John M.W. Moorlach

Shawn Nelson, Chairman



Internal Audit Department

ORANGE COUNTY

AUDIT HIGHLIGHT MAY 29, 2013

RESULTS OF CONTINUOUS AUDITING USING CAATS – MAY 2013: Auditor-Controller, Human Resource Services, & County Procurement Office Audit for Duplicate Vendor Payments and Other Periodic Routines Audit No. 1238-K

WHAT WE FOUND?

<u>Duplicate Vendor Payments</u>: Our review of \$227 million vendor disbursements processed during April 2013 found that 99.99% **of invoices were paid only once.** Of the 20,923 invoices processed during April 2013, we identified one (1) potential duplicate payment made to vendors for \$237.

<u>Employee-Vendor</u>: For the quarter-ended March 31, 2013, two (2) employee-vendor conflicts were identified in the employee-vendor matches we reviewed. The two (2) matches have been submitted to Human Resource Services (HRS) for further evaluation. The results of HRS review will be included in a future report.

<u>Working Retirees</u>: As of May 2, 2013, one (1) OC working retiree exceeded the annual fiscal year limits of 960 or 720 hours mandated by Government Code Sections 31680.6 & 31641.04. The annual limit was exceeded by 42.5 hours.

Payroll Direct Deposits: 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 \$1,021,154 in duplicate payments made to vendors of which the County has collected \$1,011,706 or 99%.

Working Retirees: As of May 2, 2013, OC working retiree/extra-help data for FY 12-13:

Department	No. of Working Retirees	FY 12-13 Hours
Sheriff-Coroner	89	55,284
		,
District Attorney	29	22,934
Probation	9	6,255
Assessor	13	6,251
Health Care Agency	10	4,845
OC Public Works	5	3,042
Social Services Agency	4	1,422
Child Support Services	3	928
Treasurer-Tax Collector	1	715
Human Resource Services	2	407
CEO Data Center	1	308
Auditor-Controller	1	255
Clerk of the Board	1	124
County Counsel	1	7
Total	169	102,777

Payroll Direct Deposits: 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