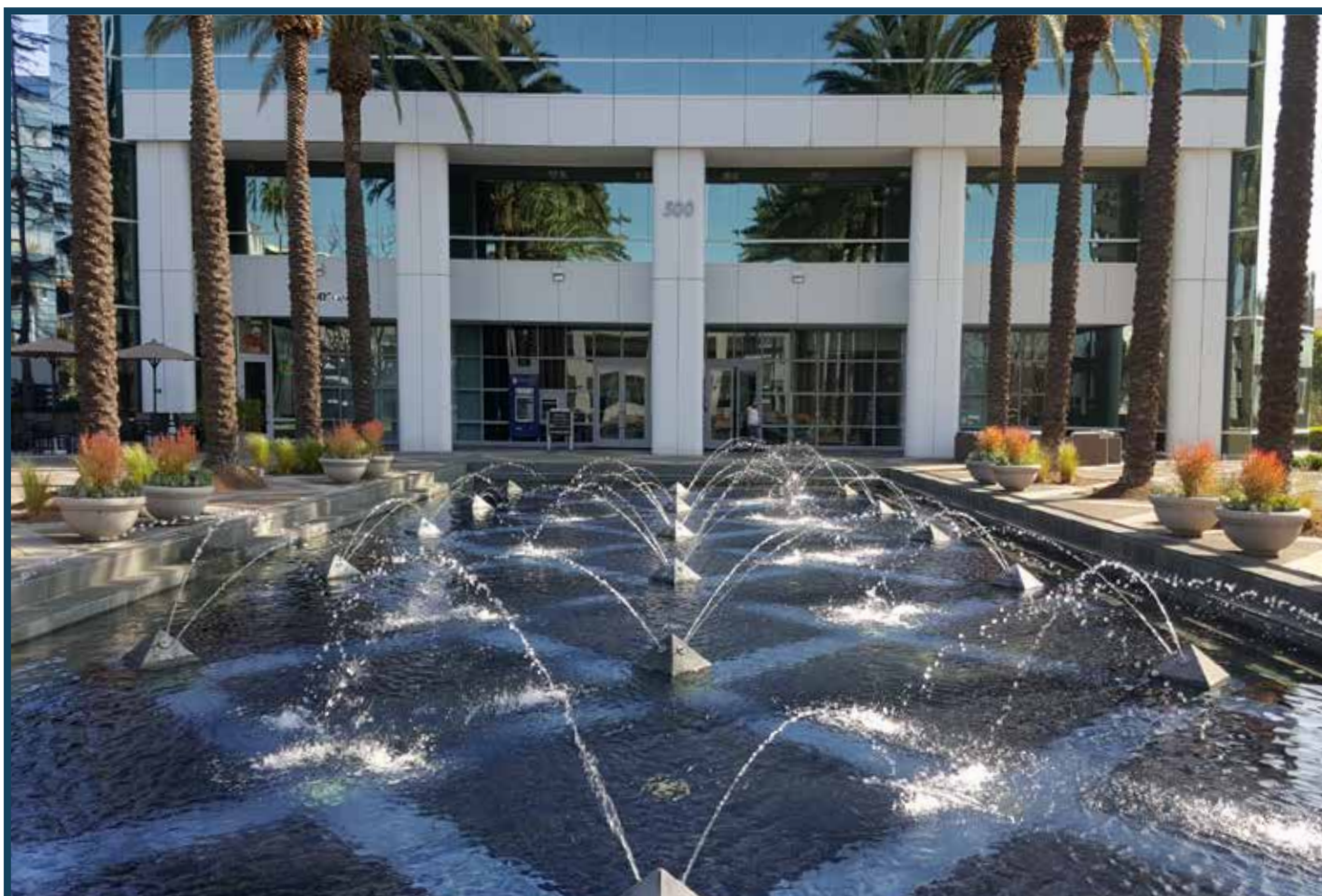




INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy - Social Services Agency

As of March 31, 2019

Audit No. 1839-G (Reference 1626-I-F1)
Report Date: September 11, 2019

Recommendation Status

5	Implemented
1	In Process
0	Not Implemented
0	Closed

OC Board of Supervisors

Chairwoman Lisa A. Bartlett
5th District

Vice Chair Michelle Steel
2nd District

Supervisor Andrew Do
1st District

Supervisor Donald P. Wagner
3rd District

Supervisor Doug Chaffee
4th District



INTERNAL AUDIT DEPARTMENT

Audit No. 1839-G
(Reference 1626-I-F1)

September 11, 2019

To: Debra J. Baetz, Director
Social Services Agency

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

Subject: First Follow-Up Internal Control Audit: Countywide Audit of County Business Travel
and Meeting Policy – Social Services Agency

