



# INTERNAL AUDIT DEPARTMENT



## Annual Risk Assessment & Audit Plan For Fiscal Year 2022-23

**Audit No. 2101**  
**Report Date: May 25, 2022**

### OC Board of Supervisors

CHAIRMAN DOUG CHAFFEE  
4th DISTRICT

VICE CHAIRMAN DONALD P. WAGNER  
3rd DISTRICT

SUPERVISOR ANDREW DO  
1st DISTRICT

SUPERVISOR KATRINA FOLEY  
2nd DISTRICT

SUPERVISOR LISA A. BARTLETT  
5th DISTRICT



# INTERNAL AUDIT DEPARTMENT

Audit No. 2101

May 25, 2022

To: Chairman Doug Chaffee, Supervisor, 4<sup>th</sup> District  
 Vice Chairman Donald P. Wagner, Supervisor, 3<sup>rd</sup> District  
 Supervisor Andrew Do, 1<sup>st</sup> District  
 Supervisor Katrina Foley, 2<sup>nd</sup> District  
 Supervisor Lisa A. Bartlett, 5<sup>th</sup> District

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

Subject: Annual Risk Assessment & Audit Plan for Fiscal Year 2022-23

Attached for your review and approval is our Fiscal Year 2022-23 Annual Risk Assessment and Audit Plan which was approved by the Audit Oversight Committee on May 19, 2022. On an annual basis, we perform a countywide risk assessment that we use to develop our Audit Plan. The risk assessment, coupled with the Audit Plan, delivers a systematic approach for evaluating the effectiveness of internal controls and the efficiency of County business operations. For Fiscal Year 2022-23, we identified a total of 22 high-risk or high-priority areas in 10 County departments as follows:

DEPARTMENT	NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS	AUDIT AREA
1. Auditor-Controller	3	Employee Claims (HR)
		Fiduciary & Special Revenue Funds (HR)
		Information Technology (HR)
2. Child Support Services	1	Cash Receipts (HP)
3. Clerk-Recorder	2	Information Technology (HR)
		Contract Compliance (HP)
4. County Executive Office	7	Fiduciary & Special Revenue Funds (HR)
		Remote Access Security (HR)
		Third-Party IT Security (HR)
		Enterprise IT Governance (HR)
		Data Governance (HR)(time permitting)
		Internet of Things Device Security (HR)(time permitting)
HRS Data Portal Access (HP)		

### Internal Audit Department Mission

*Our mission is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors and County management to assist them with their important business and financial decisions.*

DEPARTMENT	NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS	AUDIT AREA
5. District Attorney/Public Guardian	1	Purchasing & Contracts (HR)
6. Health Care Agency/ Public Guardian	3	Cash Receipts & Accounts Receivable (HR)
		Purchasing & Contracts (HR)
		Information Technology (HR)(time permitting)
7. OC Community Resources	2	Fiduciary & Special Revenue Funds (HR)
		Purchasing & Contracts (HR)
8. OC Public Works	1	Payroll (HP)(time permitting)
9. OC Waste & Recycling	1	Cash Receipts/Credit Card Processing (HP)
10. Treasurer-Tax Collector	1	Information Technology (HR)
<b>TOTAL HIGH-RISK/ HIGH-PRIORITY AREAS</b>	<b>22</b>	

Due to limited staffing resources, our Audit Plan only includes audits addressing 18 of the 22 high-risk or high-priority areas. If hours become available in Fiscal Year 2022-23, we will incorporate the remaining three high-risk areas and one other high-priority/department requested (time permitting) audits into the Audit Plan. The remaining high-risk and time permitting audits that have not been incorporated by the end of Fiscal Year 2022-23, will be included in our Fiscal Year 2023-24 Audit Plan.

We look forward to a successful year of providing professional, reliable, and objective audit and advisory services to the Board of Supervisors, County Executive Office, and County departments. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

