

County of Santa Clara



Finance Agency Controller-Treasurer

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Assignment 10335

October 28, 2013

To: Department of Insurance, State of California
Jeffrey F. Rosen, District Attorney
Christine Garcia-Sen, Supervising Deputy District Attorney
Peter Jensen, Administrative Services Manager, District Attorney
Jeffrey V. Smith, County Executive
Emily Harrison, Deputy County Executive
Irene Lui, Controller-Treasurer
Board of Supervisors, County of Santa Clara
Civil Grand Jury, County of Santa Clara

From: Rebecca Haggerty, Internal Audit Manager *RH*

Subject: Internal Audit Report – Office of the District Attorney: Organized Automobile Fraud Activity Interdiction Program Insurance Fraud Grant Expenditures

We have completed an audit of the District Attorney's Fiscal Year 2013 Organized Automobile Fraud Activity Interdiction Program grant's Statement of Expenditures prepared for the California Department of Insurance for the fiscal year ending June 30, 2013.

We appreciate the cooperation and assistance extended by the District Attorney's staff. Their assistance contributed significantly to the successful completion of the audit.

COUNTY OF SANTA CLARA

CONTROLLER-TREASURER DEPARTMENT – INTERNAL AUDIT DIVISION

INTERNAL AUDIT REPORT

OFFICE OF THE DISTRICT
ATTORNEY – ORGANIZED
AUTOMOBILE FRAUD ACTIVITY
INTERDICTION PROGRAM FRAUD
GRANT EXPENDITURES
Fiscal Year Ended, June 30, 2013



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Conclusion The expenditures reported on the enclosed Statement of Expenditures were spent on the grant's program.

Audit Objective The audit objective was to review the District Attorney-prepared Statement of Expenditures for the Fiscal Year Ended June 30, 2013. This review confirmed the statement's reported expenditures were spent for the grant's purpose as referenced in the California Insurance Code Section 1874.8.

Audit Scope This audit's scope was limited to the California Department of Insurance (CDI) FY13 grant awarded to the County of Santa Clara District Attorney to investigate and prosecute organized automobile fraud activity. We commenced the audit in early August and completed the fieldwork on August 28, 2013.

Audit Background The California Insurance Code Section 1874.8 established an organized automobile insurance fraud investigation and prosecution program funded by assessments levied upon automobile insurers. The California Code of Regulations' Title 10 Chapter 5 Subchapter 9 Article 5 delineates this program's conditions and requirements. This program authorizes the Insurance Commissioner to award grants to the county district attorney's offices to investigate and prosecute organized automobile fraud activity. For FY13, the County of Santa Clara District Attorney's Office entered into a grant agreement with the CDI. The total expenditures were \$759,994.

Within these referenced regulations, Section 2698.77 requires these district attorneys to submit an annual report regarding the offices' organized automobile insurance fraud program. Included in this report is a required expenditure statement subject to audit. The Section permits the county Auditor-Controller to conduct the audit. This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Rebecca Haggerty 
Internal Audit Manager

October 28, 2013

**COUNTY OF SANTA CLARA
OFFICE OF THE DISTRICT ATTORNEY
CALIFORNIA DEPARTMENT OF INSURANCE
ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION PROGRAM FRAUD
GRANT**

**Statement of Expenditures
For the Fiscal Year Ended June 30, 2013**

| | <u>EXPENDITURES</u> |
|-----------------------|---------------------|
| EXPENDITURES | |
| Salaries and benefits | \$ 673,608 |
| Operating expenses | 42,972 |
| Equipment purchases | - |
| Overhead | 43,414 |
| Total expenditures | <u>\$ 759,994</u> |
