



INTERNAL AUDIT DEPARTMENT



First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Fee-Generated Revenue

As of November 30, 2020

Audit No. 2039-H (Reference 1915-F1)
Report Date: March 8, 2021

Recommendation Status

- 2** Implemented
- 0** In Process
- 0** Not Implemented
- 0** Closed

OC Board of Supervisors

CHAIRMAN ANDREW DO
1st DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

VACANT
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

SUPERVISOR LISA A. BARTLETT
5th DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 2039-H
(Reference 1915-F1)

March 8, 2021

To: Clayton Chau, MD, PhD
Health Care Agency Director

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency
Fee-Generated Revenue

We have completed a follow-up audit of the Health Care Agency (HCA) fee-generated revenue process as of November 30, 2020, original Audit No. 1915, dated March 23, 2020. 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 HCA implemented the two (2) recommendations. Because the recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by HCA 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
- County Executive Office Distribution
- Health Care Agency Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Robin Stieler, Clerk of the Board of Supervisors
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

INTERNAL AUDIT DEPARTMENT

RESULTS

FINDING NO. 1	Fee Study Tracking & Updates
CATEGORY	Control Finding
RECOMMENDATION	HCA management ensure annual fee adjustments are tracked.
CURRENT STATUS	<p>Implemented. HCA has assigned specific activities to staff to ensure annual fee adjustments are tracked. In addition, HCA has updated their internal fee inventory file to facilitate the tracking process of the annual fee adjustments.</p> <p>Based on the actions taken by HCA, we consider this recommendation implemented.</p>

FINDING NO. 2	Fee Time-Cycles
CATEGORY	Control Finding
RECOMMENDATION	HCA management implement a time-cycle to update fee rates in order to reflect current program practices, goals, and costs.
CURRENT STATUS	<p>Implemented. HCA has updated their internal policy and procedures to include their newly developed guidelines regarding scheduling and prioritizing fee studies. Furthermore, HCA has developed and implemented a Fee Study Approval Form, which documents approvals, postponements, or cancelations. The newly developed guidelines, in combination with the Fee Study Approval Forms, provide a timeframe of when certain fees should be updated.</p> <p>Based on the actions taken by HCA, we consider this recommendation implemented.</p>

AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Zan Zaman, CPA, CIA, CISA Alejandra Hernandez Mari Elias, DPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager
-------------------	--	--



APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by HCA as of November 30, 2020 to implement the two (2) recommendations from our original Audit No. 1915, dated March 23, 2020.
BACKGROUND	The original audit evaluated effectiveness of internal control over the fee-generated revenue process. The original audit identified two (2) 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.

