



INTERNAL AUDIT DEPARTMENT



**Internal Control Audit:
District Attorney-Public Administrator
Fiduciary Funds 164**

For the Year Ended June 30, 2024

**Audit No. 2405
Report Date: March 26, 2025**

Number of Recommendations

- 0** Critical Control Weaknesses
- 1** Significant Control Weakness
- 5** Control Findings

OC Board of Supervisors

CHAIR DOUG CHAFFEE
4th DISTRICT

VICE CHAIR KATRINA FOLEY
5th DISTRICT

SUPERVISOR JANET NGUYEN
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT



INTERNAL AUDIT DEPARTMENT

Internal Control Audit:
District Attorney-Public Administrator Fiduciary Fund 164

March 26, 2025

AUDIT HIGHLIGHTS

SCOPE OF WORK	Perform an internal control audit of District Attorney-Public Administrator's (OCDA) Fiduciary Fund 164 and a limited review of documentation for all fiduciary and special revenue funds administered by OCDA for the year ended June 30, 2024.						
RESULTS	<ul style="list-style-type: none"> We concluded that OCDA's internal controls over Fiduciary Fund 164 were generally effective to ensure the sources and uses of funds are proper and in compliance with County and departmental policies and procedures. We concluded that OCDA fiduciary fund process is generally efficient. 						
RISKS IDENTIFIED	<p>As a result of our findings, potential risks include:</p> <ul style="list-style-type: none"> Identity theft, loss of public's trust, legal liability, and remediation costs. Errors, fraud, or misuse of funds. Errors or irregularities in accounting records or processes. Inconsistent procedures and inability to continue business operations in the event of an emergency or other disruption. Undetected control weaknesses. 						
<p>NUMBER OF RECOMMENDATIONS</p> <table border="1" data-bbox="99 1276 391 1795"> <tr> <td data-bbox="99 1276 203 1377">0</td> <td data-bbox="203 1276 391 1377">CRITICAL CONTROL WEAKNESSES</td> </tr> <tr> <td data-bbox="99 1377 203 1478">1</td> <td data-bbox="203 1377 391 1478">SIGNIFICANT CONTROL WEAKNESS</td> </tr> <tr> <td data-bbox="99 1478 203 1795">5</td> <td data-bbox="203 1478 391 1795">CONTROL FINDINGS</td> </tr> </table>	0	CRITICAL CONTROL WEAKNESSES	1	SIGNIFICANT CONTROL WEAKNESS	5	CONTROL FINDINGS	<p>Opportunities for enhancing internal control include:</p> <ul style="list-style-type: none"> Redacting Personally Identifiable Information from departmental desk procedures and support documentation. Segregating the duties of creating and approving all payment requests. Resolving long outstanding reconciliation items. Establishing a written business continuity plan for the Public Administrator unit including detailed procedures for its database system. Enhancing Public Administrator monitoring activities over Fiduciary Fund 164 by performing separate and ongoing evaluations of its internal controls. Ensuring policies and procedures for Fiduciary Fund 164 are updated and reviewed periodically to ensure accurate and relevant information.
0	CRITICAL CONTROL WEAKNESSES						
1	SIGNIFICANT CONTROL WEAKNESS						
5	CONTROL FINDINGS						

Report suspected fraud, or misuse of County resources by vendors, contractors, or County employees to 714-834-3608



INTERNAL AUDIT DEPARTMENT

Audit No. 2405

March 26, 2025

To: Todd Spitzer
District Attorney-Public Administrator

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

Digitally signed by Agripino
Alonso
Date: 2025.03.26 14:13:03
-07'00'

Subject: Internal Control Audit: District Attorney-Public Administrator Fiduciary Fund 164

We have completed an internal control audit of District Attorney-Public Administrator (OCDA) Fiduciary Fund 164 and a limited review of documentation for all fiduciary and special revenue funds administered by OCDA for the year ended June 30, 2024. Details of our results and recommendations immediately follow this letter. Additional information including background and our objectives, scope, and methodology is included in Appendix A.