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# INTERNAL AUDIT DEPARTMENT

## EXECUTIVE SUMMARY

### INTRODUCTION

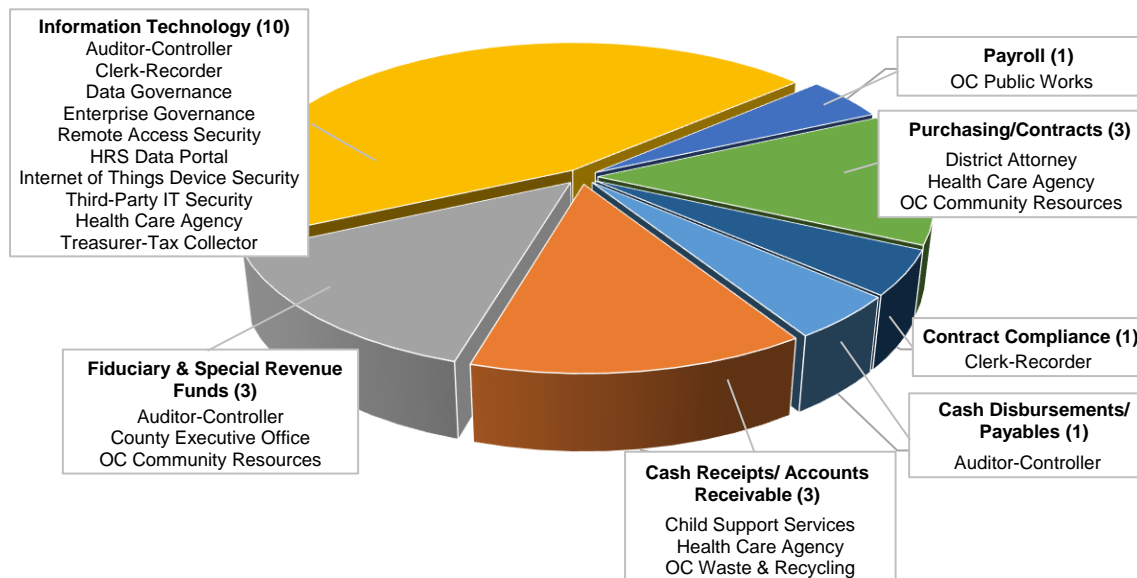
The mission of the Internal Audit Department is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions.

We support and assist the Board and County management in the realization of their business goals and objectives. Our contribution to this effort is testing and reporting on the effectiveness of their internal control systems and processes as these relate to safeguarding the County's assets and resources, reasonable and prudent financial stewardship, accurate recording and reporting, and achieving the County's goals and objectives.

The Internal Audit Department utilizes professional standards for the development of the Audit Plan. The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing require the chief audit executive to establish a risk-based approach to determine the priorities for internal audit activities. Our methodology is to perform focused audits that address the most critical areas of operations and to provide a quick turnaround time to the department. We strive to minimize the disruption to department operations through this approach.

We completed a risk assessment to identify and measure risk and prioritize potential audits for the Audit Plan. We are committed to auditing business activities/processes identified: (1) as high-risk by our risk assessment process or (2) high-priority by Board, County Executive Office, or department head request. Our approach is to provide coverage of the most critical and sensitive aspects of the activity identified. We may make exceptions to this approach when there are carryover audits from the prior year, where there has been recent audit coverage, or if our professional judgment determines otherwise.

Our Fiscal Year 2022-23 Risk Assessment identified 22 high-risk or high-priority areas in 10 County departments as illustrated in the chart below.



# INTERNAL AUDIT DEPARTMENT

## RESULTS

Our Fiscal Year 2022-23 Audit Plan includes 18 scheduled audits, 11 of which are new audits and seven (six high-risk + one high-priority department request) are carried over from Fiscal Year 2021-22.

<b>8</b> NEW HIGH-RISK AUDITS SCHEDULED	+	<b>6</b> CARRYOVER HIGH-RISK AUDITS SCHEDULED	+	<b>3</b> NEW HIGH- PRIORITY AUDITS SCHEDULED	+	<b>1</b> CARRYOVER HIGH-PRIORITY AUDIT SCHEDULED	=	<b>18</b> AUDITS SCHEDULED
<b>3</b> TIME PERMITTING HIGH-RISK AUDITS			+	<b>1</b> TIME PERMITTING DEPARTMENT REQUESTED AUDIT			=	<b>4</b> TIME PERMITTING AUDITS
<b>17</b> HIGH-RISK AUDITS			+	<b>5</b> HIGH-PRIORITY OR DEPARTMENT REQUESTED AUDITS			=	<b>22</b> TOTAL AUDITS IN PLAN

Due to limited staffing resources, our Audit Plan only includes audits addressing 18 of the 22 high-risk or high-priority areas. There are seven carryover audits, five we did not get to and two were postponed to accommodate department availability. If hours become available in Fiscal Year 2022-23, we will incorporate the remaining three high-risk audits and the one time permitting, department requested audit into the Audit Plan. Any audits that have not been incorporated by the end of Fiscal Year 2022-23 will be included in our Fiscal Year 2023-24 Audit Plan.

## RISK ASSESSMENT

### GENERAL RISK ASSESSMENT

The Internal Audit Department performed a general risk assessment that included discussion with members of the Board, the County Executive Office, and department executive management regarding risks affecting them. We distributed risk assessment questionnaires for input on risks and areas of audit interest in department business operations. We ranked and tabulated the results to develop a risk-based Audit Plan. Because of limited staffing resources, we evaluated all audit requests based on our risk assessment criteria. Special request audits from the Board and department heads were considered for inclusion in the Audit Plan.

