



**County of Orange Internal Audit Department
Status Report #2 for the Audit Oversight Committee**

Audit Year 2005

Time Period Covered 1/1/05 through 5/26/05

Report Date 6/8/05

Audit Name	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan								Milestones & Comments	
				Total Budget	Actuals To Date	Budget	Revisions	Revised Budget	Actuals to Date (Per AOC Reports - Not Cumulative)				Est. to Comp. Hours		Over / (Under) Budget Hours
									#1	#2	#3	#4			
Financial Audits & Mandates (FAM)															
(1) Treasury Funds Audit (Qtr ending 12/31/04) - 2004 carryover	2409	12/06/04		1,300	1,110	1,200		1,200	364	694			142	0	Financial statement issued 5/6/05. Management letter draft issued 5/16/05.
(2) Treasury Funds Audit (Qtr ending 3/31/05)	2508	03/16/05				275		275	0	185			90	0	Fieldwork in process.
(3) Treasury Funds Audit (Qtr ending 6/30/05)	2509					275		275	0	0			275	0	
(4) Treasury Funds Audit (Qtr ending 9/30/05)	2510					275		275	0	0			275	0	
(5) Treasury Funds Audit (Qtr ending 12/31/05)	2511					100		100	0	0			100	0	
(6) Probation Audit - 2 YE 6/30/05	2512	04/05/05				750		750	0	206			544	0	Fieldwork in process.
(7) Tax Redemption Audit - 3 YE 6/30/05	2513	03/29/05				900		900	0	125			775	0	Fieldwork in process.
(8) DA / Spousal Abuser Prosecution Grant - (6/30/05)	2514					160		160	0	0			160	0	
(9) DA / Workers Comp - Auto Insurance Fraud Grant - (6/30/05)	2515					250		250	0	0			250	0	
(10) Auditing & Accounting Standards Update	2516	01/01/05				115		115	12	23			80	0	On-going assignment.
(11) Work Paper Close-Out & Final Report Issuance (2004 Audits)	2517	01/01/05				50		50	0	0			50	0	
Subtotal				1,300	1,110	4,350	0	4,350	376	1,233	0	0	2,741	0	
Information Technology Audits (IT)															
(1) HCA / IT Self-Assessment Validation - 2004 carryover	2420	05/18/04		625	627	125		125	0	143			10	28	Draft issued. 15 findings
(2) A/C Collections / IT Component of DCR - 2004 carryover	2464	09/21/04		450	509	300		300	168	167			15	50	Draft issued. 37 IT findings.
(3) CAATs / Monthly Analysis of Certain Disb. & Payroll Data	2518	01/01/05				600		600	100	103			397	0	On-going. Review of March & April 2005 data postponed until June.
(4) CAPS / Integrated Procurement & Payables Proc. Pilot (IWMD)	2519					600		600	0	4			596	0	Waiting for "to be" or proposed control documentation from Auditor-Controller.
(5) Assist on IT Component of 12/31/04 TFA	2520	01/20/05	05/16/05			100		100	32	92			0	24	Assistance completed. 19 IT findings.
(6) Review of System Implementation - one of the below:	2521					600		600	0	0			600	0	
- HCA / Assist on Ltd. aspects of Cerner/Billing System - tbd or															
- H/CS / Review of New System for Housing Asst. Payments or															Plan to start a review of HCS system in late summer.
- TBD / New System Implementation															
Follow-Ups (Initial)															
(7) - CAPS Readiness Assessment	2522	05/17/05				250		250	0	41			120	(89)	Fieldwork in process.
(8) - A/C / Laser Check Application Audit	2523					200		200	0	0			200	0	
(9) - IWMD / LIST Implementation Review	2524					200		200	0	0			200	0	
Follow-Ups (Secondary)															
(10) - CAPS / Payroll Risk Assessment Review	2525					100		100	0	0			100	0	
(11) Review of New System Implement. Notifications (AM # S-1)	2526	01/01/05				75		75	0	5			70	0	On-going assignment. Responded to notification from HCS on 4/12/05.
(12) IT Research and Development	2527	01/01/05				200		200	6	60			134	0	On-going assignment.
Subtotal				1,075	1,136	3,350	0	3,350	306	615	0	0	2,442	13	



