



INTERNAL AUDIT DEPARTMENT



Second Follow-Up Internal Control Audit: OC Community Resources Cash Disbursements & Payables

As of January 31, 2023

Audit No. 2239-L (Reference 2014-F2)
Report Date: March 22, 2023

Recommendation Status

FIRST FOLLOW-UP

2

1

0

0

SECOND FOLLOW-UP

0

1

0

0

Implemented

In Process

Not Implemented

Closed

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

OC Board of Supervisors

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5th DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 2239-L
(Reference 2014-F2)

March 22, 2023

To: Dylan Wright
OC Community Resources Director

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

Subject: Second Follow-Up Internal Control Audit: OC Community Resources Cash Disbursements & Payables

We have completed a follow-up audit of OC Community Resources (OCCR) cash disbursements and payables process as of January 31, 2023, original Audit No. 2014, dated June 30, 2021. 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 OCCR is still in process of implementing one (1) recommendation from the original audit. Because the recommendation has not yet been implemented, it will be brought to the attention of the Audit Oversight Committee at its next scheduled meeting.

We appreciate the assistance extended to us by OCCR personnel during our follow-up audit. If you have any questions, please contact me at (714) 834-5442 or Michael Dean at (714) 834-4101.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- County Executive Office Distribution
- OC Community Resources Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly, LLP, County External Auditor

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RESULTS

FINDING NO. 3	Timely Payment of Invoices
CATEGORY	Control Finding
RECOMMENDATION	OCCR apply resources as necessary to ensure invoices are processed within 30 days of receipt.
CURRENT STATUS & PLANNED ACTION	<p>In Process. OCCR continues to experience turnover in the Accounts Payable (AP) unit and as of March 10, 2023, had five vacancies, which has affected invoice processing times. One vacancy is due to an added position following the expansion of OCCR's Office on Aging unit.</p> <p>We reviewed 10 recent disbursements made in January 2023 and found six of 10 (60%) were not processed within 30 days. The six payments were processed an average of 52 days. However, no late penalties were assessed, or discounts lost as a result of the six late payments</p> <p>OCCR is currently working with a third-party vendor and OC Public Libraries to implement an electronic invoicing process that is anticipated for completion in Fiscal Year 2023-24. Once the project is completed, and the AP unit is fully staffed, OCCR indicated it will be able to process most invoices within 30 days.</p> <p>Based on the actions taken by OCCR, we consider this recommendation in process.</p>
AUDIT TEAM	<div><div>Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA, CISA Stephany Franco Mari Elias, DPA</div><div>Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager</div></div>



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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCCR as of January 31, 2023 to implement the one (1) recommendation in process at the time of our first follow-up Audit 2139-H, dated March 30, 2022.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the cash disbursements and payables process. The first follow-up audit concluded OCCR implemented two (2) recommendations and was in process of implementing one (1) recommendation.



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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.

