



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

*Integrity
Objectivity
Independence*

FINAL CLOSE-OUT

**FOLLOW-UP AUDIT
OF DEPARTMENTAL CONTROL REVIEW
HOUSING & COMMUNITY SERVICES
DEPARTMENT
NEW PROGRAMS-CASH DISBURSEMENTS AND
REVOLVING FUNDS
ORIGINAL AUDIT No. 2349**

AS OF JUNE 30, 2005

AUDIT NUMBER: 2532

REPORT DATE: September 27, 2005

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
Audit Manager: Michael Goodwin, CPA, CIA
Senior Auditor: Susan Nestor, CPA, CIA

Final Close-Out

**Follow-Up Audit of Department Control Review
Housing & Community Services Department
New Programs-Cash Disbursements and Revolving Funds
Original Audit No. 2349**

As of June 30, 2005

TABLE OF CONTENTS

Transmittal Letter.....	i
INTERNAL AUDITOR'S REPORT.....	1



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT

Integrity ♦ Objectivity ♦ Independence

ELI LITTNER
CPA, CIA, CFE, CFS CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

Office of the Director
PETER HUGHES
Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880

EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

Transmittal Letter

Audit No. 2532

September 27, 2005

TO: Paula Burrier-Lund, Director
Housing and Community Services Department

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: **Final Close-Out Follow-Up Audit** of Department Control Review of Housing & Community Services Department New Programs – Cash Disbursements and Revolving Funds, Original Audit No. 2349, Issued July 15, 2004

We have completed a Final Follow-Up Audit of cash disbursements and revolving funds in the Housing & Community Services Department's New Programs - Office on Aging, Special Programs Division, and the Veterans Service Office. Our audit was limited to reviewing, as of June 30, 2005, actions taken to implement the recommendations made in our original audit report dated July 15, 2004. The results of our Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for all eighteen audit findings, this report represents the close-out of the original audit.

As the Director of the Internal Audit Department, I now make a monthly audit status presentation to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month, the implementation status of audit recommendations as disclosed by our Follow-Up Audits, any pressing audit or resource issues; as well as, respond to inquiries from the BOS. Therefore, the results of this Follow-Up Audit will be included in a future summary to the Board.

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Vicki Wilson, Deputy County Executive Officer, CEO/Infrastructure & Environmental Svcs.
Julia Bidwell, Deputy Director, HCS
Bill Castro, Assistant Auditor-Controller, Satellite Accounting Operations
Mike Montijo, Manager, HCS Accounting
Danny Wassenaar, Manager, HCS Accounting – Grand Building
Foreman, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT

Integrity ♦ Objectivity ♦ Independence

ELI LITTNER
CPA, CIA, CFE, CFS CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

Office of the Director
PETER HUGHES
Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880

EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2532

September 27, 2005

Paula Burrier-Lund, Director
Housing & Community Services Department
1770 N. Broadway
Santa Ana, CA 92706

We have completed a Final Close-Out Follow-Up Audit of our Department Control Review of cash disbursements and revolving funds in the Housing & Community Services Department (HCS) New Programs – Office on Aging, Special Programs Division, and Veterans Service Office. Our audit was limited to reviewing actions taken as of June 30, 2005 to implement the recommendations made in our original audit report dated July 15, 2004.

The original audit report contained eighteen (18) recommendations. In that report, we concluded that controls and processes for monitoring expenditures over certain contract providers were insufficient, controls over the Veterans Service Office revolving fund were not effective, and that improvements were needed in both areas of cash disbursements and revolving funds.

We are pleased to report that satisfactory corrective action has taken place for all eighteen audit recommendations. As such, this report represents the final close-out of the original audit. We commend HCS and HCS Accounting for their responsiveness and attentiveness in addressing the audit recommendations made in our original report. The actions taken by HCS in contractor fiscal monitoring and revolving fund administration have significantly enhanced controls and processes in those areas.

We appreciate the cooperation and assistance extended to us by your staff during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at (714) 834-5589 or Michael Goodwin, Audit Manager at (714) 834-6066.

Sincerely,

Peter Hughes, Ph.D., CPA
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors

Members, Audit Oversight Committee

Thomas G. Mauk, County Executive Officer

Vicki Wilson, Deputy County Executive Officer, CEO/Infrastructure & Environmental Svcs.

Julia Bidwell, Deputy Director, HCS

Bill Castro, Assistant Auditor-Controller, Satellite Accounting Operations

Mike Montijo, Manager, HCS Accounting

Danny Wassenaar, Manager, HCS Accounting – Grand Building

Foreman, Grand Jury

Darlene J. Bloom, Clerk of the Board of Supervisors