



INTERNAL AUDIT DEPARTMENT



**First & Final Close-Out
Follow-Up Internal Control Audit:
Sheriff-Coroner Revolving Funds**

As of June 4, 2021

**Audit No. 2039-J (Reference 1917-F1)
Report Date: June 29, 2021**

Recommendation Status

5

Implemented

0

In Process

0

Not Implemented

1

Closed

OC Board of Supervisors

CHAIRMAN ANDREW DO
1st DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

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2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

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5th DISTRICT



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Audit No. 2039-J
(Reference 1917-F1)

June 29, 2021

To: Don Barnes
Sheriff-Coroner

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner
Revolving Funds

We have completed a follow-up audit of Sheriff-Coroner's (OCSD) revolving funds process as of June 4, 2021, original Audit No. 1917, dated October 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 OCSD implemented five (5) recommendations and one (1) recommendation is closed. Because all recommendations were implemented or closed, this report represents the final close-out of the original audit.

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
- Sheriff-Coroner Distribution
- Robin Stieler, Clerk of the Board of Supervisors
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

FINDING No. 1	Reconciliations
CATEGORY	Significant Control Weakness
RECOMMENDATION	<p>OCSD management:</p> <ul style="list-style-type: none">A. Perform a thorough supervisory review to ensure reconciliations are properly prepared and adequately supported.B. Ensure outstanding reconciling items are identified, investigated, and resolved timely.C. Ensure reconciliations are signed and dated by both the preparer and reviewer.
CURRENT STATUS	<p>Implemented. OCSD has implemented a two-level review process for its bank reconciliations and updated its workpapers with additional items to ensure bank reconciliations are properly prepared and adequately supported. These additional items include a checklist, informational footnotes, a dedicated space for the preparer and reviewer signatures, and a detailed schedule to ensure all outstanding checks are accounted for and resolved timely.</p> <p>We reviewed two recent bank reconciliations and did not note any long-outstanding reconciling items (i.e., 12 months or older) or unsupported balances. In addition, the 19 long outstanding checks identified in our original audit have been resolved.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>
FINDING No. 2	Revolving Fund Accounting System Access
CATEGORY	Control Finding
RECOMMENDATION	<p>OCSD management formalize the process for granting and removing access and perform periodic user-access certification reviews for appropriateness.</p>



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CURRENT STATUS	<p>Implemented. OCSD has designated the Financial Operations manager to monitor requests for user access and review user access levels for appropriateness. This user access review is documented and was last performed in December 2020. In addition, OCSD reported that a new form for requesting user access and removals was developed for June 2021 implementation.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>
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FINDING NO. 3	Segregation of Duties
CATEGORY	Control Finding
RECOMMENDATION	OCSD management ensure revolving fund duties are adequately segregated.
CURRENT STATUS	<p>Implemented. OCSD developed a revolving fund duties matrix and reviews it on a quarterly basis or when there is a change in staff to ensure adequate segregation of duties is maintained. The last review was completed on March 31, 2021. In addition, OCSD has updated its reconciliation workpapers to include documentation to ensure segregation of duties is maintained.</p> <p>We reviewed four petty cash payments and verified that the replenishment support packet approver was not also the check signer. We also reviewed two recent bank reconciliations and noted that duties of preparing, reviewing, and fund custodian were adequately segregated.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>

FINDING NO. 4	Cash Repayments
CATEGORY	Control Finding
RECOMMENDATION	OCSD management work with the Auditor-Controller to develop an alternative procedure when receiving cash advance repayments.



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CURRENT STATUS	<p>Closed. OCSD has inquired with the Auditor-Controller (A-C) about possible revisions to the County Accounting Manual and has informed them of their practice regarding cash advance repayments. A-C has confirmed that a revision will be completed. However, a timeframe has not been assigned.</p> <p>Based on the actions taken by OCSD, we consider this recommendation closed.</p>
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FINDING NO. 5	Mileage & Other Expenses Claim Form
CATEGORY	Control Finding
RECOMMENDATION	<p>OCSD management:</p> <ul style="list-style-type: none"> A. Ensure supervisory reviews identify necessary expense deductions from the per diem rate. B. Ensure Mileage & Other Expenses claim forms are submitted to the fund custodian within five working days after the completion of the event for which a cash advance was made. C. Provide additional training to employees to ensure claim forms are submitted accurately.
CURRENT STATUS	<p>Implemented. OCSD has posted Mileage & Other Expenses claim form (MOE) instructions to its intranet site. We reviewed four MOEs and noted that all four were submitted within five working days of travel completion, and applicable expenses were deducted from the per diem rate.</p> <p>Based on the actions taken by OCSD, we consider this recommendation implemented.</p>

FINDING NO. 6	Cash Advance Claims & Reimbursements
CATEGORY	Control Finding
RECOMMENDATION	<p>OCSD management:</p> <ul style="list-style-type: none"> A. Limit one cash advance and claim form per employee. B. Consider using Cal-Cards for employee travel expenses, where feasible.



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CURRENT STATUS

Implemented. We reviewed four cash advances for extraditions and prisoner transportation and noted that OCSD issued cash advances to each employee, and each employee submitted a separate claim. In addition, OCSD has changed its process for the Community Programs unit to have applicable expenses paid via Cal-Card after a requisition is approved.

Based on the actions taken by OCSD, we consider this recommendation implemented.

AUDIT TEAM

Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
Michael Dean, CPA, CIA, CISA	Senior Audit Manager
Gianne Morgan, CIA	Audit Manager
Alejandra Hernandez	Senior Auditor
Mari Elias, DPA	Administrative Services Manager



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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCSD as of June 4, 2021 to implement the six (6) recommendations from our original Audit No. 1917, dated October 23, 2020.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the revolving funds process. The original audit identified one (1) Significant Control Weakness and five (5) Control Findings.



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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.

