



# INTERNAL AUDIT DEPARTMENT



## Second & Final Close-Out Follow-Up Internal Control Audit: OC Waste & Recycling – Cash Handling Activities

As of October 30, 2018

Audit No. 1839-K (Reference 1525-F2)  
Report Date: December 13, 2018

### Recommendation Status

1

Implemented

0

In Process

0

Not Implemented

0

Closed

## OC Board of Supervisors

Chairman Andrew Do  
1st District

Vice Chairman Shawn Nelson  
4th District

Supervisor Michelle Steel  
2nd District

Supervisor Todd Spitzer  
3rd District

Supervisor Lisa Bartlett  
5th District



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Audit No. 1839-K  
(Reference 1525-F2)

December 13, 2018

To: Thomas D. Koutroulis, Director  
OC Waste & Recycling

From: Scott Suzuki, CPA, Acting Director  
Internal Audit Department *S Suzuki*

Subject: Second & Final Close-Out Follow-Up Internal Control Audit:  
OC Waste & Recycling – Cash Handling Activities

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We have completed a follow-up audit of OC Waste & Recycling (OCWR) – Cash Handling Activities as of October 30, 2018, original Audit No. 1525, dated September 18, 2017. Details of our results immediately follow this letter. Additional information including background and our scope are included in Appendix A.

Our Second Follow-Up Audit found that the OCWR implemented the one (1) remaining recommendation. Because all recommendations have been implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCWR personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5509 or Michael Dean, Senior Audit Manager, at 714.834.4101.

### Attachments

#### Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- OC Waste & Recycling Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor

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RESULTS							
<b>FINDING No. 5</b>	<b>Expired Decals Not Re-Issued</b>						
<b>CATEGORY</b>	<b>Control Finding</b>						
<b>RECOMMENDATION</b>	We recommend that OCWR management enforce re-issuing of decals when expired and consider revising P&P 7.41 <i>Vehicle Decaling</i> to extend the length of time decals are valid.						
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> OCWR revised P&amp;P 7.41 in August 2018 to extend the length of time decals are valid. OCWR has implemented a more efficient process for issuing decals, which includes a faster printer, a new type of decal, and revisions to data entry in the system. OCWR has also initiated an alternative to decals for smaller, repeat cash customers by using the vehicle's license plate number to store the tare weight in the system. This allows a customer to dump without a weighback and without having to place a permanent decal on their vehicle.</p> <p>Because of the actions taken by OCWR, we consider this recommendation implemented.</p>						
<b>AUDIT TEAM</b>	<table border="0"> <tr> <td>Michael Dean, CPA, CIA, CISA</td> <td>Senior Audit Manager</td> </tr> <tr> <td>Zan Zaman, CPA, CIA</td> <td>Audit Manager I</td> </tr> <tr> <td>Sara Mikhaeil, CPA, CFE</td> <td>Senior Auditor</td> </tr> </table>	Michael Dean, CPA, CIA, CISA	Senior Audit Manager	Zan Zaman, CPA, CIA	Audit Manager I	Sara Mikhaeil, CPA, CFE	Senior Auditor
Michael Dean, CPA, CIA, CISA	Senior Audit Manager						
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Sara Mikhaeil, CPA, CFE	Senior Auditor						



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## APPENDIX A: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by OCWR as of October 30, 2018 to implement the one (1) recommendation remaining from our First Follow-Up Audit No. 1735-G, dated June 26, 2018.
<b>BACKGROUND</b>	The original audit reviewed whether internal controls were in place to ensure that cash receipts at OCWR are properly collected, recorded, deposited, reconciled, safeguarded, and processed in accordance with applicable County and OCWR policies and procedures. The original audit identified six (6) Control Findings. Our First Follow-Up Audit found that OCWR implemented five (5) recommendations and was in the process of implementing one (1) recommendation.



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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.

