



# INTERNAL AUDIT DEPARTMENT



## Second and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Clerk-Recorder

As of April 30, 2018

Audit No. 1735-N (Reference 1519-F2)  
Report Date: July 30, 2018

## OC Board of Supervisors

Chairman Andrew Do  
1st District

Vice Chairman Shawn Nelson  
4th District

Supervisor Michelle Steel  
2nd District

Supervisor Todd Spitzer  
3rd District

Supervisor Lisa Bartlett  
5th District



## INTERNAL AUDIT DEPARTMENT

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Audit No. 1735-N  
(Reference 1519-F2)

July 30, 2018

To: Hugh Nguyen  
Clerk-Recorder

From: Scott Suzuki, CPA, Acting Director  
Internal Audit Department

Subject: Second and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:  
Clerk-Recorder

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We have completed a second follow-up audit of fiduciary funds as of April 30, 2018, original Audit No. 1519, dated April 21, 2016. Our report is attached for your review.

An audit status report is submitted quarterly to the Audit Oversight Committee (AOC) and the Board of Supervisors (Board) detailing any critical and significant audit findings released in reports during the prior quarter 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 AOC and Board.

If you have any questions, please contact me directly at 714.834.5509 or Michael Dean, Senior Audit Manager, at 714.834.4101.

### Attachments

#### Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Adam Steckler, Accounting and Budget Manager, Clerk-Recorder
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor

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## INTRODUCTION

<b>SCOPE</b>	Our audit was limited to reviewing actions taken as of April 30, 2018 to implement the one (1) recommendation remaining from our First Follow-Up Audit No. 1634-F, dated March 14, 2017.
<b>BACKGROUND</b>	We completed a Countywide Audit of Fiduciary Funds for Clerk-Recorder (C-R) to ensure that funds were properly administered, safeguarded, and maintained in compliance with County policy, procedures, and specific fund requirements. The first follow-up audit identified one (1) Control Finding that remained open.
<b>RESULTS</b>	Our Second Follow-Up Audit found that C-R implemented the one (1) recommendation that remained open from the first follow-up audit. Because the recommendation has been implemented, this report represents the final close-out of the original audit.
<b>ACKNOWLEDGEMENT</b>	We appreciate the assistance extended to us by the Clerk-Recorder's Office during our Follow-Up Audit.

## CURRENT STATUS OF AUDIT RECOMMENDATION

<b>FINDING No. 1</b>	<b>Fund 356 (Refund Account) Is Not Reconciled</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	The Clerk-Recorder take measures to formally reconcile Fund 356 Refund Account to the General Ledger, including identifying and resolving the outstanding balance in compliance with County policy.
<b>CURRENT STATUS</b>	<b>Implemented.</b> We found that C-R has taken measures to reconcile Fund 356 by resolving the outstanding balance in compliance with County Accounting Manual R-1, Escheatment of Unclaimed Money, Sections 2.2 and 2.3. Because of the actions taken by C-R, we consider this recommendation implemented.

<b>AUDIT TEAM</b>	Lily Chin, CPA Michael Steinhaus, CPA	Audit Manager II Audit Manager I
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## APPENDIX A: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

<b>Implemented</b>	<b>In Process</b>	<b>Not Implemented</b>	<b>Closed</b>
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.

