

# County of San Luis Obispo

## Office of the Auditor-Controller

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TO: GERALD T. SHEA, DISTRICT ATTORNEY  
FROM: GERE SIBBACH, AUDITOR-CONTROLLER  
VIA: JAMES P. ERB, ASSISTANT AUDITOR-CONTROLLER   
DATE: OCTOBER 23, 2012  
SUBJECT: REVIEW OF THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE  
AUTOMOBILE INSURANCE FRAUD PROGRAM GRANT FOR FISCAL YEAR 2011-12.

### Purpose

The objective of our review was to determine the County of San Luis Obispo's grant compliance with the State of California Department of Insurance program guidelines.

### Scope

We conducted our audit using generally accepted auditing standards and the *Government Auditing Standards* published by the Comptroller General of the United States (revised December 2011). Our work included review of grant payments received; grant expenditures, including hours of staff assigned to the grant; statistics of cases used to measure grant performance; and the department's internal controls. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

### Results

We determined that the department is in general compliance with the grant guidelines. The department received \$64,128 in grant revenue and expended an equal amount. We determined expenditures were made for the purposes of the program as specified in Section 1872.8 of the Insurance Code, and California Code of Regulations, Title 10, Section 2698.60 et. Seq.

During fieldwork we identified an area where improvement could be made which we have discussed with staff. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the department is able to correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our suggestion is detailed in the Suggested Improvements section below:

### Suggested Improvements

1. The cost accounting code used to track the Automobile Insurance Fraud Program grant was not included on one of the four deposit permits entered in fiscal year 2011-12 due to an oversight by staff. Deposits of warrants received from the California Department of Insurance for the grant should be posted to the appropriate cost accounting code. When proper coding is not utilized it is difficult for staff to track revenue received for the grant. Staff should take care to input the correct cost accounting code when entering and parking the deposit permit. Periodic supervisor review of deposit permits and revenues should be conducted to ensure that appropriate cost accounting codes are being used.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.