

**County of Orange Internal Audit Department  
Finding Summary for Departmental Control Reviews  
For the Period February 27, 2004 through June 9, 2004**

<b>Dept./Agency</b>	<b>Process Review</b>	<b>Audit No.</b>	<b>Audit Period</b>	<b>Final Report Issued</b>	<b>Reported Internal Control Issues</b>
County Executive Office/Purchasing & Real Estate	Administration of Purchasing Cards	2346	FY 02/03	5/5/04	I. Authorization A. Cardholder Modifications B. Authorized Signature List C. Approval Verification  II. Training A. Training Policy B. Issuance of New Purchasing Cards  III. Purchasing Card Manual  IV. Review of Reports Received from U.S. Bank  V. Information Technology Access Controls  VI. Review of Cardholder Status and Maintaining List of Cal Cards
Housing & Community Services Department	Purchasing Cards	2346	FY 02/03	5/5/04	I. Allowable Uses of Purchasing Cards A. Meal Purchases B. Travel Purchases C. Authorized Cardholder Signature  II. Supporting Documentation A. Merchant Receipts and Invoices B. Purchasing Card Log  III. Billing Credit  IV. Account Changes
Orange County Public Library	Purchasing Cards	2346	FY 02/03	5/5/04	I. Review of Cardholder Statements
Assessor	Purchasing Cards	2346	FY 02/03	5/5/04	I. Telephone, Mail Order and Internet Purchases A. Supporting Documentation B. Purchasing Card Log
Integrated Waste Management Department	Purchasing Cards	2346	FY 02/03	5/5/04	I. Supporting Documentation  II. Account Changes
Public Defender	Purchasing Cards	2346	FY 02/03	5/5/04	No Audit Findings and Recommendations

**Notes:**

The following draft reports have been issued and are pending management responses:

- Housing & Community Services - Disbursements and Revolving Funds (#2349). Revised draft report issued April 2004.
- Auditor/Controller – Trust and Agency Fund Disbursements (#2429). Draft report issued April 2004.

**County of Orange Internal Audit Department**  
**Findings Summary for Attestation Services & Mandates Issued**  
**For the Period of February 27, 2004 through June 9, 2004**

<b>Agency</b>	<b>Audit on</b>	<b>Audit No.</b>	<b>Audit Period</b>	<b>Final Report Issued</b>	<b>Internal Control and Compliance Issues Noted</b>
Probation Department	Audit of Probation Department Internal Controls Over Juvenile Records and Accounts	2309	Fiscal Years Ending June 30, 2002 & 2003	Report issued March 2, 2004	<ol style="list-style-type: none"> <li>1. The PFS Error File is not properly reviewed, which resulted in fees for Institutional Care and Support not being completely billed.</li> <li>2. The Collection Officer's (CO) duties are not adequately segregated, i.e., the CO monitors the accounts, has access to the records, and notifies the parent of a wavier.</li> <li>3. PFS is not programmed to record manual check payments.</li> <li>4. Controls are not in place to ensure the accuracy of Bar Panel Fees into PFS; testing for drug and substance abuse into the URI database; and closing and vacating parental obligations in PFS.</li> <li>5. Controls over Account Modification Requests (AMR) are not adequate to ensure that all AMRs are received and processed.</li> </ol>
Treasurer-Tax Collector	Full scope financial audit on the Statement of Assets Held by the County Treasury December 31, 2003	2308	December 31, 2003	Financial Statement issued May 7, 2004	Management Letter Draft issued to Treasurer on May 11, 2004; response due by July 12, 2004.
Treasurer-Tax Collector	Review of the Statement of Assets Held by the County Treasury as of March 31, 2004	2406	March 31, 2004	Report issued May 27, 2004	None

**County of Orange Internal Audit Department  
 Finding Summary for Cash Loss Reports Issued  
 For the Period February 27, 2004 through June 9, 2004**

<b>Dept./ Agency</b>	<b>Area of Review</b>	<b>Audit No.</b>	<b>Date of Loss/ Audit Review Period</b>	<b>Final Report Issued</b>	<b>Reported Internal Control Issues</b>
Central Justice Center			Dec. 5, 2003/ \$100.00		Receipt of counterfeit bill – no investigation needed.
Lamoreaux Justice Center			Jan. 27, 2004/ \$200.00		Receipt of counterfeit bills – no investigation needed.

**Note:**

- The Auditor-Controller has reported no new cash losses since the last AOC meeting.