We designed our risk-based Audit Plan to address what we considered to be the highest priority areas, while limiting the scope of work to what could realistically be accomplished with available staffing resources. Our risk ratings were based on current information that can fluctuate frequently given the nature, diversity, size, and impact of County operations on the public.



# INTERNAL AUDIT DEPARTMENT

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A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors such as having a large amount of expenditures and/or revenues, having a high level of liquid assets such as cash, management's assessment of the control environment, or a high degree of public interest. A high-risk score indicates that if something were to go wrong, it could have a greater impact. A high-risk score does not mean that a business process is being managed ineffectively or that internal control is not adequate.

## INFORMATION TECHNOLOGY RISK ASSESSMENT

Due to the complexities and widespread use of information technology throughout County operations, a separate IT risk assessment was performed to augment the general risk assessment. The IT risk assessment was conducted using a comprehensive IT survey which provided Internal Audit with an increased understanding of the department's IT environment. We distributed the survey for input on risks and areas of IT audit interest and summarized the results. A risk rating value was assigned to each department to illustrate the relative information technology risk applicable to the department. The result was a comprehensive and prioritized risk-based heat map of IT risks for development of the IT component of our Audit Plan.

A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors such as maintaining and managing systems that process sensitive information, contract with third-party vendors, on-site server rooms that host critical systems, large number of privileged user access, and/or remote access users. As with the general risk assessment, a high-risk score indicates that if something were to go wrong, it could have a greater impact. A high-risk score does not mean that an IT process is being managed ineffectively or that internal control is not adequate.

## FY 2022-23 AUDIT PLAN

Our Audit Plan is based on 12,600 productive hours to be provided by seven audit professionals and two supervising audit managers. Audit hours for the director of Internal Audit and assistant director are not included in the above total, and time for audit managers is adjusted to allow for administrative duties. Some audits we identified as high risk are listed on the Audit Plan as "time permitting" audits. If hours become available, we will begin performing those audits. Otherwise, those audit areas will remain as high risk (unless on-going risk assessment dictates otherwise) and will be included in next year's Audit Plan.

The Audit Plan is prepared by Internal Audit, reviewed by the Audit Oversight Committee, and approved by the Board of Supervisors prior to the beginning of each fiscal year. Our audit services are focused on improving internal control in standard business processes/cycles common to all departments with our primary emphasis on financial accounts and transactions. Examples of audits in our Audit Plan include Internal Control Audits, Information Technology Audits, and Contract Compliance Audits. Please see the table below for a description of these primary service areas, related objectives, and hours allocated to the service area.



# INTERNAL AUDIT DEPARTMENT

SERVICE	OBJECTIVE	HOURS	%
<b>Internal Control Audits</b>	Review effectiveness and efficiency of departmental operations including the safeguarding of assets, reporting (internal and external, financial and non-financial), and compliance with laws, regulations, and procedures as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.	5,240	42%
<b>Information Technology Audits</b>	Review IT controls such as general controls over computer operations, access to programs and data, disaster recovery/business continuity, program development, program changes, and provide advisory services for system implementations.	3,660	29%
<b>Contract Compliance Audits</b>	Audit County contracts to ensure vendor compliance, the correct amount of rent is paid to the County (e.g., businesses with leases at JWA, OCCR, OCPW) based on a percentage of gross revenue, and/or internal controls are adequate to ensure the integrity of records used to report gross revenues.	400	3%
<b>Board Requests &amp; Contingency Reserve</b>	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	1,660	13%
<b>Other Activities &amp; Administration</b>	Perform the annual risk assessment; prepare the Audit Plan; investigate cash losses; support TeamMate+; provide technical assistance to departments on operational, reporting, or compliance issues; compile and present External Audit Reports to the AOC; perform required quality assessments; prepare and present oversight reporting to the AOC and Board; complete annual CWCAP reporting; complete special projects.	1,640	13%
<b>TOTALS</b>		<b>12,600</b>	<b>100%</b>

For each engagement in the Audit Plan, we have listed the department, preliminary audit objectives, and estimated hours to complete the audit. Please refer to Appendix A for more details on the Audit Plan methodology.

The Audit Plan is subject to change for such events where the director of the Internal Audit Department, or Board majority assesses it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resources, and/or other risk considerations. Such modifications will be noted in the Quarterly Status Reports submitted to the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.





# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Risk Audits</b>		
<b>Internal Control Audits</b>		<b>Supervising Audit Manager: Michael Dean, Senior Audit Manager</b>
1. <b>CEO Fiduciary Funds &amp; Special Revenue Funds (2018)</b> Carryover from FY 2021-22	To assess internal controls over fiduciary or special revenue funds.	480
2. <b>OCCR/OC Parks/OC Dana Point Harbor Purchasing &amp; Contracts (2015)</b> Carryover from FY 2021-22	To assess contractor compliance with the Dana Point Master Lease (Public-Private Partnership) and efficiency of lease administration.	480
3. <b>OCDA Purchasing &amp; Contracts</b> 4. <b>HCA Purchasing &amp; Contracts</b>	To assess procurement processes (other than human services).	960
5. <b>A-C Fiduciary Funds &amp; Special Revenue Funds</b> 6. <b>OCCR Fiduciary Funds &amp; Special Revenue Funds</b>	To assess internal controls over fiduciary and special revenue funds.	960
7. <b>A-C Employee Claims</b>	To assess internal controls over employee claims (mileage and educational/professional reimbursement).	480
8. <b>HCA Cash Receipts &amp; Accounts Receivable</b>	To assess internal controls over cash receipts.	440

<b>Information Technology Audits</b>		<b>Supervising Audit Manager: Jimmy Nguyen, IT Audit Manager II</b>
9. <b>A-C CAPS+ Application Security (2046)</b> Carryover from FY 2021-22	To assess CAPS+ security controls.	360
10. <b>C-R Cybersecurity (2151)</b> Carryover from FY 2021-22	To assess cybersecurity controls.	480
11. <b>OCIT Remote Access Security (2152)</b> Carryover from FY 2021-22	To assess remote access security controls.	360
12. <b>OCIT Third-Party IT Security (2153)</b> Carryover from FY 2021-22	To assess IT security controls for third-party vendors that directly assist with maintaining, managing, or supporting critical systems.	480



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Risk Audits (con't)</b>		
13. <b>T-TC Cybersecurity</b>	To assess cybersecurity controls.	480
14. <b>OCIT Enterprise IT Governance</b>	To assess information technology governance processes.	360
The following high-risk engagements are time permitting audits and will be completed as audit resources become available:		
15. <b>OCIT Data Governance</b> Time Permitting Audit	To assess data governance (classification, retention) controls.	0
16. <b>OCIT Internet of Things Device Security</b> Time Permitting Audit	To assess IT security controls over IoT (Internet of Things) devices.	0
17. <b>HCA Cybersecurity</b> Time Permitting Audit	To assess cybersecurity controls.	0
<b>Total High-Risk Audits</b>		<b>6,320</b>

<b>High-Priority Department Requested Audits</b>		
18. <b>C-R Contract Compliance</b>	To assess vendor performance based on criteria established in the contract.	400
19. <b>CSS Cash Receipts</b>	To assess internal controls over cash receipts.	400
20. <b>OCWR Credit Card Processing</b>	To assess internal controls over credit card processing.	400
21. <b>HRS Data Portal Access (2045)</b> Carryover from FY 2021-22	To assess selected information technology controls over CAPS+ HR security management.	360
<b>Total High-Priority Department Requested Audits</b>		<b>1,560</b>



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>Department Requested Audits</b>		
22. <b>OCPW Payroll</b> Time Permitting Audit	To assess integration with the new Workforce timekeeping system and OCPW applications.	0
<b>Total Department Requested Audits</b>		<b>0</b>

<b>Follow-Up Audits</b>		
<b>Follow-Up Internal Control Audits</b>	Follow-up on management's implementation of audit recommendations provided in prior audit reports.	640
<b>Follow-Up Information Technology Audits</b>		620
<b>Total Follow-Up Audits</b>		<b>1,260</b>

<b>Advisory Engagements</b>		
<b>Virtual Timecard Interface System Replacement (2048)</b> Carryover from FY 2021-22	To advise on System Development Life Cycle (SDLC) internal control.	40
<b>Property Tax System Implementation (1754)</b> Department Request Carryover from FY 2021-22	To advise on SDLC internal control.	40
<b>Countywide Cybersecurity</b>	Participate in Countywide Cybersecurity meetings related to various workgroups and committees.	80
<b>Total Advisory Engagements</b>		<b>160</b>



# INTERNAL AUDIT DEPARTMENT

<b>Other Activities &amp; Administration</b>	
Special Projects	400
Annual Risk Assessment & Audit Plan for Fiscal Year 2023-24	360
Quality Assessment	200
External Audit Reporting	200
Board of Supervisors & Audit Oversight Committee Support	160
On-Demand Department Advisory Services	80
Cash Loss Investigations	80
TeamMate+ Administration	80
Countywide Cost Allocation Plan (CWCAP)	80
<b>Total Other Activities &amp; Administration</b>	<b>1,640</b>
Board-Requested Audits	400
Contingency Reserve	1,260
<b>TOTAL HOURS</b>	<b>12,600</b>



# INTERNAL AUDIT DEPARTMENT

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## ACKNOWLEDGEMENT

We appreciate the courtesy extended to us by departments that completed our requested surveys and met with Internal Audit staff. The information provided by departments was instrumental in preparing our risk assessment and developing our audit plan.