We have completed a follow-up audit of Social Services Agency's (SSA) expenditures governed by the County Business Travel and Meeting Policy as of March 31, 2019, original Audit No. 1626-I, dated September 7, 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 concluded that SSA implemented five (5) recommendations and is in the process of implementing one (1) recommendation from the original audit. A second follow-up audit will be performed in approximately six months and a follow-up audit report form is attached to facilitate this audit. Any recommendations 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 SSA personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- CEO Distribution
- Social Services Agency Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditor

INTERNAL AUDIT DEPARTMENT

RESULTS

FINDING NO. 1	Revolving Fund Unreconciled Differences
CATEGORY	Critical Control Weakness
RECOMMENDATION	We recommend SSA ensure reconciliations are properly prepared including that outstanding amounts are listed individually in the fund reconciliation and that appropriate supervisory review is conducted. We also recommend that SSA determine if its next revolving cash fund replenishment should be reduced to account for duplicate replenishments.
CURRENT STATUS	<p>Implemented. We reviewed the March 2019 reconciliation and noted that SSA revised the fund reconciliation to list outstanding amounts individually and SSA documents that appropriate supervisory review is conducted.</p> <p>In addition, SSA accounted for duplicate replenishments by reducing its June 22, 2018 revolving cash fund replenishment by \$244.55. This amount accounts for the overage identified in the original audit.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>
FINDING NO. 2	Inappropriate Reimbursement of Outlying Locations
CATEGORY	Critical Control Weakness
RECOMMENDATION	We recommend SSA discontinue the practice of writing checks payable to "cash" immediately and that documentation supporting reimbursed vouchers be retained.
CURRENT STATUS	<p>Implemented. We reviewed a sample of cleared checks and noted SSA no longer writes checks payable to "cash" and documentation supporting reimbursed vouchers is retained.</p> <p>Based on the actions taken by SSA we consider this recommendation implemented.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 3	Revolving Fund Custodian Accepted Cash Repayments
CATEGORY	Significant Control Weakness
RECOMMENDATION	We recommend SSA ensure unused portions of cash advances are returned in the form of a personal check made payable to the officer, and not cash, as required.
CURRENT STATUS	<p>Implemented. SSA established written policy and procedures that advise employees to return unused portions of cash advances in the form of personal check, money order, or cashier's check made payable to County of Orange, and that no cash would be accepted. In addition, the cash advance request form includes details on the repayment process when picking up an advance. We also reviewed the most recent cash advance and noted the repayment was made by personal check.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>

FINDING NO. 4	Non-Compliant Timing of Expense Claim Submittal
CATEGORY	Significant Control Weakness
RECOMMENDATION	We recommend SSA ensure Mileage and Other Expenses (MOE) Claim forms are not filed more than once per month, and that travel cash advances are properly approved and submitted within 60 days as required.
CURRENT STATUS	<p>Implemented. We reviewed 35 travel cash advances made between March and April 2019 and noted 32 (91%) were submitted once per month as required. For the remaining three advances, we noted that employees who traveled multiple times during the month submitted multiple claims. This policy exception has been approved by Auditor-Controller executive management. We will work with the Auditor-Controller to update the County Accounting Manual to reflect current acceptable practices.</p> <p>We also reviewed nine MOE forms and determined that the forms were submitted within the 60-day time frame.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 5	Cash Advances Issued to Employees with Outstanding Travel Cash Advances
CATEGORY	Significant Control Weakness
RECOMMENDATION	We recommend SSA not issue travel cash advances to employees with outstanding travel cash advances.
CURRENT STATUS	<p>Implemented. We reviewed 35 travel cash advances made between March and April 2019 and noted 32 (91%) were given to employees without any outstanding travel cash advances. The remaining three advances were related to one employee who received a travel cash advance but had two additional travel cash advances outstanding. These instances were appropriate because the advances were for an employee who travels frequently and the advances were for different trips. We will work with the Auditor-Controller to update the County Accounting Manual to reflect this procedural best practice.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>

FINDING NO. 6	Automated Travel Requisitions
CATEGORY	Control Finding
RECOMMENDATION	We recommend SSA implement an automated travel requisition system, such as OC Expediter.
CURRENT STATUS & PLANNED ACTION	<p>In Process. SSA is working with OCIT to establish a separate workflow process for regular travel and court-mandated travel. SSA hopes to have this new process implemented within the next six months.</p> <p>Based on the actions taken by SSA, we consider this recommendation in process.</p>

AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA Michael Dean, CPA, CIA, CISA Zan Zaman, CPA, CIA Virginia Nguyen, CPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor
-------------------	---	---



INTERNAL AUDIT DEPARTMENT

APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by SSA as of March 31, 2019 to implement six (6) recommendations from our original Audit No. 1626-I, dated September 7, 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 two (2) Critical Control Weaknesses, three (3) Significant Control Weaknesses, and one (1) Control Finding.



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.

