John M.W. Moorlach

3rd District
Todd Spitzer

4th District
Shawn Nelson, Chairman

Patricia C. Bates. Vice Chair



nternal Audit Department

ORANGE COUNTY

AUDIT HIGHLIGHT OCTOBER 11, 2013

AOC SPECIAL REQUEST:

REVIEW OF CLERK-RECORDER FUND 12D
REVENUE SOURCES, EXPENDITURES, AND RELATED
ACCOUNTING PRACTICES
For the Two Years Ended June 30, 2012
Audit No. 1159-B

WHY IS THIS AUDIT IMPORTANT?

At the request of the Audit Oversight Committee (AOC), we reviewed the revenue sources, expenditures, and related accounting practices of the Clerk-Recorder's Office Special Revenue Fund 12D from July 1, 2010 to June 30, 2012.

It should be noted that during our audit period the former Clerk-Recorder was in office. The former Clerk-Recorder was elected to that position in 2002, and re-elected in 2006 and 2010. On December 3, 2012, the former Clerk-Recorder resigned from the position. On April 2, 2013 the Board of Supervisors appointed Hugh Nguyen as Clerk-Recorder.

WHAT THE AUDITORS FOUND?

Our review identified twelve (12) Critical Control Weaknesses, three (3) Significant Control Weaknesses, and four (4) Control Findings where there was inadequate oversight and accounting by the former Clerk-Recorder's Office for the statutorily-restricted Fund 12D.

Our audit found the former Clerk-Recorder's Office did not maintain sufficient supporting records for the Fund 12D expenditures, to the extent that the records were inadequate for the purpose of readily determining whether Fund 12D monies were expended in compliance with statutory requirements.

However, the current Clerk-Recorder's Office, upon implementation of the recommendations included in this report and subsequent re-evaluation of their records, should be able to develop a reasonable methodology/basis to support Fund 12D usage during the audit period, subject to our follow-up audit.