



INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: Social Services Agency Purchasing & Contracts

As of May 26, 2022

Audit No. 2139-J (Reference 2016-F1)
Report Date: June 30, 2022

Recommendation Status

2	Implemented
1	In Process
0	Not Implemented
0	Closed

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-J
(Reference 2016-F1)

June 30, 2022

To: Debra J. Baetz
Social Services Agency Director

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

Subject: First Follow-Up Internal Control Audit: Social Services Agency Purchasing & Contracts

We have completed a follow-up audit of Social Services Agency (SSA) purchasing and contracts as of May 26, 2022, original Audit No. 2016, dated September 23, 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 SSA implemented two (2) recommendations and is in the process of implementing the remaining one (1) recommendation. A second follow-up audit will be performed in approximately six months and a follow-up audit report form is attached to facilitate that audit. Any recommendations not implemented or in process at that time will be brought to the attention of the Audit Oversight Committee at its next scheduled meeting.

We appreciate the assistance extended to us by SSA 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
- Social Services Agency Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

FINDING NO. 1	Wet Signature Approvals
CATEGORY	Control Finding
RECOMMENDATION	SSA management: A. Implement use of electronic signatures for procurement document approvals, unless otherwise required. B. Develop policy and procedures for the use of electronic signatures, including any necessary restrictions.
CURRENT STATUS	Implemented. SSA replaced the wet signature requirement with electronic signatures, and we reviewed two procurement documents using electronic signatures. In addition, we verified SSA's developed policy and procedure for the use of electronic signature process over contracts. Based on the actions taken by SSA, we consider this recommendation implemented.

FINDING NO. 2	Purchasing System User Permissions & User Account Review
CATEGORY	Control Finding
RECOMMENDATION	SSA management perform documented, periodic reviews of purchasing system user access roles for appropriateness.
CURRENT STATUS	Implemented. SSA performed a review of the purchasing system user access roles for appropriateness, and we reviewed the most recent review conducted in January 2022. Based on the actions taken by SSA, we consider this recommendation implemented.

FINDING NO. 3	Internal Policy and Procedures
CATEGORY	Control Finding
RECOMMENDATION	SSA management update all internal policy and procedures regarding purchasing and align them with current County policy.



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**CURRENT STATUS &
PLANNED ACTION**

In Process. SSA is updating its internal policy and procedures related to purchasing to align with the 2021 Procurement Purchasing Manual. SSA plans to finalize the policy and procedures by June 30, 2022.

Based on the actions taken by SSA, we consider this recommendation in process.

AUDIT TEAM

Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
Michael Dean, CPA, CIA, CISA	Senior Audit Manager
Zan Zaman, CPA, CIA, CISA	Audit Manager
Stephany Pantigoso	Senior Auditor
Mari Elias, DPA	Administrative Services Manager



APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by SSA as of May 26, 2022, to implement the three (3) recommendations from our original Audit No. 2016, dated September 23, 2021.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the purchasing and contracts process. The original audit identified three (3) 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>

