

A G E N D A



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

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

MEETING HELD IN-PERSON ONLY

County Administration South
601 N. Ross St., Multipurpose Rooms 103/105
Santa Ana, CA 92701

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

Mark Servino

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 August 11, 2022	<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 September 30, 2022	<i>Aggie Alonso, CPA Director Internal Audit Department</i>
5. Approve External Audit Activity Status Report for the Quarter Ended September 30, 2022, and Receive Report on Status of External Audit Recommendations Implementation	<i>Scott Suzuki, CPA Assistant Director Internal Audit Department</i>
6. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended September 30, 2022	<i>Michael Steinhaus, CPA Auditor-Controller</i>
7. Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2022	<i>Lilly Simmering Deputy County Executive Officer</i>
8. Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee	<i>Mark Wille, CPA AOC Chair James Kim Assistant Treasurer-Tax Collector</i>
9. Receive Report on eProcurement	<i>Michelle Aguirre Chief Financial Officer</i>
10. Receive Update on County IT Projects Quarterly Progress Report	<i>KC Roestenberg Chief Information Officer</i>
11. Receive Update on Internal Audit Department External Quality Assessment	<i>Aggie Alonso, CPA Director Internal Audit Department</i>
12. Receive Report on Auditor-Controller Internal Audit External Quality Assessment	<i>Michael Steinhaus, CPA Auditor-Controller</i>
13. Elections of Officers	<i>Mark Wille, CPA AOC Chair</i>

A G E N D A

Speaker

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*

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*

ADJOURNMENT:

NEXT MEETING:

Regular Meeting, February 9, 2023, 10:00 a.m.



Memorandum

November 10, 2022

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of August 10, 2022

Approve Audit Oversight Committee Regular Meeting Minutes of August 10, 2022, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Summary of Regular Minutes for August 10, 2022 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, August 11, 2022, 10:00 A.M.

County Administration South
601 N. Ross St. Multipurpose Rooms 103/105
Santa Ana, CA 92701

MARK WILLE, CPA

AOC CHAIR

Private Sector Member, Third District

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SUPERVISOR DOUG CHAFFEE

BOARD CHAIRMAN

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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

ATTENDANCE: Mark Wille, AOC Chairman, Private Sector Member
Stella Acosta, AOC Vice Chair, Private Sector Member
Patricia Welch-Foster, Proxy for Supervisor Wagner
Jesus Gaona Perez, Proxy for Supervisor Chaffee
Lala Ragen, Proxy for CEO Frank Kim
Yvonne Rowden, Private Sector Member
Drew Atwater, Private Sector Member
Robert Brown, 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. Mark Wille, Audit Oversight Committee (AOC) Chair, called the meeting to order at 10:00 A.M. Attendance of AOC Members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of May 19, 2022

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of May 19, 2022.

Motion to approve the Meeting Minutes of May 19, 2022, by Mr. Robert Brown, seconded by Mr. Drew Atwater.

All in favor.

Approved as recommended.

3. Approve Audit Oversight Committee Special Meeting Minutes of June 20, 2022

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of June 20, 2022.

Motion to approve the Meeting Minutes of February 22, 2022, by Mr. Drew Atwater, seconded by Mr. Robert Brown.

All in favor.

Approved as recommended.

4. Receive Presentation by Orange County Employees Retirement Systems (OCERS) Regarding Current and Future Funding

Mr. Steve Delaney, Chief Executive Officer of OCERS, presented regarding current and future funding.

5. 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.

6. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2022

Mr. Aggie Alonso, Director of Internal Audit, presented the Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2022.

S U M M A R Y M I N U T E S

Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2022, by Mr. Robert Brown, seconded by Mr. Drew Atwater.

All in favor.

Approved as recommended.

7. Approve External Audit Activity Status Report for the Quarter Ended June 30, 2022, and Receive Report on Status of External Audit Recommendations Implementation

Mr. Scott Suzuki, Assistant Director, presented the External Audit Activity Status Report for the Quarter Ended June 30, 2022. Mr. Suzuki stated there were no material findings during this reporting period and five findings/issues.

8. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended June 30, 2022

Mr. Michael Steinhaus, Auditor-Controller Internal Audit Unit Audit Manager, provided a status report of Mandated Audits for the quarter ended June 30, 2022.

9. Receive Auditor-Controller Internal Audit Charter and Fiscal Year 2022-23 Audit Plan

Mr. Frank Davies, Auditor-Controller, stated that the Internal Audit Unit had a Charter but needed several updates. Mr. Davies indicated that Mr. Steinhaus reviewed, updated, and enhanced the Charter, and the revised Charter was approved in November 2021. An internal risk assessment identified high risks within the office and the Internal Audit Unit will be able to look at those areas, time permitting.

10. Receive Report on Status of Performance Audits for the Quarter Ended June 30, 2022

Ms. Lala Ragen, Director, Performance Management and Policy, provided an update of Performance Audits.

11. Update on Treasurer-Tax Collector Performance Audit Subcommittee

Mr. Mark Wille provided an update on the Treasurer-Tax Collector (T-TC) Performance Audit subcommittee meetings. Mr. Wille stated that the department is continuing with the three goals set and the subcommittee should be able to talk about the processes at the next meeting.

12. Discuss Suggested Department Head Training of the Annual Comprehensive Financial Report (ACFR)

Mr. Wille stated that the Annual Comprehensive Financial Report (ACFR) presentation by Eide Bailly was great. Mr. Wille suggested it might be good for the department heads and senior staff to understand the County and how their department fits into it from a financial statement perspective.

S U M M A R Y M I N U T E S

Mr. Davies stated it would be difficult for departments to see themselves in the ACFR because the numbers are cumulative. Mr. Davies said the Popular Annual Financial Report is a good summary and is sent to department heads and legislators. Ms. Shari Freidenrich, Treasurer-Tax Collector, stated department heads to know their budgets because they are part of the yearly budget and Strategic Financial Plan process.

13. Receive Report on eProcurement

Mr. Salvador Lopez, Chief Deputy Auditor-Controller, provided a status update on eProcurement.

14. Receive Internal Audit Department's Fiscal Year 2021-22 Key Performance Indicators Report

Mr. Alonso provided a summary of the results of the Fiscal Year 2021-22 Key Performance Indicators.

15. Receive Report on Internal Audit Department's Independence

Mr. Alonso stated that for the period of July 1, 2021 through June 30, 2022, the Internal Audit Department's internal audit activity has been free from interference in determining the scope of internal auditing, performing work, and communicating results.

16. Receive Update on County IT Projects Quarterly Progress Report

Mr. KC Roestenberg, Chief Information Officer and Chief Technology Officer, provided an update on the IT projects quarterly progress.

PUBLIC COMMENTS: None.

AOC COMMENTS: None

ADJOURNMENT: Meeting adjourned at 11:59 A.M.

NEXT MEETING: Regular Meeting, November 10, 2022 at 10:00 A.M.



Memorandum

November 10, 2022

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Required Communication from External Auditors

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

ATTACHMENT(S):

Attachment A – External Audit Update

Attachment A-1 – Projects and Timelines



County of Orange Audit Oversight Committee

Date: November 10, 2022
Re: External Audit update

-
- 1) **Audit Plan – Refer to Attachment A:**
 - Outline of projects and timelines

 - 2) **Audits Completed:**
 - Schedule of Assets – June 30, 2021
 - Issued – Report dated 7/27/22

Department / Agency / Division	Audit/Project	Audit/Project Date	Audit Scope	Anticipated Dates			Status
				Planning	Fieldwork	Reporting	
All	Financial Statement Audit - Comprehensive Annual Financial Report	6/30/2022	Financial Statements of the County, including audit of investment trust funds, and pension/OPEB trust funds	May 2022	May 2022 through November 2022	December 2022	Fieldwork in progress
All	Agreed Upon Procedures (AUP) over GANN Limit calculations	6/30/2022	GANN Limit Calculation -for County and OC Flood Control District	May 2022	May 2022	December 2022	Fieldwork in progress
All	Single Audit	6/30/2022	Audit over compliance in accordance with Uniform Guidance of the County, including components of JWA, OCWR, OCDA	October 2022	January through February 2023	March 2023	Planning in progress
John Wayne Airport (JWA)	Financial Statement Audit	6/30/2022	John Wayne Airport (JWA), including Passenger Facility Charge	May 2022	August 2022 through November 2022	December 2022	Fieldwork in progress
Orange County Waste & Recycling	Financial Statement Audit	6/30/2022	Orange County Waste & Recycling	May 2022	August 2022 through November 2022	December 2022	Fieldwork in progress
OC Community Resources / Redevelopment Successor Agency	Financial Statement Audit	6/30/2022	Redevelopment Successor Agency	May 2022	August 2022 through November 2022	December 2022	Fieldwork in progress
District Attorney	Grant Audits	6/30/2022	District Attorney Grant Audits	August 2022	September 2022	October 2022	Anticipated issuance October 2022
CEO; HCA and Sheriff's Department	Tobacco Settlement Funds Agreed Upon Procedures	6/30/2022	HCA and Sheriff Tobacco Settlement Funds disbursements	November 2022	December 2022 through January 2023	March 2023	n/a
TTC	Agreed Upon Procedures over compliance	6/30/2021	Compliance with Government Code and Investment Policy	January 2022	February 2022 through July 2022	November 2022	Reporting in progress
TTC	Schedule of Assets	6/30/2021	Report on the Schedule of Assets	January 2022	February 2022 through July 2022	August 2022	Issued - report dated July 27, 2022
TTC	Agreed Upon Procedures over compliance	6/30/2022	Compliance with Government Code and Investment Policy	December 2022	December 2022 through February 2023	March 2023	n/a
TTC	Schedule of Assets	6/30/2022	Report on the Schedule of Assets	December 2022	December 2022 through February 2023	March 2023	n/a



Memorandum

November 10, 2022

AOC Agenda Item No. 4

TO: Audit Oversight Committee Members

Recommended Action:

Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2022

Approve Internal Audit Department's Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2022, as stated in 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



INTERNAL AUDIT DEPARTMENT

October 25, 2022

To: Audit Oversight Committee Members

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

Digitally signed by Agripino
Alonso
Date: 2022.10.25 09:57:28
-07'00'

Subject: Fiscal Year 2022-23 Internal Audit Department Status Report for the Quarter
Ended September 30, 2022

Attached for your review and approval is Internal Audit Department's status report on audit activity for the quarter ended September 30, 2022. 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 September 30, 2022, Internal Audit issued six final reports (three original reports and three follow-up reports) and three pre-draft/draft reports. The three original audits included one (1) Critical Control Weakness, four (4) Significant Control Weaknesses, and seven (7) 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 SEPTEMBER 30, 2022

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2022-23
Critical Control Weaknesses 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.	1	1
Significant Control Weaknesses 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.	4	4
Control Findings 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.	7	7
TOTAL	12	12



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

OC COMMUNITY RESOURCES

1. Internal Control Audit: OC Community Resources Fee-Generated Revenue

Audit No. 2112 dated September 15, 2022 for the year ended September 30, 2021

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal control over fee studies and fee development processes for establishing cost recovery fees charged to the public.	We concluded that OCCR's internal control over fee studies and the fee development process is generally effective.	0	2
2. Review the fee-generated revenue process for efficiency.	We concluded the fee-generated revenue process is generally efficient.		

REGISTRAR OF VOTERS

2. Information Technology Audit: Registrar of Voters Selected Cybersecurity Controls

Audit No. 2042 dated September 12, 2022 for the period of December 15, 2021 through March 8, 2022

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Vulnerability management and malware defenses provide reasonable assurance the opportunity for attach is reduced.	Content has been removed from this report due to the sensitive nature of the specific findings.	One (1) Critical Control Weakness Due to the sensitive nature of the findings, details have been redacted from this report. Four (4) Significant Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.	4
2. Account management and access control management provide reasonable assurance of proper user and privileged account administration.			
3. Data recovery and incident response provide reasonable assurance of IT service continuity.			



SHERIFF-CORONER**3. Internal Control Audit: Sheriff-Coroner Fee-Generated Revenue**

Audit No. 2121 dated September 15, 2022 for the year ended September 30, 2021

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Assess internal control over OCSD's fee studies and fee development processes for establishing cost recovery fees charged to the public.	We concluded that OCSD's internal control over fee studies and the fee development process is generally effective.	0	1
2. Review OCSD's fee-generated revenue process and related controls for efficiency.	We concluded the fee-generated revenue process is generally efficient.		



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

ASSESSOR**4. Second & Final Close-Out Follow-Up Information Technology Audit: Assessor IT General Controls**

Audit No. 2259-G (reference 1844-F2) dated September 26, 2022 as of August 14, 2022; 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	
5	7	12	0	NA
<p>One (1) Critical Control Weakness Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p>Four (4) Significant Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p>				

COUNTY EXECUTIVE OFFICE/OC INFORMATION TECHNOLOGY**5. Third & Final Close-Out Follow-Up Information Technology Audit: County Executive Office/OC Information Technology General Controls**

Audit No. 2159-L (Reference 1644-F3) dated August 9, 2022 as of April 30, 2022; original audit dated April 10, 2018

ORIGINAL AUDIT – 31 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	
14	17	31	0	NA
<p>Six (6) Critical Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p> <p>Eight (8) Significant Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p>				



SHERIFF-CORONER**6. Second Follow-Up Information Technology Audit: Sheriff-Coroner Selected IT General Controls**

Audit No. 2059-H (Reference 1845-F2) dated September 19, 2022 as of June 14, 2022; original audit dated December 30, 2019

ORIGINAL AUDIT – 7 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>6</p> <p>Six (6) Significant Control Weaknesses</p> <p>Due to the sensitive nature of the findings, details have been redacted from this report.</p>	1	6	1	<p>Recommendation No. 2 (Significant Control Weakness)</p> <p>Due to the sensitive nature of the finding, details have been redacted from this report.</p>



EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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

1. **Internal Control Audit: County Executive Office Cash Disbursements & Payables**, Audit No. 2012
2. **Second Follow-Up Information Technology Audit: Social Services Agency IT Logical Security & Change Management**, Audit No. 2159-H
3. **Advisory Services: Treasurer-Tax Collector Quantum Upgrade Close-Out**, Audit No. 1647





Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 9/30/22
AOC Meeting Date: November 10, 2022

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan								FU Due	FU Number	Status ⁴			
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	#1	#2	#3	#4	Total				Est Remain	Budget Variance	
Internal Control Audits (ICA)																			
A-C Claims	2211					480	(480)	0	0					0	0	0		Deferred to FY 23-24	
A-C Fiduciary & Special Revenue Funds	2212					480	0	480	0					0	480	0		Not started	
OCDA Purchasing & Contracts	2213	8/22/22				480	0	480	427					427	53	0		In process	
HCA/PG Cash Receipts	2214					440	0	440	32					32	408	0		Planning	
HCA/PG Purchasing & Contracts	2215					480	0	480	39					39	441	0		Planning	
OCCR Fiduciary & Special Revenue	2216					480	0	480	0					0	480	0		Not started	
CSS (department request)	2217					400	0	400	0					0	400	0		Not started	
OCWR Credit Card Processing (department request)	2218					400	0	400	0					0	400	0		Not started	
OCPW Payroll (department request)	2219					0	0	0	0					0	0	0		Not started (time permitting)	
OCIT Data Governance	2220					0	0	0	0					0	0	0		Not started (time permitting)	
FY 21-22 Carryovers																			
T-TC Accounts Receivable Controls	2011	9/24/20				1,040	862	0	200	200	41			41	159	0		Pre-draft report issued 12/21/21; additional fieldwork in process	
CEO Cash Disbursements & Payables	2012	9/03/20				800	748	0	200	200	173			173	20	7		Pre-draft report issued 9/22/22	
JWA Cash Disbursements & Payables	2013	3/03/22				680	475	0	400	400	213			213	187	0		In process	
OCCR/Dana Point Harbor P3	2015					611	130	480	0	480	0			0	480	0		Not started	
CEO Fiduciary & Special Revenue Funds	2018	10/19/21				727	260	480	0	480	17			17	463	0		In process	
OCCR Fee-Generated Revenue	2112	10/22/21	9/15/22			520	536	0	0	0	15			15	0	(15)	3/31/23	2239-E	Completed. Final report issued 9/15/22
CEO Payroll	2113	10/19/21				480	390	0	160	160	73			73	87	0		In process	
JWA Purchasing & Contracts	2115	10/19/21				680	584	0	200	200	112			112	88	0		In process	
JWA Cash Receipts & Accounts Receivable	2116	3/03/22				560	429	0	280	280	160			160	120	0		In process	
JWA Payroll (department request)	2119					0	3	0	0	0	0			0	0	0		Deferred to FY 23-24	
OCCR Purchasing & Contracts	2120					0	0	0	0	0	0			0	0	0		Not started	
OCSD Fee-Generated Revenue	2121	10/25/21	9/15/22			520	531	0	0	0	19			19	0	(19)	3/31/23	2239-I	Completed. Final report issued 9/15/22
First Follow-Up Audits																			
T-TC Accounts Receivable Controls (2011)	2239-A							640	(260)	380	0			0	380	0		Not started	
CEO Cash Disbursements & Payables (2012)	2239-B																	Not started	
JWA Cash Disbursements & Payables (2013)	2239-C																	Not started	
CEO Fiduciary & Special Revenue Funds (2018)	2239-D																	Not started	
OCCR Fee-Generated Revenue (2112)	2239-E																	Not started	
CEO Payroll (2113)	2239-F																	Not started	
JWA Purchasing & Contracts (2115)	2239-G																	Not started	
JWA Cash Receipts & Accounts Receivable (2116)	2239-H																	Not started	
OCSD FGR (2121)	2239-I																	Not started	
Second Follow-Up Audits																			
SSA Fiduciary (1823/2139-A)	2239-J																	Not started	
HCA Department Request (1914/2139-C)	2239-K																	Canceled; 2139-C final close-out	
OCCR Cash Disbursements & Payables (2014/2139-H)	2239-L																	Not started	
SSA Purchasing & Contracts (2016/2139-J)	2239-M																	Not started	
PD Revolving Funds (2017/2139-K)	2239-N																	Canceled; 2139-K final close-out	
OCPW Fiduciary & Special Revenue Funds (2019/2139-M)	2239-O																	Not started	
Summary Close-Out								0	0	0	2			2	0	(2)		Close-out audits issued last FY	
Total Internal Control Audits						5,240	700	5,940	1,323	0	0	0	0	1,323	4,646	(29)			
Contract Compliance Audits (CCA)																			
C-R Contract Review (department request)	2271					400	(400)	0	0					0	0	0		Not started (now time permitting)	
FY 21-22 Carryover																			
OCWR Waste Management	2172	11/19/21				120	139	0	0	0	0			0	10	(10)		Draft memo issued 6/24/22	
First Follow-Up Audits																			
Ocean Institute (2171)	2289-A							0	0	0	0			0	0	0		Not started	
Summary Close-Out								0	0	0	12			12		(12)		Close-out audits issued last FY	
Total Contract Compliance Audits						400	(400)	0	12	0	0	0	0	12	10	(22)			
Information Technology Audits (ITA)																			
T-TC Cybersecurity	2241					480	(480)	0	0					0	0	0		Deferred to FY 23-24	
OCIT Enterprise IT Governance	2242					360	0	360	0					0	360	0		Not started	
OCIT Internet of Things Device Security	2243					0	0	0	0					0	0	0		Not started (time permitting)	
HCA Cybersecurity	2244					0	0	0	0					0	0	0		Not started (time permitting)	
OCIT Cybersecurity Joint Taskforce Advisory	2245	7/01/22				80	0	80	28					28	52	0	NA	NA	In process



Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 9/30/22
AOC Meeting Date: November 10, 2022

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Status ⁴	
				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 Claims System Implementation Advisory (Department Request)	2246	8/18/22				0	40	40	0					0	40	0	NA	NA	Not started (new)
FY 21-22 Carryovers																			
T-TC SunGard/Quantum Upgrade Advisory (Department Request)	1647	6/12/17		NA	462	0	0	0	6					6	10	(16)	NA	NA	Draft memo issued 9/23/22
Property Tax System Implementation Advisory (Department Request)	1754	7/01/18		NA	95	40	0	40	7					7	33	0	NA	NA	In process
ROV Cybersecurity	2042	12/10/21	9/12/22	720	743	0	0	0	12					12	0	(12)	3/31/23	2259-B	Completed. Final report issued 9/12/22
Probation Cybersecurity	2043	5/04/22		840	690	0	600	600	435					435	165	0			
HRS Data Portal Access	2045			NA	NA	360	0	360	0					0	360	0			Not started
(A-C) CAPS+ Application Security	2046			NA	NA	360	0	360	0					0	360	0			Not started
A-C Workforce/VTI Replacement	2048	6/12/20		NA	52	40	0	40	0					0	40	0			In process
C-R Cybersecurity	2151					480	0	480	0					0	480	0			Not started
OCIT Remote Access Security	2152					360	0	360	0					0	360	0			Not started
OCIT Third-Party IT Security	2153					480	0	480	0					0	480	0			Not started
FY 21-22 Follow-Up Carryovers																			
OCSD ITGC (1845/1949-D)	2059-H	8/31/21	9/19/22											208	52	0	TBA	TBA	Completed. Final report issued 9/19/22; one rec in process
OCDA Cybersecurity (2041)	2159-B	5/17/22																	
SSA ITGC (1846/1949-E)	2159-H	5/10/22																	Draft report issued 9/28/22
OCIT (1644/1748-A/1949-F)	2159-L	6/15/21	8/9/22														NA	NA	Completed. Final close-out report issued 8/9/22
First Follow-Up Audits:																			
HCA Cybersecurity (1943)	2259-A					560	(200)	360	190					190	170	0			
ROV Cybersecurity (2042)	2259-B																		Not started
Probation Cybersecurity (2043)	2259-C																		Not started
County Counsel Cybersecurity (2044)	2259-D	8/02/22																	In process
Second Follow-Up Audits																			
JWA ITGC (1941/2059-A)	2259-E																		Not started
PD Cybersecurity (1942/2059-B)	2259-F	8/02/22																	In process
Assessor ITGC (1844/2059-E)	2259-G	8/03/22	9/26/22														NA	NA	Completed. Final close-out report issued 9/26/22
Summary Close-Out						0	0	0	9					9	0	(9)			Close-out audits issued last FY
Total Information Technology Audits						3,660	160	3,820	895	0	0	0	0	895	2,962	(37)			
Total Audits Before Other Activities & Administration						9,300	460	9,760	2,230	0	0	0	0	2,230	7,618	(88)			
Other Activities & Administration																			
Annual Risk Assessment & Audit Plan	2201					360	0	360	0					0	360	0			Not started
Cash Losses	2202					80	0	80	18					18	62	0			1 completed; 1 pending
TeamMate+ Administration	2203					80	0	80	20					20	60	0			In process
External Audit Reporting	2204					200	0	200	58					58	142	0			In process
On-Demand Department Advisory Services	2205					80	240	320	274					274	46	0			1 project in process
Quality Assessment	2206					200	0	200	9					9	191	0			In process
Board & AOC Services	2207					160	0	160	69					69	91	0			In process
Special Projects	2208					400	400	800	207					207	593	0			1 Board directed project in process
CWCAP	2209					80	0	80	77					77	0	3			Completed. Submitted to A-C
Total Other Activities & Administration						1,640	640	2,280	732	0	0	0	0	732	1,545	3			
Reserve for Board Directives/Contingency						1,660	(1,100)	560							475	85			
Total Budget						12,600	0	12,600	2,962	0	0	0	0	2,962	9,638	0			
Footnote 5																			



Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 9/30/22
AOC Meeting Date: November 10, 2022

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										Status ⁴		
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	Actuals to Date Per Quarter				Est Remain	Budget Variance	FU Due		FU Number	
Footnotes																		
1. The mission of the Internal Audit Department (IA) 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. The director of Internal Audit shall report directly to the Board and be advised by the Audit Oversight Committee (AOC) designated by the Board. The director of Internal Audit and staff shall have complete and unrestricted access to all of the County's financial records, files, information systems, personnel, and properties, except where prohibited by law. The AOC is an advisory committee to the Board and provides oversight of IA and other County audit functions. The scope of IA shall include reviews of the reliability and integrity of financial, compliance, property, and business systems, and may include appraising the efficiency of operations and the achievement of business and program goals and objectives.																		
2. IA generates several different types of reports including audit reports, summary reports, and status reports. In addition, IA undertakes several different projects including audits of internal controls, audits of lessee compliance with County contracts, and audits of IT controls. IA also serves the AOC by providing clerk services (meeting agenda preparation, minutes, etc.) and by preparing summary reports.																		
3. The annual Audit Plan is subject to change for such events where the director of Internal Audit or Board majority assesses it is warranted, to substitute, postpone, or cancel a scheduled audit due to timing, priority, resource, or risk considerations. Such modifications will be noted in the Status column of this Quarterly Status Report for review by the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes both the content herein and any changes noted. During the course of the year, the director of Internal Audit has discretion to research issues of interest to members of the Board, AOC, or County management and provide them with Technical Assistance. When charged, these projects will be directed either to advisory services or to a separate project. Assistance of this nature generally involves between 10 and 80 hours and results are generally communicated through discussions, memos, or a written report for public distribution.																		
4. For purposes regarding fiscal year-end reporting, we consider assignments completed (Completed) as of the official release of an audit report to the department head, and are shown as such in our Status column of this Quarterly Status Report.																		
5. The initial FY 2022-23 Annual Audit Plan of 12,600 hours is based on 9,300 direct hours to be provided by seven senior auditors/audit manager Is, one audit manager II, and one senior audit manager plus 1,640 hours for other activities and administration/special projects and 1,660 hours reserved for Board directives/contingency. The direct hours exclude time charges for vacation, sick leave, holidays, training, administrative time, and other time not directly charged to an engagement.																		



Memorandum

November 10, 2022

AOC Agenda Item No. 5

TO: Audit Oversight Committee Members

Recommended Action:

Approve External Audit Activity Status Report for the Quarter Ended June 30, 2022, and Receive Report on Status of External Audit Recommendations Implementation

External Audit Activity Status Report for the Quarter Ended June 30, 2022, and Receive Report on Status of External Audit Recommendations Implementation, as stated in recommended action.

ATTACHMENT(S):

Attachment A – External Audit Activity Status Report

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

October 24, 2022

To: Audit Oversight Committee Members

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

Digitally signed by Agripino
Alonso
Date: 2022.10.24 10:46:36
-07'00'

Subject: External Audit Activity Status Report for the Quarter Ended September 30, 2022

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended September 30, 2022. 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 (Attachment B) that presents the total audit additions and deletions from the prior quarter, and the total current audits in process. In addition, the Executive Summary references any new significant findings and provides a summary of any material issues reported for the quarter. For individual report details, see Attachment C. Finally, for corrective action taken to implement recommendations, see Attachment D.