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Internal Control Reviews (ICR)															
(1) A/C / Collections Process (carryover from 2004)	2428	09/22/04		750	679	450		450	175	399			15	139	Two draft reports (one for IT; one for non-IT) issued on 5/25/05.
(2) RDMD Trust and Agency Funds (carryover from 2004)	2432	06/01/04	03/30/05	400	556	0		0	0	0			0	0	Done. Final report issued 3/30/05.
(3) H/CS / O.C. Development Agency (carryover from 2004)	2433	09/30/04		700	626	400		400	192	317			40	149	Fieldwork completed; draft report issued 4/26/05.
(4) Dept/Agency Budget Process Reviews (carryover from 2004)	2438	09/30/04	05/31/05	600	563	200		200	84	73			0	(43)	Done. Four final reports issued on 4/27/05.
(5) Audit of PA/PG	2528	05/18/05				0	250	250	0	48			202	0	Fieldwork in process.
(6) CEO / Accounts Receivable and Revenue Recovery	2529					450		450	0	0			450	0	
(7) HCA / Contract Administration and Cash Disbursements	2530	03/16/05				450		450	0	273			100	(77)	Fieldwork in process.
(8) SSA / Contract Administration and Cash Disbursements	2531	03/16/05				450		450	0	281			169	0	Fieldwork in process.
<u>Follow-Up Audits (Initial)</u>	2532	01/03/05				1,100		1,100	344	317			439	0	
(9) - Clerk-Recorder / Cash Receipts/Trust Fund Disbursements		01/20/05	04/30/05												Done. Final report issued 4/19/05. (5 recommendations implemented, 6 in process.)
(10) - Child Support Services / Trust Funds		01/03/05	03/31/05												Done. Final report issued 3/31/05. (21 recommendations implemented, 2 in process.)
(11) - H/CS / New Programs Cash Disbursements & Revolving Fund															
(12) - A/C / Trust & Agency Fund Disbursements		05/09/05	05/31/05												Done. Final report issued 5/31/05. (3 of 3 recommendations in process.)
(13) - RDMD / Utility Billings															
(14) - HCA / Trust and Agency Fund Disbursements		03/23/05	04/26/05												Done. Final report issued 4/26/05. (All 5 recommendations were fully implemented.)
(15) - RDMD / Revolving Funds		05/31/05													Fieldwork in process.
(16) - HCA / Cash Receipts		05/16/05													Fieldwork in process.
<u>Follow-Up Audits (Secondary)</u>	2533	01/19/05				200		200	7	64			129	0	
(17) - SSA / Trust & Agency Fund Disbursements															
(18) - HR / Employee Benefits Cash Receipts & Disbursements		05/09/05													Fieldwork in process.
(19) - H/CS / Disbursements and Related IT															
(20) - RDMD/Planning & Development Svcs. Cash Receipts		02/23/05	03/02/05												Done. Final report issued on 3/2/05. (All 7 recommendations were implemented.)
(21) Work Paper Close-Out & Final Report Issuance (2004 Audits)	2535	01/01/05				100		100	28	59			0	(13)	For finalization of audits started in 2004.
Subtotal				2,450	2,424	3,800	250	4,050	830	1,831	0	0	1,544	155	
Control Self Assessment (CSA)															
(1) Redesign of CSA Process and Reports	2536	01/03/05				500		500	9	5			486	0	On-going discussions regarding the CSA process.
(2) Work Paper Close-Out & Final Report Issuance (2004 Audits)	2537	01/01/05				50		50	7	35			43	35	On-going assignment.
Subtotal				0	0	550	0	550	16	40	0	0	529	35	



