

# A G E N D A



## REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

Thursday, February 10, 2022, 10:00 a.m.

### MEETING HELD BY TELECONFERENCE ONLY

Join Online:

<https://zoom.us/j/6093687935>

Join by Phone:

1-669-900-6833, Meeting ID: 609 368 7935

**\*\*PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54953(e),  
THIS MEETING WILL BE HELD BY TELECONFERENCE. \*\***

**MARK WILLE, CPA**

AOC CHAIR

Private Sector Member, Third District

**STELLA ACOSTA, CPA**

AOC VICE CHAIR

Private Sector Member, Fourth District

**SUPERVISOR DOUG CHAFFEE**

BOARD CHAIRMAN

Fourth District

Member

**SUPERVISOR DON WAGNER**

BOARD VICE CHAIRMAN

Third District

Member

**FRANK KIM**

COUNTY EXECUTIVE OFFICER

Member

**DREW ATWATER**

Private Sector Member, First District

**YVONNE ROWDEN**

Private Sector Member, Second District

**ROBERT BROWN**

Private Sector Member, Fifth District

**Non-Voting Members**

Auditor-Controller:

Treasurer-Tax Collector:

Internal Audit Director:

Frank Davies, CPA

Shari Freidenrich, CPA

Aggie Alonso, CPA

**Staff**

Assistant Internal Audit Director:

Deputy County Counsel:

AOC Clerk:

Scott Suzuki, CPA

Ronnie Magsaysay

Mari Elias

*All supporting documentation is available for public review 72 hours before the meeting. Documents are available online at <https://ia.ocgov.com/audit-oversight-committee/agendas-and-minutes>.*

This agenda contains a general description of each item to be considered. If you would like to speak on a matter that does not appear on the agenda, you may do so during the Public Comments period at the end of the meeting. When addressing the AOC, please state your name for the record. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Internal Audit Department 72 hours prior to the meeting at (714) 834-5475.

# A G E N D A

10:00 A.M.

## Speaker

1. Roll call	<i>Mark Wille, CPA AOC Chair</i>
2. Approve Audit Oversight Committee Regular Meeting Minutes of November 4, 2021	<i>Mark Wille, CPA AOC Chair</i>
3. Receive Report on Required Communication from External Auditors	<i>Roger Alfaro, CPA Partner Eide Bailly LLP</i>
4. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2021	<i>Aggie Alonso, CPA Director Internal Audit Department</i>
5. Receive Report on Implementation Status of Auditor-Controller Claims Audit	<i>Aggie Alonso, CPA Director Internal Audit Department</i>
6. Approve External Audit Activity Status Report for the Quarter Ended December 31, 2021 and Receive Report on Status of External Audit Recommendations Implementation	<i>Scott Suzuki, CPA Assistant Director Internal Audit Department</i>
7. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2021	<i>Frank Davies, CPA Auditor-Controller</i>
8. Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2021	<i>Lilly Simmering Deputy County Executive Officer</i>
9. Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee	<i>Mark Wille, CPA AOC Chair</i>
10. Receive Presentation on Proposed Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees	<i>Ronnie Magsaysay Deputy County Counsel</i>
11. Receive Report on COSO Internal Control Framework and County Accounting Manual	<i>Frank Davies, CPA Auditor-Controller</i>
12. Receive Report on County Revolving Funds	<i>Frank Davies, CPA Auditor-Controller</i>  <i>Shari Freidenrich, CPA Treasurer-Tax Collector</i>  <i>Aggie Alonso, CPA Director Internal Audit Department</i>

# A G E N D A

## Speaker

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|--|---|
| 13. Receive Report on eProcurement   | <i>Michelle Aguirre<br/>Chief Financial Officer</i> |
| <hr/>  |   |
| 14. Receive Update on County IT Projects Quarterly Progress Report, Most Critical IT Challenge Impacting the County, and Best Practices for Password Tracking  | <i>Joel Golub<br/>Chief Information Officer</i>     |
| <hr/>  |   |
| 15. Discuss Brown Act Teleconferencing Requirements and Direct Internal Audit Department Staff to Schedule an AOC Meeting Within the Next 30 Days to Make Certain Findings Pursuant to Government Code Section 5495(e) | <i>Ronnie Magsaysay<br/>Deputy County Counsel</i>   |
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**PUBLIC COMMENTS:** At this time, members of the public may address the AOC on any matter not on the agenda but within the jurisdiction of the AOC. The AOC may limit the length of time everyone may have to address the Committee.

*Mark Wille, CPA  
AOC Chair*

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**AOC COMMENTS:** At this time, members of the AOC may comment on agenda or non-agenda matters and ask questions of, or give directions to staff, provided that no action may be taken on off-agenda items unless authorized by law.

*Mark Wille, CPA  
AOC Chair*

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## **ADJOURNMENT:**

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## **NEXT MEETING:**

Regular Meeting, May 19, 2022, 10:00 a.m.

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# Memorandum

February 10, 2022

**AOC Agenda Item No. 2**

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of November 4, 2021

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Approve Audit Oversight Committee Regular Meeting Minutes of November 4, 2021, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Summary Minutes for November 4, 2021 Meeting

# S U M M A R Y   M I N U T E S

## REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CA



**Thursday, November 4, 2021, 10:00 A.M.**

MEETING HELD IN PERSON  
County Conference Center  
425 West Santa Ana Boulevard  
Santa Ana, CA 92701

**ROBERT BROWN**  
AOC CHAIR  
Private Sector Member, Fifth District

**MARK WILLE, CPA**  
AOC VICE CHAIR  
Private Sector Member, Third District

**SUPERVISOR ANDREW DO**  
BOARD CHAIRMAN  
First District  
Member

**SUPERVISOR DOUG CHAFFEE**  
BOARD VICE CHAIRMAN  
Fourth District  
Member

**FRANK KIM**  
COUNTY EXECUTIVE OFFICER  
Member

**DREW ATWATER**  
Private Sector Member, First District

**YVONNE ROWDEN**  
Private Sector Member, Second District

**STELLA ACOSTA, CPA**  
Private Sector Member, Fourth District

### **Non-Voting Members**

Treasurer-Tax Collector:  
Auditor-Controller:  
Internal Audit Director:

Shari Freidenrich, CPA  
Frank Davies, CPA  
Aggie Alonso, CPA

### **Staff**

Assistant Internal Audit Director:  
Deputy County Counsel:  
AOC Clerk:

Scott Suzuki, CPA  
Ronnie Magsaysay  
Mari Elias

**ATTENDANCE:** Robert Brown, AOC Chairman, Private Sector Member  
Mark Wille, AOC Vice Chair, Private Sector Member  
Jessica Guerrero, Proxy for Supervisor Chaffee  
Michelle Aguirre, Proxy for CEO Frank Kim  
Yvonne Rowden, Private Sector Member  
Drew Atwater, Private Sector Member

**PRESENT:** Shari Freidenrich, Treasurer-Tax Collector  
Frank Davies, Auditor-Controller  
Aggie Alonso, Internal Audit Director  
Ronnie Magsaysay, Deputy County Counsel  
Mari Elias, AOC Clerk

# S U M M A R Y   M I N U T E S

## 1. Roll call

Mr. Robert Brown, Audit Oversight Committee (AOC) Chair, called the meeting to order at 10:00 A.M. Attendance of AOC Members noted above.

## 10. Discuss Assembly Bill 361 and Brown Act Teleconferencing Requirements

Mr. Ronnie Magsaysay, Deputy County Counsel, provided an explanation regarding Assembly Bill 361 and impacts to Brown Act teleconferencing requirements.

## 2. Approve Audit Oversight Committee Regular Meeting Minutes of August 19, 2021

Mr. Brown asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of August 19, 2021.

**Motion to approve the Meeting Minutes of August 19, 2021 by Mr. Mark Wille, seconded by Ms. Michelle Aguirre.**

**Five in favor, two absent, one abstention.**

**Approved as recommended.**

## 3. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner at Eide Bailly, discussed attachments reflecting Eide Bailly's status on audits in progress, as well as those recently completed.

## 4. Approve Internal Audit Department's FY 2021-22 1st Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2021

Mr. Aggie Alonso, Director of Internal Audit, presented the 4th Quarter Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2021. The Internal Audit Department (IAD) issued six final reports and one pre-draft/draft report during this period.

**Motion to approve the Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2021 and Receive Report on Status of External Audit Recommendations Implementation by Mr. Mark Wille, seconded by Mr. Drew Atwater.**

**Six in favor, two absent.**

**Approved as recommended.**

## 5. Approve Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2021 and Receive Report on Status of External Audit Recommendations Implementation

# S U M M A R Y   M I N U T E S

Mr. Scott Suzuki, Assistant Director, presented the First Quarter Status Report and Executive Summary of Internal Audit Reports for the quarter ended September 30, 2021. There were no material findings during this reporting period.

**Motion to approve the Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2021 and Receive Report on Status of External Audit Recommendations Implementation by Mr. Mark Wille, seconded by Mr. Drew Atwater.**

**Six in favor, two absent.**

**Approved as recommended.**

## **6. Receive Report on Status of Auditor-Controller Mandated Audits**

Mr. Frank Davies, Auditor-Controller, introduced Michael Steinhaus, Mandated Audits Manager. Mr. Steinhaus provided a status report of the Mandated Audits for the quarter ended September 30, 2021.

## **7. Receive Report on Status of Performance Audits**

Ms. Lilly Simmering, Deputy County Executive Officer, provided a status report of Performance Audits for Fiscal Year 2019-20 and FY 2020-21.

## **8. Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee**

Mr. Mark Wille, Audit Oversight Committee Vice Chair, provided an update on the Treasurer-Tax Collector (T-TC) Performance Audit subcommittee meeting. Mr. Wille stated that he's meeting with Ms. Aguirre, Ms. Freidenrich, and Mr. Kim on a regular basis to ensure T-TC has the resources needed to implement the recommendations. Ms. Aguirre added that T-TC and the subcommittee are in the right track and making progress, but it will take time.

## **11. Receive Update on Internal Control Training Program**

Mr. Alonso stated that Internal Audit's Internal Control Training is live on Eureka, the county's talent management system. The training is voluntary and consists of three self-study courses that focus on key internal controls and business processes.

## **9. Receive Update on Actions Taken to Address Systematic Issues Identified in Internal Audit's Information Technology Reports and Update on Critical County IT Systems Upgrades**

Mr. Joel Golub, Chief Information Officer, provided an update on systematic issues identified in Internal Audit's IT reports and how OCIT works with departments to address those issues.

## **12. Election of Officers**

Mr. Brown asked for recommendations for the election of AOC Officers.

## S U M M A R Y   M I N U T E S

**Motion to nominate Mr. Mark Wille as AOC Chair by Mr. Robert Brown, seconded by Mr. Drew Atwater.**

**Six in favor; two absent.**

**Approved as recommended.**

Mr. Brown asked for a recommendation for the AOC Vice Chair.

**Motion to nominate Ms. Stella Acosta as AOC Vice Chair by Mr. Mark Wille, seconded by Ms. Jessica Guerrero.**

**Six in favor; two absent.**

**Approved as recommended.**

**PUBLIC COMMENTS:** Ms. Michelle Rubio, labor representative assigned to Auditor-Controller and Treasurer-Tax Collector from the Orange County Employees Association (OCEA), stated that she was happy to hear that there is a subcommittee in response to the Treasurer-Tax Collector Performance Audit. Ms. Rubio stated that OCEA conducted its own survey of OCEA employees at T-TC and would be reaching out to Ms. Freidenrich to discuss the results. Ms. Rubio stated this information should be considered by the subcommittee and offered to meet with the subcommittee.

**AOC COMMENTS:** Mr. Wille stated that Mr. Brown did a fabulous job as the AOC Chair for the last two years and thanked Mr. Brown for his hard work. Mr. Brown thanked the AOC and indicated that it has been an honor and a pleasure to serve as the AOC Chair.

**ADJOURNMENT:** Meeting adjourned at 11:39 A.M.

**NEXT MEETING:**

Regular Meeting, February 10, 2022 at 10:00 A.M.





# Memorandum

February 10, 2022

**AOC Agenda Item No. 3**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Required Communication from External Auditors

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Receive Report on Required Communication from External Auditors, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – External Audit Update

Attachment A-1 – Projects and Timelines

Attachment B – Governance Letter

Attachment C – GAGAS Report

Attachment D – Management Letter



# County of Orange Audit Oversight Committee

Date: February 10, 2022  
Re: External Audit update

- 
- 1) **Audit Plan – Refer to Attachment A:**
    - Outline of projects and timelines
  - 2) **Audits Completed:**
    - District Attorney Grant Audits – Issued 10/15/2021
    - Financial Statement Audits:
      - Annual Comprehensive Financial Report – Issued 12/22/2021
      - County of Orange Redevelopment Successor Agency – Issued 12/17/2021
      - Orange County Waste and Recycling – Issued 12/17/2021
      - John Wayne Airport – Issued 12/17/2021
    - GANN Agreed Upon Procedures – County and OC Flood Control District – Issued 12/22/2021
  - 3) **Required Communications:**
    - Governance Letter
    - GAGAS Report
    - Management letter

Department / Agency / Division	Audit/Project	Audit/Project Date	Audit Scope	Anticipated Dates			Status
				Planning	Fieldwork	Reporting	
All	Financial Statement Audit - Comprehensive Annual Financial Report	6/30/2021	Financial Statements of the County, including audit of investment trust funds, and pension/OPEB trust funds	April/May 2021	May 2021 through November 2021	December 2021	Report issued - dated 12/22/2021
All	Agreed Upon Procedures (AUP) over GANN Limit calculations	6/30/2021	GANN Limit Calculation -for County and OC Flood Control District	April/May 2021	May 2021	December 2021	Report issued - dated 12/22/2021
All	Single Audit	6/30/2021	Audit over compliance in accordance with Uniform Guidance of the County, including components of JWA, OCWR, OCDA	October 2021	January through March 2022	April / May 2022	Fieldwork in progress
John Wayne Airport (JWA)	Financial Statement Audit	6/30/2021	John Wayne Airport (JWA), including Passenger Facility Charge	April/May 2021	August through November 2021	December 2021	Report issued - dated 12/17/2021
Orange County Waste & Recycling	Financial Statement Audit	6/30/2021	Orange County Waste & Recycling	April/May 2021	August through November 2021	December 2021	Report issued - dated 12/17/2021
OC Community Resources / Redevelopment Successor Agency	Financial Statement Audit	6/30/2021	Redevelopment Successor Agency	April/May 2021	August through November 2021	December 2021	Report issued - dated 12/17/2021
District Attorney	Grant Audits	6/30/2021	District Attorney Grant Audits	August 2021	September 2021	October 2021	Report issued - dated 10/15/2021
CEO; HCA and Sheriff's Department	Tobacco Settlement Funds Agreed Upon Procedures	6/30/2021	HCA and Sheriff Tobacco Settlement Funds disbursements	November 2021	December 2021 through January 2022	February 2022	Fieldwork in progress
TTC	Agreed Upon Procedures over compliance	6/30/2021	Compliance with Government Code and Investment Policy	January 2022	February 2022	March 2022	Planning in progress
TTC	Schedule of Assets	6/30/2021	Report on the Schedule of Assets	January 2022	February 2022	March 2022	Planning in progress



December 22, 2021

To the Audit Oversight Committee,  
Board of Supervisors, and  
Frank Davies, Auditor-Controller  
County of Orange, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), and the financial statements of the County of Orange Redevelopment Successor Agency, OC Waste & Recycling and John Wayne Airport as of and for the year ended June 30, 2021, and have issued our reports thereon dated as indicated below:

<u>Report</u>	<u>Audit Report Date</u>
County of Orange	December 22, 2021
County of Orange Redevelopment Successor Agency	December 17, 2021
OC Waste & Recycling	December 17, 2021
John Wayne Airport	December 17, 2021

We are currently performing the audit of the County's federal award programs (Single Audit) and anticipate issuing our reports thereon prior to May 6, 2022.

We did not audit the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) and the Orange County Employees Retirement System (OCERS), which are included as a discretely presented component unit and a fiduciary component unit, respectively, in the County's basic financial statements. Those statements were audited by other auditors as stated in our report on the County's basic financial statements. This communication does not include the results of the audits of CalOptima and OCERS.

We did audit the Children and Families Commission of Orange County (CFCOC), which is included as a discretely presented component unit in the County's basic financial statements. Separately issued audit reports and communication were issued directly to the CFCOC. Accordingly, this communication does not include the results of the audit of CFCOC.

Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated July 26, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the County complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 22, 2021.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. On July 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*, and have restated opening balances as described in Note 2 of the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Landfill closure and postclosure care liabilities are based on management's analysis of landfill capacity used and total closure and postclosure costs, as well as the landfill maximum capacity;
- Pollution remediation obligations are based on management's analysis of remediation time periods, type of remediation needed and historical trend data;
- Net pension and net other postemployment benefits (OPEB) liabilities, disclosures, related deferred inflows/outflows of resources, and expenses are based on actuarial valuations which include assumptions adopted by the Orange County Employees Retirement System (OCERS) and the County; and
- Self-insurance claims liabilities are based on actuarial studies performed by the County's independent actuaries.

We evaluated the key factors and assumptions used to develop these estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to:

- Pension and OPEB liabilities in Notes 19 and 20, respectively, are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Notes 19 and 20, a 1% increase or decrease in the discount rate has a material effect on the Pension and OPEB liabilities.
- Estimated liabilities for self-insurance claims in Note 17 are based on actuarial valuations.
- Landfill closure and postclosure, and pollution remediation in Notes 15 and 18, respectively, are based on management's analysis.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated as follow:

County of Orange	December 22, 2021
County of Orange Redevelopment Successor Agency	December 17, 2021
OC Waste & Recycling	December 17, 2021
John Wayne Airport	December 17, 2021

### Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

### Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

### Modification of the Auditor's Report

We made the following modification to our auditor's report:

- Addition of an emphasis of matter paragraph for the County's adoption of the provisions of GASB Statement No. 84, *Fiduciary Activities*.

## Group Audits

The County's financial statements include the financial activity of the Orange County Flood Control District, a blended component unit, which was audited as a major fund. The County's financial statements include the activity of OCERS, a fiduciary component unit, and CalOptima, a discretely presented component unit, which was audited by others as described previously. The County's financial statements include the activity of CFCOC, a discretely presented component unit, with separately issued reports as described previously. The County's financial statements also include the financial activity of the following blended component units:

- Orange County Housing Authority
- Orange County Public Financing Authority
- South Orange County Public Financing Authority
- Capital Facilities Development Corporation
- Orange County Public Facilities Corporation
- County Service Areas, Special Assessment Districts, and Community Facilities Districts
- In-Home Supportive Services (IHSS) Public Authority

For the purposes of our audit, we do not consider these blended or discretely presented component units to be significant components of the County's financial statements. However, we do consider the OCERS fiduciary component unit to be a significant component of the County's financial statements.

Our audit included obtaining an understanding of these component units and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial activity of the component units and completion of further audit procedures.

This report is intended solely for the information and use of the Audit Oversight Committee, Board of Supervisors, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.



Eide Bailly LLP  
Laguna Hills, California





**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Supervisors  
County of Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2021. Our report includes a reference to other auditors who audited the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) and the Orange County Employees Retirement System (OCERS), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California  
December 22, 2021



Management Letter  
June 30, 2021

County of Orange, California



To the Board of Supervisors  
and Management  
County of Orange, California

In planning and performing our audit of the financial statements of the County of Orange, California (County), as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance, in accordance with *Government Auditing Standards*, dated December 22, 2021. This letter does not affect our report dated December 22, 2021, on the financial statements of the County.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

#### **CURRENT YEAR OBSERVATIONS**

None reported.

#### **PRIOR YEAR OBSERVATIONS**

#### **IT POLICIES AND PROCEDURES**

##### **OBSERVATION:**

We observed many Auditor-Controller Information Technology (A-C IT) policies and procedures are formally documented. However, these written policies are outdated, or not reviewed annually, as summarized below:

- Vendor management policies – we inspected applicable documentation in place, noting AC-IT does not have formal vendor management policies, but does mitigate risk through remote access forms and other procedures. We recommend a policy is formalized and reviewed annually.

- Business Continuity Plan – AC-IT does have a documented plan, but it was last updated in 2017. We recommend the policy is reviewed and updated annually. Further, the Business Continuity Plan and disaster recovery should be formally tested at minimum on an annual basis. This could consist of table top exercise as well as a full restore of backups to evidence the ability to recover from backups.
- Incident Response Policy – AC-IT has a documented policy, but it was last updated in 2018. We recommend the policy is reviewed and updated annually.
- CAPS+ Log Data Retention – We observed that the log data with CAPS+ is retained for 5 months. We would suggest the County retain for at least 12 months for incident response or investigative reasons. This is also a National Institute of Standards and Technology (NIST) best practice.

**STATUS OF CORRECTIVE ACTION:**

Implemented

**IT CONTROLS: COMPREHENSIVE DISASTER RECOVERY PLAN**

**OBSERVATION:**

While the County performs regular backups and testing of system and data files using the County of Los Angeles' system resources, no formal disaster recovery plan has been implemented. The County has developed an agreement with Science Applications International Corporation (SAIC) to provide both backup and recovery services, which should be implemented in the first quarter of calendar year 2014.

**STATUS OF CORRECTIVE ACTION:**

Implemented

**NEW FINANCIAL REPORTING STANDARDS****INFORMATIONAL ONLY****GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 87**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 91**

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 92**

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Except for certain provisions, which are effective upon issuance. This statement is effective for fiscal years beginning after June 15, 2021.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 93**

**GASB Statement No. 93** – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 94**

**GASB Statement No. 94** – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 96**

**GASB Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 97**

**GASB Statement No. 97** – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 98**

**GASB Statement No. 98** – In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to address references in authoritative literature to the term *comprehensive annual financial report*. The Statement is effective for reporting periods beginning after December 15, 2021.

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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the County gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Laguna Hills, California  
December 22, 2021



# Memorandum

February 10, 2022

**AOC Agenda Item No. 4 (REVISED)**

TO: Audit Oversight Committee Members

Recommended Action:

Approve Internal Audit Department's FY 2021-22 2<sup>nd</sup> Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2021

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Approve Internal Audit Department's reporting, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Internal Audit Department Status Report Memo

Attachment B – Executive Summary of Internal Audit Reports

Attachment C – Quarterly Status Report (revised)





## INTERNAL AUDIT DEPARTMENT

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January 18, 2022

To: Audit Oversight Committee Members

From: Aggie Alonso, CPA, CIA, CRMA  
Internal Audit Department Director

Digitally signed by  
Agripino Alonso  
Date: 2022.01.18  
13:47:50 -08'00'

Subject: Fiscal Year 2021-22 Internal Audit Department Status Report for the Quarter  
Ended December 31, 2021

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Attached for your review and approval is Internal Audit's status report on audit activity for the quarter ended December 31, 2021. Specifically, Attachment B is our "Executive Summary of Internal Audit Reports," which provides a summary of audits and follow-up audits conducted during the reporting period with a breakdown of the finding category (i.e., critical, significant, control). Attachment C is our "Quarterly Status Report," which is a listing of all audits scheduled for the year, along with the budgeted hours, actual hours, variance between budget and actual, and milestone comments for each audit.

For the quarter ending December 31, 2021, Internal Audit issued six final reports (one original report and five follow-up reports) and seven pre-draft/draft reports. The one original audit included no Critical Control Weaknesses, three (3) Significant Control Weakness, and two (2) Control Findings.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

**INTERNAL AUDIT DEPARTMENT  
EXECUTIVE SUMMARY - FINDING TYPE CLASSIFICATION  
FOR THE QUARTER ENDED DECEMBER 31, 2021**

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2021-22
<b>Critical Control Weaknesses</b> These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.	<b>0</b>	<b>3</b>
<b>Significant Control Weaknesses</b> These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.	<b>3</b>	<b>11</b>
<b>Control Findings</b> These are audit findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.	<b>2</b>	<b>14</b>
<b>TOTAL</b>	<b>5</b>	<b>28</b>



**EXECUTIVE SUMMARY  
INTERNAL AUDIT REPORTS  
FOR THE QUARTER ENDED DECEMBER 31, 2021**

**COUNTY COUNSEL**

**1. Information Technology Audit: County Counsel Selected Application Cybersecurity Controls**

Audit No. 2044 dated December 7, 2021 for the year ended February 28, 2021

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Determine if selected County Counsel cybersecurity security controls provide reasonable assurance that access controls over critical systems are appropriate to ensure access is limited to authorized individuals.	Access controls over critical systems should be improved to ensure access is limited to authorized individuals.	<b>Three (3) Significant Control Weaknesses</b> Due to the sensitive nature of the findings, details have been redacted from this report.	<b>2</b>
2. Determine if selected County Counsel cybersecurity security controls provide reasonable assurance that controls over identification and authentication are appropriate to restrict unauthorized access to critical systems.	Controls over identification and authentication should be improved to restrict unauthorized access to critical systems.		



