

**County of Orange Internal Audit Department**  
**Findings Summary for Attestation Services & Mandates Issued**  
**For the Period of September 1, 2005 through December 31, 2005**

<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>
Treasurer-Tax Collector	Review of the Statement of Assets Held by the County Treasury as of June 30, 2005	2510	September 30, 2005	November 18, 2005	None
District Attorney	Workers' Compensation Insurance Fraud Program Audit	2515	June 30, 2005	November 29, 2005	None
District Attorney	Automobile Insurance Fraud Program Audit	2515	June 30, 2005	November 29, 2005	None
District Attorney	Spousal Abuser Prosecution Program - Report On Audit	2514	June 30, 2005	December 8, 2005	None

**County of Orange Internal Audit Department  
 Finding Summary for Internal Control Reviews  
 For the Period October 1, 2005 through December 31, 2005**

Dept./Agency	Process Review	Audit No.	Audit Period	Final Report Issued	Reported Internal Control Issues
Social Services Agency	Contract Administration & Cash Disbursements Processes	2531	As of April 30, 2005	10/5/05	<p><b>Wraparound Program</b></p> <p>I. <u>Fiscal Monitoring</u>  <b>Control finding</b> concerning regular performance of fiscal monitoring to ensure contract expenditures are appropriately supported and allowable.</p> <p>II. <u>Supervisory Review</u>  <b>Control finding</b> relating to documenting supervisory review of compliance audit reports.</p> <p>III. <u>Follow-Ups on Compliance Audits</u>  <b>Control finding</b> relating to development of written procedures defining responsibilities to follow-up on findings noted in compliance audits and fiscal reviews.</p> <p><b>Individual Provider Program</b></p> <p>IV. <u>Utilization Reviews</u>  <b>Control finding</b> relating to performing utilization reviews in accordance with established procedures.</p> <p>V. <u>Supervisory Review</u>  <b>Control finding</b> relating to documenting supervisory review of utilization reviews.</p> <p>VI. <u>Follow-Ups on Utilization Reviews</u>  <b>Control finding</b> relating to timeliness of follow-up on findings noted during utilization reviews.</p> <p><b>Welfare-To-Work Program</b></p> <p>VII. <u>Supporting Documentation to Validate Claims</u>  <b>Control finding</b> concerning establishing a policy requiring referral notice validation.</p> <p>VIII. <u>Reconciliation of Job Codes</u>  <b>Control finding</b> relating to reconciliation of contract payments to corresponding job codes.</p> <p>IX. <u>Reconciliation to the General Ledger</u>  <b>Control finding</b> relating to reconciliation of contract payments to the general ledger.</p> <p>Management concurred with the above findings and corrective actions are underway.</p>

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Health Care Agency	Contract Administration and Cash Disbursements	2530	As of April 30, 2005	10/20/05	<p>I. <u>Frequency of Annual Site Visits</u> <b>Significant issue</b> concerning timeliness and frequency of annual contractor site visits.</p> <p>II. <u>Documentation of Annual Site Visits</u> <b>Significant issue</b> relating to documentation of Annual Site Visit policies and procedures.</p> <p>III. <u>Frequency &amp; Timing of Fiscal and Administrative Reviews</u> <b>Significant issue</b> concerning completion of Fiscal and Administrative Reviews in accordance with operating policies, procedures and goals.</p> <p>IV. <u>Documentation of Fiscal and Administrative Reviews</u> <b>Significant issue</b> relating to the adequacy and consistency of work performed and documented during the performance of Fiscal Administrative Reviews.</p> <p>V. <u>Payment Amounts</u> <b>Control finding</b> relating to reduction of contractor provisional payments to reflect actual costs.</p> <p>VI. <u>Timing of Payments</u> <b>Control finding</b> relating to prompt payment of contractors.</p> <p>VII. <u>Supporting Documentation</u> <b>Control finding</b> relating to documenting verification of services performed.</p> <p>VIII. <u>Policies and Procedures</u> <b>Control finding</b> relating to updating policies and procedures.</p> <p><b>Management concurred with the above findings and corrective actions are underway.</b></p>
Resources and Development Management Department  Planning and Development Services Function	Review of Budgetary Controls	2584	As of June 30, 2005	10/28/05	<p>I. <u>Development of Fund Reserve and Workforce Contingency Program Reduction Plans</u> <b>Two significant issues</b> concerning the development of a workforce reduction contingency plan and establishing an adequate fund reserve.</p> <p><b>Management concurred with the above findings and corrective actions are underway.</b></p>

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Community Service Programs, Inc.  Board Directive No. 81, dated June 28, 2005	Limited Review of Victim/Witness Assistance Programs	2568	As of June 30, 2005	11/10/05	<b>No material weaknesses, significant issues or control findings were noted.</b> We concluded it was <u>not</u> cost effective for District Attorney staff to perform these contracted services.
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**Notes:**

The following Internal Control Review draft report has been issued:

**Public Administrator/Public Guardian.** By Board Directive, we audited various business processes in PA/PG. Draft report was issued on 11/30/05; audit responses due by 1/30/06.



