

Internal Audit Department

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

FIRST FOLLOW-UP AUDIT:

AUDIT OF SHERIFF ADMINISTRATION REVOLVING FUND EXPENDITURES AND TRAVEL EXPENDITURES REIMBURSED THROUGH PAYROLL

ORIGINAL AUDIT No. 2766-1

AS OF SEPTEMBER 30, 2008

The original audit report contained three (3) recommendations. Our Follow-Up Audit indicated that the Sheriff-Coroner took satisfactory corrective action to fully implement two (2) recommendations and the Auditor-Controller partially implemented one (1) recommendation. Sheriff Administration incurred \$120,319 in travel expenditures during FY 2006/07 utilizing revolving fund/travel cash advances, revolving fund/petty cash expenditures, and travel expenditures reimbursed through payroll.

AUDIT NO: 2829-F

REPORT DATE: NOVEMBER 18, 2008

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Transmittal Letter



Audit No. 2829-F November 18, 2008

TO: Sandra Hutchens, Sheriff-Coroner
David E. Sundstrom, Auditor-Controller

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

SUBJECT: First Follow-Up Audit of Sheriff
Administration Revolving Fund
Expenditures and Travel Expenditures
Reimbursed Through Payroll
Original Audit No. 2766-1,
Issued March 19, 2008

We have completed a First Follow-Up Audit of Sheriff Administration Revolving Fund Expenditures and Travel Expenditures Reimbursed Through Payroll. Our audit was limited to reviewing, as of September 30, 2008, actions taken to implement three recommendations made in our original audit report.

The results of our Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because there is one recommendation pending implementation with the Auditor-Controller, we have attached a *Second Follow-Up Audit Report Form*. The Auditor-Controller should complete this template when our audit recommendation is implemented. When we perform our Second Follow-Up Audit, we will need to obtain the completed document to facilitate our review.

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.

Attachment

Other recipients of this report listed on the Internal Auditor's Report on page 2.

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*First Follow-Up Audit of
Sheriff Administration Revolving Fund Expenditures
and Travel Expenditures Reimbursed Through Payroll
(Original Audit No. 2766-1)
Audit No 2829-F*

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INTERNAL AUDITOR'S REPORT

Audit No. 2829-F

November 18, 2008

TO: Sandra Hutchens, Sheriff-Coroner
David E. Sundstrom, Auditor-Controller

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

A handwritten signature in blue ink that reads "Peter Hughes".

SUBJECT: First Follow-Up Audit of Sheriff Administration Revolving Fund Expenditures and Travel Expenditures Reimbursed Through Payroll, Original Audit No. 2766-1, Issued March 19, 2008

Scope of Review

We have completed a First Follow-Up Audit of Sheriff Administration Revolving Fund Expenditures and Travel Expenditures Reimbursed Through Payroll. Our audit was limited to reviewing actions taken as of September 30, 2008 to implement the three recommendations made in our original audit report.

Background

The original audit resulted from a directive by the Audit Oversight Committee to conduct an audit of Sheriff Administration expenditures. Two recommendations were made concerning the Sheriff-Coroner's process of reimbursing employee travel expenses from the cash advance/revolving fund rather than through bi-weekly payroll, and for timely submission of travel cash advance claims per County policy requirements. One recommendation was made to Auditor-Controller Claims & Disbursing to increase the frequency of audits of Sheriff-Coroner mileage and travel claims submitted and reimbursed as revolving fund/travel cash advances.

Results

The original audit report contained three (3) recommendations. Our Follow-Up Audit indicated that the Sheriff-Coroner took satisfactory corrective action to fully implement two (2) recommendations and the Auditor-Controller partially implemented one (1) recommendation. We believe the remaining recommendation is still appropriate and further efforts should be made to fully implement it. The recommendation that has not been fully implemented is noted below along with a comment on its status. The item number from the March 19, 2008 report is shown in parentheses.



1. Review of Travel Claims by A-C Claims & Disbursing (Recommendation No. 2)

Auditor-Controller increase the frequency of reviews of Sheriff-Coroner *Mileage & Other Expenses Claim* forms that are submitted through the revolving fund desk as determined appropriate by A-C Claims' management.

Current Status: Partially Implemented. Auditor-Controller Claims & Disbursing updated procedures, dated April 1, 2008, requiring a review of all Mileage & Other Expenses Claims submitted through revolving fund/cash advance reimbursements; however, the procedures had not been implemented at the time of our follow-up audit. We noted that only selected reimbursement requests were being audited. Because the Sheriff-Coroner Department submits a majority of its employee Mileage & Other Expenses reimbursement claims via the revolving funds/cash advance desk in Claims & Disbursing, we still believe it is important to increase the frequency of reviews to ensure completeness and propriety of these claims.

Auditor-Controller Planned Action:

Procedures for reviewing cash advance envelopes and corresponding mileage claims were reiterated to staff. Our policy is to audit all cash advance envelopes and all mileage claims.

We appreciate the cooperation and assistance extended to us by the personnel of the Sheriff-Coroner Administration and Financial Administrative Services, and Auditor-Controller Claims and Disbursing during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at 834-5899, or Michael Goodwin, Senior Audit Manager at 834-6066.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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