



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

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FINAL CLOSE-OUT

**SECOND FOLLOW-UP AUDIT OF
HOUSING AND COMMUNITY SERVICES
DEPARTMENT
DISBURSEMENTS AND RELATED
INFORMATION TECHNOLOGY
ORIGINAL AUDIT No. 2223**

AS OF FEBRUARY 28, 2006

AUDIT NUMBER: 2533

REPORT DATE: March 27, 2006

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
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Final Close-Out

**Second Follow-Up Audit of
Housing and Community Services Department
Disbursements and Related Information Technology
Original Audit No. 2223**

As of February 28, 2006

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Transmittal Letter

Audit No. 2533

March 27, 2006

TO: Paula Burrier-Lund, Director
Housing and Community Services Department

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

SUBJECT: **Second and Final Close-Out Follow-Up Audit** of Housing and Community
Services Department Disbursements and Related Information Technology
Original Audit No. 2223

We have completed a second Follow-Up Audit of disbursements and related information technology in the Housing and Community Services Department (HCS). Our audit was limited to reviewing, as of February 28, 2006, actions taken to implement three remaining recommendations in our initial Follow-Up Audit report dated September 9, 2003. The recommendations stemmed from our original audit report dated September 27, 2002. The results of our second Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the recommendations, this report represents the close-out of the original audit.

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (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:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Julia Bidwell, Deputy Director, HCS
John Hambuch, Division Manager, Housing Assistance Division, HCS
Andrae Frierson, Senior Systems Programmer Analyst, HCS
Mike Montijo, Accounting Manager, Accounting Services, HCS
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2533

March 27, 2006

Paula Burrier-Lund, Director
Housing and Community Services Department
1770 N. Broadway
Santa Ana, CA 92706

We have completed a second and Final Close-Out Follow-Up Audit of internal controls and processes over disbursements and related information technology at the Housing and Community Services Department (HCS). Our Follow-Up Audit was limited to reviewing actions taken as of February 28, 2006 to implement the recommendations made in our initial Follow-Up Audit report dated September 9, 2003.

The original audit report contained (11) eleven recommendations. The (6) six items not fully implemented at the time of our initial Follow-Up Audit included (3) three recommendations for supervisory reviews, notifications of employee terminations and record retention, and (3) three information technology recommendations for establishing user profiles, deleting extraneous vendor names in the master file, and creating validity checks on tenant utility payments.

In our second Follow-Up Audit, we only reviewed the implementation status of the (3) three non-information technology recommendations. The Internal Audit Department is conducting a review of key application controls in HCS' recently implemented HAPPY Software's Housing Pro system, which will address the information technology recommendations contained in our original and initial Follow-Up Audit reports.

We are pleased to report that satisfactory corrective action has been taken for the (3) three non-information technology recommendations. Because the remaining three recommendations will be addressed in a separate audit, this report represents the final close-out of the original audit.

We appreciate the cooperation and assistance extended to us by your staff during our second Follow-Up Audit.

Sincerely,

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

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors

Members, Audit Oversight Committee

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