**EXECUTIVE SUMMARY  
INTERNAL AUDIT FOLLOW-UP REPORTS  
FOR THE QUARTER ENDED DECEMBER 31, 2021**

**ASSESSOR****2. First Follow-Up Information Technology Audit: Assessor IT General Controls**

Audit No. 2059-E (Reference 1844-F1) dated December 30, 2021 as of September 30, 2021; original audit dated June 30, 2020

ORIGINAL AUDIT – 12 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<p style="text-align: center;"><b>5</b></p> <p><b>One (1) Critical Control Weakness</b> Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p><b>Four (4) Significant Control Weaknesses</b> Due to the sensitive nature of the findings, details have been redacted from this report.</p>	<b>7</b>	<b>9</b>	<b>3</b>	<p><b>Recommendation No. 3 (Significant Control Weakness).</b> Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p><b>Recommendation Nos. 7 &amp; 9 (Control Finding).</b> Due to the sensitive nature of the finding, details have been redacted from this report.</p>

**AUDITOR-CONTROLLER****3. Second & Final Close-Out Follow-Up Information Technology Audit: Auditor-Controller Information Technology General Controls**

Audit No. 2059-F (Reference 1741-F2) dated October 14, 2021 as of December 31, 2020; original audit dated March 6, 2019

ORIGINAL AUDIT – 12 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<p style="text-align: center;"><b>8</b></p> <p><b>Four (4) Critical Control Weaknesses</b> Due to the sensitive nature of the findings, details have been redacted from this report.</p> <p><b>Four (4) Significant Control Weaknesses</b> Due to the sensitive nature of the finding, details have been redacted from this report.</p>	<b>4</b>	<b>12</b>	<b>0</b>	<b>NA</b>



**OC PUBLIC WORKS****4. First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Toll Road & Transponder Usage for County Vehicles**

Audit No. 2139-D (Reference 2022-F1) dated December 13, 2021 as of October 28, 2021; original audit dated March 31, 2021

ORIGINAL AUDIT – 4 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<b>2</b>  <b>Two (2) Significant Control Weaknesses</b> 1. The process for reviewing toll road charge propriety did not ensure all toll road charges were reviewed and no reconciliation of transactional data to County vehicles was conducted.  2. License plates and transponders were not removed from toll road accounts in a timely manner when County vehicles were removed from service.	<b>2</b>	<b>4</b>	<b>0</b>	<b>NA</b>

**PROBATION DEPARTMENT****5. Second & Final Close-Out Follow-Up Internal Control Audit: Probation Department Cal-Cards**

Audit No. 2139-N (Reference 1822-F2) dated December 30, 2021 as of December 13, 2021; original audit dated March 24, 2020

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>NA</b>



**SHERIFF-CORONER****6. Second & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Concealed Carry Weapon Licensing and Records Units Cash Receipts**

Audit No. 2139-P (Reference 1918-F2) dated December 30, 2021 as of December 7, 2021; original audit dated August 17, 2020

ORIGINAL AUDIT – 6 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<b>1</b>  <b>One (1) Significant Control Weakness</b> Removed due to the sensitive nature of the finding.	<b>5</b>	<b>6</b>	<b>0</b>	<b>NA</b>



**EXECUTIVE SUMMARY  
APPENDIX A: DRAFT REPORTS  
FOR THE QUARTER ENDED DECEMBER 31, 2021**

The following pre-draft/draft reports were issued during the reporting period:

1. **Information Technology Audit: Health Care Agency Selected Cybersecurity Controls**, Audit No. 1943
2. **Internal Control Audit: Treasurer-Tax Collector Accounts Receivable**, Audit No. 2011
3. **First Follow-Up Information Technology Audit: Public Defender Selected Cybersecurity Controls**, Audit No. 2059-B
4. **First & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Purchasing & Contracts**, Audit No. 2139-B
5. **Second & Final Close-Out Follow-Up Internal Control Audit: OC Community Resources/OC Animal Care Cash Receipts**, Audit No. 2039-O
6. **Second & Final Close-Out Follow-Up Internal Control Audit: Probation Department Cal-Cards**, Audit No. 2139-N (the final report was also issued this period)
7. **Second & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Concealed Carry Weapon Licensing and Records Units Cash Receipts**, Audit No. 2139-P (the final report was also issued this period)





Internal Audit Department  
2nd Quarter Status Report for the Audit Oversight Committee  
For the Quarter Ended 12/31/21  
AOC Meeting Date: February 10, 2022

Audit Category and Name <sup>1,2,3</sup>	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Milestones & Comments <sup>4</sup>
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	#1	#2	#3	#4	Total	Est Remain	Budget Variance			
Internal Control Audits (ICA)																		
T-TC Accounts Receivable Controls (FY 2020-21 carryover)	2011	9/24/20		780	710	0	300	300	137	107			244	56	0			Pre-draft report issued 12/21/21
CEO Cash Disbursements & Payables (FY 2020-21 carryover)	2012	9/03/20		460	315	220		220	51	33			84	136	0			In process
JWA Cash Disbursements & Payables (FY 2020-21 carryover)	2013			NA	NA	440		440	15	4			19	421	0			Planning
OCCR/Dana Point Harbor P3 (FY 2020-21 carryover)	2015			131	130	480	(380)	100	46	53			99	0	(1)			Deferred until FY 22-23
CEO Fiduciary & Special Revenue Funds (FY 2020-21 carryover)	2018	10/19/21		487	171	480		480	87	77			164	316	0			In process
HCA/PG Revolving Funds	2111					360	(360)	0					0	0	0			Canceled
OCCR Fee-Generated Revenue	2112	10/22/21				480		480	6	140			146	334	0			In process
CEO Payroll	2113	10/19/21				360		360	86	42			128	232	0			In process
T-TC Revolving Funds	2114					360	(360)	0					0	0	0			Canceled
JWA Purchasing & Contracts	2115	10/19/21				480		480	7	180			187	293	0			In process
JWA Cash Receipts & Accounts Receivable	2116					440		440	9	0			9	431	0			Planning
A-C Revolving Funds	2117					360	(360)	0					0	0	0			Canceled
OCCR Revolving Funds	2118					0		0					0	0	0			Canceled
JWA Payroll (department request)	2119					0	3	3	3	0			3	0	0			Deferred until FY 22-23
OCCR Purchasing & Contracts	2120					0	4	4	4	0			4	0	0			Deferred until FY 22-23
OCSD Fee-Generated Revenue	2121	10/25/21				0	480	480	93	173			266	214	0			In process
Follow-Up Audits (FY 2020-21 carryover)																		
OCCR/Animal Care Cash Receipts (1815/1939-I)	2039-O	7/21/21				60	50	110	50	49			99	11	0			Draft report issued 12/10/21
First Follow-Up Audits																		
						753	(281)	472	75	128			203	269	0			
SSA Fiduciary (1823)	2139-A																	Not started
OCSD Purchasing & Contracts (1912)	2139-B	9/08/21																Draft report issued 12/17/21
HCA Department Request (1914)	2139-C																	Not started
OCPW Toll Road and Transponder Usage for County Vehicles Compliance (2022)	2139-D	10/05/21	12/13/21													NA	NA	Completed; final close-out report issued 12/13/21
T-TC Accounts Receivable Controls (2011)	2139-E																	Not started
CEO Cash Disbursements & Payables (2012)	2139-F																	Not started
JWA Cash Disbursements & Payables (2013)	2139-G																	Not started
OCCR Cash Disbursements & Payables (2014)	2139-H																	Not started
OCCR/Dana Point Harbor P3 (2015)	2139-I																	Deferred until FY 22-23
SSA Purchasing & Contracts (2016)	2139-J																	Not started
PD Revolving Funds (2017)	2139-K																	Not started
CEO Fiduciary & Special Revenue Funds (2018)	2139-L																	Not started
OCPW Fiduciary & Special Revenue Funds (2019)	2139-M																	Not started
Second Follow-Up Audits																		
Probation P-Card (1822/1939-M)	2139-N	8/24/21	12/30/21													NA	NA	Completed; final close-out report issued 12/30/21
OCDA Revolving Fund (1913/2039-F)	2139-O																	Not started
OCSD Cash Receipts (1918/2039-K)	2139-P	12/10/21	12/31/21													NA	NA	Completed; final close-out report issued 12/30/21
Summary Close-Out						0	20	20	14				14	6	0			Completed; final reports issued for 1914, 2019, 1823, 2016, 2039-F
Total Internal Control Audits						5,273	(884)	4,389	683	986	0	0	1,669	2,719	(1)			
Mandated & Financial Audits (MFA)																		
None						0		0					0		0			NA
Total Mandated & Financial Audits						0	0	0	0	0	0	0	0	0	0			
Contract Compliance Audits (CCA)																		
OCCR/OC Parks Ocean Institute	2171	9/08/21				280	220	500	185	232			417	83	0			In process
OCWR Waste Management	2172	10/19/21				0	100	100		14			14	86	0			In process
Summary Close-Out						0	40	40	29	0			29	10	(1)			Draft report issued for 2071
Total Contract Compliance Audits						280	360	640	214	246	0	0	460	179	(1)			
Business Process Improvement (BPI)																		
General		NA	NA			200	(200)	0					0	0	0	NA	NA	Canceled
Total Business Process Improvement						200	(200)	0	0	0	0	0	0	0	0			
Information Technology Audits (ITA)																		
TTC SunGard/Quantum Upgrade (Department Request) (FY 2017-18 carryover)	1647	6/12/17		NA	436	40	30	70	35	14			49	20	(1)			In process
PTS System Implementation (FY 2017-18 carryover)	1754	7/01/18		NA	74	40		40	11	4			15	25	0			In process
HCA Cybersecurity (FY 2019-20 carryover)	1943	6/17/21		1,280	1,240	280	800	1,080	751	289			1,040	40	0			Pre-draft report issued 12/15/21
ROV Cybersecurity (FY 2020-21 carryover)	2042	12/10/21		NA	NA	480		480		62			62	418	0			In process
Probation Cybersecurity (FY 2020-21 carryover)	2043			NA	NA	480		480		17			17	463	0			Planning
CEO/HRS Data Portal Access (FY 2020-21 carryover)	2045			NA	NA	360		360					0	360	0			Not started





Internal Audit Department

2nd Quarter Status Report for the Audit Oversight Committee

For the Quarter Ended 12/31/21

AOC Meeting Date: February 10, 2022

Audit Category and Name <sup>1,2,3</sup>	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan											FU Due	FU Number	Milestones & Comments <sup>4</sup>
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	#1	#2	#3	#4	Total	Est Remain	Budget Variance				
Information Technology Audits (ITA)(CON'T)																			
(A-C) CAPS+ Application Security (FY 2020-21 carryover)	2046			NA	NA	480		480					0	480	0			Not started	
A-C Workforce/VTI Replacement (FY 2020-21 carryover)	2048	6/12/20		NA	45	40		40	12	1			13	27	0			In process	
C-R Cybersecurity	2151					0		0					0	0	0			Not started	
OCIT Remote Access Security	2152					360	(240)	120					0	120	0			Not started	
OCIT Third-Party IT Security	2153					0		0					0	0	0			Not started	
OCIT California Data Privacy Act	2154					0		0					0	0	0			Not started	
OCWR Credit Card Processsing (department request)	2155					0		0					0	0	0			Not started	
OCIT CJTF	2156	7/01/21				80	40	120	32	25			57	63	0			In process	
Follow-Up Audits (FY 2020-21 carryover)						350	280	630	66	419			485	145	0				
JWA ITGC (1941)	2059-A	9/09/21																In process	
PD Cybsersecurity (1942)	2059-B	9/09/21																Draft report issued 12/30/21	
Assessor ITGC (1844)	2059-E	5/18/21	12/30/21													7/1/22	2159-K	Completed; final report issued on 12/30/21	
OCSD ITGC (1845/1949-D)	2059-H	8/31/21																In process	
First Follow-Up Audits:						351	(280)	71	7	0			7	64	0				
HCA Cybersecurity (1943)	2159-A																	Not started	
OCDA Cybersecurity (2041)	2159-B																	Not started	
ROV Cybersecurity (2042)	2159-C																	Not started	
Probation Cybersecurity (2043)	2159-D																	Not started	
County Counsel Cybersecurity (2044)	2159-E																	Not started	
CEO/HRS Data Portal Access (2045)	2159-F																	Not started	
(A-C) CAPS+ Application Security (2046)	2159-G																	Not started	
Second Follow-Up Audits																			
SSA ITGC (1846/1949-E)	2159-H																	Not started	
JWA ITGC (1941/2059-A)	2159-I																	Not started	
PD Cybsersecurity (1942/2059-B)	2159-J																	Not started	
Assessor ITGC (1844/2059-E)	2159-K																	Not started	
OCIT (1644/1644/1748-A)	2159-L																	Not started	
Summary Close-Out							95	95	35	60			95		0			Completed; final reports issued for 2044, 2059-F	
Total Information Technology Audits						3,341	725	4,066	949	891	0	0	1,840	2,225	(1)				
Total Audits Before Other Activities & Administration						9,094	1	9,095	1,846	2,123	0	0	3,969	5,123	(3)				
Other Activities & Administration																			
Annual Risk Assessment & Audit Plan	2101					360		360	90	29			119	241	0			In process	
Cash Losses	2102					80	40	120	33	50			83	37	0			In process; one referral	
TeamMate+ Administration	2103					80	40	120	67	39			106	14	0			In process	
External Audit Reporting	2104					200		200	84	32			116	84	0			In process; Q2 completed	
On-Demand Department Advisory Services	2105					80		80	0	0			0	80	0			No requests received for Q2	
Board & AOC Services	2107					160	80	240	125	73			198	42	0			In process	
Special Projects	2108					500		500	6	19			25	475	0			In process	
CWCAP	2109					80	30	110	111	0			111		1			Completed; submitted to A-C	
Total Other Activities & Administration						1,540	190	1,730	516	242	0	0	758	973	1				
Reserve for Board Directives/Contingency						1,826	(1,791)	35					0	35	0				
Total Budget						12,460	(1,600)	10,860	2,362	2,365	0	0	4,727	6,131	(2)				
Footnote 5																			
Productive Time Diverted to Administrative Services (in addition to 2107)									110	116	226								



# Memorandum

February 10, 2022

**AOC Agenda Item No. 5**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Implementation Status of Auditor-Controller Claims Audit

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Receive Report on Implementation Status of Auditor-Controller Claims Audit, as stated in the recommended action.



# Memorandum

February 10, 2022

**AOC Agenda Item No. 6**

TO: Audit Oversight Committee Members

Recommended Action:

Approve External Audit Activity Status Report for the Quarter Ended December 31, 2021 and Receive Report on Status of External Audit Recommendations Implementation

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Approve External Audit Activity Status Report for the Quarter Ended December 31, 2021 and Receive Report on Status of External Audit Recommendations Implementation, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – External Audit Activity Status Report Memo

Attachment B – Executive Summary of External Audit Activity

Attachment C – External Audit Activity Quarterly Status Report

Attachment D – External Audit Report, Implementation Status of Prior Quarter Significant & Material Issues

INTERNAL AUDIT DEPARTMENT

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January 20, 2022

To: Audit Oversight Committee Members

From: Aggie Alonso, CPA, CIA, CRMA  
Internal Audit Department Director

Digitally signed by  
Agripino Alonso  
Date: 2022.01.20  
15:40:57 -08'00'

Subject: External Audit Activity Status Report for the Quarter Ended December 31, 2021

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Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended December 31, 2021. Pursuant to Audit Oversight Committee (AOC) Administrative Procedure Number 2, Reporting on External Audits, County departments are required to communicate the status of all third-party audits, including any significant audit findings identified, to Internal Audit on a quarterly basis. The procedure was established to keep the AOC informed of all third-party audits being performed and any significant findings identified. In addition, as requested by the AOC at its May 9, 2019 meeting, we have included County department reported corrective action taken to implement recommendations related to significant audit findings identified.

To facilitate the AOC's review, we are pleased to include an Executive Summary that presents the total audit additions and deletions from the prior quarter, the total current audits in process, references any new significant findings, and provides a summary of any material issues reported for the quarter, please see Attachment B. For individual report details, see Attachment C. Finally, for corrective action taken to implement recommendations, see Attachment D.

For the quarter ended December 31, 2021, no new material issues were reported.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

## EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY

### For the Quarter Ended 12/31/21

<b><u>SUMMARY ACTIVITY</u></b>	
Total Audits Prior Quarter (9/30/21)	<b>57</b>
Additions:    In Progress	<b>11</b>
Planned	<b>6</b>
Started and Completed	<b>3</b>
Deletions	<b><u>10</u></b>
(Completed, Canceled, and Removed in Prior Quarter)	
Total Audits Current Quarter (12/31/21)	<b><u>67</u></b>
(In Progress, Planned, and/or Completed this Quarter)	

#### **Results for the Quarter:**

Completed	<b>18</b>
Canceled	<b>0</b>
To be Removed Next Quarter	<b>0</b>

New Findings/Issues Reported by the Departments	<b>0</b>
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<b><u>Material Issues:</u></b> (Includes Disallowances over \$100K)	<b>0</b>
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**EXTERNAL AUDIT ACTIVITY**  
**Quarterly Status Report**  
**2nd Quarter FY 2021-22 (12/31/21)**

**Results:**

No material issues were reported to the Internal Audit Department this quarter.

The schedule below identifies the status of external audits as of 12/31/21, including any significant findings, as reported to us by Orange County Departments/Agencies. This schedule does not include reviews performed by the OC Grand Jury.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Eide Bailly	Comprehensive Annual Financial Report	Annual	6/30/2020	Annual Financial GAAP Audit	Completed.	None.
		Eide Bailly	Agreed Upon Procedures (AUP) over GANN Limit calculations	Annual	6/30/2020	GANN Limit Calculation - for County and OC Flood Control District	Completed.	None.
		Eide Bailly	Single Audit	Annual	6/30/2020	Uniform Guidance Expenditures of Federal Assistance	In progress.	
	Cost, Revenue & Budget	State Controller's Office	Trial Court	FY 16/17 - FY 19/20	FY 09/10 - FY 13/14	Court Revenues	Planned.	
Child Support Services	Program Support Services	Office of Audits and Compliance State of California Department of Child Support Services (DCSS)	Review of Local Child Support Agency CS 356 Administrative Expense Claim.	Every 4 Years	11/16	Review of expenditures, abatements, internal control, and records related to Child Support Program claims for FY 2014-15. Also, review of walk up payments.	Planned.	
Clerk of the Board of Supervisors		No audits in progress.						

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Clerk-Recorder	Information System	Lawrence R. Halme	SECURE: Modified System Audit	As Needed	6/13/2021	1. New software (v3.14) 2. New county (Imperial County)	In progress.	
County Counsel		No audits in progress.						
County Executive Office	Finance	No audits in progress.						
	Risk Management	No audits in progress.						
	Information Technology	KPMG	Information Technology	One-Time	N/A	IBM Mainframe License Usage & Installation	Completed.	None.
	Corporate Real Estate	No audits in progress.						
	Human Resource Services	No audits in progress.						
District Attorney		State of CA, Office of Program Oversight & Accountability	CA Witness Relocation Program	7/01/14 - 6/30/19	FY 15/16	Program Audit	In progress.	
		Eide Bailly	Insurance Fraud Programs for Workers' Compensation, Automobile, and Disability & Healthcare	7/01/20 - 6/30/21 Annual	6/30/2020	Grant Program Audits	Completed.	None.
Health Care Agency	Administration	Eide Bailly	Tobacco Settlement Funds Agreed Upon Procedures	Annual	6/30/2020	HCA and Sheriff Tobacco Settlement Funds disbursements	In progress.	
	Behavioral Health	State Department of Health Care Services (DHCS)	Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report	FY 12/13 Annual	FY 11/12	Adjusting Short Doyle Medi-Cal units of service/time, the distribution of administrative costs between Medi-Cal and non-Medi-Cal, the distribution of utilization review costs between Medi-Cal and non-Medi-Cal, crossover revenues, contract maximums, and the overall accuracy of computations in the cost report.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Health Care Agency (continued)	Behavioral Health (continued)	State Department of Health Care Services (DHCS)	Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report	FY 13/14 Annual	FY 12/13	Adjusting Short Doyle Medi-Cal units of service/time, the distribution of administrative costs between Medi-Cal and non-Medi-Cal, the distribution of utilization review costs between Medi-Cal and non-Medi-Cal, crossover revenues, contract maximums, and the overall accuracy of computations in the cost report.	In progress.	
		Department of Health and Human Services (DHHS) / Substance Abuse and Mental Health Services Administration (SAMHSA)	SABG/MHBG Virtual Site Visit	FY 2016, 2017, 2018	N/A	Financial and compliance review	In progress.	
		State Department of Health Care Services (DHCS) County Compliance Unit	Substance Abuse Block Grant (SABG) and Drug Medi-Cal Organized Delivery System (DMC-ODS)	FY 21/22 Annual	FY 20/21	Financial and compliance review	In progress.	
		State Department of Health Care Services (DHCS) contracted External Quality Review Organization (EQRO)	Drug Medi-Cal-Organized Delivery Systems (DMC-ODS) External Quality Review (EQR)	FY 20/21 Annual	FY 19/20	Review of operational process and regulatory compliance for DMC medical services.	In progress.	
		Board of State Community Corrections (BSCC)	Prop 47 Comprehensive Monitoring Visit - Cohort 2	Biennial	05/19	Fiscal and Program Compliance	In progress.	
		State Department of Health Care Services (DHCS) contracted External Quality Review Organization (EQRO)	Mental Health Plan (MHP)	FY 20/21 Annual	FY 19/20	Service quality and management.	In progress.	



Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Health Care Agency (continued)	Public Health	DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 17/18 Annual	FY 16/17	Desk review of documents and all aspects related to fiscal compliance for charges claimed on the cost report.	In progress.	
		Department of Food and Nutrition Services, Western Regional Office (FNSWRO)	Nutrition Education and Obesity Prevention (NEOP) / Supplemental Nutrition Assistance Program Education (SNAP-Ed)	FY 20/21	01/15	Management Evaluation - Determine how nutrition education and obesity prevention interventions are provided and how the program is run in each state. FNSWRO will examine the following areas: program planning and implementation; fiscal integrity; staffing; reporting; communication and coordination; civil rights; edu materials, curricula, and reinforcements; and program evaluation.	In progress.	
		State Office of AIDS	Ryan White Part B	FY 20/21 Annual	02/20	Programmatic Site visit to ensure compliance with Ryan White legislation.	In progress.	
		EHA Consulting Group, Inc.	Food Safety Program at Environmental Health	2020 to Present One-Time	N/A	Food Safety program implementation, effectiveness, efficiency; staff productivity and performance; customer service; IT; strategic planning; fees; enforcement; stakeholder engagement; disaster preparedness; ordinance.	In progress.	
		State Department of Resources Recycling and Recovery (CalRecycle)	Environmental Health - Solid Waste, Local Enforcement Agency	Every 2-3 years	12/18	Program review. Ensure LEA's implement effective programs in accordance with laws, regulations, and Enforcement Program Plan and verify LEA compliance with certification requirements.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Health Care Agency (continued)	Public Health (continued)	California Department of Public Health	Environmental Health REHS Accreditation Agency	Every 3 years	07/19	Provide an updated application and all documentation relating to OCEH approval and evaluation of providers of continuing education in accordance with CCR Title 22 Div 4 Section 65800 et seq	In progress.	
	Medical Health	California Emergency Management Agency (Cal EMA)	Health Disaster Management - State Homeland Security Funds; HCA is subrecipient through OCSD	GY 2006; Varies	N/A	Compliance field review - Grant Year 2006, 2007 and 2008 Note: OCSD is the lead on this audit and is coordinating all findings and responses.	Draft report issued 2/2/12. As of 01/2021, OCSD has continued to contact Cal OES and requested a status of the close out for this audit. Cal OES' final determination of the matter is pending and on hold until post COVID.  <b>As of 12/31/2021: OCSD reports no updates.</b>	<b>Reported in Prior Quarters:</b> Estimated findings total \$742,852 (\$183,101.51 leases and \$559,750.23 equipment), of which HCA requests clarification of approximately \$41,000 pertaining to subgrantee charged expenditures belonging to another grant year. HCA does not concur with the remaining estimated findings of \$701,852. Since the draft report is being discussed with the State and HCA disagrees, we will not yet consider this a finding (same status as several prior fiscal years).
		California Department of Public Health	Public Health Emergency Preparedness (PHEP) and Hospital Preparedness Programs (HPP)	FY 19/20 Triennial	FY 16/17	Fiscal and Program Compliance	Completed.	None.
John Wayne Airport	Finance Administration	Eide Bailly	Financial Statement Audit	2021 Annual	6/30/2020	Audit of Financial Statements, including Passenger Facility Charge Revenue and Expenditures	Completed.	None.
	Operations	Federal Aviation Administration	Airport Certification Inspection	2022	2021	Compliance with Title 14, Code of Federal Regulations, Part 139, the Airport Certification Manual and the Airport Operation Certificate	Planned.	
		Tevora Business Solutions	Common Use Passenger Processing System and Parking Revenue and Access Control System	2021	2020	Compliance with Payment Card Industry Data Security Standard	In progress.	
		Tevora Business Solutions	Parking Revenue and Access Control System	12/2021	2020	Compliance with Payment Card Industry Data Security Standard	Completed.	None.
		Transportation Security Administration	Airport Security	2022	2021	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
OC Community Resources	Housing Community Development	HUD	CDBG & ESG Financial & Procurement	FY 17/18	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	Completed.	None.
		Eide Bailly	Financial Statement Audit	Annual	6/30/2021	Redevelopment Successor Agency	Completed.	None.
	Orange County Housing Authority (OCHA)	No audits in progress.						
	Office on Aging (OoA)	California Dept of Aging	Office on Aging	FY 15/16 - FY 17/18 Triennial	FY 14/15	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	Completed.	None.
		California Dept of Aging	Office on Aging	FY 19/20	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		California Dept of Aging	Office on Aging	FY 18/19 - FY 19/20 Biennial	FY 17/18	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
OC Community Resources (continued)	Community Investment Division	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal and Procurement	FY 16/17 Annual	FY 15/16	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal and Procurement	FY 17/18 Annual	FY 16/17	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, methods of procurement, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA Fiscal & Procurement	FY 18/19 Annual	FY 17/18	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	Ehance Desk Monitoring Review WIOA 85% Formula Grant	FY 18/19 Annual	FY 19/20	To determine OCDB's compliance with applicable federal and state laws, regulations, and policies specific to program operations and systems related to WIOA. Interviews with OCDB staff, training and service providers staff, and participants, review of selected participant case files, review of policies and procedures pertaining to program operations.	Completed.	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
OC Community Resources (continued)	Community Investment Division (continued)	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA (NEG Fire) - Fiscal and Procurement	FY 17/18 One-Time	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD), Department of Labor (DOL), & Office of Inspector General (OIG)	WIOA (NEG Fire) - Fiscal and Procurement	FY 17/18 N/A	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA Fiscal & Procurement	FY 19/20 Annual	18/19	To determine OCDB's compliance with applicable federal and state laws, regulations, and policies specific to program operations and systems related to WIOA-Slingshot 2.0. Interviews with OCDB staff, training and service providers staff, and participants, review of selected participant case files, review of policies and procedures pertaining to program operations.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	Enhanced Desk Monitoring Review WIOA-Slingshot 2.0	FY 19/20 One-Time	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
OC Community Resources (continued)	Community Investment Division (continued)	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA Fiscal & Procurement	FY 20/21 Annual	FY 19/20	To determine OCDB's compliance with applicable federal and state laws, regulations, and policies specific to program operations and systems related to WIOA. Interviews with OCDB staff, training and service providers staff, and participants, review of selected participant case files, review of policies and procedures pertaining to program operations.	Planned.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	Ehance Desk Monitoring Review WIOA 85% Formula Grant	FY 20/21 Annual	FY 19/20	To determine OCDB's compliance with applicable federal and state laws, regulations, and policies specific to program operations and systems related to WIOA. Interviews with OCDB staff, training and service providers staff, and participants, review of selected participant case files, review of policies and procedures pertaining to program operations.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	COVID-19 National Dislocated Worker Grant Review	FY 21/22 One-Time	N/A	To determine OCDB's compliance with applicable federal and state laws, regulations, and policies specific to program operations and systems related to WIOA-COVID-19 National Dislocated Worker Grant # 1194. Interviews with OCDB staff, training and service providers staff, and participants, review of selected participant case files, review of policies and procedures pertaining to program operations.	Planned.	
	OC Parks	No audits in progress.						
	OC Libraries	No audits in progress.						
	OC Animal Care	TBD	City Billing	FY 20/21 Triennial	FY 17/18	Contracted examination of calculation of cost recovery from contracted cities.	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
OC Public Works	Accounting	California Department of Transportation	San Juan Creek Bike Trail, 17th Street at Esplanade, Antonio Parkway	12/31/13	N/A	Audit of incurred costs	In progress.	
	Accounting/ Construction / Infrastructure Programs	Independent Office of Audits and Investigations (formerly part of California Department of Transportation)	- Santiago Canyon Road from Live Oak Canyon Rd to SR 241/SR261 - Live Oak Canyon Road from the T-intersection of El Toro Rd/Santiago Canyon Rd - OC Loop El Cajon (Segment H) Bikeway Gap Closure - OC Loop Segment OPQ Coyote Creek Bikeway	7/1/2017 - 3/31/2021	N/A	Audit of incurred costs	In progress.	
	Accounting & OC Fleet Services	BCA Watson Rice LLP	South Coast Air Quality Management District AB-2766 Fund (Fund 140)	FY 17/18 & FY 18/19 Bi-annual	05/20	A Financial and Compliance Audit to determine if recipient is in compliance with provisions of Assembly Bill 2766 Chapter 1705 [44220 through 44247].	Completed.	None.
	Administrative Services / Revenue Streams	Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	CY 2021 Annual	05/21	TCA Fee Program for CY 2021. Audit of major thoroughfare fees collected by the County of Orange.	Planned.	
OC Waste & Recycling	Accounting	Eide Bailly	Financial Statement Audit	6/30/2021 Annual	6/30/2020	Financial and Compliance Audit	Completed.	None.
Probation	Administrative and Fiscal	No audits in progress.						
Public Defender		No audits in progress.						
Registrar of Voters		No audits in progress.						

