



PUBLIC INFORMATION

# INTERNAL AUDIT DEPARTMENT



## First Follow-Up Internal Control Audit: Sheriff-Coroner Concealed Carry Weapon Licensing and Records Units Cash Receipts

As of April 30, 2021

Audit No. 2039-K (Reference 1918-F1)  
Report Date: May 20, 2021

### Recommendation Status

4

Implemented

2

In Process

0

Not Implemented

0

Closed

## OC Board of Supervisors

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1st DISTRICT

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3rd DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT



## INTERNAL AUDIT DEPARTMENT

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Audit No. 2039-K  
(Reference 1918-F1)

May 20, 2021

To: Don Barnes  
Sheriff-Coroner

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

A handwritten signature in black ink, appearing to be "Aggie Alonso", is written over the "From:" line.

Subject: First Follow-Up Internal Control Audit: Sheriff-Coroner Concealed Carry Weapon  
Licensing and Records Units Cash Receipts

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We have completed a follow-up audit of Sheriff-Coroner's (OCSD) Cash Receipts process for the Concealed Carry Weapon Licensing and Records Units as of April 30, 2021, original Audit No. 1918, dated August 17, 2020. Due to the sensitive nature of a specific finding (restricted information), only the results for Finding Nos. 2 through 6 immediately follow this letter. Results for Finding No. 1 are included in Appendix A (which is redacted from public release) and additional information including background and our scope is included in Appendix B.

Our first follow-up audit concluded OCSD implemented four (4) recommendations and is in the process of implementing the remaining two (2) 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 OCSD 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
- OCSD Distribution
- Robin Stieler, Clerk of the Board of Supervisors
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

<b>FINDING No. 1</b>	Removed due to the sensitive nature of the finding.
<b>FINDING No. 2</b>	<b>Timeliness of Check Endorsements and Deposits</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCSD management ensure:</p> <p>A. Cashiers endorse checks with a restrictive endorsement stamp immediately upon receipt.</p> <p>B. Payments collected or received are deposited timely.</p>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD has updated deposit transmittal instructions for licensing staff to ensure checks are endorsed immediately upon receipt and payments are deposited timely. We verified deposits are made in a timely manner.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>

<b>FINDING No. 3</b>	<b>Business Continuity Plan</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCSD establish a written policy and procedure detailing a business continuity plan in the event the in-house financial system or the licensing software become inoperable.
<b>CURRENT STATUS &amp; PLANNED ACTION</b>	<p><b>In Process.</b> OCSD has implemented a business continuity plan for the licensing software and is in process of implementing one for the in-house financial system. OCSD anticipates this to be completed by June 2021.</p> <p>Based on the actions taken by OCSD, we consider this recommendation in process.</p>



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<b>FINDING NO. 4</b>	<b>Deposit Transmittal Reports</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCSD management ensure the preparation and review of deposit transmittal reports are properly documented.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD has revised its deposit transmittal reports, which now include signature and date boxes. We reviewed two deposit transmittal reports and noted preparation and review were properly documented.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>

<b>FINDING NO. 5</b>	<b>Policy &amp; Procedures (P&amp;Ps) and Record of Key Holders</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCSD management ensure:</p> <ul style="list-style-type: none"> <li>A. Individual units assign appropriate custody of keys.</li> <li>B. Individual units maintain written documentation of key holders.</li> <li>C. A written policy is developed pertaining to the changing of safe combinations and the collecting of keys from terminated employees.</li> </ul>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD has assigned appropriate custody of keys and has documented key holders. In addition, both Concealed Carry Weapon Licensing (CCW) and Records Units have developed written policies for key holders. There are no policies pertaining to the changing of combinations because neither unit currently has a safe.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>



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<b>FINDING NO. 6</b>	<b>Inventory of Cash Receipts</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCSD assign an employee with no custodial or cashiering duties to periodically perform an inventory of unused cash receipt books.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD has assigned independent audit staff to verify inventories of unused cash receipt books on a monthly basis. The last inventory was completed in March 2021.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>

<b>AUDIT TEAM</b>	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA Alejandra Hernandez Mari Elias, DPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager
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**APPENDIX A: RESTRICTED INFORMATION**

*Content in Appendix A has been removed from this report due to the sensitive nature of the specific findings.*



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APPENDIX B: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by OCSD as of April 30, 2021 to implement the six (6) recommendations from our original Audit No. 1918, dated August 17, 2020.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the cash receipts process. The original audit identified one (1) Significant Control Weakness and five (5) Control Findings.



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APPENDIX C: 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>

