

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
3rd Quarter FY 03-04

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 3/31/04, 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 3/31/04	Significant Findings
Assessor	State Board of Equalization.	Supplemental Assessment Practices Survey	Every 5 yrs. Assessor's Office is surveyed by BOE. Sup- plemental survey per- formed 5/03.	1999 Last full survey rpt. dated 7/01	Follow-up of 1999 full survey of compliance with legal requirements and sampling of property valu- ation data. Supplemental survey was to determine if recommendations made in 7/01 rpt. were implemented	Report issued February 2004.	No major non-compliance identified.
Auditor-Controller		<u>Financial Reporting</u>					
	Macias, Gini & Company LLP	Single Audit Report	FYE 6/30/03	6/30/02	OMB A-133 Expenditures of Federal Assistance	Completed. Report date 1/30/04	
	Macias, Gini & Company LLP	OCJP	FYE 6/30/03	6/30/02	In accordance with OCJP Grant Audit Program	Completed. Report date 1/30/04	
	Macias, Gini & Company LLP	Tobacco Settlement Revenue (TSR) Fund	FYE 6/30/03	6/30/02	Agreed upon procedures	Completed. Report date 1/30/04	
		<u>H&CD Accounting</u>					
	Housing and Urban Development	SHP review. CDBG, ESG & Home	FYE 6/30/02	FY 01/02	Compliance and financial review. On site program monitoring.	Completed. Report issued 11/22/02.	
		<u>Tax Unit</u>					
	State Controller's Office Division of Audits	Property Tax Apportionment & Allocation Systems	7/1/99 ~ 6/30/02 Tri-annual	7/1/96 ~ 6/30/99	Property Tax Apportionment and Allocation Systems	Exit conference held in January, 2003. Waiting for draft report.	Finding regarding supplemental costs.
		<u>Collections</u>					
	State of California	Trial Court.	7/1/98 ~ 6/30/03	December 1999	Court Revenues	Pending.	
		<u>CEO/Public Finance Accounting</u>					
		No audits in progress.					

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Child Support Services	Cooperative Personnel Services	CEO/Human Resources Policies and Procedures	Current period.	5 years ago (1999)	Review of CEO/HR policies and procedures for all Orange County agencies.	The Human Resources Dept. will now be responsible for reporting the status of this audit.	
	Federal Auditor Glen Branson	Data Reliability- Annual CS157 State Statistical Report Prepared by Quality Assurance & Program Improvement Team	Annually for prior federal fiscal year.	3/9/04	Review of line items related to paternity establishment, collections, and distribution for the Annual CS157 State Statistical report, specifically line items 1, 2, 24, 25, 28 and 29.	Completed: CSS found to be in compliance.	None.
	Department of Child Support Services (DCSS)	Annual Performance Review	Annually	9/30/03	Review of Program Administration. Expedited Process Tracking and Case management.	OC found to be substantially in compliance with an overall score of 96%.	None.
Clerk of the Board of Supervisors	No audits in progress.						
County Clerk- Recorder	No audits in progress.						
County Counsel	No audits in progress.						
County Executive Office	No audits in progress.						
District Attorney	Macias, Gini & Co., LLP	Career Criminal Prosecution (Augmented)	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and grant compliance.	Completed. Report date is 1/30/04.	
	Macias, Gini & Co., LLP	Major Narcotic Vendors Prosecution Program	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and grant compliance.	Completed. Report date is 1/30/04.	
	Macias, Gini & Co., LLP	Statutory Rape Vertical Prosecution Program	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and grant compliance.	Completed. Report date is 1/30/04.	
	Macias, Gini & Co., LLP	Child Abuser Vertical Prosecution Program	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and grant compliance.	Completed. Report date is 1/30/04.	

