

**County of Orange Internal Audit Department
 Finding Summary for Departmental Control Reviews
 For the Period December 15, 2004 through February 23, 2005**

Dept./Agency	Process Review	Audit No.	Audit Period	Final Report Issued	Reported Internal Control Issues
--------------	----------------	-----------	--------------	---------------------	----------------------------------

Notes:

1. No Department Control Review final audit reports were issued during this period.

2. The following draft report has been issued and is pending management responses:
 - Resources & Development Management Dept. – Trust & Agency Fund Disbursements (#2432); issued 12/30/04.

**County of Orange Internal Audit Department
 Summary Report on DCR Follow-Up Reviews Issued
 For the Period December 15, 2004 through February 23, 2005**

Department/ Agency	Process Review	Audit No.	Original Report Issued	Reported Internal Control Issues	Status on Corrective Actions	Follow -Up Report Issued	Planned Actions for Recommendations Not Fully Implemented
Sheriff-Coroner	Second Follow-Up: Cash Receipts and Trust Funds	2440	DCR: 10/18/01 Initial Follow-Up: 9/9/03	I. Accountability Over Cash Receipts	Implemented	11/29/04	Not applicable.
				II. Segregation of Duties	Implemented		Not applicable.
				III. Physical Safeguards	Implemented		Not applicable.
				IV. Supervisory Approval & Review	Implemented		Not applicable.
				V. Trust Fund Reconciliations	In Process		All long outstanding reconciling items (totaling \$4,217 for all Courts) were researched, identified and supported with documentation; however, the items remained on the Court's reconciliations. <u>Sheriff-Coroner Court Operations Planned Action:</u> With assistance from the Auditor-Controller, the Sheriff will submit an Application for Discharge of Accountability of the reconciling items to the Board no later than March 31, 2005.
Sheriff-Coroner	Initial Follow-Up: <u>Cash Disbursements-</u> Trust Funds, Special Appropriation Funds, Revolving Funds and Flash Fund	2440	DCR: 3/04/03	I. <u>Trust Funds/Spec. Appropriation Funds/ Flash Fund</u>		12/30/04	
				A. Segregation of Duties	Implemented		Not applicable.
				B. Inventories/Logs of Forms	Implemented		Not applicable.
				C. Fund Reconciliations (3 recommendations)	All Implemented		Not applicable.
				D. Supervisory Reviews	Implemented		Not applicable.
				E. Authorized Signature Lists	Implemented		Not applicable.
				F. Accountability	Implemented		Not applicable.
				II. <u>Revolving Fund/Travel Cash Advances</u>			
				A. Segregation of Duties	Implemented		Not applicable.
				B. Authorizations	Implemented		Not applicable.
				C. Fund/Checking Account Reconciliations			
				1. Fund Reconciliations	In Process		1. The outlying Sheriff divisions were not reconciling their revolving funds to the authorized amounts on a monthly basis. <u>Sheriff-Coroner Planned Action:</u> A standard reconciliation form has been prepared. When approved, it will be distributed to divisions for use in the outlying divisions.
				2. Checking Account	Implemented		2. Not applicable.

**County of Orange Internal Audit Department
 Summary Report on DCR Follow-Up Reviews Issued
 For the Period December 15, 2004 through February 23, 2005**

Department/ Agency	Process Review	Audit No.	Original Report Issued	Reported Internal Control Issues	Status on Corrective Actions	Follow -Up Report Issued	Planned Actions for Recommendations Not Fully Implemented	
Sheriff-Coroner (cont'd)	Initial Follow-Up: <u>Cash Disbursements</u> - Trust Funds, Special Appropriation Funds, Revolving Funds and Flash Fund	2440	DCR: 3/04/03	D. Physical Safeguards 1. Physical Inventories	Implemented		1. Not applicable. 2. The division responsible for keys/safes in outlying divisions does not have a written policy for changing keys and safe combinations. <u>Sheriff-Coroner Planned Action:</u> Upon completion of a Department-wide key policy, Fin./Admin. Services will distribute the policy within the Department.	
				2. Safe Combos/Keys	In Process			
				E. Cancellation of Support Documentation	Partially Implemented			Outlying divisions are not consistently stamping their invoices as "paid." <u>Sheriff-Coroner Planned Action:</u> A memo will be prepared for distribution that reemphasizes petty cash procedures, including the canceling of supporting documents.
				F. Timely Submission of Cash Advances	Implemented		Not applicable.	
Assessor	Initial Follow-Up: Purchasing Card Program	2440	DCR: 5/5/04	I. Telephone, Mail Order & Internet Purchases		12/16/04		
				A. Supporting Documentation	Implemented			Not applicable.
				B. Purchasing Card Log	Implemented			Not applicable.
Integrated Waste Management Department	Initial Follow-Up: Purchasing Card Program	2440	DCR: 5/5/04	I. Supporting Documentation	Implemented	12/16/04	Not applicable.	
				II. Account Changes	Implemented		Not applicable.	
O. C. Public Library	Initial Follow-Up: Purchasing Card Program	2440	DCR: 5/5/04	I. Review of Cardholder Statements	Implemented	12/16/04	Not applicable.	

