



INTERNAL AUDIT DEPARTMENT



Internal Control Audit: District Attorney-Public Administrator Revolving Funds

For the Year Ended June 30, 2019

Audit No. 1913
Report Date: July 30, 2020

Number of Recommendations

1

**Critical Control
Weaknesses**

3

**Significant Control
Weaknesses**

6

Control Findings

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



INTERNAL AUDIT DEPARTMENT

Internal Control Audit:
District Attorney-Public Administrator Revolving Funds

July 30, 2020

AUDIT HIGHLIGHTS

SCOPE OF WORK	Perform an Internal Control Audit of District Attorney-Public Administrator's (OCDA) revolving funds process for the year ended June 30, 2019.
RESULTS	<ul style="list-style-type: none"> We concluded OCDA should improve internal control over the revolving funds process to ensure: <ul style="list-style-type: none"> Revolving fund transactions are complete (recorded/reported), accurate, valid (authorized), processed timely, and in compliance with County policy. Duties are adequately segregated, and assets adequately safeguarded. We concluded that the efficiency of the revolving funds process could improve.
RISKS IDENTIFIED	<p>As a result of our findings, potential risks include:</p> <ul style="list-style-type: none"> Inconsistent or misuse of special purpose funds, resulting in non-compliance with applicable laws and/or County policies. Unauthorized access to or manipulation of data. Undetected errors, discrepancies, or irregularities. Funds being misappropriated or held up. Improper accounting of cash advances and payroll tax issues. Lack of transparency causing an appearance of conflict of interest. Time-consuming correction process due to persistent claim form errors.
NUMBER OF RECOMMENDATIONS	Opportunities for enhancing internal control include:
1	<div>CRITICAL CONTROL WEAKNESSES</div> <ul style="list-style-type: none"> Establishing internal policy and procedures for the special purpose revolving fund.
3	<div>SIGNIFICANT CONTROL WEAKNESSES</div> <ul style="list-style-type: none"> Formalizing and performing a user-access certification review for the in-house system. In addition, updating the system with control-enhancing features. Performing reconciliation procedures in compliance with County policy.
6	<div>CONTROL FINDINGS</div> <ul style="list-style-type: none"> Ensuring cash advances are substantiated timely and additional advances are not issued to employees with outstanding balances. Conducting documented surprise cash counts and inventory of unused checks. Assigning a separate custodian for each revolving fund. Seeking options for establishing a separate account for program donations.
	<ul style="list-style-type: none"> Accepting only check payments for returns of unused portions of cash advances. Implementing procedure to document the hiring of County employees for services. Submitting Mileage & Other Expenses Claim forms timely and providing additional training to staff.

Report suspected fraud, or misuse of County resources by vendors, contractors, or County employees to 714.834.3608



INTERNAL AUDIT DEPARTMENT

Audit No. 1913

July 30, 2020

To: Todd Spitzer
District Attorney-Public Administrator

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

Subject: Internal Control Audit: District Attorney-Public Administrator Revolving Funds

We have completed an Internal Control Audit of District Attorney-Public Administrator's (OCDA) Revolving Funds process for the year ended June 30, 2019. Details of our results and recommendations immediately follow this letter. Additional information including background and our objectives, scope, and methodology are included in Appendix A.

OCDA concurred with all of our recommendations and the Internal Audit Department considers OCDA's management response appropriate to the recommendations in this report.

We will include the results of this audit in a future status report submitted quarterly to the Audit Oversight Committee and the Board of Supervisors. In addition, we will request your department complete a Customer Survey of Audit Services, which you will receive shortly after the distribution of our final report.

We appreciate the courtesy extended to us by OCDA's personnel during our audit. If you have any questions regarding our audit, 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
- District Attorney-Public Administrator Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditor

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RESULTS

BUSINESS PROCESS & INTERNAL CONTROL STRENGTHS

Business process and internal control strengths noted during our audit include:

- ✓ Request for Use of Revolving Funds and Request for Expert Witness/Consultant Services forms were implemented in May 2019 to ensure expenses for the special purpose revolving fund are pre-approved.
- ✓ Written internal policy and procedures regarding travel were established.
- ✓ Revolving fund check stock is secured in locked drawers.
- ✓ Expenditure documents with sensitive information are appropriately protected for electronic storage.

