



Internal Audit Department

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

AUDIT HIGHLIGHT

OCTOBER 14, 2010

INTERNAL CONTROL AUDIT: AUDITOR-CONTROLLER'S AND TREASURER-TAX COLLECTOR'S \$22 BILLION ELECTRONIC FUNDS TRANSFER PROCESSES Audit No. 2821

WHY IS THIS AUDIT CRITICALLY IMPORTANT?

The Auditor-Controller and Treasurer-Tax Collector processed approximately \$22 billion electronic funds transfers (EFTs) between March 2008 and March 2009. EFTs consist of wire transfers and automated clearing house transactions initiated in the County departments/agencies and processed in the Auditor-Controller and the Treasurer-Tax Collector. EFTs are made for a variety of transactions including: accounts payable/vendor payments, trust payments, debt service payments, investment activities, intra-bank transfers, Department of Education payments, property tax apportionments, and for payroll, sales, and landfill tax payments. Between March 2008 and March 2009, the **Treasurer-Tax Collector processed about \$20 billion in EFTs** using the Quantum and Commercial Electronic Office systems, and the **Auditor-Controller processed about \$2 billion EFTs** in the CAPS/CAPS+ system.

WHAT THE AUDITORS FOUND?

Successes

We found controls are adequate to provide reasonable assurance in all material regards for: (1) establishing, authorizing and processing electronic funds completely and accurately in the Auditor-Controller (A-C) and Treasurer-Tax Collector (T-TC); (2) segregation of duties in the Quantum and Commercial Electronic Office (CEO) systems, including application controls related to user access profiles, system enforced dual authorization, and password settings; and (3) access and transmission of A-C and T-TC EFT payment files transmitted to Wells Fargo Bank. In addition, EFT processes are efficient and effective.

Audit Findings and Control Recommendations

Because of the materiality of EFT payments, we identified **fifteen (15) Control Findings** to improve compliance with existing procedures and enhancing existing controls for EFTs. The Auditor-Controller, Treasurer-Tax Collector, and CEO/Information and Technology management concurred with the findings and are in process of implementing the recommendations.