



INTERNAL AUDIT DEPARTMENT



First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works' Fee-Generated Revenue

As of June 24, 2020

Audit No. 1939-L (Reference 1820-F1)
Report Date: July 9, 2020

Recommendation Status

- 2** Implemented
- 0** In Process
- 0** Not Implemented
- 0** Closed

OC Board of Supervisors

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SECOND DISTRICT

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Audit No. 1939-L
(Reference 1820-F1)

July 9, 2020

To: James Treadaway
OC Public Works Director

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works' Fee-Generated Revenue

We have completed a follow-up audit of OC Public Works' (OCPW) Fee-Generated Revenue process as of June 24, 2020, original Audit No. 1820, dated December 16, 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 OCPW implemented two (2) recommendations. Because the recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCPW 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 Public Works 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 Study Database |
| CATEGORY | Control Finding |
| RECOMMENDATION | OCPW should work with OCIT to escalate the need for a Fee Study Database update to eliminate the manual entry process. |
| CURRENT STATUS | <p>Implemented. OCPW has escalated the need for a Fee Study Database update and is working with OCIT on its development. The database is in the testing phase and estimated to go live on July 1, 2020.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p> |

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|-----------------------|---|
| FINDING NO. 2 | Internal Agency Review Documentation |
| CATEGORY | Control Finding |
| RECOMMENDATION | OCPW should update the Fee Study Procedures and Reference Guide to reflect current practices. |
| CURRENT STATUS | <p>Implemented. The OCPW Revenue Streams Team has updated the Fee Study Procedures and Reference Guide to reflect current practices. The update specifically addresses the internal agency review, which was the procedure identified in the original audit finding as needing revision.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p> |

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|-------------------|---|---|
| AUDIT TEAM | Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA | Assistant Director Senior Audit Manager Audit Manager |
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APPENDIX A: ADDITIONAL INFORMATION

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| SCOPE | Our follow-up audit was limited to reviewing actions taken by OCPW as of June 24, 2020 to implement the two (2) recommendations from our original Audit No. 1820, dated December 16, 2019. |
| BACKGROUND | The original audit evaluated operational effectiveness of internal control over the fee-generated revenue process. 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. |