For the quarter ended September 30, 2022, 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 9/30/22

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (6/30/22)	69
Additions: In Progress	11
Planned	3
Started and Completed	1
Deletions	<u>18</u>
(Completed, Canceled, and Removed in Prior Quarter)	
Total Audits Current Quarter (9/30/22)	<u>66</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Completed	11
Canceled	0
Removed for Other Reasons	0

New Findings/Issues Reported by the Departments	0
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<u>Material Issues:</u> (Includes Disallowances over \$100K)	0
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EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
1st Quarter FY 2022-23 (9/30/22)

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2022	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Eide Bailly	Single Audit	FY 2021 Annual	6/30/2021	Uniform Guidance Expenditures of Federal Assistance	Completed. (Reported 6/30/22)	See Attachment D for corrective actions taken related to findings from this audit.
		Eide Bailly	Annual Comprehensive Financial Report (ACFR)	Annual	6/30/2021	Financial Statements of the County, including audit of investment trust funds, and pension/OPEB trust funds	In progress.	
		Eide Bailly	Agreed Upon Procedures (AUP) over GANN Limit calculations	Annual	6/30/2021	GANN Limit Calculation - for County and OC Flood Control District	In progress.	
		Eide Bailly	Single Audit	FY 2022 Annual	6/30/2022	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	In progress.	
	Property Tax	State Controller's Office	Property Tax State Audit	FY 17/18 - FY 19/20	FY 13/14 - FY 16/17	Property Tax Allocation and Apportionment System	Completed.	None.
	General Accounting	Internal Revenue Service (IRS)	1099 Forms	CY 2020	UNK	1099 transactions, Vendor listings, W-9s and bank information	Completed.	None.
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	FY 16/17	Review of expenditures, abatements, internal control, and records related to Child Support Program claims for FY 2019-2020. Also, review of walk-in payments.	In progress.	
Clerk of the Board of Supervisors		No audits in progress.						
Clerk-Recorder	Information System	Lawrence R. Halme	SECURE: Modified System Audit	As Needed	3/10/2022	New software (v3.15)	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 September 30, 2022	Significant Findings
County Counsel		No audits in progress.						
County Executive Office	Finance	No audits in progress.						
	Risk Management	No audits in progress.						
	Information Technology	No audits in progress.						
	Corporate Real Estate	No audits in progress.						
	Human Resource Services	CalHR	HRS - All Divisions	Since last audit in 2016	2016	Merit System Audit conducted by the State of California to confirm the County's adherence to the six federal merit principles: recruitment & selection; compensation; training; employee retention; fair treatment; and political rights & prohibitions.	Completed.	None.
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	07/01/2021 - 06/30/2022 Annual	6/30/2021	Grant Program Audit	In progress.	
Health Care Agency	Administration	Eide Bailly	Tobacco Settlement Funds Agreed Upon Procedures	Annual	6/30/2021	HCA and Sheriff Tobacco Settlement Funds disbursements	In progress.	
	Correctional Health Services	Board of State and Community Corrections (BSCC)	Coronavirus Emergency Supplemental Funding (CESF)	FY 21/22 Annual	N/A	Financial and compliance review	In progress.	
	Mental Health & Recovery Services	Board of State Community Corrections (BSCC)	Prop 47 Comprehensive Monitoring Visit - Cohort 2	Biennial	05/19	Financial and compliance review	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 September 30, 2022	Significant Findings
Health Care Agency (continued)	Mental Health & Recovery Services (continued)	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)	Mental Health Services Act	CY 2022 Triennial	FY 19/20	Review of County MHSA program	Completed.	None.
	Public Health Services	CalEPA	Environmental Health - CUPA Program	FY 21/22 into FY 22/23 Triennial	FY 18//19	Review of inspections, enforcement and compliance activities of electronic records in CERS; field audit of staff is TBD	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 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.	
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 18/19 Annual	FY 17/18	Desk review of documents and all aspects related to fiscal compliance for charges claimed on 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 September 30, 2022	Significant Findings
Health Care Agency (continued)	Public Health Services (continued)	California State Controller's Office	Women, Infant, and Children (WIC)	FFY 20/21 Biennial	FFY 18/19	WIC Financial Management Review. This will include, but is not limited to, examination of contracts, invoices, document files, time study records, general ledger, salaries, fringe benefits, and other pertinent records	In progress.	
		Environmental Laboratory Accreditation Program (ELAP)	Audit of environmental water testing performed at the Water Quality Laboratory to maintain ELAP certification.	CY 21/22 Biennial	09/19	Two-day in-person inspection of water testing and document review.	In progress.	
	Medical Health Services	No audits in progress.						
John Wayne Airport	Finance Administration	Eide Bailly	Financial Statements, including Passenger Facility Charge Revenue and Expenditures	2022 Annual	2021	Audit of Financial Statements	In progress.	
	Operations	Tevora Business Solutions	Common Use Passenger Processing System and Parking Revenue and Access Control System	2022	2021	Compliance with Payment Card Industry Data Security Standard	In progress.	
OC Community Resources	Orange County Housing Authority (OCHA)	U.S. Department of Housing and Urban Development (HUD)	2022 Monitoring - CoC Program	FY 21/22	FY 21/22 One-Time	Compliance review of OCHA policies and performance related to CoC grants	In progress.	
	Office on Aging (OoA)	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.	Completed.	None.
		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.	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 September 30, 2022	Significant Findings
OC Community Resources (continued)	Workforce & Economic Development 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	WIOA Fiscal & Procurement	FY 19/20 Annual	FY 18/19	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 20/21 Annual	FY 19/20	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 September 30, 2022	Significant Findings
OC Community Resources (continued)	Workforce & Economic Development Division (continued)	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA Fiscal & Procurement	FY 21/22 Annual	FY 20/21	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	Planned.	
		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	Enhanced Desk Monitoring Review WIOA-Slingshot 2.0	FY 19/20 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-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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2022	Significant Findings
OC Community Resources (continued)	Workforce & Economic Development Division (continued)	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	Scope Period: 9/1/18-12/31/20. 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.	In progress.	
	OC Parks	No audits in progress.						
	OC Libraries	No audits in progress.						
	OC Animal Care	Macias, Gini & O'Connell LLP	City Billing	FY 20/21 Triennial	FY 17/18	Contracted examination of calculation of cost recovery from contracted cities.	In progress.	
	Redevelopment Successor Agency	Eide Bailly	Financial Statement Audit	Annual	6/30/2021	Redevelopment Successor Agency	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 September 30, 2022	Significant Findings
OC Public Works	Accounting and Agriculture Commissioner	California Department of Food & Agriculture (CDFA)	County Agriculture Commissioner agreements - specific agreements have not been identified yet by the auditors	1/1/2018 - 12/31/2021	2016	Audit of various agreements with CDFA	Planned.	
	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 19/20 & FY 20/21 Bi-annual	01/22	A Financial and Compliance Audit to determine if recipient is in compliance with provisions of Assembly Bill 2766 Chapter 1705 [44220 through 44247].	Planned.	
	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.	Completed.	None.
		Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	CY 2022 Annual	06/22	TCA Fee Program for CY 2022. Audit of major thoroughfare fees collected by the County of Orange.	Planned.	
OC Waste & Recycling	Accounting	Eide Bailly	Financial Statement Audit	FY 2022 Annual	FY 2021	Financial and Compliance Audit	In progress.	
Probation	Administrative and Fiscal	California Department of Education - Nutrition Services Division	Breakfast/ Lunch School Program	FY 20/21 Every 5 years	01/17	Audit of Revenue and Programatic Procedures	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 September 30, 2022	Significant Findings
Sheriff-Coroner	Financial/ Administrative Services	US Department of Justice (DOJ) Office of the Inspector General (OIG)	Equitable Sharing Funds	FY 18/19 - FY 19/20	06/13	Compliance	Completed.	None.
	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.	
	Crime Lab	ANSI National Accreditation Board (ANAB)	ISO/IEC 17025:2017 and AR 3125, Forensic Science Testing and Calibration	Every 4 years	07/10	Conformance	In progress.	
	Technology	Tech Advisory Committee (TAC)	IT	10/19 to 03/20	2017	Operational Review	In progress.	
		Motorola	800MHz CCCS Network and Program	One Time	N/A	Cybersecurity assessment	In progress.	
	Records	California Department of Justice	California Law Enforcement Telecommunications System (CLETS) Policy and Security Audit	2020-2022 Triennial	03/19	Ensure adherence to CLETS policies and security requirements	In progress.	
		California Department of Justice	Criminal Offender Record Information (CORI)/ Interstate Identification Index (III) Audit	2020-2022 Triennial	08/19	Ensure "need to know" CORI, review theRoute To Field and Purpose Codes.	In progress.	
	Inmate Services Division	BSCC (Board of State and Community Corrections)	Coronavirus Emergency Supplemental Funding (CESF) Grant Program	2020-2022 Triennial	N/A	Monitoring Visit	In progress.	
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.	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 September 30, 2022	Significant Findings
Social Services Agency (continued)	Administrative Services (continued)	California Department of Social Services (CDSS)	IEVS Audit	Triennial	05/22	<ul style="list-style-type: none"> • Ensure IEVS matches are processed as required by State and Federal laws • Verify that County procedures include all regulation requirements pertinent to eligibility, as it pertains to IEVS and collections of Overpayment/ Overissuance • Ensure that all reporting requirements are being complete timely and accurately 	Completed.	None.
	Children & Family Services	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	In progress.	
		Nutrition Service Division California Department of Education National School Lunch Program	Audit of school reimbursement documentation	Triennial	2019	Review of menu, meal prep practices, documentation of residents and number of meals served daily in month of March 2022	In progress.	
	Assistance Programs	California Department of Social Services (CDSS)	CalFresh	Annual	08/21	As mandated by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS), CDSS conducts 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.	In progress.	
	Assistance Programs	California Department of Social Services (CDSS)	CalFresh Employment & Training (CF E&T)	03/22 Annual	05/22	Management Evaluation (ME) of OC's CF E&T program to determine the compliance of the program rules and regulations, and the county's approved CF E&T plan.	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 September 30, 2022	Significant Findings
Social Services Agency (continued)	Assistance Programs (continued)	Food and Nutrition Service (FNS)	CalFresh	UNK	05/22	Management Evaluation (ME) of the California Department of Social Services (CDSS) to assess compliance with Federal regulations and policies in the following areas: • Able-Bodied Adults Without Dependents (ABAWD) • CalFresh Employment and Training (CF E&T) • Recipient Claims • Reporting Program Access Review (PAR) • SNAP-Ed	In progress.	
	Family Self-Sufficiency & Adult Services	California Department of Social Services (CDSS)	IEVS Audit	Every 3 Years	04/19	• Ensure IEVS matches are processed as required by State and Federal laws • Verify that County procedures include all regulation requirements pertinent to eligibility, as it pertains to IEVS and collections of Overpayment/ Overissuance • Ensure that all reporting requirements are being complete timely and accurately	Completed.	None.
		California Department of Social Services (CDSS), Quality Assurance Monitoring & Reimbursements Bureau, Adult Programs Policy & Quality Assurance Branch	In-Home Supportive Services	Annual	08/21	Audit of the QA program and the IHSS needs assessment process as mandated by WIC sections 12305.70 and 12305.71 which requires 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 that were previously reviewed by PQA.	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 September 30, 2022	Significant Findings
Treasurer-Tax Collector	Treasury and Investments	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 September 30, 2022

No.	Department	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
1	ROV & OCPW	Single Audit YE 6/30/21	#2021-001: No evidence of verification that the entity was not suspended or debarred or otherwise excluded.	We recommend that ROV and OCPW adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction.	Significant	<p>ROV: Implemented. ROV Procurement will continue to provide trainings and reminders to staff of the policy and the importance of compliance.</p> <p>OCPW: Implemented. OCPW has updated our policy and procedure to ensure Procurement is notified about funding agency requirements prior to developing and releasing solicitations.</p>
2	CEO, HCA, & OCCR	Single Audit YE 6/30/21	#2021-002: The required evaluation of the subrecipient's risk of noncompliance was not documented.	We recommend that the CEO, OCCR and HCA departments follow the implemented policies and procedures to ensure that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with 2 CFR section 200.332(b).	Significant	<p>CEO: Implemented. The County Executive Office developed and implemented the County of Orange Subrecipient Survey in assessing and documenting the evaluation of subrecipient's risk of non-compliance in June 2021. Since then, the Department has followed the implemented risk assessment policies and procedures in conducting the required evaluation with the distribution of Federal funding awarded to the County to ensure compliance in accordance with 2 CFR section 200.332(b).</p> <p>HCA: Implemented. Staff was notified of procedural change and follow-up trainings were conducted during department's May "All Hands Meeting" and Team Meetings.</p> <p>OCCR: Implemented. OCCR Procurement has updated internal procedures to ensure OCCR is notified when a contract funding source changes to federal funding requiring subrecipient monitoring.</p>

EXTERNAL AUDIT REPORT
Implementation Status of Prior Quarter Significant & Material Issues
Quarter Ended September 30, 2022

No.	Department	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
3	CEO, HCA, & OCCR	Single Audit YE 6/30/21	#2021-003: Certain required information was not provided at the time of the subaward.	We recommend that the HCA, CEO, and OCCR departments modify and strengthen its current policies and procedures to ensure that all required award information and applicable requirements are communicated to subrecipients at the time of subaward in accordance with 2 CFR section 200.331(a).	Significant	<p>CEO: Implemented. The County Executive Office has implemented strict use of the County-wide Subrecipient Monitoring policy and procedure since June 2021 to ensure all required award information and applicable requirements are communicated appropriately in a written agreement format to subrecipients at the time of subaward in accordance with 2 CFR section 200.331(a). The County Executive Office in collaboration with the Auditor-Controller and County Counsel developed a template to be included in all the subaward documents to meet complete compliancy. FY 2021-22 included partial implementation and FY 2022-23 includes full implementation.</p> <p>HCA: Implemented. Staff was notified immediately and follow-up trainings were conducted during department's May "All Hands Meeting" and Team Meetings.</p> <p>OCCR: Implemented. OCCR Procurement has updated internal procedures to ensure OCCR is notified when a contract funding source changes to federal funding requiring subrecipient monitoring.</p>
4	OCCR	Single Audit YE 6/30/21	#2021-004: Subrecipient monitoring was not performed.	We recommend that the OCCR adhere to the implemented policies and procedures to ensure that the required subrecipient monitoring be performed in accordance with 2 CFR section 200.332(d).	Significant	<p>Implemented. OCCR will conduct fiscal monitoring via third party auditors on all Aging Cluster, Coronavirus Relief Fund, and Coronavirus State and Local Fiscal Recovery fund subrecipients. OCCR will conduct program monitoring reviews on all Aging Cluster subrecipients and on sample testing of the Coronavirus State and Local Recovery Fund subrecipients. Additionally, OCCR will add Subrecipient Monitoring to the Contract Compliance Checklist and coordinate with program Compliance Manager to schedule and/or collect reports for the contract compliance folder.</p>
5	HCA	Single Audit YE 6/30/21	#2021-005: Reports were prepared on the cash basis, but reports indicated that the costs were reported on the accrual basis of accounting.	We recommend the HCA adhere to their policies and apply the same basis of accounting on a consistent basis for the program.	Significant	<p>Implemented. HCA Accounting will ensure the appropriate basis of accounting is reported correctly and applied consistently for the ERAP program.</p>

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



Memorandum

November 10, 2022

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Approve Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended September 30, 2022

Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended September 30, 2022, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Status of Mandated Audits as of September 30, 2022



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of September 30, 2022
 AOC Meeting Date: November 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	7/27/2022	Completed
Audit of Schedule of Assets as of 6/30/22	N/A	N/A	N/A	N/A	N/A		Not started
Cash Shortages FY 20-21	2001	100	197	-97	N/A	N/A	1 in process, 9 completed
Cash Shortages FY 21-22	2101	120	97	23	N/A	N/A	All 10 completed
Cash Shortages FY 22-23	2202	120	5	115	N/A	N/A	0 in process, 1 completed
JPAs and Special Districts FY 20-21*	2112	120	73	47	N/A	N/A	Collection completed
JPAs and Special Districts FY 21-22*	2211	120	1	119	N/A	N/A	Collection in process
Review of Schedule of Assets as of 3/31/22	2108	300	286	14	6/22/2022	7/12/2022	Completed
Review of Schedule of Assets as of 9/30/22	2207	300	2	298			Planning in process

*We collect copies and post them online.



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2022
AOC Meeting Date: November 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.	Eide Bailly issued the report to the Auditor-Controller on July 27, 2022.	0	0

Audit of Schedule of Assets as of 6/30/22

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.	Eide Bailly plans to start fieldwork after the FY 22-23 ACFR is issued in December 2022.	0	0

Cash Shortages FY 20-21

Objective	Status/Results	Critical or Significant Control Weaknesses	Control Findings
To perform an investigation to determine whether to approve replenishment of cash shortages.	We completed 9 investigations and have 1 in process. Departments in process: Child Support Services	0	0



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2022
AOC Meeting Date: November 10, 2022

Cash Shortages FY 21-22

Objective	Status/Results	Critical or Significant Control Weaknesses	Control Findings
To perform an investigation to determine whether to approve replenishment of cash shortages.	We completed 10 investigations, have 0 in process and 1 was withdrawn. Departments in process: None	0	0

Cash Shortages FY 22-23

Objective	Status/Results	Critical or Significant Control Weaknesses	Control Findings
To perform an investigation to determine whether to approve replenishment of cash shortages.	We completed 1 investigation and have 0 in process. Departments in process: None	0	0

JPA's and Special Districts FY 20-21

Objective	Status/Results	Number of Modified Reports Reviewed	
To ensure all JPA's and Special District within the County file their annual audits within 12 months of their fiscal year end.	We have completed collecting audited financial statements. JPA's remaining: 1 of 73. A letter of non-compliance was sent to the one remaining JPA on August 3, 2022. Special Districts remaining: 0 of 34.	0	



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of September 30, 2022
 AOC Meeting Date: November 10, 2022

JPA's and Special Districts FY 21-22

Objective	Status/Results	Number of Modified Reports Reviewed	
To ensure all JPAs and Special District within the County file their annual audits within 12 months of their fiscal year end.	We are collecting audited financial statements. JPAs remaining: 71 of 73. Special Districts remaining: 34 of 34.	0	

Review of Schedule of Assets as of 3/31/22

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.	We issued the report and management letter on July 12, 2022, and July 27, 2022, respectively.	0	0

Review of Schedule of Assets as of 9/30/22

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.	We sent the entrance letter to the Treasurer-Tax Collector on September 27, 2022.	0	0



Memorandum

November 10, 2022

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2022

Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2022, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Performance Audits Quarterly Status Report

Attachment B – Final Report: Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

Attachment C – Management Responses – OC Public Works: Performance Audit of OC Public Works' Administrative Services Unit

Attachment D – Final Report: County of Orange Probation Department Performance Audit

Attachment E – Management Responses – Probation Department: Performance Audit of the Probation Department's Administrative Functions

Attachment F – Treasurer-Tax Collector Follow-Up Response to Performance Audit of Treasurer-Tax Collector Final Report

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
November 10, 2022

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
FY 2020-21					
OC Public Works	Administration/Department Head Transition	Macias Gini & O'Connell LLP (MGO)	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Audit completed. See Attachment A , Performance Audit of the Administrative Services Unit of Orange County's Public Works Department, by MGO; and Attachment B , OC Public Works Audit Response.
Probation	Administration/Department Head Transition	MGT of America Consulting, LLC MGT)	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Audit completed. See Attachment C , County of Orange - Probation Department Performance Audit, by MGT; and Attachment D , Probation Department Response to Performance Audit of Administrative Services.
FY 2021-22					
Sheriff Coroner	Procurement	National institute of Governmental Purchasing (NIGP) Consulting (Powered by Periscope)	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	Draft audit report review in progress.
Child Support Services	Administration/Department Head Transition	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	Contract award pending based on Request for Qualifications recently completed by County Procurement Office.

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
November 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	Re-issued RFP closed 10/14/22; evaluation of proposals scheduled for completion early November.
Social Services Agency	Case Management Services under Temporary Aid to Needy Families (TANF) and California Work Opportunity and Responsibility to Kids Act (CalWORKS)	Moss Adams LLP	N/A	As directed by the Board on 5/24/22, performance audit to examine performance metrics related to case management services provided by Maximus and SSA staff.	In progress following 10/13/22 contract execution.
FY 2022-23					
Registrar of Voters	Administration/Department Head Transition	To Be Determined	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Contract award pending based on Request for Qualifications recently completed by County Procurement Office.
John Wayne Airport	Administration/Department Head Transition	To Be Determined	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Contract award pending based on Request for Qualifications recently completed by County Procurement Office.
Social Services Agency	Administration/Department Head Transition	To Be Determined	N/A	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Contract award pending based on Request for Qualifications recently completed by County Procurement Office.

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
November 10, 2022

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
IMPLEMENTATION STATUS OF RECOMMENDATIONS FOR COMPLETED PERFORMANCE AUDITS					
FY 2021-22					
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	Audit completed. Recommendations have been fully implemented.
FY 2020-21					
Public Defender	Administration/Department Head Transition	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 completed. Recommendations have been fully implemented.
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 completed. Recommendations have been fully or partially implemented.
FY 2019-20					
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	Audit completed. Recommendations have been fully implemented.
Treasurer-Tax Collector	Department-Wide	Arroyo Associates, Inc.	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	Audit completed. Recommendations have been fully implemented. See Attachment E , Followup Response to Performance Audit of the Treasurer-Tax Collector Final Report.

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
November 10, 2022

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
Office of Care Coordination, OC Community Resources, CEO Legislative	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	Audit completed. Recommendations have been fully implemented.
Sheriff, Probation, District Attorney, Public Defender, Health Care Agency, Social Services Agency, and OC Community Resources	AB109-Related Operations	Arroyo Associates, Inc.	N/A	Identify resources allocated to the AB109 population above and beyond that provided by the State through 2011 Realignment	Audit completed. Recommendations have been fully implemented.
FY 2018-19					
Clerk of the Board	Department-Wide	Arroyo Associates, Inc.	N/A	Review of current operations, policies, practices and procedures to identify areas for improvement, streamlining, enhanced efficiencies	Audit completed. Recommendations have been fully implemented.
County Executive Office/Human Resources Services	Department-Wide	CPS HR Consulting	2012	Determine if 2012 recommendations were implemented and revisit for relevance; identify other recommendations for improvement	Audit completed. Recommendations have been fully or partially implemented.
County Executive Office/Risk Management	Department-Wide	CPS HR Consulting	2012	2012 recommendations were implemented; identify other recommendations for improvement	Audit completed. Recommendations have been fully implemented.
OC Sheriff's Department	Department-Wide	Arroyo Associates, Inc.	2008, 2011	Identify current reasons for increasing cost of overtime and identify recommendations to reduce overtime costs without increasing number of positions	Audit completed. Recommendations have been fully implemented.

Attachment A

**Performance Audit of the
Administrative Services Unit of
Orange County's Public Works Department**

September 2, 2022



Certified
Public
Accountants

**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

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Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

Executive Summary

Macias Gini O'Connell LLP (MGO) was engaged by County of Orange's (County) County Executive Office to conduct a performance audit of the Public Works Department's (Department) Administrative Services Unit (Unit). The objectives of the audit were to review the Unit's 1) current organizational structure, operations, and working relationships within the Unit and between the Unit and other service areas; 2) policies, practices, and procedures; and 3) current use of technology, and provide recommendations for enhanced efficiency, opportunities for streamlining and reducing costs, and applying best practices. The scope of the audit was for the fiscal years ended June 30, 2021 and 2022; and the methodology included interviews; reviewing policies and procedures, researching best practices and industry standards and metrics, and conducting two surveys of Department staff.

The following key findings were identified:

- Department staff had different understandings of the roles and responsibilities of the Unit and its functional areas, as well as varying expectations of the services and levels of effort performed by the Unit and its functional areas due to the Unit's functional areas' and staff's role and responsibilities not being clearly defined, documented, and communicated.
- Many of the Unit's policies and procedures were updated in the first half of calendar year 2021; however, some procedures were not updated to reflect the actual practices or may not cover all key tasks.
- The Unit's staff experienced increased workloads during fiscal years 2020 and 2021 due to vacancies and the County-wide hiring freeze.
- The Unit does not have performance metrics for the Unit as a whole, or for the individual functional areas. Before the Unit can develop performance metrics, the Unit will need to set benchmarks by determining and documenting the performance expectations for each key task (such as the average length of time for Finance Services staff to review and approve a purchase requisition) and have staff record their hours worked by key tasks performed.

Public Works Department

The Department is responsible for the County's roads, bridges, bikeways, and flood control. It performs a variety of services including construction, environmental resources, infrastructure programs, operations and maintenance, and surveying and mapping of land use.

The Department consists of the Administrative Services Unit and nine other services areas.

The findings above made it difficult for MGO to determine whether the Unit's current organizational structure, operations, and practices were efficient and if there were opportunities for streamlining. In addition, 23 Unit staff stated in interviews that key processes were efficient and streamlined and only identified areas for improvement for parking administration (see Finding 2 for more information). However, the survey results of Unit staff were inconsistent with interview responses.

Seventy-eight percent of Unit staff surveyed responded that some to all of the key processes they performed had bottlenecks (i.e., waiting on someone else to do their part before the process/task could be completed). Seventy-six percent responded there were key processes or tasks that they performed that were not as efficient as they could or should be. Twenty-nine percent responded there were key processes or tasks they performed that were manual and could be automated.

Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

The interviews and surveys did indicate that the Unit's current use of information technology was sufficient; and, therefore, no recommendations for improvement or enhanced efficiency were identified. Additional information from the surveys is presented in Appendices 1 and 2.

MGO was unable to analyze turnover of the Unit and its functional areas as turnover reports were not readily available. According to the Department's Human Resources Manager, turnover reports could be run, but only by specific job position and not for a functional area, the Unit, or the Department as a whole.

