

**County of Orange Internal Audit Department  
Finding Summary for Internal Control Reviews  
For the Period July 1, 2006 through September 30, 2006**

Dept./Agency	Process Review	Audit No.	Audit Period	Final Report Issued	Reported Internal Control Issues
Public Defender	<b>Revolving Fund</b>	2599	May 1, 2005 through April 30, 2006	7/27/06	<ol style="list-style-type: none"> <li>1. <u>Segregation of Duties – Alternate Defender</u> <b>Control finding</b> concerning fund custodian who also prepared bank reconciliations.</li> <li>2. <u>Supervisory Reviews – Alternate Defender</u> <b>Control finding</b> to ensure bank reconciliations are reviewed by a supervisor.</li> <li>3. <u>Long-Outstanding Reconciling Items</u> <b>Control finding</b> to resolve seven long-outstanding bank reconciliation items.</li> <li>4. <u>Surprise Cash Counts</u> <b>Control finding</b> to perform surprise counts of Alternate Defender portion of revolving fund.</li> <li>5. <u>Travel Cash Advances</u> <b>Control finding</b> to ensure all travel cash advances over \$1,000 have documented approval by Dept. Head.</li> <li>6. <u>Mileage and Other Expenses Claim Form Submission</u> <b>Control finding</b> to submit claims within 5 working days per CAM requirement.</li> <li>7. <u>Cancellation of Supporting Documentation</u> <b>Control finding</b> to mark “paid” on documents supporting travel cash advances.</li> </ol>
District Attorney	<b>Revolving Fund</b>	2597	May 1, 2005 through April 30, 2006	8/9/06	<ol style="list-style-type: none"> <li>1. <u>Segregation of Duties</u> <b>Control finding</b> concerning management personnel approving the payment and signing the related petty cash check.</li> <li>2. <u>Travel Cash Advances</u> <b>Control finding</b> to submit claims within 5 working days per CAM requirement</li> <li>3. <u>Bank and Fund Reconciliations</u> <b>Control finding</b> to resolve nine long-outstanding bank and fund reconciliation items.</li> </ol>

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Assessor Department	<b>Revolving Fund</b>	2596	May 1, 2005 through April 30, 2006	8/21/06	1. <u>Fund Reconciliations</u> <b>Control finding</b> to perform monthly travel cash advance fund reconciliations.  2. <u>Travel Cash Advances</u> <b>Control Finding</b> to submit claims within 5 working days per CAM requirement  3. <u>Cancellation of Supporting Documentation</u> <b>Control finding</b> to mark "paid" on documents supporting travel cash advances.

**County of Orange Internal Audit Department  
 Summary Report on ICR Follow-Up Audits Issued  
 For the Period July 1, 2006 through September 30, 2006**

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	<b>Third Follow-Up:  Trust and Agency Funds</b>	2637-A (for Original Audit No. 2135)	3/20/02	1. Reconciliation/Child Support Collection Trust	Implemented	8/24/06  <b>Final Close- Out Audit</b>	
			<b>Initial Follow-Up Audit issued 9/29/03</b>	2. Case Data System (CDS) Repayment Trust	Implemented		
			<b>Second Follow-Up Audit issued 11/22/05</b>	3. Conserved Funds for Minors in Foster Care Placement	Implemented		

**County of Orange Internal Audit Department**  
**Findings Summary for Attestation Services & Mandates Issued**  
**For the Period of July 1, 2006 through September 30, 2006**

Agency	Audit on	Audit No.	Audit Period	Final Report Issued	Internal Control and Compliance Issues Noted
Treasurer-Tax Collector	Full scope financial audit on the Statement of Assets Held by the County Treasury December 31, 2005	2511	December 31, 2005	We issued on May 1, 2006 an unqualified "clean" audit opinion on the Financial Statement  Management Letter issued September 25, 2006	<ol style="list-style-type: none"> <li>1. One employee has inappropriate combination of user permissions to both edit and release an Automated Clearing House (ACH) wire transaction.</li> <li>2. Two individuals with cashiering and supervisory user access serve as cashiering system administrators with the ability to create or terminate user access.</li> <li>3. An employee no longer requiring Back Office System access has an active user account.</li> <li>4. The password used to access the Cashiering System, although unique to each user, is static and does not have adequate complexity requirements, e.g., does not require passwords to be of a minimum length or level of complexity (e.g., alpha-numeric) and does not force periodic password changes.</li> <li>5. User request and approval documentation for changes to the Quantum system are not retained and changes were not documented in a change control log.</li> <li>6. The Wells Fargo Bank Commercial Electronic Office system's audit trails are maintained on-line for 30 days and not archived by the Treasurer's Office. In addition, the audit report for security activity is not reviewed.</li> <li>7. Back-up procedures for the Treasurer's Local Area Network servers are not documented.</li> <li>8. The server room in the Treasurer's Office does not have fire or smoke detection equipment. In addition, the server room does not have an emergency notification system for environmental problems (e.g., failure of air conditioning unit in server room).</li> <li>9. The Treasurer does not have a documented IT incident response plan.</li> <li>10. The Treasurer has documented a</li> </ol>

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Agency	Audit on	Audit No.	Audit Period	Final Report Issued	Internal Control and Compliance Issues Noted
					<p>comprehensive disaster recovery plan; however, the plan has not been tested.</p> <p>11. The updated and adopted version of the Investment Policy Statement (IPS) effective for calendar year 2006 removed the Treasurer and members of the Treasury Oversight Committee (TOC) from the list of individuals required to complete on an annual basis the State of California Form 700, Statement of Economic Interests Disclosure.</p>
Treasurer-Tax Collector	Review of the Statement of Assets Held by the County Treasury at June 30, 2006	2570	March 31, 2006	We issued the report on August 29, 2006 and found the Treasurer's Financial Statement to be fairly stated.	None

**County of Orange Internal Audit Department  
Reported Cash Losses  
For the Period July 1, 2006 through September 30, 2006**

<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 \$100.00	Property Unclaimed Fund	2602-1	12/8/05	N/A	Counterfeit bill. Less than \$1,000 threshold – no investigation requested.
Clerk-Recorder \$120.00	Operations Unit	2602-2	3/10/06	N/A	Change money missing during transfer from Old Orange County Courthouse to the Finance Office in Building 12. Less than \$1,000 threshold – no investigation requested.
Integrated Waste Management Dept. \$100.00	Prima Deshecha – South Landfill	2602-3	2/16/06	N/A	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. The Auditor-Controller will request the Internal Audit Department to review cash losses that exceed \$1,000.