



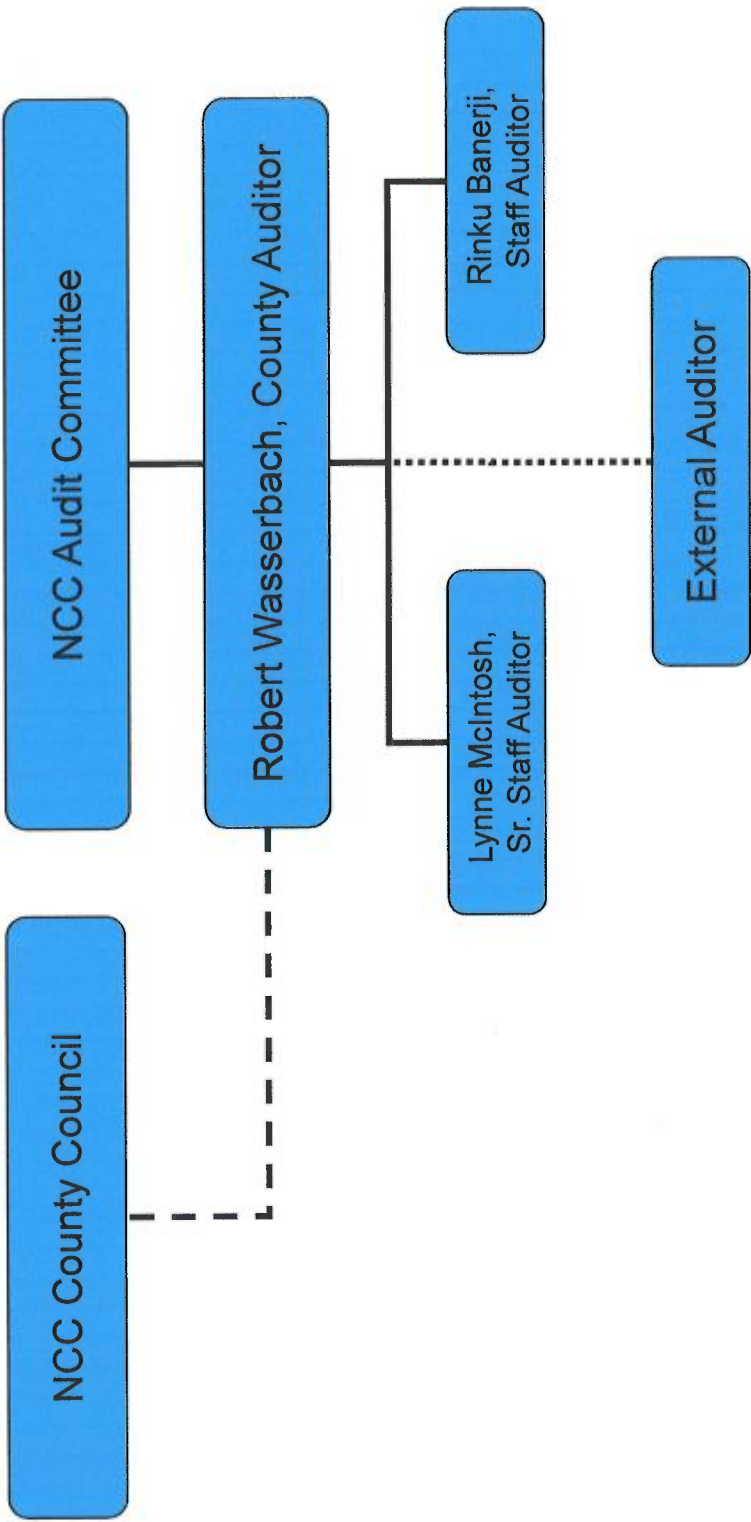
COUNTY AUDITOR

FY2019

RECOMMENDED BUDGET

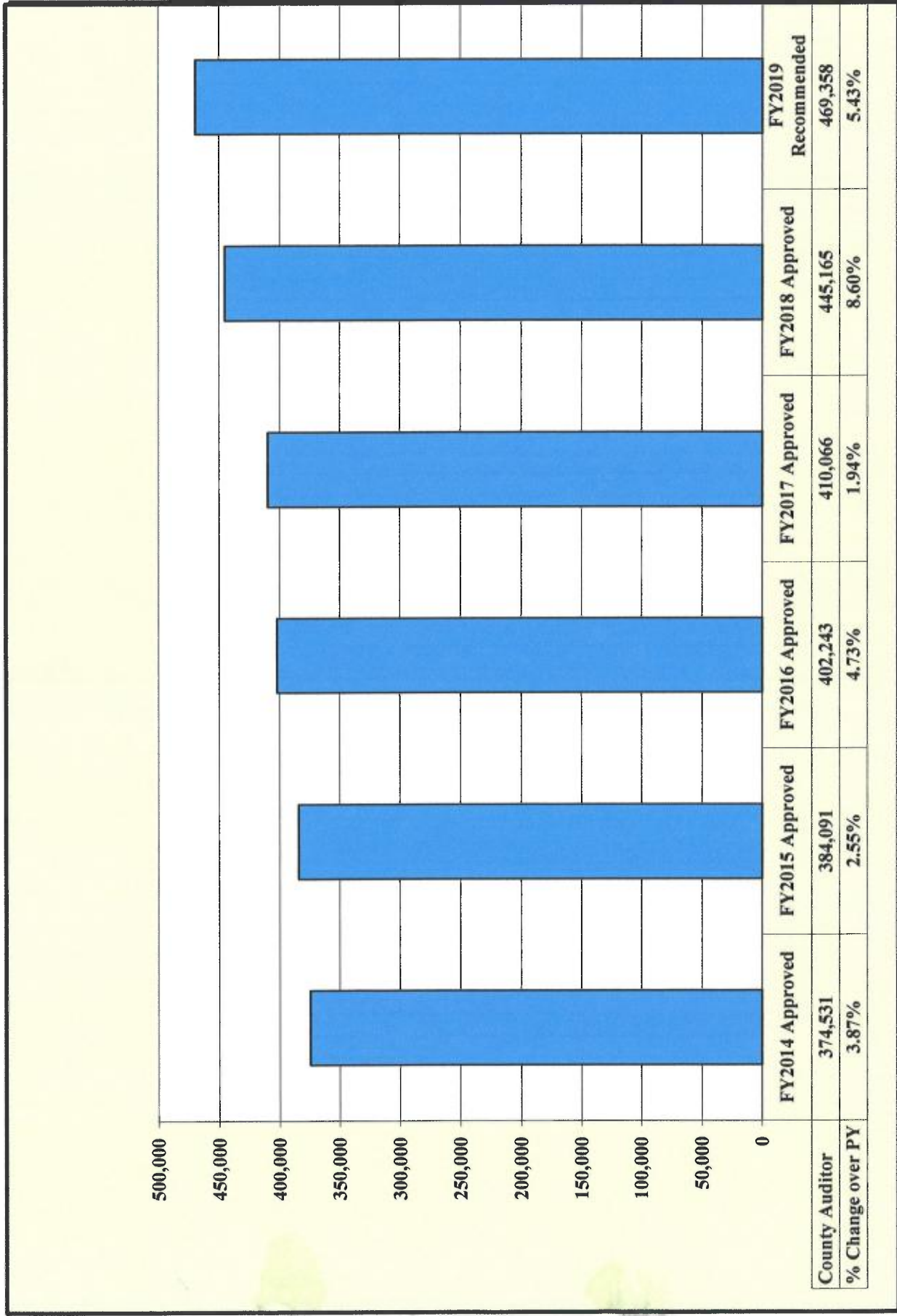
April 16, 2018

County Auditor's Office

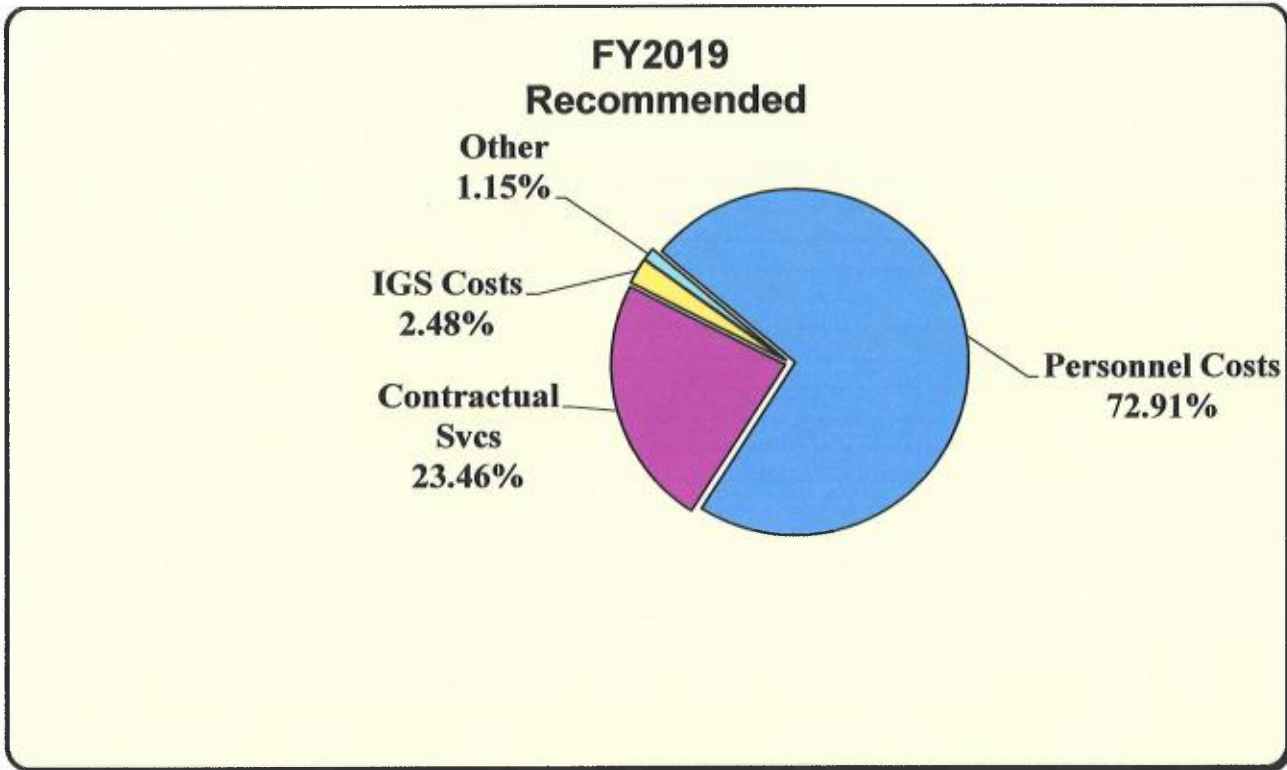


MISSION: To assist County Government in ensuring adequate internal controls exist to mitigate the risks the County faces in achieving its objectives.

**COUNTY AUDITOR
BUDGET HISTORY**



NEW CASTLE COUNTY
COUNTY AUDITOR
FY2019



<u>Object Level</u>	<u>FY2019 Recommended</u>	<u>Percent of Budget</u>
Personnel Costs	\$342,197	72.91%
Contractual Svcs	110,094	23.46%
IGS Costs	11,647	2.48%
Other*	5,420	1.15%
<u>Recommended Budget</u>	<u>\$469,358</u>	

* Other includes training and civic affairs, communications and utilities, and materials and supplies.