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<b>PROJECT TEAM</b>	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
	Michael Dean, CPA, CIA, CISA	Senior Audit Manager
	Jimmy Nguyen, CISA, CFE, CEH	IT Audit Manager II
	Scott Kim, CPA, CISA, CFE	IT Audit Manager I
	Gianne Morgan, CIA, CISA	Audit Manager
	Zan Zaman, CPA, CIA, CISA	Audit Manager
	Mari Elias, DPA	Administrative Services Manager
	Gabriela Cabrera	Senior Auditor
	Alejandra Hernandez	Senior Auditor
	Stephany Pantigoso	Senior Auditor

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# INTERNAL AUDIT DEPARTMENT

## APPENDIX A: AUDIT PLAN METHODOLOGY

### 1. DEFINE AUDIT UNIVERSE

There are several approaches to defining all the potential areas subject to risk assessment and audits, or the “audit universe”. We defined the County audit universe as 19 departments excluding Internal Audit, OC Ethics Commission, and Office of Independent Review.

We further defined our audit universe by seven standard business processes/cycles (see Table 1 below), including information technology, common to all departments. This results in an audit universe consisting of 133 auditable business processes (19 departments, seven business processes/cycles).

**Table 1. County Audit Universe**

BUSINESS PROCESS/CYCLE (FINANCIAL ACTIVITY FOR FY 2020-21)	DESCRIPTION
1. <b>Cash Receipts &amp; Accounts Receivable</b> \$15 Billion	Reviewing controls over receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments.
2. <b>Cash Disbursements &amp; Accounts Payable</b> \$5.5 Billion	Verifying receipt of goods and services, supervisory reviews and approvals adequacy, invoice processing timeliness, completeness and accuracy of payments, proper reconciliations, and safeguarding of assets.
3. <b>Purchasing &amp; Contracts</b> \$5 Billion	County-issued purchasing cards, vendor payment review/approval processes, ensuring terms of contracts were met prior to issuing payments, reviewing justification of sole source contracts, and monitoring CPO's oversight responsibilities.
4. <b>Revolving Funds</b> \$3.2 Million	Validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded.
5. <b>Payroll</b> \$2.4 Billion	Reviewing timekeeping practices, premium and overtime pay practices, payroll unit supervision and payroll reports, Central Payroll's role in processing payroll, and monitoring for unauthorized payroll changes.
6. <b>Fiduciary Funds &amp; Special Revenue Funds</b> \$3.2 Billion	Validating the purpose/objectives of fiduciary funds and special revenue funds, ensuring sources and uses of the funds are in accordance with County policy or laws and regulations, and reconciliations are prepared timely and completely to safeguard funds.
7. <b>Information Technology</b>	Reviewing controls over IT and cybersecurity including general controls, application controls, system development, network security, and computer operations.



# INTERNAL AUDIT DEPARTMENT

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## 2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2022-23 (see Attachment B) shows the 133 auditable business processes and assigned risk ratings. We consider the following factors in assigning risk levels for the six general business process/cycles (cash receipts, cash disbursements, purchasing, revolving funds, payroll, fiduciary/special revenue):

- Financial Activity (40%). Assessed department financial information for each auditable business process.
- Department Changes (15%). Assessed factors such as management and/or organizational changes, significant increases or decreases in staffing and workloads, new or eliminated programs, and significant changes in laws/regulations or IT.
- Operating Environment (15%). Assessed factors related to changes in the operating environment such as public image, laws and regulations, safety and environmental issues, sensitivity to economic factors, major crises, pending litigation, and business continuity.
- Last Audit Performed (30%). Identified all Internal Control Audits, Financial Audits & Mandates, and Information Technology Audits conducted in the last 10 years. Areas with no recent or prior audits are assessed higher risk (see Attachment C).

For information technology, weighting is 15% for governance, 20% for security management, 10% for change management, 10% for computer operations, 10% for general risk factors (drawn from department changes and operating environment above), and 35% for last audit performed.

## 3. CATEGORIZE RESULTS

Using the above criteria and professional judgment, an overall risk is assigned to each auditable business process as High Risk, Moderate Risk, or Low Risk. The overall risk levels assigned determine the focus of our audit resources and audit priorities.