FINDING NO. 1

Special Purpose Revolving Fund Use

OCDA has drafted, but not finalized, internal policy and procedures (P&Ps) for its special purpose revolving fund. Pursuant to Government Code Section 29321 and Board Resolution 09-050, OCDA maintains a special purpose revolving fund that is solely used for the investigation and prosecution of crime. As such, certain County Accounting Manual C-7 restrictions are not applicable, such as the \$1,000 disbursement limit. Due to the unique nature of disbursements, P&Ps should be developed to ensure expenditures do not circumvent any required approvals or the procurement process.

Prior to the commencement of our audit, OCDA informed us that \$80,400 in payments were made related to legal and litigation services on behalf of a Deputy District Attorney for state bar disciplinary proceedings without proper approval from the Board of Supervisors (Board). Steps were taken to mitigate the issue, including full disclosure to the Board and drafting of P&Ps regarding the process for authorizing legal and litigation services.

We corroborated the inappropriate payments identified by the department for the audit period. In addition, we noted at least one consultant who was used and paid through the fund over multiple years but did not go through the procurement process. Based on the information obtained, a Board-approved contract should have been established. The inappropriate payments for the consultant totaled \$36,000.

CATEGORY

Critical Control Weakness



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RISK	Not having departmental policy and procedures could result in non-compliance with applicable laws and County policies, circumvention of the procurement process, and inconsistent or misuse of the special purpose revolving fund.
RECOMMENDATION	<p>OCDA management ensure revolving funds are used for intended purposes by establishing written policy and procedures that reflect current practices and include processes for:</p> <ul style="list-style-type: none">A. Authorizing legal and litigation services on behalf of staff.B. Identifying when procurement steps, such as obtaining Board approval, are required.
MANAGEMENT RESPONSE	<p>Concur. As indicated in your finding and in our letter to the Board of Supervisors on September 26, 2019 (attached), non-allowable expenditures in violation of County Policy and Government Code Section 995.6 (a) and (b) that occurred under the authority of the previous administration were identified within the Revolving Fund and disclosed. These misappropriations involved the hire of several Attorneys for legal services and litigation to defend DA staff members from State Bar Inquiries and for testimony preparation in a criminal case where the prosecutor(s) testified in that proceeding. Although the Department may assist prosecutors in the initial stages of a State Bar inquiry, the litigation portion of these services exceed the level that would be considered "initial"; and therefore, requires Board approval before proceeding. The OCDA has drafted, but not finalized, internal policies and procedures for the revolving fund regarding authorizing legal and litigation services on behalf of staff. The department is currently in the "meet and confer" process, and will provide a copy of the final policy and procedure when completed.</p> <p>Additionally, OCDA has developed a Revolving Fund Request Form for the use of these funds, where expenditures are reviewed and approved, through channels, prior to authorization for any work in the area of expert witness or consultant. A new policy and procedure shall be drafted to formalize this process, as well as address areas where the County Accounting Manual C-7 restrictions are not applicable, such as the \$1,000 disbursement limit.</p>



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FINDING NO. 2	Revolving Fund Accounting System <p>OCDA uses an internally developed system to process revolving fund transactions and is the system of record for reconciliations. The in-house system has a separate application for each expenditure type: Petty Cash, Travel Cash Advances, and Special Purpose Revolving Fund. Access to the system requires a username and password and is granted based on an e-mail request from the Fiscal Services Manager to the IT administrators.</p> <p>The current version of this system has been in existence since the 1990s and has some control and efficiency shortcomings as follows:</p> <ul style="list-style-type: none">• There is no formal process to grant/remove user access.• Access was granted for three employees who do not have a business need. Subsequent to Internal Audit's inquiry, OCDA removed access for the three employees.• A service account with an unknown purpose is active.• System roles do not provide an adequate segregation of duties. Users have the ability to perform all of the following: enter transactions, make changes, and print checks.• The Petty Cash and Special Purpose Revolving Fund applications do not require periodic password changes.• The system does not have audit trail capabilities, such as a change log.• Exporting to Excel for reporting purposes is inefficient and requires excessive staff time.
CATEGORY	Significant Control Weakness
RISK	System control limitations increases the risk of irregularities (such as duplicate payments) and unauthorized access to data.
RECOMMENDATION	<p>OCDA management:</p> <p>A. Formalize the process for granting/removing access to the in-house system.</p> <p>B. Perform a formal management user-access certification review for appropriateness to ensure access is:</p> <ul style="list-style-type: none">• restricted to individuals with a direct business need;• disabled/removed when no longer required; and• adequately segregated. <p>C. Update the system to include automated, mandatory password changes, an audit trail, and Excel export capabilities.</p>



