



# INTERNAL AUDIT DEPARTMENT



**First & Final Close-Out  
Follow-Up Internal Control Audit:  
Health Care Agency/Public Guardian  
Procurement Process for  
Human Services Contracts**

**As of September 30, 2019**

**Audit No. 1839-O (Reference 1631-F1)  
Report Date: October 17, 2019**

## Recommendation Status

**2**

**Implemented**

**0**

**In Process**

**0**

**Not Implemented**

**0**

**Closed**

## OC Board of Supervisors

Chairwoman Lisa A. Bartlett  
5th District

Vice Chair Michelle Steel  
2nd District

Supervisor Andrew Do  
1st District

Supervisor Donald P. Wagner  
3rd District

Supervisor Doug Chaffee  
4th District



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Audit No. 1839-O  
(Reference 1631-F1)

October 17, 2019

To: Richard Sanchez, Director  
Health Care Agency/Public Guardian

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency /  
Public Guardian Procurement Process for Human Services Contracts

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We have completed a follow-up audit of the Health Care Agency/Public Guardian's (HCA) procurement process for human services contracts as of September 30, 2019, original Audit No. 1631, dated December 6, 2018. 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 that HCA implemented both recommendations from the original report. Because both recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by HCA 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
- CEO Distribution
- Health Care Agency Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly, LLP, County External Auditor

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## RESULTS

<b>FINDING NO. 1</b>	<b>Document Retention</b>	
<b>CATEGORY</b>	<b>Control Finding</b>	
<b>RECOMMENDATION</b>	We recommend HCA ensure procurement documents for human services contracts are properly retained in accordance with County record retention schedules.	
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> We reviewed the most recent human services contract close out and determined that HCA properly retained the required procurement documentation. We also noted that HCA implemented a checklist to ensure required documents are retained as part of their procurement file.</p> <p>Based on the actions taken by HCA, we consider this recommendation implemented.</p>	
<b>FINDING NO. 2</b>	<b>Solicitation Request Form Fields</b>	
<b>CATEGORY</b>	<b>Control Finding</b>	
<b>RECOMMENDATION</b>	We recommend HCA ensure the Solicitation Request Form (SRF) is properly initialed/signed and dated by applicable parties upon completion of each section.	
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> HCA has updated their procurement process since the original audit. HCA has transitioned to an electronic requisition process that captures required information and approvals within OC Expediter, which has replaced the Solicitation Request Form. Names and dates of approvals are electronically captured in the new requisition process.</p> <p>We reviewed three requisitions and confirmed the new requisition process captured the required approvals.</p> <p>Based on the actions taken by HCA, we consider this recommendation implemented.</p>	
<b>AUDIT TEAM</b>	Scott Suzuki, CPA, CIA, CISA Michael Dean, CPA, CIA, CISA Gianne Acosta, CIA Virginia Nguyen, CPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor



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## APPENDIX A: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by HCA as of September 30, 2019 to implement the two (2) recommendations from our original Audit No. 1631, dated December 6, 2018.
<b>BACKGROUND</b>	The original audit evaluated operational effectiveness of internal control over the procurement process for human services contracts. The original audit identified two (2) 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.