Risk levels for the 133 auditable business processes we identify in our Risk Assessment Schedule for FY 2022-23 (see Attachment B) are as follows:

- 13 (10%) are High Risk
- 114 (86%) are Moderate Risk
- 6 (4%) are Low Risk

*Note, there are 17 high-risk audits in the 13 high-risk processes as the single CEO IT high-risk box represents five separate audits.*

## 4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES

Our Audit Plan is based on 9,300 available audit hours (12,600 productive hours less 1,240 hours for other activities and administration, 400 hours for Board-requested audits, 400 hours for special projects, and 1,260 hours for contingency reserve) to be provided by seven audit professionals and two supervising audit managers. We ensure the ratio of gross hours to available audit hours aligns with industry norms. The contingency reserve is for position vacancies and other unforeseen events.

We judgmentally select the highest risk audits we can realistically address with existing resources. Because of budget and staffing constraints, we evaluate all audit requests based on our risk assessment criteria. Audits that cannot be accommodated are noted for future consideration.



# INTERNAL AUDIT DEPARTMENT

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Our follow-up audit process ensures that our audit recommendations are implemented satisfactorily. Our first follow-up audit generally begins about six months following the release of an audit report. If necessary, a second follow-up audit will generally be conducted about six months following the issuance of the first follow-up audit report.





# INTERNAL AUDIT DEPARTMENT

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## APPENDIX B: ACRONYMS

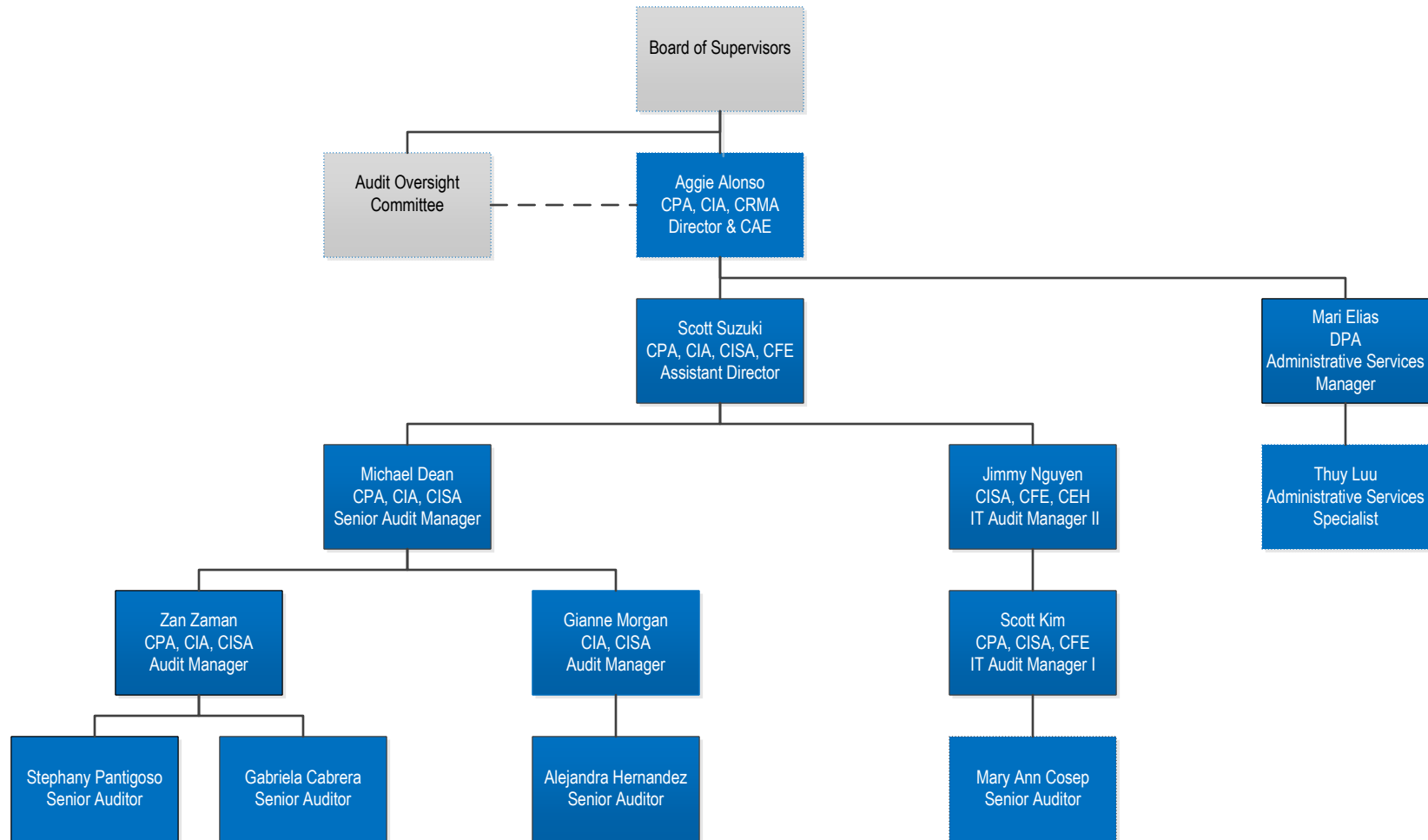
<b>Acronym</b>	<b>Definition</b>
A-C	Auditor-Controller
AOC	Audit Oversight Committee
C-R	Clerk-Recorder
CEO	County Executive Office
CPO	County Procurement Office
CSS	Child Support Services
HCA	Health Care Agency/Public Guardian
JWA	John Wayne Airport
OCCR	OC Community Resources
OCDA	District Attorney-Public Administrator
OCPW	OC Public Works
OCWR	OC Waste & Recycling
T-TC	Treasurer-Tax Collector





