



**INTERNAL AUDIT DEPARTMENT**  
**COUNTY OF ORANGE**

2005 Recipient of the Institute of Internal Auditors  
Award for Excellence

*Integrity ♦ Objectivity ♦ Independence*

***FINAL CLOSE-OUT***

**FOLLOW-UP AUDIT OF  
INTEGRATED INTERNAL CONTROL REVIEW  
OF  
AUDITOR-CONTROLLER  
ACCOUNTS RECEIVABLE & COLLECTION  
PROCESSES  
ORIGINAL AUDIT No. 2428-A**

**AS OF FEBRUARY 24, 2006**

**AUDIT NUMBER: 2532**

**REPORT DATE: MARCH 7, 2006**

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

***Final Close-Out***

**Follow-Up Audit of  
Integrated Internal Control Review of Auditor-Controller  
Accounts Receivable and Collection Processes  
Original Audit No. 2428-A**

**As of February 24, 2006**

**TABLE OF CONTENTS**

Transmittal Letter.....	i
INTERNAL AUDITOR’S REPORT.....	1



COUNTY OF ORANGE  
**INTERNAL AUDIT DEPARTMENT**  
2005 Recipient of the Institute of Internal Auditors  
Award for Excellence

*Integrity ♦ Objectivity ♦ Independence*

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

MICHAEL J. GOODWIN  
CPA, CIA  
AUDIT MANAGER

ALAN MARCUM  
MBA, CPA, CIA, CFE  
AUDIT MANAGER

AUTUMN MCKINNEY  
CPA, CIA, CGFM  
AUDIT MANAGER

Office of the Director  
**DR. 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](mailto:peter.hughes@ocgov.com)  
WEBSITE: [www.ocgov.com/audit/](http://www.ocgov.com/audit/)

---

**Transmittal Letter**

Audit No. 2532

March 7, 2006

TO: David E. Sundstrom  
Auditor-Controller

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

SUBJECT: **Final Close-Out Follow-Up Audit** of Integrated Internal Control Review of  
Auditor-Controller Accounts Receivable and Collection Processes  
Original Audit No. 2428-A

We have completed a Follow-Up Audit of our Integrated Internal Control Review of Auditor-Controller Accounts Receivable and Collection Processes for Audit No. 2428-A, which contains the non-Information Technology issues identified in our original audit. Our audit was limited to reviewing, as of February 24, 2006, actions taken to implement the three recommendations made in our original audit report dated August 11, 2005. The results of our Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the three 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  
Shaun M. Skelly, Chief Assistant Auditor-Controller  
Jan Grimes, Assistant Auditor-Controller, Central Operations  
Win Swe, Manager, Auditor-Controller/Accounts Receivable & Collections Section  
Foreperson, Grand Jury  
Darlene J. Bloom, Clerk of the Board of Supervisors



COUNTY OF ORANGE  
**INTERNAL AUDIT DEPARTMENT**  
2005 Recipient of the Institute of Internal Auditors  
Award for Excellence

*Integrity ♦ Objectivity ♦ Independence*

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

MICHAEL J. GOODWIN  
CPA, CIA  
AUDIT MANAGER

ALAN MARCUM  
MBA, CPA, CIA, CFE  
AUDIT MANAGER

AUTUMN MCKINNEY  
CPA, CIA, CGFM  
AUDIT MANAGER

Office of the Director  
**DR. 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](mailto:peter.hughes@ocgov.com)  
WEBSITE: [www.ocgov.com/audit/](http://www.ocgov.com/audit/)

**INTERNAL AUDITOR'S REPORT**  
**FINAL CLOSE-OUT**

Audit No. 2532

March 7, 2006

David E. Sundstrom  
Auditor-Controller  
12 Civic Center Plaza  
Santa Ana, CA 92702

We have completed a Final Close-Out Follow-Up Audit of our Integrated Internal Control Review over the accounts receivable and collection processes. Our Follow-Up Audit was limited to reviewing actions taken as of February 24, 2006 to implement the recommendations made in our original audit report, Part A (Audit No. 2428-A) dated August 11, 2005. **Please note:** A separate Follow-Up Audit of information technology results contained in Audit Report No. 2428-B will be conducted at a later date.

The original audit report contained (3) three recommendations. We reviewed the corrective actions taken on the dates used in CUBS for calculating account delinquency, ensuring timeliness of collection actions, and conducting documented quality control reviews of collection activity.

**We are pleased to report that satisfactory corrective actions have been taken for all recommendations. As such, 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 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  
Thomas G. Mauk, County Executive Officer  
Shaun M. Skelly, Chief Assistant Auditor-Controller  
Jan Grimes, Assistant Auditor-Controller, Central Operations  
Win Swe, Manager, Auditor-Controller/Accounts Receivable & Collections Section  
Foreperson, Grand Jury  
Darlene J. Bloom, Clerk of the Board of Supervisors