



INTERNAL AUDIT DEPARTMENT



First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Toll Road & Transponder Usage for County Vehicles

As of October 28, 2021

Audit No. 2139-D (Reference 2022-F1)
Report Date: December 13, 2021

Recommendation Status

3

Implemented

0

In Process

0

Not Implemented

1

Closed

OC Board of Supervisors

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Audit No. 2139-D
(Reference 2022-F1)

December 13, 2021

To: James Treadaway
OC Public Works Director

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Toll Road & Transponder Usage for County Vehicles

We have completed a follow-up audit of OC Public Works (OCPW) toll road and transponder usage for County vehicles as of October 28, 2021, original Audit No. 2022, dated March 31, 2021. 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 OCPW implemented three (3) recommendations and one (1) recommendation has been 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 OCPW 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 Public Works 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	Toll Road & Transponder Program Administration
CATEGORY	Significant Control Weakness
RECOMMENDATION	<p>A. OCPW establish a formalized process to ensure:</p> <ul style="list-style-type: none"> (1) Statements are reviewed for accuracy prior to confirmation. (2) Transactions are appropriately reviewed and validated. (3) Personal use/toll violations are reimbursed to the County. <p>B. OCPW utilize OC Expediter to route requisitions to each service area and ensure the requisition includes the amount to be reviewed and validated.</p> <p>C. OCPW periodically reconcile transponder charges to a listing of County transponders and County vehicle listings to ensure that charges were made by current County vehicles only.</p> <p>D. OCPW modify the vehicle rental form to include certification and language that states use of vehicle is for official County business.</p> <p>E. OCPW management ensure standardized training regarding the toll road program is provided.</p>
CURRENT STATUS	<p>Implemented. OCPW has updated its policy and procedures to ensure all toll road charges are reviewed and a comparison of transactional data to County listings of vehicles are conducted. These procedures include:</p> <ul style="list-style-type: none"> • Validating the charges by the OC Fleet Toll Road Coordinator. • Utilizing OC Expediter to track all service areas' approvals. • Documenting and collecting reimbursements for unauthorized charges. <p>We reviewed a recent Toll Roads statement and noted OCPW compared the transactional data to County listings of vehicles to ensure transactions corresponded to valid County vehicles.</p> <p>We also noted that OCPW utilized OC Expediter to route requisitions to the appropriate service areas for review. The requisitions to each service area included the amount to be reviewed, and all service areas reviewed and approved their respective transactions.</p> <p>In addition, we reviewed two recently completed rental forms to verify OCPW has modified the vehicle rental form to include certification and language that states use of the vehicle is for official County business.</p>



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CURRENT STATUS (CON'T)	<p>Finally, OCPW has created a Toll Road and Transponder Usage course for staff and is in the process of having the course uploaded into the County's training platform, Eureka.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p>
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FINDING No. 2	Vehicle & Transponder Disposition
CATEGORY	Significant Control Weakness
RECOMMENDATION	<p>A. OCPW remove license plates and corresponding transponders from The Toll Roads account promptly for all disposed vehicles.</p> <p>B. OCPW perform a periodic verification on The Toll Roads account to ensure the vehicles registered are still valid and that transponders are deactivated when appropriate.</p>
CURRENT STATUS	<p>Implemented. OCPW has updated its policy and procedures to include guidelines for removing vehicles from The Toll Roads account. To ensure vehicles are removed in a timely manner, the OC Fleet Toll Coordinator is included in the monthly e-mail distribution of vehicles scheduled to be auctioned.</p> <p>We reviewed a recent distribution and verified the OC Fleet Toll Coordinator was included, and the vehicles on the list were removed from OCPW's Toll Roads account.</p> <p>In addition, the OC Fleet Coordinator performs a quarterly review of vehicles registered on The Toll Roads account to ensure they are still valid. We obtained documentation of the last quarterly review and noted that the three vehicles identified as no longer valid were removed from OCPW's Toll Roads account.</p> <p>Finally, the 75 vehicles removed from service and identified in our original audit have been removed from OCPW's Toll Roads account.</p> <p>Based on the actions taken by OCPW, we consider this recommendation to be implemented.</p>



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FINDING NO. 3	Transponder Assignment & License Plate Registration
CATEGORY	Control Finding
RECOMMENDATION	<p>A. OCPW ensure all fleet vehicles are assigned a toll road transponder.</p> <p>B. OCPW ensure all transponders assigned are installed and securely attached to the vehicle.</p> <p>C. OCPW ensure all vehicles with assigned transponders have their license plate properly registered to The Toll Roads account.</p> <p>D. OCPW update the County's Toll Road and Transponder Usage for County Vehicles policy and procedure with the practice of installing transponders to all new County vehicles.</p>
CURRENT STATUS	<p>Implemented. OCPW has updated its policy and procedures to include OCPW's practice of registering all new vehicles purchased through OCPW Fleet services with The Toll Roads.</p> <p>We reviewed two vehicles from OCPW's most recent Toll Roads statement and noted that both had a sticker transponder installed. In addition, we reviewed two sticker transponders and verified the corresponding license plates were registered to OCPW's Toll Roads account.</p> <p>Based on the actions taken by OCPW, we consider this recommendation to be implemented.</p>
FINDING NO. 4	Toll Roads Application Access
CATEGORY	Control Finding
RECOMMENDATION	OCPW provide additional training on County policy that prohibits sharing of passwords.
CURRENT STATUS	<p>Closed. Our original finding identified OCPW staff sharing a common user ID and password to access the OCPW Toll Roads account. To mitigate this condition, OCPW inquired with the Toll Roads about obtaining separate user accounts for their Toll Roads account. A Toll Roads representative informed OCPW that a system update is scheduled for mid-2022, which would support multiple user accounts, each with their unique password, under one toll road account.</p> <p>Based on the actions taken by OCPW, we consider this recommendation closed.</p>



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AUDIT TEAM

Scott Suzuki, CPA, CIA, CISA, CFE
Michael Dean, CPA, CIA, CISA
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Assistant Director
Senior Audit Manager
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Senior Auditor
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCPW as of October 28, 2021 to implement the four (4) recommendations from our original Audit No. 2022, dated March 31, 2021.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over OCPW's toll road and transponder usage for County vehicles. The original audit identified two (2) Significant Control Weaknesses and two (2) 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>

