



Orange County Auditor-Controller Internal Audit



First and Final Close-Out Follow-Up
Internal Control Audit of Unearned Revenue:
OC Community Resources

As of December 31, 2017

Audit Number 1727-C (Reference 1619-B-F1)
Report Date: March 20, 2018



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

Eric H. Woolery, CPA
Orange County Auditor-Controller

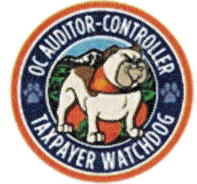
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ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1727-C
(Reference 1619-B-F1)

March 20, 2018

TO: Dylan Wright, Director
OC Community Resources

SUBJECT: First and Final Close-Out Follow-Up Internal Control Audit of Unearned Revenue:
OC Community Resources, Original Audit No. 1619-B, Issued May 30, 2017

We have completed our First and Final Close-Out Follow-Up Internal Control Audit of Unearned Revenue: OC Community Resources (OCCR) as of December 31, 2017. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and to the Board of Supervisors (BOS) detailing 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 that reads "Eric H. Woolery".

Eric H. Woolery, CPA
Auditor-Controller

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Lala Ragen, Deputy Chief Operating Officer
- Cymantha Atkinson, Deputy Director of OCCR
- Thea Bullock, Director of Compliance, OCCR
- Connie Chang, Financial and Strategic Planning Manager, OCCR
- Brian Rayburn, Business Manager, OC Community Resources
- Tonya Riley, Director of Satellite Accounting Operations, Auditor-Controller
- Salvador Lopez, Director of Satellite Accounting Operations, Auditor-Controller
- Win Swe, Accounting Manager III, Auditor-Controller/OCCR Accounting Services
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



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OC Community Resources
Audit No. 1727-C (Reference 1619-B-F1)*

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Internal Auditor's Report

**Audit No. 1727-C
(Reference 1619-B-F1)**

March 20, 2018

TO: Dylan Wright, Director
OC Community Resources

FROM: Eric H. Woolery, CPA
Auditor-Controller

SUBJECT: First and Final Close-Out Follow-Up Internal Control Audit of Unearned Revenue:
OC Community Resources, Original Audit No. 1619-B

SCOPE

We have completed a First and Final Close-Out Follow-Up Internal Control Audit of Unearned Revenue: OC Community Resources. Our audit was limited to reviewing actions taken as of December 31, 2017, to implement the **one (1) recommendation** from our original audit issued on May 30, 2017.

BACKGROUND

We completed an audit of OC Community Resources (OCCR) internal control over recording unearned revenue in the County's financial system. The audit objectives were to: (1) determine if controls were adequate to ensure transactions were complete, accurate, valid, and processed timely, (2) assist the external auditor with its evaluation of unearned revenue, and (3) determine if the County's procedures for recording unearned revenue were efficient and effective. The original audit identified **one (1) Control Finding** related to errors in supplemental schedules utilized by OCCR to track the Office on Aging Area Plan program's activity, revenue recognition, and reconciliation.

RESULTS

Our First Close-Out Follow-Up Audit found that OCCR has **implemented the one (1) recommendation** from the original audit. Because the recommendation was 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 one (1) original recommendation:

Finding No. 1 – Errors Noted in Supplemental Schedule (Control Finding)

Recommendation No. 1: We recommend OCCR ensure supplemental schedules are complete, accurate, and in conformity with management's authorization.

Current Status: Implemented. OCCR has implemented additional information in their monthly reconciliations and supplemental schedules of Departmental Balance Sheet Accounts (DBSA's) and BSA 9540 to account for advanced funds and expenditures from each program. This will provide greater assurance that information is complete, accurate, and in conformity with management's authorization. Because of the actions taken by OCCR, we consider this recommendation implemented.



Internal Auditor's Report

We appreciate the assistance extended to us by the personnel of OC Community Resources during our Follow-Up Audit. If you have any questions, please contact me directly at (714) 834-2456 or Scott Suzuki, Director of Internal Audit, at (714) 834-5509.



Internal Auditor's Report

ATTACHMENT A: Follow-Up Audit Implementation Status

For purposes of reporting the implementation status of our audit recommendations, we utilize four distinct categories:

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.
