

# Internal Audit Department

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

**FINAL CLOSE-OUT**

## FIRST FOLLOW-UP AUDIT:

### INTERNAL CONTROL REVIEW OF AUDITOR-CONTROLLER CLAIMS & DISBURSING PROCESSES-

### ISSUES CONCERNING EMPLOYEE SOCIAL SECURITY NUMBERS ORIGINAL AUDIT No. 2720-3

AS OF OCTOBER 23, 2008

Auditor-Controller/Information Technology and County Executive Office/Information Technology took satisfactory corrective action on four recommendations made in our original audit of Auditor-Controller Claims & Disbursing where we identified issues concerning access and use of employee Social Security numbers in reports and systems that process payroll and employee reimbursement claims.

AUDIT NO: 2829-D

REPORT DATE: OCTOBER 29, 2008

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## Transmittal Letter



**Audit No. 2829-D    October 29, 2008**

**TO:** David E. Sundstrom, Auditor-Controller  
Satish Ajmani, Chief Information Officer

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

**SUBJECT:** **First and Final Close-Out** Follow-Up  
Audit of Auditor-Controller Claims &  
Disbursing Processes – Issues  
Concerning Employee Social Security  
Numbers, Original Audit No. 2720-3,  
Issued January 29, 2008

We have completed a First and Final Close-Out Follow-Up Audit of Auditor-Controller Claims & Disbursing Processes – Issues Concerning Employee Social Security Numbers. Our audit was limited to reviewing, as of October 23, 2008, actions taken to implement four 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 satisfactory corrective action has been taken for the audit recommendations, **this report represents the close-out of the original audit.**

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.

### Attachments

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

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Auditor-Controller Claims & Disbursing -  
Issues Concerning Employee Social Security Numbers  
(Original Audit No. 2720-3)  
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As of October 23, 2008

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## INTERNAL AUDITOR'S REPORT

Audit No. 2829-D

October 29, 2008

TO: David E. Sundstrom, Auditor-Controller  
Satish Ajmani, Chief Information Officer

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

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

SUBJECT: **First and Final Close-Out** Follow-Up Audit of Auditor-Controller Claims & Disbursing Processes – Issues Concerning Employee Social Security Numbers, Original Audit #2720-3, Issued January 29, 2008

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### Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of Auditor-Controller Claims & Disbursing Processes – Issues Concerning Employee Social Security Numbers. Our audit was limited to reviewing actions taken as of October 23, 2008 to implement the four recommendations made in our original audit report.

### Background

During our Internal Control Review of Auditor-Controller Claims & Disbursing, we identified three Significant Issues resulting in four recommendations concerning access and use of employee Social Security numbers (SSNs) on claim forms and the County's financial accounting system that processes payroll and reimbursement claims.

One recommendation was to evaluate the adequacy of contract language and safeguards to protect employee SSNs for out-sourced data entry services. Two recommendations were to analyze the cost-benefit of eliminating employee SSNs as the primary driver in the existing CAPS system, and to restrict access to employee SSNs on payroll documents in accordance with Labor Code requirements. A fourth recommendation was to ensure alternatives are considered for eliminating employee SSNs as the primary driver in the CAPS+ Upgrade Project.

### Results

Auditor-Controller/Information Technology and County Executive Office/Information Technology took satisfactory corrective action on four recommendations made in our original audit of Auditor-Controller Claims & Disbursing. We found that three (3) recommendations have been implemented and one (1) recommendation is in process and has been closed. The "in process/closed" recommendation is noted below with a comment on the current status. As such, this report represents the final close-out of the original audit.



## 1. Use of Social Security Numbers in CAPS+ Upgrade Project (Recommendation No. 3)

Recommendation: Auditor-Controller obtain documented assurance and direction from CGI/AMS on identifying alternatives for eliminating the use of SSNs as the primary key in the CAPS+ Upgrade Project.

Current Status: **In Process/Closed.** On July 29<sup>th</sup>, 2008, the Board of Supervisors approved a contract with CGI/AMS to perform a Fit Analysis of Advantage 3.X HR/Payroll applications, effective August 1, 2008 through July 31, 2009. As part of the fit analysis, CGI/AMS will perform an assessment of what the new system provides and determine modifications, if any, are needed to be completed to fit the needs of the County. We obtained assurance from management in Auditor-Controller/Information Technology and CEO/Information Technology that as part of the Fit Analysis will be a requirement not to use employee SSNs as the primary key in the HR/Payroll application. It should be noted that the HR/Payroll application upgrade is not scheduled for implementation until 2011.

Because a fit analysis has been approved and will address eliminating the use of employee SSNs in the HR/Payroll application, and because the planned implementation is not scheduled until 2011, we consider this recommendation closed for purposes of follow-up.

We appreciate the cooperation and assistance extended to us by Auditor-Controller/Information Technology and CEO/Information Technology 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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