



# INTERNAL AUDIT DEPARTMENT



## Second & Final Close-Out Follow-Up Internal Control Audit: OC Community Resources/ OC Animal Care Cash Receipts

As of December 3, 2021

Audit No. 2039-O (Reference 1815-F2)  
Report Date: January 20, 2022

### Recommendation Status

FIRST FOLLOW-UP      SECOND FOLLOW-UP

<b>2</b>	<b>Implemented</b>	<b>5</b>
<b>5</b>	<b>In Process</b>	<b>0</b>
<b>0</b>	<b>Not Implemented</b>	<b>0</b>
<b>0</b>	<b>Closed</b>	<b>0</b>

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

## OC Board of Supervisors

CHAIRMAN DOUG CHAFFEE  
4th DISTRICT

VICE CHAIRMAN DONALD P. WAGNER  
3rd DISTRICT

SUPERVISOR ANDREW DO  
1st DISTRICT

SUPERVISOR KATRINA FOLEY  
2nd DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT




## INTERNAL AUDIT DEPARTMENT

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Audit No. 2039-O  
(Reference 1815-F2)

January 20, 2022

To: Dylan Wright  
OC Community Resources Director

From: Aggie Alonso, CPA, CIA, CRMA  
Internal Audit Department Director  Digitally signed by  
Agripino Alonso  
Date: 2022.01.20 07:52:10  
-08'00'

Subject: Second & Final Close-Out Follow-Up Internal Control Audit: OC Community Resources/OC Animal Care Cash Receipts

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We have completed a follow-up audit of OC Community Resources/OC Animal Care (OCAC) cash receipts process as of December 3, 2021, original Audit No. 1815, dated September 30, 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 OCAC implemented the five (5) remaining recommendations from the original audit. Because the recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCAC 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 Community Resources/OC Animal Care Distribution
- Auditor-Controller Satellite Accounting Operations 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>	<b>Point-of-Sale System User &amp; Account Management</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCAC perform a formal management user-access certification review for appropriateness to ensure:</p> <ul style="list-style-type: none"> <li>A. Access is restricted to individuals with a direct business need and access is disabled when no longer required.</li> <li>B. Users are not assigned to inactive user groups.</li> <li>C. User group rights are restricted to direct business need.</li> </ul>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCAC has performed a formal management user-access certification review for its point-of-sale system and worked with OCIT to restrict access to individuals with a direct business need and assign users to active groups. We verified that access has been revoked for the seven users identified in our original audit finding as no longer requiring access.</p> <p>Based on the actions taken by OCAC, we consider this recommendation implemented.</p>

<b>FINDING NO. 2</b>	<b>Password Configuration Policy for POS System</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCAC implement or enable password policy features in the POS system to conform to the County's password policy, where technically feasible, and seek a feature that requires automated, mandatory password changes in any future upgrade or replacement of the POS system.</p>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCAC worked with OCIT to:</p> <ul style="list-style-type: none"> <li>• Implement password policy features in the POS system to align with the County's Cybersecurity Policy, including automatic password expiry every 90 days.</li> <li>• Establish and distribute to all OCAC staff, a written internal policy and procedure effective November 2021.</li> </ul> <p>Based on the actions taken by OCAC, we consider this recommendation implemented.</p>



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<b>FINDING NO. 3</b>	<b>Handwritten Cash Receipt Books</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCAC should: <ul style="list-style-type: none"><li>A. Appoint a cash receipt books custodian.</li><li>B. Conduct documented, independent inventories of handwritten cash receipt books.</li><li>C. Update their policy and procedures regarding inventory of cash receipt books.</li></ul>
<b>CURRENT STATUS</b>	<b>Implemented.</b> We determined in our first follow-up audit that OCAC appointed cash receipt book custodians for their units and conducted documented, independent inventories of handwritten cash receipt books. Since then, OCAC has drafted an update to their policy and procedures (P&Ps) regarding inventory of cash receipt books. As per department policy, the P&Ps have been submitted to their human resources division for review and approval with employee unions before it can be finalized.  Based on the actions taken by OCAC, we consider this recommendation implemented.

<b>FINDING NO. 5</b>	<b>Business Continuity Plan</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCAC establish a written policy and procedure detailing a business continuity plan in the event the POS system becomes inoperable.
<b>CURRENT STATUS</b>	<b>Implemented.</b> OCAC has drafted an update to their policy and procedures (P&Ps) regarding inventory of cash receipt books to include a business continuity plan in the event the POS system becomes inoperable. As per department policy, the P&Ps have been submitted to their human resources division for review and approval with employee unions before it can be finalized.  Based on the actions taken by OCAC, we consider this recommendation implemented.

<b>FINDING NO. 6</b>	<b>Supervisory Review of Sales Voids</b>
<b>CATEGORY</b>	<b>Control Finding</b>



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<b>RECOMMENDATION</b>	<p>OCAC supervisors should:</p> <ul style="list-style-type: none"> <li>A. Review voided transactions on a daily basis.</li> <li>B. Document their review of the Journal Entry Reports by initialing and dating.</li> </ul>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCAC conducts weekly supervisory reviews of Journal Entry Reports, which include voided transactions for all its units, and documents review by initialing and dating. We validated a sample of recent journal entry reports and did not note any exceptions. In addition, in the first follow-up audit, we confirmed OCAC conducts weekly reviews due to staffing constraints, which satisfies the intent of the recommendation.</p> <p>Based on the actions taken by OCAC, we consider this recommendation implemented.</p>

<b>AUDIT TEAM</b>	<table> <tr> <td>Scott Suzuki, CPA, CIA, CISA, CFE</td> <td>Assistant Director</td> </tr> <tr> <td>Michael Dean, CPA, CIA, CISA</td> <td>Senior Audit Manager</td> </tr> <tr> <td>Gianne Morgan, CIA, CISA</td> <td>Audit Manager</td> </tr> <tr> <td>Stephany Pantigoso</td> <td>Senior Auditor</td> </tr> <tr> <td>Mari Elias, DPA</td> <td>Administrative Services Manager</td> </tr> </table>	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director	Michael Dean, CPA, CIA, CISA	Senior Audit Manager	Gianne Morgan, CIA, CISA	Audit Manager	Stephany Pantigoso	Senior Auditor	Mari Elias, DPA	Administrative Services Manager
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## APPENDIX A: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by OCAC as of December 3, 2021 to implement the five (5) remaining recommendations from our first follow-up Audit No. 1939-I, dated December 18, 2020.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the cash receipts process. The first follow-up audit concluded OCAC implemented two (2) recommendations and was in process of implementing five (5) recommendations.



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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>