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Sheriff-Coroner	Financial/Administrative Services	Cal EMA / Grants Management Section	Homeland Security Grants	FY 06 through 08	FY 06/07	Financial / Compliance	In progress. As of 12/2020, OCSD has contacted Cal OES and requested a status of the close out for this audit. A response from Cal OES is pending.	This audit is also reported under HCA / Regulatory/Medical Services.
		US Department of Justice (DOJ) Office of the Inspector General (OIG)	Equitable Sharing Funds	FY 18/19 - FY 19/20	06/13	Compliance	In progress.	
	Custody Operations	Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	
		BSCC	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Biannual FY 20/21 - FY 21/22	N/A	Compliance	In progress.	
	Technology	Tech Advisory Committee (TAC)	IT	10/19 to 03/20	2017	Operational Review	In progress.	
	Records	No audits in progress.						
	Orange County Crime Lab	ANSI National Accreditation Board (ANAB)	DNA QAS Audit for FBI Procedures and Accreditation	2021	Fall 2020	All forensic DNA operations	Completed.	None.
Social Services Agency	Administrative Services	California State Auditor	CACI Grievance	11/21 - 03/22	1st time in last 6 years	Evaluate Orange County SSA grievance process to ensure sufficient P&P's to receive and review objections to individuals listed on CACI. Further, from period of 1997 to present, assess whether OC SSA complied with state law CACI reporting requirements.	In progress.	



Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Social Services Agency (continued)	Children & Family Services	Disability Rights of California - Office of Payee Review and Beneficiary Assistance	SSA Representative Payee Program	7/1/2019-6/30/2020	04/17	Review of financial records for sample beneficiaries, evaluate representative payee services/responsibilities, interview beneficiaries, legal guardians or third parties.	In progress.	
		Community Care Licensing/CDSS	Annual Inspection of our licensed facility. Youth files/ employee files/grounds inspection.	Annual	04/19	All buildings and grounds/client files and employee files	Planned.	
	Assistance Programs	California Department of Social Services (CDSS)	CalFresh	8/2/21-8/6/21 Annual	09/20	As mandated by the United States Dept. of Agriculture (USDA) Food and Nutrition Service (FNS), an evaluation of CalFresh Program access with an emphasis on the recertification process and timeliness of application processing, payment accuracy, and assessment of corrective action.	Completed.	None.
		California Department of Social Services (CDSS)	CalFresh Employment & Training (CF E&T)	03/22 Annual	03/21	Management Evaluation (ME) of Orange County's CF E&T program to determine the compliance of the program rules and regulations, and the county's approved CF E&T plan.	Planned.	
	Family Self-Sufficiency & Adult Services	California Department of Social Services (CDSS), Quality Assurance Monitoring & Reimbursements Bureau, Adult Programs Policy & Quality Assurance (QA) Branch	In-Home Supportive Services	August 23-27, 2021 Annual	08/21	Audit focuses on the QA program and the IHSS needs assessment process as mandated by WIC sections 12305.70 and 12305.71 which provide that county QA staff perform routine, scheduled case reviews to ensure uniformity of the authorization of services and accurate assessments of needs and hours. 45 cases were selected.	Completed.	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2021	Significant Findings
Social Services Agency (continued)	Family Self-Sufficiency & Adult Services (continued)	California Department of Social Services (CDSS), Children & Family Services Division, Adoption Services Bureau	Adoption Assistance Program (AAP)	09/2019 - 06/2021 Annual	09/19	Monitoring to ensure the AAP program administration from eligibility determination to benefit issuance is in compliance with federal and state regulations, which includes the review of AAP eligibility and AAP case files to verify appropriateness and accuracy of forms being used.	In progress.	
		The California State Preschool Program (CSPP)	Child Care	FY 20/21 Annual	11/20	The general objectives are to determine if: <ul style="list-style-type: none"> <li>• The agency financial statements are represented in conformity with GAAP.</li> <li>• The agency establishes and maintains effective internal controls to discharge management responsibilities and adequately safeguard state and federal interests.</li> <li>• State and federal funds are being expended in accordance with applicable agreements and provisions.</li> <li>• The direct and indirect costs incurred and claimed for reimbursement are reasonable, necessary, and allowable.</li> </ul>	Completed.	None.
Treasurer-Tax Collector	Treasury and Investments	Eide Bailly, LLP	Annual IPS Compliance	FY 19/20 Annual	6/30/2018	Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement	Completed.	None.
		Eide Bailly, LLP	Annual IPS Compliance	FY 20/21 Annual	6/30/2020	Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement	In progress.	

EXTERNAL AUDIT REPORT  
Implementation Status of Prior Quarter Significant & Material Issues  
Quarter Ended December 31, 2021

No.	Department	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
			No outstanding items from prior quarter.			

\* Implementation status reported as (1) implemented, (2) in progress, or (3) not yet implemented.



# Memorandum

February 10, 2022

**AOC Agenda Item No. 7**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2021

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Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2021, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Status of Mandated Audits as of December 31, 2021



Auditor-Controller Internal Audit  
 Status of Mandated Audits  
 As of December 31, 2021  
 AOC Meeting Date: February 10, 2022

Audit Name	Audit No.	Budget Hours	Actual Hours	Variance	Draft Report	Final Report	Status
Audit of Schedule of Assets as of 6/30/21	N/A	N/A	N/A	N/A	N/A		Not started
Cash Shortages FY 20-21	2001	100	179	-79	N/A	N/A	2 in process, 8 completed
Cash Shortages FY 21-22	2101	120	24	96	N/A	N/A	1 in process, 3 completed
JPA's and Special Districts FY 19-20*	2012	100	175	-75	N/A	N/A	Collection in process
JPA's and Special Districts FY 20-21*	2112	120	32	88	N/A	N/A	Collection in process
Probation Audit for the Two Years Ended 6/30/21	2117	700	428	272	12/23/2021		Reporting in process
Review of Schedule of Assets as of 9/30/21	2106	280	143	137			Fieldwork in process
Review of Schedule of Assets as of 12/31/21	2107	280	17	263			Planning in process
Second Follow-up: Review of Schedule of Assets as of 9/30/19	2110-A	20	21	-1	11/1/2021	11/30/2021	Completed
First Follow-up: Review of Schedule of Assets as of 12/31/20	2110-B	20	6	14			Fieldwork in process

\*We collect copies and post them online.



Auditor-Controller Internal Audit  
Status of Mandated Audits  
As of December 31, 2021  
AOC Meeting Date: February 10, 2022

### Audit of Schedule of Assets as of 6/30/21

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform an annual audit to express an opinion on whether the Schedule of Assets is presented fairly, in all material respects, in accordance with the modified-cash basis of accounting. This engagement has been contracted out to Eide Bailly LLP.	Fieldwork is scheduled to start in February.	0	0

### Cash Shortages FY 20-21

Objective	Status/Results	Critical/Significant Control Weaknesses	Control Findings
To perform an investigation to determine whether to approve replenishment of cash shortages.	2 investigation(s) in process and 8 completed. Department(s) in process: Child Support Services and OC Public Works	0	0

### Cash Shortages FY 21-22

Objective	Status/Results	Critical/Significant Control Weaknesses	Control Findings
To perform an investigation to determine whether to approve replenishment of cash shortages.	1 investigation(s) in process and 3 completed. Department(s) in process: Child Support Services	0	0



Auditor-Controller Internal Audit  
 Status of Mandated Audits  
 As of December 31, 2021  
 AOC Meeting Date: February 10, 2022

### JPs and Special Districts FY 19-20

Objective	Status/Results	Number of Modified Reports Reviewed	
To ensure all JPs and Special District within the County file their annual audits within 12 months of their fiscal year end.	Collection of audited financial statements is complete. Remaining JPs have been informed that they are not in compliance with Government Code Section 6505. JPs remaining: 3 of 73. Special Districts remaining: 0 of 34.	0	

### JPs and Special Districts FY 20-21

Objective	Status/Results	Number of Modified Reports Reviewed	
To ensure all JPs and Special District within the County file their annual audits within 12 months of their fiscal year end.	Collection of audited financial statements is in process. JPs remaining: 43 of 73. Special Districts remaining: 17 of 34.	0	

### Probation Audit for the Two Years Ended 6/30/21

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a biennial audit to express a conclusion on whether Probation's internal control over its books and accounts relating to receipts, disbursements, and case file management of juvenile cases is adequate and effective to ensure compliance with WIC Section 275.	Draft report was sent to Probation on December 23, 2021.	0	0



Auditor-Controller Internal Audit  
Status of Mandated Audits  
As of December 31, 2021  
AOC Meeting Date: February 10, 2022

### Review of Schedule of Assets as of 9/30/21

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a quarterly review to express a conclusion on whether we are aware of any material modifications that should be made to the Schedule of Assets for it to be in accordance with the modified-cash basis of accounting.	Fieldwork in process.	0	0

### Review of Schedule of Assets as of 12/31/21

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a quarterly review to express a conclusion on whether we are aware of any material modifications that should be made to the Schedule of Assets for it to be in accordance with the modified-cash basis of accounting.	Planning in process.	0	0

### Second Follow-up: Review of Schedule of Assets as of 9/30/19

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a follow-up audit to review the actions taken by management to implement the recommendation from the management letter.	Final report was issued on November 30, 2021. The one control deficiency identified had not been resolved.	0	1





Auditor-Controller Internal Audit  
 Status of Mandated Audits  
 As of December 31, 2021  
 AOC Meeting Date: February 10, 2022

### First Follow-up: Review of Schedule of Assets as of 12/31/20

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a follow-up audit to review the actions taken by management to implement the recommendation from the management letter.	Fieldwork in process.	0	0



# Memorandum

February 10, 2022

**AOC Agenda Item No. 8**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2021

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Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2021, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Performance Audit Activity Quarterly Status Report

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
FY 2019-20					
OC Community Resources	Grant-related Operations	Measurement Resources Company	N/A	Review effectiveness in drawing down competitive funding for homeless services, and affordable and permanent supportive housing relative to other California counties	Completed; follow up in six months for status of implementation of recommendations

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
FY 2020-21					
OC Community Resources	Procurement	National institute of Governmental Purchasing (NIGP)	N/A	Review procurement functions for compliance with County policy and procedures, compliance with government statutes, and recommendations for streamlining	Audit report finalized; department finalizing responses to recommendations for Board transmittal
OC Public Works	Administration	Macias Gini & O'Connell LLP	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	In progress
Probation	Administration	MGT of America Consulting LLC	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Audit report finalized; department finalizing responses to recommendations for Board transmittal
Public Defender	Administration	Moss Adams LLP	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Audit report finalized; department finalized responses to recommendations for Board transmittal

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
<b>FY 2021-22 New Audits</b>					
Health Care Agency	Environmental Health	EHA Consulting Group, Inc.	N/A	Evaluate compliance with applicable policy and procedures; quantity and quality of inspections; output costs, mission achievement; customer satisfaction; and readiness for disaster or emergency declaration to provide the basis for recommendations for improving its effectiveness and efficiency and establishing performance metrics and measures	In progress
Child Support Services	Administration	To Be Determined	N/A	Review administrative operations, policies, practices and procedures, and make recommendations to identify opportunities for streamlining processes, expanding efficiencies, applying best practices, and establishing performance metrics and measures	RFP scheduled for release late January-early February 2022
Sheriff Coroner	Procurement	To Be Determined	N/A	Review of procurement functions, including process mapping to address the effectiveness of procurement functions for compliance with County policies and procedures and government procurement-related statutes, to provide the basis for recommendations for streamlining and improving efficiencies and establishing performance metrics and measures	Detailed Scope of Work under development for RFP

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
Health Care Agency	Behavioral Health Services (BHS)	To Be Determined	N/A	Review of BHS' Mental Health Services Act (MHSA) programming to evaluate effectiveness of the MHSA governance structure (MHSA Steering Committee and MHSA Advisory Board), BHS' ability to identify and track appropriate performance measures for each MHSA program; compliance with MHSA mandates, goals, and objectives; alignment with County strategic priorities and initiatives such as OC Cares, Be Well Initiative, and Homelessness; and overall client experience such as outreach, navigation, referrals, assessments, warm hand-offs, linkages	Detailed Scope of Work under development for RFP

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
<b>IMPLEMENTATION STATUS OF RECOMMENDATIONS FOR COMPLETED PERFORMANCE AUDITS</b>					
<b>FY 2019-20</b>					
Auditor-Controller	Department-Wide	Moss Adams	N/A	Review organizational structure, operations, staffing levels, mandated vs. non-mandated services, policies/practices/procedures, use of technology, training	Completed; follow up in six months for status of implementation of recommendations
Treasurer-Tax Collector	Department-Wide	Arroyo Associates	N/A	Review operations, policies, practices, and procedures to identify opportunities for enhancing service delivery, streamlining processes, expanding efficiencies, applying best practices, etc.; review existing staffing levels for adequacy	Completed; follow up in six months for status of implementation of recommendations
Sheriff, Probation, District Attorney, Public Defender, Health Care Agency, Social Services Agency, and OC Community Resources	AB109-Related Operations	Arroyo Associates	N/A	Identify resources allocated to the AB109 population above and beyond that provided by the State through 2011 Realignment	Completed; follow up in six months for status of implementation of recommendations
<b>FY 2018-19</b>					
Clerk of the Board	Department-Wide	Arroyo Associates	N/A	Review of current operations, policies, practices and procedures to identify areas for improvement, streamlining, enhanced efficiencies	Follow-up responses finalized for Board transmittal
County Executive Office	Human Resource Services	CPS HR Consulting	2012	Determine if 2012 recommendations were implemented and revisit for relevance; identify other recommendations for improvement	Follow-up responses finalized for Board transmittal

**ATTACHMENT A**  
**PERFORMANCE AUDIT ACTIVITY**  
**Quarterly Status Report**  
**February 10, 2022**

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
County Executive Office	Risk Management	CPS HR Consulting	2012	2012 recommendations were implemented; identify other recommendations for improvement	Follow-up responses finalized for Board transmittal
OC Sheriff's Department	Main Operating Budget and Court Security	Arroyo Associates	2008	Identify current reasons for increasing cost of overtime and identify recommendations to reduce overtime costs without increasing number of positions	Follow-up responses finalized for Board transmittal





# Memorandum

February 10, 2022

**AOC Agenda Item No. 9**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee

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Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee, as stated in the recommended action.



# Memorandum

February 10, 2022

**AOC Agenda Item No. 10**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Presentation on Proposed Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees

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Receive Presentation on Proposed Revisions to the AOC Bylaws to Conform to the Bylaws Template for Use by County Boards, Commissions, and Committees, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Audit Oversight Committee Bylaws with Revisions - Clean

Attachment B – Audit Oversight Committee Bylaws with Revisions - Redline

Attachment C – Proposed Bylaws Template: Attachment C of County Executive Office Policy

“Boards, Commissions, Committees under the Jurisdiction of the Board of Supervisors”

## County of Orange Audit Oversight Committee Bylaws

### ARTICLE 1 ESTABLISHMENT

The Audit Oversight Committee (AOC) was originally established in 1995 by Board of Supervisors' Resolution No. 95-271 to provide oversight over the County's internal audit functions. This resolution was superseded by Resolution No. 2016-014, which affirmed and amended the duties and responsibilities of the AOC in light of the creation of the position of Performance Audit Director and the transfer of the internal audit responsibilities to the Auditor-Controller's office. In 2018, the Board of Supervisors adopted Resolution 18-068, establishing an Internal Audit Department independent from the Auditor-Controller and reporting directly to the Board of Supervisors.

### ARTICLE 2 PURPOSE

The purpose of the AOC is to serve as an advisory committee to the Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. CAFR, Single Audit Report and Management Letter) and federal and state audits. The AOC assists the Board of Supervisors in fulfilling their oversight responsibilities with respect to financial, operational, and compliance audit activities including, but not limited to: (i) external audit; (ii) internal audit; (iii) performance audit; and (iv) mandated audits. The AOC is responsible for ensuring the independence of the internal audit function, reviewing and recommending approval of the Internal Audit Department's and the County Executive Office's Annual Audit Plans, reviewing audit reports, and ensuring that corrective action is taken on audit findings.

### ARTICLE 3 MEMBERSHIP

- 3.1 The membership of the AOC shall consist of the following: the Chairperson and Vice-Chairperson of the Board of Supervisors, the County Executive Officer (CEO), and five public members from the private sector appointed by the Board of Supervisors. All public members shall serve a term of office that is coterminous with the term of the member of the Board of Supervisors that nominated such public member, not to exceed four (4) years. Members selected to fill a vacancy for reasons other than the regular expiration of a term shall serve only for the remainder of that term. The public members may be reappointed or removed by the Board of Supervisors.
  - 3.1.1 Public members whose term has expired, including those coterminous with the Board of Supervisors as described in Section 3.1, shall continue to discharge their duties as a holdover appointee until their successor has been appointed by the Board of Supervisors or they have resigned from the AOC, whichever is earlier.
- 3.2 Each member of the Board of Supervisors may nominate one public member for appointment by the Board of Supervisors. Public members shall possess sufficient knowledge and experience in finance, business, and accounting to discharge the AOC's duties with an emphasis on prior audit experience (*i.e.*, financial and internal controls).
  - 3.2.1 The AOC may recommend individuals to the Board of Supervisors as potential nominees to fill vacant public member seats.
  - 3.2.2 Except where the Board of Supervisors finds it is in the best interest of the County to waive voter and residency requirements, all public members of the AOC shall be: (i) registered voters in the County; and, (ii) reside in the district of the nominating member of the Board of Supervisors, unless the Supervisor representing the district where the nominee resides provides written consent for the nomination.

## County of Orange

### Audit Oversight Committee Bylaws

- 3.3 In the event that a public member chooses to resign from the AOC, such member should notify the Chair of the AOC, in writing. Within 10 days of learning of such resignation, the Chair of the AOC will provide written notification to the Board of Supervisors, the AOC, and the Clerk of the Board. Upon notification, the CEO will then solicit nominations from the appropriate Board of Supervisors office that is responsible for nominating a public member for appointment by the Board of Supervisors to fill the vacancy.
- 3.4 Members are expected to consistently attend all meetings. If a public member is unable to attend a meeting, absent extenuating circumstances, the public member shall notify the AOC Chair of his or her anticipated absence, by 5:00 p.m. of the day before a regularly scheduled meeting. Any absence without prior notification to the AOC Chair, shall be deemed an unnoticed absence. If a public member has two unnoticed absences out of five (5) meetings, the public member shall be notified of their pending removal from the AOC. The public member shall then have thirty (30) days to appeal the matter by written letter to the AOC, which if timely received, shall be agendaized for the next regularly scheduled AOC meeting. If the matter is not appealed, the seat shall be deemed vacant. If the matter is appealed, the remaining AOC members shall vote on whether the seat shall be vacated. If vacated, the vacancy shall be filled pursuant to Sections 3.3 and 3.5 as applicable.
- 3.5 In the event that a public member's seat remains vacant for one hundred eighty-three (183) days or more, the AOC Chair may, upon prior notification to the Board of Supervisors, select an interim public member to fill the vacancy. The interim public member shall serve only until the Board of Supervisors selects a public member to fill the vacancy.
- 3.6 The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector or their authorized designees, shall attend all AOC meetings. The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector shall not be voting members of the AOC.

#### **ARTICLE 4 CHAIR AND VICE CHAIR - POWERS AND DUTIES**

- 4.1 The Chair and Vice-Chair shall be elected for a one year term extending from January 1<sup>st</sup> to December 31<sup>st</sup>, which may be extended for one additional year by a majority vote of the AOC members. The election of Chair and Vice-Chair shall be held annually during the last AOC meeting of the calendar year by majority vote, a quorum being present.
- 4.2 The Chair's duties include presiding over all AOC meetings, establishing subcommittees, responding to members' requests for information, signing communications on behalf of the AOC and representing the AOC before the Board of Supervisors and other governmental and quasi-governmental bodies, subject to the approval of the other AOC members.
- 4.3 The Chair and Vice-Chair may review drafts of the Comprehensive Annual Financial Report upon request to the extent that the exemption for the production of such record can be preserved. The Chair and Vice-Chair shall maintain the confidentiality of such draft records and shall not retain copies of such drafts upon the completion of their review.

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### Audit Oversight Committee Bylaws

- 4.4 In the absence or inability of the Chair to preside over the meetings, the Vice-Chair will perform such duties. If neither the Chair nor Vice-Chair is able to preside, the AOC shall select one of the members to act as Chair for the meeting, and who shall have all the powers and duties of the Chair during the meeting.
- 4.5 The Chair and Vice-Chair may only be selected from the public members of the AOC. The Chair cannot serve as Vice-Chair in the year immediately following his service as Chair. No person, except a member of the Board of Supervisors, may serve simultaneously as Chair for two or more County Boards, Commissions, or Committees.
- 4.6 The Chair shall author a brief report to the Board of Supervisors, no later than thirty (30) days after each meeting, noting member attendance and any significant matters to come before the committee.

#### ARTICLE 5 MEETINGS

- 5.1 The AOC shall meet at least quarterly, with authority to convene additional meetings as circumstances require. All meetings shall be subject to the Ralph M. Brown Act, California Government Code section 54950 et seq., as amended and held at a location within Orange County, California that satisfies the access requirements of the Americans with Disabilities Act.
- 5.2 An agenda shall be prepared for each meeting by IAD staff and approved for distribution by the AOC Chair. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting of the AOC or as required by the Brown Act. The agenda shall include any item of business that is carried forward from a prior regular meeting at the request of the AOC. The agenda shall be posted within the time and in the manner required by the Brown Act. Additional items may be added to the agenda after it is posted only in accordance with the Brown Act.
- 5.3 Special meetings of the AOC may be called by the Chair, or at the request of the Board of Supervisors or two public members. Notice of special meetings shall: (i) be delivered to members personally, by mail or electronically, and must be received no later than 24 hours in advance of the meeting; and, (ii) state the business to be considered and whether alternative technological means may be used such as telephone or video conferencing, as technological resource availability permits and as permissible by the Brown Act.
- 5.4 The quorum for a meeting shall be a majority of the voting members, and decisions made by a majority vote of the voting members present shall be regarded as acts of the AOC. Members choosing to abstain from voting on specific actions will not affect majority requirements. Abstentions are considered a “non-vote” – neither a vote in the affirmative nor in the negative. However, in order for an action to be passed, a majority of the quorum casting votes must be in the affirmative.
- 5.5 All AOC members will have an equal voice in the decision-making process. Due to the scope of the AOC's assignment, and the value of each member's input, consistent attendance by all members is expected; however, the Chair and Vice-Chair of the Board of Supervisors and the County Executive Officer (CEO) may designate a substitute to attend an AOC meeting on their behalf by submitting the member's signed proxy to the Chair of the AOC at the start of the meeting.