**County of Orange Internal Audit Department  
 Summary Report on ICR Follow-Up Audits Issued  
 For the Period October 1, 2005 through December 31, 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
Social Services Agency – A/C Accounting Services	<b>Second Follow-Up*:</b>  Trust and Agency Funds	2533 (for Original Audit No. 2135)	3/20/02  <b>Initial Follow-Up Audit issued 9/29/03.</b>	I. Reconciliation-Child Support Collection Trust	In Process	11/22/05	Research continues and every reasonable effort is being taken to identify the payers of these monies and give them credit for amounts paid. SSA Accounting cleared an additional \$250,000 from the trust account in September 2005 and will post it to the Monthly Assistance Claim as an offset to the request for Federal/State reimbursement. We expect to complete the research and clear out the remaining balance by December 31, 2005.
				II. CDS Repayment Trust	Not Implemented		We agree that the reconciliation of repayment trust monies is a priority. Our plan continues to be to close out this account with the planned implementation of CalWIN, open up a new trust fund account for which a reconciliation can be performed, and appropriately dispose of the surplus (post it as an offset against the monthly assistance claim).
				III. Conserved Funds for Minors in Foster Care	Partially Implemented		Children and Family Services had a vacancy in the position that was responsible for notifying SSA Accounting to disburse unused funds to the Social Security Administration. As a result of this staffing deficiency, Children and Family Services was unable to provide this timely notification. Children and Family Services has now staffed that position and will notify SSA Accounting on a timely basis.
				IV. Accts. Receivable Suspense Trust	Implemented		

\* Because there are open issues remaining, we will conduct a **Third Follow-Up Audit** in early 2006.

**County of Orange Internal Audit Department  
 Summary Report on IT Follow-Up Reviews Issued  
 For the Period October 1, 2005 through December 31, 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
Clerk – Recorder Department	<b>First Follow-Up:</b>  Limited Review of Changes to Cashiering System	2565 (for Original Audit No. 2244)	3/27/03	1. Programmer Access to Production Datasets	Partially Implemented/Closed	12/08/05  <b>Final Close-Out Audit</b>	
				2. Local Administrator Rights Granted to Users	Implemented		
				3. Segregation of Duties	Partially Implemented/Closed		
				4. Void and Refund Audit Trails	Partially Implemented/Closed		
				5. Void Reviews	Implemented		
				6. Inadequate Testing Documentation	Implemented		
				7. User Reference and Support Materials (A & B)	Implemented		
				8. System Development Procedures	Implemented		
				9. I/S policies and Procedures (A & B)	Implemented		
				10. Automatic Workstation Lock-Out	Implemented		
				11. Multiple Log-Ons by One User	Implemented		

**County of Orange Internal Audit Department  
Reported Cash Losses  
For the Period October 1, 2005 through December 31, 2005**

<b>Dept./Agency &amp; Amount of Loss</b>	<b>Area of Cash Loss</b>	<b>Cash Loss/Audit No.</b>	<b>Date of Loss/Audit Review Period</b>	<b>Final Report Issued</b>	<b>Reported Internal Control Issues</b>
Sheriff-Coroner \$200.00	Professional Standards Division	2502-10	Loss: 10/05	N/A	Missing petty cash funds. Less than \$1,000 threshold – no investigation requested.
IWMD \$100.00	Olinda Alpha Site	2502-11	Loss: 8/25/04	N/A	Receipt of counterfeit bill. Less than \$1,000 threshold – no investigation requested.
IWMD \$100.00	Olinda Alpha Site	2502-12	Loss: 4/1/05	N/A	Receipt of counterfeit bill. Less than \$1,000 threshold – no investigation requested.
Treasurer-Tax Collector \$20.00	Vault	2502-13	Loss: 10/6/05	N/A	Error when making change. Less than \$1,000 threshold – no investigation requested.
IWMD \$100.00	Prima Deschecha Site	2502-14	Loss: 5/7/05	N/A	Receipt of counterfeit bill. Less than \$1,000 threshold – no investigation requested.
Sheriff-Coroner \$340.00  \$200.00 \$ 20.00 \$ 20.00 \$100.00 \$340.00	So. Narcotic James Musick Commissary James Musick	2502-15	Loss: 5/3/05 Loss: 5/22/05 Loss: 6/1/05 Loss: 7/24/05	N/A	Receipt of counterfeit bills. Less than \$1,000 threshold – no investigation requested.
Health Care Agency \$287.000	Adult Mental Health	2502-16	Loss: 12/7/04	N/A	Missing cash receipts. Less than \$1,000 threshold – no investigation requested.
Public Library \$20.00	Dana Point Branch	2502-17	Loss: 11/14/05	N/A	Receipt of counterfeit bill. Less than \$1,000 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. Effective February 15, 2005, the Board of Supervisors approved a revision to the dollar threshold amounts pertaining to cash losses. The Auditor-Controller will request the Internal Audit Department to review cash losses that exceed \$1,000.