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Health Care Agency		<u>Behavioral Health</u>					
	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	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 Controller's Office	SB90 Handicapped & Disabled Students	1997~98 1998~99	N/A	Program Review	Final report received on January 2, 2003.	Remaining disallowances total approximately \$1.8 million. County is still disputing these disallowances. Legislation (SB 1058) was passed in 10/03 that will prohibit the SCO from reducing the federal funds being allocated to the County in FY 03-04 (through the Department of Education) by the amount of the audit.
	State Dept. of Mental Health	Substance Abuse & Mental Health Services Administration (SAMHSA)	1999~00 Biennially	1998	Program Performance & Peer Review Report	Audit completed. Final report dated 6/26/00.	None.
	State Dept. of Mental Health	Short-Doyle Medi-Cal Cost Report	1998~1999 Annually	2003	Cost Report Audit	State DMH issued the final audit report on 2/25/04.	Audit findings totaled \$1,976,900. The County has until 4/25/04 to appeal the findings. HCA is planning on appealing.
	State Dept. of Mental Health	Short-Doyle Medi-Cal Cost Report	1997~1998 Annually	2002	Cost Report Audit	Audit report issued May 5, 2003.	Total disallowances of \$843,015. County filed a notice of disagreement on 6/26/03. Pending schedule of Informal Hearing.
	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 progress.	

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Health Care Agency (Cont'd.)		<u>CEO</u>					
	Macias, Gini & Company	Tobacco Settlement Revenue (TSR) COCCC Subrecipient	FY Ended 6/30/03	FY 1/2002 ~ 4/2003	Financial Review—Agreed Upon Procedures. Part of Macias & Gini “All Funds” audit contract.	Final audit report received 4/21/04	Found reoccurrence of payment vouchers not having appropriate authorizing signatures.
		<u>Public Health</u>					
	California Family Health Council, Inc. (CFHC)	Title X Family Planning	Unknown	2000	Program and Financial Review.	Awaiting draft report.	No findings other than a recommendation to set up a separate job number to pick up Title X Expenditures. We were able to set up a job number for the areas that are 100% claimable under Title X.
	Macias, Gini & Company	Ryan White Title I, II, and III.	FY 2002 ~ 2003	Unknown.	Financial Review—Agreed upon procedures. Part of Single Audit	Completed. Report date 1/30/04.	
	Department of Health Services	WIC	FY 2002- 2003	Unknown	Program Audit Only	In process.	
	Department of Health Services	Medi-Cal Audit of the MCH Program	FY 2002- 2003	Unknown	Unknown as of 3/31/04	In process.	
Housing and Community Services Department		<u>Orange County Housing Authority</u>					
	HUD	Shelter Plus Care on- site Monitoring Visit	6/17/03 to 6/20/03		Document compliance with statutory and regulatory requirements.	Completed. Report issued 9/18/03.	None.
	HUD	Rental Integrity Monitoring (RIM) HUD Review for FY 02-03	7/28/03 to 8/1/03		Procedural audit focusing on third party verifications.	Completed. Report issued September 15, 2003	Two findings. One related to the appropriateness of the Utility allowance and the other consistency in obtaining 3rd party verification of income and assets. HCS concur with the findings and a general response was sent to HUD on 10/28/03 and a follow up letter with specific responses was sent on 11/14/03.
	Macias, Gini & Co., LLP	Section 8 Cluster Type A Program (Single Audit Program)	7/1/02 ~ 6/30/03 Annually	FY 01/02	Part of Single Audit. Expenditures and compliance.	Completed. Report date 1/30/04	
	Macias, Gini & Co., LLP	Orange County Housing Authority.	7/1/02 ~ 6/30/03 Annually	FY 01/02	Financial Review (Agreed upon procedures. Audit of Financial Data Schedules of OCHA for Housing Choice Vouchers & Section 8 Programs)	Completed. Report date 1/30/04	

