



INTERNAL AUDIT DEPARTMENT



**First & Final Close-Out
Follow-Up Internal Control Audit:
Health Care Agency/Public Guardian
Fiduciary Fund 165**

As of May 31, 2022

**Audit No. 2139-C (Reference 1914-F1)
Report Date: June 30, 2022**

Recommendation Status

4

Implemented

0

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

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Audit No. 2139-C
(Reference 1914-F1)

June 30, 2022

To: Clayton Chau, MD, PhD, MASL
Health Care Agency Director

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency/
Public Guardian Fiduciary Fund 165

We have completed a follow-up audit of Health Care Agency/Public Guardian (HCA/PG) fiduciary fund process for Fund 165 as of May 31, 2022, original Audit No. 1914, dated September 27, 2021. 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 HCA/PG implemented all four (4) recommendations from the original audit. Because all recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by HCA/PG 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
- County Executive Office Distribution
- Health Care Agency Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

FINDING NO. 1	PG System Change Control
CATEGORY	Significant Control Weakness
RECOMMENDATION	<p>HCA/PG:</p> <ul style="list-style-type: none">A. Increase collaboration efforts with the software vendor to ensure the system is properly functioning to meet department business needs and internal control objectives.B. Perform a periodic review of the PG system user access rights security matrix to ensure accuracy and completeness.
CURRENT STATUS	<p>Implemented. HCA/PG increased collaboration efforts with the software vendor to ensure the system is properly functioning by helping to develop a PG system user access rights security matrix. HCA/PG performed a review of the PG system user access rights security matrix in November 2021 and plans on performing the review annually.</p> <p>Based on the actions taken by HCA/PG, we consider this recommendation implemented.</p>

FINDING NO. 2	Inventory Listing
CATEGORY	Significant Control Weakness
RECOMMENDATION	HCA/PG prepare a plan to process all outstanding assets including resource needs and timeframe.
CURRENT STATUS	<p>Implemented. HCA/PG updated its inventory listing of client assets. We verified the April 2022 inventory listing included a listing of its current assets. In addition, HCA/PG documented procedures to review the monthly variance to ensure the change of custody of each property item has been updated in the asset module system.</p> <p>Based on the actions taken by HCA/PG, we consider this recommendation implemented.</p>



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FINDING No. 3	PG System User Roles
CATEGORY	Control Finding
RECOMMENDATION	<p>HCA/PG:</p> <ul style="list-style-type: none">A. Maintain documentation acknowledging the risks associated with allowing multiple user roles in the PG system.B. Develop a formal process for the review and approval of multiple user roles and subsequent management review of dual role user activities in the PG system.C. Periodically review user roles to ensure proper segregation of duties is maintained in the PG system.
CURRENT STATUS	<p>Implemented. HCA/PG prepared documentation acknowledging the risks associated with allowing multiple user roles in the PG system and maintains documentation of users who have multiple user roles. In addition, they have documented procedures for the review and approval of multiple user roles. The last user access review was completed in May 2022.</p> <p>Based on the actions taken by HCA/PG, we consider this recommendation implemented.</p>

FINDING No. 4	Long Outstanding Items on Reconciliations
CATEGORY	Control Finding
RECOMMENDATION	<p>HCA/PG:</p> <ul style="list-style-type: none">A. Work with the vendor to resolve system error variances.B. Develop a plan to resolve the long-outstanding reconciling items on PG reconciliations including timeframe.
CURRENT STATUS	<p>Implemented. HCA/PG resolved the long outstanding items as identified in the original audit. We obtained the Trust Fund Reconciliation for April 2022 and verified the errors are no longer listed and have been resolved.</p> <p>Based on the actions taken by HCA/PG, we consider this recommendation implemented.</p>



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AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
	Michael Dean, CPA, CIA, CISA	Senior Audit Manager
	Zan Zaman, CPA, CIA, CISA	Audit Manager
	Stephany Pantigoso	Senior Auditor
	Mari Elias, DPA	Administrative Services Manager



APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by HCA/PG as of May 31, 2022, to implement the four (4) recommendations from our original Audit No. 1914, dated September 27, 2021.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the fiduciary funds process. The original audit identified two (2) Significant Control Weaknesses and two (2) Control Findings.



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APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
<p>The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.</p>	<p>The department is in the process of implementing our recommendation. Additional follow-up may be required.</p>	<p>The department has taken no action to implement our recommendation. Additional follow-up may be required.</p>	<p>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.</p>