**County of Orange Internal Audit Department
Summary Report on DCR Follow-Up Reviews Issued
For the Period December 15, 2004 through February 23, 2005**

Department/ Agency	Process Review	Audit No.	Original Report Issued	Reported Internal Control Issues	Status on Corrective Actions	Follow -Up Report Issued	Planned Actions for Recommendations Not Fully Implemented
Housing & Community Services Dept. – New Programs: (Office on Aging, Special Work Programs)	Initial Follow-Up: Purchasing Card Program	2440	DCR: 5/5/04	I. Allowable Uses of Purchasing Cards		2/4/05	Note: The Office on Aging no longer had a purchasing card subsequent to our original audit; therefore, the recommendations we followed-up on pertained only to the Special Programs Division. Upon informing HCS management of the results of our follow-up audit, they deactivated the purchasing card for the Special Programs Division. The Special Programs Division now uses the services of HCS' Budget and Support Services to request purchases. Because HCS management took immediate corrective action by deactivating the purchasing card, we believe the remaining recommendations are no longer applicable, and no additional follow-up audit is necessary.
				A.1 Meal Purchases	Not Implemented		
				A.2 Meal Purchases Policy	Partially Implemented		
				B. Travel Purchases	Implemented		
				C. Authorized Cardholder Signature	Partially Implemented		
				II. Supporting Documentation			
				A. Merchant Receipts/Invoices	Implemented		
				B. Purchasing Card Log	Not Implemented		
				III. Billing Credit	Implemented		
IV. Account Changes	Implemented						
County Executive Office/Purchasing	Initial Follow-Up: Purchasing Card Program	2440	DCR: 5/5/04	I. Authorization		2/16/05	Note: All recommendations have been fully implemented. We noted that CEO/Purchasing has experienced significant staff turnover in the position responsible for administering purchasing cards. In addition, the Administrative Manager overseeing the program will be retiring this year. Because of the criticality of CEO/Purchasing's role in administering the program, and the potential effects from staffing changes and retirements, we plan to revisit this area within a year to reassess CEO/Purchasing's process and controls over the purchasing card program.
				A. Cardholder Modifications	Implemented		
				B. Authorized Signature List	Implemented		
				C. Approval Verification	Implemented		
				II. Training			
				A. Training Policy	Implemented		
				B. Issuance of New Purchasing Cards	Implemented		
				III. Purchasing Card Manual	Implemented		
				IV. Review of Reports Received from U.S. Bank	Implemented		
V. Information Technology Access Controls	Implemented						

**County of Orange Internal Audit Department
 Summary Report on DCR Follow-Up Reviews Issued
 For the Period December 15, 2004 through February 23, 2005**

Department/ Agency	Process Review	Audit No.	Original Report Issued	Reported Internal Control Issues	Status on Corrective Actions	Follow -Up Report Issued	Planned Actions for Recommendations Not Fully Implemented
				VI. Review of Cardholder Status and Maintaining List of Cal Cards	Implemented		

County of Orange Internal Audit Department
Reported Cash Losses
For the Period December 15, 2004 through February 23, 2005

Dept./Agency & Amount of Loss	Area of Cash Loss	Cash Loss/ Audit No.	Date of Loss/ Audit Review Period	Final Report Issued	Reported Internal Control Issues
Probation \$365.42	Revolving Fund – Los Pinos Camp	2004-14	Loss: May 1, 2002 Audit Period: Nov. 30, 2004	December 27, 2004	No recommendations made. Probation's internal controls over revolving funds are adequate to help prevent future losses.
Health Care Agency \$159.00	Alcohol & Drug Abuse Services	2502-01	Loss: 11/1/04	N/A	Missing cash receipts. Less than \$300.00 threshold – no investigation requested.
Sheriff-Coroner \$100.00 \$20.00	Intake & Release Ctr.	2502-02	Loss: 7/24/04 and 10/28/04	N/A	Receipt of counterfeit bills. Less than \$300.00 threshold – no investigation requested.
Sheriff-Coroner \$20.00	Theo Lacy Jail	2502-03	Loss: 8/7/04	N/A	Receipt of counterfeit bill. Less than \$300.00 threshold – no investigation requested.
Sheriff-Coroner \$20.00	Musick Jail	2502-04	Loss: 9/24/04	N/A	Receipt of counterfeit bill. Less than \$300.00 threshold – no investigation requested.

Note:

- The Auditor-Controller requests the Internal Audit Department to provide an opinion on the adequacy of internal controls for cash losses that exceed \$300.
- Effective February 15, 2005, the Board of Supervisors approved a revision to the dollar threshold amounts pertaining to cash losses. The Auditor-Controller will now request the Internal Audit Department to review cash losses that exceed \$1,000.

County of Orange Internal Audit Department
Finding Summary for Attestation Services & Mandates Issued
For the Period of December 15, 2004 through February 23, 2005

Agency	Audit on	Audit No.	Audit Period	Final Report Issued	Internal Control and Compliance Issues Noted
District Attorney	Spousal Abuser Prosecution Program - Report On Audit	2411	June 30, 2004	December 15, 2004	None

**County of Orange Internal Audit Department
Finding Summary for Information Technology Audits
For the Period December 15, 2004 through February 23, 2005**

Dept./Agency	Process Review	Audit No.	Audit Period	Final Report Issued	Reported Internal Control Issues
---------------------	-----------------------	------------------	---------------------	----------------------------	---

Notes:

No Information Technology final audit reports were issued during this period, except for the monthly CAAT reports which are not audits.

**County of Orange Internal Audit Department
Summary Report on IT Follow-Up Reviews Issued
For the Period December 15, 2004 through February 23, 2005**

Department/ Agency	Process Review	Audit No.	Original Report Issued	Reported Internal Control Issues	Status on Corrective Actions	Follow- Up Report Issued	Planned Actions for Recommendations Not Fully Implemented
-------------------------------	---------------------------	----------------------	---------------------------------------	---	---	---	--

Notes:

No Information Technology follow-up audit reports were issued during this period.