



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

FINAL CLOSE-OUT

**SECOND FOLLOW-UP AUDIT
OF
HEALTH CARE AGENCY**

**CONTRACT ADMINISTRATION &
CASH DISBURSEMENTS
(ORIGINAL AUDIT NO. 2530)**

As of December 20, 2006

AUDIT NUMBER: 2637-C

REPORT DATE: JANUARY 18, 2007

Audit Director:	Peter Hughes, Ph.D., CPA
Deputy Director:	Eli Littner, CPA, CIA
Audit Manager:	Michael Goodwin, CPA, CIA
Senior Auditor:	Kenneth Wong, CPA, CIA

Final Close-Out

**Second Follow-Up Audit of
Health Care Agency
Contract Administration and Cash Disbursements
Original Audit No. 2530**

As of December 20, 2006

TABLE OF CONTENTS

Transmittal Letter.....	i
INTERNAL AUDITOR'S REPORT.....	1



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT
Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

ELI LITTNER
CPA, CIA, CFE, CFS, CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

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: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

Transmittal Letter

Audit No. 2637-C

January 18, 2007

TO: Juliette A. Poulson, Director
Health Care Agency

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

SUBJECT: **Second and Final Close-Out Follow-Up Audit** of Health Care Agency
Contract Administration and Cash Disbursements
Original Audit No. 2530

We have completed a second and Final Close-Out Follow-Up Audit of Health Care Agency contract administration and cash disbursements. Our audit was limited to reviewing, as of December 20, 2006, actions taken to implement the three (3) remaining recommendations in our initial follow-up audit report dated June 12, 2006. The recommendations stemmed from our original audit report dated October 20, 2005. The results of our second Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the three recommendations, this report represents the close-out of the original audit.

Each month I submit an **Audit Status Report** to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month, 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 a future report to the BOS.

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
William Mahoney, Deputy CEO, Government/Public Services
David Riley, Assistant Director, HCA
Steve Franks, Deputy Agency Director, HCA/Financial and Administrative Services
Alice Moore, Division Manager, HCA/Contract Development and Management
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT
Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

ELI LITTNER
CPA, CIA, CFE, CFS, CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

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: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2637-C

January 18, 2007

Juliette A. Poulson, Director
Health Care Agency
405 West 5th Street
Santa Ana, CA 92701

We have completed a second and Final Close-Out Follow-Up Audit of contract administration and cash disbursements in the Health Care Agency. Our audit was limited to reviewing actions taken as of December 20, 2006 to implement the recommendations made in our original audit and initial Follow-Up Audit reports.

The initial Follow-Up Audit report contained three (3) recommendations pertaining to frequency of Annual Site Visits, documentation of Fiscal and Administrative Reviews, and establishment of policies and procedures.

We are pleased to report that satisfactory corrective action has been taken for the three recommendations. As such, this report represents the final close-out of the original audit. We appreciate the cooperation and assistance extended to us by your staff during our Follow-Up Audit.

Sincerely,

Peter Hughes, Ph.D., CPA
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
William Mahoney, Deputy CEO, Government/Public Services
David Riley, Assistant Director, HCA
Steve Franks, Deputy Agency Director, HCA/Financial and Administrative Services
Alice Moore, Division Manager, HCA/Contract Development and Management
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors