



INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: Auditor-Controller Claims

As of July 31, 2020

Audit No. 1939-F (Reference 1811-F1)
Report Date: September 3, 2020

Recommendation Status

1

Implemented

1

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

CHAIRWOMAN MICHELLE STEEL
2nd DISTRICT

VICE CHAIRMAN ANDREW DO
1st DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

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4th DISTRICT

SUPERVISOR LISA A. BARTLETT
5th DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 1939-F
(Reference 1811-F1)

September 3, 2020

To: Frank Davies, CPA
Auditor-Controller

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

Subject: First Follow-Up Internal Control Audit: Auditor-Controller Claims

We have completed a follow-up audit of Auditor-Controller's (A-C) claims process as of July 31, 2020, original Audit No. 1811, dated December 30, 2019. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our First Follow-up Audit concluded that A-C implemented one (1) recommendation and is in the process of implementing one (1) recommendation. 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 assistance extended to us by A-C 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
- Auditor-Controller Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly, LLP, County External Auditor

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RESULTS

FINDING NO. 1	Policy and Procedures
CATEGORY	Control Finding
RECOMMENDATION	Auditor-Controller: A. Inform departments of the Accounts Payable, Payments and Refunds procedure. B. Consider providing departmental training regarding the Accounts Payable, Payments and Refunds procedure, live or on-line via Eureka. C. Consider creating a CAM for the claims/accounts payable process.
CURRENT STATUS & PLANNED ACTION	In Process. A-C is currently gathering information to formalize the claims/accounts payable policy and procedure to add it as part of the County Accounting Manual. A-C expects this to be implemented by December 2020. Based on the actions taken by A-C, we consider this recommendation in process.

FINDING NO. 2	Invoice Processing Efficiencies
CATEGORY	Control Finding
RECOMMENDATION	A-C consider developing or procuring an accounts payable processing system that will make the Accounts Payable process more efficient. For example, the application could provide: <ul style="list-style-type: none">• Scanning of invoices and supporting documentation to start the invoice automation process earlier.• Extracting of key information from scanned documents to remove manual entry.• Invoice workflow at the department level to eliminate manual movement.• Real-time tracking of the invoice approval progress to provide inventory control.



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CURRENT STATUS

Implemented. A-C has implemented an accounts payable processing workflow to allow County departments the option to scan and electronically transmit invoices, therefore eliminating the manual movement of hardcopy invoices and wet signatures.

In addition, A-C has developed a real-time Contract Invoice Aging query and has made the query available to all departments by adding it to the County's Financial System Data Warehouse.

Based on the actions taken by A-C, we consider this recommendation implemented.

AUDIT TEAM

Scott Suzuki, CPA, CIA, CISA, CFE
Michael Dean, CPA, CIA, CISA
Zan Zaman, CPA, CIA, CISA
Alejandra Hernandez

Assistant Director
Senior Audit Manager
Audit Manager
Senior Auditor



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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by A-C as of July 31, 2020 to implement the two (2) recommendations from our original Audit No. 1811, dated December 30, 2019.
BACKGROUND	The original audit evaluated effectiveness of internal control over the claims process. The original audit identified two (2) Control Findings.



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APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
<p>The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.</p>	<p>The department is in the process of implementing our recommendation. Additional follow-up may be required.</p>	<p>The department has taken no action to implement our recommendation. Additional follow-up may be required.</p>	<p>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.</p>