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MANAGEMENT RESPONSE	Concur. The District Attorney IT Applications Team has begun designing and implementing the recommended updates/enhancements to the in-house applications. At this time, password changes are mandatory every 90 days, and user-access changes are auditable.
FINDING NO. 3	Reconciliations OCDA completes fund and bank reconciliations, but does not perform the following procedures as required by County policy: <ul style="list-style-type: none">• Preparation and review, including reconciliation of the fund to the checking account balance, on a monthly basis.• Inspection of cancelled checks for signatures and proper endorsement.• Comparison of checks to check register for number, payee, date, and amount. In addition, we noted 11 long outstanding checks totaling \$705 during a review of select bank reconciliations. The checks were appropriately voided, reissued, and cleared, but not until two to three years later.
CATEGORY	Significant Control Weakness
RISK	Errors, discrepancies, or irregularities may not be detected in a timely manner. In addition, long outstanding checks can hold up funds and make reconciliation preparation more time-consuming.
RECOMMENDATION	OCDA management ensure fund and bank reconciliations: <ul style="list-style-type: none">A. Are prepared and reviewed, including a reconciliation of the fund to the checking account balance, on a monthly basis.B. Include a review of canceled checks.C. Include procedures to identify, investigate, and resolve outstanding reconciling items timely.
MANAGEMENT RESPONSE	Concur. Currently, fund reconciliation can only be performed within the in-house applications at the time expense vouchers are submitted to the Auditor-Controller for fund replenishment. The IT Applications Team will work on the applications to allow fund reconciliations to be performed on their own schedules. In the meantime, replenishments will be prepared at least once a month to ensure funds are reconciled on a monthly basis. The District Attorney has requested the Treasurer-Tax Collector to have canceled checks included with the monthly bank statements from Wells Fargo Bank to allow inspection of canceled checks. Additional steps have been added to ensure outstanding reconciling items are resolved timely.



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FINDING NO. 4	Outstanding Travel Cash Advances During our review of selected travel cash advance fund reconciliations, we noted 21 of 37 (57%) cash advances pending where employees submitted a claim form, but did not repay the unused portion of the cash advance back to the County within the required timeframe of five working days. The outstanding balances totaled approximately \$700, but ranged from three months to almost one-year old. As a result, fund replenishments for these claims were held up. We also noted five of six (83%) employees received additional cash advances even though they had unpaid balances due to the County. Strong business practices dictate that cash advances should not be given when outstanding advances exist.
CATEGORY	Significant Control Weakness
RISK	Long outstanding travel cash advances, and issuing cash advances while another is still outstanding, increases the risk of improperly accounting for advances and holds up funds. Unsubstantiated cash advances could result in payroll tax issues and could lead to a loss of County funds.
RECOMMENDATION	OCDA management ensure: A. Unused portion of cash advances are collected timely. B. Cash advances are not issued to employees with outstanding balances.
MANAGEMENT RESPONSE	Concur. Subsequent to the audit, the District Attorney has maintained timely collection of all unused portion of cash advances and will not issue additional advance to employees with outstanding balances, where justifiable.

FINDING NO. 5	Cash Counts and Check Inventory OCDA does not conduct documented surprise cash counts and periodic inventories of unused checks, as required by County policy.
CATEGORY	Control Finding
RISK	Errors, discrepancies, or irregularities may not be detected in a timely manner.



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RECOMMENDATION	OCDA management ensure documented surprise cash counts and periodic inventories of unused checks are conducted.
MANAGEMENT RESPONSE	Concur. The District Attorney Revenues and Compliance Unit will ensure surprise cash counts are documented. Inventories of unused checks will be conducted quarterly by an independent Fiscal Services staff member.

FINDING NO. 6	Fund Custodian Fund custodial duties for the petty cash fund and the special purpose revolving fund are assigned to the same person. County policy requires that a separate custodian be assigned for each fund.
CATEGORY	Control Finding
RISK	Inadequate segregation of duties increases the risk of misappropriation of funds without detection.
RECOMMENDATION	OCDA management assign a separate custodian for each fund.
MANAGEMENT RESPONSE	Concur. When it is possible to augment, reorganize and/or train staff while maintaining proper segregation of duties, the District Attorney will assign a separate custodian for the petty cash fund and the special purpose revolving fund.

