



# Orange County Auditor-Controller Internal Audit



First Follow-Up Audit:  
Management Letter on  
Review of the Schedule of Assets  
Held by the County Treasury

As of September 30, 2016

Audit Number 1727-A (Reference 1612-F1)  
Report Date: December 19, 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

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**Audit No. 1727-A**  
**(Reference 1612-F1)**

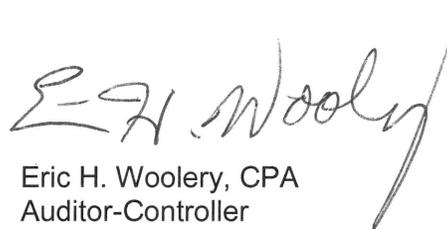
**December 19, 2017**

**TO:** Shari L. Freidenrich, CPA  
Treasurer-Tax Collector

**SUBJECT:** First Follow-Up Audit: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016

We have completed our First Follow-Up Audit, as of November 30, 2017, of the Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and 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 issue reported in this letter will be included in a future status report 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
- Members, Treasury Oversight Committee
- Frank Kim, County Executive Officer
- Michelle Aguirre, Chief Financial Officer
- Mark Malbon, Assistant Treasurer-Tax Collector
- JC Squires, Financial Manager, Treasurer-Tax Collector - Treasury
- Jennifer Han, Accounting/Compliance Manager, Treasurer-Tax Collector - Treasury
- Claire Moynihan, Director, Central Accounting Operations, Auditor-Controller
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



# Table of Contents

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*First Follow-Up Audit:  
Management Letter on Review of the  
Schedule of Assets Held by the County Treasury  
As of September 30, 2016  
Audit No. 1727-A (Reference 1612-F1)*

As of November 30, 2017

<b>Transmittal Letter</b>	<b>i</b>
<b>Internal Auditor's Report</b>	<b>1</b>
<b>SCOPE</b>	<b>1</b>
<b>BACKGROUND</b>	<b>1</b>
<b>RESULTS</b>	<b>1</b>

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# Internal Auditor's Report

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**Audit No. 1727-A  
(Reference 1612-F1)**

**December 19, 2017**

TO: Shari L. Freidenrich, CPA  
Treasurer-Tax Collector

FROM: Eric H. Woolery, CPA  
Auditor-Controller

SUBJECT: First Follow-Up Audit: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016

## SCOPE

We have completed a First Follow-Up Audit of the Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016. Our audit was limited to reviewing actions taken, as of November 30, 2017, to implement the **one (1) recommendation** from our original audit issued on May 31, 2017.

## BACKGROUND

In performing our Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016, we identified one issue that we determined to be a reportable condition. The original management letter, issued May 31, 2017, identified **one (1) Control Deficiency**.

## RESULTS

Our First Follow-Up Audit found that the **one (1) recommendation** from the original management letter is currently **in process**.

Based on our First Follow-Up Audit, the following is the implementation status of the one (1) original recommendation:

### **Finding No. 1 – Non-Pooled Bank Demand Accounts (Control Deficiency)**

**Recommendation No. 1:** We recommend that Treasurer-Tax Collector management ensure its financial records accurately reflect the cash and investment accounts of the Treasury.

**Current Status: In Process.** We found that the Treasurer-Tax Collector (T-TC) update of Quantum is in process, but the upgrade is expected to be completed in early 2018 versus 2017. In addition, T-TC plans to add these accounts into Quantum as a post go-live item based on the project manager's recommendation. Because of the actions taken by T-TC, we consider this recommendation in process.

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 Scott Suzuki, Assistant Director, at (714) 834-5509 or Carol Swe, Senior Audit Manager, at (714) 834-5082.