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Lease Revenue Reviews & Compliance Reviews															
<u>Lease Revenue Reviews</u>															
(1) RDMD / Anaheim Arena - 2004 carryover	2450	04/27/04		350	309	150		150	51	59			40	0	Fieldwork completed. Writing draft report.
(2) RDMD / Newport Dunes Resort - 2004 carryover	2462	09/16/04		500	393	200	125	325	14	248			100	37	Fieldwork in process.
(3) JWA / PCI Valet	2557	04/11/05				250	(100)	150	0	65			85	0	Fieldwork in process.
(4) RDMD / Dana West Marina	2539	02/10/05				250	125	375	30	316			40	11	Fieldwork completed. Writing draft report.
(5) JWA / Vanguard Car Rental (includes National and Alamo)	2540	02/23/05				300		300	24	252			40	16	Fieldwork completed. Writing draft report.
(6) JWA / Enterprise Car Rental	2541	01/12/05				250		250	179	53			5	(13)	Draft report issued.
(7) RDMD / Dreamcatcher Yacht Sales	2542					200	50	250	0	2			248	0	Fieldwork to start on 6/13/05.
(8) JWA / tbd	2543					200	50	250	0	0			250	0	
<u>Administration of Contracted Lease Revenue Reviews</u>	2544	01/01/05				600		600	25	41			534	0	On-going assignment. Administration includes planning & scheduling the audits, developing the testing approaches, reviewing the w/ps, and writing the reports.
(9) RDMD / BEI Electric	2559														
(10) RDMD / Ship to Shore Insurance	2560														
(11) RDMD / Dana West Yacht Club	2561														Fieldwork to start on 6/8/05.
(12) RDMD / Aventura Sailing	2564														Postponed until August as requested by RDMD.
(13) RDMD / Noel Marine Canvas	2562														
(14) JWA / McDonalds	2563														Fieldwork to start on 6/1/05.
<u>Follow-Up on Review of Revenue Leases (Initial)</u>	2545					420		420	0	0			420	0	
(15) RDMD / Southern California Softball Association															
(16) RDMD / Dana Point Marina Inn															
(17) RDMD / Bristol Street Mini Storage															
(18) RDMD / Canyon RV Park															
(19) RDMD / Bayshore Marina															
(20) RDMD / Rancho Beach House															
(21) RDMD / Strawberry Farms Golf Club	2558					150		150	0	0			150	0	
<u>Compliance and Other Audits</u>															
(22) - A/C / Review of MOU Provisions						0							0	0	
(23) - Limited Review of Reserve Funds Policy						0							0	0	
<u>Follow-Up on Compliance & Other Audits (Initial)</u>															
(24) - RDMD / Planning Services Division (Fund 113) Audit	2548	04/14/05				100		100	0	128			70	98	Fieldwork in process.
(25) - CEO & A/C / Budget Process Review	2549	05/09/05				200		200	0	6			194	0	Fieldwork to start in late June.
(26) - CEO / Fund 291 Review	2550	03/22/05				75		75	0	53			22	0	Fieldwork in process.
(27) - Human Resources / Management Reclassification Audit	2551					100		100	0	0			100	0	
(28) - HIPAA Compliance Review	2556	02/10/05	03/02/05			20		20	7	15			0	2	Done. Final report issued 3/2/05.
(29) Work Paper Close-Out & Final Report Issuance (2004 Audits)	2552	01/01/05				15		15	10	15			0	10	
Reserve for Additional Audit Requests						500	(500)	0	0	0			0	0	
Subtotal				850	702	3,980	(250)	3,730	340	1,253	0	0	2,298	161	



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Performance Measure Validation Reviews																
(1) Design of Process and Reporting	2553					200		200	0	0				200	0	
(2) Auditor-Controller	2554					200		200	0	0				200	0	
(3) John Wayne Airport	2555					200		200	0	0				200	0	
Subtotal					0	0	600	0	600	0	0	0	0	600	0	
Control Related & Other Assignments																
(1) Annual Risk Assessment Audit Plan	2501	01/01/05				500		500	61	17				422	0	On-going assignment.
(2) Cash Losses	2502	01/01/05				150		150	11	9				130	0	On-going assignment. Six small cash losses reported since 1/1/05 - no IAD reviews requested.
(3) Fraud Hotline	2503	01/01/05				120		120	31	30				59	0	On-going assignment.
(4) External Audit Reporting	2504	01/01/05				300		300	17	29				254	0	On-going assignment.
(5) Technical Assistance to Other Depts/Agencies	2505	01/01/05				200		200	4	30				166	0	On-going assignment.
(6) HIPAA Administration	2506	01/01/05				100		100	5	19				76	0	On-going assignment.
(7) Reports for Board, AOC, EA Meetings	2507	01/01/05				500		500	42	94				364	0	On-going assignment.
Subtotal					0	0	1,870	0	1,870	171	228	0	0	1,471	0	
Total Budget					5,675	5,372	18,500	0	18,500	2,039	5,200	0	0	11,625	364	
Additional Coverage Provided By Consultants																
Assistance from local CPA firm (Moreland & Associates) included above in Lease Revenue Reviews (#11 & 14)																
Total Contract Audit Resources					0	0	0	0	0	0	0	0	0	0	0	

Quarterly Status Report #2 - Highlight Time Period Covered 1/1/05-5/26/05

Requests for Technical Assistance

Request for technical assistance are not audits and do not result into a formal audit report. These requests are typically for advice and council and do not exceed 40 hours of staff time.

#	Date of Request	Department	Description
1.	June 1, 2005	JWA	Participate in the evaluation and selection of an outside consultant that will be tasked with conducting a full review of all JWA project files.
2.	June 1, 2005	SSA	Participate in evaluation and selection of an outside consultant that will be tasked with conducting a cost analysis of contracts with MAXIMUS and ACS, per Board directive to SSA.

Board Directives or Requests For Audits

#	Department	Date of Request	Description
1.	PA/PG	BOS Meeting, 5/3/05, Item 22	<u>Creation of PA/PG as Separate Department.</u> Directed that the Internal Auditor perform a management and procedural audit to ensure processes and controls are in place for new agency.
2.	JWA	June 1, 2005	Conduct a review of procedures and processes related to the management of John Wayne Airport public works contracts with an emphasis on the adequacy of internal controls.