FINDING NO. 7	Holding Account for Donations Donations for programs such as "Adopt-A-Family" are received, deposited, and held in the Petty Cash fund account. Checks are then issued from the fund to be used for program expenditures. Donation amounts are tracked in the petty cash reconciliations, but are backed out to arrive to the petty cash fund balance. The March 2019 fund reconciliation listed a total of approximately \$5,800 in deposited donations. During our review of revolving fund reconciliations, we noted two checks totaling almost \$5,000 were inadvertently issued from the special purpose revolving fund, instead of the petty cash fund where donations are held. The error was identified and resolved by the department.
CATEGORY	Control Finding



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RISK	Commingling donations in the petty cash account can make it difficult to distinguish funds and is an inappropriate use of the revolving fund. This can also lead to undetected errors, discrepancies, and irregularities.
RECOMMENDATION	OCDA work with Treasurer-Tax Collector to seek options for establishing a separate account for program donations.
MANAGEMENT RESPONSE	Concur. Donation amounts held in the Petty Cash fund account are being closed out and distributed to the appropriate authority. The District Attorney will continue to work with the Treasurer-Tax Collector for options for depository of program donations in the future.

FINDING NO. 8	Cash Repayments We noted six instances in which the fund custodian accepted nominal cash repayments from employees for the unused portion of travel advances. County policy prohibits this practice.
CATEGORY	Control Finding
RISK	Increased risk of misappropriation of County assets.
RECOMMENDATION	OCDA management ensure unused portions of cash advances are returned in the form of a personal check made payable to the officer, as required.
MANAGEMENT RESPONSE	Concur. The Travel Desk staff have been instructed not to accept cash repayments in any amount.

FINDING NO. 9	Professional Services Provided by County Employees Two County employees from a different agency were hired to provide specialized professional services totaling \$5,530, which was paid from the special purpose revolving fund. Although this is not expressly prohibited, OCDA does not have a formal procedure to ensure transparency. Two of the three (67%) invoices examined included a certification stating, "None of the work done on this case was completed on county time," which provided some transparency that a County employee was hired.
CATEGORY	Control Finding
RISK	Lack of transparency may give the appearance of a conflict of interest.



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RECOMMENDATION	OCDA management implement a procedure to properly document when a County employee is hired to provide professional services to ensure that there is no conflict of interest.
MANAGEMENT RESPONSE	Concur. The District Attorney has revised its form to clearly identify whether the service provider is a current County employee and require certification on invoices that none of the work performed was completed on county time.

FINDING NO. 10	Mileage and Other Expenses Claim Form (MOE) <p>Employees submit MOEs to substantiate expenses from travel cash advances issued from the revolving fund. These forms are then submitted to Auditor-Controller (A-C) as support documentation for fund replenishment requests. We noted the following issues related to the ten MOEs selected for review:</p> <ul style="list-style-type: none"> • None (100%) were submitted to A-C within 60 days after the expenses were paid or incurred, as required by the County Business Travel and Meeting Policy (Travel Policy) at the time of the claim (Section F.3.a.2). The Travel Policy has since been revised to extend the submission deadline to six months. Based on current policy, four (40%) were still not submitted timely with an average of 100 days late. • 100% were completed manually and contained errors and/or missing information that resulted in corrections being made.
CATEGORY	Control Finding
RISK	Untimely submission of claim forms ties up funds and increases the risk of undetected errors and/or irregularities. In addition, correcting persistent errors can be a time-consuming process.
RECOMMENDATION	OCDA management: <ul style="list-style-type: none"> A. Ensure Mileage & Other Expenses Claim forms are properly approved and submitted to the Auditor-Controller within six months after the expenses were paid or incurred. B. Provide additional training to employees to ensure that claim forms are submitted accurately.
MANAGEMENT RESPONSE	Concur. Subsequent to the audit, the District Attorney has maintained timely submission of MOE claims to the Auditor-Control and will ensure continued adherence to the six-month deadline. An instructional checklist has been developed and distributed at Supervisors' Meetings to further assist employees in completing claims accurately.



