



INTERNAL AUDIT DEPARTMENT



**First Follow-Up Internal Control Audit:
OC Community Resources/
OC Public Libraries
Special Revenue Fund 120**

As of June 24, 2024

**Audit No. 2216-F1
Report Date: June 27, 2024**

Recommendation Status

2

Implemented

1

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

CHAIRMAN DONALD P. WAGNER
3rd DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

SUPERVISOR ANDREW DO
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO
2nd DISTRICT

SUPERVISOR KATRINA FOLEY
5th DISTRICT



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Audit No. 2216-F1

June 27, 2024

To: Dylan Wright
OC Community Resources Director

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

Subject: First Follow-Up Internal Control Audit: OC Community Resources/OC Public Libraries Special Revenue Fund 120

We have completed a follow-up audit of OC Community Resources (OCCR)/OC Public Libraries (OCPL) Special Revenue Fund 120 as of June 24, 2024, original Audit No. 2216, dated September 6, 2023. 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 OCCR implemented two recommendations and is in the process of implementing one 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 OCCR personnel during our follow-up audit. If you have any questions, please contact me at (714) 834-5442.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- County Executive Office Distribution
- OC Community Resources 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	OCCR management ensure PII is redacted from support documentation.
CURRENT STATUS & PLANNED ACTION	<p>In Process. We reviewed three fund deposit transactions recorded to Fund 120 between January through March 2024 and noted all three (100%) transactions had unredacted checks containing Personally Identifiable Information (PII), such as full names, addresses, and bank account information included in the supporting documentation. Subsequent to our review, OCCR indicated on May 21, 2024, that the practice of uploading check images as support documentation has been discontinued and revised its procedure to reflect this change on June 24, 2024. We will review a new sample of transactions during our second follow-up audit to validate OCCR's practice.</p> <p>Based on the actions taken by OCCR, we consider this recommendation in process.</p>

FINDING NO. 2	Fund Documentation
CATEGORY	Control Finding
RECOMMENDATION	OCCR management ensure that all fiduciary and special revenue funds are fully supported with complete written documentation in compliance with County policy.
CURRENT STATUS	<p>Implemented. OCCR has updated the Chart of Account (COFA) documentation for the seven funds identified in the original audit as not adequately supported, including Fund 120. We validated that the COFA documentation was in the current required format. OCCR has submitted the COFA documentation to the County Executive Office and is awaiting final processing by the Auditor-Controller.</p> <p>Based on the actions taken by OCCR, we consider this recommendation implemented.</p>



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FINDING No. 3	Inactive Fund
CATEGORY	Control Finding
RECOMMENDATION	OCCR management ensure the proper disposition of inactive funds.
CURRENT STATUS	Implemented. OCCR closed inactive Fund 16E as identified in the original audit. We obtained the Chart of Accounts (COFA) documentation and verified the closure of Fund 16E was completed on March 1, 2024. Based on the actions taken by OCCR, we consider this recommendation implemented.

AUDIT TEAM	Giianne Morgan, CIA, CISA Stephany Franco Thuy Luu	Senior Audit Manager Senior Auditor Staff Specialist
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCCR as of June 24, 2024 to implement the three recommendations from our original Audit No. 2216, dated September 6, 2023.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over Special Revenue Fund 120. The original audit identified one Significant Control Weakness and two 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.

