



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT

MAY 23, 2011

INTERNAL CONTROL AUDIT: OC WASTE & RECYCLING DISBURSEMENT APPROVAL PROCESS Audit No. 1027

WHY IS THIS AUDIT IMPORTANT?

OC Waste & Recycling (OCWR) operates a network of three active landfills and four household hazardous waste collection centers. OCWR core services are to provide solid waste disposal, manage former County waste disposal sites, coordinate countywide waste-related programs, and provide unincorporated area collection and recycling services on behalf of 34 cities and over three million residents. OCWR Accounting Services (an Auditor-Controller Satellite Accounting Office) is authorized to approve OCWR's disbursements on behalf of Auditor-Controller Claims & Disbursing. In June 2009, the Auditor-Controller implemented an upgraded financial system (CAPS+) that is used in OCWR's disbursement approval process.

During the audit period, OCWR disbursed over **\$54 million in expenditures** for negotiated contracts, price agreements, purchase orders, request for checks, and wire transfers. This audit evaluated controls in OCWR and OCWR Accounting Services for processing disbursements to ensure payments are valid, supported, timely, and comply with County, OCWR and OCWR Accounting Services' policy and procedures; that processes are aligned with disbursement approval processes in Auditor-Controller Claims & Disbursing; and for efficiency and effectiveness.

WHAT THE AUDITORS FOUND?

Successes

Our audit found internal controls are in place to ensure disbursements are valid, supported, timely, and comply with County and OCWR policy; that the disbursement approval process is aligned and consistent with similar procedures in Auditor-Controller Claims & Disbursing; and that the disbursement approval process is efficient and effective.

Audit Findings and Control Recommendations

We identified **two (2) Control Findings** for consideration concerning duplication of work noted in the disbursement approval processes performed in OCWR/Accounting and Auditor-Controller Claims & Disbursing, and maintaining an audit trail in CAPS+ for changes made during supervisory/management reviews of payment requests.