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1st District Janet Nguyen Ο

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Internal Audit Department

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4th District

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AUDIT HIGHLIGHT JUNE 25, 2013

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

WHAT WE FOUND?

Duplicate Vendor Payments: Our review of \$204 million vendor disbursements processed during May 2013 found that 99.99% of invoices were paid only once. Of the 24,643 invoices processed during May 2013, we identified one (1) potential duplicate payment made to vendors for \$29.

Employee-Vendor: For the quarter-ended March 31, 2013, two (2) employee-vendor conflicts were identified and submitted to Human Resource Services (HRS) for further evaluation. As of June 17, 2013, departmental HR staff determined one matter did involve a possible conflict of interest and corrective action has been identified and will be taken by the department. Departmental HR staff is currently reviewing the other matter and the results of their review will be included in a future report.

Working Retirees: As of May 16, 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?

Duplicate Vendor Payments: 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 \$1,021,183 in duplicate payments made to vendors of which the County has collected **\$1,011,706** or **99%**.

Working Retirees: As of May 16, 2013, OC working retiree/extra-help data for FY 12-13:

	No. of Working	FY 12-13
Department	Retirees	Hours
Sheriff-Coroner	90	57,795
District Attorney	30	23,642
Assessor	13	6,589
Probation	9	6,433
Health Care Agency	11	5,032
OC Public Works	5	3,227
Social Services Agency	4	1,624
Child Support Services	3	938
Treasurer-Tax Collector	1	760
Human Resource Services	3	548
CEO Data Center	1	309
Auditor-Controller	1	255
Clerk of the Board	1	124
County Counsel	1	7
Total	173	107,283

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

To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: www.ocgov.com/audit For more information, please contact Dr. Peter Hughes, CPA, Director of Internal Audit at (714) 834-5475 or peter.hughes@iad.ocgov.com