



Frank Davies, CPA  
Orange County Auditor-Controller



First Follow-up Audit of Management Letter on  
Review of the Schedule of Assets Held by  
the County Treasury as of December 31, 2020

Audit Manager: Michael Steinhaus, CPA, CIA, CISA  
Auditor II: John Lim

Audit Number 2110-B  
Report Date: February 10, 2022

Internal Audit



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

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**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2110-B

February 10, 2022

TO: Members, Board of Supervisors  
Chairman Doug Chaffee, Fourth District  
Vice Chairman Don Wagner, Third District  
Andrew Do, First District  
Katrina Foley, Second District  
Lisa A. Bartlett, Fifth District

SUBJECT: First Follow-Up Audit of Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020, Original Audit No. 2007, Issued May 19, 2021

We have completed our first follow-up audit of Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020. Our final report is attached for your review.

Frank Davies, CPA  
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee  
Frank Kim, County Executive Officer  
Shari Freidenrich, Treasurer-Tax Collector  
James Kim, Assistant Treasurer-Tax Collector  
Brian Winn, Accounting/Compliance Manager, Treasurer-Tax Collector  
Salvador Lopez, Chief Deputy Auditor-Controller  
Michael Steinhaus, Audit Manager  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Eide Bailly LLP, County External Auditor



# Internal Auditor's Report

The Honorable Board of Supervisors  
County of Orange, California

## SCOPE

We have completed a follow-up audit of the Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020. Our audit was limited to reviewing actions taken as of December 31, 2021, to implement one outstanding recommendation from the management letter issued on June 8, 2021.

## BACKGROUND

We completed a review of the Schedule of Assets held by the County Treasury as of December 31, 2020; the related management letter identified one significant deficiency.

## RESULTS

Our follow-up audit found that the Treasurer-Tax Collector is in the process of implementing our recommendation from the management letter. The following are the details of the recommendation:

### **Finding No. 1 – Northern Trust Demand Account was Not Recorded in Quantum (Significant Deficiency)**

**Recommendation No. 1:** We recommend that T-TC management ensure that all accounts in its Schedule of Assets are recorded in Quantum.

**Status: In process.** We found that the Treasurer-Tax Collector (T-TC) went live with its new version of Quantum in September 2021, but has not started recording the appropriate Northern Trust MMMFs in Quantum. T-TC management expects to get these accounts into Quantum by February 28, 2022.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during our follow-up audit. If you have any questions, please contact Michael Steinhaus, Audit Manager, at (714) 834-6106.

Frank Davies, CPA  
Auditor-Controller  
February 10, 2022



# 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:

<b>Implemented</b>	<b>In Process</b>	<b>Not Implemented</b>	<b>Closed</b>
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.