



# INTERNAL AUDIT DEPARTMENT



## Second & Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator Revolving Funds

As of May 31, 2022

Audit No. 2139-O (Reference 1913-F2)  
Report Date: June 28, 2022

### Recommendation Status

FIRST FOLLOW-UP      SECOND FOLLOW-UP

<b>5</b>	<b>Implemented</b>	<b>3</b>
<b>4</b>	<b>In Process</b>	<b>0</b>
<b>0</b>	<b>Not Implemented</b>	<b>0</b>
<b>1</b>	<b>Closed</b>	<b>1</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



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Audit No. 2139-O  
(Reference 1913-F2)

June 28, 2022

To: Todd Spitzer  
District Attorney-Public Administrator

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

Digitally signed by Agripino  
Alonso  
Date: 2022.06.28 15:56:48  
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Subject: Second & Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator Revolving Funds

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We have completed a follow-up audit of District Attorney-Public Administrator's (OCDA) revolving funds process as of May 31, 2022, original Audit No. 1913, dated July 30, 2020. 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 that of the four (4) remaining recommendations from the original audit, OCDA implemented three (3) recommendations and one (1) recommendation has been closed. Because the recommendations were implemented or closed, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCDA 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
- District Attorney-Public Administrator Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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## RESULTS

<b>FINDING NO. 1</b>	<b>Special Purpose Revolving Fund Use</b>
<b>CATEGORY</b>	<b>Critical Control Weakness</b>
<b>RECOMMENDATION</b>	<p>OCDA management ensure revolving funds are used for intended purposes by establishing written policy and procedures that reflect current practices and include processes for:</p> <p>A. Authorizing legal and litigation services on behalf of staff.</p> <p>B. Identifying when procurement steps, such as obtaining Board approval, are required.</p>
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> The first follow-up audit concluded OCDA developed policy and procedures for its special purpose revolving fund that reflected current practices, and drafted policy and procedures for authorizing legal and litigation services on behalf of staff.</p> <p>Effective January 2021, OCDA implemented policy and procedures, which includes the process for authorizing legal and litigation services on behalf of staff and identifies when Board approval is required.</p> <p>Based on the actions taken by OCDA, we consider this recommendation implemented.</p>

<b>FINDING NO. 2</b>	<b>Revolving Fund Accounting System</b>
<b>CATEGORY</b>	<b>Significant Control Weakness</b>
<b>RECOMMENDATION</b>	<p>OCDA management:</p> <p>A. Formalize the process for granting/removing access to the in-house system.</p> <p>B. Perform a formal management user-access certification review for appropriateness to ensure access is:</p> <ul style="list-style-type: none"> <li>• restricted to individuals with a direct business need;</li> <li>• disabled/removed when no longer required; and</li> <li>• adequately segregated.</li> </ul> <p>C. Update the system to include automated, mandatory password changes, an audit trail, and Excel export capabilities.</p>



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<b>CURRENT STATUS</b>	<p><b>Closed.</b> In May 2022, OCDA issued a memo that formalized the process for granting/removing access to the in-house system and performed a formal management user-access certification review.</p> <p>Since it is not technically feasible to update the current system to include automated, mandatory password changes, audit trails, and Excel export capabilities, OCDA is seeking options for a replacement application that includes the recommended system features.</p> <p>Based on the actions taken by OCDA, we consider this recommendation closed.</p>
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<b>FINDING NO. 5</b>	<b>Cash Counts and Check Inventory</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCDA management ensure documented surprise cash counts and periodic inventories of unused checks are conducted.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> The first follow-up audit concluded OCDA conducts documented inventories of unused checks semi-annually.</p> <p>OCDA now also conducts documented surprise cash counts on a semi-annual basis. The most recent surprise cash count was conducted April 2022.</p> <p>Based on the actions taken by OCDA, we consider this recommendation implemented.</p>

<b>FINDING NO. 6</b>	<b>Fund Custodian</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	OCDA management assign a separate custodian for each fund.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> Effective May 2022, OCDA assigned a separate custodian for each fund.</p> <p>Based on the actions taken by OCDA, we consider this recommendation implemented.</p>



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

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<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by OCDA as of May 31, 2022 to implement the four (4) recommendations in process at the time of our first follow-up Audit No. 2039-F, dated August 5, 2021.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the revolving funds process. The first follow-up audit concluded OCDA implemented five (5) recommendations, was in process of implementing four (4) recommendations, and one (1) recommendation was closed.

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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>

