



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

**AUDIT OF  
PROBATION DEPARTMENT  
INTERNAL CONTROLS  
OVER JUVENILE RECORDS  
AND ACCOUNTS**

**For the Fiscal Years Ending  
June 30, 2012 and June 30, 2013**



**Audit Number 1133  
Report Date: March 26, 2014**



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

**Jan E. Grimes**  
**Orange County Auditor-Controller**



**Nancy N. Ishida, CPA      Audit Manager**  
**Richard Son              Senior Auditor**

**Hall of Finance and Records**  
**12 Civic Center Plaza, Room 200**  
**Santa Ana, CA 92701**

Orange County Web Site  
<http://ocgov.com/gov/>



*Audit of Probation Department Internal Controls  
Over Juvenile Records and Accounts*

---

**Table of Contents**

Transmittal Letter..... i  
Internal Auditor’s Report.....1  
EXECUTIVE SUMMARY .....3  
BACKGROUND .....3  
SCOPE .....4  
METHODOLOGY .....4  
FINDINGS AND RECOMMENDATIONS.....4  
APPENDIX A: Report Item Classifications.....5

---



**JAN E. GRIMES, CPA**  
**AUDITOR-CONTROLLER**

**ORANGE COUNTY**  
**AUDITOR-CONTROLLER**

HALL OF RECORDS  
12 CIVIC CENTER PLAZA, ROOM 200  
POST OFFICE BOX 567  
SANTA ANA, CALIFORNIA 92702-0567

(714) 834-2450 FAX: (714) 834-2569

[www.ac.ocgov.com](http://www.ac.ocgov.com)

**DENISE STECKLER**  
CHIEF OF STAFF

**TONYA BURNETT, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
SATELLITE ACCOUNTING OPERATIONS

**PHILLIP T. DAIGNEAU**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
INFORMATION TECHNOLOGY

**FRANK DAVIES, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
PROPERTY TAX

**VICTORIA ROSS, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
CENTRAL ACCOUNTING OPERATIONS

**Transmittal Letter**

Audit No. 1133

March 26, 2014

The Honorable Glenda Sanders  
Presiding Judge of the Superior Court  
County of Orange

Dear Judge Sanders

We have completed our Audit of the Probation Department's Internal Controls over Juvenile Records and Accounts for the Fiscal Years Ending June 30, 2012, and June 30, 2013, as required by Chapter 2, Section 275(b) of the Welfare and Institutions Code. Enclosed is a copy of the report. Please feel free to call me should you wish to discuss any aspect of our audit report.

Additionally, we will be forwarding a Customer Survey of Audit Services to the Probation Department for completion. The Probation Department will receive the survey shortly after the distribution of this report.

Jan E. Grimes  
Auditor-Controller

Other recipients of this report:

Members, Board of Supervisors  
Members, Audit Oversight Committee  
Michael B. Giancola, County Executive Officer  
Steven J. Sentman, Chief Probation Officer  
Bryan Prieto, Chief Deputy Probation Officer, Probation  
Ian Rudge, Director, Administrative and Fiscal Division, Probation  
Jean Yu, Director, Data Systems Division, Probation  
Kaajal Kamdar, Accounting Manager, Probation  
Denise Steckler, Chief of Staff, Auditor-Controller

Honorable Glenda Sanders  
March 26, 2014

Susan Novak, Clerk of the Board  
Foreperson, Grand Jury  
Peter Hughes, Director, Internal Audit Department



**JAN E. GRIMES, CPA**  
**AUDITOR-CONTROLLER**

**ORANGE COUNTY**  
**AUDITOR-CONTROLLER**

HALL OF RECORDS  
12 CIVIC CENTER PLAZA, ROOM 200  
POST OFFICE BOX 567  
SANTA ANA, CALIFORNIA 92702-0567

(714) 834-2450 FAX: (714) 834-2569  
[www.ac.ocgov.com](http://www.ac.ocgov.com)

**DENISE STECKLER**  
CHIEF OF STAFF

**TONYA BURNETT, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
SATELLITE ACCOUNTING OPERATIONS

**PHILLIP T. DAIGNEAU**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
INFORMATION TECHNOLOGY

**FRANK DAVIES, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
PROPERTY TAX

**VICTORIA ROSS, CPA**  
CHIEF DEPUTY AUDITOR-CONTROLLER  
CENTRAL ACCOUNTING OPERATIONS

**Internal Auditor's Report**

Audit No. 1133

March 26, 2014

**TO:** The Honorable Glenda Sanders  
Presiding Judge of the Superior Court, County of Orange

**SUBJECT:** Audit of Probation Department Internal Controls Over  
Juvenile Records and Accounts

We have completed an audit of the Juvenile Division's books and accounts for the Orange County Probation Department (Probation) for the fiscal years ending June 30, 2012, and June 30, 2013, as required by Chapter 2, Section 275(b) of the Welfare and Institutions Code. Our audit included an evaluation of Probation's internal controls and processes relating to cash receipts, disbursements, and case file set-up of juvenile probation cases, and selected information technology general and application controls to ensure the integrity, confidentiality, and availability of information system resources as they relate to Probation's financial system, known as the Integrated Probation Financial System. Our audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of evaluating the adequacy and effectiveness of internal controls. We believe that our audit provides a reasonable basis for our opinion.

Probation's management is responsible for establishing and maintaining a system of prudent internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly. This audit enhances but does not substitute for Probation's continuing emphasis on control activities and self-assessment of control risk.

Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes



Honorable Glenda Sanders  
March 26, 2014

in conditions or that the degree of compliance with the procedures may deteriorate. Our audit, performed for the limited purpose described above, would not necessarily disclose all material weaknesses in Probation's operating procedures, accounting practices, and compliance with County policy as they relate to the internal controls over Probation's books and accounts.

