



INTERNAL AUDIT DEPARTMENT



Second & Final Close-Out Follow-Up Internal Control Audit: OC Waste & Recycling Fee-Generated Revenue

As of March 31, 2021

Audit No. 2039-P (Reference 1821-F2)
Report Date: May 5, 2021

Recommendation Status

FIRST FOLLOW-UP SECOND FOLLOW-UP

0

Implemented

1

1

In Process

0

0

Not Implemented

0

0

Closed

0

Second Follow-Up totals represent findings that were
In Process or Not Implemented at First Follow-Up

OC Board of Supervisors

CHAIRMAN ANDREW DO
1st DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

SUPERVISOR KATRINA FOLEY
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

SUPERVISOR LISA A. BARTLETT
5th DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 2039-P
(Reference 1821-F2)

May 5, 2021

To: Thomas Koutroulis
OC Waste & Recycling Director

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

Subject: Second & Final Close-Out Follow-Up Internal Control Audit: OC Waste & Recycling Fee-Generated Revenue

We have completed a follow-up audit of the OC Waste & Recycling (OCWR) fee-generated revenue process as of March 31, 2021, original Audit No. 1821, dated September 23, 2019. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our second follow-up audit concluded the one (1) recommendation from the original audit has been implemented. Since the recommendation has been implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCWR 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
- OC Waste & Recycling Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly, LLP, County External Auditor

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RESULTS

FINDING NO. 1	Fee Updates
CATEGORY	Control Finding
RECOMMENDATION	OCWR update its fees annually or for fees where the cost of an annual review would be excessive, OCWR should obtain CEO approval to conduct reviews less frequently.
CURRENT STATUS	<p>Implemented. At the request of OCWR, the Auditor-Controller's (A-C) Cost, Revenue & Budget Unit (CRB) completed a fee analysis and provided cost recovery rates for the fees noted in the original audit. OCWR completed their 2021 Annual Fee & Cost Recovery Review, updated their fees, and plans to submit OCWR fees to the Board of Supervisors once they negotiate certain contracts with the cities.</p> <p>Effective August 2019, County Accounting Manual (CAM) R-3 Revenue Policy & Procedures was updated and CEO approval to conduct reviews less frequently is no longer required.</p> <p>In addition, OCWR stated they will follow A-C CRB's recommendation and current CAM R-3 requirement to update annually or based on time-cycles.</p> <p>Based on the actions taken by OCWR, we consider this recommendation implemented.</p>

AUDIT TEAM	Scott Suzuki CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA Stephany Pantigoso Mari Elias, DPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCWR as of March 31, 2021 to implement the one (1) recommendation from our first follow-up Audit No. 1939-K, dated July 8, 2020.
BACKGROUND	The original audit evaluated effectiveness of internal control over the fee development process and cost recovery of charges. The original audit identified one (1) Control Finding.



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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.

