



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT MAY 21, 2015

INTERNAL CONTROL & COMPLIANCE AUDIT

**AUDITOR-CONTROLLER
FIDUCIARY (AGENCY) AND SPECIAL REVENUE FUNDS
Audit No. 1337**

WHAT THE AUDIT DID

We audited internal controls and compliance over fiduciary (agency) and special revenue funds at the Auditor-Controller to ensure receipts and disbursements are proper and in compliance with County and departmental procedures and used for the restricted purpose. As of June 30, 2014, the Auditor-Controller was responsible for fiduciary (agency) and special revenue funds and processing **\$1.9 billion in transactions** (consisting of fund inflows and outflows) during FY 13-14 with total year-end fund balance exceeding **\$135 million**.

WHY THIS AUDIT IS IMPORTANT

The purpose of a **fiduciary fund** (also referred to as an agency fund) is to temporarily hold monies belonging to a person or entity other than the County. Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent that therefore cannot be used by the government to support its own programs.

The purpose of a **special revenue fund** is to establish accountability over restricted monies to help ensure the monies are expended only for statutory purposes. Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than debt service or capital projects) that are legally restricted or committed to expenditure for specific purposes.

We audited the Auditor-Controller's administration and internal controls over fifteen (15) fiduciary (agency) and special revenue funds.

WHAT THE AUDITORS FOUND

The Auditor-Controller has internal controls in place to ensure that fiduciary (agency) and special revenue funds are administered in compliance with the established purposes of the restricted fund uses; that ensure fiduciary (agency) and special revenue fund transactions are accurate, valid, adequately supported, processed timely, and properly recorded; and ensure that reconciliations of fiduciary (agency) and special revenue funds are accurate, complete and timely in compliance with County and Auditor-Controller policy. We identified **two (2) Control Findings** to enhance internal controls and compliance over fiduciary (agency) and special revenue funds.