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

OBJECTIVES	<p>Our audit objectives were to:</p> <ol style="list-style-type: none">1. Evaluate the effectiveness of internal control over the revolving funds process to ensure:<ol style="list-style-type: none">a. Revolving fund transactions are complete (recorded/reported), accurate, valid (authorized), processed timely, and in compliance with County policies.b. Duties are adequately segregated, and assets are adequately safeguarded.2. Review the revolving funds process for efficiency.
SCOPE & METHODOLOGY	<p>Our audit scope was limited to internal control over OCDA's revolving funds process for the year ended June 30, 2019. Our methodology included inquiry, observation, and examination of documentation.</p>
EXCLUSIONS	<p>Our audit scope did not include a review of the \$155,000 District Attorney-Public Administrator Revolving Fund (authorized by Government Code Sections 29460-29464) or the Special Appropriations Fund (authorized by Government Code Sections 29400-29407).</p>
PRIOR AUDIT COVERAGE	<p>We have not issued any audit reports for OCDA with a similar scope within the last ten years.</p>
BACKGROUND	<p>OCDA's Fiscal Services unit within the Financial Services Division, and under the direction of the Chief of Administration & Public Affairs, is responsible for oversight of the revolving funds process.</p> <p>The department has the following three revolving funds with a total authorized amount of \$475,000:</p> <ul style="list-style-type: none">• \$70,000 revolving cash fund used for employee travel cash advances and departmental petty cash (making change and purchasing supplies and services).• \$250,000 special purpose revolving fund authorized by Government Code Section 29321 and Board Resolution 09-050, solely used to disburse payments for investigation and prosecution of crime.• \$155,000 special purpose revolving fund for Public Administrator (excluded from review as stated above). <p>During the audit period, total revolving fund expenditure reimbursements for the two funds reviewed were approximately \$358,200, of which \$48,200 (13%) were for travel cash advances, \$59,700 (17%) for petty cash transactions, and \$250,300 (70%) for special purpose revolving fund expenditures.</p>



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PURPOSE & AUTHORITY	We performed this audit in accordance with the Annual Risk Assessment & Audit Plan for FY 2019-20 approved by the Audit Oversight Committee (AOC) and Board of Supervisors (Board).
PROFESSIONAL STANDARDS	Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.
FOLLOW-UP PROCESS	<p>In accordance with professional standards, the Internal Audit Department has a process to follow-up on its recommendations. A first follow-up audit will generally begin six months after release of the initial report.</p> <p>The AOC and Board expect that audit recommendations will typically be implemented within six months or sooner for significant and higher risk issues. A second follow-up audit will generally begin six months after release of the first follow-up audit report, by which time all audit recommendations are expected to be implemented. Any audit recommendations not implemented after the second follow-up audit will be brought to the attention of the AOC at its next scheduled meeting.</p> <p>A Follow-Up Audit Report Form is attached and is required to be returned to the Internal Audit Department approximately six months from the date of this report in order to facilitate the follow-up audit process.</p>
MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL	In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls." Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating internal controls is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our Internal Control Audit enhances and complements, but does not substitute for department management's continuing emphasis on control activities and monitoring of control risks.
INTERNAL CONTROL LIMITATIONS	Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to: resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with County policy.



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APPENDIX B: FINDING TYPE CLASSIFICATION

Critical Control Weakness	Significant Control Weakness	Control Finding
These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.	These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.	These are audit findings concerning the effectiveness of internal control, compliance issues, or efficiency issues that require management's corrective action to implement or enhance processes and internal control. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.



APPENDIX C: OCDA MANAGEMENT RESPONSE


MEMO

OFFICE OF THE DISTRICT ATTORNEY
AND PUBLIC ADMINISTRATOR
TODD SPITZER



July 14, 2020

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

FROM: Todd Spitzer, District Attorney 

SUBJECT: Responses to the Internal Control Audit: District Attorney-Public Administrator
Revolving Funds for the Year Ended June 30, 2019 – Audit No. 1913

Below are the District Attorney's written management responses to the recommendations in the Draft Report of the above-captioned audit.

Recommendation No. 1

OCDA management ensure revolving funds are used for intended purposes by establishing written policy and procedures that reflect current practices and include processes for:

- A. Authorizing legal and litigation services on behalf of staff.
- B. Identifying when procurement steps, such as obtaining Board approval, are required.

District Attorney Management Response

Concur.

As indicated in your finding and in our letter to the Board of Supervisors on September 26, 2019 (attached), non-allowable expenditures in violation of County Policy and Government Code Section 995.6 (a) and (b) that occurred under the authority of the previous administration were identified within the Revolving Fund and disclosed. These misappropriations involved the hire of several Attorneys for legal services and litigation to defend DA staff members from State Bar Inquiries and for testimony preparation in a criminal case where the prosecutor(s) testified in that proceeding. Although the Department may assist prosecutors in the initial stages of a State Bar inquiry, the litigation portion of these services exceed the level that would be considered "initial"; and therefore, requires Board approval before proceeding. The OCDA has drafted, but not finalized, internal policies and procedures for the revolving fund regarding authorizing legal and litigation services on behalf of staff. The department is currently in the "meet and confer" process, and will provide a copy of the final policy and procedure when completed.

