000 in under-billings for residential sewer customers and that many commercial customers were billed for months that should have been included on their 2014 bills.

Performed audit of the process of customers connecting to the County sewer system and sewer billing accounts being established for such customers. Audit revealed a control weakness in ensuring an account is established for every customer connecting to the sewer system. We determined that there are some customers connected to the sewer system who are not paying for sewer service.

Issued memorandum to management on the County's contract management process. This memorandum includes our concerns on ensuring the County has an inventory of all contracts and that each contract has an "owner" to properly monitor the contract. Audit has found contracts in the past that were not being properly managed.

Completed audit of grants the County receives from the Federal Government, the State of Delaware, and other sources. This audit provided a comprehensive analysis of the internal controls over the administration of these dollars and looked at various facets of grant administration not looked at by the external auditors on the Single Audit.

Will soon be issuing follow-up audit reports on the Procurement Function and Construction Project Change Orders. Reports include recommendations to enhance internal controls.

In process of performing audit of Finance Department to ensure there is adequate segregation of duties over key financial transaction cycles as well as ensuring there are adequate reviews and approvals, access controls, and written policies/procedures.

In process of performing follow-up audit of Sheriff's Office to determine management's progress in addressing the issues in our 2012 audit report.

Managed, with the Finance Department, the annual Financial Statement Audit, Single Audit, and Pension Audit. The County received unmodified opinions on all three audits.



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY 2015 CHALLENGES**

Since we have had difficulty meeting the Annual Internal Audit Plan due to working on items that were not on the original plan, we would like to have the Audit Committee approve a plan each quarter, so that the Audit Committee can then be informed at each quarterly meeting of how well the County Auditor's Office did in achieving the Quarterly Audit Plan. Having a Quarterly Plan will keep us better focused on achieving that Plan.

Concentrate on performance auditing, looking for ways to increase County revenues, decrease County expenses, and ensuring County assets are adequately protected.

Provide assistance to Administration and County Council in helping to identify whether key controls exist to mitigate the risks of achieving key management objectives.

Work with new Administration, and with County Council, to implement some type of Enterprise Risk Management (ERM) in County Government.

Help to ensure an ethical culture throughout County government by thoroughly investigating reports filed with the Fraud, Waste, and Abuse Hotline and by marketing the Hotline to ensure employees and citizens are aware of it.

Ensure external auditors meet key deadlines established by Finance and Audit Departments, and that the annual audited financial statements are issued on a timely basis. Provide Internal Audit assistance, for first time since FY 2006, to external audit firm so as to reduce external audit fee.

Continue to educate County Departments and County Council on the Mission, Role, and Responsibilities of County Auditor's Office.



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY 2015 PERFORMANCE MEASUREMENTS**

Completion of Quarterly Audit Plan, reporting to Audit Committee of Audit Plan Progress, and Audit Committee approval of all audit reports issued.

At least four regularly-scheduled meetings with County Audit Committee.

Identification in audit reports, where applicable, of opportunities for additional revenues, decreased expenses, and/or enhanced internal controls.

Input from Executive and Legislative Branches on FY '15 Audit Plans to ensure we are evaluating controls in areas management deems critical to the County.

Presentation of Enterprise Risk Management (ERM) concepts to Executive Management and receptivity to begin embarking on some type of ERM program.

County's audited financial statements (including results of Single Audit) issued by 12/31/14. County Pension Program's audited financial statements issued by 1/31/15.

Additional presentations on Internal Audit made to County Departments and the placing of a brochure about the County's Internal Audit function on the County's Portal and Website.

**New Castle County
County Auditor
FY 2015 Contractual Services Details**

OCA	OCA Title	Object Level	Object Level 3 Title	FY 2015 Budgeted Amount	Explanation		
010200	County Auditor	5401	Accounting & Auditing Fees	129,000	Funding is primarily for external auditors. See Note 1. 3rd Party Administrator for Fraud, Waste, & Abuse Hotline.		
		5406	Other Professional Services	0			
		5409	Info. Systems	2,540			
		Subtotal Contractual Services				\$ 131,540	
				IGS Costs			
		5900	IS Contractual-Data Processing	5,847			
		5901	IS Contractual - Photocopies	\$ 350			
		5902	IS Contractual - Printing	\$ -			
		Subtotal IGS Costs				\$ 6,197	
		Total Contractual Services & IGS Costs				\$ 137,737	

Note 1: As of 3/31/14, we did not yet know the fee for the external audit of the County's financial statements; therefore we have budgeted a conservative estimate. If this fee proves to be less than budgeted, we'd like to shift funds from "Accounting & Auditing Fees" to part-time salaries.

**New Castle County
County Auditor
FY 2015 Budget Detail**

FY 2015 Recommended Budget	Object Level 1	Object Level 3	Total
	11 Salaries & Wages	1001 Salaries & Wages - FT	150,516
		1002 Salaries & Wages - PT	12,000
	11 Salaries & Wages Total		162,516
		1500 Employee Benefits - FT	77,215
	15 Employee Benefits	1520 Employee Benefits - PT	1,200
	15 Employee Benefits Total		78,415
	22 Training/Civic Affairs	2001 Airfare	500
		2003 Taxi and Shuttle	-
		2004 Mileage Reimbursements	200
		2005 Tolls	23
		2006 Parking Fees	150
		2010 Hotel Accommodations	700
		2020 Meals	300
		2101 Conference Fees	500
		2102 Seminar Fees	2,000
		2301 Membership Dues	700
	22 Training/Civic Affairs Total		5,073
	23 Communications/Utilities	3100 Postage	-
		3200 Telephone Service	-
	23 Communications/Utilities Total		-
	24 Materials/Supplies	4000 Books and Subscriptions	300
		4101 Office Supplies	50
		4104 Computer Supplies	-
	24 Materials/Supplies Total		350
	25 Contractual Services	5200 Service Contracts	-
		5401 Accounting & Auditing	129,000
		5406 Other Professional Services	-
		5409 Info. System Support	2,540
	25 Contractual Services Total		131,540
	30 IGS Charges	5900 IS Contractual - Data Processing	5,847
		5901 IS Contractual - Photographic	350
		5901 IS Contractual - Printing	-
	30 IGS Charges Total		6,197
County Auditor Total			384,091