



I n t e r n a l A u d i t D e p a r t m e n t

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

AUDIT HIGHLIGHT JANUARY 27, 2012

SPECIAL REQUEST AUDIT: COUNTYWIDE AUDIT OF EMPLOYEE CASH ADVANCES AS OF APRIL 30, 2011 AUDIT NO. 1056

WHY IS THIS AUDIT IMPORTANT?

This Countywide Audit of Employee Cash Advances was performed at the suggestion of Supervisor John Moorlach and in accordance with our *FY 2010/2011 Audit Plan & Risk Assessment* approved by the Audit Oversight Committee and the Board of Supervisors as a result of issues at the State of California related to unreimbursed employee cash advances. A 2009 audit conducted by the State Controller found that \$13.3 million in paycheck and travel advances made to state employees had not been repaid at 11 different state agencies. Of that, more than \$500,000 of the debt was more than three years old and could not be collected (the employees are not required to repay debts over three years old).

WHAT THE AUDITORS FOUND?

Successes

We found the County issues cash advances to employees only for travel-related purposes. At April 30, 2011, seven (7) County departments and agencies had 222 outstanding travel cash advances made to employees totaling \$97,489. Of that amount, 126 advances totaling \$55,857 were outstanding more than five (5) working days after the end of travel and 31 advances totaling \$10,551 were outstanding more than 60 days and may be subject to IRS withholding. **As of August 31, 2011, all 222 advances outstanding at April 30, 2011 were claimed and finalized.**

We identified **ten (10) Significant Control Weaknesses** and **fourteen (14) Control Findings** resulting in **twenty-four (24) Recommendations** where internal controls and processes need improvement regarding compliance with County policies, CAMs, and IRS regulations, and written procedures need enhancement related to the processing of travel cash advances.