



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

*Integrity
Objectivity
Independence*

FINAL CLOSE-OUT

**FOLLOW-UP AUDIT
LIMITED REVIEW OF COUNTY BUDGET PROCESS
AND CONTROLS
ORIGINAL AUDIT No. 2342**

AS OF JULY 31, 2005

AUDIT NUMBER: 2549

REPORT DATE: September 19, 2005

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
Audit Manager: Michael Goodwin, CPA, CIA
Senior Auditor: Michael Dean, CIA

Final Close-Out

**Follow-Up Audit
Limited Review of County Budget
Process and Controls
Original Audit No. 2342**

As of July 31, 2005

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INTERNAL AUDIT DEPARTMENT

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ELI LITTNER
CPA, CIA, CFE, CFS, CISA
DEPUTY DIRECTOR

MICHAEL GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

Office of the Director
PETER HUGHES
Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880
EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

Transmittal Letter

Audit No. 2549

September 19, 2005

TO: Thomas G. Mauk, County Executive Officer
Ed Corser, Deputy County Executive Officer/Chief Financial Officer
David E. Sundstrom, Auditor-Controller

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: **Final Close-Out Follow-Up Audit** for the Limited Review of County Budget Process and Controls, Original Audit No. 2342

We have completed a Final Follow-Up Audit of the Limited Review of County Budget Process and Controls. Our audit was limited to reviewing, as of July 31, 2005, actions taken to implement the recommendations made in our original audit report dated August 18, 2003. The results of our Final Close-Out Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for all six audit findings, this report represents the close-out of the original audit.

As the Director of the Internal Audit Department, I now make a monthly audit status presentation to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month, the implementation status of audit recommendations as disclosed by our Follow-Up Audits, any pressing audit or resource issues; as well as, respond to inquiries from the BOS. Therefore, the results of this Follow-Up Audit will be included in a future summary to the Board.

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Steve Dunivent, Manager, CEO/Budget Office
Mitch Tevlin, CEO/Budget Development
Jan Grimes, Assistant Auditor-Controller, Central Operations
Bryan Berea, Manager, Auditor-Controller/Revenue & Budgets
Foreman, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



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Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880

EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2549

September 19, 2005

Thomas G. Mauk, County Executive Officer
Ed Corser, Deputy County Executive Officer/Chief Financial Officer
David E. Sundstrom, Auditor-Controller

We have completed a Final Close-Out Follow-Up Audit of the Limited Review of County Budget Process and Controls. Our audit was limited to reviewing actions taken as of July 31, 2005 to implement the recommendations made in our original audit report dated August 18, 2003.

The original audit report contained six (6) recommendations for corrective actions needed by the CEO and the Auditor-Controller. The recommended corrective actions included issues involving budget process roles and responsibilities, accountability and ownership of budget variances and budget projections, briefings to Board of Supervisors' Executive Assistants, and interactions between departments/agencies and the CEO/Budget Office.

We are pleased to report that satisfactory corrective action has taken place for all six audit recommendations. As such, this report represents the final close-out of the original audit. We commend the CEO/Budget Office and the Auditor-Controller Office for their responsiveness and attentiveness in addressing the audit recommendations made in our original report.

We appreciate the cooperation and assistance extended to us by the staff of the CEO/Budget Office and the Auditor-Controller's Office during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at (714) 834-5589 or Michael Goodwin, Audit Manager at (714) 834-6066.

Sincerely,


FOR Peter Hughes, Ph.D., CPA
Director, Internal Audit

Thomas G. Mauk, County Executive Officer
Ed Corser, Deputy County Executive Officer/Chief Financial Officer
David E. Sundstrom, Auditor-Controller
September 19, 2005
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Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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