



INTERNAL AUDIT DEPARTMENT



First Follow-Up Internal Control Audit: Social Services Agency Fiduciary & Special Revenue Funds

As of May 9, 2022

Audit No. 2139-A (Reference 1823-F1)
Report Date: June 20, 2022

Recommendation Status

3

Implemented

1

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

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4th DISTRICT

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5th DISTRICT



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Audit No. 2139-A
(Reference 1823-F1)

June 20, 2022

To: Debra J. Baetz
Social Services Agency Director

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

Subject: First Follow-Up Internal Control Audit: Social Services Agency Fiduciary &
Special Revenue Funds

We have completed a follow-up audit of Social Services Agency's (SSA) fiduciary and special revenue funds process as of May 9, 2022, original Audit No. 1823, dated August 9, 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 that SSA implemented three (3) recommendations and is in the process of implementing the one (1) remaining recommendation. A second follow-up audit will be performed in approximately six months and a follow-up audit report form is attached to facilitate that audit. Any recommendations not implemented or in process at that time will be brought to the attention of the Audit Oversight Committee at its next scheduled meeting.

We appreciate the assistance extended to us by SSA 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
- County Executive Office Distribution
- Social Services Agency Distribution
- Auditor-Controller Satellite Accounting Operations Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

FINDING NO. 1	Personally Identifiable Information
CATEGORY	Significant Control Weakness
RECOMMENDATION	SSA management ensure PII is redacted from support documentation.
CURRENT STATUS	Implemented. SSA has updated its procedures to ensure PII is redacted. We reviewed four recent disbursements and verified all PII was redacted in the supporting documentation. Based on the actions taken by SSA, we consider this recommendation implemented.

FINDING NO. 2	Account Disposition and Procedures
CATEGORY	Control Finding
RECOMMENDATION	SSA management: A. Determine whether account balances should be held, disbursed, or closed for Fund 359 – DBSAs 00CS and 0005. B. Establish written policy and procedures that delineate the purpose, staffing responsibilities, accounting information, and reconciliation process for the two accounts.
CURRENT STATUS & PLANNED ACTION	In Process. SSA is researching account balances to determine proper disposition. SSA anticipates completing this research and developing procedures by June 30, 2022. Based on the actions taken by SSA, we consider this recommendation in process.

FINDING NO. 3	Contract Payment Review
CATEGORY	Control Finding
RECOMMENDATION	SSA management ensure revenues received are verified to confirm payments are in accordance with contract terms.



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CURRENT STATUS	<p>Implemented. SSA has established a process to ensure payments are in accordance with contract terms. As part of the process, SSA reviews revenue received and a monthly occupancy report. We reviewed one recent payment and verified this process was followed.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>
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FINDING NO. 4	Fund Transfers
CATEGORY	Control Finding
RECOMMENDATION	SSA management apply resources as necessary to ensure funds are transferred quarterly as appropriate.
CURRENT STATUS	<p>Implemented. SSA completed transfers for the two Fund 155 accounts identified in the original audit in March 2022. In addition, SSA has assigned responsibility to a backup team member to ensure funds are transferred quarterly as appropriate.</p> <p>Based on the actions taken by SSA, we consider this recommendation implemented.</p>

AUDIT TEAM	<p>Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA, CISA Alejandra Hernandez Mari Elias, DPA</p>	<p>Assistant Director Senior Audit Manager Audit Manager Senior Auditor Administrative Services Manager</p>
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by SSA as of May 9, 2022 to implement the four (4) recommendations from our original Audit No. 1823, dated August 9, 2021.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over SSA's fiduciary and special revenue funds. 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
<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>

