

OC Board of Supervisors' Internal Audit Department

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



AUDIT HIGHLIGHT

April 2, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

INTERNAL CONTROL REVIEW OF AUDITOR-CONTROLLER CLAIMS & DISBURSING'S VENDOR PAYMENT PROCESS, Audit No. 2720-4 Auditor-Controller Core Business Process Audit

WHAT WE FOUND?

We audited the internal controls over Claims & Disbursing's vendor payment process where over \$1.6 billion in payments were made during Fiscal Year 2006-07, and found the vendor payments were processed completely, accurately, timely and in accordance with Auditor-Controller procedures and expectations.

We noted seven (7) audit findings and recommendations to enhance controls in A-C Claims & Disbursing over vendor payments, the Vendor Payment Table, and their internal quality assurance audits and stratification reviews. The Auditor-Controller concurred with all seven recommendations.

WHY WE DID THIS AUDIT?

We conducted this audit based upon our Annual Risk Assessment, input from Audit Oversight Committee members for audits of core, centralized business processes, and concerns raised by departments/agencies on the timeliness of vendor payments. A-C Claims & Disbursing processed and paid approximately 68,559 vendor payments during Fiscal Year 2006-07.

WHY IS THIS AUDIT IMPORTANT?

This audit is important because it is a centralized, core business process of the Auditor-Controller that has countywide impact. A-C Claims and Disbursing processes, approves, and pays vendor payments for all but five County departments/agencies.

BACKGROUND & INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

Vendor payments are made on behalf of originating departments/agencies for Board-approved contracts, price agreements, purchase orders, and miscellaneous vendor invoices for goods and services received in the County. Departments/agencies have responsibility to ensure goods/services are received; billing terms agree with the contracts; proper account coding is established, and approval by an authorized signer. A-C Claims & Disbursing reviews vendor invoices for department/agency authorization and for appropriate supporting documents, and approves them for payment. They also maintain the County's Vendor Payment Table and perform internal quality assurance audits and stratification reviews to ensure vendor payments were properly made and processed consistently.

To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website:
www.ocgov.com/audit

For more information, please contact Dr. Peter Hughes, CPA, Director of the Internal Audit Department at (714) 834-5475 or peter.hughes@iad.ocgov.com