



INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Clerk of the Board of Supervisors

As of September 30, 2018

Audit No. 1839-E (Reference 1626-E-F1)
Report Date: February 22, 2019

Recommendation Status

8

Implemented

3

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

Chairwoman Lisa Bartlett
5th District

Vice Chair Michelle Steel
2nd District

Supervisor Andrew Do
1st District

Vacant
3rd District

Supervisor Doug Chaffee
4th District



INTERNAL AUDIT DEPARTMENT

Audit No. 1839-E
(Reference 1626-E-F1)

February 22, 2019

To: Robin Stieler
Clerk of the Board of Supervisors

From: Scott Suzuki, CPA, Acting Director *S Suzuki*
Internal Audit Department

Subject: First Follow-Up Internal Control Audit:
Countywide Audit of County Business Travel and Meeting Policy –
Clerk of the Board of Supervisors

We have completed a follow-up audit of the Clerk of the Board of Supervisors (COB) County Business Travel and Meeting Policy as of September 30, 2018, original Audit No. 1626-E, dated April 10, 2018. Details of our results immediately follow this letter. Additional information including background and our scope are included in Appendix A.

Our First Follow-Up Audit found COB implemented eight (8) recommendations and is in the process of implementing three (3) recommendations. A second follow-up audit will be performed in approximately six months. Any recommendations found not implemented at that time will be brought to the attention of the Audit Oversight Committee at its next scheduled meeting.

We appreciate the assistance extended to us by Clerk of the Board of Supervisors personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5509 or Michael Dean, Senior Audit Manager, at 714.834.4101.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Clerk of the Board of Supervisors Distribution
- Foreperson, Grand Jury
- Vavrinek, Trine, Day & Co., LLP, County External Auditor

INTERNAL AUDIT DEPARTMENT

RESULTS	
FINDING NO. 1	No Policy and Procedures for Business Travel and Meeting Administration
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB develop detailed policies and procedures regarding business travel and meeting expenditures.
CURRENT STATUS	<p>Implemented. COB has developed a documented department-specific policy and procedures regarding business travel and meeting expenditures. Staff have received training on the policy and procedures.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>

FINDING NO. 2	Cal-Cards Used by Non-Cardholders
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure only authorized cardholders use Cal-Cards.
CURRENT STATUS & PLANNED ACTION	<p>In Process. COB has developed and documented policy and procedures that prohibit transferring a Cal-Card to another staff for use. Staff have received training on the policy and procedures.</p> <p>We reviewed the Travel Card statements and account summary reports for the months of May 2018 and September 2018. A majority of the transactions were made by the authorized cardholders; however, the Travel Cards were transferred to other staff members for use in two of 27 (7%) transactions. COB will continue to train new Board office staff on the internal and County policies regarding the use of Cal-Cards for business travel and meeting purchases.</p> <p>Based on the actions taken by COB, we consider this recommendation in process.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 3	Inadequate Duties Segregation for the Revolving Cash Fund
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure revolving fund purchases are approved by an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties.
CURRENT STATUS	<p>Implemented. COB has established appropriate revolving fund staff assignments. The one assigned voucher approver does not have revolving fund custodian, check signer, or reconciliation duties.</p> <p>Additionally, we reviewed a revolving fund transaction and noted an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties approved the voucher. Furthermore, the check was signed by an authorized signer, and the replenishment packet was approved by the Clerk of the Board of Supervisors.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>

FINDING NO. 4	Non-Reimbursable Expenses Submitted
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure reimbursement is only given to allowable travel expenses.
CURRENT STATUS	<p>Implemented. We reviewed the most recent Travel Card statements and account summary reports for the months of May 2018 and September 2018 and found no non-reimbursable expenses were made.</p> <p>Additionally, we verified that the non-reimbursable expenses identified in the original audit were reimbursed to the County.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 5	Inadequate Supporting Documentation for Certain Transactions
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure a Business Meeting Policy Certification form is completed and approved for all business meeting expenditures and that meeting agendas are submitted with the forms. We also recommend COB ensure itemized receipts are submitted for all travel expenditures.
CURRENT STATUS	<p>Implemented. COB has developed and documented departmental policy and procedures regarding documentation requirements for County business meeting purchases. The policy requires the submission of original itemized receipts, an agenda of the meeting, a sign-in sheet listing the County staff that attended, and a completed County Business Meeting Policy Certification Form.</p> <p>Additionally, we examined documents for four business meeting expenditures and found that all four transactions had a completed and approved Business Meeting Policy Certification form, meeting agenda, and itemized receipts.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>

