OC Board of Supervisors'

Internal Audit Department

ORANGE COUNTY

FINAL CLOSE-OUT

FIRST FOLLOW-UP AUDIT:

INTERNAL CONTROL REVIEW OF PROBATION DEPARTMENT BI-WEEKLY PAYROLL PROCESS ORIGINAL AUDIT NO. 2725

AS OF AUGUST 15, 2008

Probation Department Payroll satisfactorily implemented corrective actions to address the three recommendations from our original audit of bi-weekly payroll process, in which total gross pay for Probation's 1,600 employees was approximately $128 million for the period July 1, 2006 through June 30, 2007.

AUDIT NO: 2829-B
REPORT DATE: SEPTEMBER 5, 2008

Audit Director: Peter Hughes, Ph.D., MBA, CPA
Deputy Director: Eli Littner, CPA, CIA
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Transmittal Letter

Audit No. 2829-B **September 5, 2008**

TO: Colleene Preciado
Chief Probation Officer

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

SUBJECT: First and Final Close-Out Follow-Up Audit of Probation Department Bi-Weekly Payroll Process, Original Audit No. 2725, Issued January 23, 2008

We have completed a First and Final Close-Out Follow-Up Audit of the Probation Department Bi-Weekly Payroll Process. Our audit was limited to reviewing, as of August 15, 2008, actions taken to implement three recommendations made in our original audit report in which Probation Payroll processed payroll for approximately **1,600 employees** totaling over **$128 million** in gross pay during the audit period.

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 1.

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OC Internal Audit Report

INTERNAL AUDITOR'S REPORT

Audit No. 2829-B **September 5, 2008**

TO: Colleene Preciado
Chief Probation Officer

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

SUBJECT: First and Final Close-Out Follow-Up Audit of Probation Department Bi-Weekly Payroll Process, Original Audit 2725, Issued January 23, 2008

Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of the Probation Department Bi-Weekly Payroll Process. Our audit was limited to reviewing actions taken as of August 15, 2008 to implement the three recommendations made in our original audit report. The recommendations were to perform documented supervisory reviews of VTI payroll reports; consult with Auditor-Controller Information Technology to modify the VTI *Timecard Audit Report* for monitoring unauthorized pay code changes; and to continue efforts in transitioning manual timecard users onto the VTI system.

Results

We are pleased to report that satisfactory corrective action has taken place for all three audit recommendations. As such, this report represents the final close-out of the original audit.

We appreciate the cooperation and assistance extended to us by the Probation Department 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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Members, Audit Oversight Committee
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Brian Wayt, Director, Probation/ Administrative and Fiscal Division
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