## ATTACHMENT A: ORGANIZATION CHART

# INTERNAL AUDIT DEPARTMENT



### **PROFESSIONAL CERTIFICATIONS**

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Certified Fraud Examiner (CFE)
- Certified Ethical Hacker (CEH)
- Certification in Risk Management Assurance (CRMA)
- Deputy Purchasing Agent (DPA)

**ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2022-23**

BUSINESS PROCESS/CYCLE Financial Activity for FY 2020-21	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector	COMMENTS
CASH RECEIPTS & ACCOUNTS RECEIVABLE \$15 billion	M	M	M	M	M	M	M	M	H	M	M	M	M	M	M	M	M	M	M	Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances.
CASH DISBURSEMENTS & ACCOUNTS PAYABLE \$5.5 billion	L	H	M	L	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.
PURCHASING & CONTRACTS \$5 billion	M	M	M	M	M	M	M	H	H	M	H	M	M	M	M	M	M	M	M	Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts.
REVOLVING FUNDS \$3.2 million	L	M	M	M	M	M	M	M	M	M	M	M	M	L	M	M	M	M	M	Reflects the total revolving fund replenishments to all departments.
PAYROLL \$2.4 billion	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Reflects total payroll for our audit population of all departments shown.
FIDUCIARY & SPECIAL REVENUE FUNDS \$3.2 billion	M	H	M	M	M	M	H	M	M	M	H	M	M	M	M	M	M	M	M	Reflects year-end balances in Agency Funds and Private Purpose Trust Funds designated for restricted purposes and use.
INFORMATION TECHNOLOGY	M	H	M	L	H	M	H (1)	M	H	M	M	M	M	M	L	M	M	M	H	Includes IT controls and cybersecurity including general controls, application controls, system development, network security, and computer operations.
<b>AUDITS ON FY 2022-23 PLAN</b> See Appendix A for Audit Plan Methodology DR = Department request CO = Carryover audit TP = Time permitting audit		Employee Claims Fiduciary & Special Revenue CAPS+ Application Security (CO)	Cash Receipts (DR)		Cybersecurity (CO) Contract Compliance (DR)		Fiduciary & Special Rev (CO); Remote Access (CO); 3rd party IT Security (CO); IT Governance; IOT Security (TP); Data Governance (TP); HRS Data Portal (DR/CO)	Purchasing & Contracts	Cash Receipts & Accounts Receivable Purchasing & Contracts Cybersecurity (TP)		Fiduciary & Special Revenue Funds Dana Point Harbor Purchasing & Contracts (CO)	Payroll (DR/TP)	Credit Card Processing (DR)							Cybersecurity

High Priority Processes:	13	10%	High-priority audit areas (as determined by risk assessment)
Moderate Priority Processes:	114	86%	Moderate-priority audit areas (as determined by risk assessment)
Low Priority Processes:	6	4%	Low-priority audit areas (as determined by risk assessment)
<b>Total Auditable Business Processes/Cycles:</b>	<b>133</b>		

(1) There are 17 high-risk audits in the 13 high-risk processes as the single CEO IT high-risk box represents five separate audits.

