



# INTERNAL AUDIT DEPARTMENT



**First & Final Close-Out Follow-Up  
Internal Control Audit:  
Auditor-Controller  
Fiduciary & Special Revenue Funds**

**As of February 28, 2021**

**Audit No. 2039-B (Reference 1818-F1)  
Report Date: April 26, 2021**

## Recommendation Status

**4**

**Implemented**

**0**

**In Process**

**0**

**Not Implemented**

**0**

**Closed**

## OC Board of Supervisors

CHAIRMAN ANDREW DO  
1st DISTRICT

VICE CHAIRMAN DOUG CHAFFEE  
4th DISTRICT

SUPERVISOR KATRINA FOLEY  
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER  
3rd DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT



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Audit No. 2039-B  
(Reference 1818-F1)

April 26, 2021

To: Frank Davies, CPA  
Auditor-Controller

From: Aggie Alonso, CPA, CIA, CRMA  
Internal Audit Department Director

Subject: First & Final Close-Out Follow-Up Internal Control Audit: Auditor-Controller  
Fiduciary & Special Revenue Funds

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We have completed a follow-up audit of the Auditor-Controller (A-C) fiduciary and special revenue funds process as of February 28, 2021, original Audit No. 1818, dated August 28, 2020. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our first follow-up audit concluded that A-C implemented the four (4) recommendations. Because all of our recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by A-C personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

### Attachments

#### Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Auditor-Controller Distribution
- Robin Stieler, Clerk of the Board of Supervisors
- Foreperson, Grand Jury
- Eide Bailly, LLP, County External Auditor

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## RESULTS

<b>FINDING NO. 1</b>	<b>Personally Identifiable Information</b>
<b>CATEGORY</b>	<b>Significant Control Weakness</b>
<b>RECOMMENDATION</b>	A-C redact PII from fund transaction supporting documentation.
<b>CURRENT STATUS</b>	<b>Implemented.</b> A-C Payroll unit is redacting PII from supporting documentation for cash receipt transactions posted in Fund 290 and Fund 292.  Based on the actions taken by A-C, we consider this recommendation implemented.

<b>FINDING NO. 2</b>	<b>Fiduciary Fund Documentation</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	A-C ensure that all fiduciary and special revenue funds are fully supported with complete written documentation in compliance with department policy.
<b>CURRENT STATUS</b>	<b>Implemented.</b> A-C has updated fund documentation for Funds 211, 212, 807, 808, 809, 15Q, and 309. The fund documentation now includes important fund administration information such as citation of legal or other authority for fund purpose, distributions, handling of interest earnings, expiration dates, and disposition of any residual balances when the fund is closed.  Based on the actions taken by A-C, we consider this recommendation implemented.

<b>FINDING NO. 3</b>	<b>Reconciliation Documentation</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	A-C Payroll should properly document Funds 290 and 292 reconciliations including preparer and reviewer signatures, completion dates, and support for noted differences in reconciliations.



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<b>CURRENT STATUS</b>	<p><b>Implemented.</b> A-C Payroll has updated their Fund 290 and Fund 292 reconciliation files to clearly document reconciled amounts including potential differences, preparer and reviewer signatures, and completion dates.</p> <p>Based on the actions taken by A-C, we consider this recommendation implemented.</p>
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<b>FINDING NO. 4</b>	<b>Timeliness of Fund 216 Reconciliations</b>
<b>CATEGORY</b>	<b>Control Finding</b>
<b>RECOMMENDATION</b>	A-C Property Tax unit ensure fund reconciliations are completed on a monthly basis.
<b>CURRENT STATUS</b>	<p><b>Implemented.</b> A-C Property Tax unit is completing the fund reconciliation on a monthly basis.</p> <p>Based on the actions taken by A-C, we consider this recommendation implemented.</p>

<b>AUDIT TEAM</b>	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Zan Zaman, CPA, CIA, CISA Gabriela Cabrera Mari Elias, DPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager
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## APPENDIX A: ADDITIONAL INFORMATION

<b>SCOPE</b>	Our follow-up audit was limited to reviewing actions taken by A-C as of February 28, 2021 to implement the four (4) recommendations from our original Audit No. 1818, dated August 28, 2020.
<b>BACKGROUND</b>	The original audit evaluated effectiveness of internal control over the fiduciary and special revenue funds process. The original audit identified one (1) Significant Control Weakness and three (3) Control Findings.



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## APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.

