



# Orange County Auditor-Controller Internal Audit



First and Final Close-Out Follow-Up  
Internal Control Audit:  
District Attorney-Public Administrator -  
Payroll

As of March 12, 2018

Audit Number 1735-L (Reference 1629-F1)  
Report Date: May 22, 2018



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
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**Orange County Auditor-Controller**

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# Table of Contents

---

*First and Final Close-Out Follow-Up Internal Control Audit:  
District Attorney-Public Administrator – Payroll  
Audit No. 1735-L (Reference 1629-F1)*

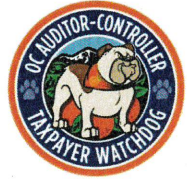
As of March 12, 2018

|  |          |
|--|----------|
| <b>Transmittal Letter</b>                                  | <b>i</b> |
| <b>Internal Auditor’s Report</b>                           |          |
| <b>SCOPE</b>   | <b>1</b> |
| <b>BACKGROUND</b>  | <b>1</b> |
| <b>RESULTS</b>   | <b>1</b> |
| <b>ATTACHMENT A: Follow-Up Audit Implementation Status</b> | <b>3</b> |





**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**Audit No. 1735-L**  
**(Reference 1629-F1)**

**May 22, 2018**

**TO:** Tony Rackauckas  
District Attorney-Public Administrator

**SUBJECT:** First and Final Close-Out Follow-Up Internal Control Audit:  
District Attorney-Public Administrator – Payroll,  
Original Audit No. 1629, Issued August 31, 2017

We have completed our First and Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator (OCDA) – Payroll as of March 12, 2018. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and to the Board of Supervisors (BOS) detailing any critical and significant audit findings released in reports during the prior quarter and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this Follow-Up Audit will be included in future status reports to the AOC and BOS.

Eric H. Woolery, CPA  
Auditor-Controller

**Attachments**

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Jenny Qian, Director of Administrative Services, OCDA
- Kenneth Brockbank, Budget & Fiscal Services Manager, OCDA
- Phillip Daigneau, Director of Information Technology, Auditor-Controller
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor



# Internal Auditor's Report

**Audit No. 1735-L  
(Reference 1629-F1)**

**May 22, 2018**

TO: Tony Rackauckas  
District Attorney-Public Administrator

FROM: Eric H. Woolery, CPA  
Auditor-Controller

SUBJECT: First and Final Close-Out Follow-Up Internal Control Audit:  
District Attorney-Public Administrator – Payroll, Original Audit 1629

## SCOPE

We have completed a First and Final Close-Out Follow-Up Internal Control Audit of District Attorney-Public Administrator – Payroll. Our audit was limited to reviewing actions taken as of March 12, 2018, to implement the **four (4) recommendations** from our original audit issued on August 31, 2017.

## BACKGROUND

We completed an Internal Control Audit over District Attorney-Public Administrator's Office (OCDA) to ensure that payroll was processed completely, accurately, timely and in accordance with department procedures and management's authorization. The original audit identified **four (4) Control Findings**.

## RESULTS

Our First Follow-Up Audit found that OCDA implemented its three recommendations from the original audit. The fourth and remaining recommendation applies to the Auditor-Controller and while it is in process, follow-up of this finding will be performed in a future audit of Auditor-Controller cash disbursements and payables, currently planned for FY 2018-19. Because the recommendations applicable to OCDA have been implemented, this report represents the close-out of the original audit.

Based on our First Follow-Up Audit, the following is the implementation status of the four (4) original recommendations:

### **Finding No. 1 – Supervisory Review of Payroll Documents Was Not Documented (Control Finding)**

**Recommendation No. 1:** We recommend OCDA ensure reviewed payroll reports are initialed/signed and dated by the Payroll Supervisor.

**Current Status: Implemented.** We found that OCDA has reviewed the payroll reports on a timely basis and has retained copies. The reports were initialed and dated by the reviewer. Because of the actions taken by OCDA, we consider this recommendation implemented.



# Internal Auditor's Report

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## Finding No. 2 – Some VTI Users Retained Access When No Longer Required (Control Finding)

**Recommendation No. 2:** We recommend that OCDA perform periodic reviews of VTI user access and maintain access to only authorized personnel.

Current Status: **Implemented.** We found that OCDA reviews, on a random basis, VTI's Role/Range Assignment reports to determine appropriate VTI user access. Copies of the reviewed reports are maintained. Because of the actions taken by OCDA, we consider this recommendation implemented.

## Finding No. 3 – The Timecard Audit Report Was Not Reviewed (Control Finding)

**Recommendation No. 3:** We recommend OCDA utilize the *Timecard Audit Report* as a tool to monitor unauthorized changes to pay codes.

Current Status: **Implemented.** We found that OCDA now uses the *Timecard Audit Report* to monitor unauthorized changes to pay codes. Explanations for pay code changes were documented in the report. The reports were dated and signed by the reviewer, and all pages were initialed. Because of the actions taken by OCDA, we consider this recommendation implemented.

## Finding No. 4 – Manual Computation of Overtime and Straight Overtime (Efficiency/Effectiveness Finding)

**Recommendation No. 4:** We recommend the Auditor-Controller work to implement the VTI modification that allows for automated OT and SOT calculations.

Current Status: **In Process.** The Auditor-Controller's Central Payroll unit is assessing how VTI will be programmed to process OT/SOT. Once the methodology of programming OT/SOT is provided, Central Payroll can provide a detailed direction of how VTI might work for the County and comply with the MOU's. Because of the actions taken by the Auditor-Controller, we consider this recommendation to be in process.

We appreciate the assistance extended to us by the personnel of the District Attorney-Public Administrator during our Follow-Up Audit. If you have any questions, please contact me directly at (714) 834-2456, or Scott Suzuki, Director of Internal Audit, at (714) 834-5509.



# Internal Auditor's Report

## ATTACHMENT A: Follow-Up Audit Implementation Status

For purposes of reporting the implementation status of our audit recommendations, we utilize four distinct categories:

| <b>Implemented</b>  | <b>In Process</b>  | <b>Not Implemented</b>  | <b>Closed</b>   |
|---|--|---|---|
| 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. |