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Housing and Community Services Department (Cont'd.)	HUD-Office of Inspector General	SHP Grant No. CA 16B802006 – Continuum of Care Coalition (Mercy House Lead Agency)	5/14/99 to 10/31/00			Report issued 5/9/01.	HCS sent a letter to HUD dated 11/19/01 disagreeing and appealing with HUD's proposed corrective action for 7 of 13 audit findings. When HCS Accounting and Program Staff met with HUD on 03/15/01, HUD suggested the agency prepare another letter requesting "forgiveness" of certain items. A letter was prepared by HCS staff and submitted to HUD on 4/8/02. The agency is awaiting a reply from HUD. HUD-LA finally responded with a request for payment in November 2002. In February 2003, HCS responded with disagreement toward their finding and request. HUD-LA suggested an alternative to repayment, and is allowing HCS 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.
		<u>Special Programs Administration</u>					
	State EDD	Workforce Investment Act	Annually	4/14/03	Fiscal and Procurement	Report issued 8/6/03.	
		<u>Office on Aging</u>					
	California Dept. of Aging	Older Americans Act, Title V, Title III E	97/98-00/01 Every 3 years	5/02		Report issued on 2/04.	None
	California Dept. of Aging	Older Americans Act, Title V, Title III E	02/03	2/03		Report issued on 12/9/03.	Numerous procedural findings. No financial disallowances. Response submitted to State 2/24/04.
		<u>Community Advocacy Division</u>					
		No audits in progress.					
Human Resources		<u>Human Resources</u>					
	Cooperative Personnel Svc. – Merit Systems Services (CPS)	Recruiting Classification EEO	Periodic - with audit currently in progress.	1999	Compare HR operations against State Merit System rules.	In draft.	
		<u>Employee Relations</u>					
	Cooperative Personnel Svc. – Merit Systems Services (CPS)	Training performance management.	Periodic - with audit currently in progress.	1999	Compare HR operations against State Merit System rules.	In draft.	

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Integrated Waste Management	No audits in progress.						
John Wayne Airport	No audits in progress.						
O.C. Public Library	No audits in progress.						
Probation	California Dept. of State Controller	Accounting	4 Years	Summer 1999	Money due State of California	Audit in progress.	
Public Defender	Macias, Gini & Co., LLP	OCJP Grant #V102010300	8/1/02 ~ 7/31/03	1/30/04	Grant costs claimed & accepted.	Report Issued	No findings.
Resources and Development Management Department	No audits in progress.						
Registrar of Voters	No audits in progress.						
Sheriff-Coroner	LA-HIDTA	RNSP	1/1/01 ~ 12/31/01	11/01	Program review of HIDTA grant.	Report date: 5/26/03.	None.
	LA-HIDTA	RNSP	1/1/02 ~ 12/31/02	11/02	Program review of HIDTA grant.	Scheduled for 6/14/04~6/18/04.	
	Macias, Gini & Co., LLP	CA Cold Hit Program	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and compliance with the Grant.	Completed. Report date: 1/30/04.	No significant findings.
	Macias, Gini & Co., LLP	Local Forensic Lab Improvement Program	8/1/02 ~ 7/31/03 Annually	FYE 6/30/02	Expenditures and compliance with the Grant.	Completed. Report date: 1/30/04.	No significant findings.
	Macias, Gini & Co., LLP	Regional Law Enforcement Training Center	7/1/02 ~ 6/30/03 Annually	FYE 6/30/02	Expenditures and compliance with the Grant.	Completed. Report date: 1/30/04.	No significant findings.
	Macias, Gini & Co., LLP	Tobacco Settlement Revenues Fund	7/1/02~ 6/30/03	January 2003	Routine compliance audit.	Final report issued on 4/21/04.	No significant findings.
	Conrad & Associates, LLP	Sheriff's Advisory Council	10/01/01~ 9/30/02 & 10/1/02~ 9/30/03		Financial Statements	Anticipated to start mid June 2004.	

