

COUNTY OF ORANGE INTERNAL AUDIT DEPARTMENT

Recipient of the Institute of Internal Auditors Award for Recognition of Commitment to Professional Excellence, Quality and Outreach

Integrity • Objectivity • Independence

 ELI LITTNER
 MICHAEL J. GOODWIN
 ALAN MARCUM
 AUTUMN MCKINNEY

 CPA, CIA, CFE, CFS, CISA
 CPA, CIA
 MBA, CPA, CIA, CFE
 CPA, CIA, CGFM

 DEPUTY DIRECTOR
 SENIOR AUDIT MANAGER
 SENIOR AUDIT MANAGER
 SENIOR AUDIT MANAGER

nce

Office of the Director DR. PETER HUGHES Ph.D., MBA, CPA, CIA, CFE, CITP

> MAILING ADDRESS: 400 Civic Center Drive West Building 12, Room 232 Santa Ana, California 92701

TELEPHONE: (714) 834-5475 FAX: (714) 834-2880 EMAIL: <u>peter.hughes@ocgov.com</u> WEBSITE: www.ocgov.com/audit/

FINAL CLOSE-OUT

February 26, 2007

Audit No. 2625

TO: David E. Sundstrom, Auditor-Controller

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

SUBJECT: Final Close-Out of the Auditor-Controller Laser Check Printing, Original Audit No. 2326, Issued September 23, 2003

We were scheduled to complete a Second Follow-Up Audit of the Auditor-Controller Laser Check Printing. The original audit report contained twenty-seven (27) recommendations that were reviewed as part of our First Follow-Up Audit (No. 2523), issued September 30, 2005. The First Follow-Up Audit found the following:

- Eighteen (18) recommendations had been fully implemented.
- Two (2) recommendations were closed.
- Three (3) recommendations had been partially implemented.
- One (1) recommendation was in process.
- Three (3) recommendations were not implemented.

Therefore, a Second Follow-Up would review the status of the remaining seven (7) recommendations.

During the original audit, the laser check printing application, the printing hardware and supplies, and the related support was obtained under a contract with RXLaser (subsequently purchased by NowDocs). After the First Follow-Up Audit, the Auditor-Controller decided to develop a new laser check printing application to replace the RXLaser application. This new application is being developed in-house and supported by the CEO/Office of Information Technology. According to the Auditor-Controller, the new laser check printing application is currently undergoing final testing and is expected to be implemented in approximately one (1) month.

David E. Sundstrom Auditor Controller February 26, 2007 Page 2

Since the remaining seven (7) recommendations relate to the soon to be replaced RXLaser application and related processes that will change with the new application, we will not perform a Second Follow-Up Audit to determine the implementation status of the remaining (7) recommendations. Instead, we will consider performing a future audit of the new laser check printing application in its entirety in conjunction with our annual risk assessment and audit plan development process. Therefore, this letter closes out the original audit (No. 2326) of the Auditor-Controller Laser Check Printing.

cc: Members, Board of Supervisors Members, Audit Oversight Committee Thomas G. Mauk, County Executive Officer Shaun Skelly, Chief Assistant Auditor-Controller Mahesh Patel, Assistant Auditor-Controller, Information Technology Jan Grimes, Assistant Auditor-Controller, Operations Larry Chanda, Manager CAPS Administration, Auditor-Controller Robert Leblow, Senior Manager, Auditor-Controller/Claims and Disbursements Phillip Daigneau, Manager, Auditor-Controller/CAPS Accounting/Payroll Systems Satish Ajmani, Chief Information Officer, CEO/Information Technology Ted Kerekes, Data Systems Division Manager, CEO/Information Technology Phil Paker, ACS State and Local Solutions Foreperson, Grand Jury Darlene J. Bloom, Clerk of the Board of Supervisors