



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

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FINAL CLOSE-OUT

**SECOND FOLLOW-UP AUDIT OF
AUDITOR-CONTROLLER
TRUST AND AGENCY FUND DISBURSEMENTS
ORIGINAL AUDIT No. 2429
AS OF DECEMBER 16, 2005**

AUDIT NUMBER: 2533

REPORT DATE: January 5, 2006

Audit Director:	Peter Hughes, Ph.D., CPA
Deputy Director:	Eli Littner, CPA, CIA
Audit Manager:	Michael Goodwin, CPA, CIA
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Final Close-Out

**Second Follow-Up Audit of
Auditor-Controller Trust and Agency Fund Disbursements
Original Audit No. 2429**

As of December 16, 2005

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Transmittal Letter

Audit No. 2533

January 5, 2006

TO: David E. Sundstrom
Auditor-Controller

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

SUBJECT: **Second and Final Close-Out Follow-Up Audit** of Department Control Review
Auditor-Controller Trust and Agency Fund Disbursements,
Original Audit No. 2429

We have completed a second and Final Close-Out Follow-Up Audit of Auditor-Controller trust and agency fund disbursements. Our audit was limited to reviewing, as of December 16, 2005, actions taken to implement the three recommendations in our initial Follow-Up Audit report dated May 31, 2005. The recommendations stemmed from our original audit report dated June 24, 2004. The results of our second Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the three recommendations, this report represents the close-out of the original audit.

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report 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
Bob Leblow, Senior Manager, A-C/Central Operations/Claims & Disbursing
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2533

January 5, 2006

David E. Sundstrom
Auditor-Controller
12 Civic Center Plaza
Santa Ana, CA 92701

We have completed a second and Final Close-Out Follow-Up Audit of internal controls and processes over trust and agency fund disbursements of the Auditor-Controller/Central Operations Division (Auditor-Controller). Our Follow-Up Audit was limited to reviewing actions taken as of December 16, 2005 to fully implement the three recommendations made in our initial Follow-Up Audit report dated May 31, 2005.

The original audit report contained (3) three recommendations to resolve unidentified, reconciling and unreconciled differences in a trust fund. Our initial Follow-Up Audit found two (2) items were in process of being fully implemented and one (1) item was partially implemented.

We are pleased to report that satisfactory corrective action has been taken for all recommendations. As such, this report represents the final close-out of the original audit. We appreciate the cooperation and assistance extended to us by your 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
Thomas G. Mauk, County Executive Officer
Shaun Skelly, Chief Assistant Auditor-Controller
Jan Grimes, Assistant Auditor-Controller, Central Operations
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