OCDA concurred with all our recommendations and the Internal Audit Department considers management's response appropriate to the recommendations in this report.

We will include the results of this audit in a future status report submitted quarterly to the Audit Oversight Committee and the Board of Supervisors. In addition, we will request your department complete a Customer Survey of Audit Services, which you will receive shortly after the distribution of our final report.

We appreciate the courtesy extended to us by OCDA personnel during our audit. If you have any questions regarding our audit, please contact me at (714) 834-5442 or Deputy Director Jose Olivo at (714) 834-5509.

Attachments

Other recipients of this report:

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

INTERNAL AUDIT DEPARTMENT

RESULTS

BUSINESS PROCESS & INTERNAL CONTROL STRENGTHS	<p>Business process and internal control strengths noted during our audit include:</p> <ul style="list-style-type: none"> ✓ OCDA maintains written documentation on the purposes and uses of special revenue funds and fiduciary funds. ✓ OCDA has departmental policies and procedures related to special revenue and fiduciary funds, including those specific to Fiduciary Fund 164 cash receipts, disbursements, and reconciliation processes. ✓ OCDA has desk procedures for their database system to ensure proper user navigation of the system. ✓ Administrative Services Personnel immediately endorse decedent checks upon receipt with a restrictive endorsement stamp. ✓ Staff perform a review of all daily cash receipts which is documented in their daily proof list to ensure all money received is recorded correctly and deposited promptly. ✓ Subsidiary records and the general ledger are maintained and reconciled monthly. ✓ Reconciliations are signed and dated by the preparer and reviewer.
--	--

FINDING NO. 1	<p>Personally Identifiable Information</p> <p>We noted one instance where an unredacted image containing Personally Identifiable Information (PII) such as full employee names, their employee identification numbers, and the last four digits of their social security numbers were included in departmental desk procedures. As a result of our review, OCDA management removed the PII in the noted desk procedure.</p>
CATEGORY	Significant Control Weakness
RISK	<p>Inadequate security over PII could result in identity theft. If PII was accessed via unauthorized means, the impact to the County could include the loss of the public's trust, legal liability, and remediation costs.</p>
RECOMMENDATION	<p>OCDA management ensure PII is redacted from departmental desk procedures and support documentation.</p>
MANAGEMENT RESPONSE	<p>Concur. The unredacted image was removed the moment it was brought to the attention of OCDA by the Internal Audit team.</p>



INTERNAL AUDIT DEPARTMENT

FINDING NO. 2	Segregation of Duties for Payment Requests The duties of creating and approving payment requests for certain Fund 164 payment types are not adequately segregated. Payment requests for expenditures less than \$5,000 and for court-ordered distributions less than \$25,000 are created and approved by the same person, a Public Administrator (PA) deputy. PA deputies are required to approve payment requests; therefore, the request should be created by another employee. Although the PA deputies create and approve these type of payment requests, we noted the requests are also approved by the accounting unit.
CATEGORY	Control Finding
RISK	Inadequate segregation of duties increases the risk of errors, fraud, or misuse of funds.
RECOMMENDATION	OCDA management ensure the duties of creating and approving all payment requests are segregated.
MANAGEMENT RESPONSE	Concur. OCPA management will work with our case management system provider, Panosoft, to revise current workflow so that all payment requests will require approval from someone other than the employee inputting the payment prior to it routing to our accounting division for processing.

FINDING NO. 3	Long-Outstanding Reconciling Item We observed a long-outstanding reconciling item in the amount of \$8,642 on the May and June 2024 monthly reconciliations for Fund 164. The item originated in fiscal year 2022. OCDA staff indicated this item is due to unresolved re-issued checks and they are working with the Auditor-Controller to resolve.
CATEGORY	Control Finding
RISK	Long outstanding reconciliation items increase the risk of untimely detection of errors or irregularities in accounting records.
RECOMMENDATION	OCDA management continue to work with the Auditor-Controller to resolve the long outstanding reconciliation item.
MANAGEMENT RESPONSE	Concur. OCPA management will continue to work with the Auditor-Controller and the vendors at issue to resolve any unreconciled items.



