



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

*Integrity
Objectivity
Independence*

FINAL CLOSE-OUT

**FOLLOW-UP AUDIT
OF LIMITED REVIEW OF AUDITOR-
CONTROLLER PROPERTY TAX UNIT
EXTENDED TAX ROLL PROCESS,
ORIGINAL AUDIT No. 2427**

AS OF SEPTEMBER 1, 2005

AUDIT NUMBER: 2532

REPORT DATE: October 26, 2005

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

Final Close-Out

**Follow-Up Audit of Limited Review of Auditor-Controller
Property Tax Unit Extended Tax Roll,
Original Audit No. 2427**

As of September 1, 2005

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Transmittal Letter

Audit No. 2532

October 26, 2005

TO: David E. Sundstrom, Auditor-Controller

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

SUBJECT: **Final Close-Out Follow-Up Audit** of Limited Review of
Auditor-Controller Property Tax Unit Extended Tax Roll Process
Original Audit Report No. 2427, Issued October 14, 2004

We have completed a Final Close-Out Follow-Up Audit of our Limited Review of the Auditor-Controller's Property Tax Unit Extended Tax Roll Process. Our audit was limited to reviewing, as of September 1, 2005, the implementation status of planned corrective actions identified in our original audit for the Extended Tax Roll process, and the implementation status of each recommendation made in our original audit report dated October 14, 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 seven planned corrective actions and all three recommendations, 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 BOS.

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Shaun Skelly, Chief Assistant Auditor-Controller
Jan Grimes, Assistant Auditor-Controller, Central Operations
Frank Davies, Manager, Property Tax Unit
Foreman, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2532

October 26, 2005

David E. Sundstrom
Auditor-Controller
12 Civic Center Plaza
Santa Ana, CA 92702

We have completed a Final Close-Out Follow-Up Audit of our Limited Review of the Auditor-Controller's Property Tax Unit Extended Tax Roll Process. Our audit was limited to reviewing, as of September 1, 2005, the implementation status of planned corrective actions identified in our original audit for the Extended Tax Roll process, and the implementation status of each recommendation made in our original audit report dated October 14, 2004.

The original audit report contained seven (7) planned corrective actions and three (3) recommendations. In that report, we evaluated the contributing factors and planned corrective actions concerning an error made in computing the FY 2003/04 tax rate for Coast Community College District, which resulted in a **\$9.2 million shortage** in apportioned tax monies to the District. In our Follow-Up Audit, we validated the implementation of the planned corrective actions and our recommendations with the completion of the FY 05/06 Extended Tax Roll. **We are pleased to report that satisfactory corrective action has taken place for all seven planned corrective actions and three recommendations. As such, this report represents the final close-out of the original audit.**

We appreciate the cooperation and assistance extended to us by the Property Tax Unit staff during our Follow-Up Audit.

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
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