

# 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: Disability Insurance Fraud Grant Expenditures

We have completed an audit of the District Attorney's Fiscal Year 2013 Disability Insurance Fraud Grant's Statement of Expenditures prepared for the California Department of Insurance.

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 – DISABILITY  
INSURANCE 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. The review confirmed the statement's reported expenditures were spent for the grant's purpose as referenced in the California Insurance Code Section 1872.85.

**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 disability insurance fraud. We commenced the audit in early August and completed the fieldwork on August 28, 2013.

**Audit Background** The California Insurance Code Section 1872.85 established a disability insurance fraud investigation and prosecution program funded by assessments levied upon disability insurers. The California Code of Regulations' Title 10 Chapter 5 Subchapter 9 Article 8 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 disability insurance fraud. For FY13, the County of Santa Clara District Attorney's Office entered into a grant agreement. The total expenditures were \$185,000.

Within these referenced regulations, Section 2698.98.1 requires these district attorneys to submit an annual report regarding the offices' disability 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  
DISABILITY INSURANCE FRAUD GRANT  
Statement of Expenditures  
For the Fiscal Year Ended June 30, 2013**

	<u>EXPENDITURES</u>	
EXPENDITURES		
Salaries and benefits	\$	162,725
Operating expenses		12,719
Equipment purchases		-
Overhead		9,556
Total expenditures	<u>\$</u>	<u>185,000</u>

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