INTERNAL AUDIT DEPARTMENT

FINDING NO. 4	Business Continuity Plan While OCDA has implemented a business continuity plan for the PA unit, which they recently utilized, the plan is not formally documented. The plan should describe the steps necessary to process Fund 164 receipts and disbursements during a business interruption.
CATEGORY	Control Finding
RISK	Not having a written business continuity plan could result in inconsistent procedures being followed and/or impact the ability to continue business operations in the event of an emergency or other disruption.
RECOMMENDATION	OCDA management establish a written business continuity plan for the PA unit and include detailed procedures for its database system in the event it becomes inoperable.
MANAGEMENT RESPONSE	Concur. OCPA management will create a formal continuity plan describing the steps necessary to process Fund 164 receipts and disbursements during a business interruption.

FINDING NO. 5	Monitoring Activities The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework adopted by the County requires ongoing monitoring activities, including conducting evaluations to ascertain whether the components of internal controls are present and functioning. While the PA unit has several control activities regarding Fund 164 (e.g., approvals and reconciliations), they do not perform ongoing and separate evaluations of those controls.
CATEGORY	Control Finding
RISK	Not performing ongoing and separate evaluations of internal controls could lead to undetected control weaknesses.
RECOMMENDATION	OCDA management enhance PA monitoring activities over Fund 164 by performing ongoing and separate evaluations of its internal controls.
MANAGEMENT RESPONSE	Concur. OCPA management will institute a policy whereby the chief deputy will conduct an annual review in July of every year of the receipts and trust fund reconciliations for Fund 164 which will include running reports and selecting at random several items from each report to review. The accounting manager will be responsible for providing all supporting documentation for the chief's review to ensure accuracy and compliance with applicable policies and procedures.



INTERNAL AUDIT DEPARTMENT

FINDING No. 6	<p>Policies and Procedures</p> <p>While the PA unit has established written internal policies and procedures for Fund 164 cash receipts, disbursements, and reconciliations, policies and procedures for collecting assets, green county receipts, the vault and daily storage cabinet, and warehouse security need to be updated and finalized.</p> <p>PA unit management indicated they are in the process of revising and finalizing these policies and procedures.</p>
CATEGORY	Control Finding
RISK	Outdated policies and procedures could cause inconsistencies that lead to errors and ineffective accounting processes.
RECOMMENDATION	OCPA management ensure policies and procedures for Fund 164 are updated and reviewed periodically to ensure accurate and relevant information.
MANAGEMENT RESPONSE	Concur. OCPA management has been working continuously for more than a year to update all OCPA policies and procedures. Prior to the audit, we had updated some of the accounting P&P, but Internal Audit requested that we create and distribute policies and procedures specifically for a) collecting assets, b) green county receipts, c) the vault and daily storage cabinet as well as d) warehouse security. This recommendation has been implemented and the specified policies have all been updated and distributed.

AUDIT TEAM	<p>Michael Dean, CPA, CIA, CISA Daniel Ortiz, CPA Mary Ann Cosep Tina Dinh Gabriela Cabrera, CIA</p>	<p>Assistant Deputy Director Audit Manager Lead Senior Auditor Senior Auditor Administrative Services Manager</p>
-------------------	--	---