Recommendations

The Department should consider the following recommendations:

- Clearly define, document, and communicate the roles, responsibilities, and expectations of the Unit, its functional areas, and its staff.
- Conduct a staffing study of Finance Services (FS) to evaluate the tasks performed by each staff and determine if tasks are equitably allocated.
- Provide training to the appropriate Service Areas' staff and all Unit staff on the budget and requisition processes.
- Review and update the Unit's documented policies and procedures (or add supplemental documentation) to reflect the actual processes being performed and delineate between tasks performed by the Unit and the Service Areas.
- Ensure the procedures for all of the Unit's key tasks are documented and include the amount of time and level of effort required to perform the tasks.
- Make filling the vacant positions for FS a priority.
- Develop and implement performance metrics for the Unit's key tasks.
- Have staff record their hours worked by key tasks performed to use as a baseline for establishing and monitoring performance metrics.
- Track and report on performance metrics quarterly.
- Use performance metric data to determine if staffing levels and workloads should be adjusted.

The Department partially agreed with these recommendations and their responses are included after the appendices.

**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

Objectives, Scope, and Methodology

The objectives of the audit were to:

- Review the current organizational structure and operations and make recommendations for enhanced efficiency within existing resources. This includes review of each unit and the working relationships between each of the units to identify any areas for streamlining operations.
- Review policies, practices, and procedures and identify opportunities for streamlining and reducing costs, expanding efficiencies, and applying best practices. Include any estimated cost/savings for recommendations, if applicable, and departmental and industry standards and metrics.
- Review current use of technology and make recommendations for improvements and enhanced efficiency.

The scope of the audit was fiscal years 2021 and 2022. MGO performed the following procedures:

- Interviewed Department staff.
- Reviewed the most current documented policies and procedures for the Unit.
- Researched best practices and industry standards and metrics.
- Conducted two online surveys of Department staff:
 1. Survey of Unit staff. 41 of 54 (76 percent) employees within the Unit responded to the survey.
 2. Survey of non-Unit staff. 16 of 34 (47 percent) employees outside of the Unit with titles of Administrative Manager II or Administrative Manager III (i.e., Deputy Director) responded to the survey.

We conducted fieldwork in September 2021 through December 2021. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

Finding 1: Varying Roles, Responsibilities, and Expectations

Department staff had different understandings of the roles and responsibilities of the Unit and its functional areas, as well as varying expectations of the services and levels of effort performed by the Unit and its functional areas. This is due to the Unit's role and responsibilities, as well as the functional areas' and staff's roles and responsibilities not being clearly defined, documented, and communicated. Roles refer to one's position in a function area, the functional areas' positions within the Unit, and the Unit's position within the Department. Responsibilities are the job duties and tasks of a particular job position, functional area, or unit. Without clearly defining and documenting roles and responsibilities, staff will continue to have varying expectations of the Unit and its functional areas, which could lead to frustration, inconsistencies in the performance of services and levels of effort, inefficiencies and/or duplication of effort, or potentially the overstepping of authority.

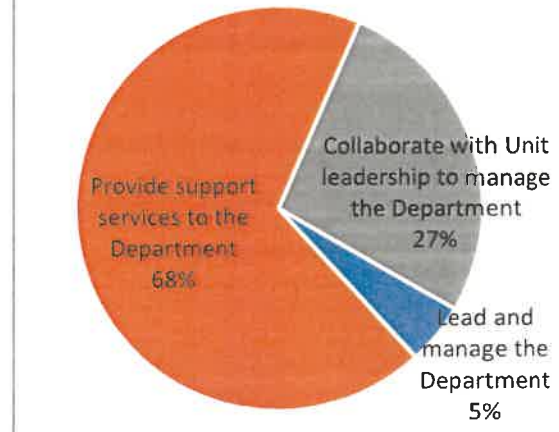
Administrative Services Unit

The Unit has five functional areas: Strategic Communications, Finance Services, Procurement Services, Business Services, and Revenue Streams; and two satellite office functions: Accounting Services and Information Technology.

Finding 1A: The Unit

The Department's Director stated that the Unit's role is to provide customer service to the other service areas of the Department. While 68 percent of the Unit's staff surveyed agreed that the role of the Unit is to provide customer service, 27 percent responded that the role of the Unit is more involved and is to collaborate with the unit leadership to assist in managing the Department. Another five percent of the Unit's staff surveyed responded that the role of the Unit is to lead and manage the Department. While these statements seem similar, the roles are different and encompass different responsibilities, levels of effort, and control. Managing involves the control of an activity or activities, which is not typically an aspect of providing support or customer service. Support or customer service tends to answer questions and provide guidance, but not make management decisions. For example, a support service would review and approve a purchasing request based on its compliance with policies and procedures, but not decide whether the purchase itself was necessary or appropriate. There are many different roles and responsibilities to choose from, and it's up to the entity to decide how to define the roles and responsibilities to meet the entity's needs.

Survey: Role of Administrative Services



From the survey of Unit staff, 12 percent responded that the Unit did not have clearly documented roles, responsibilities, and expectations; and 41 percent responded they did not know whether such documentation existed. Every entity is unique with different needs; and, therefore, each entity will define their roles and responsibilities differently. This is why it is imperative for the Department to clearly define, document, and communicate the Unit's roles and responsibilities in order for all staff to have the same understanding and expectations.

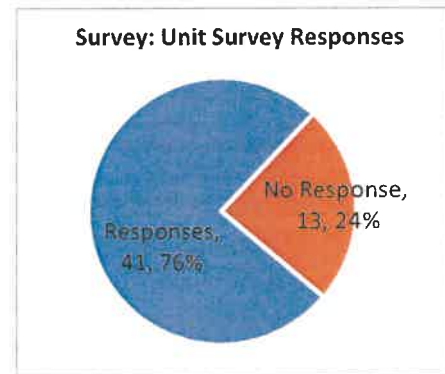
**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

Finding 1B: The Functional Areas

From the survey of Unit staff, the roles and responsibilities of each functional area are not clearly defined, documented, and communicated.

Not clearly defined and documented

- 100 percent of the surveyed Unit staff stated that they knew what was expected of them for their assigned roles, activities, and responsibilities (e.g., how often performed, how long it takes to complete, etc.).
- 73 percent responded that the expectations for their assigned activities and responsibilities were clearly documented.
- 61 percent responded that they had received adequate training on how to complete their assigned activities and responsibilities.
- 78 percent responded that their functional area had clearly documented roles, responsibilities, and expectations.
- 78 percent responded that their assigned activities and responsibilities are documented in policies, procedures, desk guides, manuals, etc.



No cross-training

- 90 percent of Unit staff responded that they knew what each person in their area was responsible for and the activities they performed.
- 32 percent responded that they could not perform the activities/tasks of each person in their area if needed (excluding the functional area manager).
- 29 percent responded that they did not know what the other functional areas were responsible for and the activities they performed.
- 72 percent responded that they could not perform the activities of the Unit's other functional areas outside their own functional area.
- 61 percent responded they do not have opportunities to learn about the activities performed by the other functional areas.

High team morale

- 88 percent of surveyed Unit staff responded they enjoyed working in their functional area and in the Unit most to all of the time.
- 85 percent of surveyed Unit staff responded they enjoyed working in OCPW most to all of the time.

From interviews with staff and a review of policies and procedures, the Unit's two functional areas most heavily involved in the Department's day-to-day activities were Finance Services (FS) and Procurement Services (PS). Therefore, MGO performed additional interviews and analysis, and included specific survey questions on FS and PS.

**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

Finding 1B.1: Finance Services (FS)

Finance Services (FS) was responsible for preparing and monitoring the budget, preparing the strategic financial plan, reviewing and approving requisitions, and reviewing and approving accounting transactions. FS did not have documented policies and procedures for all of its key tasks, and staff had varying interpretations and expectations about FS' responsibilities. These varying interpretations have created inconsistencies in the amount of time and effort spent and the level of review performed by FS staff on the same or similar tasks, as well as contributed to staff outside the Unit developing differing ideas on FS' responsibilities versus the responsibilities of the service areas. These variations have also caused staff outside the Unit to question whether FS is overstepping their authority when they question the necessity or appropriateness of purchases and to think that the service areas' tracking of the budget is a duplication of effort of FS.

As of November 2021, seven of the eight current FS staff, including the FS manager, had worked in FS three years or less. All eight FS staff had different backgrounds and experiences. While all had prior County experience before joining FS, not everyone had prior budgeting experience. Interviews indicated that all FS staff were aware of their assigned job duties and tasks; however, not all staff knew if there were documented procedures for how to perform their key tasks. At least two staff stated they documented the procedures for their key tasks. The FS Manager stated there were no policies or guidelines for how to monitor the budget and noted inconsistencies in the work and processes performed by the FS staff. In addition, a review of FS' documented policies and procedures identified that the procedures did not include time estimates for the amount of time tasks should take to perform or the level of effort required (i.e., how much work the tasks will take to complete).

**Finance Services Staff – 8
(as of Nov. 2021)**

- 1 Manager (Admin. Manager II)
- 4 Admin. Manager I
- 3 Staff Specialists

The interviews and surveys revealed that FS staff, as well as the service areas, had different interpretations of FS' responsibilities, especially related to the budget and the required level of review. For example, the Unit's Deputy Director and FS Manager stated that FS is responsible for ensuring the service areas and the Department stay on budget and that FS staff should thoroughly review and determine if purchasing requests and expenditure transactions are necessary and appropriate before approving. However, other FS staff stated that their role is to assist the service areas with their budgets and purchasing, but that the service areas are ultimately responsible for ensuring they stay on budget. Additional FS staff, and three staff from outside the Unit, stated that FS should not be questioning purchase requests or expenditure transactions that have been budgeted for and already approved by the service areas' management. These staff stated that FS staff should provide the service area information on whether the purchase is within budget, but allow the service area to decide on whether to make the purchase.

Some of the staff's expectations for reviewing and approving purchases conflicted with FS' desk procedures for *Budget Approval of OC Expediter Requisitions* dated April 27, 2021, which stated that "the level of reviewing and approving depends upon the nature of business and/or amount of the request." The desk procedures do not mention reviewing the requests to determine whether a purchase is necessary and/or appropriate, but included procedures for verifying the approval levels were appropriate, coding was correct, amount tied to attached supporting documentation, and budget was available.

Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

While all eight FS staff and the Unit's Deputy Director stated it was necessary for both FS and the service areas to track the budgets, the tracking was at different levels and for different purposes. FS needs to be able to provide projections and forecasts, while the service areas need to be able to identify when they need budget amendments and provide information for FS' assumptions for the projections and forecasts. In addition, the service areas need to provide information for the budget narratives. FS acknowledged that not all service areas understand the budget process or what information FS needs; and, therefore, the performance of budget tracking by both FS and the service area could appear to be a duplication of effort. The lack of understanding or confusion is evident in the survey as 56 percent of staff outside the Unit responded that they perform budgeting or other activities that are duplicative of activities performed by FS. Only 69 percent of staff outside the Unit surveyed responded that they received adequate information to understand FS' role and responsibilities related to budgeting. Thirty-one percent of staff outside the Unit surveyed responded that they did not understand why FS would question their purchases and expenditure transactions.

FS' key tasks are dependent on the service areas' participation and providing sufficient and appropriate information. Without clearly defining and documenting responsibilities, increasing communication, and providing training to the service areas, FS staff will continue to have inconsistencies in their performance; and service area staff will continue to misunderstand their role in the management of the Department's finances.

Finding 1B.2: Procurement Services (PS)

Procurement Services (PS) is responsible for all of the Department's purchasing of goods and services through the issuance of purchase orders and contracts. While there were documented and detailed purchasing and contacting policy manuals, there was not specific Department documentation that sufficiently described the responsibilities of PS versus the services areas, which has caused Department staff to have varying expectations about what information is necessary for the procurement and who provides it.

Public Works is responsible for providing a wide variety of services related to roads, bridges, bikeways, and flood control including construction, environmental resources, infrastructure programs, operations and maintenance of public infrastructure, and surveying and mapping of land use. These services require specific technical knowledge that PS and FS staff may not possess and, therefore, may not be qualified to determine the specifications for goods or scopes of work for services without the involvement of the service areas. Three PS managers and six FS staff interviewed stated that PS does not always receive sufficient specifications for goods or scopes of work for services in the requisitions submitted by the service areas. Requisitions go through budget check with FS before going to PS. FS stated they have to follow up with the request initiator when there is not adequate information for FS to determine if there is sufficient budget for the purchase. Once approved by FS, PS staff may also have to follow up with the request initiator if the information received is not sufficient to execute the purchase request by creating a purchase order or issuing a contract, request for bid, etc.

Procurement Services Staff – 26 (as of Nov. 2021)

- 1 Manager (Admin. Manager II)
- 3 Admin. Manager I
- 5 Senior Procurement Contract Specialists
- 5 Procurement Contract Specialists
- 4 Senior Procurement Buyers
- 6 Procurement Buyer
- 1 Storekeeper II
- 1 Accounting Specialist

Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

The County's Contract Policy Manual and Design and Construction Policy Manual did not include the actual procedures to be performed. PS does not have separately documented procedures for the Department that described the responsibilities and expectations of PS versus the service areas for procurements or the time requirements and level of effort required for processing different types of procurements. The length of time it takes for PS staff to execute the purchase request depends on the responsiveness of the request initiator. In addition, the length of time and amount of effort required to execute a purchase request varies due to the different procurement methods required to be followed based on the purchase's dollar amount and type (good or service).

PS documents the status in the comments of the requisitions in order to be responsive to the request initiator as well as track the delays that occur. In addition, PS has been working with the County's Procurement Office to standardize the procurement system and develop benchmarks for processing requisitions and contracts. Once benchmarks have been established, then PS can develop performance metrics and set time and effort expectations for staff in PS, as well as the Department.

The purchasing and contracting processes are dependent on the service areas providing sufficient, appropriate, and accurate information in order for PS to acquire the specific goods and services that meet the needs of the service areas. Without clearly defining and documenting responsibilities, staff will continue to have varying expectations of the performance of services and levels of effort. In addition, having insufficient policies and procedures may make it challenging to hold staff accountable for their work performance and not allow for the development of performance metrics. Setting and documenting clear roles, responsibilities, and expectations could increase consistency, efficiency, and productivity, as well as staff morale.

Recommendations

The Department should consider the following recommendations:

- Clearly define, document, and communicate the roles, responsibilities, and expectations of the Unit, its functional areas, and its staff.
- Conduct a staffing study of FS to evaluate the tasks performed by each staff and determine if tasks are equitably allocated.
- Provide training to the appropriate Service Areas' staff and all Unit staff on the budget and requisition processes.
- Review and update the Unit's documented policies and procedures (or add supplemental documentation) to reflect the actual processes being performed and delineate between tasks performed by the Unit and the Service Areas.
- Ensure the procedures for all of the Unit's key tasks are documented and include the amount of time and level of effort required to perform the tasks.

**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

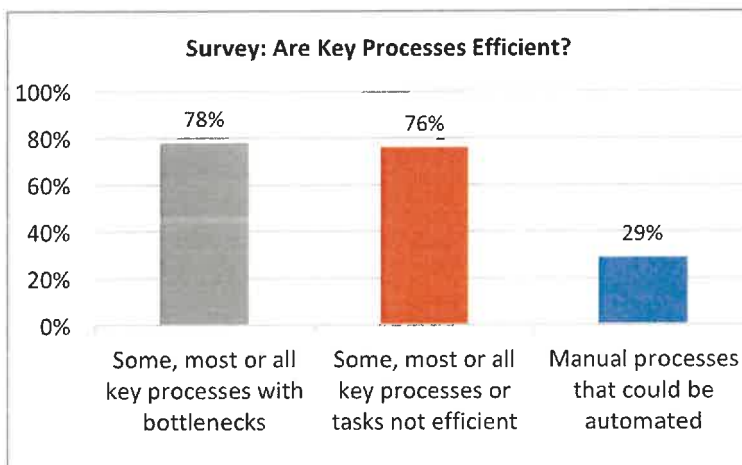
Finding 2: Opportunities for Improvement in Policies, Procedures, and Practices

There are opportunities for improvement in the policies, procedures, and practices of the Unit. Existing documented policies and procedures did not 1) cover all key tasks, 2) contain time estimates for the amount of time tasks should take to perform or the level of effort required, 3) differentiate tasks to be performed by the Unit versus the Service Areas, or 4) reflect current practices. In addition, Unit staff responded in the survey that there were key processes that could be improved and automated.

Finding 1 discussed the variances in performance for FS and PS due to not all key tasks being documented with policies and procedures and documented policies and procedures not containing time estimates for the amount of time tasks should take to perform or the level of effort required. Seventy-eight percent of Unit staff surveyed responded that their assigned activities and responsibilities were documented in policies, procedures, desk guides, manuals, etc. Seventy-three percent of Unit staff surveyed responded that the expectations for their assigned activities and responsibilities were clearly documented. Sixty-one percent of Unit staff surveyed responded that they received adequate training on how to complete their assigned activities and responsibilities. According to interviews with staff, many of the procedures performed by the Unit involve information from and collaboration with the Service Areas. However, the Unit's documented policies and procedures do not always distinguish or delineate the tasks to be performed by the Unit versus the Service Areas. Thirty-one percent of staff outside the Unit surveyed responded that they did not receive adequate information to understand FS' roles and responsibilities related to budgeting. Fifty-six percent of staff outside the Unit surveyed stated that they performed budgeting or other activities that they believed were duplicative of activities performed by FS.

While the majority of the policies and procedures had been updated in fiscal year 2021, not all policies and procedures documented the current practices. For example, the policies and procedures for the agenda staff report (ASR), which were updated in December 2020, state that all reviews occur through electronic workflow within the ASR's IT system. However, the actual process was for all reviews and approvals, both within the Department and the County, and including the Department's Director, to occur outside the ASR IT system and through email. Once the Department's Director sends the approval via email, the ASR Team submits the ASR to the CEO's Office through the ASR IT system.

MGO interviewed 23 Unit staff, who stated key processes were efficient and streamlined and only identified areas for improvement for parking administration. However, as shown in the chart, the survey of Unit staff yielded inconsistent results. Seventy-eight percent responded that some to all of the key processes they performed had bottlenecks (i.e., waiting on someone else to do their part before the process/task could be completed). Seventy-six percent responded there were key processes or tasks that they performed that were not as efficient as they could or should be. Twenty-nine percent responded there were key processes or tasks they performed that were manual and could be automated.



**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

Unit staff interviewed stated that the IT system used for parking administration did not have any reports available; and, therefore, the monthly billing was manual and took approximately five days to process. Per staff, the process could be improved and made more efficient with the automation of reports. Documented policies and procedures provide a roadmap for the day-to-day operations of an organization and assist an organization in ensuring it is compliant with laws and regulations, give guidance for decision-making, and streamline internal processes. In addition, documented procedures that are up-to-date and include time requirements will assist the Unit and staff in improving consistency and efficiency, training, and holding staff accountable for their work performance.

Recommendations

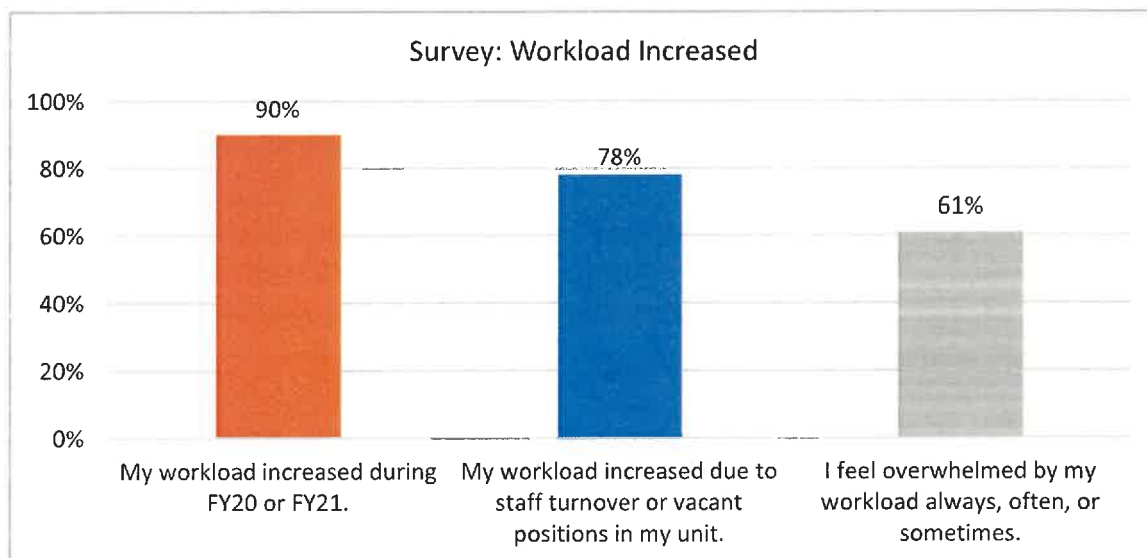
The Department should consider the following recommendations:

- Clearly define, document, and communicate the roles, responsibilities, and expectations of the Unit, its functional areas, and its staff.
- Review and update the Unit's documented policies and procedures (or add supplemental documentation) to reflect the actual processes being performed and delineate between tasks performed by the Unit and the Service Areas.
- Ensure the procedures for all of the Unit's key tasks are documented and include the amount of time and level of effort required to perform the tasks.

Performance Audit of the Administrative Services Unit of Orange County's Public Works Department

Finding 3: Increased Workload

During the fiscal years 2020 and 2021, Unit staff increasingly took on additional responsibilities due to an overall increase in PW's workload, vacancies in their functional areas, and the Countywide hiring freeze, which was a result of the COVID-19 pandemic. Ninety percent of Unit staff surveyed reported that their workload (i.e., the amount of assignments and time allotted to complete) increased during fiscal years 2020 or 2021, and 78 percent responded it was due to staff turnover or vacant positions in their functional area. Further, 61 percent of Unit staff surveyed reported feeling overwhelmed by their workload multiple times a month to at least once a week or always.



At the time of interviews in October and November 2021, 5 of 12 (42%) positions were vacant in Finance Services (FS) and one position was vacant in Procurement Services (PS). Six of the eight FS staff stated they and/or their staff had been performing the work of more than one job position during fiscal years 2020 through 2021 due to the vacancies. This included the new FS manager, who took over the tasks of two budget analysts before being promoted to the FS manager in September 2021, and continued performing those tasks as well as the managerial tasks until the vacant positions were filled. Three of the four PS managers stated they and their staff had increased workloads during fiscal year 2021.

MGO was unable to analyze the turnover of the Unit and its functional areas as turnover reports were not readily available. According to the Department's Human Resources Manager, turnover reports could be run only by specific job position, and not for a functional area, the Unit, or the Department as a whole.

Recommendations:

The Department should consider the following recommendations:

- Make filling the vacant positions for FS a priority.
- Conduct a staffing study of FS to evaluate the tasks performed by each staff and determine if tasks are equitably allocated.

**Performance Audit of the Administrative Services Unit
of Orange County's Public Works Department**

Finding 4: No Performance Metrics

As previously discussed, the Unit does not have performance metrics. The Unit will not be able to establish or implement performance metrics until it 1) sets the benchmarks by determining and documenting the time requirements for completing key tasks and 2) starts tracking staff time working on key tasks. During this audit, the Unit was working on establishing benchmarks and performance metrics for Procurement Services (PS); however, the Unit should consider setting performance metrics for all the functional area in the Unit. It is difficult to determine if a process is efficient, an activity is achieving its objectives, and if progress is being made toward attaining policy or organizational goals without tracking performance of key processes and activities. It is also difficult to hold staff accountable without having set performance expectations. Setting performance metrics may help motivate staff to improve performance, help staff set and track personal goals, boost staff morale, and help strengthen a culture of ongoing feedback and open communication.

Possible performance metrics include:

- Number of purchase requests reviewed and approved by FS in a day or week.
- Number of expenditure transactions reviewed and approved by FS in a day or week.
- FS average hours per day or week reviewing and approving requisitions.
- FS average hours per day or week reviewing and approving expenditure transactions.
- Hours spent on the annual budget by FS.
- Hours spent on the budget updates by FS.
- Average hours preparing and processing ASRs.
- Number of ASRs prepared and processed.
- Number of media postings, etc.
- Number of trainings provided.
- Amount of mail delivered and processed.
- Number of boxes added to storage.

Recommendations:

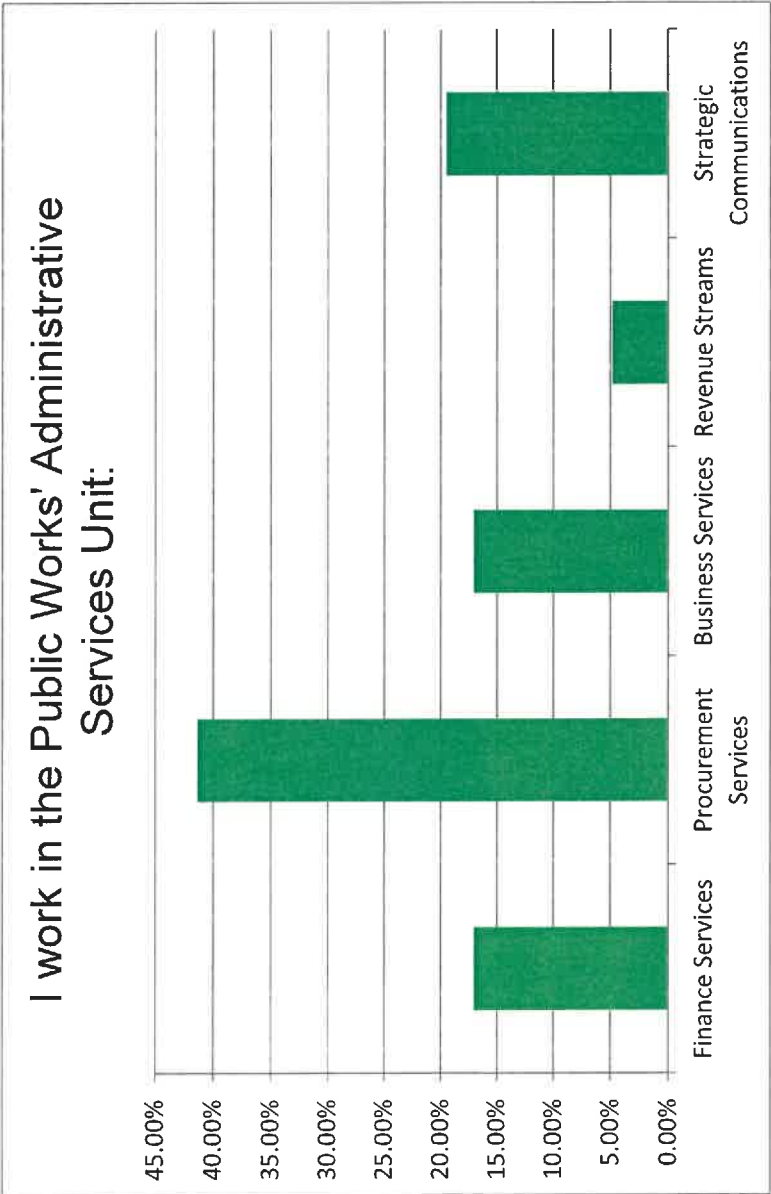
The Department should consider the following recommendations:

- Establish and implement performance metrics for the Unit's key tasks.
- Have staff record hours worked by key tasks performed to use as a baseline for establishing and monitoring performance metrics.
- Track and report on performance metrics quarterly.
- Use performance metrics data to determine if staffing levels and workloads should be adjusted.

Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I work in the Public Works' Administrative Services Unit:

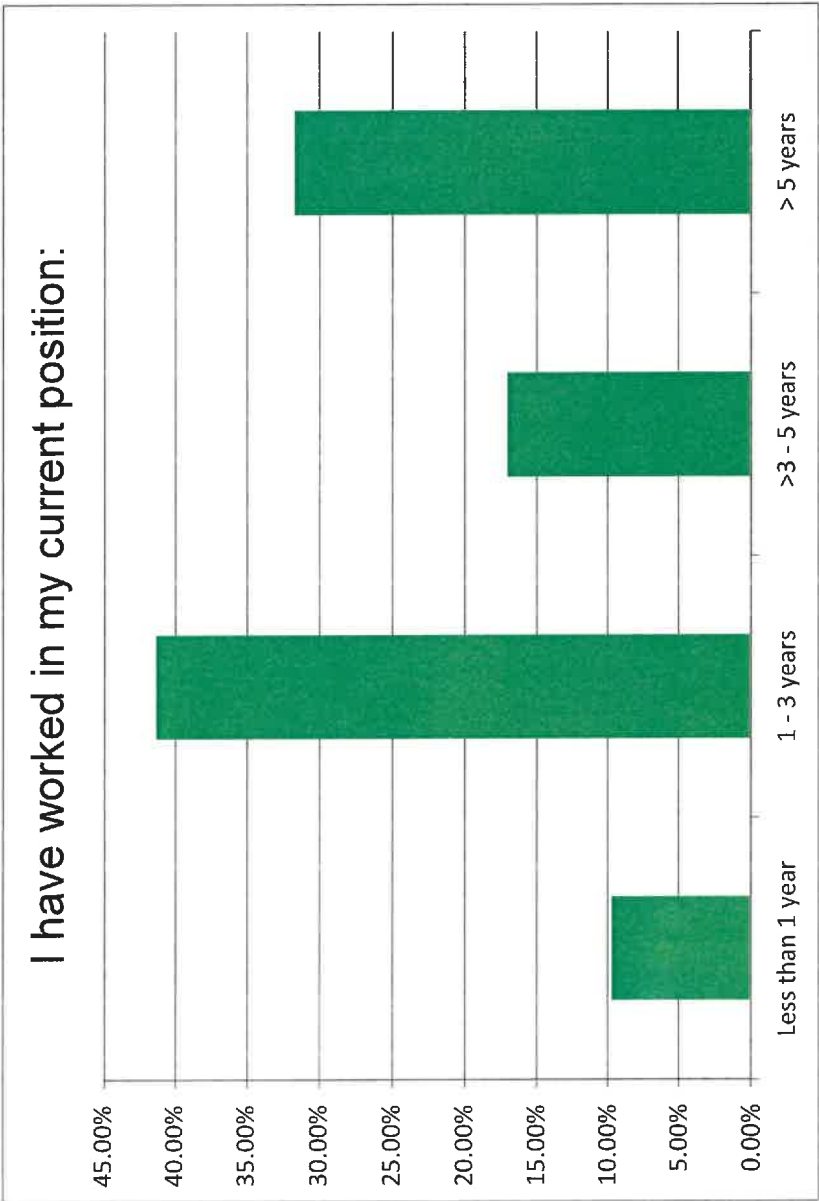
Answer Choices	Responses
Finance Services	7
Procurement Services	17
Business Services	7
Revenue Streams	2
Strategic Communications	8
Answered	41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I have worked in my current position:

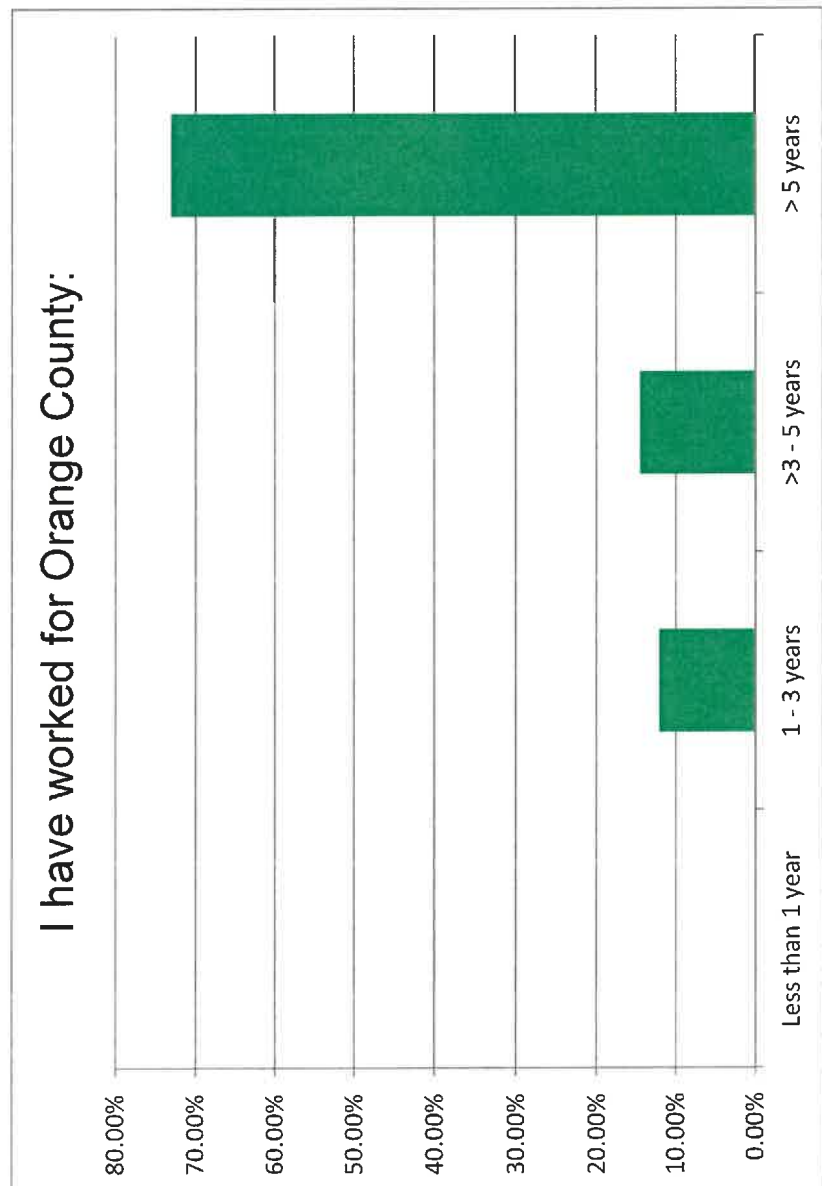
Answer Choices	Responses
Less than 1 year	4
1 - 3 years	17
>3 - 5 years	7
> 5 years	13
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I have worked for Orange County:

Answer Choices	Responses
Less than 1 year	0
1 - 3 years	5
>3 - 5 years	6
> 5 years	30
Answered	41

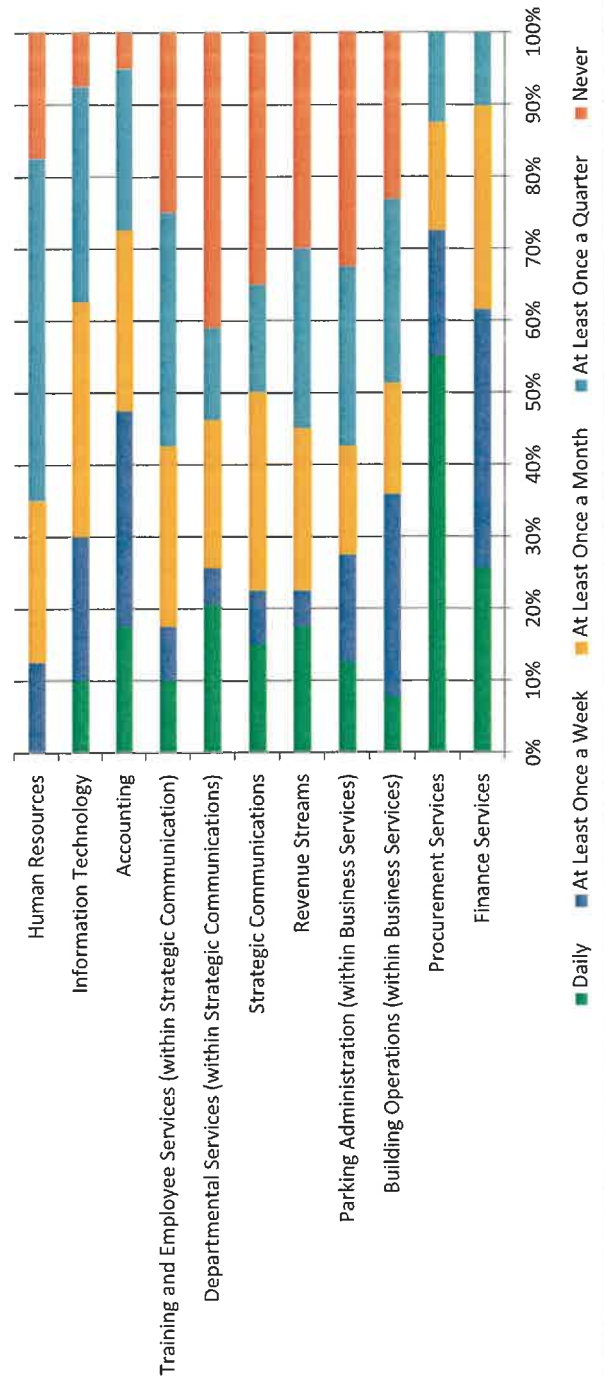


Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I work with or interact with the other units in Administrative Services:

Answer Choices	Daily	At Least Once a Week	At Least Once a Month	At Least Once a Quarter	Never	Total
Finance Services	25.64% 10	35.90% 14	28.21% 11	10.26% 4	0.00% 0	39
Procurement Services	55.00% 22	17.50% 7	15.00% 6	12.50% 5	0.00% 0	40
Building Operations (within Business Services)	7.69% 3	28.21% 11	15.38% 6	25.64% 10	23.08% 9	39
Parking Administration (within Business Services)	12.50% 5	15.00% 6	15.00% 6	25.00% 10	32.50% 13	40
Revenue Streams	17.50% 7	5.00% 2	22.50% 9	25.00% 10	30.00% 12	40
Strategic Communications	15.00% 6	7.50% 3	27.50% 11	15.00% 6	35.00% 14	40
Departmental Services (within Strategic Communications)	20.51% 8	5.13% 2	20.51% 8	12.82% 5	41.03% 16	39
Training and Employee Services (within Strategic Communication)	10.00% 4	7.50% 3	25.00% 10	32.50% 13	25.00% 10	40
Accounting	17.50% 7	30.00% 12	25.00% 10	22.50% 9	5.00% 2	40
Information Technology	10.00% 4	20.00% 8	32.50% 13	30.00% 12	7.50% 3	40
Human Resources	0.00% 0	12.50% 5	22.50% 9	47.50% 19	17.50% 7	40

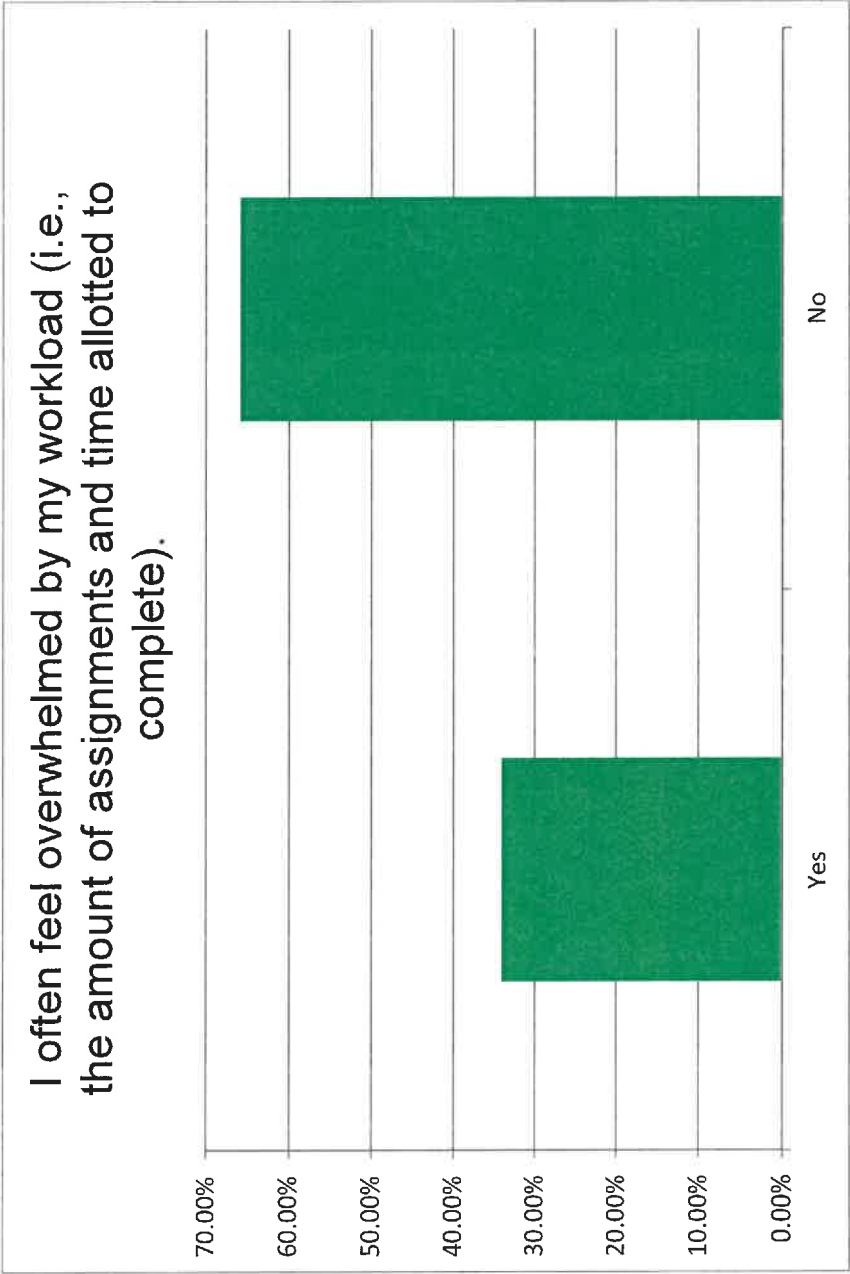
I work with or interact with the other units in Administrative Services:



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I often feel overwhelmed by my workload (i.e., the amount of assignments and time allotted to complete).

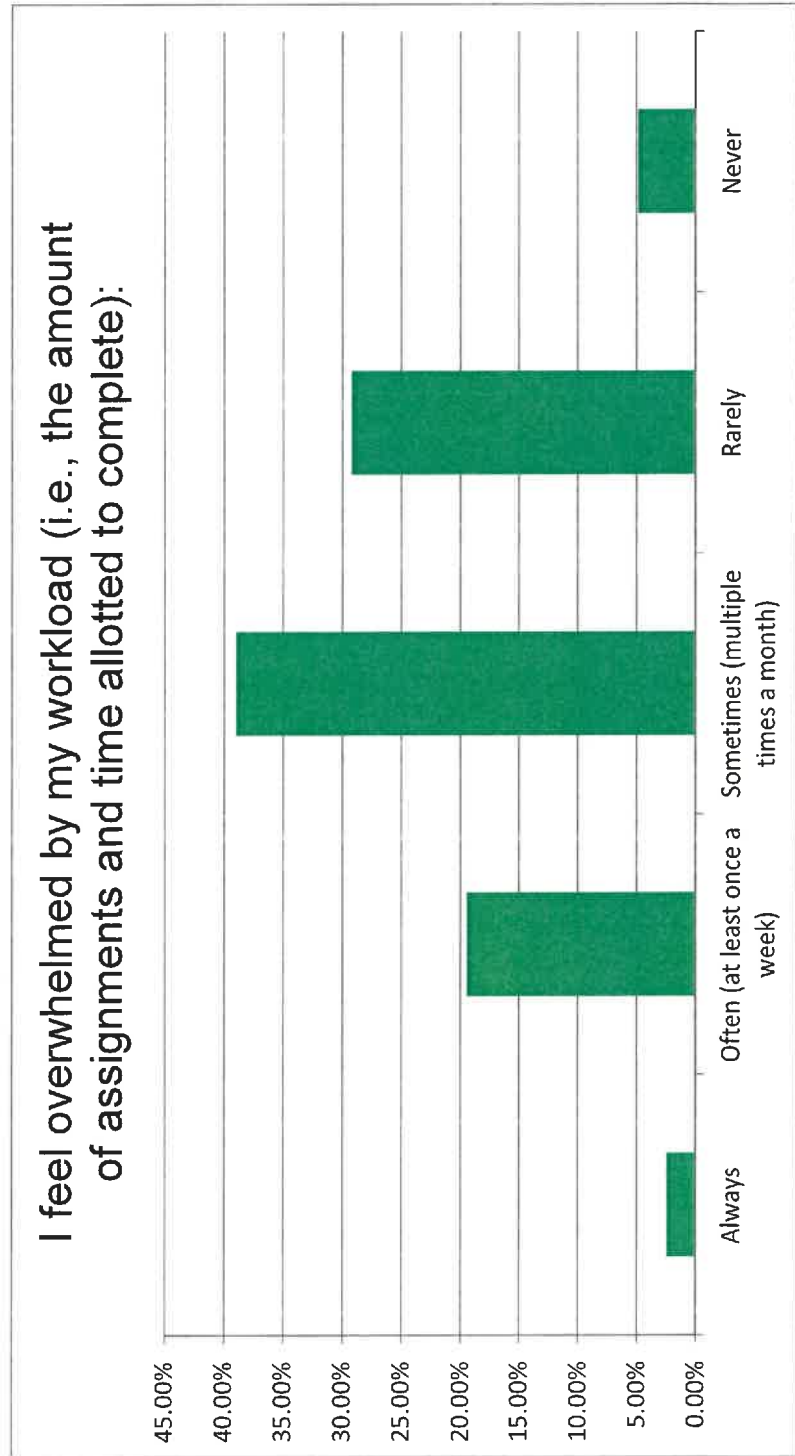
Answer Choices	Responses
Yes	34.15% 14
No	65.85% 27
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I feel overwhelmed by my workload (i.e., the amount of assignments and time allotted to complete):

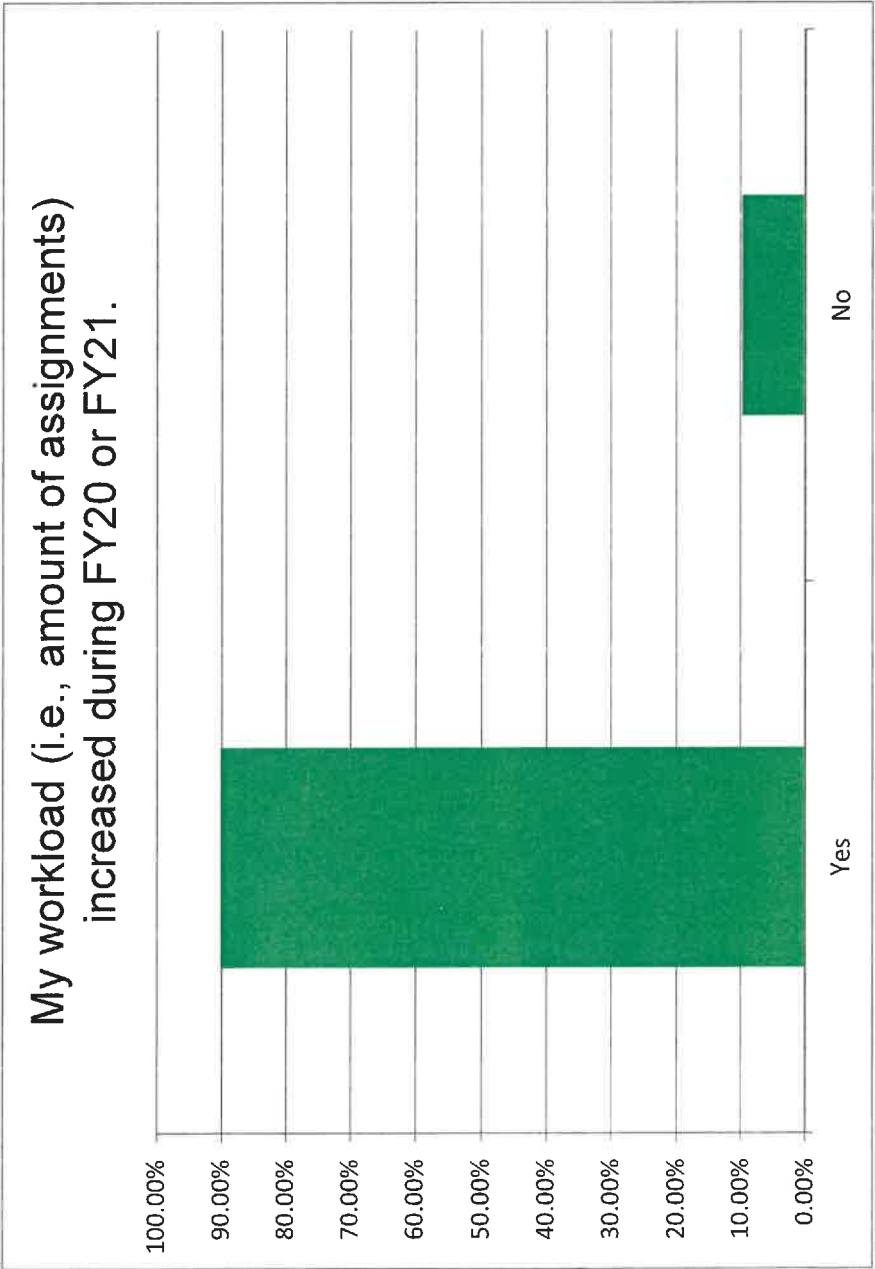
Answer Choices	Responses
Always	1 2.44%
Often (at least once a week)	8 19.51%
Sometimes (multiple times a month)	16 39.02%
Rarely	12 29.27%
Never	2 4.88%
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: My workload (i.e., amount of assignments) increased during FY20 or FY21.

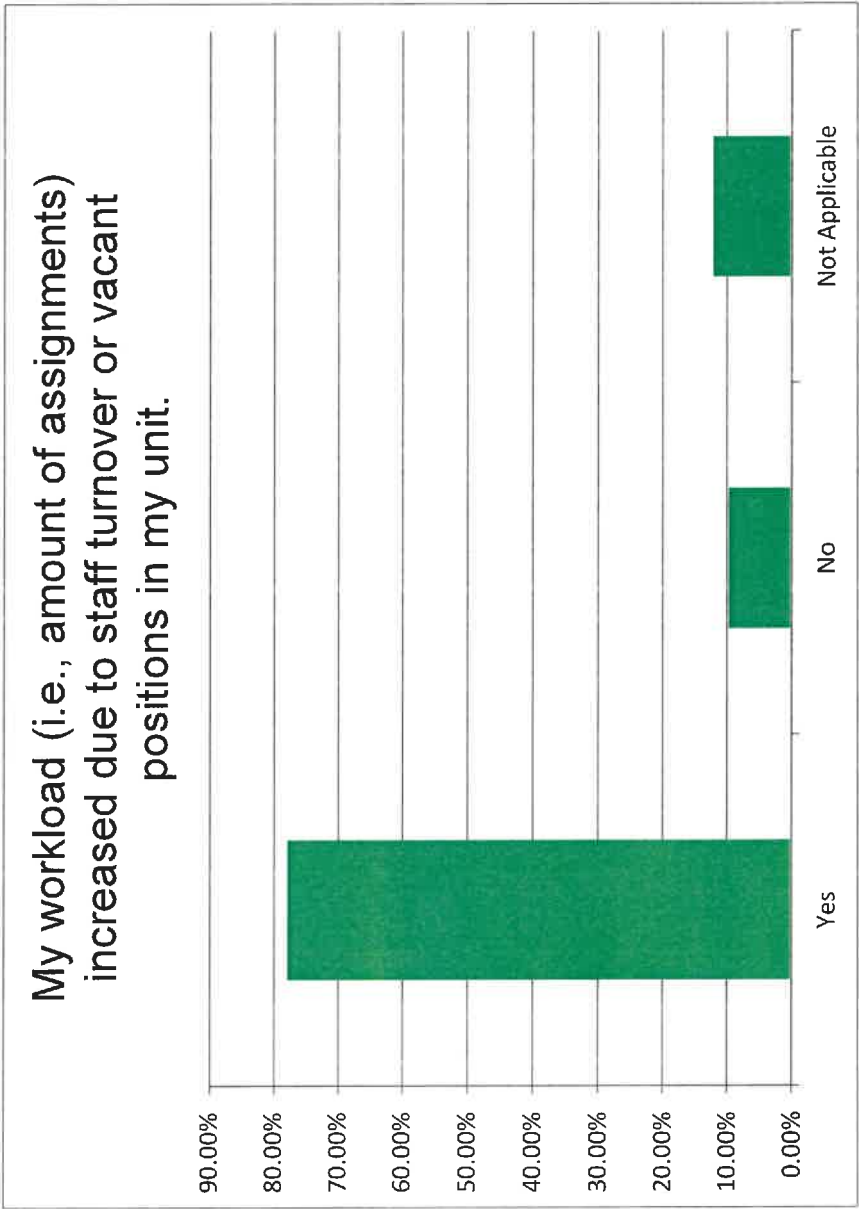
Answer Choices	Responses	
Yes	90.24%	37
No	9.76%	4
Answered		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: My workload (i.e., amount of assignments) increased due to staff turnover or vacant positions in my unit.

