



Orange County Auditor-Controller Internal Audit



First Follow-Up:
Countywide Audit of Fiduciary Funds:
Sheriff-Coroner

As of January 24, 2018

Audit Number 1735-P (Reference 1519)
Report Date: March 27, 2018



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Transmittal Letter

Audit No. 1735-P
(Reference 1519)

March 27, 2018

TO: Sandra Hutchens
Sheriff-Coroner

SUBJECT: First Follow-Up Audit: Countywide Audit of Fiduciary Funds:
Sheriff-Coroner, Original Audit No. 1519, Issued June 8, 2017

We have completed our First Follow-Up Audit: Countywide Audit of Fiduciary Funds: Sheriff-Coroner as of January 24, 2018. 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.

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
- Brian Wayt, Executive Director of Administrative Services Command, OCSD
- Robert Beaver, Senior Director of Administrative Services Command, OCSD
- Norma Crook, Director of Financial/Administrative Services, OCSD
- Sharon Tabata, Assistant Director of Financial/Administrative Services, OCSD
- Linh Vuong, Cost/Audit Manager, OCSD Financial/Administrative Services
- Monique Vansuch, Audit Manager, OCSD Financial/Administrative Services
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



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Countywide Audit of Fiduciary Funds: Sheriff-Coroner
Audit No. 1735-P (Reference 1519)*

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Internal Auditor's Report

**Audit No. 1735-P
(Reference 1519)**

March 27, 2018

TO: Sandra Hutchens
Sheriff-Coroner

FROM: Eric H. Woolery, CPA
Auditor-Controller

SUBJECT: First Follow-up Audit: Countywide Audit of Fiduciary Funds:
Sheriff-Coroner, Original Audit 1519

SCOPE

We have completed a First Follow-Up Audit: Countywide Audit of Fiduciary Funds: Sheriff-Coroner (OCSD). Our audit was limited to reviewing actions taken as of January 24, 2018 to implement the **five (5) recommendations** from our original audit issued on June 8, 2017.

BACKGROUND

We completed an Internal Control Audit over Fiduciary Funds in the OCSD to ensure fiduciary funds are properly administered and maintained in compliance with County policy, procedures, and fund requirements. The original audit identified **five (5) Control Findings**.

RESULTS

Our First Follow-Up Audit found that OCSD **implemented three (3) recommendations and is in the process of implementing two (2) recommendations**.

Based on our First Follow-Up Audit, the following is the implementation status of the five (5) original recommendations:

Finding No. 1 – Fiduciary Funds with No Activity Should be Evaluated (Control Finding)

Recommendation No. 1: The Sheriff-Coroner evaluate these inactive fiduciary funds and DBSA sub-accounts, and determine if they should be closed-out if no longer needed for current operations.

Current Status and Planned Action: **In Process.** OCSD has submitted escheatment documentation for inactive accounts and plans to meet with the Treasurer-Tax Collector to discuss the escheatment and closing of the inactive funds. Because OCSD has taken actions toward implementing our recommendation, we consider the implementation to be in process.

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

Recommendation No. 2: The Sheriff-Coroner work with the Auditor-Controller to ensure that all fiduciary fund accounts are fully supported with complete written documentation including determining which COFAs can be updated.



Internal Auditor's Report

Current Status: Implemented. Our review found that OCSD has worked with the Auditor-Controller to modify the COFAs for Fund 348 and Fund 370 to include all the required elements. Because of the actions taken by OCSD, we consider this recommendation implemented.

Finding No. 3 – Policies/Procedures for Fiduciary Funds Need to be Established (Control Finding)

Recommendation No. 3: The Sheriff-Coroner ensure policies and procedures for DBSAs in Fund 348 are established to reflect the current process of administering and reconciling the funds.

Current Status: Implemented. Our review found that OCSD established a *Sheriff-Coroner Department Financial/Administrative Services Policy and Procedures - Trust Fund Reconciliation Process* with an effective date of May 31, 2017. This written policy includes detailed procedures to administer and reconcile the fiduciary funds. Because of the actions taken by OCSD, we consider this recommendation implemented.

Finding No. 4 – Fund Reconciliation Not Performed for Fund 370 (Control Finding)

Recommendation No. 4: The Sheriff-Coroner ensure a monthly reconciliation is performed for Fund 370 in accordance with CAM F-4.

Current Status: Implemented. Our review found that OCSD has performed a reconciliation for Fund 370 in accordance with the current policy and procedures. Because the reconciliation was properly performed and completed on a timely basis, we consider the recommendation implemented.

Finding No. 5 – Misclassification of Fund Type for Civil Process Service Fee in Fund 370 (Control Finding)

Recommendation No. 5: The Sheriff-Coroner work with Auditor-Controller's office to properly classify Fund 370, that holds the civil process fees designated for specific purpose, as a Special Revenue Fund.

Current Status and Planned Action: In Process. Our review found that OCSD has established a Special Revenue Fund 142, Sheriff Court Ops - Special Collections for fees collected by the Sheriff's Civil Division under Government Code Sections 26720-26751. In addition, OCSD plans to close Fund 370 and transfer the monies to Fund 142 once the budget has been established. Because OCSD has taken actions toward implementing our recommendation, we consider the implementation to be in process.

We appreciate the assistance extended to us by the personnel of the Sheriff-Coroner 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.