**COUNTY AUDITOR
FY2019 BUDGET RECOMMENDATIONS**

Object Level	FY2018 Approved	FY2019 Recommended	FY2018 Approved vs. FY2019 Recommended	% Incr (Decr) over FY2018 Approved
Salaries and Wages	\$216,209	\$225,706	\$9,497	4.39%
Employee Benefits	106,028	116,491	10,463	9.87%
Training and Civic Affairs	5,100	5,100	0	0.00%
Communication and Utilities	250	170	(80)	-32.00%
Materials and Supplies	150	150	0	0.00%
Contractual Services	105,950	110,094	4,144	3.91%
IGS Costs	11,478	11,647	169	1.47%
Total:	\$445,165	\$469,358	\$24,193	5.43%

**COUNTY AUDITOR
FY2019
BUDGET RECOMMENDATIONS**

Object Level	FY2018 Approved	FY2019 Recommended	\$ Change	% Change
Salaries and Wages:	\$216,209	\$225,706	\$9,497	4.39%
<p>\$9,497 increase represents regular salary increases plus effect of April 2018 cost of living increase for an entire year. Also, the budget now reflects a more realistic estimate for PT salaries as the PT Senior Staff Auditor has been receiving annual hourly increases.</p>				
Employee Benefits:	\$106,028	\$116,491	\$10,463	9.87%
<p>FY2019 employee benefits rate provided by Office of Finance is 60.111% for FT employees and 10.922% for PT.</p>				
Training and Civic Affairs:	\$5,100	\$5,100	\$0	0.00%
<p>To comply with generally accepted governmental auditing standards, each employee of the County Auditor's Office must obtain 80 hours of continuing professional education credit every two years. We do our best to obtain these credits at a reasonable cost to the County. No change requested.</p>				
Communication and Utilities:	\$250	\$170	(\$80)	-32.00%
<p>(\$80) decrease due to technology upgrades to phone system.</p>				
Materials and Supplies:	\$150	\$150	\$0	0.00%
<p>No change requested.</p>				
Contractual Services:	\$105,950	\$110,094	\$4,144	3.91%
<p>\$4,144 increase represents \$4,000 increase for the contract with the external auditors to audit the County's financial statements and \$144 increase for the contract with a 3rd Party Administrator to administer the Fraud, Waste, and Abuse Hotline. Also included is \$2,000 for Attorney's Fees in the event we need to obtain an outside legal opinion on an audit matter.</p>				
IGS Costs:	\$11,478	\$11,647	\$169	1.47%
<p>Information Systems - \$11,322 (increase of \$169) Photocopies - \$250 (no change) Printing - \$75 (no change)</p>				



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY2018 ACCOMPLISHMENTS**

Performed comprehensive audit of the Sewer Fund concentrating on whether the fund is being run like a utility, i.e., whether Sewer Fund revenues are sufficient to cover the costs of operating the Fund and whether all costs of operating the Fund are properly reflected in the Fund's financial statements. Determined that decision on whether to increase sewer rates is more of a political decision than a business one. Also identified five Areas of Particular Concern including (1) a determination that the County has been under-billing an entity for several years and, as a consequence, the County has lost somewhere between a quarter million and three quarters of a million in revenues, (2) certain "contract" customers may be receiving more of a discount in sewer rates than management originally intended, (3) concerns with the policies and practices regarding the Sewer Rate Stabilization Reserve, and (4) concerns with how certain industrial/commercial customers are classified for billing purposes.

Performed comprehensive audit of the County's Workers' Compensation program. Identified four Areas of Particular Concern including (1) a determination that not all medical invoices were being repriced accurately, resulting in a conservative estimate of \$600,000 in overpayments by the County for Fiscal Years 2016 and 2017, (2) the County is distorting (unintentionally) its financial statements and actuarial information by not including as workers' compensation costs payments the County makes to its injured employees under the "Leave for Injury or Illness" (LII) provision in the union contracts, and (3) the lack of written policies and procedures governing most aspects of the workers' compensation processes.

Issued audit report on Property Tax Exemptions. Identified two Areas of Particular Concern: (1) the lack of a provision in State Code to allow the County to appeal decisions of the Board of Assessment Review and (2) parcels getting tax exemptions where the owners of such parcels are delinquent in the payment of County property taxes, School taxes, and/or sewer service charges.

Began audit of County's fleet operations, evaluating such items as (1) management's decision-making process regarding the types of vehicles to lease/purchase as well as the decision whether to lease or purchase, (2) the process for purchasing and maintaining parts and whether periodic inventories are performed, (3) the process of distributing fuel to ensure it's used only for work purposes, and (4) the process for performing routine and non-routine maintenance of vehicles and equipment, and whether maintenance schedules conform with best practices.

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

Developed webpage for County Auditor's Office. This page provides key information to the public on the mission and operations of the Office.

Worked with the Audit Committee to develop an Audit Committee Charter.



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY2019
CHALLENGES**

Ensure external auditors meet key deadlines established by Office of Finance and County Auditor's Office, and that the annual audited financial statements are issued on a timely basis.

Achieve Audit Plan(s) approved by the County Audit Committee.

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

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.

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

Increase use of Office's data analytics software package in order to enhance the County Auditor's Office's use of data analysis.

Continue to work as a partnership with County Administration in working together to improve internal controls in County Government. Work with the Office of Finance to begin implementing internal control concepts from "Standards for Internal Control in the Federal Government" issued by the Comptroller General.



**NEW CASTLE COUNTY
COUNTY AUDITOR
FY2019
PERFORMANCE MEASURES**

County's audited financial statements (including results of Single Audit) issued by 12/31/18.
County Pension Program's audited financial statements issued by 1/31/19.

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

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

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

Thorough investigation of all legitimate hotline reports, and investigative reports issued where necessary.

Presentations on Internal Audit made to County Departments where deemed necessary.

Data analytics software package being fully utilized to enhance County Auditor's Office's analytic capabilities on audits.

**NEW CASTLE COUNTY
COUNTY AUDITOR
FY2019 CONTRACTUAL SERVICES DETAILS**

OCA	OCA Title	Object Level	Object Level 3 Title	FY2019 Budgeted Amount	Explanation
010200	County Auditor	5401 5408 5409	Accounting & Auditing Fees Attorney Fees Info. Systems	\$ 105,000 2,000 <u>3,094</u>	Funding is primarily for external auditors. In the eventuality we need to obtain an outside legal opinion. 3rd Party Administrator for Fraud, Waste, & Abuse Hotline.
Total Contractual Services				\$ 110,094	

**NEW CASTLE COUNTY
COUNTY AUDITOR
FY2019 BUDGET DETAIL BY OBJECT LEVEL 3**

FY2019 Recommended Budget		
Object Level 1	Object Level 3	Total
11 Salaries & Wages	1001 Salaries & Wages - FT	\$ 186,706
	1002 Salaries & Wages - PT	39,000
11 Salaries & Wages Total		\$ 225,706
15 Employee Benefits	1500 Employee Benefits - FT	\$ 112,231
	1520 Employee Benefits - PT	4,260
15 Employee Benefits Total		\$ 116,491
22 Training/Civic Affairs	2001 Airfare	\$ 400
	2004 Mileage Reimbursements	100
	2006 Parking Fees	100
	2010 Hotel Accommodations	400
	2020 Meals	200
	2101 Conference Fees	1,400
	2102 Seminar Fees	1,400
	2301 Membership Dues	1,100
22 Training/Civic Affairs Total		\$ 5,100
23 Communications/Utilities	3200 Telephone Service	\$ 170
23 Communications/Utilities Total		\$ 170
24 Materials/Supplies	4000 Books and Subscriptions	\$ 150
24 Materials/Supplies Total		\$ 150
25 Contractual Services	5401 Accounting & Auditing	\$ 105,000
	5408 Attorney Fees	2,000
	5409 Info. System Support	3,094
25 Contractual Services Total		\$ 110,094
30 IGS Charges	5900 IS Contractual - Data Processing	\$ 11,322
	5901 IS Contractual - Photographic	250
	5901 IS Contractual - Printing	75
30 IGS Charges Total		\$ 11,647
County Auditor Total		\$ 469,358