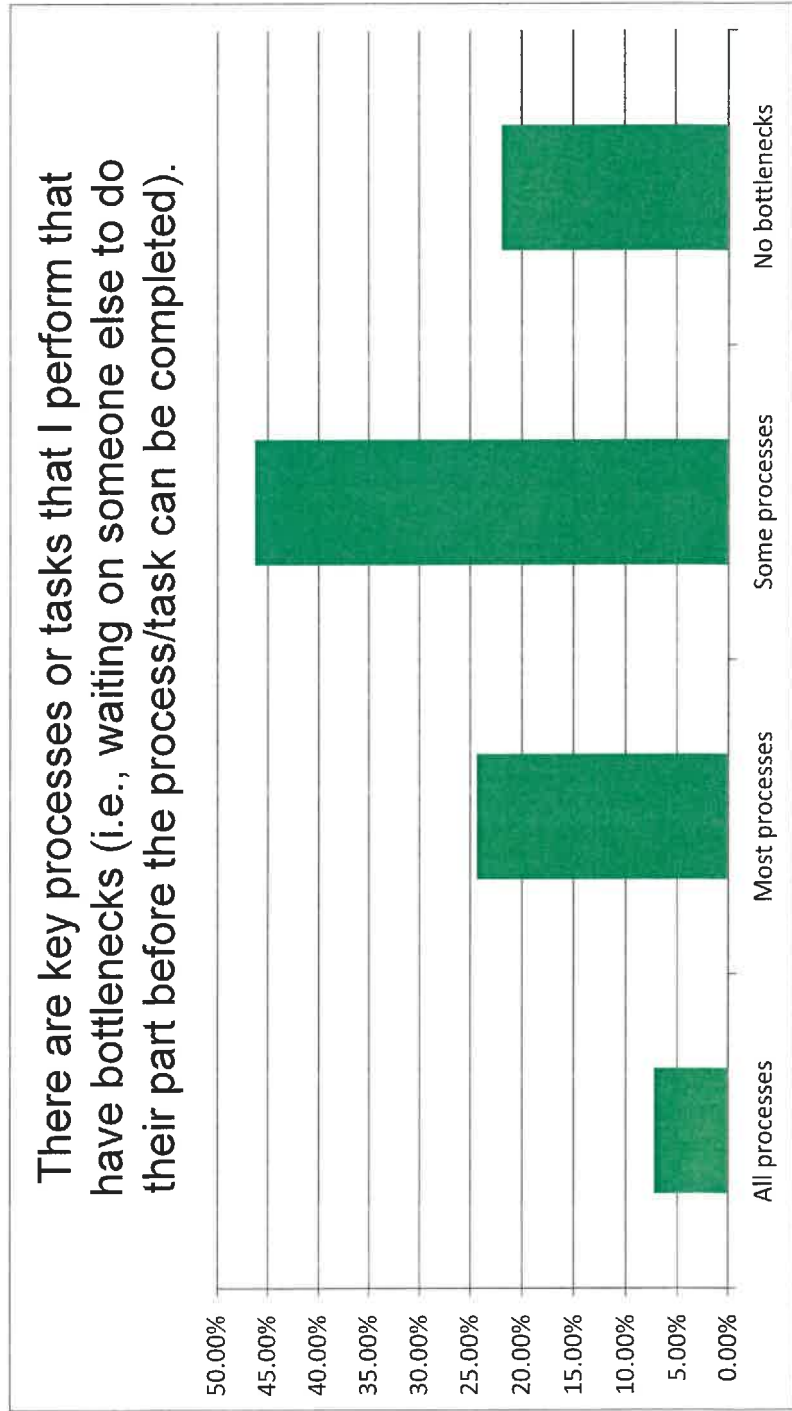
Answer Choices	Responses	
Yes	78.05%	32
No	9.76%	4
Not Applicable	12.20%	5
		Answered 41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are key processes or tasks that I perform that have bottlenecks (i.e., waiting on someone else to do their part before the process/task can be completed).

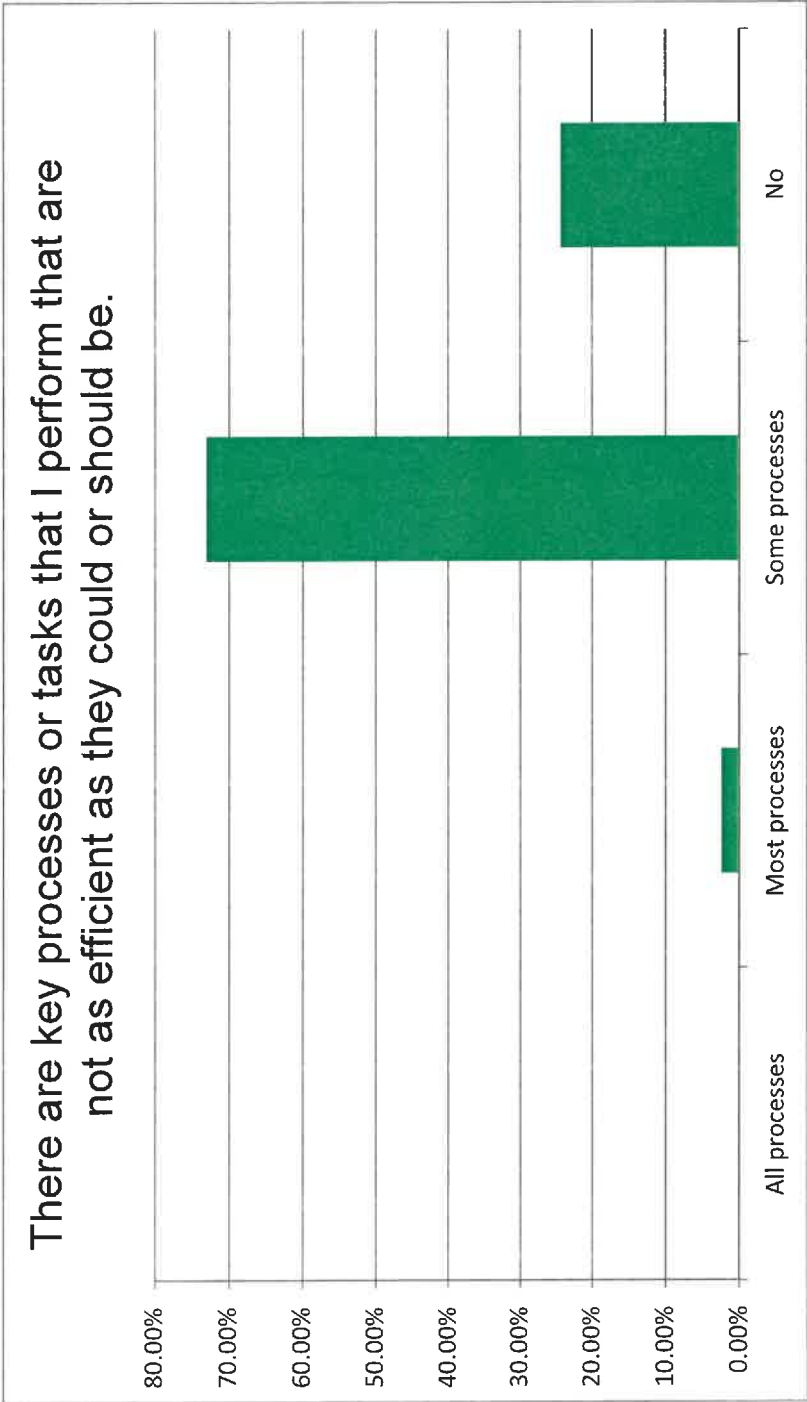
Answer Choices	Responses
All processes	7.32%
Most processes	24.39%
Some processes	46.34%
No bottlenecks	21.95%
Answered	41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are key processes or tasks that I perform that are not as efficient as they could or should be.

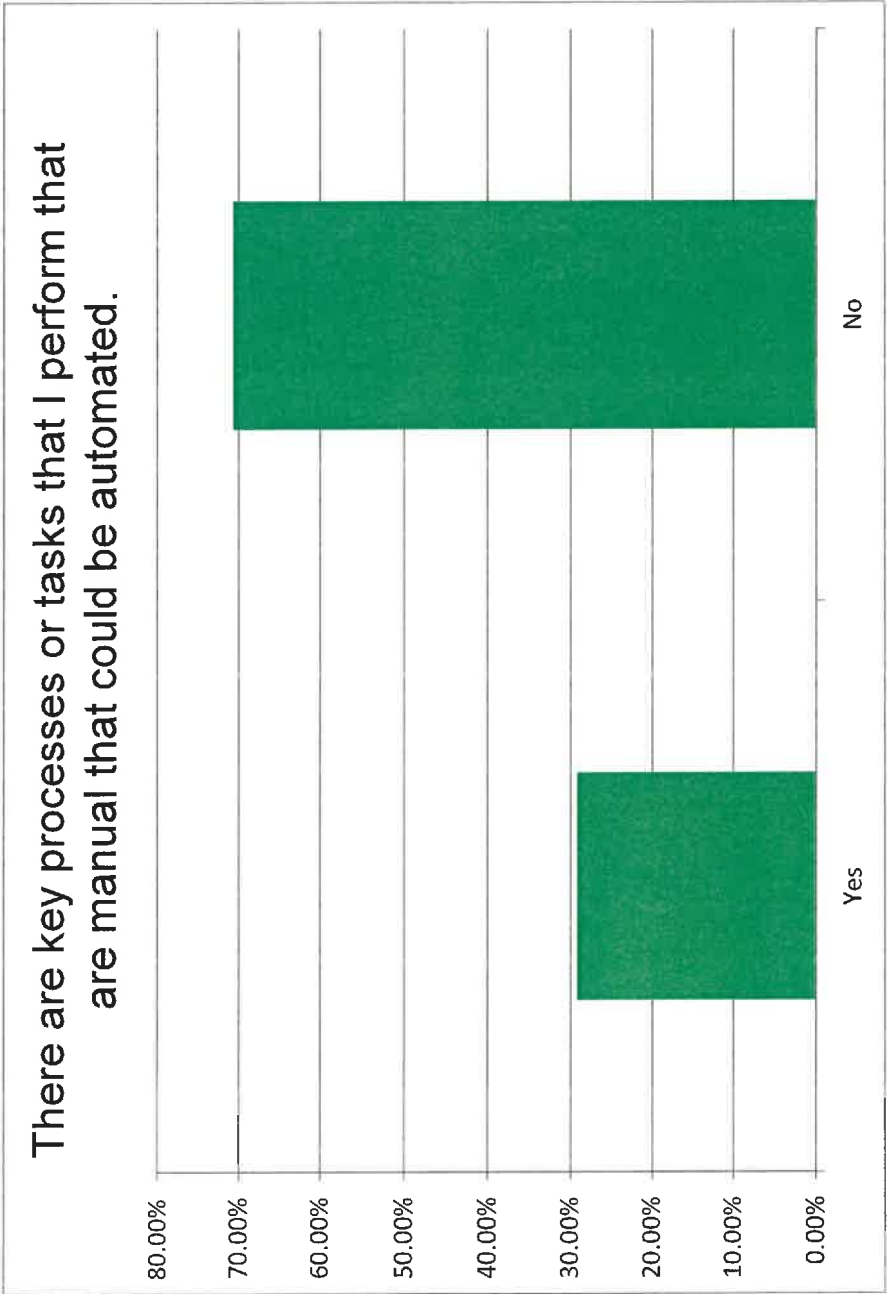
Answer Choices	Responses
All processes	0
Most processes	1
Some processes	30
No	10
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are key processes or tasks that I perform that are manual that could be automated.

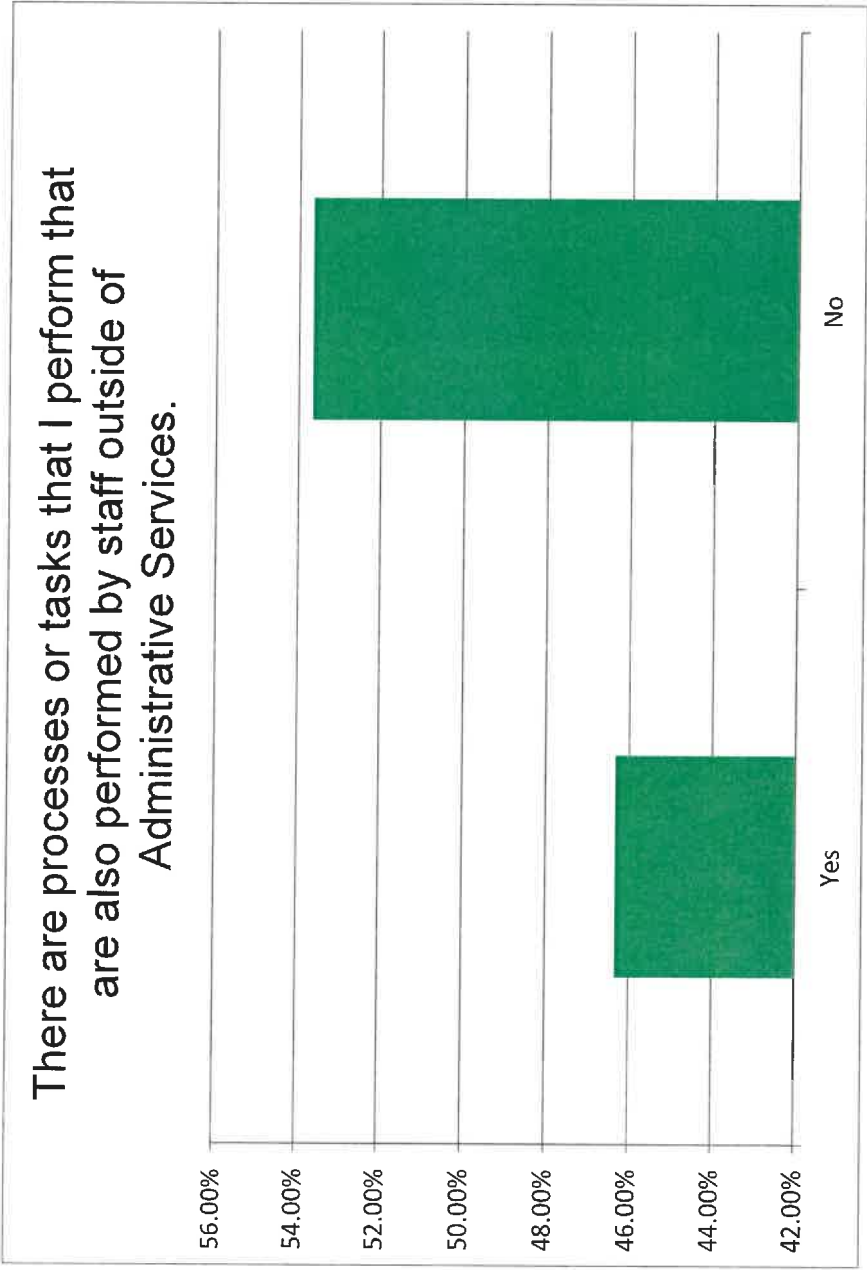
Answer Choices	Responses
Yes	29.27% 12
No	70.73% 29
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are processes or tasks that I perform that are also performed by staff outside of Administrative Services.

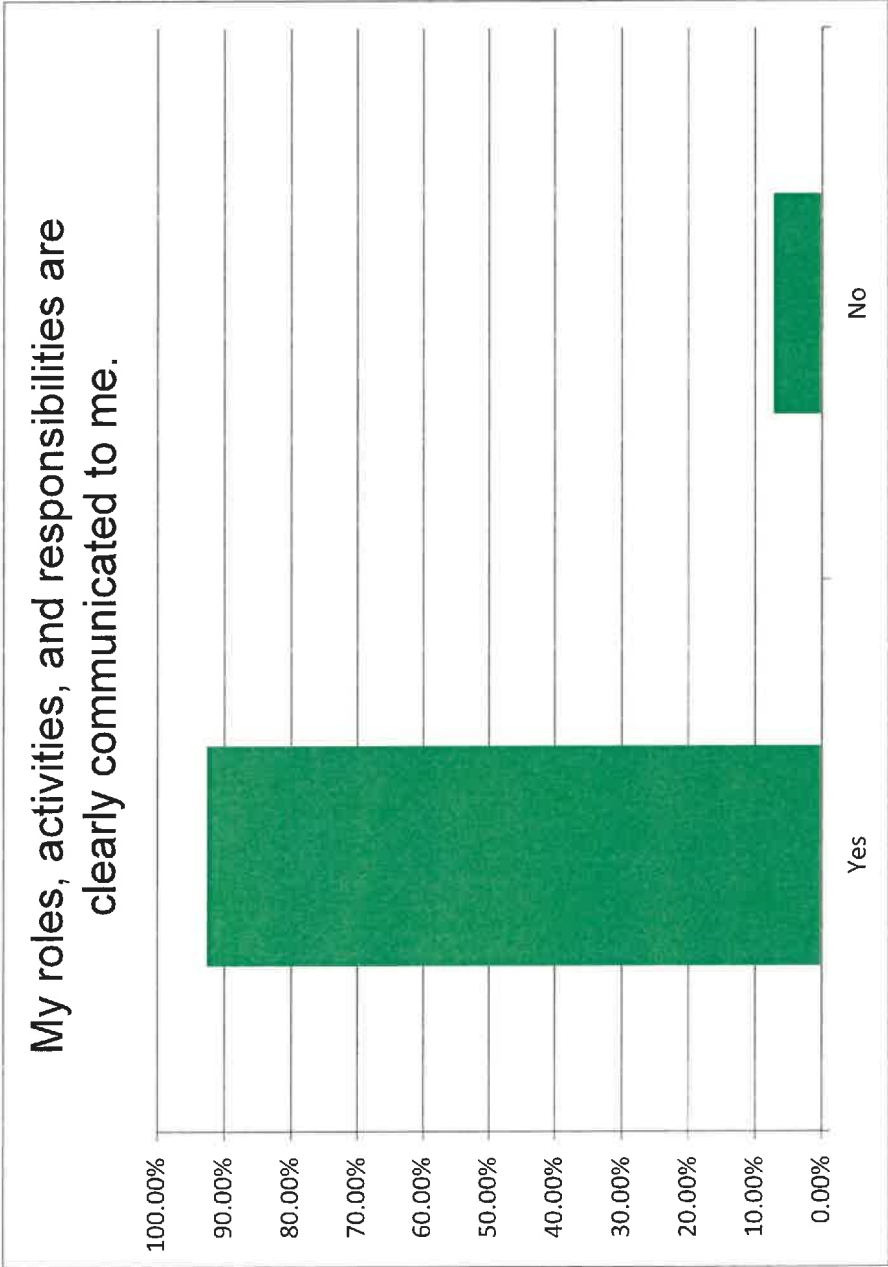
Answer Choices	Responses
Yes	46.34% 19
No	53.66% 22
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: My roles, activities, and responsibilities are clearly communicated to me.

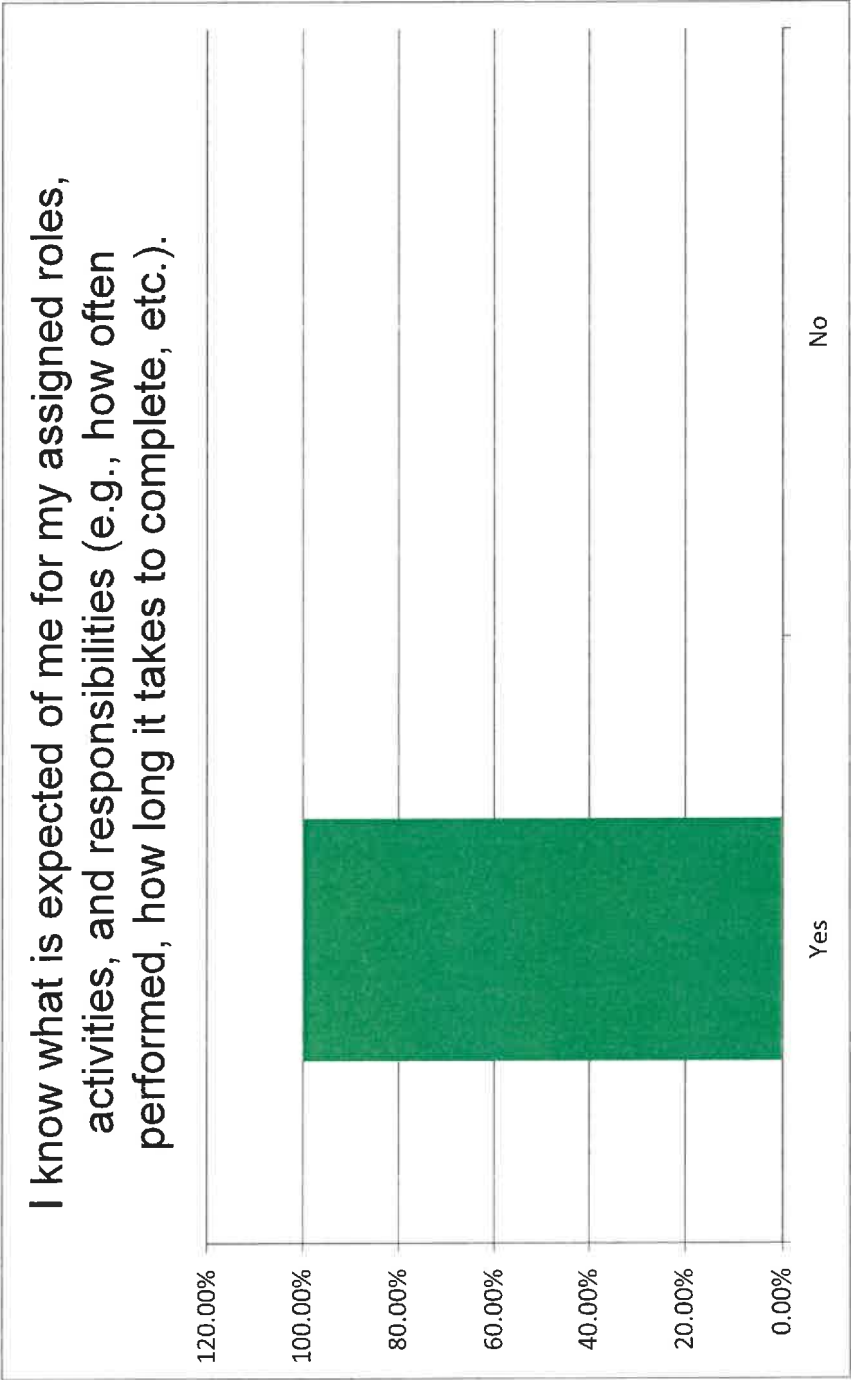
Answer Choices	Responses
Yes	38 92.68%
No	3 7.32%
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I know what is expected of me for my assigned roles, activities, and responsibilities (e.g., how often performed, how long it takes to complete, etc.).

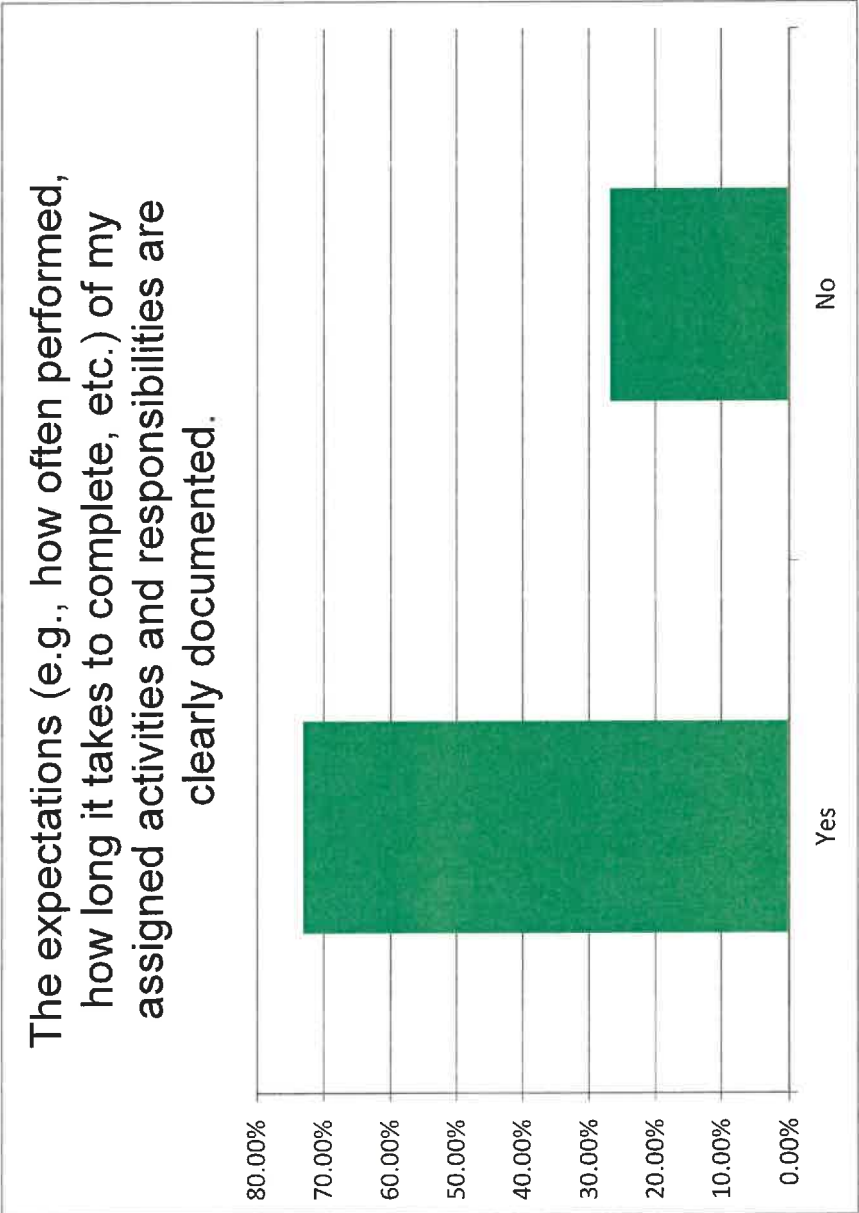
Answer Choices	Responses
Yes	41
No	0
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: The expectations (e.g., how often performed, how long it takes to complete, etc.) of my assigned activities and responsibilities are clearly documented.