## County of Orange

### Audit Oversight Committee Bylaws

- 5.6 The Chair may, as necessary, ask authorized representatives of the performance auditor, the Internal Audit Department (IAD), and Auditor-Controller to attend AOC meetings to discuss plans, findings and other matters of mutual concern.
- 5.7 IAD will keep minutes of each meeting and offer them for AOC approval as the first item on the subsequent meeting agenda.
  - 5.7.1 Minutes of each meeting shall contain a record of the persons present. The minutes should provide a record of decisions taken and a high-level summary of the discussion, providing insight on the topics and subtopics discussed.
  - 5.7.2 IAD shall distribute the draft minutes, which will be presented for approval by the AOC at its next scheduled meeting, as soon as reasonably practical following the meeting.
  - 5.7.3 If the minutes for a prior meeting are corrected or amended during an AOC meeting, such minutes will be sent to the AOC members once approved by the AOC.
- 5.8 Reports and other documents distributed in conjunction with the AOC agenda shall be distributed in accordance with the Ralph M. Brown Act in advance of the meeting to allow for their review.
- 5.9 The Chair shall preserve order and decorum. The AOC shall operate under Roberts' Rules and the Chair shall decide all questions of order (unless overridden by a majority of the committee members present) consistent with such rules.
- 5.10 The AOC shall, at its first meeting of each year, adopt a schedule of regular meetings and transmit that schedule in writing to members, the Board of Supervisors, and the public at large.

#### ARTICLE 6 OPERATIONS

- 6.1 The AOC's Bylaws shall be submitted to the Board of Supervisors for approval. The Bylaws shall be reviewed periodically, no less than once every three years, by the AOC and reaffirmed by the Board of Supervisors. Reassessments should specifically take into account any changes that may be needed as the result of changes in law, regulation, or professional standards.
- 6.2 Members shall be briefed on the AOC's purpose, responsibilities, objectives, and on the business of the County upon joining the AOC by the Director of IAD. A process of continuing education (e.g., briefings and information on emerging issues and risks) shall be provided at the AOC meetings as approved by the AOC subject to available budget appropriations. Public members shall receive ethics training as required by AB 1234, Government Code sections 53234, *et seq.*, which shall be provided by the County.
- 6.3 In the performance of its responsibilities, the AOC shall not engage in nor employ any unlawfully discriminatory practices in the provision of services or benefits, assignment of accommodations, treatment, employment of personnel or in any other respect on the basis of sex, race, color, ethnicity, national origin, ancestry, religion, age, marital status, medical condition, sexual orientation, physical or mental disability or any other protected group in accordance with the requirements of all applicable County, state, or federal laws.

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### Audit Oversight Committee Bylaws

- 6.4 Members of the AOC shall comply with the County Equal Opportunity and Anti-Harassment Policy and Procedures.
- 6.5 The AOC shall be provided with the resources necessary to carry out its role, responsibilities, and duties. To the extent it deems necessary to meet its responsibilities, and in keeping with its Bylaws, the AOC has the authority to retain independent advice and assistance pursuant to County purchasing policy and procedures subject to available budget appropriations.
- 6.6 The AOC may request funds needed for its operation during the County's normal budget process. Such appropriation will be included within the IAD's budget to be administered by IAD staff.
- 6.7 The IAD shall provide staffing and support for the AOC. This includes:
  - a. the timely preparation of all notices and draft agendas of meetings;
  - b. coordination of presentations and distribution of reports and/or related documents that are prepared for the AOC's information or consideration;
  - c. the timely preparation and distribution of minutes of meetings; and
  - d. the performance of other incidental duties as may be assigned.
- 6.8 The official location and mailing address of the AOC shall be:
  - Internal Audit Department
  - AOC Clerk
  - 601 N. Ross. St. Ste. 528
  - Santa Ana, CA 92701

#### ARTICLE 7 RESPONSIBILITIES AND DUTIES

- 7.1 *Representation Letter.* The County Executive Officer will annually provide the AOC with a copy of the signed representation letter issued to the external auditor. Furthermore, the CEO and all County agencies/departments under the authority of the CEO, will cooperate with internal/external auditors and will comply with all laws, regulations, policies, and standards of ethical conduct during the audits, and will request that County elected Department Heads similarly comply.
- 7.2 *Financial Statements and Reporting.* The AOC shall provide oversight of the County's independent external auditor and shall:
  - a. review the quality of the County's financial reporting activities;
  - b. review all findings, recommendations, and management's responses related to all external audit reports and consult with external auditors regarding audit adjustments, weaknesses in internal controls, fraud, and compliance matters related to laws, regulations, contracts and grant agreements that would have a material impact on the basic financial statements, included in the Comprehensive Annual Financial Report (CAFR), Single Audit and other audit reports prepared by the County's independent external auditors;
  - c. provide oversight for the periodic review and selection of the County's independent external auditor to perform the audit of the County's basic financial statements included in the CAFR, including all component units and the Single Audit;
  - d. review any additional work beyond the original scope of work conducted by the independent external auditors on behalf of the County;



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### Audit Oversight Committee Bylaws

- e. review the independent external auditor's scope and plan and any significant changes to the scope during the audit process;
- f. review the draft of the County's CAFR and provide questions and/or comments to the Auditor-Controller for consideration (Chair and Vice-Chair only);
- g. discuss, as needed, with County Counsel, the independent external auditor, and the Director of Internal Audit, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations, grant agreements and contracts;
- h. review with the independent external auditor the latter's judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting;
- i. review all matters required to be discussed by auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS), including those specific matters covered in AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*;
- j. review with management and the independent external auditor the effect of any regulatory and accounting initiatives, such as related organizations financing structures, derivatives, or securities lending; and
- k. review all alternative treatments of financial information brought to the AOC's attention by the independent external auditor within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with County management and the ramifications of each alternative and the treatment preferred by the County.

**7.3** *Oversight of the Audit Function of the Auditor-Controller (AC).* The AOC shall:

- a. review regularly and annually discuss the adequacy of resources of the audit function;
- b. review and approve the risk assessment and audit plan prepared by the AC and any subsequent revisions;
- c. compare the approved audit plan with actual work completed
- d. review significant findings during the year and management's responses thereto;
- e. discuss with the AC any significant difficulties encountered in the course of AC audits, including any restrictions on the scope of their work or access to required information;
- f. review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and
- g. ensure AC establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

**7.4** *Oversight of the Internal Audit Department.* The AOC shall:

- a. review the County's IAD charter and recommend revisions with all revisions submitted to the Board of Supervisors for its review and approval;
- b. review regularly and annually discuss the adequacy of resources of the internal audit function;
- c. review and approve the risk assessment and internal audit plan prepared by the Director of Internal Audit and any subsequent revisions;
- d. compare the approved internal audit plan with actual work completed
- e. review significant findings during the year and management's responses thereto;



## County of Orange

### Audit Oversight Committee Bylaws

- f. discuss with the Director of Internal Audit any significant difficulties encountered in the course of IAD audits, including any restrictions on the scope of their work or access to required information;
- g. review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and
- h. ensure IAD establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.5 *Oversight of Performance Audit.* The AOC shall:

- a. provide input regarding the County's performance auditing function, including oversight over the auditing activities of the performance auditor;
- b. review performance audit reports and determine whether they adequately address whether the audited functions are effective, efficient, economical, equitable, compliant with Federal and State laws, ethical, and are based on reliable data;
- c. review and discuss, as necessary, findings and recommendations contained in performance audit reports and management action plans to address recommendations; and
- d. review and make recommendations regarding the annual work plan prepared by the County Executive Office.

7.6 *Follow-up Audits.* The AOC shall:

- a. ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits or other sources; and
- b. review and receive reports from the IAD and performance auditor on whether management's action plans have been implemented and whether the actions taken have been effective. The IAD reports shall identify any areas where it believes management has accepted a level of risk that is unacceptable to the County.

7.7 *Peer Review/Quality Control.*

- a. The AOC shall ensure that an external quality control review (Peer Review) of the IAD be conducted as required by an organization not affiliated with the IAD in accordance with the GAGAS and/or the Institute of Internal Auditors Standards at the discretion of the Director of Internal Audit.
- b. The AOC shall ensure that an external quality control review (Peer Review) of performance audit be conducted as required by an organization not affiliated with IAD in accordance with the guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).

7.8 *Comprehensive Framework of Internal Control.* The AOC will review with the AC, IAD and CEO the adequacy of the County's internal control structure. The AOC should consider a number of factors:

- a. the adequacy of the County's internal controls including computerized information systems;
- b. determine adherence to the principle established in the COSO guidelines including cybersecurity
- c. significant risks or exposures identified by County management and the steps management has taken or proposes to take to minimize such risks;
- d. findings and recommendations of the independent external and internal auditors;
- e. audit adjustments;

## County of Orange

### Audit Oversight Committee Bylaws

- f. code of conduct;
  - g. Fraud Hotline complaints; and
  - h. pending accounting and regulatory changes.
- 7.9 *Oversight of Fraud Hotline.* The AOC shall ensure that the Auditor-Controller has established procedures for the receipt, retention, investigation and treatment of Fraud Hotline complaints, that have been referred to the Auditor-Controller.
- 7.10 *Coordination and Scheduling of Audits.* The AOC shall review and provide recommendations regarding the coordination and scheduling of external, internal and performance audits to avoid disruption of departmental work flows and duplication of effort.
- 7.11 *Resolution of Audits.* The AOC shall be made aware of incidents in which management does not concur with an audit's findings or recommendations. The AOC may, at its discretion, request applicable management and auditors to appear at an AOC meeting to discuss the differing opinions.

#### ARTICLE 8 CONFLICT OF INTEREST

- 8.1 Members of the AOC and any of its committees or subcommittees shall abstain from voting on any issue in which they may be personally interested to avoid a conflict of interest in accordance with County, state, and federal laws and shall refrain from engaging in any behavior that conflicts with the best interest of the County.
- 8.2 Members of the AOC shall not vote nor attempt to influence any other AOC member on a matter under consideration by the AOC or any of its committees or subcommittees: (i) that would provide direct financial benefit to such member or the immediate family of such member; or (ii) engage in any other activity constituting a conflict of interest under County, state, or federal law.
- 8.3 If a question arises as to whether a conflict exists that may prevent a member from voting, the Chair or designee may consult with designated County staff to assist them in making that determination.
- 8.4 In order to avoid a conflict of interest or the appearance of such conflict, all nominees to become members of the AOC shall disclose on forms provided by the County information regarding their private economic interests that may be implicated by their service on the AOC.
- 8.5 AOC members shall timely file Statements of Economic Interests (Form 700) and other financial disclosures as required by law.
- 8.6 Neither the AOC nor any of its members shall promote, directly or indirectly, a political party, political candidate, or political activity using the name, emblem, or any other identifier of the AOC.
- 8.7 No assets or assistance provided by the County to the AOC shall be used for sectarian worship, instruction, or proselytization, except as otherwise permitted by law.

**County of Orange**  
**Audit Oversight Committee Bylaws**

**ARTICLE 9 INDEMNIFICATION OF AOC MEMBERS**

The County of Orange will indemnify and defend AOC members, with counsel of the County's sole and exclusive choosing, for their participation, decisions, or actions taken on behalf of the AOC. Each AOC member should also familiarize him/herself with County of Orange Conflict of Interest Code and Gift Ban Ordinance requirements and file the appropriate annual certifications.

**ARTICLE 10 SEVERABILITY**

Should any part term, portion, or provision of these Bylaws be determined to be in conflict with any law or otherwise unenforceable or ineffectual, the remaining parts, terms, portions, or provisions shall be deemed severable and their validity shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the provisions that the members intended to enact in the first instance.

## County of Orange Audit Oversight Committee Bylaws

### ARTICLE 1 ESTABLISHMENT

The Audit Oversight Committee (AOC) was originally established in 1995 by Board of Supervisors' Resolution No. 95-271 to provide oversight over the County's internal audit functions. This resolution was superseded by Resolution No. 2016-014, which affirmed and amended the duties and responsibilities of the AOC in light of the creation of the position of Performance Audit Director and the transfer of the internal audit responsibilities to the Auditor-Controller's office. In 2018, the Board of Supervisors adopted Resolution 18-068, establishing an Internal Audit Department independent from the Auditor-Controller and reporting directly to the Board of Supervisors.

### ARTICLE 2 PURPOSE

The purpose of the AOC is to serve as an advisory committee to the Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. CAFR, Single Audit Report and Management Letter) and federal and state audits. The AOC assists the Board of Supervisors in fulfilling their oversight responsibilities with respect to financial, operational, and compliance audit activities including, but not limited to: (i) external audit; (ii) internal audit; (iii) performance audit; and (iv) mandated audits. The AOC is responsible for ensuring the independence of the internal audit function, reviewing and recommending approval of the Internal Audit Department's and the County Executive Office's Annual Audit Plans, reviewing audit reports, and ensuring that corrective action is taken on audit findings.

### ARTICLE 3 MEMBERSHIP

- 3.1 The membership of the AOC shall consist of the following: the Chairperson and Vice-Chairperson of the Board of Supervisors, the County Executive Officer (CEO), and five public members from the private sector appointed by the Board of Supervisors. All public members shall serve a term of office that is coterminous with the term of the member of the Board of Supervisors that nominated such public member, not to exceed four (4) years. Members selected to fill a vacancy for reasons other than the regular expiration of a term shall serve only for the remainder of that term. The public members may be reappointed or removed by the Board of Supervisors.
  - 3.1.1 Public members whose term has expired, including those coterminous with the Board of Supervisors as described in Section 3.1, shall continue to discharge their duties as a holdover appointee until their successor has been appointed by the Board of Supervisors or they have resigned from the AOC, whichever is earlier.
- 3.2 Each member of the Board of Supervisors may nominate one public member for appointment by the Board of Supervisors. Public members shall possess sufficient knowledge and experience in finance, business, and accounting to discharge the AOC's duties with an emphasis on prior audit experience (*i.e.*, financial and internal controls).
  - 3.2.1 The AOC may recommend individuals to the Board of Supervisors as potential nominees to fill vacant public member seats.

3.2.2 Except where the Board of Supervisors finds it is in the best interest of the County to waive voter and residency requirements, all public members of the AOC shall be: (i) registered voters in the County; and, (ii) reside in the district of the nominating member of the Board of Supervisors, unless the Supervisor

**Commented [MR1]:** See Board Bylaws Template Article IV. B. 1. b.

## County of Orange Audit Oversight Committee Bylaws

representing the district where the nominee resides provides written consent for the nomination.

- 3.3 In the event that a public member chooses to resign from the AOC, such member should notify the Chair of the AOC, in writing. Within 10 days of learning of such resignation, ~~The Chair of the AOC will then immediately notify provide written notification to the Board of Supervisors, and the AOC, and the Clerk of the Board, of any such resignations.~~ Upon notification, the CEO will then solicit nominations from the appropriate Board of Supervisors office that is responsible for nominating a public member for appointment by the Board of Supervisors to fill the vacancy.

**Commented [RM2]:** See Board Bylaws Template Article X. C.

- 3.4 Members are expected to consistently attend all meetings. If a public member is unable to attend a meeting, absent extenuating circumstances, the public member shall notify the AOC Chair of his or her anticipated absence, prior by 5:00 p.m. of the day before to the regularly scheduled meeting. ~~Any absence without prior notification to the AOC Chair,~~ shall be deemed an unnotified absence. If a public member has two unnotified absences out of five (5) meetings, the public member shall be notified of their pending removal from the AOC. The public member shall then have thirty (30) days to appeal the matter by written letter to the AOC, which if timely received, shall be agendized for the next regularly scheduled AOC meeting. If the matter is not appealed, the seat shall be deemed vacant. If the matter is appealed, the remaining AOC members shall vote on whether the seat shall be vacated. If vacated, the vacancy shall be filled pursuant to Sections 3.3 and 3.5 as applicable.

**Commented [MR3]:** See Board Bylaws Template Article VI. B.

- 3.5 In the event that a public member's seat remains vacant for one hundred eighty-three (183) days or more, the AOC Chair may, upon prior notification to the Board of Supervisors, select an interim public member to fill the vacancy. The interim public member shall serve only until the Board of Supervisors selects a public member to fill the vacancy.

- 3.6 The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector or their authorized designees, shall attend all AOC meetings. The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector shall not be voting members of the AOC.

### ARTICLE 4 CHAIR AND VICE CHAIR - POWERS AND DUTIES

- 4.1 The Chair and Vice-Chair shall be elected for a one year term extending from January 1<sup>st</sup> to December 31<sup>st</sup>, which may be extended for one additional year by a majority vote of the AOC members. The election of Chair and Vice-Chair shall be held annually during the last AOC meeting of the calendar year by majority vote, a quorum being present.
- 4.2 The Chair's duties include presiding over all AOC meetings, establishing subcommittees, responding to members' requests for information, signing communications on behalf of the AOC and representing the AOC before the Board of Supervisors and other governmental and quasi-governmental bodies, subject to the approval of the other AOC members.
- 4.3 The Chair and Vice-Chair may review drafts of the Comprehensive Annual Financial Report upon request to the extent that the exemption for the production of such record can be preserved. The Chair and Vice-Chair shall maintain the confidentiality of such

**Commented [MR4]:** See Board Bylaws Template Article V. A. 6.

## County of Orange Audit Oversight Committee Bylaws

draft records and shall not retain copies of such drafts upon the completion of their review.

- 4.4 In the absence or inability of the Chair to preside over the meetings, the Vice-Chair will perform such duties. If neither the Chair nor Vice-Chair is able to preside, the AOC shall select one of the members to act as Chair for the meeting, and who shall have all the powers and duties of the Chair during the meeting.
- 4.5 The Chair and Vice-Chair may only be selected from the public members of the AOC. The Chair cannot serve as Vice-Chair in the year immediately following his service as Chair. No person, except a member of the Board of Supervisors, may serve simultaneously as Chair for two or more County Boards, Commissions, or Committees.
- 4.6 The Chair shall author a brief report to the Board of Supervisors, no later than thirty (30) days after each meeting, noting member attendance and any significant matters to come before the committee.

**Commented [MR5]:** See Board Bylaws Template Article V. A. 5.

### ARTICLE 5 MEETINGS

- 5.1 The AOC shall meet at least quarterly, with authority to convene additional meetings as circumstances require. All meetings shall be subject to the Ralph M. Brown Act, California Government Code section 54950 et seq., as amended and held at a location within Orange County, California that satisfies the access requirements of the Americans with Disabilities Act.
- 5.2 An agenda shall be prepared for each meeting by IAD staff and approved for distribution by the AOC Chair. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting of the AOC or as required by the Brown Act. The agenda shall include any item of business that is carried forward from a prior regular meeting at the request of the AOC. The agenda shall be posted within the time and in the manner required by the Brown Act. Additional items may be added to the agenda after it is posted only in accordance with the Brown Act.
- 5.3 Special meetings of the AOC may be called by the Chair, or at the request of The AOC Chair is required to call a meeting if requested to do so by the Board of Supervisors or two public members. Notice of special meetings shall: (i) be delivered to members personally, by mail or electronically, and must be received no later than 24 hours in advance of the meeting; and, (ii) state the business to be considered and whether alternative technological means may be used such as telephone or video conferencing, as technological resource availability permits and as permissible by the Brown Act.
- 5.4 The quorum for a meeting shall be a majority of the voting members, and decisions made by a majority vote of the voting members present shall be regarded as acts of the AOC. Members choosing to abstain from voting on specific actions will not affect majority requirements. Abstentions are considered a "non-vote" – neither a vote in the affirmative nor in the negative. However, in order for an action to be passed, a majority of the quorum casting votes must be in the affirmative.
- 5.5 All AOC members will have an equal voice in the decision-making process. Due to the scope of the AOC's assignment, and the value of each member's input, consistent attendance by all members is expected; however, the Chair and Vice-Chair of the Board of Supervisors and the County Executive Officer (CEO) may designate a substitute to

**Commented [MR6]:** See Board Bylaws Template Article VIII. B.

**Commented [RM7]:** See Board Bylaws Template Article VIII. C. 1 & 2.

**Commented [RM8]:** See Board Bylaws Template Article VIII E. 1.

## County of Orange Audit Oversight Committee Bylaws

attend an AOC meeting on their behalf by submitting the member's signed proxy to the Chair of the AOC at the start of the meeting.

- 5.6 The Chair may, as necessary, ask authorized representatives of the performance auditor, the Internal Audit Department (IAD), and Auditor-Controller to attend AOC meetings to discuss plans, findings and other matters of mutual concern.
- 5.7 IAD will keep minutes of each meeting and offer them for AOC approval as the first item on the subsequent meeting agenda.
  - 5.7.1 Minutes of each meeting shall contain a record of the persons present. The minutes should provide a record of decisions taken and a high-level summary of the discussion, providing insight on the topics and subtopics discussed.
  - 5.7.2 IAD shall distribute the draft minutes, which will be presented for approval by the AOC at its next scheduled meeting, as soon as reasonably practical following the meeting.
  - 5.7.3 If the minutes for a prior meeting are corrected or amended during an AOC meeting, such minutes will be sent to the AOC members once approved by the AOC.
- 5.8 Reports and other documents distributed in conjunction with the AOC agenda shall be distributed in accordance with the Ralph M. Brown Act in advance of the meeting to allow for their review.
- 5.9 The Chair shall preserve order and decorum. The AOC shall operate under Roberts' Rules and the Chair shall decide all questions of order (unless overridden by a majority of the committee members present) consistent with such rules.
- 5.10 ~~The AOC shall, at its first meeting of each year, adopt a schedule of regular meetings and transmit that schedule in writing to members, the Board of Supervisors, and the public at large. Its meeting schedule will normally be tentatively set out one year in advance and finalized each quarter so that County management and IAD staff can prepare the information and reports required to support the AOC's work.~~

**Commented [MR9]:** Board Bylaws Template Article VIII. A.

### ARTICLE 6 OPERATIONS

- 6.1 The AOC's Bylaws shall be submitted to the Board of Supervisors for approval. The Bylaws shall be reviewed periodically, no less than once every three years, by the AOC and reaffirmed by the Board of Supervisors. Reassessments should specifically take into account any changes that may be needed as the result of changes in law, regulation, or professional standards.
- 6.2 Members shall be briefed on the AOC's purpose, responsibilities, objectives, and on the business of the County upon joining the AOC by the Director of IAD. A process of continuing education (e.g., briefings and information on emerging issues and risks) shall be provided at the AOC meetings as approved by the AOC subject to available budget appropriations. Public members shall receive ethics training as required by AB 1234, Government Code sections 53234, *et seq.*, which shall be provided by the County.

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6.3 In the performance of its responsibilities, the AOC shall not engage in nor employ any unlawfully discriminatory practices in the provision of services or benefits, assignment of accommodations, treatment, employment of personnel or in any other respect on the basis of sex, race, color, ethnicity, national origin, ancestry, religion, age, marital status, medical condition, sexual orientation, physical or mental disability or any other protected group in accordance with the requirements of all applicable County, state, or federal laws.

**Commented [RM10]:** See Board Bylaws Template Article VI. C.

6.4 Members of the AOC shall comply with the County Equal Opportunity and Anti-Harassment Policy and Procedures.

**Commented [RM11]:** See Board Bylaws Template Article VI. D.

6.5 The AOC shall be provided with the resources necessary to carry out its role, responsibilities, and duties. To the extent it deems necessary to meet its responsibilities, and in keeping with its Bylaws, the AOC has the authority to retain independent advice and assistance pursuant to County purchasing policy and procedures subject to available budget appropriations.

6.6 The AOC may request funds needed for its operation during the County's normal budget process. Such appropriation will be included within the IAD's budget to be administered by IAD staff.

6.7 The IAD shall provide staffing and support for the AOC. This includes:

- a. the timely preparation of all notices and draft agendas of meetings;
- b. coordination of presentations and distribution of reports and/or related documents that are prepared for the AOC's information or consideration;
- c. the timely preparation and distribution of minutes of meetings; and
- d. the performance of other incidental duties as may be assigned.

6.8 The official location and mailing address of the AOC shall be:

Internal Audit Department  
AOC Clerk  
601 N. Ross. St. Ste. 528  
Santa Ana, CA 92701

**Commented [MR12]:** See Board Bylaws Template Article I.B.

### ARTICLE 7 RESPONSIBILITIES AND DUTIES

7.1 *Representation Letter.* The County Executive Officer will annually provide the AOC with a copy of the signed representation letter issued to the external auditor. Furthermore, the CEO and all County agencies/departments under the authority of the CEO, will cooperate with internal/external auditors and will comply with all laws, regulations, policies, and standards of ethical conduct during the audits, and will request that County elected Department Heads similarly comply.

7.2 *Financial Statements and Reporting.* The AOC shall provide oversight of the County's independent external auditor and shall:

- a. review the quality of the County's financial reporting activities;
- b. review all findings, recommendations, and management's responses related to all external audit reports and consult with external auditors regarding audit adjustments, weaknesses in internal controls, fraud, and compliance matters related to laws, regulations, contracts and grant agreements that would have a



## County of Orange Audit Oversight Committee Bylaws

material impact on the basic financial statements, included in the Comprehensive Annual Financial Report (CAFR), Single Audit and other audit reports prepared by the County's independent external auditors;

- c. provide oversight for the periodic review and selection of the County's independent external auditor to perform the audit of the County's basic financial statements included in the CAFR, including all component units and the Single Audit;
- d. review any additional work beyond the original scope of work conducted by the independent external auditors on behalf of the County;
- e. review the independent external auditor's scope and plan and any significant changes to the scope during the audit process;
- f. review the draft of the County's CAFR and provide questions and/or comments to the Auditor-Controller for consideration (Chair and Vice-Chair only);
- g. discuss, as needed, with County Counsel, the independent external auditor, and the Director of Internal Audit, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations, grant agreements and contracts;
- h. review with the independent external auditor the latter's judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting;
- i. review all matters required to be discussed by auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS), including those specific matters covered in AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*;
- j. review with management and the independent external auditor the effect of any regulatory and accounting initiatives, such as related organizations financing structures, derivatives, or securities lending; and
- k. review all alternative treatments of financial information brought to the AOC's attention by the independent external auditor within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with County management and the ramifications of each alternative and the treatment preferred by the County.

