



# INTERNAL AUDIT DEPARTMENT



## First & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Purchasing & Contracts

As of November 30, 2021

Audit No. 2139-B (Reference 1912-F1)  
Report Date: January 27, 2022

### Recommendation Status

4

Implemented

0

In Process

0

Not Implemented

0

Closed

## OC Board of Supervisors

CHAIRMAN DOUG CHAFFEE  
4th DISTRICT

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1st DISTRICT

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2nd DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT



## INTERNAL AUDIT DEPARTMENT

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Audit No. 2139-B  
(Reference 1912-F1)

January 27, 2022

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  
Purchasing & Contracts

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We have completed a follow-up audit of Sheriff-Coroner (OCSD) purchasing and contracts process as of November 30, 2021, original Audit No. 1912, dated February 1, 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 OCSD implemented all four (4) recommendations from the original audit. Because all recommendations were implemented, 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

<b>FINDING NO. 1</b>	<b>User Access Review</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCSD management:</p> <ul style="list-style-type: none"><li>A. Limit OC Expediter user roles to staff actively performing those duties and select backup personnel only.</li><li>B. Perform documented, periodic reviews of OC Expediter user access roles for appropriateness.</li></ul>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD reduced the number of “Final Approver” roles in OC Expediter to ensure only staff actively performing those duties are assigned to that role.</p> <p>Furthermore, OCSD performed a documented review of OC Expediter user access roles in September 2021. OCSD plans to conduct this review periodically.</p> <p>Based on the actions taken by OCSD, we consider this recommendation to be implemented.</p>

<b>FINDING NO. 2</b>	<b>Internal Policy and Procedures</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	<p>OCSD management ensure internal policy and procedures regarding purchasing are completely documented.</p>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD adopted the Procurement Policy Manual (PPM) released in July 2021 by the County Procurement Office after our original audit. The PPM includes procedures covering the recommended elements in the original audit report, such as vendor monitoring best practices.</p> <p>Based on the actions taken by OCSD, we consider this recommendation to be implemented.</p>



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<b>FINDING NO. 3</b>	<b>Encumbrance Review</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCSD management ensure encumbrance balances are periodically reviewed and adjusted as necessary.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD developed a procedure for conducting semi-annual encumbrance reviews. The department performed a review of encumbrance balances in May 2021 and submitted an encumbrance closure request totaling approximately \$472,000 to the Auditor-Controller.</p> <p>In addition, the balances of encumbrances reviewed in the original audit have been reduced by 77%, indicating encumbrances are being adjusted as necessary.</p> <p>Based on the actions taken by OCSD, we consider this recommendation to be implemented.</p>

<b>FINDING NO. 4</b>	<b>Professional Services Provided by County Employees</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCSD management implement a policy permitting professional services by County employees and procedures on how to properly document when a County employee is hired to provide professional services to ensure there is no conflict of interest.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCSD developed a special contract clause that permits and provides guidance regarding the hiring of County employees to provide professional services. This clause is communicated to staff during the procurement process, as appropriate, and included in the Invitation for Bids contract template.</p> <p>Based on the actions taken by OCSD, we consider this recommendation to be implemented.</p>

<b>AUDIT TEAM</b>	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA, CISA Gabriela Cabrera Mari Elias, DPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor 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 OCSD as of November 30, 2021, to implement the four (4) recommendations from our original Audit No. 1912, dated February 1, 2021.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the purchasing and contracts process. The original audit identified four (4) 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.