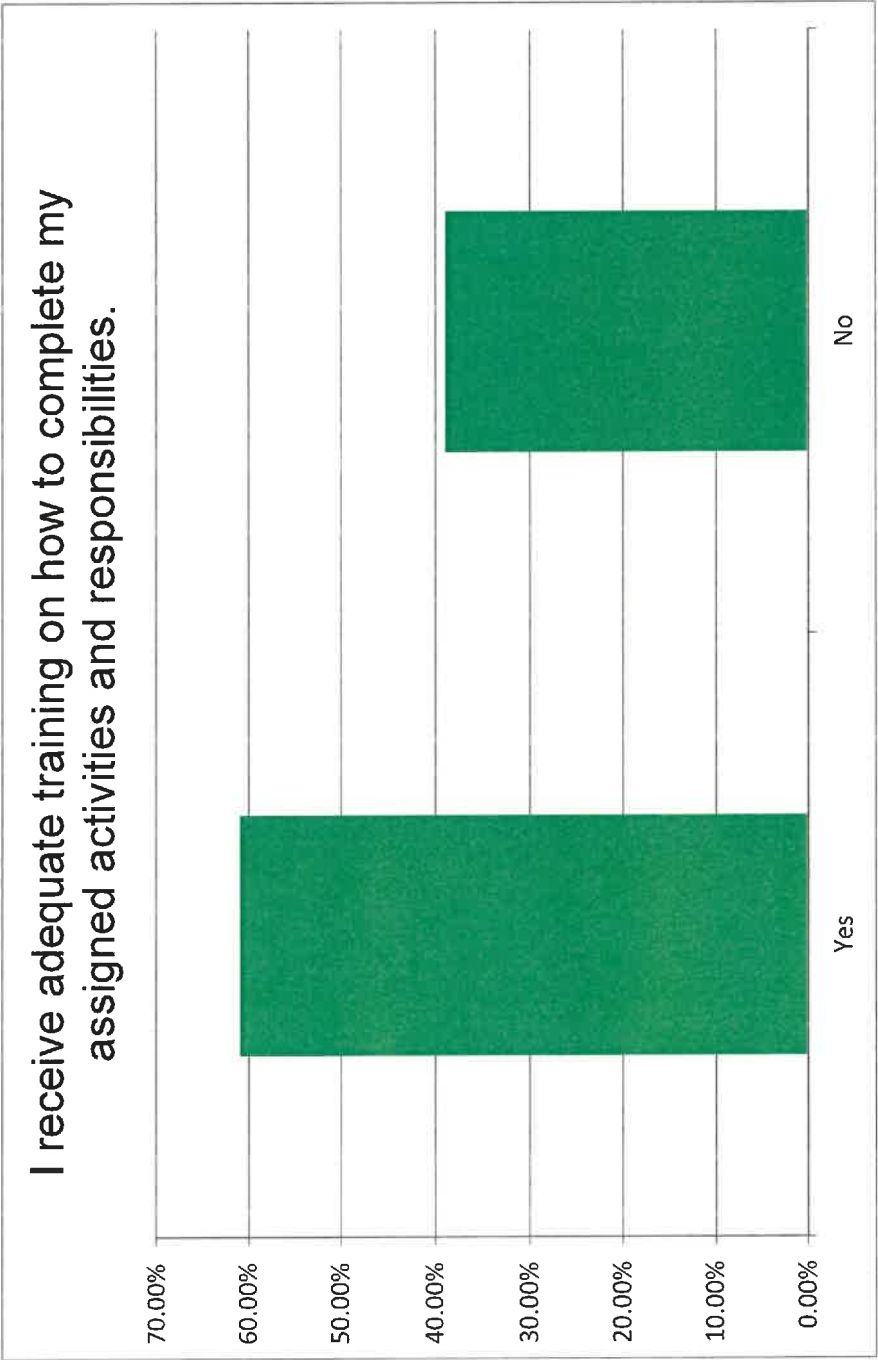
Answer Choices	Responses
Yes	73.17% 30
No	26.83% 11
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate training on how to complete my assigned activities and responsibilities.

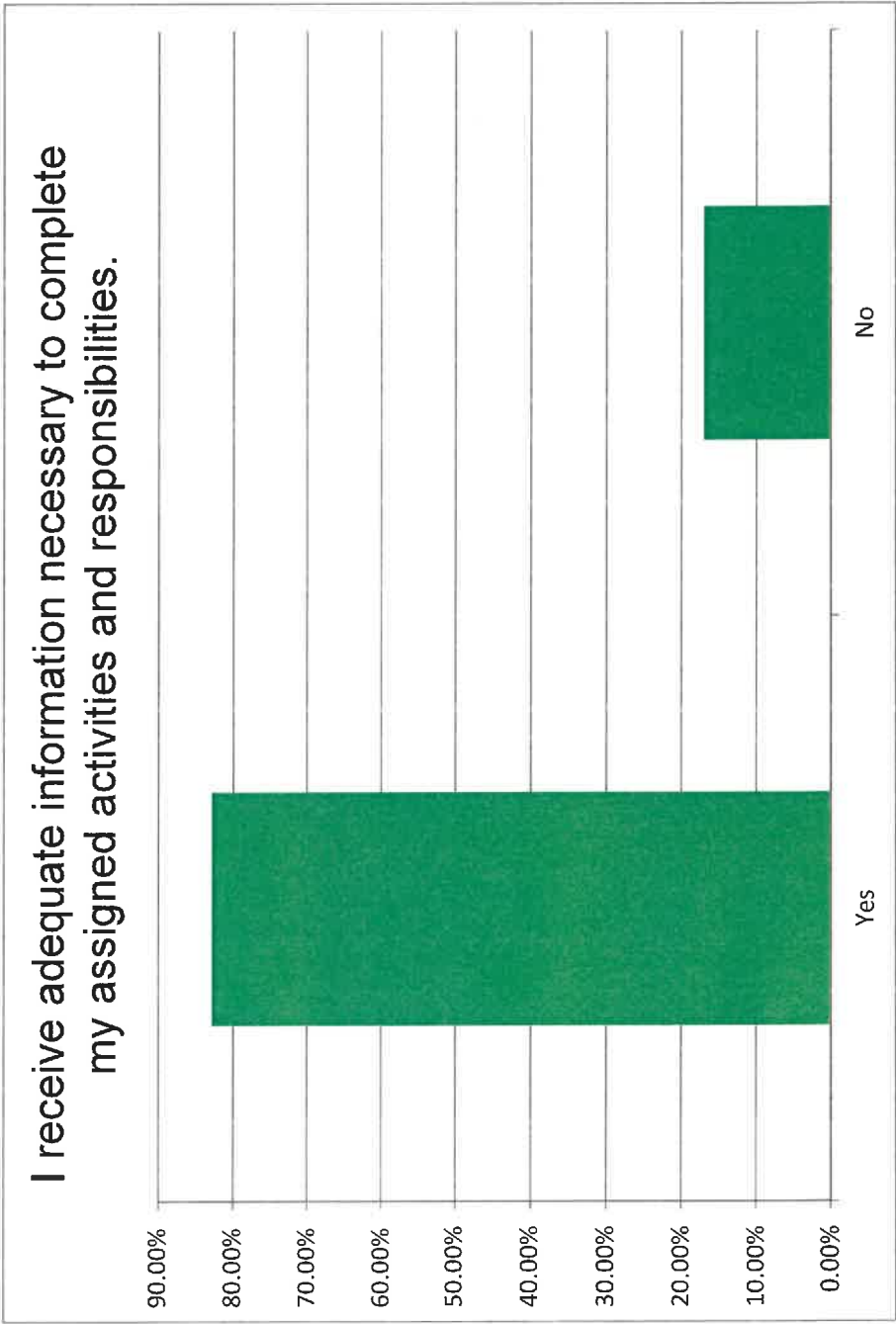
Answer Choices	Responses
Yes	60.98% 25
No	39.02% 16
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate information necessary to complete my assigned activities and responsibilities.

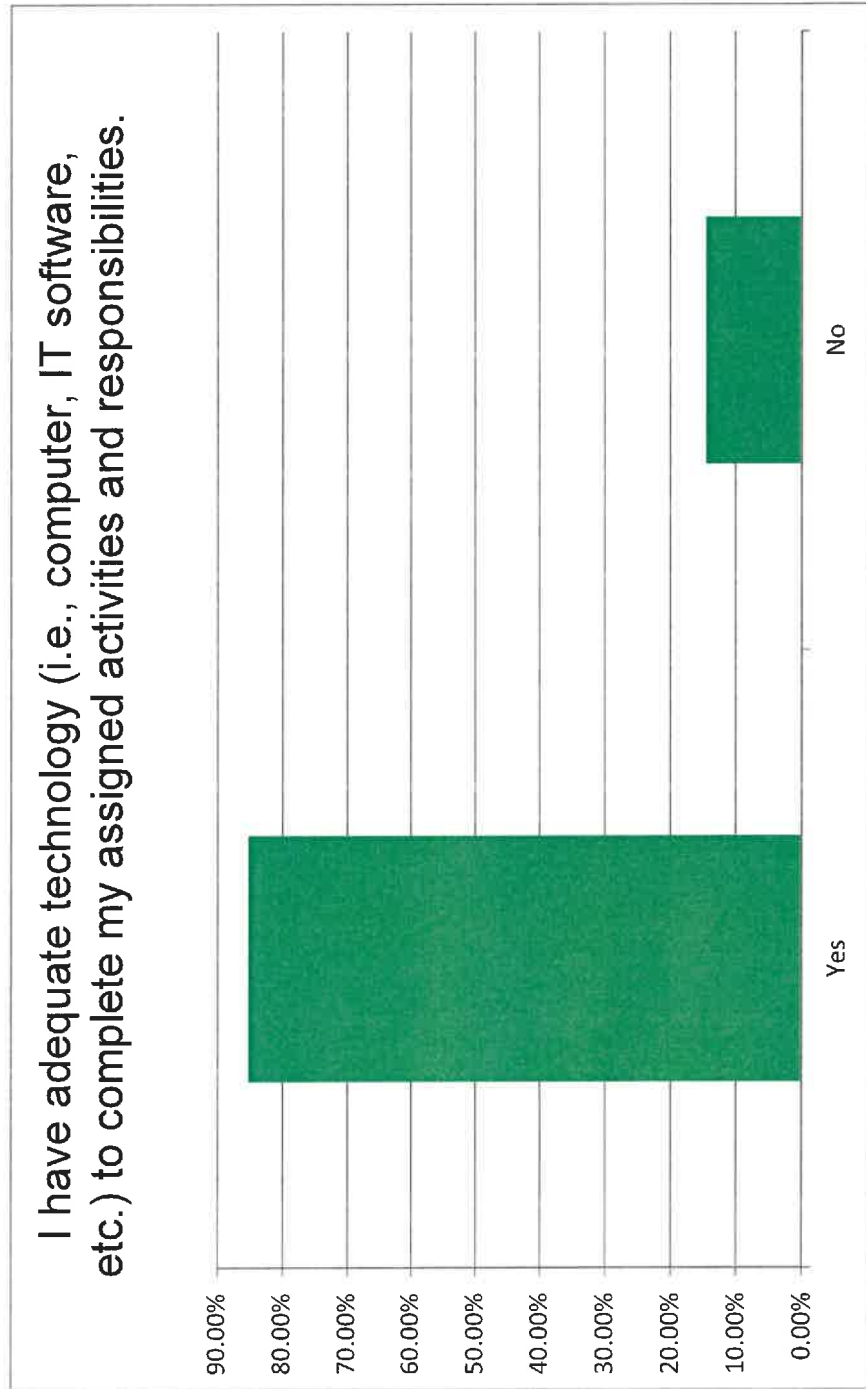
Answer Choices	Responses
Yes	34
No	7
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I have adequate technology (i.e., computer, IT software, etc.) to complete my assigned activities and responsibilities.

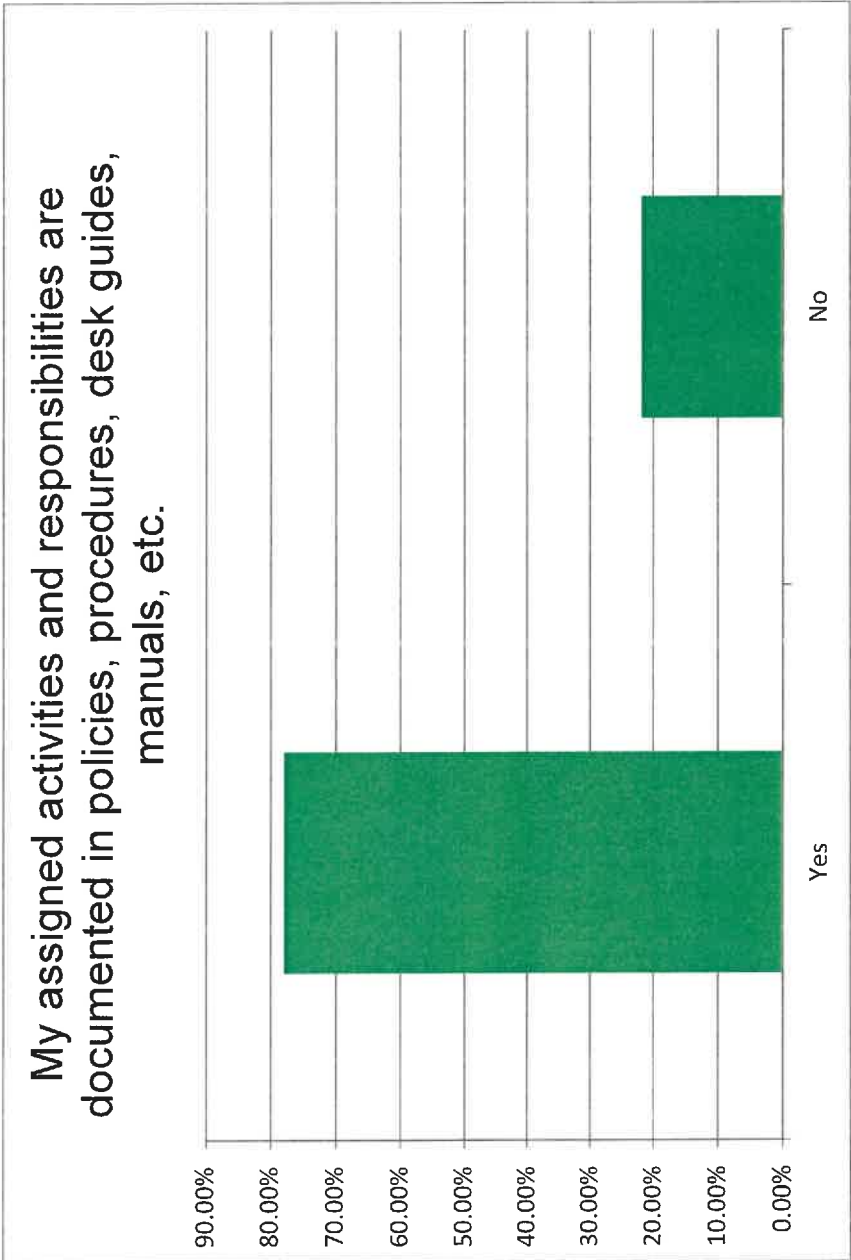
Answer Choices	Responses
Yes	85.37% 35
No	14.63% 6
	Answered 41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: My assigned activities and responsibilities are documented in policies, procedures, desk guides, manuals, etc.

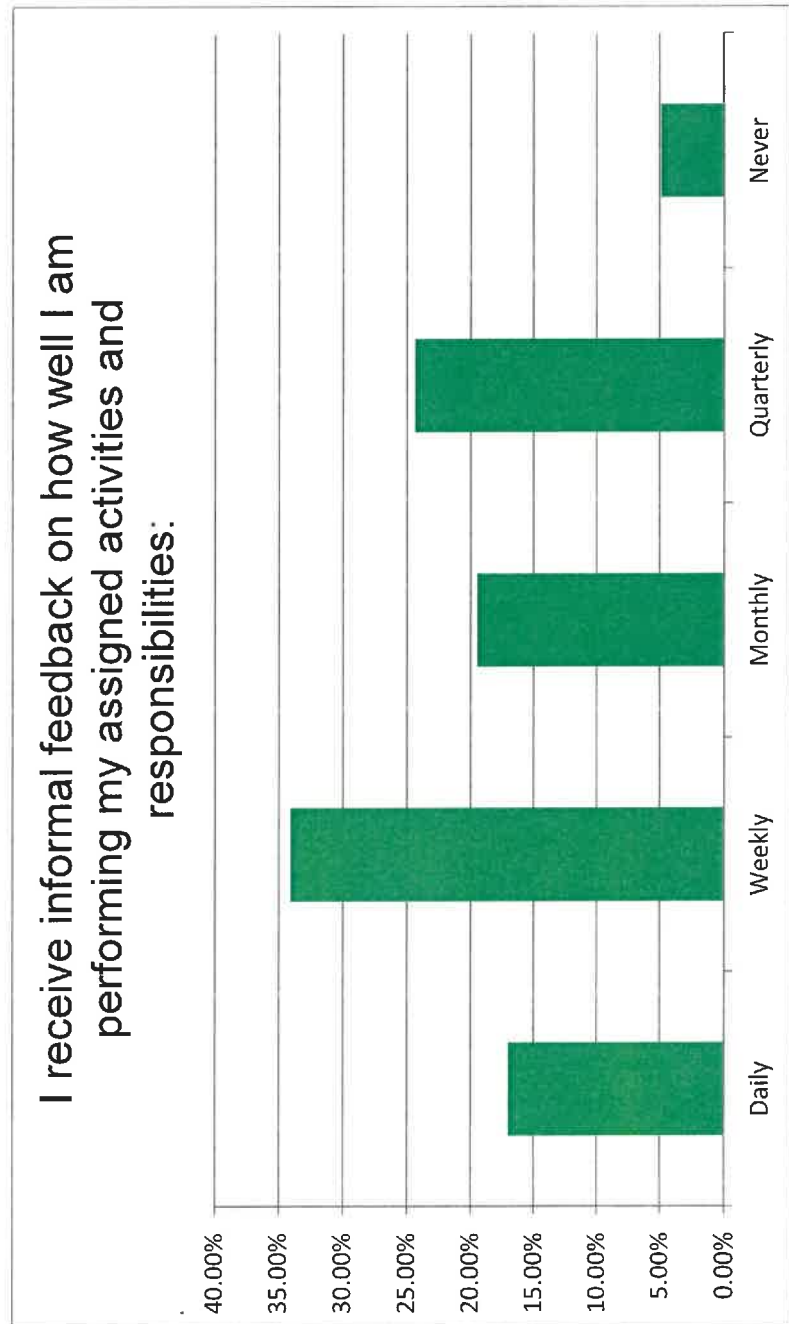
Answer Choices	Responses
Yes	32
No	9
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive informal feedback on how well I am performing my assigned activities and responsibilities:

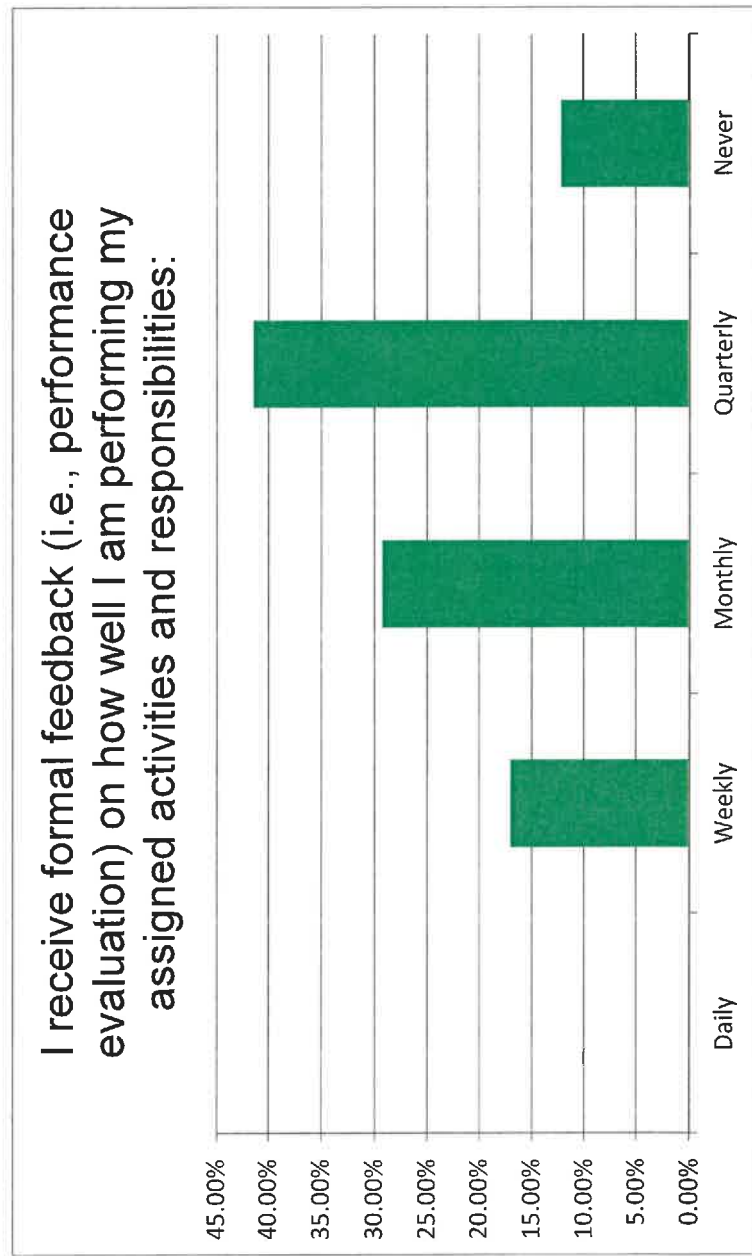
Answer Choices	Responses
Daily	7
Weekly	14
Monthly	8
Quarterly	10
Never	2
	Answered 41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive formal feedback (i.e., performance evaluation) on how well I am performing my assigned activities and responsibilities:

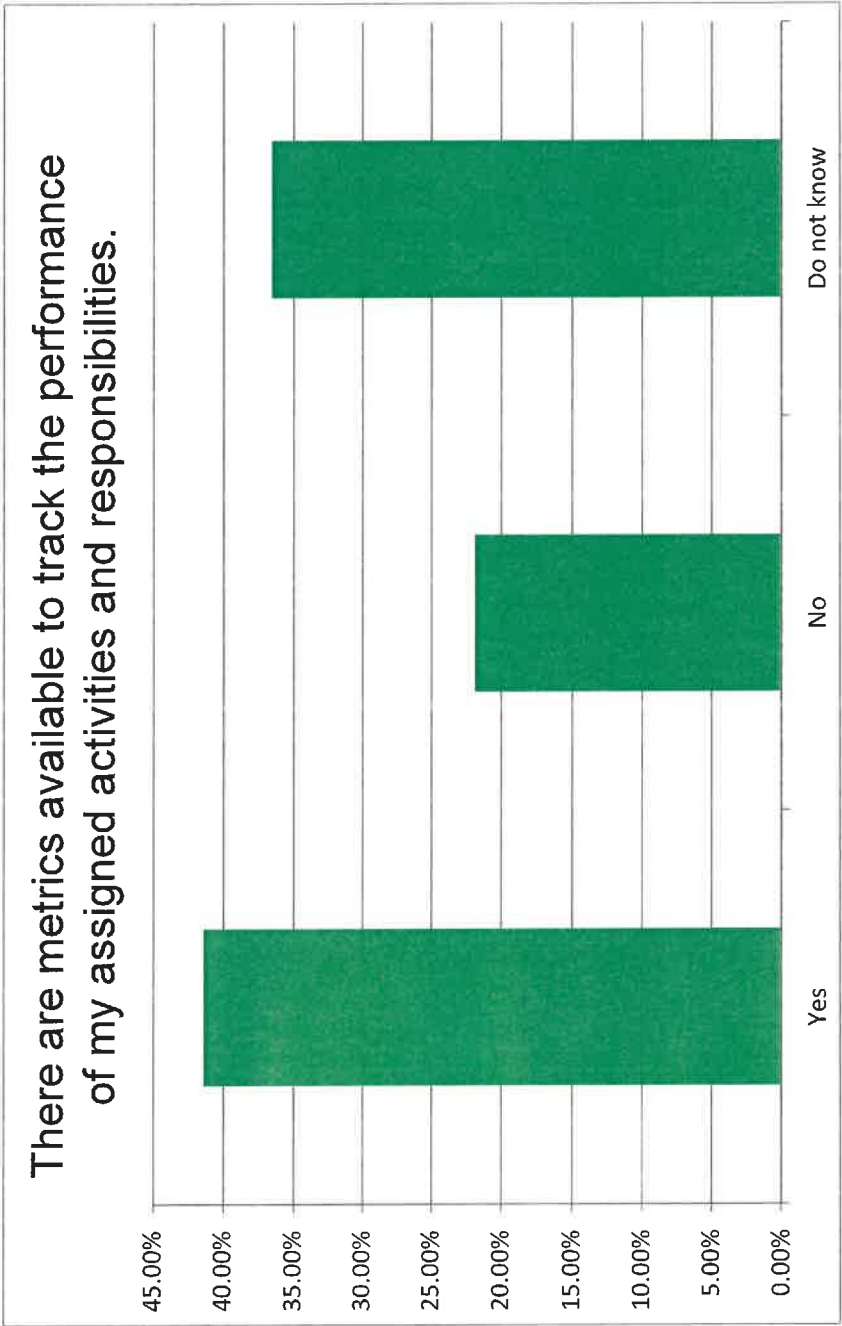
Answer Choices	Responses
Daily	0.00% 0
Weekly	17.07% 7
Monthly	29.27% 12
Quarterly	41.46% 17
Never	12.20% 5
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are metrics available to track the performance of my assigned activities and responsibilities.