FINDING NO. 6	Duplicate Travel Expenditure
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB partner with BOS offices to ensure duplicate expenses are not claimed for reimbursement.
CURRENT STATUS	<p>Implemented. We reviewed six reimbursement claims and found that no duplicate expenses were claimed for reimbursement.</p> <p>Additionally, we verified that duplicate travel expenditures identified in the original audit were reimbursed to the County.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 7	GSA Per Diem Meal Rates Exceeded
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure meals are reimbursed at the GSA per diem rate for non-elected employees and that meals are reimbursed at the actual cost not to exceed the GSA per diem rate for elected officials.
CURRENT STATUS	<p>Implemented. COB has developed and documented departmental policy and procedures stating that meals are reimbursed at the GSA per diem rate for non-elected employees and that meals are reimbursed at the actual cost not to exceed the GSA per diem rate for elected officials.</p> <p>We reviewed three travel meal expenditures and found that GSA per diem rates were not exceeded.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>

FINDING NO. 8	Mileage and Other Expense Claim Forms Not Submitted Timely
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure Mileage and Other Expense Claim forms are properly approved and submitted to the A-C within six months as required.
CURRENT STATUS	<p>Implemented. We reviewed three Mileage and Other Expense Claim forms and found all three claims were submitted within six months.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 9	Incorrect Cal-Card Type Used for Certain Purchases
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure each Cal-Card type is only used for authorized purposes.
CURRENT STATUS & PLANNED ACTION	<p>In Process. We reviewed the Travel Card and P-Card statements and account summary reports for the months of May 2018, July 2018, and September 2018, and found that the correct Cal-Card type was used for 76 of 81 (94%) transactions. We found that five transactions related to registration fees and bottled water were paid on the P-Card when the Travel Card should have been used. COB should continue to ensure the proper type of Cal-Card is used for authorized purposes.</p> <p>Based on the actions taken by COB, we consider this recommendation in process.</p>

FINDING NO. 10	Supporting Documentation Not Cancelled
CATEGORY	Control Finding
RECOMMENDATION	We recommend COB ensure supporting documentation for travel expenditures is properly canceled (marked as "paid").
CURRENT STATUS & PLANNED ACTION	<p>In Process. We reviewed four revolving fund transactions and noted the supporting documentation was not properly cancelled (marked as "paid"). COB procured a "paid" stamp, but had not applied the cancellation to all revolving fund supporting documentation (i.e., invoices and receipts).</p> <p>Based on the actions taken by COB, we consider this recommendation in process.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 11	Incorrect Account Coding Used	
CATEGORY	Control Finding	
RECOMMENDATION	We recommend COB ensure travel transactions are correctly classified in the County's General Ledger.	
CURRENT STATUS	<p>Implemented. We reviewed five transactions coded to Object 2700 (Trans & Travel – Mtgs/Confer's) and found that all five transactions were correctly classified in the County's General Ledger.</p> <p>Because of the actions taken by COB, we consider this recommendation implemented.</p>	
AUDIT TEAM	Michael Dean, CPA, CIA, CISA Gianne Acosta, CIA Stephany Pantigoso	Senior Audit Manager Audit Manager I Senior Auditor



INTERNAL AUDIT DEPARTMENT

APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by the COB as of September 30, 2018 to implement the eleven (11) recommendations from our original Audit No. 1626-E, dated April 10, 2018
BACKGROUND	The original audit evaluated operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy and compliance of expenditures with County policy. The original audit identified eleven (11) Control Findings.



INTERNAL AUDIT DEPARTMENT

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.

