



INTERNAL AUDIT DEPARTMENT



First & Final Close-Out Follow-Up Internal Control Audit: OC Information Technology Capital Assets

As of August 31, 2020

Audit No. 1939-D (Reference 1732-F1)
Report Date: October 16, 2020

Recommendation Status

3

Implemented

0

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

CHAIRWOMAN MICHELLE STEEL
2nd DISTRICT

VICE CHAIRMAN ANDREW DO
1st DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

SUPERVISOR DOUG CHAFFEE
4th DISTRICT

SUPERVISOR LISA A. BARTLETT
5th DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 1939-D
(Reference 1732-F1)

October 16, 2020

To: Joel Golub
Chief Information Officer

From: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director

Subject: First & Final Close-Out Follow-Up Internal Control Audit:
OC Information Technology Capital Assets

We have completed a follow-up audit of OC Information Technology's (OCIT) capital assets process as of August 31, 2020, original Audit No. 1732, dated December 30, 2019. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our First Follow-up Audit concluded OCIT implemented three (3) recommendations. Because the recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCIT personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

Attachments

Other recipients of this report:
Members, Board of Supervisors
Members, Audit Oversight Committee
CEO Distribution
Foreperson, Grand Jury
Robin Stieler, Clerk of the Board of Supervisors
Eide Bailly, LLP, County External Auditor

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RESULTS

FINDING NO. 1	Inventory and Recording of Capital Assets
CATEGORY	Significant Control Weakness
RECOMMENDATION	<p>OCIT:</p> <ul style="list-style-type: none"> A. Ensure biennial inventories of capital assets are completed and all capital assets are appropriately recorded in the County's financial system. B. Complete recording any remaining capital assets in CAPS+ to accurately reflect the inventory value and related depreciation for all the capital assets acquired during the prior voice and data service contract. C. Ensure contracts clearly define ownership of capital assets and assign responsibilities for asset tracking.
CURRENT STATUS	<p>Implemented. Auditor-Controller's Capital Assets unit confirmed OCIT completed their biennial inventory and assets have been recorded in CAPS+ to accurately reflect the inventory value and related depreciation.</p> <p>The most recent agreement for voice and data network services is Managed Services Agreement MA-017-19010750, which specifically outlines ownership as part of the information required to be maintained for asset tracking.</p> <p>Based on the actions taken by OCIT, we consider this recommendation implemented.</p>

FINDING NO. 2	Property Officer
CATEGORY	Control Finding
RECOMMENDATION	CEO designate an OCIT employee as the property officer or designee.
CURRENT STATUS	<p>Implemented. An OCIT employee was designated as the property officer.</p> <p>Based on the actions taken by OCIT we consider this recommendation implemented.</p>



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FINDING No. 3	Inventory Control Oversight
CATEGORY	Control Finding
RECOMMENDATION	OCIT test the inventory records for completeness by tracing a sample of voice and data network equipment at a selected location to the database.
CURRENT STATUS	Implemented. OCIT tested the inventory records for completeness by tracing a sample of voice and data network equipment at a selected location to the database in August 2020. Based on the actions taken by OCIT we consider this recommendation implemented.

AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Zan Zaman, CPA, CIA, CISA Virginia Nguyen, CPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCIT as of August 31, 2020 to implement the three (3) recommendations from our original Audit No. 1732, dated December 30, 2019.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the capital assets process. The original audit identified one (1) Significant Control Weakness and two (2) Control Findings.



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APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
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.