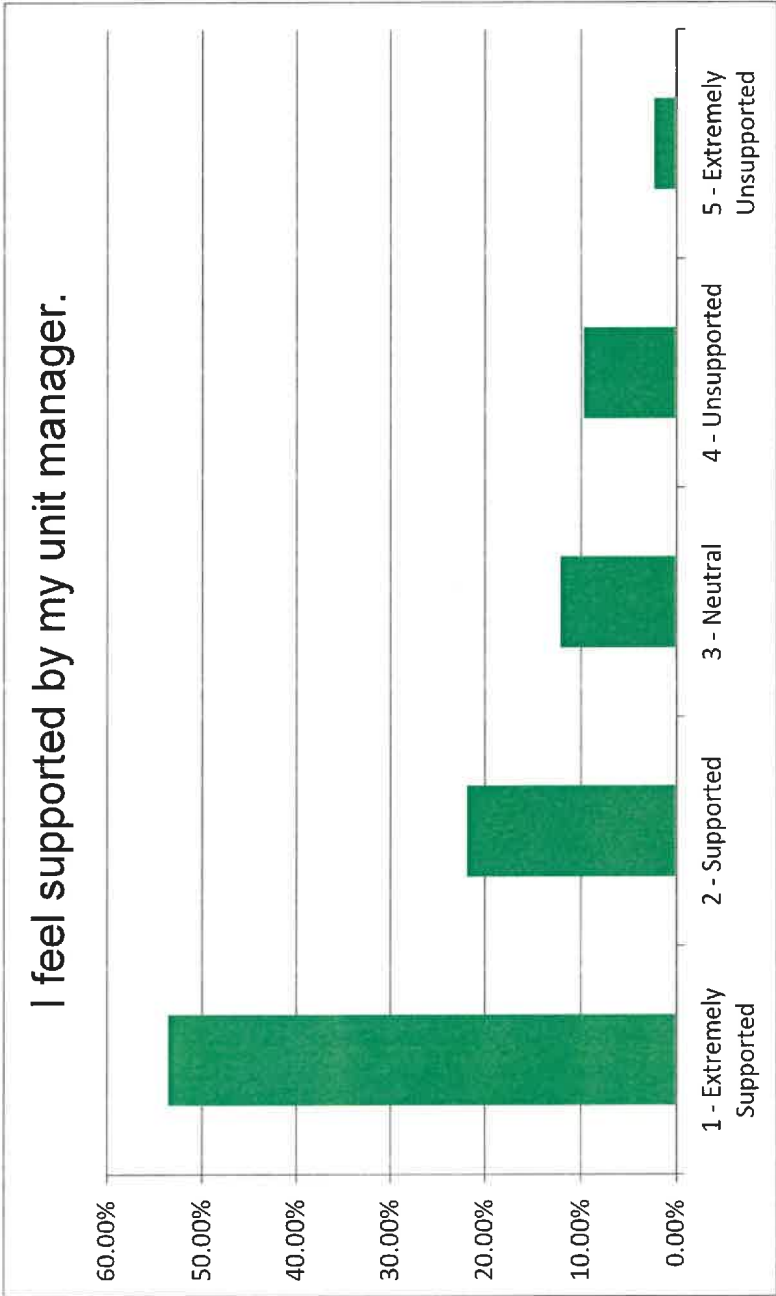
Answer Choices	Responses
Yes	41.46% 17
No	21.95% 9
Do not know	36.59% 15
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I feel supported by my unit manager.

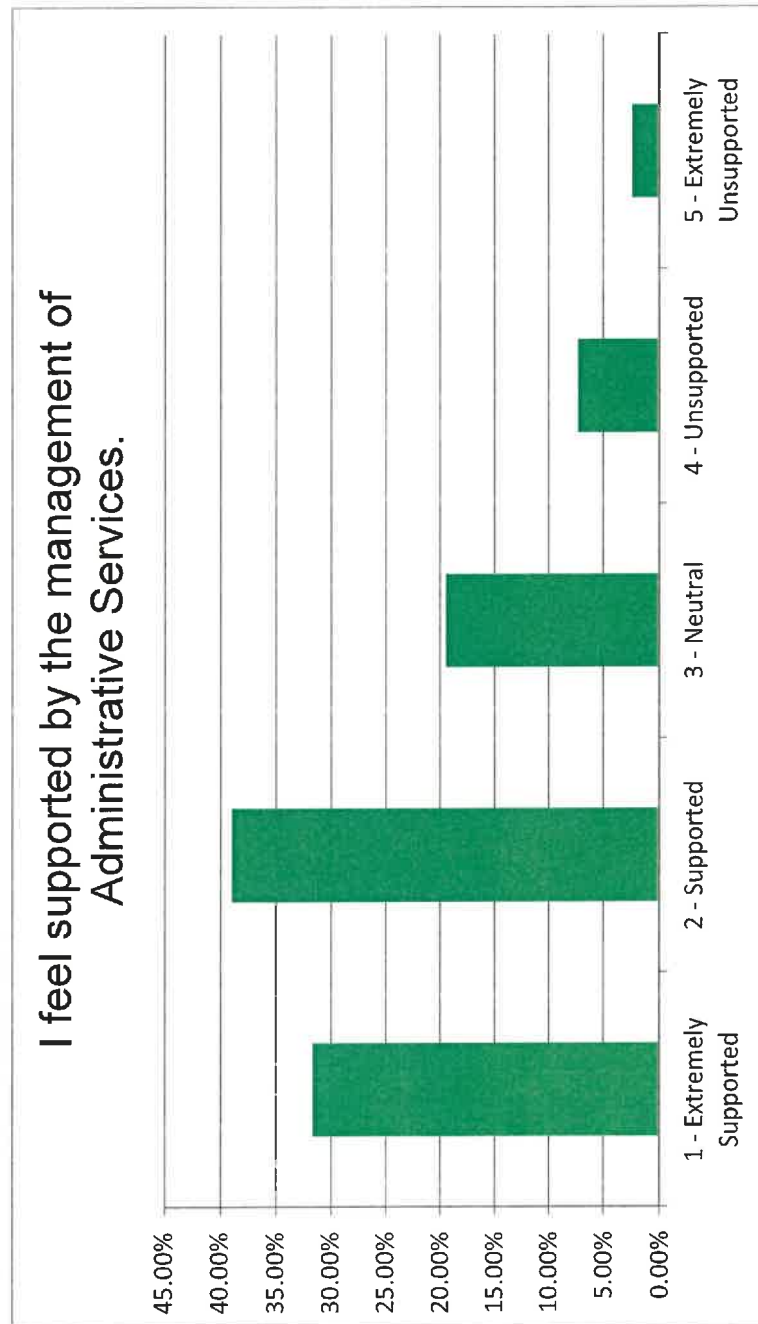
Answer Choices		Responses
1 - Extremely Supported		22
2 - Supported		9
3 - Neutral		5
4 - Unsupported		4
5 - Extremely Unsupported		1
Answered		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I feel supported by the management of Administrative Services.

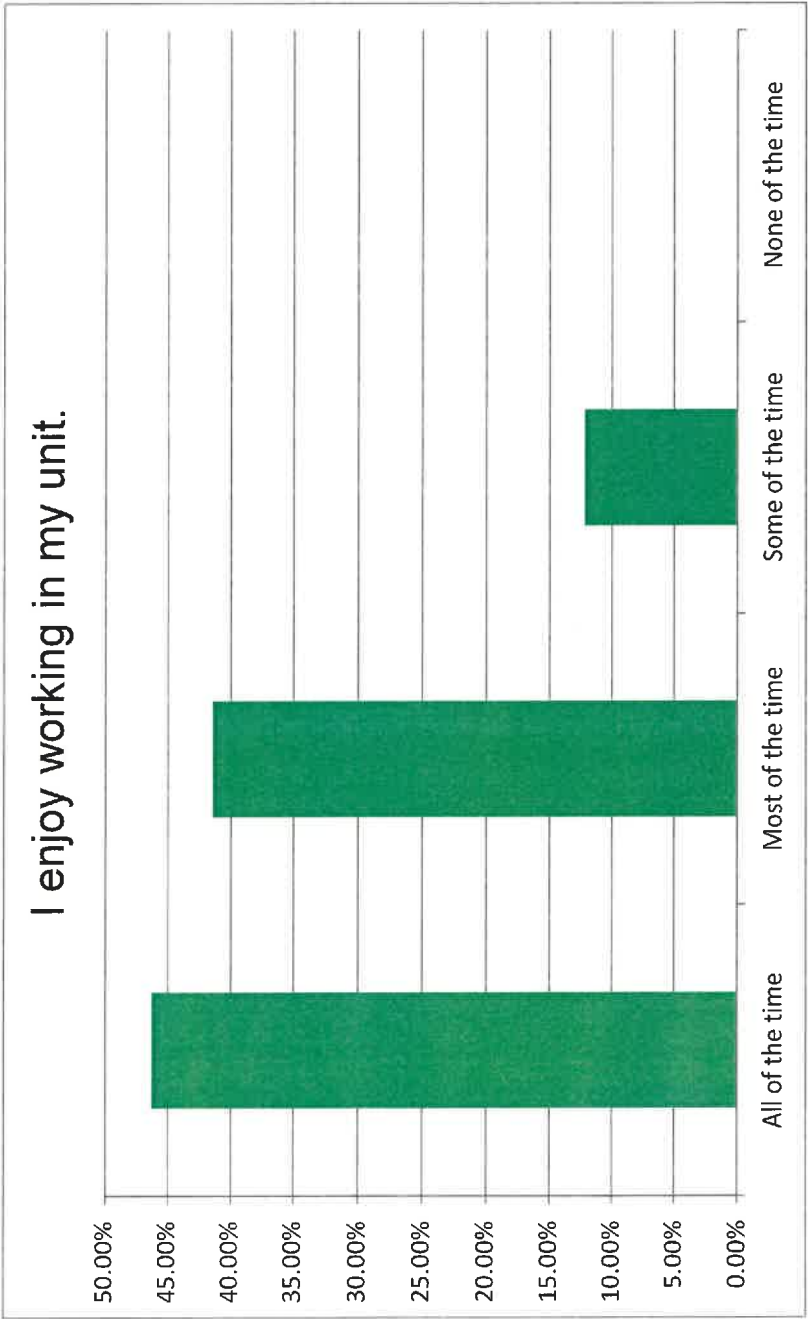
Answer Choices	Responses
1 - Extremely Supported	31.71% 13
2 - Supported	39.02% 16
3 - Neutral	19.51% 8
4 - Unsupported	7.32% 3
5 - Extremely Unsupported	2.44% 1
	Answered 41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I enjoy working in my unit.

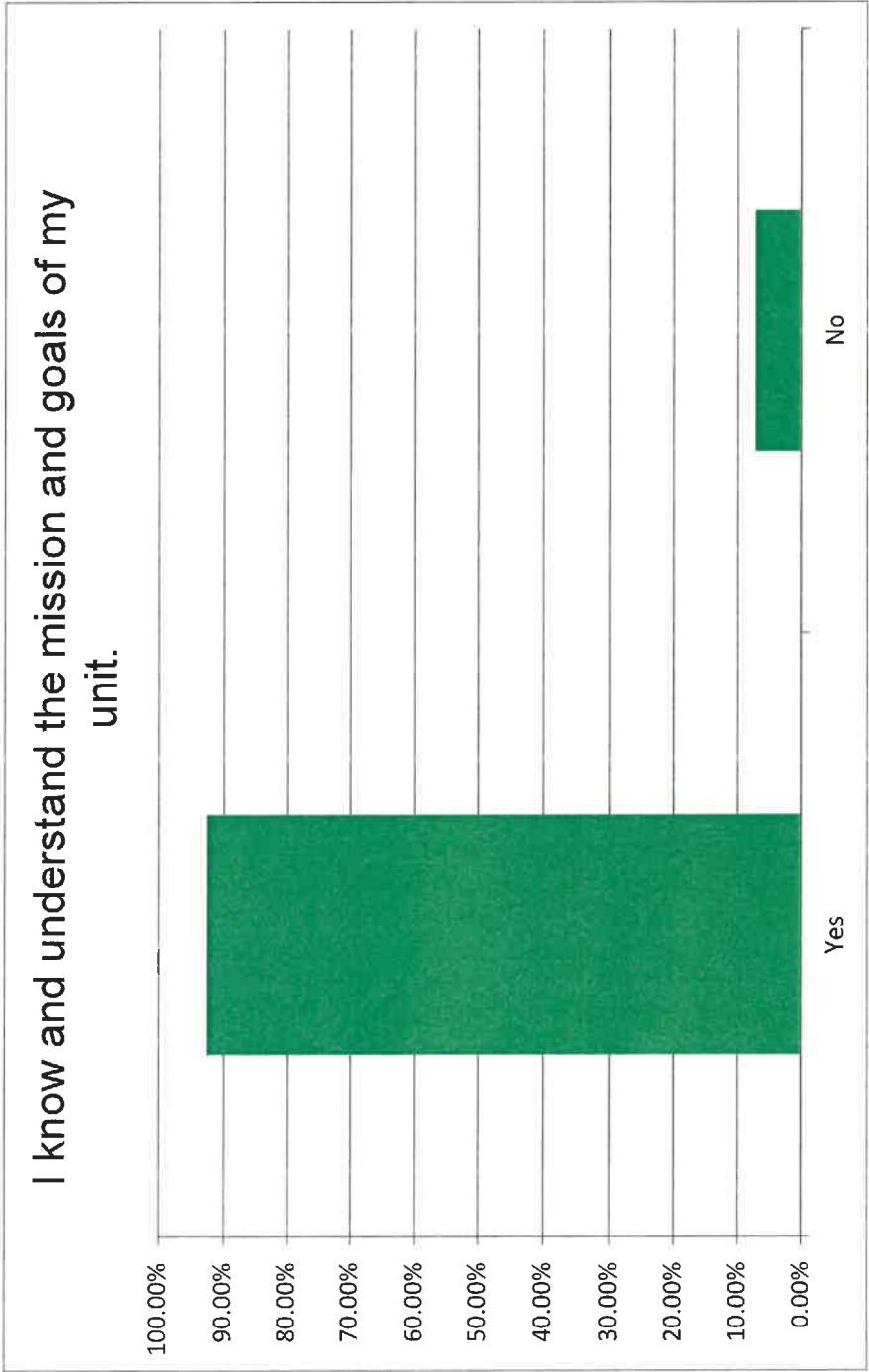
Answer Choices	Responses
All of the time	46.34% 19
Most of the time	41.46% 17
Some of the time	12.20% 5
None of the time	0.00% 0
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I know and understand the mission and goals of my unit.

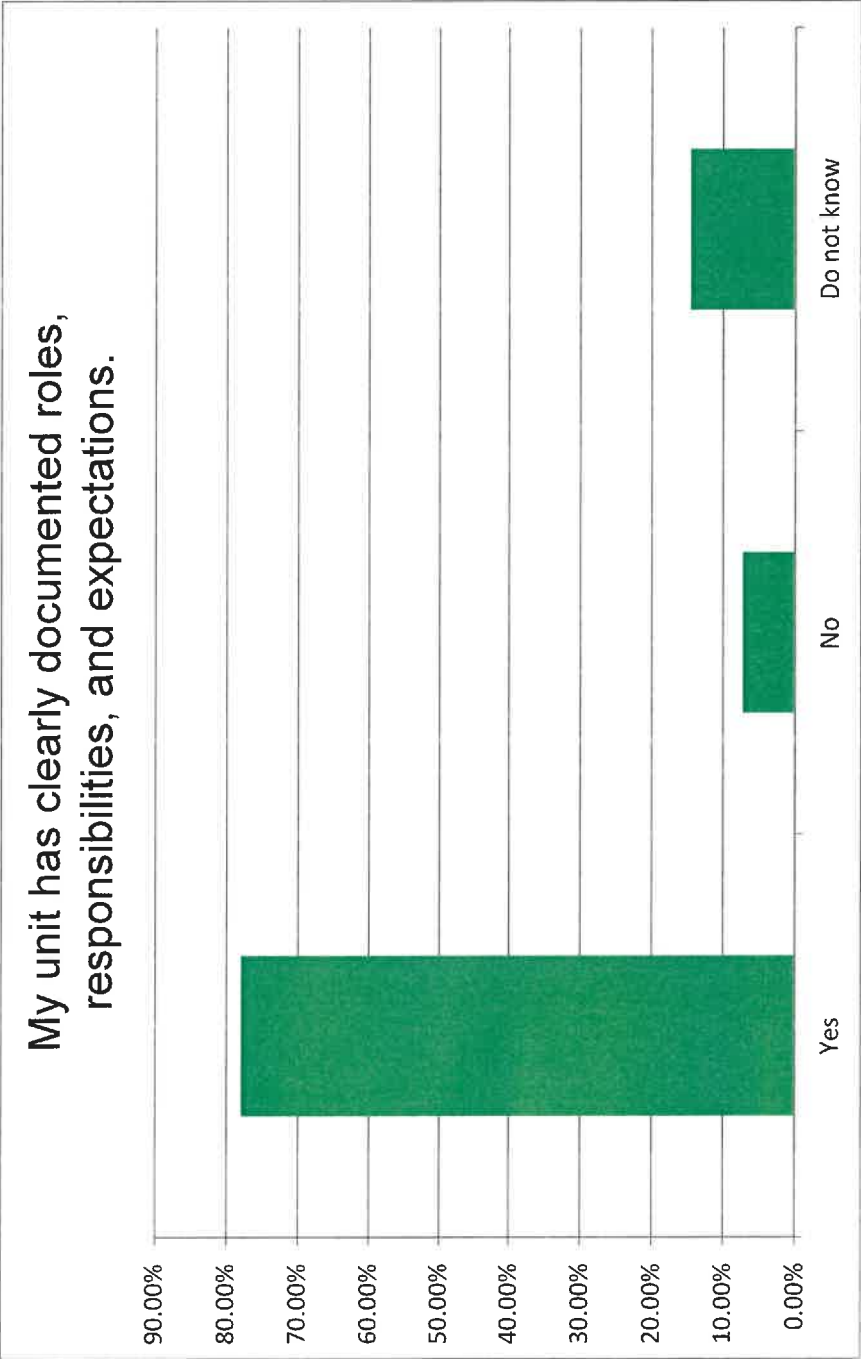
Answer Choices	Responses
Yes	92.68% 38
No	7.32% 3
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: My unit has clearly documented roles, responsibilities, and expectations.

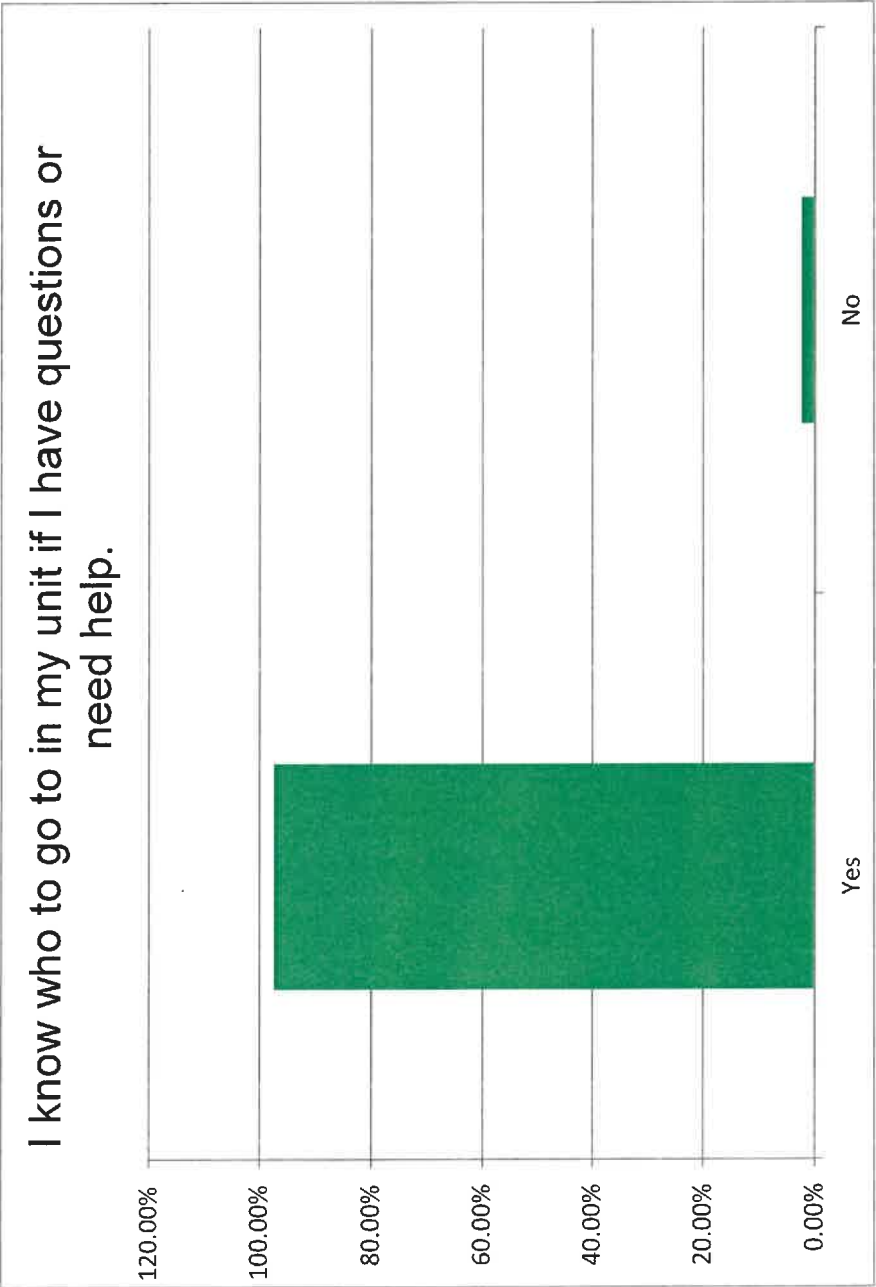
Answer Choices	Responses	Answered
Yes	78.05%	32
No	7.32%	3
Do not know	14.63%	6
		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I know who to go to in my unit if I have questions or need help.

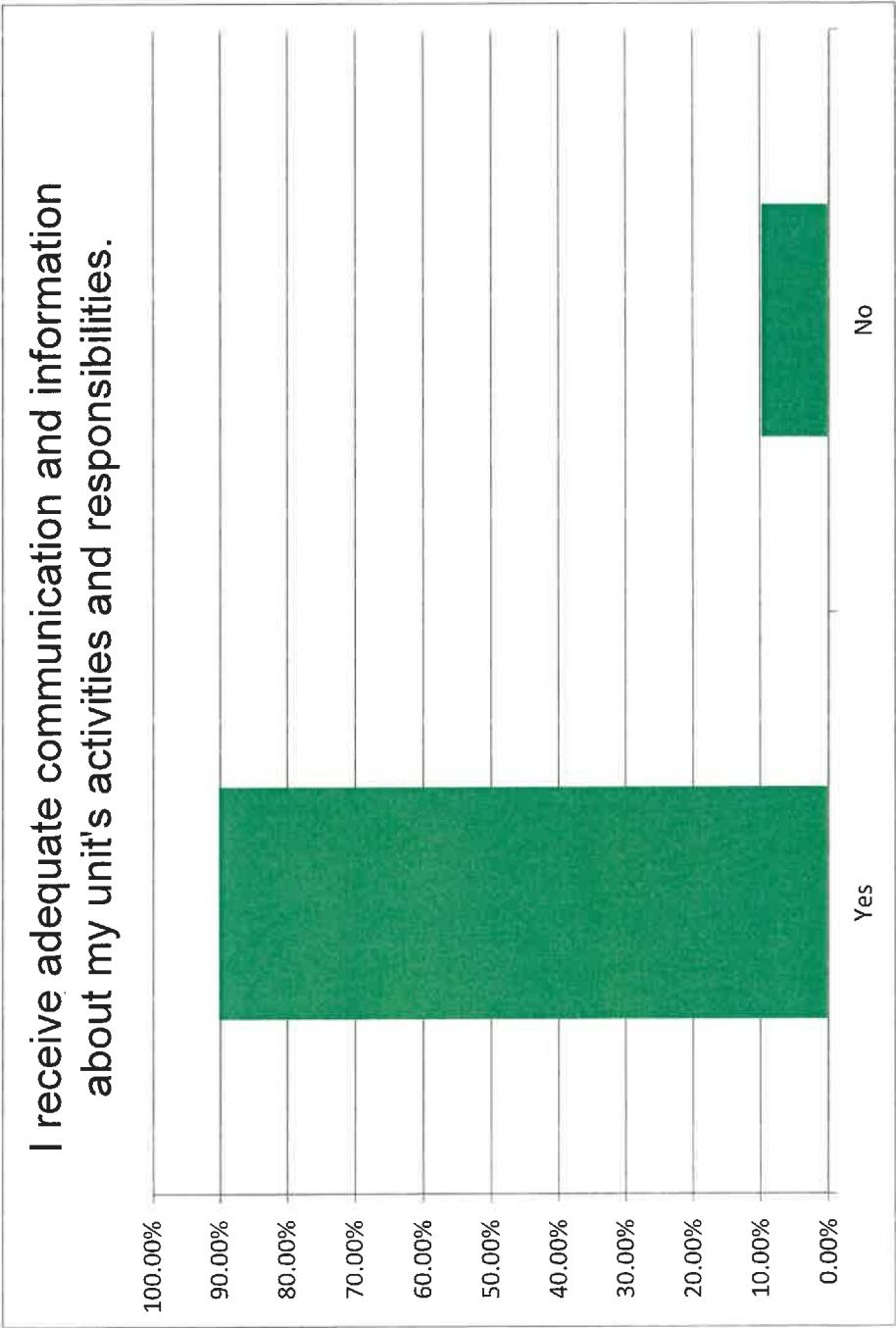
Answer Choices	Responses
Yes	97.56% 40
No	2.44% 1
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate communication and information about my unit's activities and responsibilities.

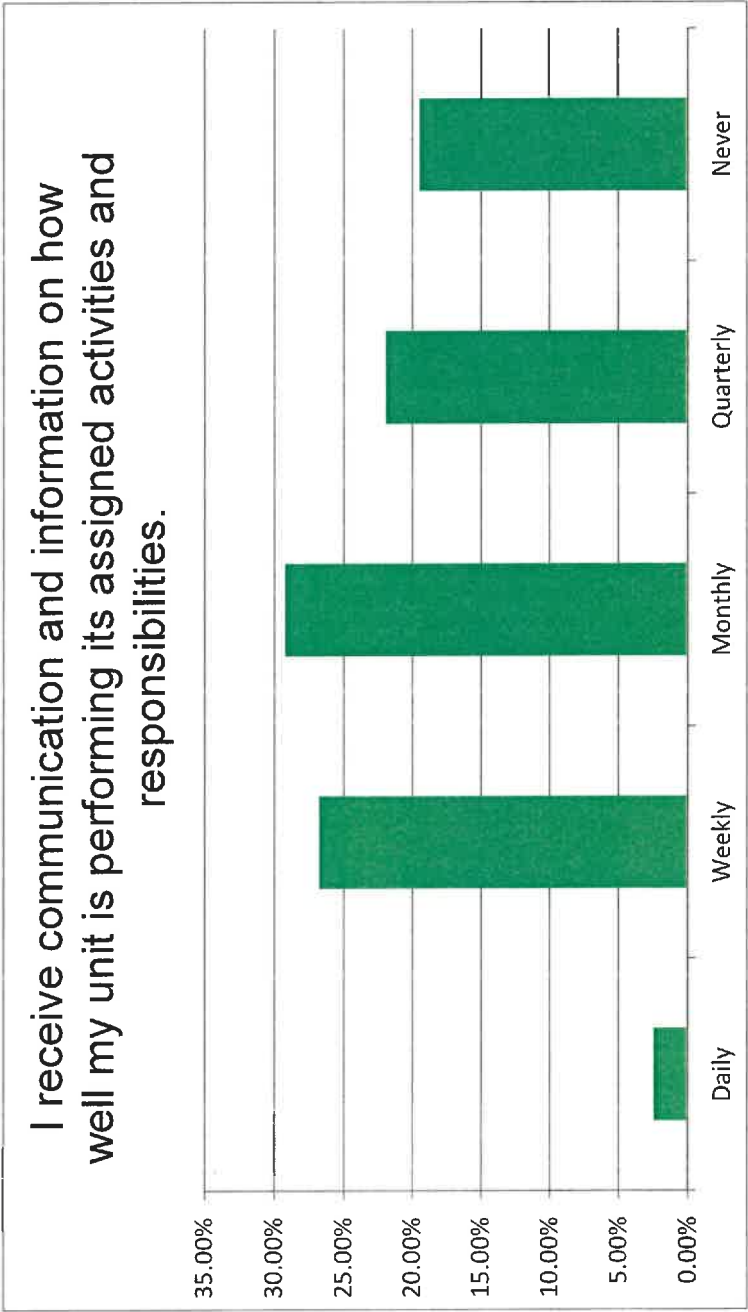
Answer Choices	Responses	
Yes	90.24%	37
No	9.76%	4
Answered		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive communication and information on how well my unit is performing its assigned activities and responsibilities.

