



June 14, 2023

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Lost and Found Operations, Internal Audit Report No. 23-513

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of lost and found operations. Based on the audit, controls are generally adequate and operating; however, one recommendation has been made to improve controls over handling and recording of cash and check deposits.

Recommendation

Direct staff to implement one recommendation provided in Lost and Found Operations, Internal Audit Report No. 23-513.

Background

The Lost and Found Office (LFO) is part of the General Services Department and is staffed with two administrative specialists, with oversight by a section manager. The LFO is responsible for the storing, returning, and disposing of all articles that are found on Orange County Transportation Authority (OCTA) property pursuant to California Civil Code 2080.6, and in accordance with the OCTA Lost and Found Policy (Policy). The Operations Division and contracted service providers are responsible for retrieving lost articles found on OCTA property and buses and providing articles to the LFO. For articles that are subject to Policy, OCTA staff shall document the article, assign a reference number, and provide a location for its temporary storage for a period of 90 days from the date the article is found. LFO staff prepare a Monthly Lost and Found Tracking Report.

Items valued at \$250 or more that remain unclaimed after 90 days will be sold at public auction. The auction service provides LFO staff with details of bid wins. Bid winners pick up items at the LFO and payment, typically a cashier's check or money order, is collected. The bill of sale and related payment are stored in a safe until deposited.

If money is found on OCTA property, LFO staff will document the sum, assign a reference number, and keep it in a locked safe until deposited.

Discussion

Staff did not consistently record deposits for auctioned items on the Public Surplus system, and do not reconcile the amounts recorded to deposits made to the general ledger. In addition, two deposits recorded on the monthly tracking report were not recorded to the proper general ledger account. The Internal Audit Department (Internal Audit) recommended management enhance controls to ensure cash, checks, and money orders are properly recorded and reconciled to deposits and general ledger entries. Management agreed and indicate improved tracking procedures will be implemented.

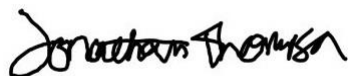
Summary

Internal Audit has completed an audit of lost and found operations and has offered one recommendation, which management agreed to implement or otherwise address.

Attachment

- A. Lost and Found Operations, Internal Audit Report No. 23-513

Prepared by:



Jonathan Thompson
Internal Auditor
714-560-5930

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591