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Sheriff-Coroner (Cont'd.)	Conrad & Associates, LLP	Drug Use is Life Abuse (DUILA)	10/1/02~ 9/30/03		Financial Statements	Final report issued on 1/21/04.	No significant findings.
Social Services Agency		<u>Financial & Administration</u>					
	Social Security Administration	Interim Assistance Reimbursement Program	November 2003		Desk audit of the County's participation in the IAR program.	In January, we provided supporting documentation to HCA for submission to Social Security for a desk audit of our participation in the IAR program..	
	Macias, Gini & Co.	Food Stamps & Foster Care Program	7/1/02 ~ 6/30/03		Part of Single Audit.	Completed. Report date 1/30/04	There were no findings or comments for either of our programs.
	Department of Health and Human Services	Foster Care Relative Placement	1/1/03 ~6/30/03		Desk audit of procedures for determining eligibility and financial information in the monthly Foster Care Assistance Claim for children placed with relatives. Provided financial information and program staff provided eligibility information for the audit.		We are working with program staff to adjust the March Assistance Claim to deduct this over funded amount. The approx. impact to the County is Federal/State Revenue loss of \$175,000.
		<u>Children & Family Services</u>					
	Independent Auditor (contracted by the County of Orange)	Title IV – E (Relative Placement Financial Claiming and Procedures)	12/2003		Compliance	Completed January 2004 - no report issued.	
	Juvenile Justice Commission	Orangewood Children's Home	10/15/03		HIPPA compliance and child confidentiality issues.	N/A—none issued	Department reported "No significant concerns. Primarily interested in HIPPA compliance, and child confidentiality issues."
		<u>Adult Services & Assistance Programs</u>					
	Dept. of Health Services & Inspector General	Medi-Cal SCHIP/Medicaid expansion as of 6/1/03	Most recent eligibility determina- tion.		Soc. Svcs. was required to give information on federal expenditures for Medi-Cal to the State for their evaluation. The State prepares a global report which is submitted to legislature.	Information sent to State 9/24/03. SSA will not receive any feedback from the State on the information submitted.	Will not receive a response from the State.

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Social Services Agency (Cont'd.)	California Bureau of State Audits	Medi-Cal Federal Compliance Review	October 28, 2003		Compliance review	Results pending Federal review of 2 DHS QC case reviews.	
	Dept. of Health Services Prog. Review Section (Quality Control)	Medi-Cal Informal Performance Measurements Focused Review	Sept. 2003		Compliance review. 304 randomly selected cases were reviewed.	Report issued February 18, 2004.	Report indicated Orange County's performance was above the 90% required level. Based on current Medi-Cal policy requirements, 90.8% of cases reviewed had timely RVs and 9.2% of cases reviewed were untimely. 100% of cases had annual RVs mailed by the required time period and 98.7% had RVs completed within 60 days or terminations completed within 45 days.
	Dept. of Health Services	Medi-Cal Payment Accuracy Measurement project.	April 2004 - May 2004		Compliance review. 100 randomly selected cases will be reviewed: 50 for Medi-Cal Fee for service cases and 50 Medi- Cal Managed Care cases.	In process.	
		Program Integrity					
	CDSS Civil Rights Bureau	Social Services Agency	August 2003		Compliance	Pending audit report. We have not received a final report.	Preliminary results: <ul style="list-style-type: none"> • Non Compliance Division 21-115.2 Translator Forms • Minor ADA Infractions • Signage & Posters
		Human Resources					
	Cooperative Personnel Services	Human Resources Policies and Procedures	September 2003	2 years ago	Review of policies and procedures.	Draft report issued December 2003.	No significant finding.
		Family Self- Sufficiency					
	Berkeley Policy Associates	CalWORKs—60 Month Time Limits Study	Fall 2003 thru Fall 2005.		Participant understanding, preparation, and effects on families. County preparation and implementation, effects on caseload and child welfare outcomes.	In progress.	
Treasurer-Tax Collector	No audits in progress.						