

# OC Board of Supervisors' Internal Audit Department

O R A N G E C O U N T Y



## AUDIT HIGHLIGHT

August 5, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

### INTERNAL CONTROL REVIEW OF COUNTY EXECUTIVE OFFICE/ PUBLIC FINANCE ACCOUNTING – CASH RECEIPTS, CASH DISBURSEMENTS & SELECTED DEPARTMENT/TRUST FUNDS, AUDIT NO. 2722

#### WHAT WE FOUND?

We audited the internal controls over cash receipts, cash disbursements, and selected department/trust funds, where over **\$500 million was received** and **\$541 million was paid out** during FY 2006-07. We found that the internal controls and processes were adequate to ensure the funds were received, recorded, deposited, safeguarded, and disbursed in accordance with County Executive Office/Public Finance and Accounting's procedures and expectations. **No material weaknesses or significant issues were noted.** We noted **eight (8) audit findings and recommendations** to enhance controls and processes, and management concurred with all eight recommendations.

#### WHY WE DID THIS AUDIT?

We conducted this audit based upon our Annual Risk Assessment and input from Audit Oversight Committee members for audits of core, centralized business processes. The CEO/Public Finance Division manages the County's public debt programs. During FY 2006-07, CEO/PFA received over \$500 million in cash receipts and paid over \$541 million in cash disbursements, so it is of vital importance that the County ensure the Public Finance Division maintains the integrity and adequacy of internal controls over cash receipts and disbursements; complies with department and county policies; and carries out these functions efficiently and effectively.

#### WHY IS THIS AUDIT IMPORTANT?

The Board members and County executive management are accountable for the financial stewardship of the County. This audit provided an objective, independent evaluation of internal controls over the vital functions of cash receipts, cash disbursements, and selected department/trust funds in the CEO/Public Finance Division.

#### BACKGROUND & INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County's Auditor-Controller provides accounting services to CEO/Public Finance and provides accounting support for over 65 funds. Funds administered by CEO/Public Finance Accounting include: Construction and Debt Service funds for Assessment Districts and Community Facilities Districts; pension obligation funds; trust funds; Orange County Development Agency (OCDA) funds; the Orange County Special Financing Authority (Teeter) fund, and the Orange County Tobacco Settlement fund. Our testing included 22 funds with cash receipts totaling \$38 million; and 20 funds with \$314 million in cash disbursements. These funds comprised 80% of total receipts and disbursements processed in CEO/Public Finance Accounting.

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