Shawn Nelson, Vice Chairman



Internal Audit Department

ORANGE COUNTY

AUDIT HIGHLIGHT

DECEMBER 6, 2012

RESULTS OF CONTINUOUS AUDITING USING CAATS:

Auditor-Controller, Human Resource Services, & County Procurement Office

Duplicate Vendor Payments and Other Routines

Audit No. 1238-E

WHAT WE FOUND?

<u>Duplicate Vendor Payments</u>: Our review of \$224 million vendor disbursements processed during October 2012 found that 99.99% of invoices were paid only once. Of the 14,486 invoices processed during October 2012, we identified one (1) potential duplicate payment made to vendors totaling \$5,013 or .002% of the \$224 million.

<u>Employee-Vendor</u>: For the quarter-ended September 30, 2012, two (2) potential employee-vendor conflicts were identified and submitted to Human Resource Services (HRS) for further evaluation. As of November 9, 2012, departmental HR staff determined one matter did involve a possible conflict of interest and corrective action has been taken by the department. This matter was resolved to HRS's satisfaction. Departmental HR staff determined the other matter was not a conflict.

<u>Working Retirees</u>: As of November 1, 2012, no OC working retirees exceeded the annual fiscal year limits of 960 or 720 hours mandated by Government Code Sections 31680.6 & 31641.04.

Payroll Direct Deposit: No findings resulted from the payroll direct deposit CAAT routine this month.

WHY IS THIS ANALYSIS IMPORTANT?

<u>Duplicate Vendor Payments</u>: For FY 11-12, established vendor payments were about \$2.7 billion (this amount is a subset of the total payments and does not include miscellaneous vendor payments; see report for details). To date, we have identified \$1,020,413 in duplicate payments made to vendors of which the County has collected \$995,084 or 98%.

Working Retirees: As of November 1, 2012, OC working retiree/extra-help data for FY 12-13:

	No. of Working	FY 12-13
Department	Retirees	Hours
Sheriff-Coroner	87	24,072
District Attorney	26	11,582
Probation	9	3,281
Health Care Agency	8	1,943
Assessor	9	1,507
OC Public Works	4	1,028
Child Support Services	1	463
Treasurer-Tax Collector	1	309
Social Services Agency	2	267
Auditor-Controller	1	255
CEO Data Center	1	198
Clerk of the Board	1	60
County Counsel	1	7
Total	151	44,972

Payroll Direct Deposit: For FY 11-12, direct deposits for regular payroll were about \$1.3 billion.

CAATS - Cited as a Best Practice by the Institute of Internal Auditors