7.3 *Oversight of the Audit Function of the Auditor-Controller (AC).* The AOC shall:

- a. review regularly and annually discuss the adequacy of resources of the audit function;
- b. review and approve the risk assessment and audit plan prepared by the AC and any subsequent revisions;
- c. compare the approved audit plan with actual work completed
- d. review significant findings during the year and management's responses thereto;
- e. discuss with the AC any significant difficulties encountered in the course of AC audits, including any restrictions on the scope of their work or access to required information;
- f. review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and
- g. ensure AC establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.4 *Oversight of the Internal Audit Department.* The AOC shall:

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- a. review the County's IAD charter and recommend revisions with all revisions submitted to the Board of Supervisors for its review and approval;
  - b. review regularly and annually discuss the adequacy of resources of the internal audit function;
  - c. review and approve the risk assessment and internal audit plan prepared by the Director of Internal Audit and any subsequent revisions;
  - d. compare the approved internal audit plan with actual work completed
  - e. review significant findings during the year and management's responses thereto;
  - f. discuss with the Director of Internal Audit any significant difficulties encountered in the course of IAD audits, including any restrictions on the scope of their work or access to required information;
  - g. review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and
  - h. ensure IAD establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.
- 7.5 *Oversight of Performance Audit.* The AOC shall:
- a. provide input regarding the County's performance auditing function, including oversight over the auditing activities of the performance auditor;
  - b. review performance audit reports and determine whether they adequately address whether the audited functions are effective, efficient, economical, equitable, compliant with Federal and State laws, ethical, and are based on reliable data;
  - c. review and discuss, as necessary, findings and recommendations contained in performance audit reports and management action plans to address recommendations; and
  - d. review and make recommendations regarding the annual work plan prepared by the County Executive Office.
- 7.6 *Follow-up Audits.* The AOC shall:
- a. ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits or other sources; and
  - b. review and receive reports from the IAD and performance auditor on whether management's action plans have been implemented and whether the actions taken have been effective. The IAD reports shall identify any areas where it believes management has accepted a level of risk that is unacceptable to the County.
- 7.7 *Peer Review/Quality Control.*
- a. The AOC shall ensure that an external quality control review (Peer Review) of the IAD be conducted as required by an organization not affiliated with the IAD in accordance with the GAGAS and/or the Institute of Internal Auditors Standards at the discretion of the Director of Internal Audit.
  - b. The AOC shall ensure that an external quality control review (Peer Review) of performance audit be conducted as required by an organization not affiliated with IAD in accordance with the guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).
- 7.8 *Comprehensive Framework of Internal Control.* The AOC will review with the AC, IAD and CEO the adequacy of the County's internal control structure. The AOC should consider a number of factors:

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- a. the adequacy of the County's internal controls including computerized information systems;
  - b. determine adherence to the principle established in the COSO guidelines including cybersecurity
  - c. significant risks or exposures identified by County management and the steps management has taken or proposes to take to minimize such risks;
  - d. findings and recommendations of the independent external and internal auditors;
  - e. audit adjustments;
  - f. code of conduct;
  - g. Fraud Hotline complaints; and
  - h. pending accounting and regulatory changes.
- 7.9 *Oversight of Fraud Hotline.* The AOC shall ensure that the Auditor-Controller has established procedures for the receipt, retention, investigation and treatment of Fraud Hotline complaints, that have been referred to the Auditor-Controller.
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- 7.11 *Resolution of Audits.* The AOC shall be made aware of incidents in which management does not concur with an audit's findings or recommendations. The AOC may, at its discretion, request applicable management and auditors to appear at an AOC meeting to discuss the differing opinions.

### ARTICLE 8 CONFLICT OF INTEREST

**Commented [RM13]:** See Board Bylaws Template Article XII

- 8.1 Members of the AOC and any of its committees or subcommittees shall abstain from voting on any issue in which they may be personally interested to avoid a conflict of interest in accordance with County, state, and federal laws and shall refrain from engaging in any behavior that conflicts with the best interest of the County.
- 8.2 Members of the AOC shall not vote nor attempt to influence any other AOC member on a matter under consideration by the AOC or any of its committees or subcommittees: (i) that would provide direct financial benefit to such member or the immediate family of such member; or (ii) engage in any other activity constituting a conflict of interest under County, state, or federal law.
- 8.3 If a question arises as to whether a conflict exists that may prevent a member from voting, the Chair or designee may consult with designated County staff to assist them in making that determination.
- 8.4 In order to avoid a conflict of interest or the appearance of such conflict, all nominees to become members of the AOC shall disclose on forms provided by the County information regarding their private economic interests that may be implicated by their service on the AOC.
- 8.5 AOC members shall timely file Statements of Economic Interests (Form 700) and other financial disclosures as required by law.

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8.6 Neither the AOC nor any of its members shall promote, directly or indirectly, a political party, political candidate, or political activity using the name, emblem, or any other identifier of the AOC.

8.76 No assets or assistance provided by the County to the AOC shall be used for sectarian worship, instruction, or proselytization, except as otherwise permitted by law.

### ARTICLE ~~9~~ INDEMNIFICATION OF AOC MEMBERS

The County of Orange will indemnify and defend AOC members, with counsel of the County's sole and exclusive choosing, for their participation, decisions, or actions taken on behalf of the AOC. Each AOC member should also familiarize him/herself with County of Orange Conflict of Interest Code and Gift Ban Ordinance requirements and file the appropriate annual certifications.

### ARTICLE 10 SEVERABILITY

Should any part term, portion, or provision of these Bylaws be determined to be in conflict with any law or otherwise unenforceable or ineffectual, the remaining parts, terms, portions, or provisions shall be deemed severable and their validity shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the provisions that the members intended to enact in the first instance.

Commented [RM14]: See Board Bylaws Template Article XIV

# [Proposed] Bylaws Template

Each Board, Commission, and Committee created by Board of Supervisors' action shall have by-laws that include the elements listed in this template. If local, State, or Federal authority requires additional elements that do not appear in this template, or if local, State, or Federal authority necessitate the modification of elements that appear in this template, then that authority shall control and the bylaws shall deviate from this template. By-laws should serve as "rules" for internal administration and management of each Board, Commission, and Committee.

## Attachment C—Proposed Bylaws Template

**BYLAWS TEMPLATE****BOARDS, COMMISSIONS, COMMITTEES CREATED BY ACTION OF BOARD OF SUPERVISORS****ARTICLE I. Name of Organization**

A. The name of this organization shall be \_\_\_\_\_, hereinafter referred to as "[BCC]"

B. The official location and mailing address of the [BCC] shall be:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**ARTICLE II. Establishment of [BCC]**

The members of the [BCC] are appointed by the Orange County ("County") Board of Supervisors ("Board") pursuant to *(Board Resolution, legislation, regulation, ordinance establishing authority for BCC)*

**ARTICLE III. Purpose and Functions**

A. The purpose of the [BCC] is to work with the County to:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

B. In accordance with *(Board resolution, applicable statute, regulation or ordinance number)*, the functions of the [BCC] are as follows:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

C. *(If applicable)* The [BCC] shall report to the Board *(describe means of reporting)*.

**ARTICLE IV: Appointment and Membership**

A. Membership of the [BCC] is to be composed as follows:

1. There shall be (state number) members that comprise the BCC.
  - a. If applicable, include categories of community stakeholders that will sit, or who are required to sit on the BCC.
  - b. *(If applicable)* Indicate whether members will be voting or non-voting member.

**Attachment C—Proposed Bylaws Template****B. Qualifications for [BCC] Membership****1. The following criteria will be used for all membership appointments:**

- a. (If applicable) State criteria contained in governing statutes, ordinances, etc.
- b. Residency and Voting Requirements: Except where the Board finds it is in the best interest of the County to waive voter and residency requirements, all members of the [BCC] shall be:
  - i. registered voters in the County; and,
  - ii. reside in the district of the nominating member of the Board of Supervisors, unless Supervisor representing the district where the nominee resides provides written consent for the nomination.
- c. (If applicable) State any other qualifications for the [BCC] members.

**C. Length of [BCC] Membership**

- 1. All regular [BCC] member appointments shall be for a term concurrent with the term of office of the nominating member of the Board of Supervisors. A member of the [BCC] whose term of office is expiring with that of the nominating Supervisor shall have the option of reapplying for membership for appointment.
- 2. All at-large [BCC] member appointments shall be for a period of two years, subject to Article IV(B)(1)(b)(ii).
- 3.
  - a. Appointments made to fill a vacancy left by a member before the expiration of the term of that member shall be for the remaining term of that member.
  - b. Pursuant to Government Code section 1302, a member whose term has expired shall continue serving as a member until reappointed or replaced.

**ARTICLE V. [BCC] Officers****A. [BCC] officers shall consist of:**

- 1. (State positions – e.g., Chairperson, Vice Chairperson, etc. and method for selecting)
- 2. (State duties of each position. For example, “The Chairperson shall preside at meetings, call special meetings, decide points of order, announce all business, entertain motions, put motions to vote, announce vote results, appoint and may remove committee Chairpersons, represent the [BCC] at public functions.” Or, “The Vice Chairperson shall perform the duties of the Chairperson in his or her absence. If the Chair becomes vacant, the Vice Chairperson shall succeed to the Chair for the balance of the term of office.”)

## Attachment C—Proposed Bylaws Template

3. Terms for officers of the [BCC] shall be for one year.
4. No person, except a member of the Board, may serve as Chair of a BCC for more than three consecutive terms.
5. No person, except a member of the Board, may serve simultaneously as Chair for two or more BCCs.
6. Election of officers shall be held annually during the last [BCC] meeting of each calendar year by majority vote, a quorum being present.

**ARTICLE VI. Duties of Members**

- A. Members shall attend meetings of the [BCC] and of committees to which they are appointed. The Executive Committee shall regularly review member attendance at [BCC] and committee meetings.
- B. Members shall notify the Chairperson of the [BCC] of any expected absence for a meeting by 5:00 p.m. of the day before a regularly scheduled [BCC] meeting, indicating good and sufficient reasons for the absence.
- C. In the performance of its responsibilities, the [BCC] shall not engage in nor employ any unlawfully discriminatory practices in the provision of services or benefits, assignment of accommodations, treatment, employment of personnel or in any other respect on the basis of sex, race, color, ethnicity, national origin, ancestry, religion, age, marital status, medical condition, sexual orientation, physical or mental disability or any other protected group in accordance with the requirements of all applicable County, state, or federal laws.
- D. Members of the [BCC] shall comply with the County Equal Employment Opportunity and Anti-Harassment Policy and Procedures.
- E. Members of the [BCC] shall comply with County Code of Ethics.
- F. Members of the [BCC] shall operate strictly within designated purposes of the [BCC]. (*Request language from CoCo.*)

**ARTICLE VII. Committees and Subcommittees**

- A. There shall be an Executive Committee comprised of:
  1. The Chairperson of the [BCC].
  2. The Vice Chairperson of the [BCC]
  3. Committee Chairs of the [BCC]
  4. (Any others)



## Attachment C—Proposed Bylaws Template

The Executive Committee shall hold meetings at the request of the Chairperson. The Executive Committee shall review the [BCC] Bylaws and suggest amendments to the [BCC] in accordance with Article \_\_\_\_\_ below.

B. Standing Committees: The [BCC] shall have (number) standing committees:

- 1.
- 2.
- 3.

Terms of appointment to standing committees shall be for one year.

C. Ad Hoc Committees: The Chairperson may establish ad hoc committees of less than a quorum of the [BCC 's] membership to accomplish time-limited tasks that support the goals of the [BCC].

Terms of appointment for ad hoc committees shall be for the period of time required to fulfill the ad hoc committee's purpose.

D. Subcommittees: *(State whether [BCC] is permitted to create and operate subcommittees. If so, specify procedure for subcommittee appointment; roles/responsibilities/authority of subcommittees; time, place and manner of calling meetings of subcommittees).*

## ARTICLE VIII. Meetings and Actions

A. The [BCC] shall, at its first meeting of each year, adopt a schedule of regular meetings and transmit that schedule in writing to members, the Board, and the public at large.

B. All [BCC] meetings shall be open, public and noticed in conformance with the provisions of the Ralph M. Brown Act, California Government Code section 54950 et seq., as amended and held at a location within Orange County, California that satisfies the access requirements of the Americans with Disabilities Act.

C. Special meetings of the [BCC] may be called either by the Chairperson or at the request of a majority of [BCC] members. Notice of special meetings shall:

1. delivered to members personally, by mail or electronically, and must be received no later than 24 hours in advance of the meeting.
2. state the business to be considered and whether alternative technological means may be used such as telephone or video conferencing, as technological resource availability permits and as permissible by the Ralph M. Brown Act.

D. Quorum Requirements

1. Quorum requirements are as follows:

- a. General Meetings: Quorum shall be no less than 50%+1 of the membership.

## Attachment C—Proposed Bylaws Template

- b. Executive Committee: Quorum shall be no less than 50%+1 of the Committee membership. However, if there are unfilled vacancies in the membership of the Executive Committee, then the quorum requirement will be proportionately reduced.
  - c. Standing Committees: Quorum shall be the members present, but no less than three (3).
- E. Voting Majority: Decisions and acts made by majority vote of the members at any duly constituted meeting shall be regarded as acts of the [BCC], except as otherwise provided by these (Bylaws, Rules of Procedure, Policies and Procedures, as applicable).
- 1. Members choosing to abstain from voting on specific actions will not affect majority requirements. Abstentions are considered a “non-vote” – neither a vote in the affirmative nor in the negative. However, in order for an action to be passed, a majority of the quorum casting votes must vote in the affirmative.
- For example: If, at a standing committee meeting, six (6) voting members of the committee are present to vote, and on a particular motion, three (3) vote in the affirmative, two (2) vote in the negative, and one (1) member abstains, the motion passes.
- F. Voting by Proxy: Members of the Board and the County Executive Officer who serve as [BCC] members may designate a substitute to attend a [BCC] meeting on their behalf and vote on any action item by the submitting the member’s signed proxy to the [BCC] Chairperson at the start of the meeting.
- G. Minutes: The Clerk of the [BCC] shall prepare and publish the minutes for each meeting of the [BCC]

**ARTICLE IX. Compensation and Reimbursement (If applicable)**

- A. Compensation: Each member of the [BCC] shall be eligible to receive a sum of \_\_\_\_\_ for attendance at a [BCC] meeting, subject to a maximum reimbursement as specified by (Board Resolution, legislation, regulation, ordinance establishing authority for [BCC]). Attendance of less than one-half of a regular meeting shall be considered an absence and not subject to remuneration.
- B. Reimbursement: [BCC] members may be reimbursed for actual expenses incurred while performing within the scope of their duties to the extent permitted by applicable County policy. All requests for reimbursement shall be submitted in accordance with the policies and procedures adopted by the County on a form approved by the County Auditor-Controller.

**ARTICLE X. Removal and Resignation of Members**

- A. Removal: The Board may, at any time and without cause, remove any [BCC] member from office prior to the expiration of his/her term of office by majority vote of the Board.
- B. Resignation: Resignation of [BCC] members shall be effected by a written letter of resignation submitted to the Chairperson of the [BCC] and to the Board.

## Attachment C—Proposed Bylaws Template

- C. The Chairperson shall notify the Clerk of the Board in writing of any vacancies within 10 days of learning the existence of any such vacancy.

**ARTICLE XI. Authority**

- A. **Parliamentary Authority:** The Chairperson shall preside and manage [BCC] meetings using parliamentary procedure consistent with these bylaws, any special rules of order the [BCC] may adopt, and any applicable County, state, and federal law.
- B. When circumstances demand that action be taken before the next scheduled [BCC] meeting the [BCC] may authorize and grant its full authority to the Executive or any standing committee to act on its behalf to make specific, limited, independent recommendations to the County, a quorum of the [BCC] being present.
1. Such actions taken on behalf of the [BCC] by a committee will be presented as an information item at the next regular [BCC] meeting.
  2. Such actions will not require further action by the [BCC].
- C. **Executive Committee –** When unforeseen circumstances demand that action be taken before the next scheduled [BCC] meeting, the Executive Committee is authorized to take action on behalf of the [BCC].
1. [BCC] members shall be notified either in writing or electronically within 72 hours of any such Executive Committee action.
  2. Such action is subject to review and ratification by the general membership of the [BCC] at its next meeting.
- D. **Standing and Ad Hoc Committees**
1. Standing and ad hoc committees shall have no independent authority and shall be limited to exercising only those specific functions granted to them by the [BCC].
  2. No standing or ad hoc committee shall have independent authority to commit the [BCC] to any policy or action without the prior approval of the general membership of the [BCC].

**ARTICLE XII. Conflict of Interest**

1. Members of the [BCC] and any of its committees or subcommittees shall abstain from voting on any issue in which they may be personally interested to avoid a conflict of interest in accordance with County, state, and federal laws and shall refrain from engaging in any behavior that conflicts with the best interest of the County.
2. Members of the [BCC] shall not vote nor attempt to influence any other [BCC] member on a matter under consideration by the [BCC] or any of its committees or subcommittees:
  - a. Regarding the provision of services by such member (or by an entity that such member represents; or

## Attachment C—Proposed Bylaws Template

- b. That would provide direct financial benefit to such member or the immediate family of such member; or
  - c. Engage in any other activity constituting a conflict of interest under County, state, or federal law to.
3. If a question arises as to whether a conflict exists that may prevent a member from voting, the Chairperson or designee may consult with designated County staff to assist them in making that determination.
  4. In order to avoid a conflict of interest or the appearance of such conflict, all nominees to become members of the [BCC] shall disclose on forms provided by the County information regarding their private economic interests that may be implicated by their service on the [BCC]
  5. [Where applicable] [BCC] members shall timely file Statements of Economic Interests (Form 700) and other financial disclosures as required by law.
  6. [Where applicable] [BCC] members shall complete ethics training as required by County policy and Assembly Bill 1234 (Government Code sections 53234 through 53235.2).
  7. Neither [BCC] nor any of its members shall promote, directly or indirectly, a political party, political candidate, or political activity using the name, emblem, or any other identifier of [BCC].
  8. No assets or assistance provided by County to [BCC] shall be used for sectarian worship, instruction, or proselytization, except as otherwise permitted by law.

**ARTICLE XIII. Adoption and Amendment of Bylaws**

- A. Adoption: An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend these Bylaws for Board approval. These Bylaws become effective upon approval by the Board.
- B. Amendments:
  1. Any member of the [BCC] or the Executive Committee may propose amendments to these Bylaws.
  2. Proposed amendments shall be submitted in writing and made available to each member of the [BCC] no less than five days prior to consideration before a vote can be taken.
  3. An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend Bylaws amendments for Board approval Any amendments to the Bylaws become effective upon approval by the Board.

**ARTICLE XIV. Severability**

## Attachment C—Proposed Bylaws Template

Should any part term, portion or provision of these Bylaws be determined to be in conflict with any law or otherwise unenforceable or ineffectual, the remaining parts, terms, portions or provisions shall be deemed severable and their validity shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the provisions that the members intended to enact in the first instance.

**ARTICLE XV.     Staffing Support**

Staff support from *(Name of County Agency)* shall be provided to support the [BCC] in conjunction with the work of the [BCC].



# Memorandum

February 10, 2022

**AOC Agenda Item No. 11**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on COSO Internal Control Framework and County Accounting Manual

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Receive Report on COSO Internal Control Framework and County Accounting Manual, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – CAM S-2: Internal Control Systems

<b>SUBJECT:</b>  INTERNAL CONTROL SYSTEMS	<b>NUMBER:</b>  S-2
<b>DEPARTMENTS &amp; DISTRICTS AFFECTED:</b>  ALL AGENCIES, DEPARTMENTS, AND DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS	<b>EFFECTIVE:</b> 01/86 <b>REVISED:</b> 09/2000  Original signed by David E. Sundstrom  <hr/> David E. Sundstrom, Auditor-Controller

## 1. POLICY

- 1.1 Purpose
- 1.2 Authority
- 1.3 Definitions

## 2. COMPONENTS OF INTERNAL CONTROL

- 2.1 Control Environment
- 2.2 Risk Assessment
- 2.3 Control Activities
- 2.4 Information and Communication
- 2.5 Monitoring

## 3. STANDARDS OF INTERNAL CONTROLS

- 3.1 Segregation of Duties
- 3.2 Access to Assets
- 3.3 Authorization, Execution, and Recording of Transactions
- 3.4 Documentation of System
- 3.5 Integrity and Competent Personnel
- 3.6 Supervision
- 3.7 Monitoring Controls
- 3.8 Reasonable Assurance
- 3.9 Supportive Attitude
- 3.10 Control Objectives

## 4. RESPONSIBILITIES OF DEPARTMENTS/AGENCIES AND DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS

- 4.1 Establish and Maintain a Systems of Internal Control
- 4.2 Determine that the System is Functioning as Prescribed and is Modified, As Appropriate, for Changes in Conditions.
- 4.3 Document and Communicate the System of Internal Control to All Employees.

## 5. RESPONSIBILITIES OF THE INTERNAL AUDIT DEPARTMENT

- 5.1 Periodic Reviews
- 5.2 Written Reports
- 5.3 Follow-up Audits

## 6. RESPONSIBILITIES OF THE AUDITOR-CONTROLLER DEPARTMENT

- 6.1 Policies
- 6.2 Procedures
- 6.3 Systems

<b>SUBJECT:</b>  INTERNAL CONTROL SYSTEMS	<b>NUMBER:</b>  S-2
<b>DEPARTMENTS &amp; DISTRICTS AFFECTED:</b>  ALL AGENCIES, DEPARTMENTS, AND DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS	<b>EFFECTIVE:</b> 01/86 <b>REVISED:</b> 09/2000  <p style="text-align: center;">Original signed by David E. Sundstrom</p> <p style="text-align: center;">_____ David E. Sundstrom, Auditor-Controller</p>

## 1. POLICY

All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls. Effective internal control systems should provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized access, use or disposition; transactions are executed in accordance with management's authorizations; financial and statistical records and reports are reliable; applicable laws, regulations and policies are adhered to; and resources are efficiently and effectively managed.

Control systems shall be continuously evaluated and weaknesses, when detected, must be promptly corrected. New programs shall be designed to incorporate effective systems of internal control.

### 1.1 Purpose



To prescribe policies and standards to be followed by departments/agencies in establishing and maintaining internal control systems in their operations and administrative activities.

## 1.2 Authority

### 1.2.1 Committee of Sponsoring Organizations of the Treadway Commissions(COSO)

Internal control-integrated framework dated February 1992, which set criteria for evaluating an entity's internal control structure.

### 1.2.2 Board of Supervisors" Resolution No. 82-162, dated February 2, 1982

Authorizes the Auditor-Controller to prescribe the accounting policies for all offices, departments, and institutions under the control of the Board of Supervisors.

### 1.2.3 Board of Supervisors' Resolution No. 85-337, dated March 12, 1985

Establishes that all County departments/agencies maintain effective internal control systems, as an integral part of their management practices. Also, establishes that all levels of management shall be involved in evaluating control systems on an on-going basis and, when detected, ensuring weaknesses are promptly corrected. (Responsibility for periodic reviews of control systems now belongs to the Internal Audit Department, rather than the Auditor-Controller Department, per Board Resolution No. 95-271.)

### 1.2.4 Board of Supervisors" Resolution No. 95-271, dated April 25, 1995

Establishes the Internal Audit Department as independent from the Auditor-Controller Department, and authorizes the Internal Audit Department to perform the Auditor-Controller's legally required audits, if requested by the Auditor-Controller.

## 1.3 Definitions

### 1.3.1 Internal Control

A process – effected by an entity's board of supervisors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a) Effectiveness and efficiency of operations
- b) Reliability of financial reporting
- c) Compliance with applicable laws and regulations

### 1.3.2 Standards of Internal Controls

Elements of a satisfactory system of internal controls. (See Section 3 for specific standards.)

### 1.3.3 Documentation of Internal Controls

Any material used to describe the internal control system, which communicates responsibilities and authorities and serves as a reference for persons reviewing the internal controls and their function. Such material can include written policies, organization charts, procedural write-ups, manuals, memoranda, flow-charts, software, and related written materials.

## 2. COMPONENTS OF INTERNAL CONTROL

Internal control consists of five interrelated components, which are control environment, risk assessment, control activities, information and communication, and monitoring.

### 2.1 Control Environment

Sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment encompasses the following factors: integrity and ethical values, commitment to competence, board of supervisors or audit committee participation, management's philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices.

### 2.2 Risk Assessment

The entity's identification and analysis of relevant risks in regards to the achievement of its objectives and to form a basis for determining how the risks should be managed. Risks can arise or change due to circumstances such as the following: changes in operating environment, new personnel, new or revamped information systems, rapid growth, new technology, new activities, restructuring, or changing accounting pronouncements.

### 2.3 Control Activities

The policies and procedures that help ensure management that necessary actions are taken to address risks to achieve the entity's objectives, which include:

Performance Reviews – Comparisons and analysis of actual performance versus budgets, or program objectives to actual outcomes.

Information Processing – Controls to check accuracy, completeness, and authorization of transactions, which include computer system general controls and application controls.

Physical Controls – Activities encompassing the physical security of assets, including adequate safeguards such as secured facilities; security over access to assets and records; security management over information systems (e.g. protection against computer viruses and "hacking"); and periodic counting and comparison with amounts shown on control records.

Segregation of Duties – Assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets with the intent to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or irregularities.

### 2.4 Information and Communication

The identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

**Information** - Includes the accounting system, which consists of the methods and records established to record, process, summarize and report transactions and to maintain accountability for the related assets, liabilities, and equity (funds). Information systems produce reports containing operational, financial, and compliance-related information that makes it possible to run and control an organization. An information system encompasses methods and records that

- Identify and record all valid transactions.
- Describe timely and sufficiently detailed transactions to permit proper classification for financial reporting.
- Measure the value of transactions to permit recording their proper financial value in the financial statements.
- Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.
- Present properly the transactions and related disclosures in the financial statements.

**Communication** - Involves providing an understanding of individual roles and responsibilities pertaining to internal control over financial reporting. Communication takes such forms as policy manuals, accounting and financial reporting manuals, memoranda, oral communication, and management actions.

