Internal Audit Department

ORANGE COUNTY

6th Largest County in the USA

FINAL CLOSE-OUT
FIRST FOLLOW-UP

SPECIAL REQUEST AUDIT:
SHERIFF-CORONER LAW ENFORCEMENT SERVICES CONTRACT COST STUDY FOR FY 2012-13

AS OF MAY 31, 2013

Our First Follow-Up Audit found the Sheriff-Coroner fully implemented all three (3) recommendations from our original audit report dated June 29, 2012.

During the original audit, we found that the Sheriff-Coroner's Law Enforcement Services Contract Cost study will recover full costs in accordance with County policies and applicable California Government Code for Fiscal Year 2012-13.

AUDIT NO: 1218-E
(ORIGINAL AUDIT NO. 1158)

REPORT DATE: JULY 31, 2013

Director: Dr. Peter Hughes, MBA, CPA, CIA
Senior Audit Manager: Alan Marcum, CPA, CIA
Senior Internal Auditor: Abdul Khan, CPA, CIA

Independence **Objectivity** **Integrity**

ORANGE COUNTY BOARD OF SUPERVISORS'

OC Internal Audit Department

GAO & IIA Peer Review Compliant - 2001, 2004, 2007, 2010

Providing Facts and Perspectives Countywide

RISK BASED AUDITING

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Transmittal Letter

Audit No. 1218-E **July 31, 2013**

TO: Sandra Hutchens
Sheriff-Coroner

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Final Close-Out and First Follow-Up Special Request Audit: Sheriff-Coroner Law Enforcement Services Contract Cost Study for FY 2012-13, Original Audit No. 1158, Issued June 29, 2012

We have completed a First Follow-Up Audit of Sheriff-Coroner Law Enforcement Services Contract Cost Study for FY 2012-13. Our audit was limited to reviewing, as of May 31, 2013, actions taken to implement the **three (3) recommendations** from our original audit report dated June 29, 2012. We conducted this First Follow-Up Audit in accordance with the *FY 12-13 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and Board of Supervisors (BOS).

The results of our First Follow-Up Audit are discussed in the **OC Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the three (3) recommendations, **this report represents the final close-out of the original audit**.

Each month I submit an **Audit Status Report** to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Other recipients of this report are listed on the **OC Internal Auditor's Report** on page 3.

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As of May 31, 2013

OC Internal Auditor's Report

Audit No. 1218-E **July 31, 2013**

TO: Sandra Hutchens
Sheriff-Coroner

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Final Close-Out and First Follow-Up Special Request Audit: Sheriff-Coroner Law Enforcement Services Contract Cost Study for FY 2012-13, Original Audit No. 1158, Issued June 29, 2012

Scope of Review

We have completed a First Follow-Up Audit of Sheriff-Coroner Law Enforcement Services Contract Cost Study for FY 2012-13. Our audit was limited to reviewing actions taken, as of May 31, 2013, to implement the **three (3) recommendations** from our original audit report dated June 29, 2012.

Background

At the request of the Audit Oversight Committee (AOC) at their March 15, 2012 meeting, the Internal Audit Department conducted an audit of the Sheriff-Coroner (S-C) Law Enforcement Services Contract Cost Study for FY 2012-13. The purpose of the audit was to determine if the proposed law enforcement services contracts with the twelve Orange County cities and OCTA (contract partners) for Fiscal Year 2012-13 will recover full costs in accordance with County policies and applicable California Government Code.

In addition, we included a review of the Sheriff-Coroner's contract proposal with the City of Yorba Linda for services beginning in Fiscal Year 2012-13 to determine if the contract will recover full costs in accordance with County policies and applicable California Government Code. Our audit was conducted in conformance with professional standards established by the Institute of Internal Auditors.

Results

Our First Follow-Up Audit indicated Sheriff-Coroner **implemented all three (3) recommendations**. **As such, this report represents the final close-out of the original audit**. Based on our First Follow-Up Audit, the following is the implementation status of the three (3) original recommendations:

Finding No. 1 – The law enforcement services contract agreements for the twelve contracting cities do not specifically clarify the nature of Enhanced Helicopter Responses (Air Support). The amount and cost allocation method has been reviewed but not updated for full cost recovery since its establishment in 1996.
(Control Finding)

Recommendation No. 1a

We recommend that Sheriff-Coroner management revise the law enforcement services contract agreements for the twelve contracting cities to specifically address the nature of the enhanced helicopter responses.

Current Status: **Implemented.** The Sheriff-Coroner revised the law enforcement services contract agreements, effective July 1, 2013 for the twelve contracting cities to specifically address the nature of the enhanced helicopter responses. In addition, the Sheriff-Coroner revised the proposed law enforcement services contract agreement with the City of Yorba Linda to specifically address the enhanced helicopter responses. Therefore, this recommendation is fully implemented.

Recommendation No. 1b

We recommend that Sheriff-Coroner management review the enhanced helicopter responses rate and cost allocation method to ensure full cost recovery in accordance with County policies and applicable California Government Code.

Current Status: **Implemented.** The Sheriff-Coroner revised the enhanced helicopter responses rate and cost allocation method to ensure full cost recovery in accordance with County policies and applicable California Government Code. Therefore, this recommendation is fully implemented.

Finding No. 2 – Policies and Procedures Over the Development of the Law Enforcement Services Contract Cost Study Could Be Enhanced (Control Finding)

Recommendation No. 2

We recommend that the Sheriff-Coroner management improve policy and procedures to be followed over the development of the law enforcement services contract cost study. Consideration should be given to hiring a professional (consultant) to assist, if internal resources are not available, in the development and/or revision of the procedures. Documented policies and procedures should be reviewed and approved by management. The most current policies and procedures should be readily accessible for reference by personnel responsible for the development of the law enforcement services contract cost study.

Current Status: **Implemented.** The Sheriff-Coroner updated policies and procedures to be followed over the development of the law enforcement services contract cost study. Documented policies and procedures were reviewed and approved by management and the most current policies and procedures are readily accessible for reference by personnel responsible for the development of the law enforcement services contract cost study. Therefore, this recommendation is fully implemented.

We appreciate the assistance extended to us by Sheriff-Coroner personnel during our Follow-Up Audit. If you have any questions, please contact me directly at 834-5475 or Alan Marcum, Senior Audit Manager at 834-4119.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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