



# Orange County Auditor-Controller Internal Audit



First and Final Close-Out Follow-Up  
Cash Compliance Audit:  
OC Community Resources/OC Parks

As of February 28, 2018

Audit Number 1751-B (Reference 1655-F1)  
Report Date: May 22, 2018



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

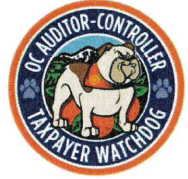
<b>Scott Suzuki, CPA, CIA, CISA</b>	<b>Director of Internal Audit</b>
<b>Michael Dean, CPA, CIA, CISA</b>	<b>Audit Manager II</b>
<b>Gianne Acosta</b>	<b>Senior Auditor</b>
<b>Monica McCoy</b>	<b>Auditor II</b>

**12 Civic Center Plaza, Room 200**  
**Santa Ana, CA 92701**

Auditor-Controller Website  
[www.ac.ocgov.com](http://www.ac.ocgov.com)



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



**Transmittal Letter**

**Audit No. 1751-B**  
**(Reference 1655-F1)**

**May 22, 2018**

**TO:** Dylan Wright, Director  
OC Community Resources

**SUBJECT:** First and Final Close-Out Follow-Up Cash Compliance Audit:  
OC Community Resources/OC Parks, Original Audit 1655, Issued August 3, 2017

We have completed our First and Final Close-Out Follow-Up Cash Compliance Audit: OC Community Resources (OCCR)/OC Parks as of February 28, 2018. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and 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 audit will be included in future status reports to the AOC and BOS.

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
- Lala Ragen, Deputy Chief Operating Officer
- Cymantha Atkinson, Deputy Director of OC Community Resources
- Stacy Blackwood, Director of OC Parks, OC Community Resources
- Thea Bullock, Director of Compliance, OC Community Resources
- Kirk Holland, Business Manager, OC Community Resources/OC Parks
- Connie Chang, Financial and Strategic Planning Manager, OC Community Resources
- Brian Rayburn, Business Office Manager, OC Community Resources
- Salvador Lopez, Director of Satellite Accounting Operations, Auditor-Controller
- Win Swe, Accounting Manager III, Auditor-Controller/OCCR Accounting Services
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Company LLP, County External Auditor



# Table of Contents

---

*First and Final Close-Out Follow-Up Cash Compliance Audit:  
OC Community Resources/OC Parks  
Audit No. 1751-B (Reference 1655-F1)*

As of February 28, 2018

<b>Transmittal Letter</b>	<b>i</b>
<b>Internal Auditor's Report</b>	
<b>SCOPE</b>	<b>1</b>
<b>BACKGROUND</b>	<b>1</b>
<b>RESULTS</b>	<b>1</b>
<b>ATTACHMENT A: Follow-Up Audit Implementation Status</b>	<b>4</b>

---



# Internal Auditor's Report

**Audit No. 1751-B  
(Reference 1655-F1)**

**May 22, 2018**

TO: Dylan Wright, Director  
OC Community Resources

FROM: Eric H. Woolery, CPA  
Auditor-Controller

SUBJECT: First and Final Close-Out Follow-Up Cash Compliance Audit:  
OC Community Resources/OC Parks, Original Audit 1655

## SCOPE

We have completed our First and Final Close-Out Follow-Up Cash Compliance Audit of OC Community Resources (OCCR)/OC Parks. Our audit was limited to reviewing actions taken, as of February 28, 2018, to implement recommendations for the **four (4) Control Findings** from our original audit issued on August 3, 2017.

## BACKGROUND

The original audit reviewed whether internal controls were in place to ensure OCCR/OC Parks was performing cash handling duties in compliance with Auditor-Controller County Accounting Manual requirements and OCCR/OC Parks' policies and procedures. The original audit identified **four (4) Control Findings** regarding missing or unauthorized approver signatures, long-outstanding items on the bank reconciliation, physical inventory of handwritten cash receipt books not being performed, and documentation not being maintained for safe combination changes.

## RESULTS

Our First Follow-Up Audit found that OCCR/OC Parks **implemented the four (4) recommendations** from the original audit. Because the four recommendations were implemented, **this report represents the final close-out of the original audit.**

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

### **Finding No. 1 – Petty Cash Vouchers Had Unauthorized Approvers or Missing Approver Signatures (Control Finding)**

**Recommendation No. 1:** We recommend OCCR/OC Parks ensure the petty cash vouchers are properly approved before funds are paid. An alternative approval procedure should be implemented for emergency situations, such as temporary verbal approvals.

**Current Status: Implemented.** In November 2017, OCCR/OC Parks implemented an alternative approval procedure for when the primary approver for a specific park is not available. The procedure allows petty cash custodians to contact anyone on the approvers list to obtain a temporary verbal approval. Appropriate staff, including custodians and petty cash approvers, were notified of the new procedure and provided with the list of approvers.



# Internal Auditor's Report

---

In addition, auditors performed testing on a sample of OC Parks petty cash voucher replenishments and found that vouchers were approved by an authorized employee. Due to the actions taken by OCCR/OC Parks, we consider this recommendation implemented.

## Finding No. 2 – Long-Outstanding Items on Bank Reconciliation (Control Finding)

**Recommendation No. 2:** We recommend OCCR Accounting ensure long-outstanding reconciling items are reviewed and resolved timely. OCCR Accounting should implement a policy for the disposition of stale-dated checks, such as voiding the checks and reversing the accounting entries.

Current Status: **Implemented.** OCCR Accounting updated its petty cash reconciliation procedures in June 2017 to include a policy that requires a quarterly review of stale checks (older than six months), including steps to void and re-issue checks. We reviewed the petty cash reconciliation for the month of February 2018 and found only two long-outstanding checks were listed. We confirmed that OCCR took steps to address the stale-dated checks and resolve the items. Due to the actions taken by OCCR, we consider this recommendation implemented.

## Finding No. 3 – Physical Inventory of Handwritten Cash Receipts Was Not Performed (Control Finding)

**Recommendation No. 3:** We recommend that OCCR/OC Parks ensure that an employee with no custodial or cashiering duties performs periodic physical inventories of the unused cash receipt books.

Current Status: **Implemented.** We reviewed the OCCR/OC Parks Receipt Book Inventory Log and found that, in December 2017, assigned OC Parks Headquarters employees performed a physical inventory of unused, handwritten cash receipt books. These employees do not have custodial or cashiering duties, and will perform a physical inventory on a regular basis. Due to the actions taken by OCCR/OC Parks, we consider this recommendation implemented.

## Finding No. 4 – No Documentation Maintained For Safe Combination Changes (Control Finding)

**Recommendation No. 4:** We recommend OCCR/OC Parks ensure the safe combinations are changed whenever staff with knowledge of the safe combinations are transferred or terminated. Additionally, OCCR/OC Parks should require each park to maintain documentation of safe combination changes.

Current Status: **Implemented.** We found that OCCR/OC Parks created a Safe Combination Log to keep at each park location to document the date of safe combination changes. We reviewed Safe Combination Logs from various locations and found that parks are documenting safe combination changes when an employee transfers out of OC Parks or is terminated from the County. Due to the actions taken by OCCR/OC Parks, we consider this recommendation implemented.



# Internal Auditor's Report

---

We appreciate the assistance extended to us by OCCR/OC Parks and OCCR Accounting personnel 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.



# Internal Auditor's Report

---

## 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.

---