## 2.5 Monitoring

A process that assesses the quality of internal control performance over time. It involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. This process is accomplished through ongoing monitoring activities of internal controls and separate evaluations of internal controls, or a combination of the two. Ongoing monitoring activities should be built into the normal recurring activities of an entity and should include regular management and supervisory duties. Internal auditors or personnel performing similar functions contribute to the monitoring of an entity's activities through separate evaluations. However, the entity's management is ultimately responsible for effectively monitoring controls.

## 3. STANDARDS OF INTERNAL CONTROLS

A satisfactory system of internal control shall include, but not be limited to, the following standards:

### 3.1 Segregation of Duties

A plan of organization that provides segregation of duties appropriate for proper safeguarding of County assets. Key duties such as authorizing, approving or recording transactions, issuing or receiving assets, making payments, and reviewing

or auditing shall be assigned to separate individuals to minimize the risk of loss. A satisfactory internal control system depends largely on the elimination of opportunities to perpetrate and then conceal errors or irregularities. This in turn depends on the assignment of work in such a fashion that no one individual controls all phases of an activity or transaction.

### 3.2 Access to Assets

Access to County assets should be limited to authorized personnel who require these assets in the performance of their assigned duties. Access includes both direct physical access and indirect access through the preparation or processing of documents that authorize the use or disposition of resources.

### 3.3 Authorization, Execution, and Recording of Transactions

A system of authorization and record-keeping procedures is needed to provide effective accounting control over assets, liabilities, revenues, and expenditures. Independent evidence shall be maintained to document that authorizations are issued by persons acting within the scope of their authority and that transactions conform with the terms of the authorizations. Documentation shall provide an adequate audit trail. Transactions shall be accurate, timely, properly recorded, and properly classified. Computer system controls should be utilized to safeguard records and preserve data integrity.

### 3.4 Documentation of System

All departments/agencies should have an established system of policies and procedures to be followed in the performance of duties and functions. Such a system shall include, but not be limited to, documentation of internal controls, accountability for resources and recording of financial transactions, and such documentation shall be communicated and made available to all employees and auditors.

### 3.5 Integrity and Competent Personnel

Key personnel should have high standards of integrity, and be competent through education, training, or experience to accomplish their assigned duties.

### 3.6 Supervision

Qualified and continuous supervision shall be provided to assure that approved procedures are followed and are operating as intended. Lines of personal responsibility and accountability shall be clear. Supervision should be competent and continuing so as to ensure the achievement of internal control objectives.

### 3.7 Monitoring Controls

An effective system of internal review by both the department/agency and the Internal Audit Department should be established. Managers should take action when control deviations requiring action are noted.

### 3.8 Reasonable Assurance

Internal control systems shall provide reasonable, but not absolute, assurance that the internal control objectives will be achieved. This standard recognizes that the cost of internal controls should not exceed the benefits derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives.

### 3.9 Supportive Attitude

Executives, managers and employees should maintain a supportive attitude towards internal controls.

### 3.10 Control Objectives

Control objectives are to be identified or developed for each organizational activity.

## **4. RESPONSIBILITIES OF DEPARTMENT/AGENCIES AND DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS**

### 4.1 Establish and Maintain a System or Systems of Internal Control.

#### 4.1.1 Responsibility

Designate specific responsibility for determining that department/agency internal control systems are developed, maintained, reviewed and improved as necessary.

#### 4.1.2 Coordination

Provide for coordination between organizational units within the department/agency and with other departments/agencies" in matters concerning internal control.

#### 4.1.3 Standards

Require each internal control system to meet the standards of internal control described in Section 3. (Standards of Internal Controls).

#### 4.1.4 Guidelines

Utilize existing guidelines on internal control, such as the Auditor-Controller's County Accounting Procedures Manual, when developing and enforcing control systems.

### 4.2 Determine that the System is Functioning as Prescribed and is Modified, as Appropriate, for Changes in Conditions.

#### 4.2.1 Review

Review internal control systems on an ongoing basis to determine whether controls are operating as intended and are effective.

#### 4.2.2 Resolution of Deficiencies Identified by Department/Agency Personnel

Provide prompt and proper resolution of deficiencies identified by department/agency personnel.

#### 4.2.3 Resolution of Deficiencies Identified by Other Parties

Provide prompt and proper resolution of deficiencies noted during audits by the Internal Audit Department, external auditors, and/or consultants.

#### 4.2.4 Risk Identification

On an on-going basis, identify potential risks that could hinder the department/agency from realizing management's objectives (i.e., effectiveness, efficiency, compliance with laws and regulations, and proper financial reporting) and determine how to manage those risks.

#### 4.3 Document and Communicate the System of Internal Control to all Employees.

##### 4.3.1 Written Policies and Procedures

Establish written policies and procedures that supplement the policies and procedures in the Auditor-Controller's County Accounting Procedures Manual, to assure intended functioning of internal control systems. These policies and procedures should set forth in writing the specific procedures to be followed, and should be communicated and made available to all employees.

##### 4.3.2 Performance Appraisals

Reflect effectiveness in developing internal controls and in resolving and implementing appropriate audit recommendations in the performance appraisals of personnel.

### 5. RESPONSIBILITIES OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department shall assist management in the monitoring of internal controls through:

#### 5.1 Periodic Reviews

Make periodic reviews of internal control systems including documentation and compliance to determine whether policies and standards established by a department/agency are adequate, properly implemented, and being followed.

#### 5.2 Written Reports

Prepare written reports summarizing deficiencies in existing internal control systems accompanied by recommendations for improving those deficiencies. Distribute the reports in accordance with Audit Oversight Committee procedures.

#### 5.3 Follow-up Audits

Conduct follow-up reviews of department/agency efforts to respond to audit findings and recommendations.

### 6. RESPONSIBILITIES OF THE AUDITOR CONTROLLER DEPARTMENT

#### 6.1 Policies

Prescribe the accounting policies and standards to be followed by departments/agencies in maintaining effective internal control systems.

#### 6.2 Procedures

Develop and maintain County Accounting Procedures, and make them available to all departments/agencies.

#### 6.3 Systems

Develop financial accounting systems with built-in controls that safeguard and maintain the integrity of the accounting information that is submitted.



# Memorandum

February 10, 2022

**AOC Agenda Item No. 12**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on County Revolving Funds

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Receive Report on County Revolving Funds, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Revolving Fund Audit Coverage

Attachment B – CAM C-1: Cash Advances - Revolving Funds

Attachment C – CAM C-7: Revolving Cash Fund



**REVOLVING FUNDS**  
**AUTHORIZED AMOUNTS, ANNUAL USAGE, AND PRIOR AUDIT COVERAGE**

**Revolving Funds** are established under Government Code Section 29320 through 29334. They are used for making change, purchasing supplies and services, or making cash advances for travel. These Funds are constantly being used and are replenished as needed. Some special Revolving Funds are established for specific purposes, note the highlighted funds below.

BUDGET CONTROL	DEPARTMENT/BUDGET CONTROL NAME	OFFICER	AUTHORIZED AMOUNT FISCAL YEAR 2021-22	ANNUAL REPLENISHMENTS FISCAL YEAR 2020-21	LAST AUDIT
026	DISTRICT ATTORNEY	TODD SPITZER	250,000	301,274	#1913 Revolving Funds 7/30/20
058	PUBLIC DEFENDER	MARTIN SCHWARZ	250,000	1,862,485	#2017 Revolving Funds 6/29/21
060	SHERIFF-CORONER	DON BARNES	250,000	663,430	#1917 Revolving Funds 10/23/20
029	DISTRICT ATTORNEY - PUBLIC ADMINISTRATOR	TODD SPITZER	155,000	-	#1913 Revolving Funds 7/30/20
63	SOCIAL SERVICES AGENCY-HARDSHIP GRANTS	DEBRA BAETZ	147,750	190,529	#1633 Revolving Funds 5/30/17
063	SOCIAL SERVICES AGENCY	DEBRA BAETZ	100,000	45,675	#1633 Revolving Funds 5/30/17
030	HEALTH CARE AGENCY - PUBLIC GUARDIAN	CLAYTON CHAU	95,000	-	#1917 HCA PG Fiduciary Fund 165
080	OC PUBLIC WORKS	JAMES TREADAWAY	90,320	5,393	#1626 Countywide Travel 2/7/18
002	ASSESSOR	CLAUDE PARRISH	80,000	2,407	#1626 Countywide Travel 6/26/18
042	HEALTH CARE AGENCY	CLAYTON CHAU	80,000	6,923	No recent audit.
026	DISTRICT ATTORNEY	TODD SPITZER	70,000	29,380	#1913 Revolving Funds 7/30/20
057	PROBATION	STEVEN SENTMAN	70,000	840	#1822 Cal Cards 3/24/20
058	PUBLIC DEFENDER	MARTIN SCHWARZ	50,000	19,111	#2017 Revolving Funds 6/29/21
12S	SOCIAL SERVICES AGENCY-DONATIONS AND FEES	DEBRA BAETZ	45,000	13,012	#1633 Revolving Funds 5/30/17
012	OC COMMUNITY RESOURCES	DYLAN WRIGHT	40,390	10,692	#1578 Animal Care, #1579 OCCRP/Public Library
027	CHILD SUPPORT SERVICES	MARIA ARZOLA	40,000	2,027	No recent audit.
299	OC WASTE & RECYCLING	TOM KOUTROULIS	35,000	133	No recent audit.
011	CLERK OF THE BOARD	ROBIN STIELER	20,000	6,234	No recent audit.
280	JOHN WAYNE AIRPORT	BARRY RONDINELLA	14,000	3,576	No recent audit.
059	CLERK-RECORDER	HUGH NGUYEN	11,600	6,342	No recent audit.
017	COUNTY EXECUTIVE OFFICE	FRANK KIM	10,000	-	#1626 Countywide Travel 2/7/18
003	AUDITOR-CONTROLLER	FRANK DAVIES	9,325	1,125	#1626 Countywide Travel 6/29/18
025	COUNTY COUNSEL	LEON PAGE	8,000	-	No recent audit.
294	CEO/PROPERTY & CASUALTY RISK ISF	FRANK KIM	5,000	-	#1626 Countywide Travel 2/7/18
074	TREASURER-TAX COLLECTOR	SHARI FREIDENRICH	5,000	150	No recent audit.
289	CEO/INFORMATION AND TECHNOLOGY ISF	FRANK KIM	3,000	-	#1626 Countywide Travel 2/7/18
079	INTERAL AUDIT	AGRIPINO ALONSO	3,000	209	No recent audit.
031	REGISTRAR OF VOTERS	NEAL KELLEY	3,000	962	#1626 Countywide Travel 12/5/17
		<b>Total</b>	<b>1,940,385</b>	<b>3,171,908</b>	

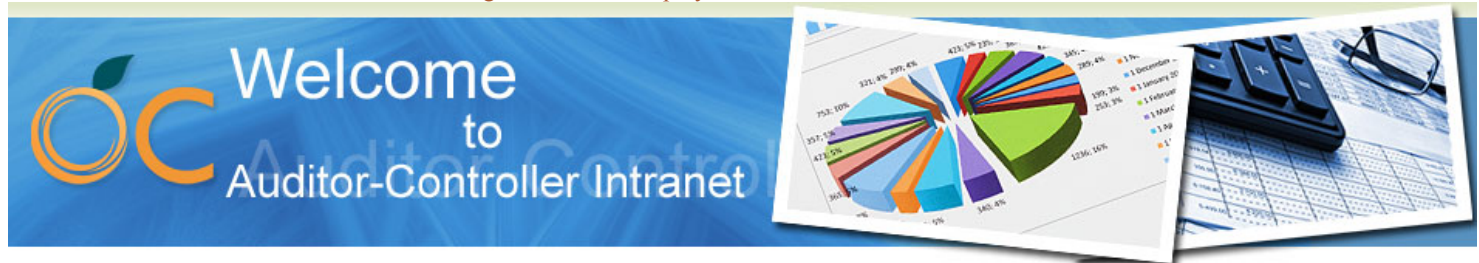
District Attorney Revolving Fund pursuant to GC 29321 and Board Resolution 09-050 is solely used to disburse payments for the investigation and prosecution of crime.

The District Attorney - Public Administrator and HCA - Public Guardian Revolving Funds are authorized by GC 29460 - 29464 to pay fees, charges, and expenses incurred in connection with any estate in which the assets of the estate prove insufficient.. These revolving funds are not replenished by the Auditor-Controller and therefore, no usage data is available. They are reimbursed by client estates when there is sufficient cash.

Public Defender Revolving Fund pursuant to GC 29321 and Board Resolution 09-050 is solely used to disburse payments for the investigation and defense to the Public Defender's clients.

SSA Hardship Grants Revolving Fund authorized by Government Code Section 29334

Regular revolving cash fund established under GC 29320 - 39334. Used for making change, purchasing supplies, and services, or making cash advances for travel.



<b>SUBJECT:</b>  CASH ADVANCES - REVOLVING FUNDS	<b>NUMBER:</b>  C-1
<b>DEPARTMENTS &amp; DISTRICTS AFFECTED:</b>  ALL DEPARTMENTS/AGENCIES	<b>EFFECTIVE:</b>  12/92  REVISED: 06/93, 02/02  <p style="text-align: right;">Original signed by David E. Sundstrom</p> <p style="text-align: right;">David E. Sundstrom, Auditor-Controller</p>

## 1. POLICY

Regular cash advances for travel or expenses related to such travel shall be issued from the revolving funds used for petty cash disbursements established for each County department/agency, according to the provisions of County of Orange Accounting Manual [Procedure C-7, Revolving Cash Funds](#). As stated in Section 2.7 of this policy, cash advances for travel should be monitored separately from other revolving fund activities, and a separate account should be maintained.

Cash advances shall be made only to Officers or their duly authorized representatives.

### 1.1 Purpose

Cash advances are issued to avoid causing hardship to employees who would otherwise have to use their own funds when traveling on County business.

### 1.2 Authority

#### 1.2.1 Board of Supervisors" Minute Order Item No. 21, dated March 16, 1999

Established the County of Orange Administrative Procedure No. 017-02, *County Business Travel and Reimbursement of Related Expenses*.

#### 1.2.2 Board of Supervisors" Resolution No. 85-1684, dated November 26, 1985

Establishes revolving funds, provides for expense limitation, and authorizes the functions of the Auditor-Controller and the Purchasing Agent to be performed.

#### 1.2.3 Board of Supervisors" Resolution No. 92-1008, dated September 15, 1992

Amends Resolution No. 85-1684 to set the limit for individual expenses at \$1,000.

#### 1.2.4 Board of Supervisors" Resolution No. 92-1274, dated November 17, 1992

Revises the policy for the issuance of cash advances for travel expenses incurred by Officers and employees.

#### 1.2.5 State of California Government Code Sections 29320 to 29334

Authorizes the Board to delegate authority to the Auditor-Controller to establish revolving funds for the use of any Officer.

### 1.3 Definitions

#### 1.3.1 Officer

"Officer" includes any elective or appointed officer of the County, and any person in charge of any office, department, service, or institution of the County, or a division or branch thereof, and as enumerated in Section 24000 of the Government Code.

### 1.3.2 Authorized Representatives

An Officer may designate one or more individuals as authorized to receive cash advances.

### 1.3.3 Cash Advance

A payment of cash to Officers, or their authorized representatives, to provide for traveling or expenses, other than automobile mileage, related to such travel.

### 1.3.4 Requestor

The person requesting a cash advance.

## 2. PROCEDURE

### 2.1 Cash Advance Request

#### 2.1.1 Cash Advance Request Form

For a cash advance to be issued, a Cash Advance Request form shall be prepared. (See [Exhibit I.](#)) Cash advances must be approved by a person authorized by the Officer. The person authorizing the cash advances should not have other revolving fund (custodian, check signer, or reconciliation) duties. Advances over \$1,000 must be approved by the Officer, or, in his/her absence, by another member of management in the Officer's department/agency. The person approving the cash advance shall sign the Cash Advance Request form in the box marked "Approved By."

#### 2.1.2 Employee Signed Statement

The following statement shall be included in the body of the Cash Advance Request form and signed by the employee to whom the advance is issued:

"I accept full responsibility for safeguarding the above amount advanced from time of receipt until repayment. I agree that I am responsible for obtaining all necessary receipts documenting travel expenses and will file a Mileage & Other Expenses Claim with the revolving fund custodian no later than five (5) working days after returning from my trip. At that time, I will repay any excess amount advanced over claimed actual travel expenses to the custodian. I further authorize that any cash advanced to me that is not claimed or repaid can be deducted from any amount due to me from the County of Orange."

The requestor shall sign and date the Cash Advance Request in the box marked "Signature of Requestor."

#### 2.1.3 Reasonable Cash Advance

The amount advanced should be reasonable and approximately equal to the amount to be used during the travel event. The cash advance should not be issued unreasonably far in advance of the travel event.

#### 2.1.4 Issuance of Cash Advance

The approved Cash Advance Request form shall be submitted to the revolving fund custodian, who shall issue the check for the cash advance. No advances will be made unless the Cash Advance Request is properly completed. The person who physically receives the cash advance from the custodian shall sign and date the Cash Advance Request in the box marked "Received By."

The cash advance shall be issued in the form of a check payable to the person whose name appears in the "Name of Requestor" box on the Cash Advance Request form. Drawing checks to "cash" or signing blank checks is prohibited.

### 2.2 Reimbursement Claim

#### 2.2.1 Mileage and Other Expenses Claim Form

The requestor shall file a Mileage and Other Expenses Claim form with the custodian of the revolving fund, itemizing the actual and necessary expenses. The claim shall be submitted within five (5) working days after the completion of the event for which the advance is made. Refer to the back of the Mileage and Other Expenses Claim form for a description of the types of expenses requiring receipts. The date and the amount of the cash advance should be noted on the Mileage and Other Expenses Claim form.

#### 2.2.2 Automobile Mileage Expenses Excluded

Mileage expenses for the operation of a private automobile shall not be included with cash advances. The employee should submit a separate claim to the Auditor-Controller for the reimbursement of mileage expenses.

#### 2.2.3 Review of Mileage and Other Expenses Claim Form

The Mileage and Other Expenses Claim form should be subject to the same review process required for any other Mileage and Other Expense Claim form, to insure that expenses are appropriate and required receipts are attached. The form must be signed by an employee who is authorized to approve such claims for payment.

### 2.3 Repayment of Unused Portion of Cash Advance

The requestor shall return any unused portion of the cash advance to the revolving fund custodian. The unused portion must

be returned, with the Mileage and Other Expenses Claim form, within five (5) working days after the completion of the event for which the advance was made. This repayment shall be in the form of a personal check, and not cash, made payable to the Officer, to minimize the risk associated with the handling of cash.

If a check submitted for repayment is returned for insufficient funds, the requestor has not fulfilled this requirement, and may be subject to service charges and damages as provided by [Procedure B-4, Insufficient Funds Checks](#).

#### 2.4 Recording the Receipt of Claim and Unused Portion of Cash Advance by the Custodian

Immediately upon receipt of the Mileage and Other Expenses Claim form, the revolving fund custodian shall sign and date the Cash Advance Request in the box marked "Claim Received By," and post the amount of the claim to the box marked "Amount of Claim." Immediately upon receipt of any unused portion of the cash advance, the custodian of the revolving fund shall sign and date the Cash Advance Request form in the box marked "Repayment Received By," post the amount of the repayment to the box marked "Amount of Repayment," and deposit the check into the checking account used for the revolving fund. The custodian shall otherwise record and deposit this receipt in the same manner as other reimbursements to revolving funds.

A copy of the Cash Advance Request form, signed by the custodian to acknowledge receipt of the claim and repayment, if any, shall be issued to the requestor.

#### 2.5 Reimbursement of Expenses in Excess of Cash Advance

The revolving fund custodian shall reimburse the requestor, from the revolving fund, for any claimed actual travel expenses in excess of the cash advance. This payment shall be in the form of a petty cash check, and not cash, made payable to the requestor, to minimize the risk associated with the handling of cash.

#### 2.6 Reimbursing the Revolving Fund

When a department/agency wishes to have its revolving fund reimbursed for cash advance travel expenses, the custodian shall complete a Petty Cash/Cash Advance Reimbursement claim envelope and enclose all Mileage and Other Expenses Claim forms and supporting documents. An authorized signer, a person who does not have custodian, check signer or reconciliation duties, reviews the envelope's contents for propriety, signs and seals the envelope, and submits it to the Auditor-Controller Claims and Disbursing Section.

Claims for reimbursement for cash advance travel expenses shall be submitted separately from regular revolving fund reimbursement claims.

A more complete discussion of the accounting for revolving funds can be found in [Procedure C-7, Revolving Cash Fund](#).

#### 2.7 Monitoring Cash Advances in the Revolving Fund

Cash advances for travel should be monitored separately from other revolving fund activities, but a specified amount attributable to cash advances need not be separately established. For example, a revolving fund of \$10,000 may at various times have \$2,000, \$3,000, or \$4,000 of outstanding cash advances, for which a separate accounting should be maintained. Each department/agency shall monitor the outstanding cash advances on a regular basis.

#### 2.8 Certification of No Advances Outstanding

Signing and submitting the Petty Cash/Cash Reimbursement claim envelope for reimbursement of the revolving fund shall represent department/agency certification that all cash advances were made in accordance with policies and procedures established for petty cash funds and cash advances for travel purposes. Such signature and submittal is also a representation that any cash advances outstanding for more than 30 days after completion of the travel event have been brought to the attention of the department head and are being actively pursued for collection at the earliest possible time.

#### 2.9 Unauthorized Expenses

Expenses not consistent with County policy will not be reimbursed by the Auditor-Controller.

#### 2.10 Use of Purchasing Card/Credit Card Encouraged

In lieu of using cash advances, departments/agencies may use purchasing cards for employee travel expenses, or should encourage employees to record travel expenses on personal credit cards and seek direct reimbursement using a Mileage and Other Expenses Claim form, unless the use of credit cards is not feasible for a given situation. Eliminating the need for a cash advance facilitates record-keeping and reduces the portion of revolving fund cash tied up in cash advances.

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<b>SUBJECT:</b> REVOLVING CASH FUND	<b>NUMBER:</b> C-7
<b>DEPARTMENTS &amp; DISTRICTS AFFECTED:</b> ALL AGENCIES, DEPARTMENTS, AND DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS	<b>EFFECTIVE:</b> 12/92 REVISED: 11/00  Original signed by David E. Sundstrom  _____ David E. Sundstrom, Auditor-Controller

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<b>SUBJECT:</b> REVOLVING CASH FUND	<b>NUMBER:</b> C-7
<b>DEPARTMENTS &amp; DISTRICTS AFFECTED:</b>	<b>EFFECTIVE:</b>

ALL AGENCIES, DEPARTMENTS, AND DISTRICTS GOVERNED BY THE BOARD  
OF SUPERVISORS

12/92  
REVISED: 11/00

Original signed by  
David E. Sundstrom

David E. Sundstrom, Auditor-Controller

## 1. POLICY

Certain Officers of the County may use a revolving cash fund in accordance with guidelines established by the Auditor-Controller, County Purchasing Agent, Board of Supervisors, and State of California.

### 1.1 Purpose

The purpose of this procedure is to define the authorized uses of a revolving cash fund and to advise County Officers how to properly establish, increase, spend, replenish, safeguard, reduce, transfer, and discontinue a revolving cash fund in accordance with Board of Supervisors, Auditor-Controller, and State of California policies.

### 1.2 Authority

#### 1.2.1 State of California Government Code Sections 29320 through 29334

Authorizes the Board to delegate authority to the Auditor-Controller to establish revolving funds for offices, departments/agencies, and institutions.

#### 1.2.2 Board of Supervisors" Resolution No. 85-1684 dated November 26, 1985

Establishes revolving funds, provides for expenditure limitations, and authorizes the functions of the Auditor-Controller and the Purchasing Agent to be performed.

#### 1.2.3 Board of Supervisors" Resolution No. 92-1008 dated September 15, 1992

Amends Resolution No. 85-1684 to set the limit for individual expenditures at \$1,000.

### 1.3 Definitions

#### 1.3.1 Officer

"Officer of the County" includes any elective or appointive officer of the County and any person in charge of any office, department, service, or institution of the County, or a division or branch thereof and as enumerated in Section 24000 of the Government Code.

#### 1.3.2 Revolving Cash Fund

A fund in which a fixed amount of money is set aside for:

- making change, or
- handling disbursements that do not exceed \$1,000 for individual purchases, including sales tax and any delivery costs, or
- making cash advances for traveling or other expenses related to such travel that do not exceed \$1,000 for each cash advance, or
- making cash advances for traveling or other expenses related to such travel over \$1,000 that are approved by the department head.

#### 1.3.3 Individual Purchase

An "individual purchase" is the total of all receipts from a vendor on a specific day. Transactions from a particular vendor cannot exceed \$1,000 per day including tax and shipping.

#### 1.3.4 Cash Advance

A payment of cash to County employees to provide for traveling or other expenses related to such travel. Cash advances for travel are discussed in more detail in County of Orange Accounting Manual [Procedure C-1, Cash Advances - Revolving Funds.](#)

#### 1.3.5 Fixed Asset Component



A "fixed asset component" is an integral part or piece of the fixed asset.

#### 1.4 Unauthorized Uses

##### 1.4.1 Circumvention of County Bidding Process

The revolving fund may not be used to circumvent the bidding process as established in the County Of Orange Contract Policy Manual. Examples include:

- Splitting large purchases of goods and/or services into smaller components in order to avoid exceeding the bid requirements or Board approval limits set in the Contract Policy Manual.
- Procuring supplies and/or services that are available through existing countywide or departmental contracts.
- Purchasing additional supplies and/or services from a contract vendor in lieu of using a change order or contract modification.
- Purchasing publishing services that are available through PFRD Publishing Services.
- Purchasing components of fixed asset items to avoid normal budgetary and approval requirements for fixed assets.
- Purchasing items without required special approvals (such as alterations to County-owned buildings) or items that have Contract Policy limitations (see the Contract Policy Manual for details).

