



# INTERNAL AUDIT DEPARTMENT



## First Follow-Up Internal Control Audit: OC Community Resources/OC Animal Care Cash Receipts

As of August 31, 2020

Audit No. 1939-I (Reference 1815-F1)  
Report Date: December 18, 2020

### Recommendation Status

2

Implemented

5

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

SUPERVISOR DOUG CHAFFEE  
4th DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT



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Audit No. 1939-I  
(Reference 1815-F1)

December 18, 2020

To: Dylan Wright  
OC Community Resources Director

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

Subject: First Follow-Up Internal Control Audit: OC Community Resources/OC Animal  
Care Cash Receipts

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We have completed a follow-up audit of OC Community Resources/OC Animal Care (OCAC) cash receipts process as of August 31, 2020, original Audit No. 1815, dated September 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 OCAC implemented two (2) recommendations and is in the process of implementing five (5) recommendations. 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 OCAC 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
- OC Community Resources Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly, LLP, County External Auditor

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## RESULTS

<b>FINDING NO. 1</b>	<b>Point-of-Sale System User &amp; Account Management</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCAC perform a formal management user-access certification review for appropriateness to ensure:</p> <ul style="list-style-type: none"> <li>A. Access is restricted to individuals with a direct business need and access is disabled when no longer required.</li> <li>B. Users are not assigned to inactive user groups.</li> <li>C. User group rights are restricted to direct business need.</li> </ul>
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<p><b>In Process.</b> OCAC is in the process of performing a formal management user-access certification review and is working with OCIT to restrict and assign access as appropriate. OCAC is also developing written policy and procedures for this process, which is anticipated for completion by April 2021.</p> <p>Based on the actions taken by OCAC, we consider this recommendation in process.</p>

<b>FINDING NO. 2</b>	<b>Password Configuration Policy for POS System</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCAC implement or enable password policy features in the POS system to conform to the County's password policy, where technically feasible, and seek a feature that requires automated, mandatory password changes in any future upgrade or replacement of the POS system.</p>
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<p><b>In Process.</b> OCAC contacted the POS system vendor and confirmed the system has the capability to enforce automated, mandatory password changes. OCAC is working with OCIT to enable these features and to identify the best process to ensure compliance, followed by a plan to roll out a request for employees to reset their passwords in accordance with the County password policy.</p> <p>In addition, OCAC is developing formal policy and procedures to include this process, which is anticipated for completion by April 2021.</p> <p>Based on the actions taken by OCAC, we consider this recommendation in process.</p>



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<b>FINDING NO. 3</b>	<b>Handwritten Cash Receipt Books</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCAC should: A. Appoint a cash receipt books custodian. B. Conduct documented, independent inventories of handwritten cash receipt books. C. Update their policy and procedures regarding inventory of cash receipt books.
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<b>In Process.</b> OCAC has appointed a separate cash receipt book custodian for the Customer Services and Field Services units. A Field Services unit supervisor conducted documented, independent inventories of the handwritten cash receipt books. In addition, OCAC is updating their policy and procedures regarding this process, which is anticipated for completion by April 2021.  Based on the actions taken by OCAC, we consider this recommendation in process.

<b>FINDING NO. 4</b>	<b>Written Record of Safe Combination Holders and Changes</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCAC should: A. Maintain written documentation of safe combination holders and combination changes. B. Change the safe combination periodically or when an employee leaves/terminates.
<b>CURRENT STATUS</b>	<b>Implemented.</b> OCAC has documented a list of safe combination holders and combination changes. Safe combinations are changed periodically, with the most recent change documented in June 2020.  Based on the actions taken by OCAC, we consider this recommendation implemented.

<b>FINDING NO. 5</b>	<b>Business Continuity Plan</b>
<b>CATEGORY</b>	<b>Control Finding</b>



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<b>RECOMMENDATION</b>	OCAC establish a written policy and procedure detailing a business continuity plan in the event the POS system becomes inoperable.
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<p><b>In Process.</b> OCAC is in the process of developing a written policy and procedure detailing a business continuity plan in the event the POS system becomes inoperable. The policy and procedure are anticipated for completion by April 2021.</p> <p>Based on the actions taken by OCAC, we consider this recommendation in process.</p>

<b>FINDING NO. 6</b>	<b>Supervisory Review of Sales Voids</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCAC supervisors should:</p> <ul style="list-style-type: none"><li>A. Review voided transactions on a daily basis.</li><li>B. Document their review of the Journal Entry Reports by initialing and dating.</li></ul>
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<p><b>In Process.</b> OCAC's Customer Service unit conducts documented weekly supervisory reviews of the journal entries, which include voided transactions. However, this process has not yet been implemented in the other units. Although OCAC daily reviews are not feasible due to staffing constraints, weekly reviews satisfy the intent of the recommendation.</p> <p>In addition, OCAC is updating their policy and procedure for this process, which is anticipated for completion by April 2021.</p> <p>Based on the actions taken by OCAC, we consider this recommendation in process.</p>

<b>FINDING NO. 7</b>	<b>Posted Sign for Customer Receipt of Payment</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCAC post a sign near the cashiering areas to inform customers that they should request a receipt for all payments.



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<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCAC has posted signs to inform customers to request a receipt. The signs states, "All customers shall receive a receipt for payment" and they are posted at the adoption and intake stations.</p> <p>Based on the actions taken by OCAC, we consider this recommendation implemented.</p>										
<b>AUDIT TEAM</b>	<table><tr><td>Scott Suzuki, CPA, CIA, CISA, CFE</td><td>Assistant Director</td></tr><tr><td>Michael Dean, CPA, CIA, CISA</td><td>Senior Audit Manager</td></tr><tr><td>Gianne Morgan, CIA</td><td>Audit Manager</td></tr><tr><td>Stephany Pantigoso</td><td>Senior Auditor</td></tr><tr><td>Mari Elias, MA</td><td>Administrative Services Manager</td></tr></table>	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director	Michael Dean, CPA, CIA, CISA	Senior Audit Manager	Gianne Morgan, CIA	Audit Manager	Stephany Pantigoso	Senior Auditor	Mari Elias, MA	Administrative Services Manager
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## APPENDIX A: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by OCAC as of August 31, 2020 to implement the seven (7) recommendations from our original Audit No. 1815, dated September 30, 2019.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the cash receipts process. The original audit identified seven (7) 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>

