



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

**FIRST AND FINAL CLOSE OUT
FOLLOW-UP COUNTYWIDE
AUDIT OF FIDUCIARY FUNDS:
OC COMMUNITY RESOURCES**

AS OF JUNE 22, 2017



**Audit Number 1634-C (Reference 1519-F1)
Report Date: August 7, 2017**



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

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ERIC H. WOOLERY, CPA
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Transmittal Letter

Audit No. 1634-C
(Reference 1519-F1)

August 7, 2017

TO: Dylan Wright, Director
OC Community Resources

SUBJECT: First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
OC Community Resources, Original Audit 1519, Issued March 15, 2016

We have completed our First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: OC Community Resources (OCCR) as of June 22, 2017. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a quarterly report to the Board of Supervisors (BOS) where I detail 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, appearing to read "Toni Smart".

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric H. Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Lala Ragen, Deputy Chief Operating Officer
- Cymantha Atkinson, Deputy Director of OC Community Resources
- Thea Bullock, Director of Compliance, OC Community Resources
- Connie Chang, Financial and Strategic Planning Manager, OC Community Resources
- Brian Rayburn, Business Manager, OC Community Resources
- Tonya Riley, 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. 1634-C (Reference 1519-F1)*

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Internal Auditor's Report

**Audit No. 1634-C
(Reference 1519-F1)**

August 7, 2017

TO: Dylan Wright, Director
OC Community Resources

FROM: Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

SUBJECT: First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds:
OC Community Resources, Original Audit 1519, Issued March 15, 2016

SCOPE

We have completed a First and Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: OC Community Resources (OCCR). Our audit was limited to reviewing actions taken, as of June 22, 2017, to implement the **three (3) recommendations** from our original audit issued on March 15, 2016.

BACKGROUND

As part of the Countywide Audit of Fiduciary Funds, we completed an Internal Control Audit over fiduciary funds administered by OCCR to ensure funds were properly administered and maintained in compliance with County policy, procedures, and fund requirements for the year ended June 30, 2015. OCCR had eight fiduciary funds. The original audit identified **three (3) Control Findings**.

RESULTS

Our First Follow-Up Audit found that OCCR **implemented the three (3) recommendations** from the original audit. Because the recommendations were 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 three (3) original recommendations:

Finding No. 1 – No Subsidiary Records and Reconciliations for Funds 177 and 323 (Control Finding)

Recommendation No. 1: OCCR Accounting take measures to establish subsidiary records and perform reconciliations of Funds 177 and 323.

Current Status: Implemented. We found that OCCR Accounting established subsidiary records and performed a quarterly reconciliation of BSA 8240 Note Receivable for Fund 177 and also submitted a request to the Auditor-Controller to delete Fund 323. We reviewed the Fund 177 reconciliation for the quarter ended March 31, 2017 and found that the subsidiary ledger balances reconciled to the general ledger. Because of the actions taken by OCCR, we consider this recommendation implemented.



Internal Auditor's Report

Finding No. 2 – Fund 326 Long-Outstanding Reconciling Differences (Control Finding)

Recommendation No. 2: OCCR Accounting work towards resolving the long-outstanding reconciling differences in Fund 326.

Current Status: **Implemented.** We found that OCCR Accounting's reconciliation of Fund 326 for the month of April 2017 had one outstanding reconciling item greater than six months. OCCR Accounting identified the cause of the \$1,000 difference and resolved the item via journal entry on May 17, 2017. Because of the actions taken by OCCR, we consider this recommendation implemented.

Finding No. 3 – Fiduciary Fund Document Lacking Required Elements (Control Finding)

Recommendation No. 3: OCCR work with OCCR Accounting to prepare a COFA for the fiduciary funds noted above (i.e., Funds 153, 156, 180, 323, and 876) that includes all the required elements.

Current Status: **Implemented.** We found that OCCR Accounting updated the COFA (Chart of Accounts) for Funds 153, 156, 180, and 876 that included all the required elements of CAM F-3. Additionally, OCCR Accounting submitted a request to the Auditor-Controller to delete Fund 323. Because of the actions taken by OCCR, we consider this recommendation implemented.

We appreciate the assistance extended to us by OC Community Resources personnel during our Follow-Up Audit. If you have any questions, please contact me directly at (714) 834-5442 or Scott Suzuki, Assistant Director, at (714) 834-5509.