

**EXTERNAL AUDIT ACTIVITY**  
**Quarterly Status Report**  
**3rd Quarter FY 02-03**

Pursuant to Audit Oversight Committee Administrative Procedure Number 2, Reporting on External Audits, County Departments/ Agencies governed by the Board of Supervisors are required to notify the Internal Audit Director of all third party audit activity. The procedure was established to keep the Audit Oversight Committee informed of all third party audits being performed and any significant findings identified.

The schedule below identifies the status of external audits as of 3/31/03(\*), as reported to us by the Departments/Agencies. The schedule also includes any significant findings noted as a result of the external audits.

Department/ Agency	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status As of 3/31/03(*)	Significant Findings
<b>Assessor</b>	No audit in progress.						
<b>Auditor-Controller</b>	Macias, Gini & Company, LLP	<b>Financial Reporting</b> Single Audit Report and Orange County Comprehensive Annual Financial Report (CAFR)	FYE 6/30/02	6/30/01	Financial	Audit Reports issued on 3/27/03 and 12/2/02, respectively.	
	Housing and Urban Development	<b>H&amp;CD Accounting</b> SHP review.	FYE 6/30/02		Compliance and financial review.	Fieldwork completed. Awaiting the report.	
	Housing and Urban Development	CDBG & ESG review.	FYE 6/30/02		Compliance and financial review.	Refer to HCD for updated status.	Refer to HCD for updated status.
	State Controller's Office (SCO)	<b>HCA Accounting</b> SB90 Audit – Handicapped & Disabled Students	FYE 6/30/98 and 6/30/99		Program Review	Refer to HCA for updated status.	Refer to HCA for updated status.
	Property Tax Apportionment & Allocation Systems	<b>Tax Unit</b> State Controller's Office Division of Audits	7/1/99 to 6/30/02			Fieldwork completed. Awaiting final report.	
		<b>CEO Public Finance Accounting</b> None.					
		<b>IWMD Accounting</b> None.					
		<b>Collections</b> None.					

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<b>Child Support Services</b>	Federal Auditor from OCSS	Data Reliability.	Annually	2002	Review of line items related to paternity establishment, collections, and distributions for the annual CS 157 State Statistical report, specifically line items 1, 2, 24, 25, 28, and 29.	Completed 3/13/03.	Passed with a score of 100%.
	DCSS (State agency)	Annual performance review	Annually	2002	Review of Program Administration. Expedited Process Tracking & Case Management	Completed before June 2003.	
<b>Clerk of the Board of Supervisors</b>	No audits in progress.						
<b>Community Services Agency</b>	State EOD	<u>Special Programs Administration</u> Workforce Investment Act	Annually	4/14/03	Fiscal and Procurement	Fieldwork completed. Awaiting draft report.	
	California Dept. of Aging	<u>Office on Aging</u> Older Americans Act, Title V, Title III E	97/98-00/01 Every 3 years	5/02		Pending	
	California Dept. of Aging	Older Americans Act, Title V, Title III E	02/03	2/03		Pending	
	Macias, Gini & Company LLP	Older Americans Act	01/02	7/02		Completed before June 2003.	
		<u>Community Advocacy Division</u> No audits in progress.					
<b>County Clerk- Recorder</b>	Department of Justice	Process server filings	Random	R1/20/03	Registration process.	Completed by June 2003.	
	Secretary of State	Fish & Game filings	Random	2/20/03	Registration process.	Completed by June 2003.	
	Krystec	Internal Systems			Security	In progress.	
<b>County Counsel</b>	No audits in progress.						

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<b>County Executive Office</b>	No audits in progress.						
<b>District Attorney</b>	No audits in progress.						
<b>Health Care Agency</b>	State Dept. of Mental Health	Short-Doyle Medi-Cal Cost Report	1996-1997 Annually	1995- 1996	Program Review	Audit completed. Waiting for final report.	Awaiting an invoice from the State Department of Mental Health for \$106,516 due to an overstatement of net federal share of Short-Doyle Medi-Cal cost (FFP). Received letter dated March 14, 2002 notifying the County that an invoice will be issued.
	State Dept. of Mental Health	Annual Review Protocol for Consolidated Specialty Mental Health Services and Other Funded Services	2000-01 Annually	2000	Program/financial review	Audit completed. Waiting for Draft Report.	
	State Dept. of Mental Health	Short-Doyle Medi-Cal Cost Report	1997-1998 Annually	1996- 1997	Program Review	Fieldwork completed. Waiting to hear from DMH to see if any additional information is needed to finalize.	
	State Dept. of Mental Health	Annual Review Protocol for Consolidated Specialty Mental Health Services and Other Funded Services	2001-02 Annually	2001	Program/financial review	Audit completed. Waiting for Draft Report.	
	State Dept. of Mental Health	Substance Abuse & Mental Health Services Administration (SAMHSA)	1999-00 Biennially	1998	Program Review	Audit completed. Waiting for final report. Draft report issued 6/26/00.	
	HHS Office of the Inspector General	Medicare Billing for HCA-Behavioral Health.	1/1/95 to 12/31/97	None	Medicare billing practices and eligibility for payment reimbursement.	Audit in process.	