INTERNAL AUDIT DEPARTMENT

APPENDIX A: ADDITIONAL INFORMATION

OBJECTIVES	<p>Our audit objectives were to:</p> <ol style="list-style-type: none"> 1. Evaluate the effectiveness of internal controls over Fiduciary Fund 164 and perform a limited review of documentation for all fiduciary and special revenue funds administered by OCDA to ensure the sources and uses of funds are proper and in compliance with County and departmental policies and procedures. 2. Review the fiduciary fund process for efficiency.
SCOPE & METHODOLOGY	<p>Our audit scope was limited to internal controls over OCDA Fiduciary Fund 164, and a limited review of documentation was performed of the fiduciary and special revenue funds administered by OCDA for the year ended June 30, 2024. Our methodology included inquiry, observation, examination of documentation, and testing of relevant transactions.</p>
EXCLUSIONS	<p>Our audit scope did not include a review of information technology controls for any systems used in the administration of the fiduciary funds.</p>
PRIOR AUDIT COVERAGE	<p>We issued an audit report for OCDA with a similar scope on May 19, 2017, Audit No. 1519 Countywide Audit of Fiduciary Funds: District Attorney-Public Administrator for the Year Ending June 30, 2015. There were two findings issued in that report.</p>
BACKGROUND	<p>The mission of the OCDA is to enhance public safety and welfare, protect and respect crime victims, and to create security in the community through vigorous enforcement of criminal and civil laws in a just, honest, efficient, and ethical manner. OCDA's operations is comprised of three divisions which includes Administrative Services, Bureau of Investigation, and Prosecution. Within Administrative Services, the Financial Services unit is responsible for fiduciary and special revenue funds.</p> <p>The Office of the Public Administrator (PA) serves the public by managing estates and making the final arrangements of Orange County residents who die without a will or an appropriate person willing or able to act on the decedent's behalf to manage and resolve the decedent's estate. The PA is legally mandated to serve in a fiduciary capacity to provide professional estate management services to Orange County residents.</p> <p>Fund 164 was established as a fiduciary fund and is used to protect, assist, and manage the affairs of resident decedent estates as mandated pursuant to Sections 7601-7604 of the California Probate Code.</p> <p>As of June 30, 2024, the cash balance for PA was approximately \$46 million.</p>
PURPOSE & AUTHORITY	<p>We performed this audit in accordance with the FY 2024-25 Audit Plan and Risk Assessment approved by the Audit Oversight Committee (AOC) and Board of Supervisors (Board).</p>



INTERNAL AUDIT DEPARTMENT

PROFESSIONAL STANDARDS	<p>Our audit was conducted in conformance with the Global Internal Audit Standards issued by the International Internal Audit Standards Board.</p>
FOLLOW-UP PROCESS	<p>In accordance with professional standards, the Internal Audit Department has a process to follow-up on its recommendations. A first follow-up audit will generally begin six months after release of the initial report.</p> <p>The AOC and Board expect that audit recommendations will typically be implemented within six months or sooner for significant and higher risk issues. A second follow-up audit will generally begin six months after release of the first follow-up audit report, by which time all audit recommendations are expected to be implemented. Any audit recommendations not implemented after the second follow-up audit will be brought to the attention of the AOC at its next scheduled meeting.</p> <p>A Follow-Up Audit Report Form is attached and is required to be returned to the Internal Audit Department approximately six months from the date of this report in order to facilitate the follow-up audit process.</p>
MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL	<p>In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments shall establish effective internal controls as department management is responsible for internal control. Department management shall also continuously assess and strengthen internal control by evaluating internal control systems and promptly correcting weaknesses when detected." The criteria for evaluating internal control is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our audit enhances and complements, but does not substitute for department management's continuing emphasis on control activities and monitoring of control risks.</p>
INTERNAL CONTROL LIMITATIONS	<p>Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with County policy.</p>



INTERNAL AUDIT DEPARTMENT

APPENDIX B: FINDING TYPE CLASSIFICATION

Critical Control Weakness	Significant Control Weakness	Control Finding
<p>These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.</p>	<p>These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.</p>	<p>These are audit findings concerning the effectiveness of internal control, compliance issues, or efficiency issues that require management's corrective action to implement or enhance processes and internal control. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.</p>



APPENDIX C: DISTRICT ATTORNEY-PUBLIC ADMINISTRATOR MANAGEMENT RESPONSE



OFFICE OF THE
DISTRICT ATTORNEY
ORANGE COUNTY, CALIFORNIA

TODD SPITZER

March 6, 2025

VIA ELECTRONIC MAIL

Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director
Orange County Internal Audit Department
601 N. Ross St., 5th Floor
Santa Ana, CA 92701

RE: Internal Control Audit: District Attorney-Public Administrator Fiduciary Fund 164.