Based on our audit, Probation's internal controls over its books and accounts relating to juveniles are generally adequate and effective to ensure management's goals and objectives are accomplished in accordance with Chapter 2, Section 275(b) of the Welfare and Institutions Code. We did not note any material weaknesses during the audit.

We appreciate the courtesy and cooperation extended to us by the personnel of the Probation Department during our review. If we can be of further assistance, please contact me at (714) 796-8067 or Richard Son, Senior Auditor, at (714) 834-2526.



Nancy N. Ishida, CPA  
Audit Manager

#### Attachment A – Report Item Classifications

##### Other recipients of this report:

Members, Board of Supervisors  
Members, Audit Oversight Committee  
Jan E. Grimes, Auditor-Controller  
Michael B. Giancola, County Executive Officer  
Steven J. Sentman, Chief Probation Officer  
Bryan Prieto, Chief Deputy Probation Officer, Probation  
Ian Rudge, Director, Administrative and Fiscal Division, Probation  
Jean Yu, Director, Data Systems Division, Probation  
Kaajal Kamdar, Accounting Manager, Probation  
Denise Steckler, Chief of Staff, Auditor-Controller  
Susan Novak, Clerk of the Board  
Foreperson, Grand Jury  
Peter Hughes, Director, Internal Audit Department



## ***Audit of Probation Department Internal Controls Over Juvenile Records and Accounts***

---

### **EXECUTIVE SUMMARY**

#### **PURPOSE OF THE AUDIT**

We have completed an audit of the Juvenile Division's books and accounts for the Orange County Probation Department (Probation) for the fiscal years ending June 30, 2012, and June 30, 2013, as required by Chapter 2, Section 275(b) of the Welfare and Institutions Code.

#### **AUDIT APPROACH**

Our audit included an evaluation of Probation's internal controls and processes relating to cash receipts, disbursements, and case file management for juvenile probation cases, and selected information technology general controls to ensure the integrity, confidentiality, and availability of information system resources as they relate to Probation's financial system, known as the Integrated Probation Financial System (IPFS). Our audit was performed in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of evaluating the adequacy and effectiveness of internal controls. We believe that our audit provides a reasonable basis for our opinion.

#### **AUDIT CONCLUSION AND RESULTS**

Based on our audit, Probation's internal controls over its books and accounts relating to cash receipts, disbursements, and case file management of juvenile cases are generally adequate and effective to ensure management's goals and objectives are accomplished in accordance with Chapter 2, Section 275(b) of the Welfare and Institutions Code.

### **BACKGROUND**

The Orange County Probation Department is a criminal justice agency whose primary focus is on adult and juvenile offenders who are charged with or convicted of crimes. Probation is one of the County departments that have been impacted by the State's AB109 Prison Realignment Program which requires the Probation Department to supervise a new population of adult offenders. Probation is divided into three key service bureaus: Juvenile Intake and Detention, Field Operations, and Operations Support. These bureaus are managed by a Chief Probation Officer, three Chief Deputy Probation Officers, and fifteen Division Directors. The Probation Department operates four juvenile correctional institutions that have a combined state-rated capacity of 738 beds. These include the secure detention facility at Juvenile Hall as well as three non-secure juvenile institutions: Joplin Youth Center, the Youth Guidance Center, and the Youth Leadership Academy.

Probation protects the community by conducting investigations for the court, enforcing court orders, assisting victims, and facilitating the re-socialization of offenders. Probation is headed by the Chief Probation Officer and employs about 1,265 regular employees. The department also utilizes the services of about 541 volunteers who are essential in carrying out the department's mission and vision. Probation officers supervise approximately 13,150 adult and 5,775 juvenile offenders. The main goal of the Probation Department is to reduce recidivism.

---





## ***Audit of Probation Department Internal Controls Over Juvenile Records and Accounts***

---

Probation has the fiduciary responsibility for a variety of monies, including monies for fines, fees, penalty assessments, restitution to victims, and charges for services provided. Probation uses its IPFS system to record the receipt and payment of these monies. Probation maintains trust funds that are used for the collection and disbursement of monies. Probation also administers a number of federal and state grant programs.

### **SCOPE**

Our audit focused on Probation's internal controls and processes over cash receipts, disbursements, and case file management of juvenile probation cases, and selected information technology general controls to ensure the integrity, confidentiality, and availability of information system resources as they relate to the IPFS system. The audit period covered the two fiscal years ending June 30, 2012, and June 30, 2013. Chapter 2, Section 275(b) of the Welfare and Institutions Code requires an audit of the books and accounts relating to juvenile cases. Although the Probation Department oversees both adult and juvenile cases, we limited our audit to include juvenile cases and related issues. The main trust funds we reviewed were Fund 347 (Probation Trust Fund) and Fund14R (Ward Welfare Fund). Although Fund 347 includes both adult and juvenile monies, we limited our testing to juvenile transactions. Our information technology procedures included the testing of general controls and specific business process controls.

### **METHODOLOGY**

Our methodology included inquiry, auditor observation, and testing of pertinent documentation for the purpose of assessing the adequacy and effectiveness of Probation's internal controls and processes. Our planning process included an analysis of internal controls based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework and considered risks that could potentially impact the audit.

### **FINDINGS AND RECOMMENDATIONS**

There were no reportable findings noted during this audit.



## **APPENDIX A: Report Item Classifications**

For purposes of reporting our audit observations and recommendations, we have classified audit report items into three distinct categories:

### **Control Deficiency**

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, or correct errors in assertions made by management on a timely basis.

### **Significant Deficiency**

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria or framework such that there is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected by the entity's internal control.

### **Material Weakness**

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the subject matter will not be prevented or detected by the entity's internal control.