Additionally, OCDA has developed a Revolving Fund Request Form for the use of these funds, where expenditures are reviewed and approved, through channels, prior to authorization for any work in the area of expert witness or consultant. A new policy and procedure shall be drafted to formalize this process, as well as address areas where the County Accounting Manual C-7 restrictions are not applicable, such as the \$1,000 disbursement limit.

Recommendation No. 2

OCDA management:

- A. Formalize the process for granting/removing access to the in-house system.
- B. Perform a formal management user-access certification review for appropriateness to ensure access is:
 - restricted to individuals with a direct business need;
 - disabled/removed when no longer required; and
 - adequately segregated.
- C. Update the system to include automated, mandatory password changes, an audit trail, and Excel export capabilities.

District Attorney Management Response

Concur. The District Attorney IT Applications Team has begun designing and implementing the recommended updates/enhancements to the in-house applications. At this time, password changes are mandatory every 90 days, and user-access changes are auditable.

Recommendation No. 3

OCDA management ensure fund and bank reconciliations:

- A. Are prepared and reviewed, including a reconciliation of the fund to the checking account balance, on a monthly basis.
- B. Include a review of canceled checks.
- C. Include procedures to identify, investigate, and resolve outstanding reconciling items timely.

District Attorney Management Response

Concur. Currently, fund reconciliation can only be performed within the in-house applications at the time expense vouchers are submitted to the Auditor-Controller for fund replenishment. The IT Applications Team will work on the applications to allow fund reconciliations to be performed on their own schedules. In the meantime, replenishments will be prepared at least once a month to ensure funds are reconciled on a monthly basis. The District Attorney has requested the Treasurer-Tax Collector to have canceled checks included with the monthly bank statements from Wells Fargo Bank to allow inspection of canceled checks. Additional steps have been added to ensure outstanding reconciling items are resolved timely.

Recommendation No. 4

OCDA management ensure:

- A. Unused portion of cash advances are collected timely.

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B. Cash advances are not issued to employees with outstanding balances.

District Attorney Management Response

Concur. Subsequent to the audit, the District Attorney has maintained timely collection of all unused portion of cash advances and will not issue additional advance to employees with outstanding balances, where justifiable.

Recommendation No. 5

OCDA management ensure documented surprise cash counts and periodic inventories of unused checks are conducted.

District Attorney Management Response

Concur. The District Attorney Revenues and Compliance Unit will ensure surprise cash counts are documented. Inventories of unused checks will be conducted quarterly by an independent Fiscal Services staff member.

Recommendation No. 6

OCDA management assign a separate custodian for each fund.

District Attorney Management Response

Concur. When it is possible to augment, reorganize and/or train staff while maintaining proper segregation of duties, the District Attorney will assign a separate custodian for the petty cash fund and the special purpose revolving fund.

Recommendation No. 7

OCDA work with Treasurer-Tax Collector to seek options for establishing a separate account for program donations.

District Attorney Management Response

Concur. Donation amounts held in the Petty Cash fund account are being closed out and distributed to the appropriate authority. The District Attorney will continue to work with the Treasurer-Tax Collector for options for depository of program donations in the future.

Recommendation No. 8

OCDA management ensure unused portions of cash advances are returned in the form of a personal check made payable to the officer, as required.

District Attorney Management Response

Concur. The Travel Desk staff have been instructed not to accept cash repayments in any amount.

Recommendation No. 9

OCDA management implement a procedure to properly document when a County employee is hired to provide professional services to ensure that there is no conflict of interest.



District Attorney Management Response

Concur. The District Attorney has revised its form to clearly identify whether the service provider is a current County employee and require certification on invoices that none of the work performed was completed on county time.

Recommendation No. 10

OCDA management:

- A. Ensure Mileage & Other Expenses Claim forms are properly approved and submitted to the Auditor-Controller within six months after the expenses were paid or incurred.
- B. Provide additional training to employees to ensure that claim forms are submitted accurately.

District Attorney Management Response

Concur. Subsequent to the audit, the District Attorney has maintained timely submission of MOE claims to the Auditor-Control and will ensure continued adherence to the six-month deadline. An instructional checklist has been developed and distributed at Supervisors' Meetings to further assist employees in completing claims accurately.