Our First Follow-Up Audit found the Sheriff-Coroner and Health Care Agency fully implemented both recommendations from our original audit report dated November 3, 2011. During the original audit, the Sheriff-Coroner and Health Care Agency billed ICE $27.2 million for detention services and prescription medication reimbursement.

**Audit No: 1130-L**

**Report Date: May 24, 2012**

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Providing Facts and Perspectives Countywide

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Independence  Objectivity  Integrity
We have completed a First Follow-Up Audit of the Sheriff-Coroner and Health Care Agency Contract Administration – U.S. Immigration and Customs Enforcement (ICE). Our audit was limited to reviewing, as of May 18, 2012, actions taken to implement the two (2) recommendations from our original audit. We conducted this First Follow-Up Audit in accordance with the FY 11-12 Audit Plan and Risk Assessment approved by the Audit Oversight Committee and Board of Supervisors.

The results of our First Follow-Up Audit are discussed in the OC Internal Auditor’s Report following this transmittal letter. Because satisfactory corrective action has been taken for the two (2) 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.

Other recipients of this report are listed on the OC Internal Auditor’s Report on page 2.
First and Final Close-Out Follow-Up
Internal Control Audit:
Sheriff-Coroner and Health Care Agency
Contract Administration – U.S. Immigration and
Customs Enforcement
Audit No. 1130-L

As of May 18, 2012

Transmittal Letter i

OC Internal Auditor’s Report
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Scope of Review
We have completed a First Follow-Up Audit of the Sheriff-Coroner and Health Care Agency Contract Administration – U.S. Immigration and Customs Enforcement. Our audit was limited to reviewing, as of May 18, 2012, actions taken to implement two (2) recommendations from our original audit.

Background
Our original audit evaluated internal controls over contract administration and billing processes in the Sheriff-Coroner and the Health Care Agency for the U.S. Immigration and Customs Enforcement (ICE) Inter-Government Service Agreement. Two recommendations were made in the original audit pertaining to written policies and procedures and supervisory reviews. During the original audit period, the Sheriff-Coroner and Health Care Agency billed ICE approximately $27.2 million for detention services and prescription medication reimbursement.

Results
Our First Follow-Up Audit indicated the Sheriff-Coroner and Health Care Agency fully implemented both recommendations. As such, this report represents the final close-out of the original audit. Based on the Follow-Up Audit we conducted, the following is the implementation status of the two recommendations:

1. **Enhancing Written Procedures for Invoice Preparation** (Control Finding)
The Sheriff-Coroner and Health Care Agency enhance their written policies and procedures for preparing the monthly invoices for ICE detention services and prescription drug reimbursement.

Current Status: Implemented. The Sheriff-Coroner and Health Care Agency amended policies and procedures to provide additional guidance for preparing the monthly ICE invoices. The Sheriff-Coroner's amended policies and procedures were enhanced to include:

- Reference to the billing requirements and fixed rates in the ICE Agreement.
- Executing queries from the Automated Jail System for activity reports.
- Management review of billings prior to submission to ICE.
- Billing adjustments.
- Overpayments or underpayments.
- Reconciliation of billed and paid amounts.
The Health Care Agency also enhanced their policies and procedures by describing the management review of the billing before submitting the data to ICE. We obtained and reviewed the monthly invoices submitted to ICE from November 2011 through March 2012 and noted there were no exceptions or disallowances of costs. Because the Sheriff-Coroner and Health Care Agency enhanced their written policies and procedures, we consider this recommendation implemented.

2. **Supervisory Reviews of Invoices for Prescription Drugs** *(Control Finding)*

Health Care Agency strengthen its internal review process to ensure claimed costs for prescription medicine reimbursement comply with the ICE Agreement.

**Current Status:** **Implemented.** We observed that Health Care Agency’s policies and procedure were amended to describe the management review of the monthly billings before submitting the data to ICE. In addition, we tested five monthly invoices for prescription medicine reimbursement between November 2011 and March 2012 for compliance with the ICE Agreement. We found that supervisory review of the invoices is documented, and no exceptions or disallowances were noted in our test work. Because the Health Care Agency took satisfactory corrective action to ensure billed items complied with the ICE Agreement, we consider this recommendation implemented.

We appreciate the assistance extended to us by the Sheriff-Coroner and Health Care Agency 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.

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