



PETER HUGHES, Ph.D, CPA, MBA, CIA, CFE, CITP
Director
400 Civic Center Drive West
Building 12, Room 232
Santa Ana, California 92701-4521
(714) 834-5475 Fax: (714) 834-2880

INTERNAL AUDIT DEPARTMENT

Audit No. 2440

April 29, 2004

TO: Bryan Speegle, Director
Resources & Development Management Department

SUBJECT: Third Follow-up of Department Control Review of PDSD Cash Receipts,
Audit No. 2017

We have completed a third follow-up examination of the Resources & Development Management Department/Planning & Development Services Division (formerly Planning and Development Services Department) cash receipts process. The Planning and Development Services Department (PDSD) recently merged with Public Facilities and Resources Department (PFRD) and became the Resources & Development Management Department (RDMD).

Our examination was limited to a review, as of February 29, 2004, of PDSD's planned actions stated in our secondary follow-up audit report dated November 27, 2002 and our initial follow-up audit report dated May 16, 2002. These planned actions stemmed from our original audit report dated March 20, 2001.

The secondary follow-up review contained three recommendations not fully implemented from the initial follow-up audit. Our third follow-up review indicated the issues pertaining to supervisory approval and review, and handwritten receipt forms are fully implemented. The recommendation not fully implemented is noted below along with a comment on the current status.

1. **Trust Fund Reconciliation**

Recommendation: PDSD Accounting Services ensure reconciliations are performed timely and unidentified differences are investigated and resolved so trust account records agree to the General Ledger.

Current Follow-Up Status: **In Progress.** Our review of the CT Trust Account reconciliations for January 2003 and 2004 noted that the long-outstanding, unidentified difference remains unresolved. Since our last review, RDMD/Accounting Services identified two items and reduced the amount by \$1,127.90, resulting in a remaining difference of \$119,580.61.

RDMD Accounting has researched the difference, and informed us the difference existed before PDSO became a separate department from PFRD, and is likely the result of several automated system conversions that occurred.

RDMD Accounting Services Response:

We concur with the recommendation. We have been reconciling this account in a timely manner; however, the long-outstanding unidentified difference between the subsidiary ledger and the General Ledger has not been resolved. The delay in resolving this difference was to allow RDMD and Auditor-Controller staff time to review old records, make adjustments, and verify the difference. This process was recently completed and, following a couple of minor adjustments, the difference has stabilized at \$119,580.61.

We are working with RDMD to establish a method to fund the remaining difference and to request guidance from County Counsel. Once funded, we will research each deposit and retain, refund or escheat the amounts in accordance with established County procedures. We propose to work closely with RDMD to resolve this issue in an expedient manner.

We appreciate the cooperation and assistance extended to us by the staff of RDMD and RDMD/Accounting Services during our review.

Sincerely,



Dr. Peter Hughes, CPA
Director, Internal Audit Department

Attachment: RDMD Accounting Services Response

cc: Members, Board of Supervisors
Members, Audit Oversight Committee
Foreman, Grand Jury
Vicki Wilson, Deputy CEO/Infrastructure & Environmental Services
Darlene J. Bloom, Clerk of the Board of Supervisors
David Sundstrom, Auditor-Controller
Shaun Skelly, Assistant Auditor-Controller/Agency Accounting
Mary Fitzgerald, Chief, RDMD/Accounting Services
Liz Jewell, Manager, RDMD/Accounting Services
Timothy Neely, Director, RDMD/Planning & Development Services



DAVID E. SUNDBLUM, CPA
AUDITOR-CONTROLLER

**AUDITOR-CONTROLLER
COUNTY OF ORANGE**

HALL OF FINANCE AND RECORDS
12 CIVIC CENTER PLAZA, ROOM 202
POST OFFICE BOX 567
SANTA ANA, CALIFORNIA 92702-0567
(714) 834-2450 FAX: (714) 834-2569

www.oc.ca.gov/ac

JOHN H. NAKANE
CHIEF ASSISTANT AUDITOR-CONTROLLER

JAMES M. McCONNELL
ASSISTANT AUDITOR-CONTROLLER
CENTRAL OPERATIONS

SHAUN M. SKELLY
ASSISTANT AUDITOR-CONTROLLER
AGENCY ACCOUNTING

MAHESH N. PATEL
ASSISTANT AUDITOR-CONTROLLER
INFORMATION TECHNOLOGY

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**INTERNAL AUDIT
DEPARTMENT**

April 26, 2004

TO: Bryan Speegle, Director
Resources & Development Management Department

SUBJECT: Response to the Third Follow-up of Department Control Review of
PDSB Cash Receipts, Audit No. 2017

We reviewed the draft audit report prepared by the Internal Audit Department covering the follow-up examination of the cash receipt process for the Resources & Development Management Department/Planning & Development Services Division (formerly PDSB). We concur with the recommendation.

We have been reconciling this account in a timely manner; however, the long-standing, unidentified difference between the subsidiary ledger and the General Ledger has not been resolved. The delay in resolving this difference was to allow RDMD and Auditor-Controller staff time to review old records, make adjustments, and verify the difference. This process was recently completed and, following a couple of minor adjustments, the difference has stabilized at \$119,580.61.

We are now working with RDMD to establish a method to fund the remaining difference and to request guidance from County Counsel. Once funded, we will research each deposit and retain, refund or escheat the amounts in accordance with established County procedures.

We propose to work closely with RDMD to resolve this issue in an expedient manner. Please call Shaun Skelly at 834-5521 if you have any questions concerning this letter.

David E. Sundstrom
Auditor-Controller

SMS:lr (PDSB Cash Receipts Follow-up Response/agency)

cc: Peter Hughes, Director, Internal Audit Department