



County of Santa Clara

**Controller-Treasurer Department
Internal Audit Division**

Vinod Sharma
Controller-Treasurer

Bill Perrone, CIA
Internal Audit Manager

September 19, 2008

Assignment 10174

To: Distribution List

Subject: Internal Audit Report: Custody Audit- Public Defender's Office

We have completed a custody audit of the Public Defender as of June 30, 2007. We conducted the audit from September 2007 through August 2008.

We thank the staff of the Public Defender's Office for their cooperation. Their assistance contributed significantly to the successful completion of the audit.

Respectfully submitted,

Signatures are on file.

Bill Perrone, CIA
Internal Audit Manager

Vinod Sharma
Controller-Treasurer

Distribution List:

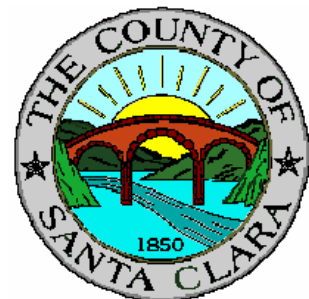
Mary J. Greenwood, Public Defender
John V. Guthrie, Director of Finance
Peter Kutras, Jr., County Executive
Donna Prochazka, Administrative Service Manager III, Public Defender's Office
Board of Supervisors
Civil Grand Jury

COUNTY OF SANTA CLARA

CONTROLLER-TREASURER DEPARTMENT – INTERNAL AUDIT DIVISION

INTERNAL AUDIT REPORT

**Custody Audit: PUBLIC DEFENDER'S
OFFICE**



Assignment 10174
September 19, 2008

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Executive Summary

Conclusion Based upon the results of our testing, we express an unqualified opinion on the \$779,707 of reported assets.

The Public Defender’s Office is in agreement with this report.

Audit Objective and Scope The audit objective was to perform a financial audit of the Public Defender Office’s reported assets as specified by the County Charter. The scope of the audit included:

- Testing internal controls over the assets
- Verifying the existence, valuation and completeness of amounts of the assets
- Determining whether the assets under the department’s control are fairly presented in conformity with generally accepted accounting principles as of June 30, 2007.

Audit Background The Santa Clara County Charter Section 602(b) requires an audit upon the vacancy in any office charged with the responsibility for County assets. Jose Villarreal retired on July 1, 2005 and Mary Greenwood was appointed Public Defender effective the same day. Since more than two years had passed from the transfer date, we mutually agreed to establish the audit date of June 30, 2007.

We conducted our audit in accordance with the Professional Practices Framework established by the Institute of Internal Auditors.

Signatures are on file.

Bill Perrone, CIA
Internal Audit Manager

Vinod Sharma
Controller-Treasurer

INDEPENDENT AUDITOR’S REPORT

Mary Greenwood
Public Defender’s Office
San Jose, California

We have audited the accompanying Statement of Assets of the Public Defender’s Office as of June 30, 2007. This statement is the responsibility of the Public Defender’s Office. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Assets. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the Statement of Assets. We believe that our audit provides a reasonable basis for our opinion.

Additionally, the Statement of Assets is presented to report the assets for which the manager has custodial responsibility and is not intended to present fairly the financial position and results of operations of the Public Defender’s Office.

In our opinion, the Statement of Assets referenced above, presents fairly, in all material respects, the assets under the control of the department as of June 30, 2007, in conformity with generally accepted accounting principles.

September 19, 2008

Signatures are on file.

Bill Perrone, CIA
Internal Audit Manager

Barbara Hartman
Auditor-in-Charge

Vinod Sharma
Controller-Treasurer

Santa Clara County, Internal Audit Division

**COUNTY OF SANTA CLARA
PUBLIC DEFENDER’S OFFICE
STATEMENT OF ASSETS
JUNE 30, 2007**

	Reported Assets	Audit Adjustments	Adjusted Balance
Cash and Investments (Note 2)	12,481	0	12,481
Imprest (Petty) Cash (Note 3)	1,450	0	1,450
Due from other Governments (Note 4)	16,290	0	16,290
Fixed Assets (Note 5)	749,486	0	749,486
TOTAL	779,707	0	779,707

The accompanying notes are an integral part of this statement.

**COUNTY OF SANTA CLARA
PUBLIC DEFENDER’S OFFICE
NOTES TO THE STATEMENT OF ASSETS
JUNE 30, 2007**

Note 1 Summary of Significant Accounting Policies

The Public Defender’s Office Statement of Assets is prepared in accordance with generally accepted accounting principles (GAAP). The Statement of Assets is presented to report the assets for which the Public Defender has responsibility and is not intended to present fairly the financial position and results of operations of the Public Defender’s Office. The following is the summary of significant accounting policies.

The Public Defender accounts for its financial activities in the General Fund using the modified accrual basis of accounting. The modified accrual basis recognizes revenues and related receivables when they are both “measurable and available.” Measurable is the determinable amount earned while available is the collectable amount anticipated within the current period, or shortly thereafter, to pay current liabilities.

Note 2 Cash and Investments

The cash and investments for the General Fund are maintained in the County’s cash and investment pool. The Internal Audit Division audits the cash in the pool monthly; therefore, Internal Audit did not include testing for the cash and investment pool in this custody audit. The cash and investments balance consist of the following:

Commingled (General Fund)	\$12,481
Total Cash and Investments	\$12,481

Note 3 Imprest (Petty) Cash

The Controller-Treasurer issues petty cash funds to departments for minor purchases.

Note 4 Due from other Governments

The \$16,290 consists of amounts owed to the Public Defender for the Juvenile Accountability Block Grant and an interagency agreement with the Social Services Agency to provide record expungement service to CalWorks clients.

Note 5 Fixed Assets

Fixed Assets are recorded at original cost. Since the Public Defender is accounted for under the modified accrual basis of accounting, book value depreciation is not computed. The fixed assets consist of equipment, low value assets (original cost less than \$5,000), and application software.

Equipment	\$237,449
Low Value Assets	479,849
Application Software	32,188
Total Fixed Assets	<u>\$749,486</u>