



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:
TREASURER-TAX COLLECTOR**

AS OF MAY 2, 2017



**Audit Number 1634-G (Reference 1519-F1)
Report Date: June 8, 2017**



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

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ERIC H. WOOLERY, CPA
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Transmittal Letter

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

June 8, 2017

TO: Shari L. Freidenrich
Treasurer-Tax Collector

SUBJECT: First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
Treasurer-Tax Collector, Original Audit No. 1519, Issued April 29, 2016

We have completed our First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds for Treasurer-Tax Collector as of May 2, 2017. Our final report is attached for your review.

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

A handwritten signature in blue ink, appearing to read "Toni Smart".

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

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric H. Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Mark Malbon, Chief Assistant Treasurer-Tax Collector – Treasury
- JC Squires, Financial Manager, Treasurer-Tax Collector – Treasury
- 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: Treasurer-Tax Collector
Audit No. 1634-G (Reference 1519-F1)*

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Internal Auditor's Report

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

June 8, 2017

TO: Shari L. Freidenrich
Treasurer-Tax Collector

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

SUBJECT: First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
Treasurer-Tax Collector, Original Audit No. 1519, Issued April 29, 2016

SCOPE

We completed a First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Treasurer-Tax Collector (T-TC). Our audit was limited to reviewing actions taken as of May 2, 2017, to implement the **three (3) recommendations** from our original audit.

BACKGROUND

We found that T-TC had eight fiduciary funds. Our audit of internal controls over the fiduciary funds administered by T-TC was performed to ensure the funds were properly administered, safeguarded, and maintained in compliance with County policy, procedures, and specific fund requirements for the year ended June 30, 2015. Our original audit identified **three (3) Control Findings**.

RESULTS

Our First Follow-Up Audit found that T-TC **implemented the three (3) recommendations** from the original audit. Because the 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 three (3) original recommendations:

Finding No. 1 – No Activity and Reconciliations for Funds 226 and 350 (Control Finding)

Recommendation No. 1: The T-TC evaluate if they can close Funds 226 and 350. If the T-TC determines the funds should remain open, they should be reconciled monthly to the General Ledger to ensure the funds are accounted for and safeguarded.

Current Status: Implemented. Our First Follow-up Audit found that Funds 226 and 350 were deleted by the Auditor-Controller using COFAs 1723 and 1656, respectively. Because of the actions taken by T-TC, we consider this recommendation implemented.



Internal Auditor's Report

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

Recommendation No. 2: The T-TC work with the Auditor-Controller to prepare COFAs for Funds 205, 302, 350, 354, and 397 that include all the required elements.

Current Status: **Implemented.** Our First Follow-up Audit found that COFAs 1724, 1726, 1725 and 1727 for Funds 205, 302, 354 and 397, respectively, include all the required elements and Fund 350 was deleted. Because of the actions taken by T-TC, we consider this recommendation implemented.

Finding No. 3 – No Written Policies & Procedures for Certain Fiduciary Funds (Control Finding)

Recommendation No. 3: The T-TC establish written policies and procedures for processing transactions and reconciling Funds 226, 302, 350, and 397 that are approved by management and that reflect the current processes.

Current Status: **Implemented.** Our First Follow-up Audit found that the desk procedures for Funds 302 and 397 reflect the current process and were approved by management. Because of the actions taken by T-TC, we consider this recommendation implemented.

We appreciate the assistance extended to us by the personnel of Treasurer-Tax Collector 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.