**ATTACHMENT C: SCHEDULE OF 10-YEAR PRIOR AUDIT COVERAGE  
For The Period July 2012 through June 2022**

	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector
CASH RECEIPTS & ACCOUNTS RECEIVABLE		#1249, #1315 & #1415 Quarterly Reconciliation Compliance; #1818 Fiduciary Funds					#1317 Community Facilities Districts	#1325 Fiduciary Funds; 2012-2016 Annual Grants	#1325 Fiduciary Funds; #1420 Fund 13Y; #1619 Unearned Revenue	#2116 Cash Receipts	#1456 OC Parks Ticket Sales; #1578 Animal Care; #1579 Library; #1655 OC Parks; #1619 Unearned Revenue; #1815 AC Cash Receipts	#1619 Unearned Revenue; #1734 Billing	#1525 Cash Receipts	#1567 Juvenile; #1724 Mandate			#1918 Cash Receipts	#1619 Unearned Revenue	2014, 2017 & 2020 Audits of Tax Redemption Officer; 2012-2017 Annual TFA; 2011-2016 Annual Compliance; #2011 AR
CASH DISBURSEMENTS & PAYABLES	#1626 Travel	#1249, #1315 & #1415 Quarterly Reconciliation Compliance; #1626 Travel; #1811 Claims; #1818 Fiduciary Funds		#1626 Travel			#1318 OCEA Pension Enhancement; #1316 Retiree Medical; #1317 Community Facilities Districts; #1626 Travel; #2012 Cash Disbursements	#1325 Fiduciary Funds; 2012-2016 Annual Grants	#1325 Fiduciary Funds; #1420 Fund 13Y; #1728 Mental Health Services Disbursements	#2013 Cash Disbursements	#2014 Cash Disbursements	#1223 Disbursements; #1626 Travel; #2022 Toll Usage		#1323 AB109; #1567 Juvenile; #1724 Mandate; #1822 Cal Cards		#1626 Travel	#1626 Travel	#1626 Travel; #1625 CalWorks / Rescare Contract	2011-2017 Qtrly TFA; 2012-2017 Annual TFA; #1583 Wire Transfers
PURCHASING & CONTRACTS		#1522 Procurement					#1521 Procurement; #1730 CEO/Real Estate RGL Admin Process; #1732 OCIT Capital Assets; #1624 OCIT Contract Admin		#1631 Procurement; #1819 Contracts & Procurement	#1125 Change Orders; #2115 Purchasing & Contracts	#1455 Expediter; #1426 Human Services Contracts	#1225 Contract Admin; #1455 Expediter; #1911 Purchasing & Contracts	#1334 La Pata Contract; #1455 Expediter				#1912 Purchasing & Contracts	#1224 Contract Admin; #1625 CalWorks / Rescare Contract; #2016 Purchasing & Contracts	
REVOLVING FUNDS	#1626 Travel	#1626 Travel					#1626 Travel	#1913 Revolving Fund			#1578 Animal Care; #1579 Library	#1626 Travel		#1567 Juvenile; #1822 Cal Cards	#2017 Revolving Funds	#1626 Travel	#1626 Travel; #1917 Revolving Fund	#1633 Revolving Funds; #1626 Travel	
PAYROLL		#1350-B Payroll					#2113 Payroll	#1629 Payroll	#1350 Payroll CAATs; #1812 Payroll		#1813 Payroll	#1916 Payroll		#1630 Payroll			#1350 Payroll CAATs; #1632 Billing of Law Enforcement Services for DPH & JWA	#1350 Payroll CAATs; #1814 Payroll	
FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS		#1249, #1315 & #1415 Quarterly Reconciliation Compliance; #1337 Fiduciary Funds; #1818 Fiduciary Funds	#1519 Fiduciary Funds		#1519 Fiduciary Funds		#1317 CFDs; #1519 Fiduciary Funds; #2018 Fiduciary Funds	#1325 Fiduciary Funds; #1519 Fiduciary Funds; #1523 PA	#1325 Fiduciary Funds; #1420 Fund 13Y; #1519 Fiduciary Funds; #1524 PG; #1914 PG Fund 165		#1423 DPH; #1519 Fiduciary Funds	#1421 Flood Fund; #1519 Fiduciary Funds; #2019 Special Revenue Funds		#1323 AB109; #1519 Fiduciary Funds		#1519 Fiduciary Funds	#1519 Fiduciary Funds; #1520 Special Revenue Funds	#1336 Special Revenue Funds; #1823 Fiduciary Funds	2012-2017 Qtrly TFA & 2012-2017 Annual TFA; 2011-2016 Annual Compliance Audit; #1519 Fiduciary Funds
INFORMATION TECHNOLOGY	#1844 Cybersecurity	#1357 ARA; #1741 ITGC	#1644 ITGC		#1840 Vital Records Index Access System	#2044 Selected Cybersecurity	#1454 Off-Site Data Backup; #1455 Expediter; #1644 ITGC; #1945 OCIT Cybersecurity	#1143 ITGC; #2041 Selected Cybersecurity	#1943 Cybersecurity	#1444 ITGC; #1941 ITGC	#1644 ITGC	#1354 ITGC; #1644 ITGC	#1445 Paradigm; #1644 ITGC	#2043 Cybersecurity	#1942 ITGC	#2042 Cybersecurity	#1353 ITGC; #1845 ITGC	#1142 ITGC; #1644 ITGC; #1846 ITGC	#1583 Wire Transfers

10-Year Prior Audit Coverage (2012 to June 2022)      5-Year Prior Audit Coverage (2017 to June 2022)      Current/In-Progress Audits      No Audit Coverage Within 10 Years