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<b>Health Care Agency (continued)</b>	CA Dept. of Health Services	Women, Infants, and Children	FYE 6/30/01	N/A	Program review	Audit completed. Have not received final audit report.	Findings noted were programmatic. No financial impact.
	Department of Alcohol & Drug Programs	Substance Abuse and Crime Prevention Act (SACPA)	2000-2001	2002	Program/Financial Review	Report issued 12/2/02.	No significant findings anticipated. Will file an amended claim when draft report is issued to reflect interest earned on trust fund.
	Macias, Gini & Company LLP	MAA, TCM & CHDP	2001-2002		Single Audit Compliance	Report issued 12/2/02.	
	State Controller's Office	Women, Infants, and Children	FYE 9/30/01 (Every 2 yrs)	FY 99/00	Financial Review	Audit completed. Exit conference was held 12/18/02. Have not received final audit report.	
	Macias, Gini & Company LLP	Child Health Disability Program	FYE 6/30/02 (every 2-3 years)	FY 01-02	Single Audit Compliance	Report issued 3/27/03.	
	Macias, Gini & Company LLP	Tobacco Settlement Revenue (TSR)	FY ended 6/30/02.		Financial Review – Agreed-upon Procedures.	In progress.	Anticipate receiving 2 findings: (1) TSR trust fund, maintained by the CEO, was overdrawn by approximately \$500,000 in FY 01-02, due to an input error in the County's Job Detail reports used to compile the TSR claims. The CEO will do a JV to transfer the funds back to the TSR trust fund in 02-03. And, (2) some payment vouchers did not have appropriate signatures for approval. Auditors are in the process of obtaining supporting documents to complete audit.
	Macias, Gini & Company LLP	Emergency Medical Services Program (Part of CAFR audit)	FY ended 6/30/02	6/30/01	Financial Review	Report issued 12/2/02.	HCA did not accrue \$1,292,171 for services rendered in May and June 2002. This audit was part of the FY 01/02 CAFR audit. The finding will be in the report to management.
	State Controller's Office	SB90 Handicapped & Disabled Students	1997-98 1998-99 (unknown)	N/A	Program Review	Final report received on January 2, 2003.	State auditors had originally disallowed approximately \$12.4 million from these claims. State budget trailer bill AB2781, signed by the Governor on 10/2/02 reduced to approximately \$1.8 million. In their final audit report SCO gave the County 60 days to submit written request for review of remaining disputed issues. County intends to dispute the remaining disallowances.

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Housing and Community Development	Macias, Gini & Company LLP	OCHA – Single Audit	FYE 6/30/02		Financial	Report issued 2/28/03.	
	HUD-Office of Inspector General	SHP Grant No. CA16B802006 – Continuum of Care Coalition-(Mercy House Lead Agency)	5/14/99 to 10/31/00		Financial & Compliance	Report issued 5/9/01.	HCD sent a letter to HUD dated 11/19/01 disagreeing and appealing with HUD’s proposed corrective action for 7 of the 13 audit findings. The basis of HCD’s disagreement is a difference in the interpretation of OMB Circular A-87; discrepancies and contractions between audit findings and recommendations and HUD’s corrective action; and the arbitrary and unsupported nature of certain disallowances. HCD Accounting and Program Staff met with HUD on 3/15/01, HUD suggested that the agency prepare another letter requesting “forgiveness” of certain items. A letter was prepared by HCD staff and was submitted to HUD on 4/8/02. HUD-LA finally responded with a request for payment in November 2002. HCD responded with our disagreement toward their finding and request in February 2003. HUD-LA suggested an alternative to repayment and is allowing HCD to show Local Funds dollars used in same program year as the grant in question and used for Sinclair, eligible Supportive Housing Program activities, to offset repayment.
	Macias, Gini & Company, LLP	Attestation on the Housing Choice Vouchers Financial Data Schedule	FYE 6/30/02			Completed 3/31/03.	
	HUD	Shelter Plus Care on- site Monitoring Visit	6/17/03 to 6/20/03		Document compliance with statutory and regulatory requirements.	Entrance conference on June 17, 2003.	
	Housing and Urban Development	CDBG & ESG review	FYE 6/30/02		Compliance and financial review.	Report issued 11/22/03.	No significant findings. HUD auditors believe that H&CD should be paying interest on monies received from HUD before actual disbursement is made by H&CD. County does not concur. Awaiting response/concurrence from HUD.

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<b>Integrated Waste Management</b>	No audits in progress.						
<b>John Wayne Airport</b>	Macias, Gini & Company, LLP	JWA Airport Improvement Program (Federal Financial Assistance)	FYE 6/30/02	FYE 6/30/00	Financial and compliance review.	Report issued 12/2/02.	
<b>O.C. Public Library</b>	No audits in progress.						
<b>Planning and Development Services Department</b>	No audits in progress.						
<b>Probation</b>	No audits in progress.						
<b>Public Administrator (Covered under CSA)</b>	No audits in progress.						
<b>Public Defender</b>	No audits in progress.						
<b>Public Facilities and Resources Department</b>	Defense Contract Audit Agency (DCAA)	Santa Ana River Mainstem Project	Entire project from 1977 to 9/97	N/A	Incurred cost and compliance.	Field work completed; exit conference held 7/13/99; final audit report rec'd in 12/01.	Some costs were disallowed by DCAA; County has responded with additional information/documentation. The County has hired a consultant to work with COE on disallowed costs and will be submitting a formal appeal to the COE.
	State Controller	Santa Ana River Mainstem Project	July 90 to June 93	N/A		Fieldwork completed; reviewing draft report.	
	Macias, Gini & Company, LLP	Orange County Civic Center Authority	FYE 6/30/02	FYE 6/30/01	Financial	11/30/02	
	Ernst & Young	Measure M Turnback	FYE 6/30/02			Report issued 10/9/02.	

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<b>Registrar of Voters</b>	No audits in progress.						
<b>Sheriff-Coroner</b>	U.S. Dept. of Justice	COPS MORE Grant	01/01/97 - 03/31/02		Routine grant financial monitoring review.	Final report issued 10/29/02.	
	U.S. Dept. of Justice	COPS SBP Program	08/01/99 – 02/28/02		Routine grant financial monitoring review.	Final report issued 10/29/02.	
	U.S. Dept. of Justice	COPS UH Program	01/01/01 – 03/31/02		Routine grant financial monitoring review.	Final report issued 10/29/02.	
	Conrad and Associates, LLP	Service Authority for Abandoned Vehicles (SAAV)	7/1/01 thru 6/30/03		Fiscal and compliance audit.	Report draft issued by Conrad and Associates, LLP, to Orange County Transportation Authority Internal Audit (OCTA). OCTA will issue a final report. Contacted OCTA Internal Audit and are awaiting status.	
	LA-HIDTA	RNSP	1/1/01 thru 12/31/01	11/01	Program review of HIDTA grant.	Fieldwork completed. Waiting for preliminary report draft.	
	Conrad and Associates, LLP	Drug Use is Life Abuse (a fund of the Orange County Sheriff's Advisory Council)	10/1/01 thru 9/30/02	1/02	Financial Statements.	Final report issued 11/22/02.	
<b>Social Services Agency</b>	State Auditors	USDA/Food & Nutrition Serv. FNS 209	Follow-up on review conducted 2 years ago.	2 years ago		In process. No report date set.	
<b>Social Services Agency/Contract Services</b>	West Ed	FaCT Collaborative Contracts	FYE 6/30/02		Programmatic	Report issued 11/30/02.	
<b>Social Services Agency/Adult Services &amp; Assistance Programs</b>	No audits in progress.						

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<b>Social Services Agency/Children &amp; Family Services</b>	Department of Health Services Licensing & Certification Division	Orangewood Children's Home	1/10/03		Licensing certification.	Pending. All items completed except HCA personnel files.	
	Community Care Licensing	Orangewood Children's Home	2002 Annual Review	2001	Licensing certification.	Report issued 7/17/02.	
<b>Social Services Agency/Children &amp; Family Services (continued)</b>	Juvenile Justice Commission	Orangewood Children's Home	6/10/02			Report issued 12/2/02.	
	Macias & Gini	CalWORKs TANF	FY 6/30/02		Program being audited as part of the Single Audit.	Report issued 2/28/03.	
	Fraud Bureau IEVS Review	Program Integrity	5/13/02 thru 5/16/02		Programmatic	Report issued 3/21/03.	
	Judicial Council of California (Title IV E Review)	Intake/Investigation Program	March 2003		Programmatic	Review complete. Awaiting report.	
<b>Treasurer-Tax Collector</b>	No audits in progress.						

(\*) Data regarding external audit activity for the quarter ended 6/30/03 is still being received from County Departments/Agencies. Where provided, the information has been updated in this report through 6/30/03.