**County of Orange Internal Audit Department  
Summary Report on DCR Follow-Up Reviews Issued  
For the Period February 27, 2004 through June 9, 2004**

<b>Dept./ Agency</b>	<b>Process Review</b>	<b>Audit No.</b>	<b>Original Report Issued</b>	<b>Reported Internal Control Issues</b>	<b>Status on Corrective Actions</b>	<b>Follow-Up Report Issued</b>
District Attorney	<b>Initial Follow-Up:</b>  Cash Receipts, Cash Disbursements, and Trust Funds	2440	3/3/03	I. Accountability Over Cash Receipts  II. Physical Safeguards  III. Timely Deposits  IV. Documentation of Reconciliations and Supervisory Reviews	I. Implemented  II. Implemented  III. Implemented  IV. Implemented	2/26/04
Health Care Agency	<b>Secondary Follow-Up:</b>  Revolving Funds	2440	DCR: 3/19/02  Initial Follow-Up: 11/18/02	I. Checking Account Reconciliation  II. Recording  III. Asset Security  IV. Authorized Use  V. Bank of America Account	I. Not Implemented*  II. Implemented  III. Implemented  IV. Implemented  V. Implemented  <b>*Third Follow-Up required</b>	3/9/04
Resources & Development Management Department/  Planning and Development Services	<b>Third Follow-Up:</b>  Cash Receipts	2440	DCR: 3/20/01  Initial Follow-Up: 5/16/02  Second Follow-Up: 11/27/02	I. Trust Fund Reconciliation (Unreconciled difference of \$119, 581)	I. In Progress*       <b>*Will verify when completed</b>	4/29/04
Health Care Agency/ Animal Care Services	<b>Secondary Follow-Up:</b>  Cash Receipts	2440	DCR: 11/15/01  Initial Follow-Up: 4/7/03	I. Information Systems Controls  II. Segregation of Duties  III. Establishing Accountability  IV. Recording & Depositing  V. Physical Safeguards  VI. Reconciliation  VII. Supervisory Approval & Review	I. Implemented  II. Implemented  III. Implemented  IV. Implemented  V. Implemented  VI. Implemented  VII. Implemented	5/17/04

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Summary Report on DCR Follow-Up Reviews Issued  
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**Notes on Planned Implementation:**

The following are planned actions of the departments/agencies for recommendations not fully implemented:

**Health Care Agency –Revolving Funds:**

- I. **Checking Account Reconciliation.** HCA Executive Management is extremely concerned that the recommendations of Internal Audit were not fully implemented. HCA recognizes the importance of preparing these reconciliations in a consistent and timely manner and is committed to ensuring that compliance with all items noted is maintained in the future. In order to make certain that these recommendations are immediately and fully implemented, and the reconciliations done in a timely manner, HCA has taken the following steps:
- Informed the staff, direct supervisor, and second level supervisor (Purchasing Supervisor) that this is a performance issue and clarified the performance expectations.
  - Assigned the direct supervisor to review the monthly reconciliations and to verify that they are being performed on a timely basis.
  - Directed both the preparer and the reviewer (direct supervisor) to sign and date the reconciliations each month.
  - Directed the direct supervisor to maintain a log documenting the reconciliations and to submit it to the Purchasing Supervisor on a monthly basis with a monthly report to the Agency Director.
  - Directed the Manager of Facilities and Management Services to conduct periodic spot checks to ensure that the monthly reconciliations are conducted on a timely basis and properly documented.
  - Requested that HCA Accounting conduct an independent review each month to verify that the reconciliation has been done, and submit a monthly report to the Agency Director.

**RDMD/Planning & Development Services – Cash Receipts**

- I. **Trust Fund Reconciliation.** RDMD Accounting Services concurs with the recommendation. They have been reconciling this account in a timely manner; however, the long-outstanding unidentified difference between the subsidiary ledger and the General Ledger has not been resolved. The delay in resolving this difference was to allow RDMD and Auditor-Controller staff time to review old records, make adjustments, and verify the difference. This process was recently completed and, following a couple of minor adjustments, the difference has stabilized at \$119,580.61.

Accounting Services is working with RDMD to establish a method to fund the remaining difference and to request guidance from County Counsel. Once funded, they will research each deposit and retain, refund or escheat the amounts in accordance with established County procedures. They propose to work closely with RDMD to resolve this issue in an expedient manner.