



Internal Audit Department

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

AUDIT HIGHLIGHT MAY 21, 2015

INTERNAL CONTROL & COMPLIANCE AUDIT

**SOCIAL SERVICES AGENCY
SPECIAL REVENUE AND FIDUCIARY (AGENCY) FUNDS
Audit No. 1336**

WHAT THE AUDIT DID

We audited internal controls and compliance over special revenue and fiduciary (agency) funds at the Social Services Agency to ensure receipts and disbursements are proper and in compliance with County and departmental procedures and the restricted purpose. For Fiscal Year 12/13, Social Services Agency was responsible for processing **\$589 million fund revenues/receipts and \$571 million fund expenditures/disbursements** in its special revenue and fiduciary funds, with a December 31, 2013 fund balance exceeding **\$104 million**.

WHY THIS AUDIT IS IMPORTANT

The purpose of a **special revenue fund** is to establish accountability over restricted monies to help ensure the monies are expended only for statutory purposes. Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than debt service or capital projects) that are legally restricted or committed to expenditure for specific purposes.

The purpose of a **fiduciary fund** (also referred to as an Agency fund) is to temporarily hold monies belonging to a person or entity other than the County. Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent that therefore cannot be used by the government to support its own programs.

We audited the Social Services Agency's administration and internal controls over seven (7) special revenue and fiduciary (agency) funds.

WHAT THE AUDITORS FOUND

The Social Services Agency has internal controls in place to ensure that special revenue and fiduciary (agency) funds are administered in compliance with the established purposes of the restricted fund uses; that ensure special revenue fund transactions are accurate, valid, adequately supported, processed timely, and properly recorded; and ensure that reconciliations of special revenue and fiduciary (agency) funds are accurate, complete and timely in compliance with County and Auditor-Controller policy. We identified **three (3) Control Findings** to enhance internal controls and compliance for special revenue and fiduciary funds.