



INTERNAL AUDIT DEPARTMENT



Second and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Probation Department

As of May 31, 2018

Audit No. 1735-O (Reference 1519-F2)
Report Date: July 30, 2018

OC Board of Supervisors

Chairman Andrew Do
1st District

Vice Chairman Shawn Nelson
4th District

Supervisor Michelle Steel
2nd District

Supervisor Todd Spitzer
3rd District

Supervisor Lisa Bartlett
5th District



INTERNAL AUDIT DEPARTMENT

Audit No. 1735-O
(Reference 1519-F2)

July 30, 2018

To: Steven J. Sentman, Chief Probation Officer
Probation Department

From: Scott Suzuki, CPA, Acting Director
Internal Audit Department

Subject: Second and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
Probation Department

We have completed a second follow-up audit of fiduciary funds as of May 31, 2018, original Audit No. 1519, dated May 4, 2016. Our final report is attached for your review.

An audit status report is submitted quarterly to the Audit Oversight Committee (AOC) and the Board of Supervisors (Board) detailing any critical and significant audit findings released in reports during the prior quarter 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 AOC and Board.

If you have any questions, please contact me directly at 714.834.5509 or Michael Dean, Senior Audit Manager, at 714.834.4101.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Bryan Prieto, Chief Deputy Probation Officer
- Dana Schultz, Director of Administration & Fiscal Division, Probation
- Jon Humann, Accounting & Financial Unit Manager, Probation
- Armond Nazaar, Accounting Manager, Probation
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Vavrinek, Trine, Day & Co., LLP, County External Auditor

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INTRODUCTION

SCOPE	Our audit was limited to reviewing actions taken as of May 31, 2018 to implement the one (1) recommendation remaining from our First Follow-Up Audit No. 1634-I, issued April 17, 2017.
BACKGROUND	We completed a Countywide Audit of Fiduciary Funds for the Probation Department to ensure that funds were properly administered, safeguarded, and maintained in compliance with County policy, procedures, and specific fund requirements. The First Follow-Up Audit identified one (1) Control Finding that remained open.
RESULTS	Our Second Follow-Up Audit found that Probation has taken satisfactory action and has implemented the one (1) recommendation that remained open from the First Follow-Up Audit. Because the remaining recommendation has been implemented, this report represents the final close-out of the original audit.
ACKNOWLEDGEMENT	We appreciate the assistance extended to us by the Probation Department during our Follow-Up Audit.

CURRENT STATUS OF AUDIT RECOMMENDATION

FINDING No. 4	Fund 347 Reconciling Differences Need to Be Resolved
CATEGORY	Control Finding
RECOMMENDATION	Probation Department work towards resolving the long-outstanding reconciling differences in Fund 347. Probation should also evaluate the fund usage and name of the DBSA currently referred to as <i>Unreconciled Control Accounts</i> .



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CURRENT STATUS

Implemented. We found that Probation has taken steps to research, identify, and resolve the long-outstanding reconciling differences in Fund 347-9200-9999 – Hold Trust Fund – Suspense. Notable actions taken by Probation include:

- Created new suspense categories to allow for better reporting and management of the fund and to facilitate further research.
- Designated staff to clear and monitor suspense transactions 90 days and older.
- Reduced amounts previously categorized as unidentified to zero, which in effect identified 100% of the suspense monies.
- Reduced balances 90 days and older from \$134,376 (as noted in our First Follow-Up Audit) to \$16,800, which are identified as unapplied monies pending case set-up in the system.

Because of the actions taken by the Probation Department, we consider this recommendation implemented.

AUDIT TEAM

Lily Chin, CPA
Gianne Acosta

Audit Manager II
Senior Auditor



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APPENDIX A: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.