##### 1.4.2 Payment for Services

The revolving cash fund cannot be used to pay for services, (e.g., repairs, spraying for insects), if the service provider is not on the CEO Purchasing Insurance Master Control Listing. Service providers on the listing have provided CEO Purchasing with a Certificate of Insurance naming the County as an additional insured. The user must certify on the invoice "Insurance Verified." Reimbursement will not be made if the invoice is not certified.

##### 1.4.3 Delivery Charges

Delivery charges are not to be paid from the revolving cash fund when the Purchasing Agent or Deputy Purchasing Agent has not authorized the delivery charges on a purchase order or by separate memo.

##### 1.4.4 Employee Check Cashing/Loans

The fund must not be used to cash checks or loan money to employees (except advances for properly pre-authorized revolving cash purchases and travel advances).

##### 1.4.5 1099 Requirements

Revolving funds should not be used to purchase services from sole proprietorships or partnerships due to the 1099 tax form reporting requirements.

##### 1.4.6 Deposits/Advances

"Good Faith" deposits or advances that can be refunded before an event (e.g., conference or seminar) occurs will not be reimbursed to the revolving cash fund until the event has occurred.

##### 1.4.7 Unethical Practices/Conflicts of Interest

This fund may not be used for unethical purposes. Unethical purposes include the purchasing of items from sources who represent a conflict of interest, (e.g., employee relatives), have been barred from doing business with the County, are unlicensed contractors, exchange gratuities for business considerations, or other practices which violate fair and ethical business standards. An Officer for whom the fund is established will have an obligation to monitor the fund's use to ensure that unethical practices are not occurring.

##### 1.4.8 Extraordinary Circumstances

If an Officer, for whom the revolving fund is established, authorized an individual purchase exceeding \$1,000, or a purchase for an unauthorized use defined above, the Purchasing

Agent may approve such purchases provided that the Officer submits written justification explaining the extraordinary circumstances which led to the transaction. The Purchasing Agent will review the explanation and make a determination regarding its validity. If the Purchasing Agent determines that it is valid and that the purchase was reasonable and generally met competitive procurement standards, the Purchasing Agent shall transmit the approval to the Auditor-Controller by memorandum. The Officer will be advised by the Purchasing Agent of each such approval. Any purchases not approved by the Purchasing Agent in this manner may be referred by the department head to the Board of Supervisors for approval.

## 2. PROCEDURES

### 2.1 Establishing or Increasing the Fund

#### 2.1.1 Written Request to CEO

Any Officer wishing to establish or increase a revolving cash fund must forward a written request to the Purchasing Agent, stating the need for the fund or the reason for the increase, and the amount requested. The Purchasing Agent will review the request and forward it to the Auditor-Controller General Ledger Unit with a recommendation.

#### 2.1.2 Auditor-Controller Review

The Auditor-Controller reviews the request and the Purchasing Agent's recommendations for compliance with statutory provisions and County procedures and operating rules, and authorizes the issuance of a check establishing or increasing the fund. The Auditor-Controller will assess the size of the fund needed based on revolving cash, Purchasing Card usage, and cash advance activity.

#### 2.1.3 Material Control Weaknesses

The Auditor-Controller may elect not to increase the fund of a department/agency with significant revolving cash fund internal control weaknesses until such weaknesses are corrected.

#### 2.1.4 Treasurer-Tax Collector Assistance

Upon notification from the Auditor-Controller General Ledger Unit, the County Treasurer-Tax Collector will assist a department/agency in establishing a checking account without bank service charges.

### 2.2 Making Disbursements from the Fund

#### 2.2.1 Approval by Authorized Individual

Purchases or cash advances from the revolving cash fund must be approved by an authorized person who does not also have revolving fund custodian, check signer, or reconciliation duties.

#### 2.2.2 Revolving Cash Voucher/Supporting Documentation

Before disbursing currency or issuing a revolving cash fund check to reimburse an employee for a purchase, the fund custodian is to record the final purchase amount and expenditure coding on a [Revolving Cash Fund Voucher \(Exhibit I\)](#). The custodian is to examine all supporting documents (e.g., handwritten or cash register receipts) for appropriateness, and obtain signatures from the persons approving the purchase and receiving the reimbursement. When monies are disbursed from the fund, all supporting documents should be immediately canceled by the custodian (e.g., by marking "Paid by check no. 18762" thereon).

#### 2.2.3 Advanced Amounts

Before advancing revolving fund cash for purchases, the fund custodian must record the advance on a [Revolving Cash Fund Voucher \(Exhibit I\)](#) and obtain proper signatures. The employee receiving the advance must later return the original receipts and/or money totaling the advanced amount to the custodian, who should then examine the voucher and all supporting documents for appropriateness and immediately cancel all supporting documents.

#### 2.2.4 Travel Cash Advances



Disbursements for cash advances for travel should be issued in accordance with [Procedure C-1, Cash Advances - Revolving Funds](#).

#### 2.2.5 Checks to "Cash"/ Blank Checks

Drawing checks to "cash" or signing blank checks is prohibited. Checks should be made out to the vendor or to the employee, whichever is appropriate.

### 2.3 Reimbursing the Fund

#### 2.3.1 Revolving Cash Reimbursements

When a department/agency wishes to have its fund reimbursed for expenses other than cash advance travel expenditures, a [Revolving Cash Fund/Cash Advance Reimbursement claim \(Exhibit II\)](#) envelope is completed, and Revolving Cash Fund Vouchers (Exhibit I), with all supporting documents attached, are enclosed. An authorized signer reviews the envelope's contents for propriety, signs and seals the envelope, and submits to the Auditor-Controller Claims and Disbursing Section. All reimbursements will be provided by means of electronic funds transfer, unless otherwise specified with the Treasurer-Tax Collector's Cash Management Officer.

#### 2.3.2 Travel Cash Advance Reimbursements

When a department/agency wishes to have its fund reimbursed for cash advance travel expenses, the custodian shall complete a Revolving Cash Fund/Cash Advance Reimbursement claim envelope and enclose all Mileage and Other Expenses Claim forms and supporting documents attached. An authorized signer reviews the envelope's contents for propriety, signs and seals the envelope, and submits to the Auditor-Controller Claims and Disbursing Section.

Claims for reimbursement for cash advance travel expenditures shall be submitted separately from other reimbursement claims.

Refer to [Procedure C-1, Cash Advances - Revolving Funds](#), for detailed procedures regarding cash advances.

#### 2.3.3 Certification of Invoice Copies/Faxes

Original invoices or receipts must accompany all vouchers included in revolving fund reimbursement requests. Departments may submit a copy or fax of an original invoice or receipt only if it includes a certification that the original has been lost or destroyed and the item has not previously been reimbursed. The certification must be signed by someone within the department/agency who is authorized to approve purchases and is not the revolving cash custodian.

#### 2.3.4 Canceled Checks

Canceled checks (if received from the bank) should be retained by the department/agency for five years, and should not be placed in Revolving Cash Fund/Cash Advance Reimbursement envelopes.

#### 2.3.5 Auditor-Controller Review

The Auditor-Controller will review the claim, deduct amounts for any item(s) not authorized pursuant to this procedure, and issue payment to the Officer for the approved amount.

#### 2.3.6 Unauthorized Purchases

Purchases of a type not authorized by the Auditor-Controller or the Purchasing Agent represent a personal liability of the Officer.

#### 2.3.7 Department/Agency Certification

Signing and submitting the Revolving Cash Fund/Cash Advance Reimbursement claim envelope for reimbursement of the revolving fund shall represent department/agency certification that all expenditures/cash advances were made in accordance with policies and procedures established for revolving cash funds and cash advances for travel purposes.

Signature and submittal is also a representation that any cash advances outstanding more than 60 days after completion of the travel event have been brought to the attention of the department head and are being actively pursued for collection at the earliest possible time.

## 2.4 Safeguarding the Fund

### 2.4.1 Fund Custodian

Custodianship for each revolving fund must be vested in only one person. Another person, however, should have controlled access to the fund in case of absence or emergency. There should be a separate custodian for each fund (i.e., change fund assignment or revolving cash fund assignment at each departmental location with an assigned fund). The custodian of the fund must not have any other cash handling responsibilities, including the ability to sign checks or authorize revolving fund disbursements.

### 2.4.2 Currency/Checking

Monies in the revolving cash fund may be in the form of currency, or in a bank checking account, or a combination of both. The amount of currency should be held to a minimum to safeguard against theft or misplacement of funds.

### 2.4.3 Unused Checks/Voided Checks

All unused checks should be adequately safeguarded and periodically inventoried. Voided checks should be retained for five years.

### 2.4.4 Checking Account Reconciliations

Bank checking accounts should be reconciled monthly by an independent person with no revolving fund duties. Reconciliations should also include an inspection of canceled checks for signatures and proper endorsement, and a comparison of checks to check register for number, payee, date and amount. Unusual reconciling items should be brought to the attention of management. The reconciliations should be initialed and dated by the preparer to document timeliness and responsibility. Also, the reconciliations should be reviewed, initialed, and dated by a supervisor.

### 2.4.5 Fund Reconciliations

A reconciliation of the revolving fund shall be performed once per month by a person with no other revolving fund duties. The revolving fund should reconcile to the checking account balance, the revolving fund cash balance, and the unreplenished balance as recorded on [Revolving Cash Fund Vouchers \(Exhibit I\)](#) and [Revolving Cash Fund/Cash Advance Reimbursements requests \(Exhibit II\)](#). The same individual can perform the fund reconciliation, and the checking account reconciliation, described in section 2.4.4.

### 2.4.6 Travel Cash Advances

Cash advances for travel should be monitored separately from other revolving fund activities, but a specified amount attributable to cash advances does not need to be separately established. For example, a revolving fund of \$10,000 may have at various times \$2,000, \$4,000, or \$3,000 of outstanding cash advances, for which a separate accounting should be maintained. ([See Procedure C-1, Cash Advances - Revolving Funds.](#))

### 2.4.7 Surprise Cash Counts

Surprise cash counts of revolving fund monies should be conducted at frequent intervals and be conducted by someone other than the fund custodian. The department should maintain a record of the date and the amount counted and resolve any issues identified.

## 2.5 Cash Shortages and Overages

### 2.5.1 Cash Shortages

Cash shortages in a revolving cash fund should be replenished in accordance with [Procedure C-2, Cash Difference Fund](#). Departments without a Cash Difference Fund must follow [Procedure C-3, Cash Losses](#).

### 2.5.2 Cash Overages

Cash overages should be resolved based upon how they originated. If they resulted from a canceled payment for which a revolving cash fund reimbursement has already been received, they should be listed as a credit against other expenditures on the next reimbursement request. If they resulted from normal cash handling procedures, they must be deposited into the County's Overage Fund. Refer to [Procedure C-6, Overage Fund](#), for more detailed procedures.

## 2.6 Decreasing the Fund

An Officer wishing to decrease the amount of an established revolving cash fund may do so by notifying the Purchasing Agent in writing, and depositing the amount of the reduction into the County Treasury. The Purchasing Agent will forward the notification to the Auditor-Controller.

## 2.7 Transferring the Fund

The procedure for transferring a revolving cash fund will be followed whenever an outgoing Officer's duties or responsibilities change and he/she is no longer responsible for the revolving cash fund, and the outgoing and incoming Officers are both available and willing to sign the transfer request. This procedure is explained in [Procedure M-4, Requirements of Elected or Appointed Officials Assuming or Leaving Office](#).

## 2.8 Discontinuing the Fund

### 2.8.1 County Accounting Procedure No. M-4

A revolving cash fund may be discontinued in accordance with procedures explained in [Procedure M-4, Requirements of Elected or Appointed Officials Assuming or Leaving Office](#).

### 2.8.2 Material Control Weaknesses

Either the Auditor-Controller or the Purchasing Agent can recommend discontinuance of the fund of a department/agency with material revolving cash fund internal control weaknesses.

## 2.9 Internal Audit Department/CEO Purchasing: Independent Reviews

The Internal Audit Department and CEO Purchasing will periodically review department/agency revolving cash fund functions for cost effectiveness, internal controls, and overall appropriateness.

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# Memorandum

February 10, 2021

**AOC Agenda Item No. 13**

TO: Audit Oversight Committee Members

Recommended Action:  
Receive Report on eProcurement

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Receive Report on eProcurement, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – County of Orange Current eProcurement Environment



# The County's Current eProcurement Environment

## Existing

- Fully Online bidding system, with electronic vendor registration, technical support and automated bid notifications. Also includes downloadable solicitations, online Question-and-Answer and bid submission processes, as well as paperless tabulation, awarding and notification functionality.
- Online certification of Local Small Businesses, virtual vendor/DPA networking and informational sessions, and on-demand vendor education videos and resources.
- Fully electronic requisition system, including paperless routing and approval, automated workflows, tracking and reporting, as well as document and roles management.
- Fully electronic, countywide Accounting, Financial and Procurement system, which includes contract management, robust tracking and reporting capabilities, as well as electronic invoice submittal and automated transfer payments to vendors.
- All policies & procedures, as well as additional resources, available online to Deputy Purchasing Agents.
- DPA training and certification/re-certification completed entirely online.

## Newly Completed

- Complete implementation of automated insurance management, repository and tracking system.
- Countywide rollout and implementation of electronic procurement file folders, moving to a fully paperless procurement process.
- Automation of the Notice of Expiration requisitions, which streamlines operations and ensures contract compliance.

## In Progress

- Complete implementation of electronic signatures (80% complete)
- Automate Cal-Card payment processing (75% implemented)
- Automate invoice processing (100% available; ~75% implemented)
- Virtual Compliance Review (50% complete) Estimated Completion 7/1/22
- Digitization of existing paper procurement forms processing, submittals and approvals — Estimated Completion 7/1/22
- Countywide centralized contract and vendor profile repositories—Awaiting CAPS+ Study, to be completed by 6/30/22
- Countywide Asset Management System— Awaiting CAPS+ Study, to be completed by 6/30/22
- Countywide Grant Management System— Awaiting CAPS+ Study, to be completed by 6/30/22
- Automate bidding capability expansion, standardizing and fully automating solicitations and reportability within a comprehensive solution — Awaiting CAPS+ Study, to be completed by 6/30/22



# Memorandum

February 10, 2022

**AOC Agenda Item No. 14 (REVISED)**

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on County IT Projects Quarterly Progress Report, Most Critical IT Challenge Impacting the County, and Best Practices for Password Tracking

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Receive Update on County IT Projects Quarterly Progress Report, Most Critical IT Challenge Impacting the County, and Best Practices for Password Tracking, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – OCIT Updates

Attachment B – Project Review

Attachment C – Quarterly IT Project Report

# OCIT Updates

- OCIT – Technology, Enterprise Privacy & Cybersecurity  
February 2022





# Agenda

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- Update on County IT Projects Quarterly Progress Report
- The most critical IT challenge impacting the County
- Best practices for password tracking





# Update on County IT Projects Quarterly Progress Report

- November 2021
  - ✓ Workfront PM tool (OCIT)
    - Current standardizing data
    - Building “Request” and “Active” queues
    - To align with updated project onboarding workflow (Spring 2022)
- December 2021
  - ✓ Network refresh (JWA)
- March 2022
  - ServiceNow catalog refresh (OCIT/SAIC) – moved from January 2022
- May 2022
  - PTS (A/C, TTC) – moved from October 2021
- June 2022
  - eAgenda (COB) – moved from January 2022
- August 2022
  - Workforce Time and Attendance (A/C) – moved from March 2022
- April 2023
  - CalSAWS (SSA)

# The most critical IT challenge impacting the County

- Cybersecurity continues to be the most critical IT challenge we face at the County.
- Protecting the County against Ransomware, Zero-day exploits, potential sensitive data exfiltration, Distributed Denial of Service attacks, and other Cybersecurity related attack vectors remains an IT top priority.
- The increase in remote work (perimeter extension) as well as an increase in Cloud and other off-network IT services has significantly increased the County's risk profile.
- The County's Cybersecurity program continues to evolve to address these challenges in the form of Artificial Intelligence, User Behavior Analytics, and other protection mechanisms to mitigate the increased level of risk.

# Best practices for password tracking

- Password compromises were responsible for 81% of breaches in 2020
- Password complexity and changing guidelines are confusing for users



## Best practices for password tracking (Cont.)

- Complexity Requirements
- Non-Dictionary Words
- Password Expiration
- Password Rotation
- Number of Passwords

# Best practices for password tracking (Cont.) NIST Guidelines

- Eliminate Periodic Resets
- Allow viewing in cleartext
- Allow paste function
- Use Breached Password Protection
- Do NOT use password hints
- Limit password attempts
- Use Multi-Factor Authentication (MFA)

## Best practices for password tracking (Cont.) Alternatives

- Single Sign On (SSO)
- One-Time Passwords (OTP)
- Passwordless Authentication
- 3<sup>rd</sup> Party Authentication
- Password Manager

# Best practices for password tracking (Cont.) Password Managers

- Vault all passwords
- Allow user to remember one password
- Have MFA
- Integration with many browsers and apps
- Sync on multiple devices
- Enterprise as well as personal use



# Password Managers

Providers with Free Offerings	Best Paid Services
LastPass ( <a href="http://www.lastpass.com">www.lastpass.com</a> )	Keeper ( <a href="http://www.keepersecurity.com">www.keepersecurity.com</a> )
Bitwarden ( <a href="http://www.bitwarden.com">www.bitwarden.com</a> )	LastPass ( <a href="http://www.lastpass.com">www.lastpass.com</a> )
Dashlane ( <a href="http://www.dashlane.com">www.dashlane.com</a> )	1Password ( <a href="http://www.1password.com">www.1password.com</a> )



Questions?



# Project Review

- November 2021
  - ✓ Workfront PM tool (OCIT)
    - Current standardizing data
    - Building “Request” and “Active” queues
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- December 2021
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- April 2023
  - CalSAWS (SSA)

# County IT Projects

## Quarterly Progress Report

1<sup>st</sup> Quarter, FY21-22  
July 1 – Sept 30, 2021



The Quarterly OC Information Technology (OCIT) Project Progress Report provides the status of all County IT projects with a budget of \$150,000 or more and/or that have been identified as meriting the Board of Supervisors' attention.

The IT projects included in this report reflect the County's ongoing commitment to align IT with the County's business values. Projects included in the portfolio cover the upgrade or replacement of aging infrastructure and end-of-life systems and investment in new, innovative, and reliable technology and platforms. These projects also enhance the County's ability to maintain critical business operations, improve productivity, and deliver more and better services to constituents.

In addition to project status updates, this report also describes the County's IT overall project performance trends over the last 12 quarters.

## Highlights



### At a Glance

The number of projects in this reporting period is 12, four fewer than the number of projects reported in the previous quarter. Two projects were completed and no new projects were added this quarter. The total budget decreased to \$31,606,547 from \$56,227,223.

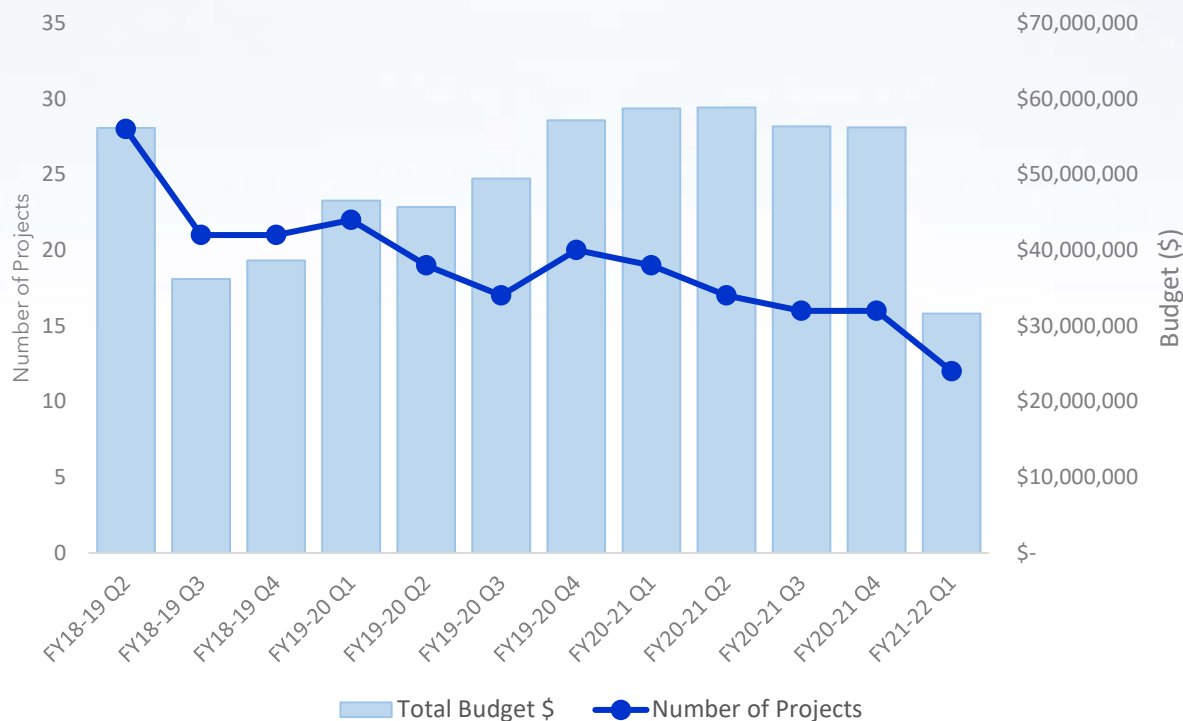


### Key Accomplishments

Two projects were completed in FY21-22 Q1: John Wayne Airport's Building Automation System and the eGov Web Content Management System, which was managed by OC Information Technology and involved the participation of multiple County agencies in updating their public-facing websites;

# IT Portfolio Size and Budget

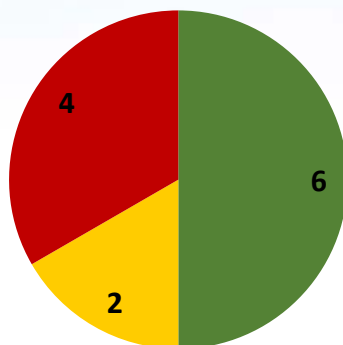
This chart depicts the County's IT project portfolio size and budget trends over the last 12 quarters.



*The chart above reflects projects that were active or completed during each quarter.*

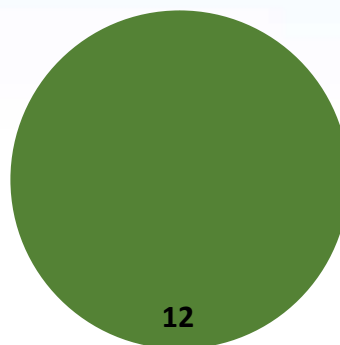
The charts below depict the County's IT project portfolio schedule and budget performance of the active and completed projects during the reporting period.

## Schedule



- On Schedule
- At risk; 10% - 20% over schedule
- Critical; >20% over schedule

## Budget



- On Budget
- At risk; 10% - 20% over budget
- Critical; >20% over budget

During this reporting period, six projects are experiencing schedule delays, and no projects exceed their budget.

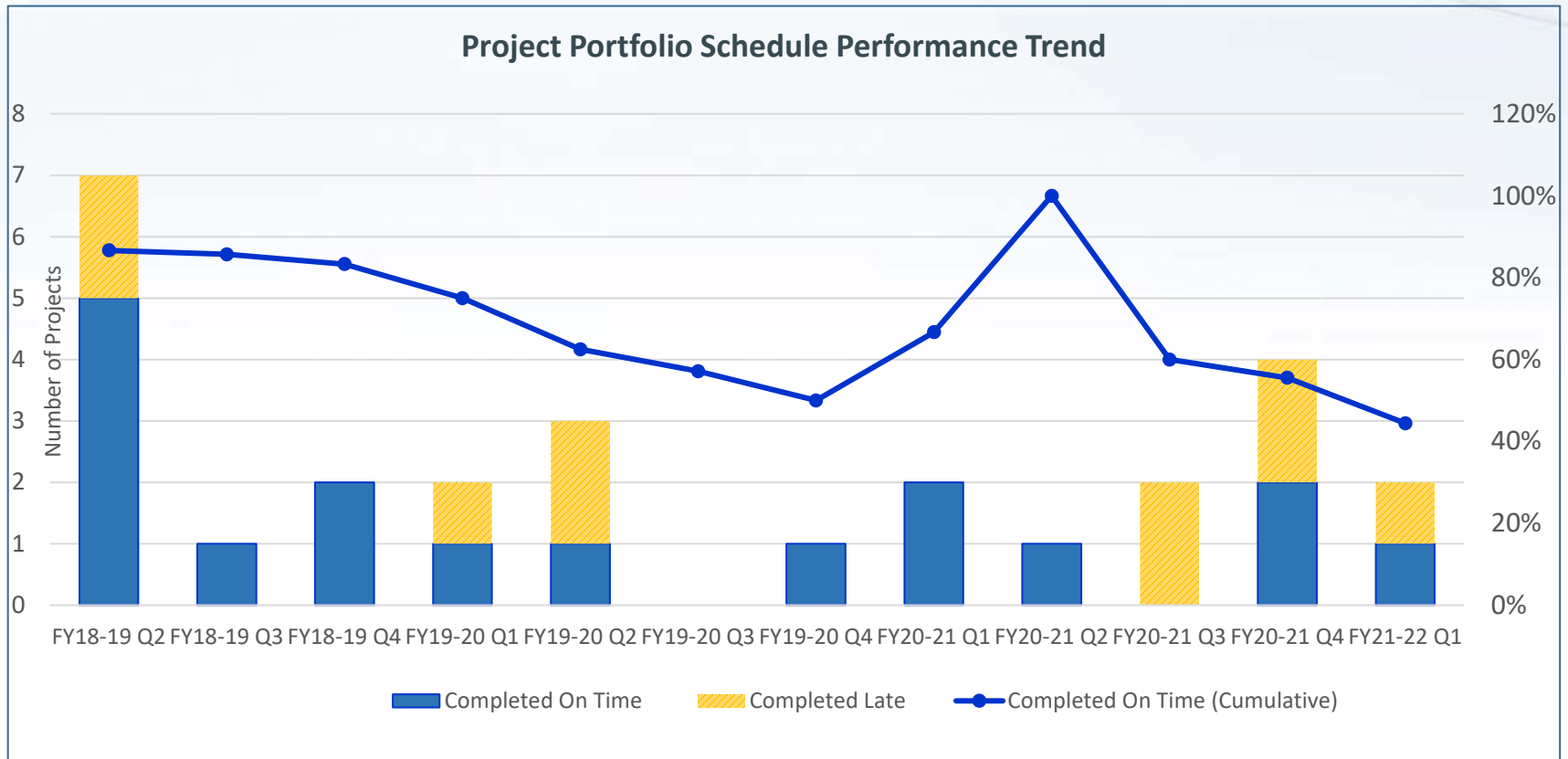
Vendor and internal resource availability and product quality issues are the primary contributors to project schedule delays.

