



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

**FINAL CLOSE-OUT
INITIAL FOLLOW-UP AUDIT
OF
MANAGEMENT LETTER
ON AUDIT OF THE
STATEMENT OF ASSETS HELD
BY THE COUNTY TREASURY
AT DECEMBER 31, 2009**



**Audit Number 1079
Report Date: March 10, 2011**



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AUDITOR-CONTROLLER
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Orange County Auditor-Controller
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**Initial and Final Close-Out Follow-up Audit of
Management Letter on Audit of Statement of Assets
Held by the County Treasury at December 31, 2009**

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Transmittal Letter

Audit No. 1079

March 10, 2011

TO: Shari L. Freidenrich, Treasurer-Tax Collector

SUBJECT: Initial and Final Close-Out Follow-up Audit of Management Letter on Audit of the Statement of Assets Held by the County Treasury at December 31, 2009, Original Audit No. 1044

We have completed an initial Follow-up Audit of Management Letter on Audit of the Statement of Assets Held by the County Treasury at December 31, 2009, original audit No. 1044 dated July 12, 2010. Our audit was limited to reviewing actions taken as of January 14, 2011, to implement the three audit recommendations made in the Management Letter.

The results of our follow-up audit are discussed in the Internal Auditor's Report following this transmittal letter. Satisfactory corrective actions have been taken for the three audit recommendations. As a result, this report represents the close-out of the original audit. Other recipients of this report are listed on the internal auditor's report on page 2.

Please contact me should you wish to discuss any aspect of this report or if we can be of further assistance.

A handwritten signature in blue ink, appearing to read "Nancy N. Ishida".

Nancy N. Ishida, CPA
Audit Manager



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INTERNAL AUDITOR'S REPORT

Audit No. 1079

March 10, 2011

Shari L. Freidenrich, Treasurer-Tax Collector
Office of the Treasurer-Tax Collector
625 N. Ross Street, Building 11, Room G-76
Santa Ana, CA 92702

We have completed an initial Follow-up Audit of the Management Letter on Audit of the Statement of Assets Held by the County Treasury at December 31, 2009, original audit No. 1044 dated July 12, 2010. Our audit was limited to reviewing actions taken as of January 14, 2011, to implement the three audit recommendations made in the Management Letter.

Our follow-up audit indicates that the Treasurer's Office has fully implemented the three recommendations. As a result, this report represents the final close-out of the original audit. The results of the follow-up audit on the three remaining recommendations are noted below.

1. Telephone Initiated Wire Transfers (Control Deficiency)

Recommendation No. 1: We recommend that Treasury Management establish controls to ensure only appropriate individuals have access to perform telephone wire transfers and access is removed immediately when an employee separates from the Treasurer-Tax Collector's Office.

Current Status: **Fully Implemented.** The Treasurer's Office has updated authorized users with Wells Fargo Bank for telephone initiated wire transfers. In addition, the Treasurer's Office has prepared written procedures for telephone wire transfers, which includes maintaining an accurate authorization list.

2. Manual Cash Receipts Inventory (Control Deficiency)

Recommendation No. 2: We recommend that Treasury staff perform periodic inventories of the handwritten cash receipts in accordance with County Accounting Procedure C-5.

Current Status: **Fully Implemented.** The Treasurer's Office has implemented a new policy to comply with the requirements of the County's Accounting Manual Procedure C-5,

Shari L. Freidenrich, Treasurer-Tax Collector
March 10, 2011

Handwritten Cash Receipts. The Treasurer's Office is performing a quarterly inventory of manual cash receipt books.

3. **Hardware Maintenance Documentation (Control Deficiency)**

Recommendation No. 3: We recommend that Treasury staff maintain records to assist in monitoring maintenance and repairs performed on its computer server hardware.

Current Status: **Fully Implemented.** The Treasurer's Office policy includes documenting hardware maintenance in their Issue Tracker system.

We appreciate the courtesy and cooperation extended to us by the personnel of the Treasury during our audit. If we can be of further assistance, please contact me at (714) 796-8067.



Nancy N. Ishida, CPA
Audit Manager

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Members, Treasury Oversight Committee
Thomas G. Mauk, County Executive Officer
Robert J. Franz, Chief Financial Officer
David E. Sundstrom, Auditor-Controller
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector
Jennifer Burkhart, Assistant Treasurer-Tax Collector
Darlene J. Bloom, Clerk of the Board of Supervisors
Foreperson, Grand Jury