Dear Director Alonso:

This letter is in response to the Internal Control Audit of the District Attorney-Public Administrator Fiduciary Fund 164.

Finding No. 1 Personally Identifiable Information (Significant Control Weakness)

Recommendation No. 1: OCDA management ensure PII is redacted from departmental desk procedures and support documentation.

OCDA Management Response: Concur. The unredacted image was removed the moment it was brought to the attention of OCDA by the Internal Audit team.

Finding No. 2 Segregation of Duties for Payment Request

Recommendation No. 2: OCDA management ensure the duties of creating and approving all payment requests are segregated.

OCPA Management Response: Concur. OCPA management will work with our case management system provider, Panosoft, to revise current workflow so that all payment requests will require approval from someone other than the employee inputting the payment prior to it routing to our accounting division for processing.

REPLY TO: ORANGE COUNTY DISTRICT ATTORNEY'S OFFICE
<http://foranocountyda.org/>

WEB

PAGE:

MAIN OFFICE
300 N. FLOWER ST.
SANTA ANA, CA 92703
PO. BOX 808 (92702)
(714) 834-3600

NORTH OFFICE
1276 N. BERKELEY AVE.
FULLERTON, CA 92632
(714) 773-4480

WEST OFFICE
8141 13TH STREET
WESTMINSTER, CA 92683
(714) 896-7261

HARBOR OFFICE
4801 JAMBREE RD.
NEWPORT BEACH, CA 92660
(949) 476-4650

JUVENILE OFFICE
341 CITY DRIVE SOUTH
ORANGE, CA 92668
(714) 935-7624

CENTRAL OFFICE
300 N. FLOWER ST.
SANTA ANA, CA 92703
PO. BOX 808 (92702)
(714) 834-3952



Finding No. 3 Long-Outstanding Reconciling Item

Recommendation No. 3: OCDA management continue to work with the Auditor-Controller to resolve the long outstanding reconciliation item.

OCA Management Response: Concur. OCPA management will continue to work with the Auditor-Controller and the vendors at issue to resolve any unreconciled items.

Finding No. 4 Business Continuity Plan

Recommendation No. 4: OCDA management establish a written business continuity plan for the PA unit and include detailed procedures for its database system in the event it becomes inoperable

OCA Management Response: Concur. OCPA management will create a formal continuity plan describing the steps necessary to process Fund 164 receipts and disbursements during a business interruption.

Finding No. 5 Monitoring Activities

Recommendation No. 5: OCDA management enhance PA monitoring activities over Fund 164 by performing ongoing and separate evaluations of its internal controls.

OCA Management Response: Concur. OCPA management will institute a policy whereby the chief deputy will conduct an annual review in July of every year of the receipts and trust fund reconciliations for Fund 164 which will include running reports and selecting at random several items from each report to review. The accounting manager will be responsible for providing all supporting documentation for the chief's review to ensure accuracy and compliance with applicable policies and procedures.

Finding No. 6 Policies and Procedures

Recommendation No. 6: OCDA management ensure policies and procedures for Fund 164 are updated and reviewed periodically to ensure accurate and relevant information.

OCA Management Response: Concur. OCPA management has been working continuously for more than a year to update all OCPA policies and procedures. Prior to the audit, we had updated some of the accounting P&P, but Internal Audit requested that we create and distribute policies and procedures specifically for a) collecting assets, b) green county receipts, c) the vault and daily storage cabinet as well as d) warehouse security. This recommendation has been implemented and the specified policies have all been updated and distributed.

I would like to take this opportunity to thank you and your staff for the courtesy and professionalism that they displayed during this audit. If you have any questions regarding our response, please contact Jessica Bingham at 714-347-8797.

Sincerely,


Todd Spitzer
District Attorney