



INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: OC Waste & Recycling Fee-Generated Revenue

As of May 31, 2020

Audit No. 1939-K (Reference 1821-F1)
Report Date: July 8, 2020

Recommendation Status



Implemented



In Process



Not Implemented



Closed

OC Board of Supervisors

CHAIRWOMAN MICHELLE STEEL
SECOND DISTRICT

VICE CHAIRMAN ANDREW DO
FIRST DISTRICT

SUPERVISOR DONALD P. WAGNER
THIRD DISTRICT

SUPERVISOR DOUG CHAFFEE
FOURTH DISTRICT

SUPERVISOR LISA A. BARTLETT
FIFTH DISTRICT



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Audit No. 1939-K
(Reference 1821-F1)

July 8, 2020

To: Thomas Koutroulis
OC Waste & Recycling Director

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

Subject: First Follow-Up Internal Control Audit: OC Waste & Recycling Fee-Generated Revenue

We have completed a follow-up audit of OC Waste & Recycling's (OCWR) Fee-Generated Revenue process as of May 31, 2020, original Audit No. 1821, dated September 23, 2019. 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 OCWR is in the process of implementing the 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 OCWR 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
- OC Waste & Recycling 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

FINDING NO. 1	Fee Updates
CATEGORY	Control Finding
RECOMMENDATION	OCWR update its fees annually or for fees where the cost of an annual review would be excessive, OCWR should obtain CEO approval to conduct reviews less frequently.
CURRENT STATUS & PLANNED ACTION	<p>In Process. The OCWR Executive Management Team met to discuss and review fees and related updates in April 2020.</p> <p>The recently updated Accounting Manual R3 - Revenue Policy, now allows fee updates by time-cycle when annual updates are not feasible.</p> <p>OCWR has requested Auditor-Controller's Cost, Revenue & Budget Unit to perform a fee analysis for the fees noted in the audit to determine if they would require annual updates or time-cycle updates. OCWR expects the fee analysis to be completed by September 30, 2020.</p> <p>Based on the actions taken by OCWR, we consider this recommendation in process.</p>
AUDIT TEAM	<div>Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Zan Zaman, CPA, CIA Virginia Nguyen, CPA</div> <div>Assistant Director Senior Audit Manager Audit Manager Senior Auditor</div>



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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCWR as of May 31, 2020 to implement the one (1) recommendation from our original Audit No. 1821, dated September 23, 2019.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the fee-generated revenue process. The original audit identified one (1) Control Finding.



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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.

