



INTERNAL AUDIT DEPARTMENT



Second & Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: County Executive Office

As of December 31, 2018

Audit No. 1839-L (Reference 1519-F2)
Report Date: March 19, 2019

Recommendation Status

1

Implemented

0

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

Chairwoman Lisa Bartlett
5th District

Vice Chair Michelle Steel
2nd District

Supervisor Andrew Do
1st District

Vacant
3rd District

Supervisor Doug Chaffee
4th District



INTERNAL AUDIT DEPARTMENT

Audit No. 1839-L
(Reference 1519-F2)

March 19, 2019

To: Frank Kim
County Executive Officer

From: Scott Suzuki, CPA, Assistant Director *S Suzuki*
Internal Audit Department

Subject: Second & Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
County Executive Office

We have completed a follow-up audit of the County Executive Office (CEO) fiduciary funds as of December 31, 2018, original Audit No. 1519, dated June 12, 2017. Details of our results immediately follow this letter. Additional information including background and our scope are included in Appendix A.

Our Second Follow-Up Audit found that the CEO implemented the one (1) remaining recommendation from the original audit. Because all recommendations have been implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by County Executive Office personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5509 or Senior Audit Manager Michael Dean at 714.834.4101.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- County Executive Office Distribution
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor

INTERNAL AUDIT DEPARTMENT

FINDING NO. 2	Fund Reconciliation Not Properly Performed or Documented
CATEGORY	Control Finding
RECOMMENDATION	<p>We recommend County Executive Office properly reconcile the fiduciary funds by comparing subsidiary records to the general ledger month-end balance, identifying and resolving reconciling differences, and establishing accountability for preparation and review of reconciliation in accordance with CAM F-4.</p>
CURRENT STATUS	<p>Implemented. The CEO properly reconciled fiduciary funds to the general ledger, resolved the differences, and maintained reconciliation worksheets that were dated and initialed by the preparer and reviewer.</p> <p>We reviewed the County of Orange Schedule of Accounts document that the CEO submitted to the Treasurer-Tax Collector to escheat the \$3,049 difference in Fund 305. CEO resolved the difference and addressed the planned disposition of the remaining funds in accordance with CAM F-4.</p> <p>We also reviewed fiduciary fund reconciliations for May 2018 for Fund 305 and Fund 340. CEO documented the specific reconciling items for each subsidiary fund. The reconciliations were properly dated and initialed by the preparer and the reviewer.</p> <p>Because of the actions taken by CEO, we consider this recommendation implemented.</p>
AUDIT TEAM	Michael Dean, CPA, CIA, CISA Senior Audit Manager



INTERNAL AUDIT DEPARTMENT

APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by the CEO as of December 31, 2018 to implement the one (1) remaining recommendation from our First Follow-up Audit No. 1735-Q, dated June 12, 2018.
BACKGROUND	We completed a Countywide Audit of Fiduciary Funds for the County Executive Office 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.



INTERNAL AUDIT DEPARTMENT

APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
<p>The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.</p>	<p>The department is in the process of implementing our recommendation. Additional follow-up may be required.</p>	<p>The department has taken no action to implement our recommendation. Additional follow-up may be required.</p>	<p>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.</p>

