



INTERNAL AUDIT DEPARTMENT



**First Follow-Up Internal Control Audit:
OC Waste & Recycling
Selected Credit Card Controls
As of April 30, 2025**

**Audit No. 2321-F1
Report Date: June 25, 2025**

Recommendation Status

2

Implemented

1

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

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4th DISTRICT

VICE CHAIR KATRINA FOLEY
5th DISTRICT

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1st DISTRICT

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3rd DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 2321-F1

June 25, 2025

To: Tom Koutroulis
OC Waste & Recycling Director

From: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director

Subject: First Follow-Up Internal Control Audit: OC Waste & Recycling Selected Credit Card Controls

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Agripino Alonso
Date: 2025.06.25 16:45:30
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We have completed a follow-up audit of OC Waste & Recycling's (OCWR) Selected Credit Card Controls as of April 30, 2025, original Audit No. 2321, dated September 4, 2024. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

We followed up on three recommendations from our original audit and concluded that OCWR implemented two recommendations and one recommendation is in process. A second follow-up audit will be performed in approximately six months, and a follow-up audit report form is attached to facilitate that audit. Any recommendations not implemented or in process at that time will be brought to the attention of the Audit Oversight Committee at its next scheduled meeting.

We appreciate the courtesy extended to us by OCWR personnel during our follow-up audit. If you have any questions, please contact me at (714) 834-5442 or Deputy Director Jose Olivo at (714) 834-5509.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- County Executive Office Distribution
- OC Waste & Recycling Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

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| FINDING NO. 1 | Credit Card Payment Variances |
| CATEGORY | Significant Control Weakness |
| RECOMMENDATION | <p>OCWR management:</p> <ul style="list-style-type: none"> A. Collaborate with OCIT and the Point of Sale (POS) system vendor to make the necessary configuration changes and ensure testing is performed for any changes. B. Ensure OCIT performs periodic updates or upgrades to their POS system, as necessary. C. Consider another credit card payment processing vendor if the current vendor cannot effectively meet their business needs. |
| CURRENT STATUS & PLANNED ACTION | <p>In Process. During our original review, we noted OCWR was experiencing credit card payment processing issues, such as payment variances resulting from voided transactions and duplicate credit card payments. OCWR worked with Orange County Information Technology (OCIT) on these issues and OCIT indicated they may have been caused by an improperly configured and unpatched POS system.</p> <p>We noted OCWR continues collaborating with OCIT and the POS system vendor on these issues. Progress made includes updating the credit card readers and pin pads as well as adjusting security firewalls to automate updates at the Olinda landfill site. In addition, OCIT applied a maintenance patch in December 2024 as part of its semiannual update recommended by the POS system vendor. OCIT last performed a periodic update in January 2025.</p> <p>OCWR will continue to collaborate with OCIT and the POS system vendor to resolve issues with payment variances resulting from voided transactions and duplicate credit card payments.</p> <p>Based on the actions taken by OCWR, we consider this recommendation in process.</p> |



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| FINDING NO. 2 | Payment Card Industry Data Security Standard Compliance |
| CATEGORY | Significant Control Weakness |
| RECOMMENDATION | OCWR management ensure PCI DSS Self-Assessment Questionnaires, Attestation of Compliance forms, and Scan Reports are completed as required. |
| CURRENT STATUS | <p>Implemented. OCWR completed the PCI DSS Self-Assessment Questionnaire, Attestation of Compliance form, and Scan Report in April 2025. To ensure ongoing compliance, OCWR created an annual PCI DSS compliance desk procedure in March 2025.</p> <p>Based on the actions taken by OCWR, we consider this recommendation implemented.</p> |

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| FINDING NO. 3 | Policies and Procedures |
| CATEGORY | Control Finding |
| RECOMMENDATION | OCWR management ensure policies and procedures related to credit card payments are reviewed and updated periodically. |
| CURRENT STATUS | <p>Implemented. OCWR updated their policies and procedures (P&Ps) related to credit card payments in March 2025. The P&Ps address the receipt of contactless payments and handling of customer credit card information as required by PCI DSS. In addition, OCWR Accounting finalized P&Ps for processing credit card transactions and processing credit card refunds in August 2024.</p> <p>Based on the actions taken by OCWR, we consider this recommendation implemented.</p> |

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| AUDIT TEAM | Michael Dean, CPA, CIA, CISA Daniel Ortiz, CPA JC Lim, CIA, CISA Gabriela Cabrera, CIA | Assistant Deputy Director Audit Manager Senior Auditor Administrative Services Manager |
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APPENDIX A: ADDITIONAL INFORMATION

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| SCOPE | Our audit scope was limited to reviewing actions taken by OCWR as of April 30, 2025, to implement the three recommendations from our original audit, dated September 4, 2024. |
| BACKGROUND | The original audit evaluated operational effectiveness of selected credit card controls. The original audit identified two Significant Control Weaknesses and one Control Finding. |



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APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

| Implemented | In Process | Not Implemented | Closed |
|---|--|---|---|
| The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required. | The department is in the process of implementing our recommendation. Additional follow-up may be required. | The department has taken no action to implement our recommendation. Additional follow-up may be required. | Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required. |

