



# Orange County Auditor-Controller Internal Audit



First and Final Close-Out Follow-Up Internal Control Audit:  
Probation Department - Payroll

As of March 12, 2018

Audit Number 1735-M (Reference 1630-F1)  
Report Date: May 22, 2018



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
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**Orange County Auditor-Controller**

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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**Audit No. 1735-M**  
**(Reference 1630-F1)**

**May 22, 2018**

**TO:** Steven J. Sentman, Chief Probation Officer  
Probation Department

**SUBJECT:** First and Final Close-Out Follow-Up Internal Control Audit:  
Probation Department – Payroll, Original Audit No. 1630, Issued August 31, 2017

We have completed our First and Final Close-Out Follow-Up Internal Control Audit: Probation Department - Payroll as of March 12, 2018. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and to the Board of Supervisors (BOS) detailing any critical and significant audit findings released in reports during the prior quarter and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this Follow-Up Audit will be included in future status reports to the AOC and BOS.

A handwritten signature in blue ink that reads "E-H. Woolery".

Eric H. Woolery, CPA  
Auditor-Controller

**Attachments**

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Bryan Prieto, Chief Deputy Probation Officer
- Dana Schultz, Director of Administrative & Fiscal Division, Probation
- Jon Humann, Accounting & Financial Unit Manager, Probation
- Armond Nazaar, Accounting Manager, Probation
- Lisa Dinh, Payroll Supervisor, Probation
- Phillip Daigneau, Director of Information Technology, Auditor-Controller
- Bill Malohn, Interim Director of Central Accounting Operations, Auditor-Controller
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor



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# Internal Auditor's Report

**Audit No. 1735-M  
(Reference 1630-F1)**

**May 22, 2018**

**TO:** Steven J. Sentman, Chief Probation Officer  
Probation Department

**FROM:** Eric H. Woolery, CPA  
Auditor-Controller

**SUBJECT:** First and Final Close-Out Follow-Up Internal Control Audit:  
Probation Department – Payroll, Original Audit 1630

## SCOPE

We have completed a First and Final Close-Out Follow-Up Internal Control Audit: Probation Department – Payroll. Our audit was limited to reviewing actions taken as of March 12, 2018, to implement the four (4) recommendations from our original audit issued on August 31, 2017.

## BACKGROUND

We completed an Internal Control Audit over Probation Department (Probation) to ensure that payroll was processed completely, accurately, timely, and in accordance with department procedures and management's authorization. The original audit identified **four (4) Control Findings**.

## RESULTS

Our First Follow-Up Audit found that Probation implemented its three (3) recommendations and the Auditor-Controller is in the process of implementing its one (1) recommendation.

Follow-up on the remaining one (1) recommendation will be performed in an upcoming Auditor-Controller Internal Control Audit.

Based on our First Follow-Up Audit, the following is the implementation status of the four (4) original recommendations:

### **Finding No. 1 – Supervisory Review of Certain Payroll Documents Was Not Documented (Control Finding)**

**Recommendation No. 1:** We recommend Probation ensure reviewed payroll reports are initialed/signed and dated by the Payroll Supervisor and copies of *Upload Summary* reports are retained in accordance with the county's retention policy.

**Current Status: Implemented.** We found that Probation has electronically documented the supervisory reviews on the payroll reports. Also, the *Upload Summary* reports are retained. Because of the actions taken by Probation, we consider the recommendation implemented.



# Internal Auditor's Report

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## Finding No. 2 – VTI Users Retained Access After Retiring (Control Finding)

**Recommendation No. 2:** We recommend that Probation perform periodic reviews of VTI user access and maintain access to only authorized personnel.

**Current Status:** **Implemented.** We found that Probation reviews the VTI user access on a quarterly basis. The review is documented on the Role/Range Assignments reports. Because of the actions taken by Probation, we consider the recommendation implemented.

## Finding No. 3 – Timecard Audit Report Was Not Reviewed (Control Finding)

**Recommendation No. 3:** We recommend Probation utilize the *Timecard Audit Report* as a tool to monitor unauthorized changes to pay codes.

**Current Status:** **Implemented.** We found that Probation randomly selects timecards from the *Timecard Audit Report* to monitor unauthorized changes to pay codes. The timecards are traced to VTI and any exceptions are identified and resolved. Because of the actions taken by Probation, we consider the recommendation implemented.

## Finding No. 4 – Manual Computation of Overtime and Straight Overtime (Efficiency/Effectiveness Finding)

**Recommendation No. 4:** We recommend the Auditor-Controller work to implement the VTI modification that allows for automated OT and SOT calculations.

**Current Status:** **In Process.** The Auditor-Controller's Central Payroll unit is assessing how VTI will be programmed to process SOT/OT. Once the methodology of programming OT/SOT is provided, Central Payroll can provide a detailed direction of how VTI might work for the County and comply with the MOU's. Because of the actions taken by the Auditor-Controller, we consider this recommendation to be in process.

We appreciate the assistance extended to us by the personnel of the Probation Department during our Follow-Up Audit. If you have any questions, please contact me directly at (714) 834-2456, or Scott Suzuki, Director of Internal Audit, at (714) 834-5509.



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## ATTACHMENT A: Follow-Up Audit Implementation Status

For purposes of reporting the implementation status of our audit recommendations, we utilize four distinct categories:

<b>Implemented</b>	<b>In Process</b>	<b>Not Implemented</b>	<b>Closed</b>
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.

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