



**Monthly Report on  
Computer-Assisted Audit Techniques  
(CAAT)**

**For the Period: August 2004**

**Report Date: September 8, 2004**

**Report Number: 2416-H**

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**INTERNAL AUDIT DEPARTMENT  
COUNTY OF ORANGE**

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**COUNTY OF ORANGE  
INTERNAL AUDIT DEPARTMENT**

**OFFICE OF THE DIRECTOR**

*Integrity  
Objectivity  
Independence*

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**Transmittal Letter**

Report No. 2416-H

September 8, 2004

Members, Board of Supervisors  
Hall of Administration Building  
10 Civic Center Plaza  
Santa Ana, CA 92701

Dear Honorable Board Members:

We have completed the August 2004 report of the results of our Computer-Assisted Audit Techniques (CAAT). The report is attached for your information.

We would like to acknowledge the courtesy and cooperation extended to us by the personnel of the Auditor-Controller's Office and the Human Resources Department. As always, I remain available to answer any questions you may have. Please contact me directly or Eli Littner, Deputy Director, at (714) 834-5899, or Autumn McKinney, Audit Manager, at (714) 834-6106, if we can be of further assistance.

Respectfully submitted,

Dr. Peter Hughes, CPA, CITP  
Director

cc: Members, Audit Oversight Committee  
James D. Ruth, County Executive Officer  
David Sundstrom, Auditor-Controller  
Robert Leblow, Manager, Auditor-Controller/Claims & Disbursing Section  
Bill Malohn, A-C/Information Technology/CAPS G/L System Support  
Marcel Turner, Director, Human Resources  
Gloria Phillips, Senior Analyst, Human Resources  
Bill Rawlings, Director, CEO/Purchasing & Real Estate  
Darlene J. Bloom, Clerk of the Board of Supervisors  
Foreman, Grand Jury

**CAAT Program:** This report details the monthly activity and findings from establishing Computer-Assisted Auditing Techniques (known by the acronym CAAT) as part of our information technology audit coverage. We are using a proprietary, state-of-the-art/best practices and industry recognized software product to help us in this process. We are keeping the details of our process and the vulnerabilities identified to a general discussion because of the risks associated with disclosing specific details of our financial and accounting processes.

The CAAT is a continuing and evolving audit process with the goal of developing a toolset of computer-routines and techniques that will analyze patterns in the individual data elements of the County's financial data. The resulting data/exceptions will be subjected to further review, analysis, validation, recovery and evaluation of internal control enhancements whose purpose is to prevent future occurrences of the findings identified by the CAAT process.

**1. CAAT Performed:** We used a CAAT to identify potential duplicate payments made during July 2004.  
**Duplicate Payments**

**A. Results:** Two potential duplicate payments were identified in the July 2004 data. The table below summarizes the duplicate payment activity to date:

CAAT Report	Total		Not Duplicates		Recovered		In Process	
	#'s	\$'s	#'s	\$'s	#'s	\$'s	#'s	\$'s
2002	103	\$99,982	16	\$5,426	75	\$81,675	12	\$12,881
2003	50	\$33,304	4	\$10,039	31	\$18,710	15	\$4,555
January 2004	5	\$31,921	0	\$0	5	\$31,921	0	\$0
February 2004	2	\$1,120	1	\$145	1	\$975	0	\$0
March 2004	5	\$8,709	0	\$0	4	\$7,955	1	\$754
April 2004	3	\$435	0	\$0	3	\$435	0	\$0
May 2004	0	\$0	0	\$0	0	\$0	0	\$0
June 2004	1	\$2,450	0	\$0	1	\$2,450	0	\$0
July 2004	7	\$52,373	4	\$2,570	2	\$49,659	1	\$144
August 2004	2	\$780	0	\$0	2	\$780	0	\$0
<b>TOTAL</b>	<b>178</b>	<b>\$231,074</b>	<b>25</b>	<b>\$18,180</b>	<b>124</b>	<b>\$194,560</b>	<b>29</b>	<b>\$18,334</b>

**B. Background:** This CAAT concentrates on a sub-set of vendor invoices paid by the County possessing certain common attributes. The CAAT reviews the attributes and highlights potential duplicate payments for further review and verification. During the month of August 2004, a total of 15,894 invoices for \$74,944,886 were added to this data sub-set representing July 2004 transactions.

Currently, the data sub-set includes a total of 952,959 invoices totaling \$7,288,081,828. The total data file that the sub-set is derived from includes 4,031,306 records totaling \$12,256,669,756.



**2. CAAT Performed:** We use several CAATs to identify employees that are closely linked to a vendor as a result of sharing a similar address or tax id number.  
**Employee Vendor Match**

**A. Status:** We are currently in the process of running these CAAT routines again and will relate the results in a future report.

**3. CAAT Performed:** We use a CAAT to identify retirees working as extra help for more than 960 hours (maximum allowed for regular retirees) or more than 720 hours (maximum for early retirees) during a fiscal year.  
**Retiree/Extra Help Hours**

**A. Status:** We are currently in the process of running this CAAT routine again and will relate our results in a future report.

**4. CAAT Performed:** We used a CAAT application to review for multiple employee paychecks that are directly deposited to the same bank account.  
**Direct Deposits**

**A. Results:** This CAAT was applied in August 2004 with no irregular deposit activity identified.

**5. CAAT Performed:** We used a CAAT to identify Vendors that have been deleted or removed from the Vendor Master List.  
**Deleted Vendors**

**A. Results:** This CAAT was applied in August 2004 with no significant findings.

Attachment:

Provided to the Auditor-Controller only: Potential Duplicate Payments, dated 8/17/04 – A-C/Claims and Disbursing Section

