



O R A N G E C O U N T Y

AUDITOR-CONTROLLER

I N T E R N A L A U D I T

**FIRST AND FINAL
CLOSE-OUT FOLLOW-UP
COUNTYWIDE AUDIT OF
FIDUCIARY FUNDS:
CHILD SUPPORT SERVICES
AS OF JULY 29, 2016**



**Audit Number 1519-F1 (Reference 1634)
Report Date: August 25, 2016**



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Transmittal Letter

Audit No. 1519-F1
(Reference 1634)

August 25, 2016

TO: Steven Eldred, Director
Child Support Services

SUBJECT: First and **Final Close-Out** Follow-Up Countywide Audit of Fiduciary Funds:
Child Support Services, Original Audit No. 1519, Issued March 15, 2016

We have completed our First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Child Support Services as of July 29, 2016. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a monthly report to the Board of Supervisors (BOS) where I detail any critical 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 Follow-Up Audit will be included in future status reports to the AOC and BOS.

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Mark Denny, Chief Operating Officer
- Lilly Simmering, Deputy Chief Operating Officer
- Rachel Vargas, Deputy Director, Administrative Support Services, Child Support Services
- Jim Gorzo, Manager, Finance/Purchasing Services, Child Support Services
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



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Fiduciary Funds: Child Support Services
Audit No. 1519-F1 (Reference 1634)*

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Internal Auditor's Report

**Audit No. 1519-F1
(Reference 1634)**

August 25, 2016

TO: Steven Eldred, Director
Child Support Services

FROM: Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

SUBJECT: First and **Final Close-Out** Follow-Up Countywide Audit of Fiduciary Funds:
Child Support Services, Original Audit No. 1519, Issued March 15, 2016

SCOPE

We completed a First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Child Support Services (CSS). Our audit was limited to reviewing actions taken as of July 29, 2016, to implement the **two (2) recommendations** from our original audit.

BACKGROUND

In the original audit, we conducted a Countywide Audit of Fiduciary Funds to ensure funds are properly administered and maintained in compliance with County policy, procedures, and fund requirements. We found that CSS had one fiduciary fund: Fund 154 – CSS Collections. Our audit of internal controls over the fiduciary fund administered by CSS was performed to ensure it was properly administered, safeguarded, and maintained in compliance with County policy, procedures, and specific fund requirements for the period from July 1, 2014 through June 30, 2015. Our original audit identified **two (2) Control Findings**.

RESULTS

Our First Follow-Up Audit found that CSS **implemented the two (2) recommendations** from the original audit. Because the two recommendations were implemented, **this report represents the final close-out of the original audit**.

Based on our First Follow-Up Audit, the following is the implementation status of the two (2) original recommendations:

1. Finding No. 1 – Fiduciary Sub-Accounts with No Activity Should Be Evaluated (Control Finding)

Recommendation No. 1: Child Support Services determine if inactive fiduciary sub-accounts in Fund 154 should be closed-out.

Current Status: Implemented. We found that CSS had submitted a Form 5202 to Auditor-Controller (A-C) requesting deletion of inactive Department Balance Sheet Accounts (DBSA) 0001, 0004, and 0012. We further confirmed that these DBSA's were no longer active in CAPS+. Because of the actions taken by CSS, we consider this recommendation implemented.



Internal Auditor's Report

2. Finding No. 2 – Fiduciary Fund Document Lacking Required Elements (Control Finding)

Recommendation No.2: Child Support Services work with the Auditor-Controller to prepare a Chart of Accounts (COFA) for Fund 154 that includes all the required elements.

Current Status: Implemented. Our First Follow-up Audit found that CSS had submitted a revised COFA for Fund 154 to A-C which included all the required elements per County of Orange Accounting Manual Procedure F-3. Because of the actions taken by CSS, we consider this recommendation implemented.

We appreciate the assistance extended to us by the personnel of Child Support Services during our Follow-Up Audit. If you have any questions, please contact me directly at 714-834-5442 or Scott Suzuki, Assistant Director at 714-834-5509.