# Portfolio Performance Trend

The chart below depicts the County's IT project schedule performance trend for the projects that were completed over the last 12 quarters.

The bars reflect the total number of projects completed in each quarter and the number completed on schedule.

The line reflects the percentage of projects completed on schedule over four consecutive quarters.

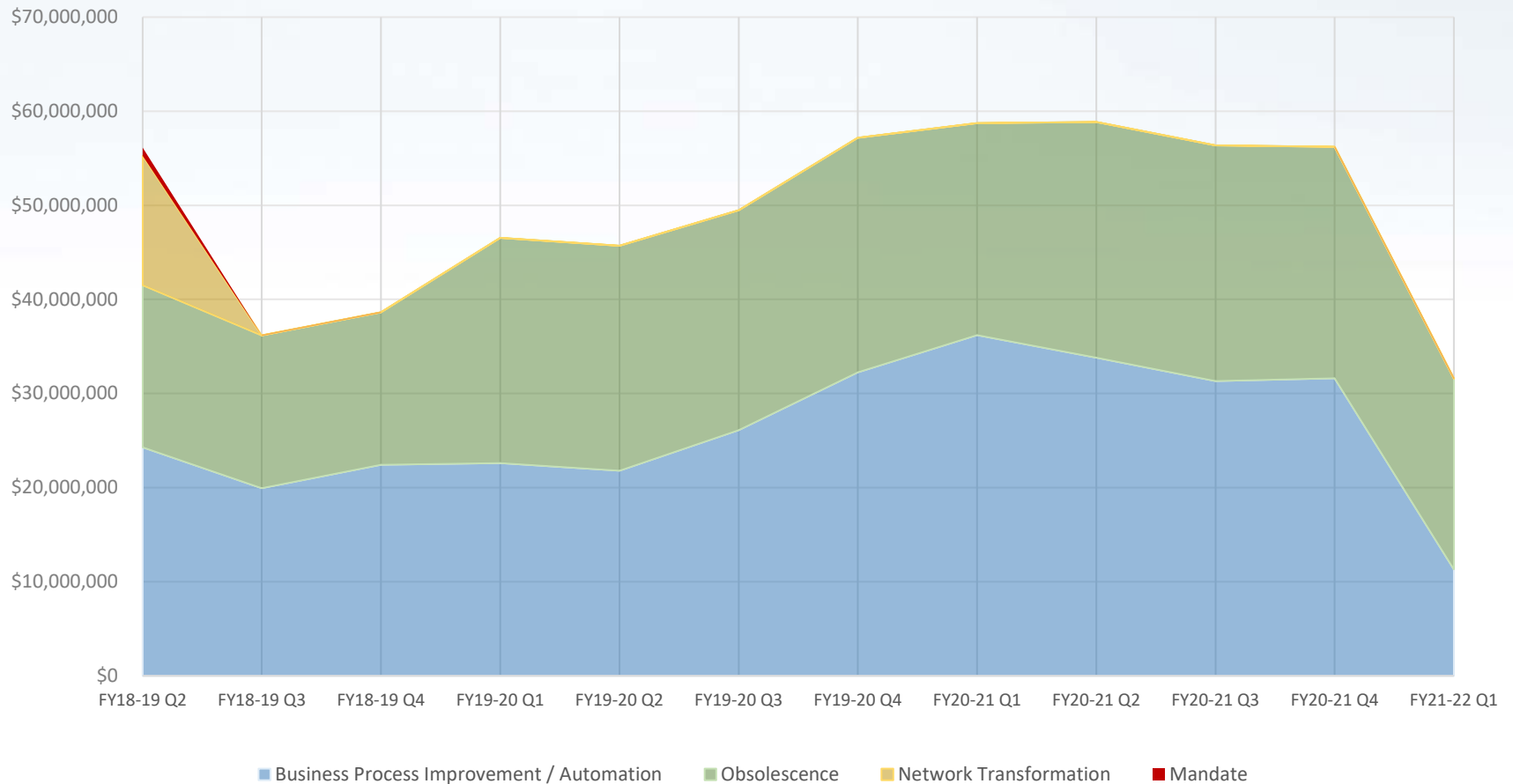




# Project Investment Trends

Projects intended to improve or automate business processes account for 36% of the County's IT budget this quarter. The remaining projects are for replacing end-of-life or obsolete systems and account for 64% of the budget.

**Investment by Business Justification**



*The chart above reflects projects that were active or completed during each quarter.*



# Investment by Service Area

Projects that cross multiple departments account for the largest share of the County's IT project investments. Health Care Services and John Wayne Airport also have a large share of the IT project budget.



*The chart above reflects projects that were active or completed during this reporting period.*

# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
A-C	Multi	<b>Property Tax System -</b> Transform the County's Property Tax System from a legacy mainframe system to an open-architecture platform.	*		Planned Start: 10/01/17 Planned End: <del>08/31/19</del> 08/31/20 10/31/21 05/31/22  Budget: \$ 14,431,033 Expended: \$ 11,128,543 Encumbered: \$ 696,292 Balance: \$ 2,606,198  Source: General Fund	<p><b>Execution</b> – Completed phases 0 through 7, JCL Replacement, and Control-M Transformation. User Acceptance Testing (UAT)/Production platform setups complete. Print Development and Testing complete. Vendor System Integration Test Plan Development and Testing complete. County UAT Plan Development complete. System Integration and Vendor Performance Testing complete. UAT in progress for Auditor-Controller, Treasurer-Tax Collector, and Clerk of the Board. Production-ready and Disaster Recovery Planning efforts ongoing.</p> <p><b>Risk Mitigation</b></p> <p><b>Budget Status</b>  <u>Budget (Original)</u> – The vendor was granted additional funding that exceeds 20% of the original budget. As such, the budget status remains Red.  <u>Budget (Revised)</u> – The Board of Supervisors approved additional funding at its November 17, 2020, meeting. The project continues to operate within its revised budget</p> <p><b>Schedule Status</b>            - <u>TTC UAT Testing</u> – The Treasurer-Tax Collector's testers are finding a significant number of defects during the User Acceptance Testing process. The identification of these defects is impacting the schedule as they must be addressed and corrected. The County has no plans to back off its testing effort. The quality of this critical system must be assured and is its top priority. The vendor is working hard to resolve the defects as they are uncovered.            - <u>Production Cutover</u> – Due to the high-volume of system defects being uncovered within the testing effort, the vendor has notified the County that the October 31, 2021, production-ready cutover date will not be achieved. The production-ready cutover date has been moved to May 31, 2022. The new cutover date falls within the current, revised contract.</p>	90%

On track; within 10% of budget/schedule

At risk; 10% - 20% over budget/schedule

Critical: >20% over budget/schedule

# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
A-C	Multi	<b>Workforce Time and Attendance Implementation</b> - Replace the current Virtual Timecard Interface with three modules: Time & Attendance, Absence Compliance Tracker, and Advanced Scheduling, providing the County with an efficient online timecard tracking tool that meets federal and state regulations.			Planned Start: 04/29/20 Planned End: <del>12/31/21</del> 02/21/22 03/08/22 03/16/22 08/31/22  Budget: \$ 4,899,728 Expended: \$ 1,820,538 Encumbered: \$ 1,039,991 Balance: \$ 2,039,199  Source: General Fund	<p><b>Execution</b> – System configuration, QA testing, and training for department payroll and technical support teams completed; User Acceptance Testing (UAT) of Time &amp; Attendance (T&amp;A) and Advanced Scheduling (AS) functionality in progress; system integration development and testing in progress; initiated change management, which includes end-user training materials, stakeholder communications, and coordination with departments in preparation for system rollout.</p> <p>Next period activities include completion of UAT and regression testing of T&amp;A and AS functionality; completion of system integration development and testing; review/revision of rollout plan as needed; initiation of simulation and end-to-end testing; finalization of end-user training materials.</p> <p><b>Risk Mitigation</b> Factors such as additional system requirements, countywide coordination, additional testing, and additional training materials for County staff demand that the project team revisit the overall timeline, including the go-live/rollout schedule. The project team will continuously monitor changes to project deliverables that may impact the overall timeline and communicate to departments in a timely manner. Project end date revised to 08/31/2022 from 03/16/2022 to add a fourth wave of go-live; a new interface for the Sheriff's schedule data; and more time for UAT, system integration testing, regression testing, and simulation testing. While the project schedule has been extended, the project budget remains green.</p>	75%

On track; within 10% of budget/schedule

At risk; 10% - 20% over budget/schedule

Critical: >20% over budget/schedule

# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
HCA	HCA	<b>Business Intelligence &amp; Analytics -</b> Implement a system to allow for data mining, analytics, online analytical processing, monitoring, visibility of key historical and predictive modeling based data. System benefits include timely availability of key information, decision support systems, increased development and standardization of best practices, performance and outcomes measurement and improvements, more efficient and meaningful collaboration, production of reliable and accurate key metrics, and increased overall data accuracy, security and governance.	**	**	Planned Start: 07/01/18 Planned End: <del>12/31/21</del> 03/31/22  Budget: \$ 3,000,000 Expended: \$ 0 Encumbered: \$ 0 Balance: \$ 3,000,000  Source: MHSA	<b>Execution</b> – Discussions ongoing to define functional requirements. Servers have been installed to expand infrastructure. Created dashboard for Suicide Prevention. Next period activities include continued discussions to define functional requirements for each work area; working with PMO and Quality department to develop and finalize charter and use cases and identify all sources of data to consolidate into data warehouse; Use of a Database Survey to gather information on the types of databases in use and the type of data being collected; contracting with Tableau for additional training classes; prototyping the Enterprise Data Warehouse.  <b>Risk Mitigation</b> <ul style="list-style-type: none"> <li>- Possible impact of countywide data sharing initiatives. Will continue collaboration and communication with all agency and County stakeholders. Gather requirements as necessary to allow integration of enterprise data warehouse to ensure sharing of data.</li> <li>- Budget is based on MHSA funding, and unused budget at end of each fiscal year is no longer available for this project and will be reallocated to other BHS projects. HCA to ensure funds are spent in the fiscal year budgeted.</li> <li>- Project end date extended from 12/31/21 to 03/31/22.</li> </ul>	15%

On track; within 10% of budget/schedule


At risk; 10% - 20% over budget/schedule


Critical: >20% over budget/schedule


# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
HCA	HCA	<b>Electronic Health Records (EHR) Interoperability</b> - Implement an acceptable and industry standards-driven interoperability solution for the EHR with HCA behavioral health service contract providers and other partners to allow a better integration of services and the sharing of key clinical and financial data, resulting in better care coordination, elimination of duplicate data entry and maintenance, easier collaborations and transitions of care amongst the provider community, and access to a more comprehensive clinical dataset for shared clients. This will also enable a more standardized approach to data definitions, terminology, vocabulary, security standards, and compliance.	**	**	Planned Start: 07/01/18 Planned End: <del>06/30/21</del> 01/31/22  Budget: \$ 500,000 Expended: \$ 142,660 Encumbered: \$ 0 Balance: \$ 357,340  Source: MHSA	<b>Execution</b> – South Coast working with EHR vendor to develop interface with OCPRHIO. During next period, South Coast will work on developing the interface between their EHR vendor and OCPRHIO.  <b>Risk Mitigation</b> <ul style="list-style-type: none"> <li>- Potential impact of other County driven data sharing initiatives and related connectivity and integration requirements; will continue collaboration and communication with all stakeholders and weekly meetings.</li> <li>- Participation by contract providers based on technical and budget constraints. Currently there is a major risk to timeline since South Coast has not yet obtained a quote from their EHR vendor NetSmart to develop interface. Will communicate and collaborate with contract providers to ensure adoption and use and provide possible support for budget through their BHS contracts.</li> <li>- Budget is based on MHSA funding, and unused budget at end of each fiscal year is no longer available for this project and gets reallocated to other BHS projects. HCA to ensure funds are spent in the fiscal year budgeted.</li> </ul>	50%

 On track; within 10% of budget/schedule

 At risk; 10% - 20% over budget/schedule

 Critical: >20% over budget/schedule

# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
JWA	JWA	<b>Building Automation System</b> - This project is an upgrade to the existing Building Automation System at JWA which controls temperature and airflow to interior spaces of the Terminal building.			Planned Start: 08/07/19 Planned End: <del>10/30/20</del> <del>12/16/20</del> <del>02/26/21</del> 06/30/21  Budget: \$ 452,695 Expended: \$ 362,156 Encumbered: \$ 0 Balance: \$ 90,539  Source: JWA	<b>Closing</b> – Continued troubleshooting of field device communication issues as needed. Final graphics issues will be addressed during ongoing operations.	100%
JWA	JWA	<b>Network Redesign for John Wayne Airport</b> - Implement a new network infrastructure, using the latest industry standard and technology, to address increasing network traffic volume, eliminate network congestion issues, and provide system redundancy. Scope includes Phase 1, recommendations for network remediations and deployment plan, and Phase 2, network refresh implementation.			Planned Start: 01/07/19 Planned End: <del>06/30/21</del> <del>11/23/21</del> 02/23/22  Budget: \$ 4,330,000 Expended: \$ 2,805,947 Encumbered: \$ 101,612 Balance: \$ 1,422,441  Source: JWA	<b>Execution</b> – PARCS migrations completed (including Main Street); CUPPS end user device migrations complete; JWA new Internet circuit ordered; PCI audit of new network complete. In next period, will finalize migration of Phase 4 CUPPS users; migrate airlines; migrate servers/firewalls; and migrate JWA Internet.  <b>Risk Mitigation</b> <ul style="list-style-type: none"> <li>Airline migrations being scheduled during Nov/Dec Holiday season; to start airline planning/scheduling early and have alternate/backup dates</li> <li>Checkpoint firewalls reach end of support on 12/31/21; planning to migrate firewalls early to allow for rollback/rescheduling; to queue up six-month extension of Checkpoint maintenance in the event firewall migration cannot be completed in a timely manner.</li> </ul>	72%

On track; within 10% of budget/schedule

At risk; 10% - 20% over budget/schedule

Critical: >20% over budget/schedule

# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
OCIT	County wide	<b>eGov - Web Content Management System</b> - Develop corporate style guides and website templates; design and migrate all legacy public-facing websites to the new platform.			Planned Start: 02/04/20 Planned End: 09/13/21  Budget: \$ 1,100,000 Expended: \$ 688,586 Encumbered: \$ 73,225 Balance: \$ 338,189  Source: General Fund/ NGF	<b>Closing</b> – Website design, development, content migration and Go-live completed for three additional agencies: CEO, SSA and Assessor. All legacy website migrations successfully completed; project closed.	100%
OCIT	County wide	<b>OC Agenda</b> - Implement an Agenda Management replacement solution that meets the County's requirements of the agenda process lifecycle (creating Agenda Staff Reports (ASRs), compiling ASRs/publishing agendas, posting meeting minutes, and archiving).		*	Planned Start: 05/07/20 Planned End: <del>06/30/21</del> 10/25/21 06/25/22  Budget: \$ 1,515,789 Expended: \$ 514,420 Encumbered: \$ 0 Balance: \$ 1,001,369  Source: General Fund	<b>Execution</b> – Solution to collaborate with MS Word finalized and in development. Data migration in progress. User acceptance testing partially completed (Pre-Meeting Dept, CEO & COB areas). Revisions, supplementals, post-meeting development completed within the product and ready for vendor configuration. Next steps include completion of user acceptance testing for revisions and supplementals; ongoing user testing of all features; data migration testing.  <u><b>Risk Mitigation</b></u> Reason for re-baseline (June 2021): Microsoft declined the PrimeGov integration request with MS Word due to the O365 Government licensing. The vendor is now working out a solution to seamlessly collaborate with Word using OneDrive at no cost to the County, but the vendor will not have this solution developed until Feb 2022. This delayed delivery moves out the overall project timeline. The County is monitoring this risk area very closely.	65%

On track; within 10% of budget/schedule


At risk; 10% - 20% over budget/schedule


Critical: >20% over budget/schedule


# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
OCIT	Multi	<b>OCCR &amp; OCPW Voice Migration</b> - Migrate voice system to the County's enterprise solution			Planned Start: 06/05/20 Planned End: <del>04/16/21</del> <del>07/31/21</del> 11/15/21  Budget: \$ 320,302 Expended: \$ 297,881 Encumbered: \$ 0 Balance: \$ 22,421  Source: General Fund	<b>Execution</b> – e911 testing completed; design and implementation documentation completed; ported 2,505 numbers to date; 370 numbers pending. Activities in next period include porting of remaining numbers and completion of voicemail migrations.  <b>Risk Mitigation</b> Schedule re-baselined due to delays in e911 testing outside of County control; project completion date moved to 11/15/21.	90%
OCIT	Multi	<b>Privileged Access Management (PAM) Implementation</b> - Privileged Access Management (PAM) is a security service that provides centralized management and auditing for IT administrative accounts. This provides benefits like explicit access control, reduced attack surface of stolen passwords, audited/recorded remote sessions, "just-in-time" privilege (rather than standing privilege), and MFA anywhere.			Planned Start: 04/01/21 Planned End: <del>06/30/21</del> 12/31/22  Budget: \$ 342,000 Expended: \$ 221,668 Encumbered: \$ 0 Balance: \$ 120,332  Source: General Fund	<b>Execution</b> – Completed rollout to pilot agencies and OCIT. Monitoring usage statistics and implementing lessons learned for subsequent rollouts. Planned activities include preparation for onboarding of next agencies (CoCo, ROV, CSS, OCWR).  <b>Risk Mitigation</b> Resource constraints; moving rollout of CoCo and ROV to FY 21-22 Q3 to accommodate.	30%

 On track; within 10% of budget/schedule

 At risk; 10% - 20% over budget/schedule

 Critical: >20% over budget/schedule



# IT Project Dashboard

Attachment A

Managing Dept.	Business Owner	Project Description	Budget	Schedule	Schedule / Budget	Project Phase - Status as of End of Reporting Period Key Highlights Since End of Reporting Period	% Completed
OCIT	Multi	<b>ServiceNow for Shared Services -</b> Implement a single ticketing system for all Shared Services departments; transition Shared Services departments to a unified call center model; deploy automated discovery tools to capture infrastructure components; and modify ServiceNow portal and service catalog to provide for an efficient and user-friendly customer service experience.		*	Planned Start: 07/01/17 Planned End: <del>06/30/20</del> 12/31/20 <del>06/30/21</del> 09/30/21  Budget: \$ 490,000 Expended: \$ 249,635 Encumbered: \$ 0 Balance: \$ 240,365  Source: General Fund	<b>Execution</b> – Submitted Service Catalog changes to vendor (SAIC) development team. Effort in next period will be to address delays with vendor and work toward completion of deletion of and changes to Service Catalog items.  <u><b>Risk Mitigation</b></u> Vendor has been unable to prioritize completion of the Service Catalog changes at this time. These changes are for convenience; the fact they are delayed does not put customer service at risk. Continuing dialogue with vendor to complete project. Vendor currently working on Level of Effort (LOE) estimate and timeline for completion.	95%
OCIT	OCIT	<b>Workfront PPM Tool Implementation -</b> This project is for the implementation of Workfront, a commercial-off-the-shelf (COTS) Project Management (PM) and Project Portfolio Management (PPM) tool. Workfront will provide a cohesive and robust solution for OC Information Technology (OCIT) to orchestrate, prioritize, and drive business values from projects by tracking scope, budget, schedule, and risk.			Planned Start: 06/22/21 Planned End: 11/30/21  Budget: \$ 225,000 Expended: \$ 65,456 Encumbered: \$ 122,925 Balance: \$ 36,619  Source: General Fund	<b>Execution</b> – Discovery phase completed; configuration complete and ready for validation and validation in progress. In next period, data and user list will be identified for migration and user acceptance testing completed. Go Live will occur by 11/30/21.  <u><b>Risk Mitigation</b></u> N/A	75%

On track; within 10% of budget/schedule

At risk; 10% - 20% over budget/schedule

Critical: >20% over budget/schedule

# Project Landing Map

The map below depicts when project benefits have been or are expected to be realized.

Q1 FY20-21 Jul – Sep 2020	Q2 FY20-21 Oct – Dec 2020	Q3 FY20-21 Jan – Mar 2021	Q4 FY20-21 Apr – Jun 2021
<ul style="list-style-type: none"> <li>✓ Integrated Talent Management System</li> <li>✓ DA's Record Management System</li> </ul>	<ul style="list-style-type: none"> <li>✓ Email Protection Gateway</li> </ul>	<ul style="list-style-type: none"> <li>✓ ePrescription for Controlled Substances</li> <li>✓ JWA Emergency Phones</li> </ul>	<ul style="list-style-type: none"> <li>✓ Computerized Maintenance Management System (CMMS)</li> <li>✓ Identity Governance &amp; Administration</li> <li>✓ JWA Video Management System</li> <li>✓ System of Care Data Integration System (SOCDIS)</li> </ul>
Q1 FY21-22 Jul – Sep 2021	Q2 FY21-22 Oct – Dec 2021	Q3 FY21-22 Jan – Mar 2022	Q4 FY21-22 Apr – Jun 2022
<ul style="list-style-type: none"> <li>✓ eGov - Web Content Management System</li> <li>✓ JWA Building Automation System</li> <li>▪ ServiceNow for Shared Services</li> </ul> <div>Late due to vendor resource constraints</div>	<ul style="list-style-type: none"> <li>▪ OCCR/OCPW Voice Migration</li> <li>▪ Workfront PPM Tool Implementation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electronic Health Records (EHR) Interoperability</li> <li>▪ HCA Business Intelligence &amp; Analytics</li> <li>▪ JWA Network Redesign</li> <li>▪ Workforce Time &amp; Attendance</li> </ul>	<ul style="list-style-type: none"> <li>▪ OC Agenda</li> <li>▪ Property Tax System</li> </ul>
Q1 FY22-23 Jul – Sep 2022	Q2 FY22-23 Oct – Dec 2022	Q3 FY22-23 Jan – Mar 2023	Q4 FY22-23 Apr – Jun 2023
<ul style="list-style-type: none"> <li>▪ Workforce Time &amp; Attendance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Privileged Access Management (PAM) Implementation</li> </ul>		

✓ Project has been completed.

\*\* Project will be baselined after initiation or procurement activities are complete.



# Memorandum

February 10, 2022

**AOC Agenda Item No. 15**

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Brown Act Teleconferencing Requirements and Direct Internal Audit Department Staff to Schedule an AOC Meeting Within the Next 30 Days to Make Certain Findings Pursuant to Government Code Section 5495(e)

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Discuss Brown Act Teleconferencing Requirements and Direct Internal Audit Department Staff to Schedule an AOC Meeting Within the Next 30 Days to Make Certain Findings Pursuant to Government Code Section 5495(e), as stated in the recommended action.

ATTACHMENT(S):

Attachment A – COVID-19 Teleconference Resolution – Draft

**RESOLUTION OF THE ORANGE COUNTY AUDIT OVERSIGHT  
COMMITTEE MAKING FINDINGS TO ALLOW TELECONFERENCED  
MEETINGS UNDER GOVERNMENT CODE SECTION 54953(e)**

[INSERT MEETING DATE]

WHEREAS, in March 2020, the Governor of the State of California proclaimed a state of emergency in California in connection with the Coronavirus Disease 2019 (“COVID-19”) pandemic, and the state of emergency remains in effect; and

WHEREAS, on January 4, 2022, the Orange County Health Officer issued a series of orders and strong recommendations promoting social distancing to control and reduce the spread of COVID-19; and

WHEREAS, the Orange County Audit Oversight Committee (“AOC”) performs an important function assisting the Board of Supervisors in fulfilling its oversight responsibilities with respect to financial reporting, internal controls, and internal and external auditor activities; and

WHEREAS, all AOC meetings are open, public, and subject to the Ralph M. Brown Act (Government Code section 54950 et seq.) (the “Brown Act”); and

WHEREAS, on September 16, 2021, the Governor signed AB 361, a bill that amends the Brown Act to allow local policy bodies to continue to meet by teleconferencing during a state of emergency without complying with restrictions in state law that would otherwise apply, provided certain conditions are met; and

WHEREAS, the AOC has met remotely during the COVID-19 pandemic and can continue to do so in a manner that allows public participation and transparency while minimizing health risks to members, staff, and the public that would be present with in-person meetings while this emergency continues.

NOW, THEREFORE BE IT RESOLVED that:

1. The State of California remains in a state of emergency due to the COVID-19 pandemic. At this meeting, the AOC has considered the circumstances of the state of emergency.
2. [AOC should choose one or both of the following findings]: The state of emergency continues to directly impact the ability of AOC members to meet safely in person AND/OR state and County officials continue to recommend measures to promote physical distancing and other social distancing measures, in some settings.
3. For at least the next 30 days, AOC meetings will continue to occur exclusively by teleconferencing technology (and not by any in-person meetings or any other meetings with public access to the places where any AOC member is present for the meeting). Such AOC meetings that occur by teleconferencing technology will provide an opportunity for members of the public to address this body and will otherwise occur in a

manner that protects the statutory and constitutional rights of parties and members of the public attending the meeting via teleconferencing.

4. Internal Audit Department staff are directed to place a resolution substantially similar to this resolution on the agenda of a future AOC meeting within the next 30 days.

DRAFT