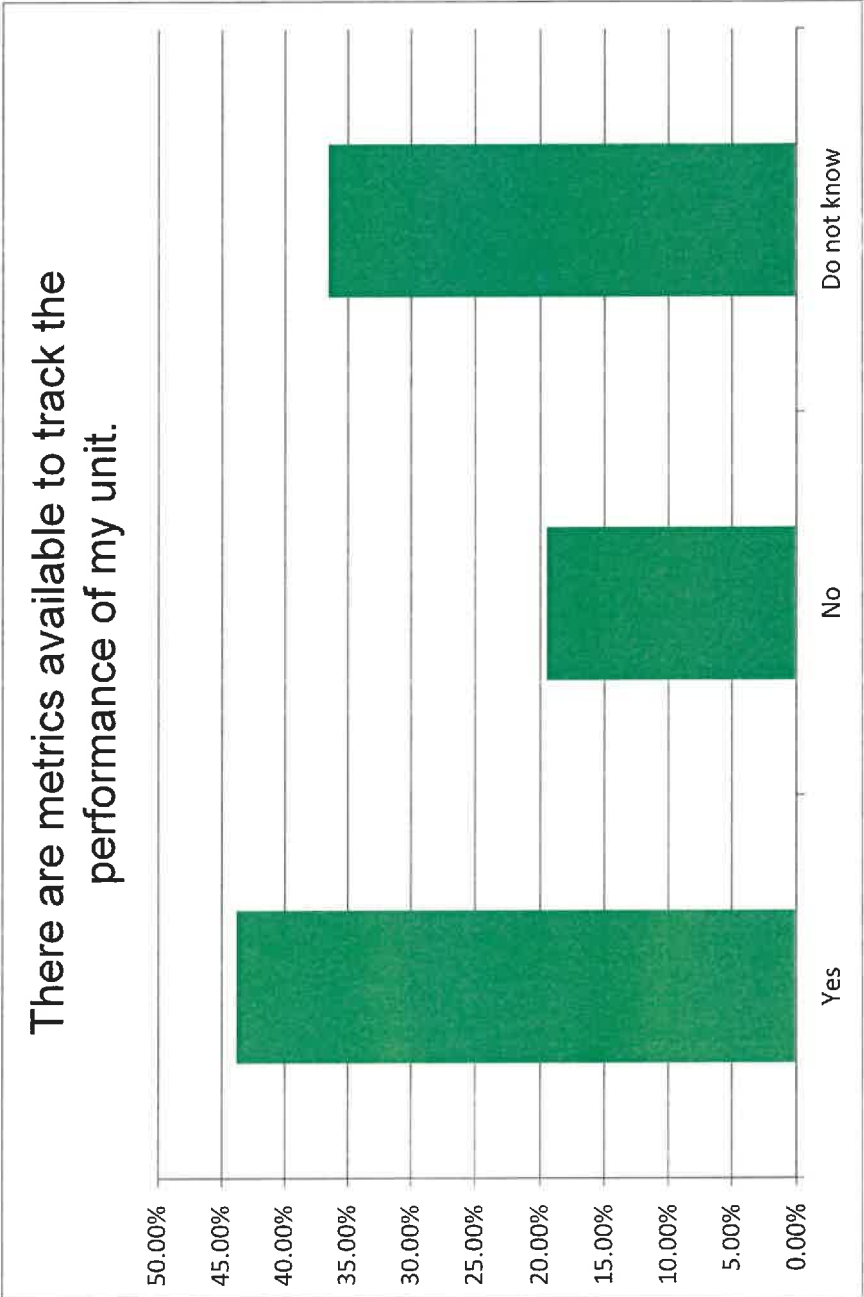
Answer Choices	Responses
Daily	2.44% 1
Weekly	26.83% 11
Monthly	29.27% 12
Quarterly	21.95% 9
Never	19.51% 8
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: There are metrics available to track the performance of my unit.

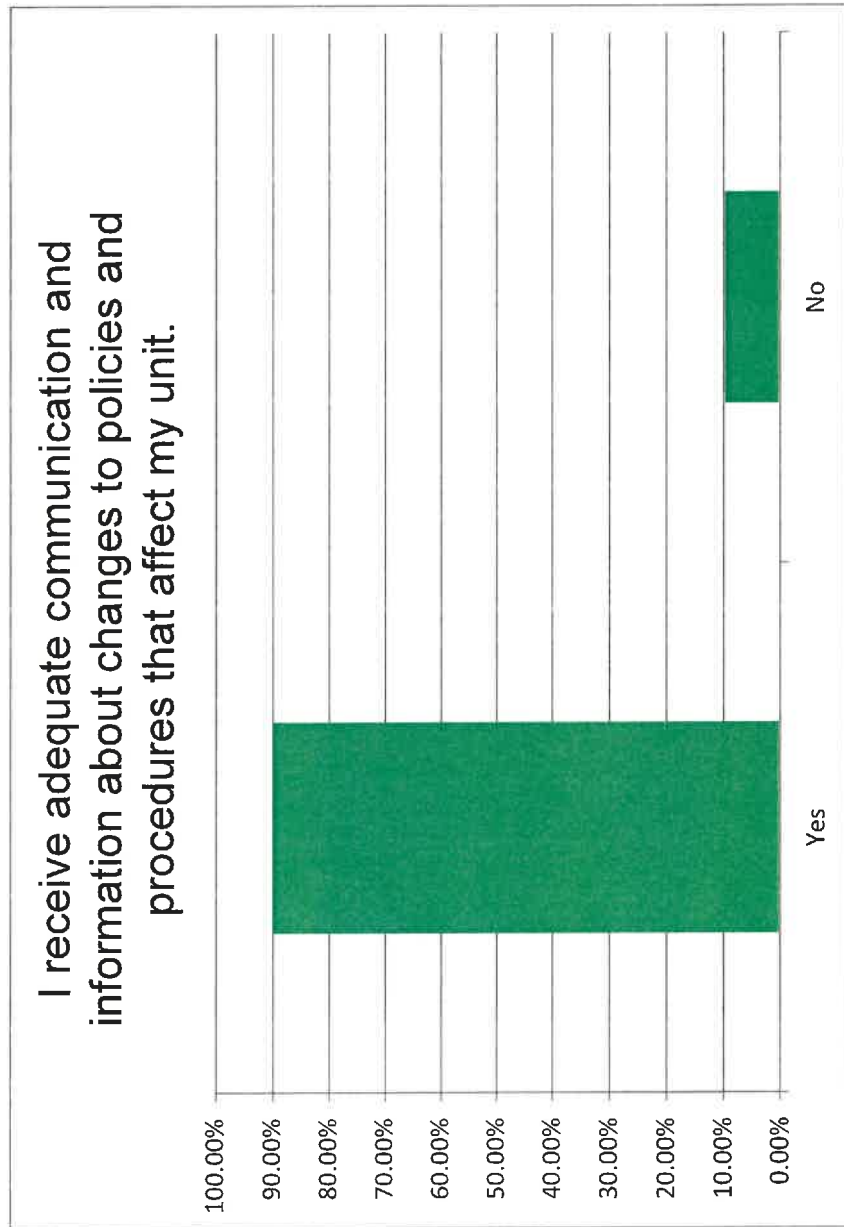
Answer Choices	Responses
Yes	43.90% 18
No	19.51% 8
Do not know	36.59% 15
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate communication and information about changes to policies and procedures that affect my unit.

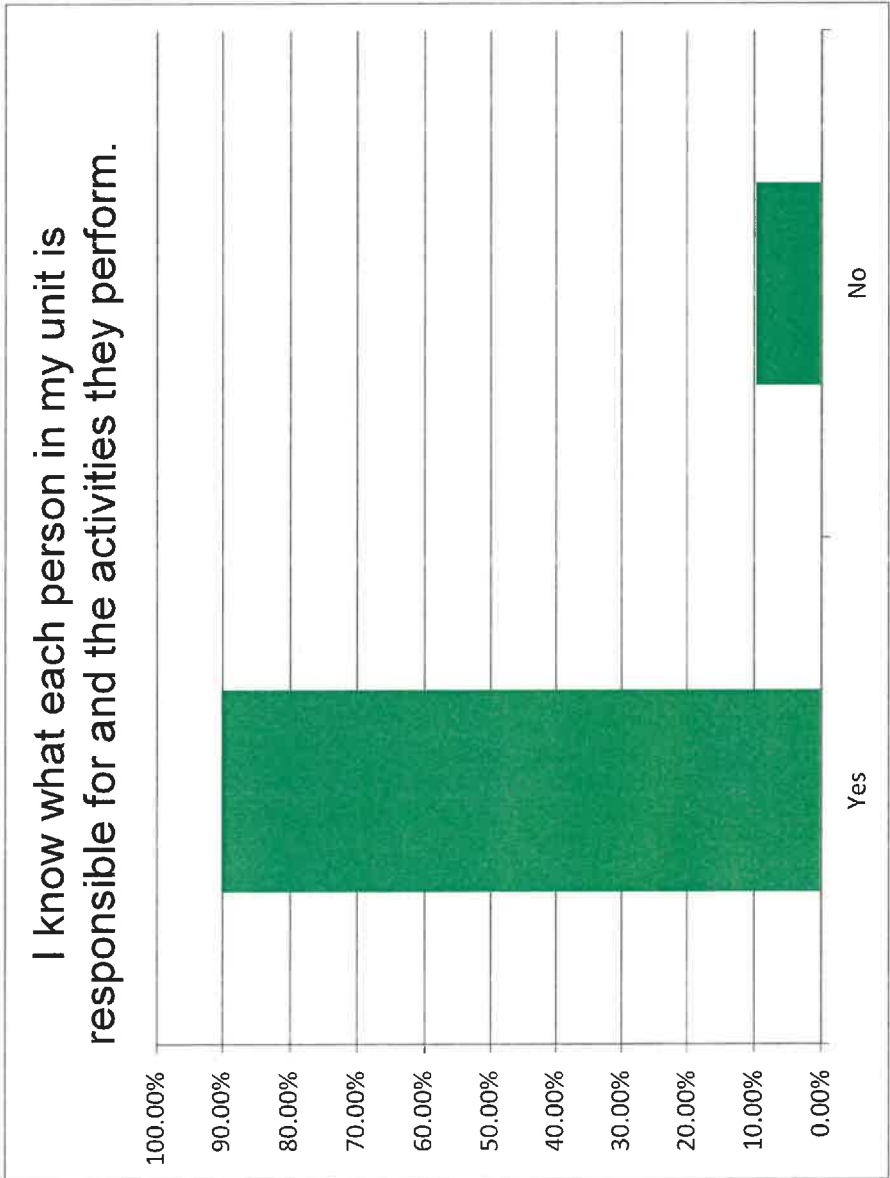
Answer Choices	Responses
Yes	90.24% 37
No	9.76% 4
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I know what each person in my unit is responsible for and the activities they perform.

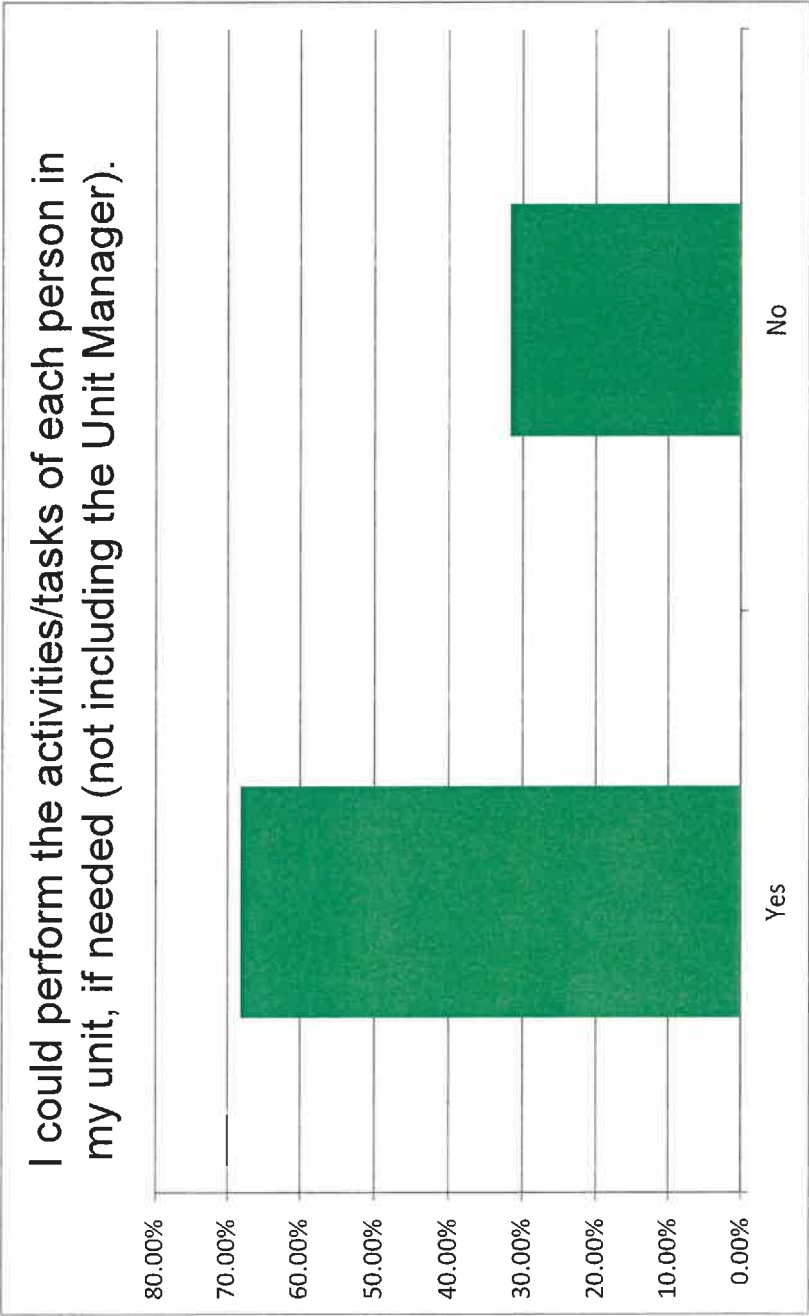
Answer Choices	Responses	
Yes	90.24%	37
No	9.76%	4
Answered		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I could perform the activities/tasks of each person in my unit, if needed (not including the Unit Manager).

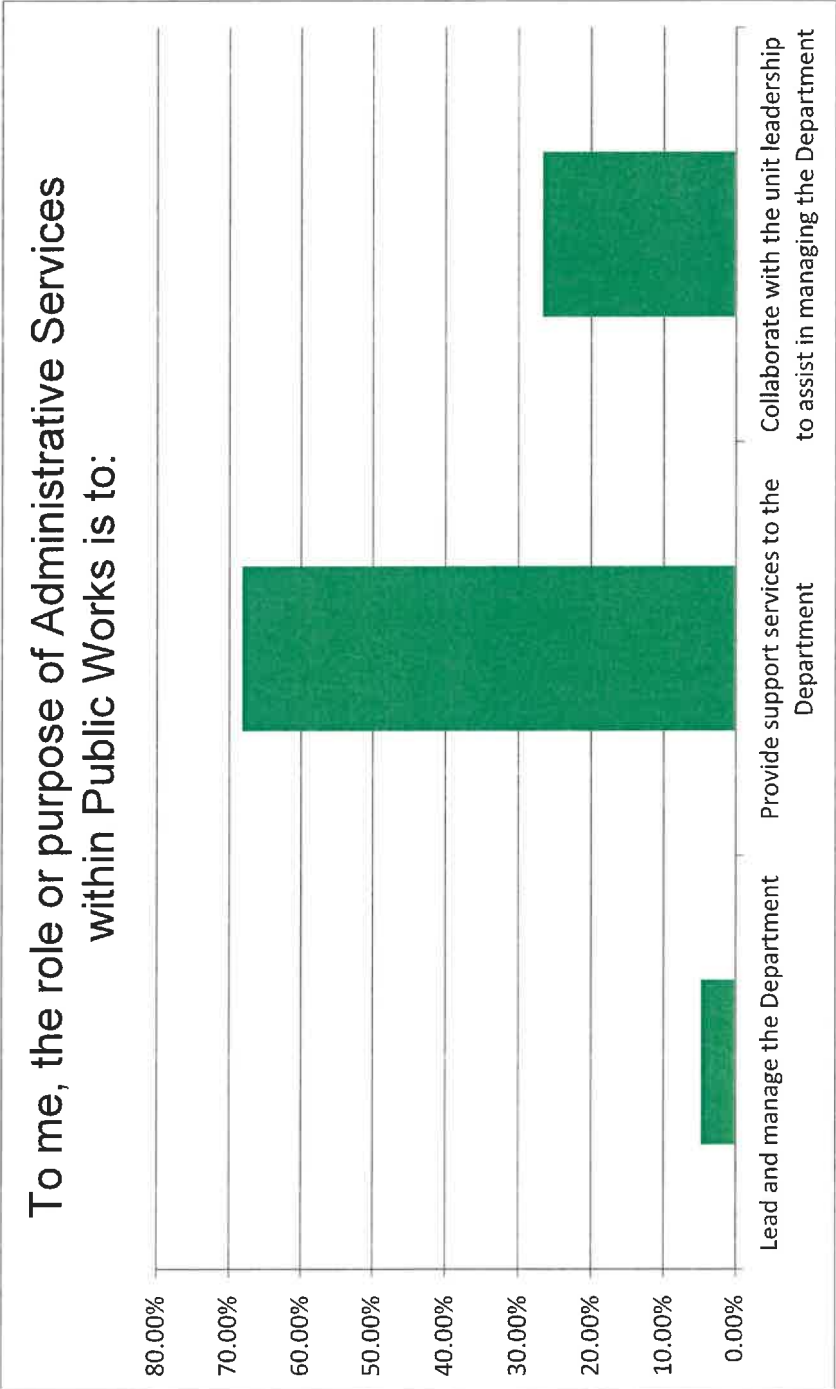
Answer Choices		Responses
Yes		28
No		13
Answered		41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: To me, the role or purpose of Administrative Services within Public Works is to:

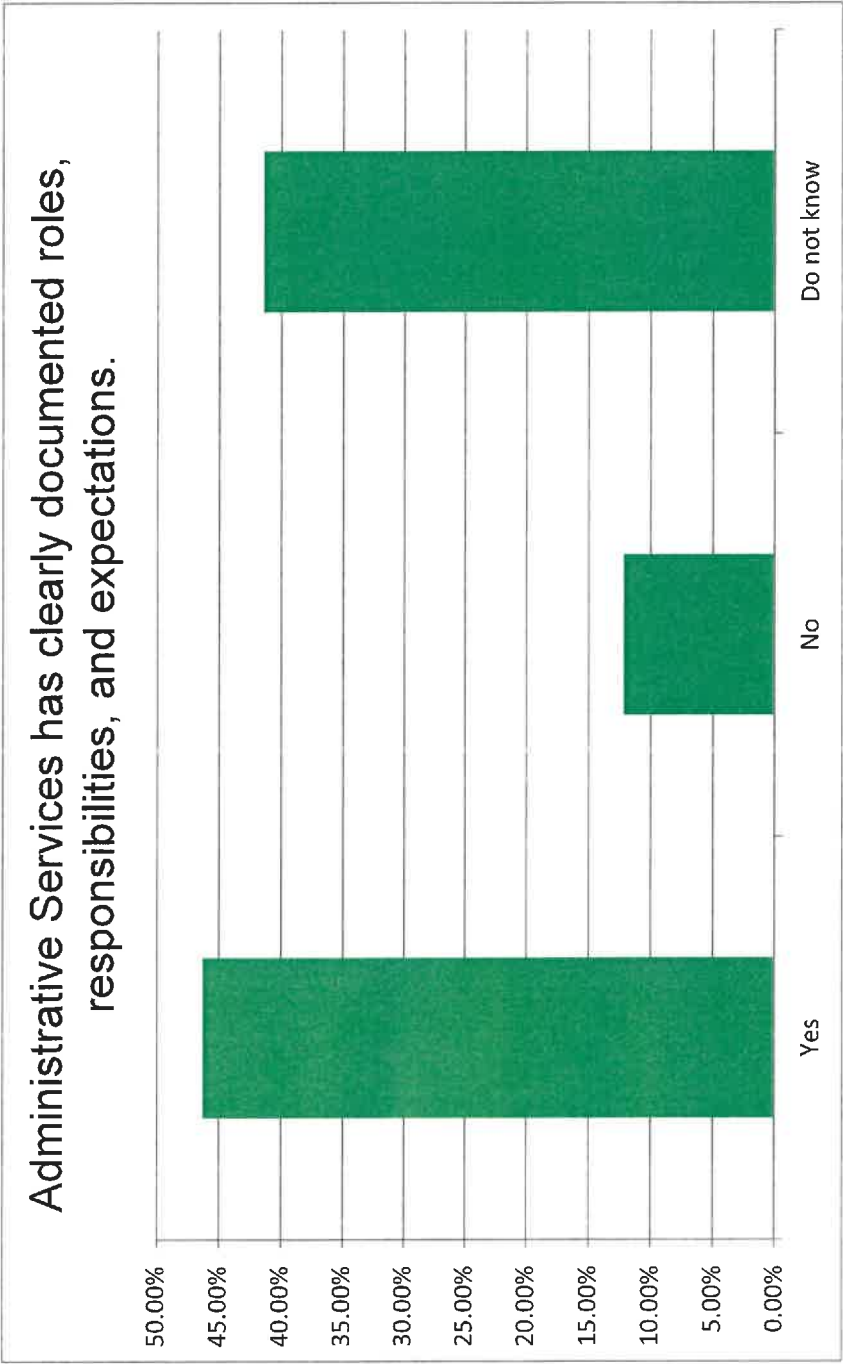
Answer Choices	Responses
Lead and manage the Department	2 4.88%
Provide support services to the Department	28 68.29%
Collaborate with the unit leadership to assist in managing the Department	11 26.83%
	Answered 41



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: Administrative Services has clearly documented roles, responsibilities, and expectations.

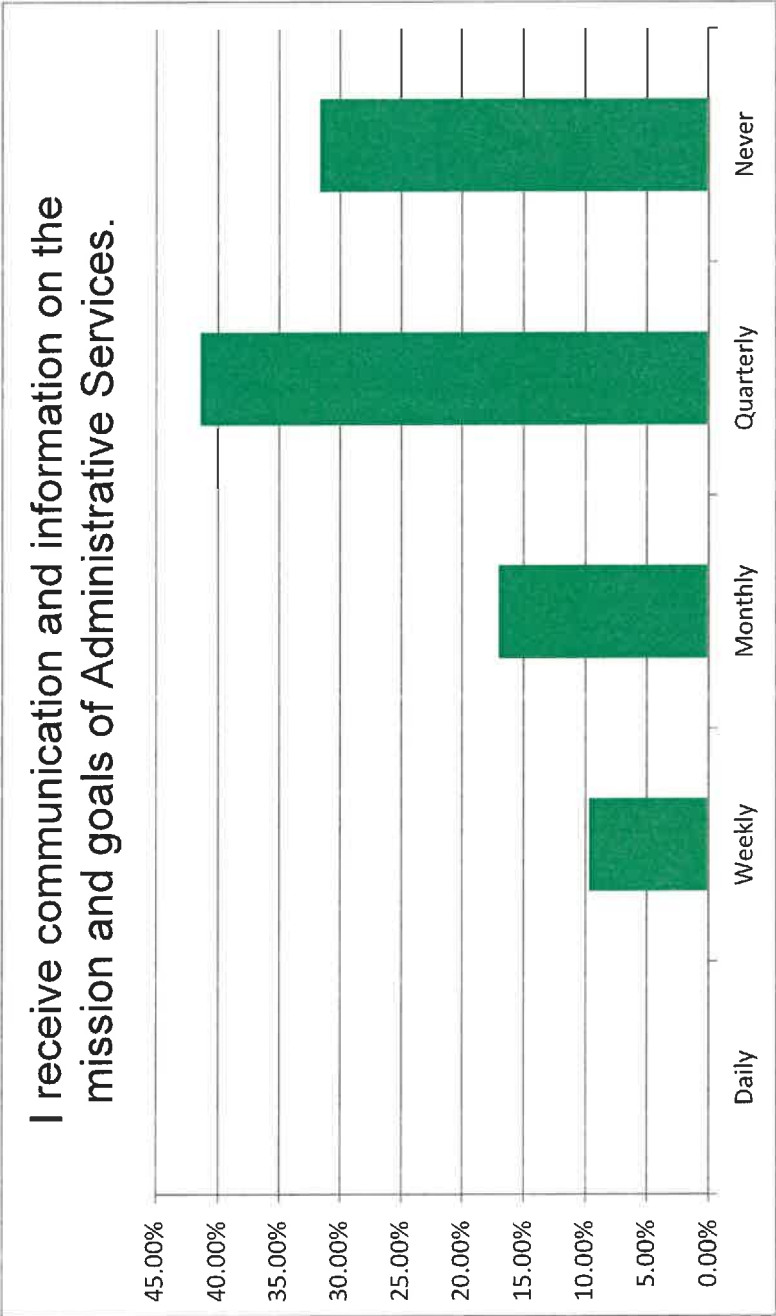
Answer Choices	Responses
Yes	46.34% 19
No	12.20% 5
Do not know	41.46% 17
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive communication and information on the mission and goals of Administrative Services.

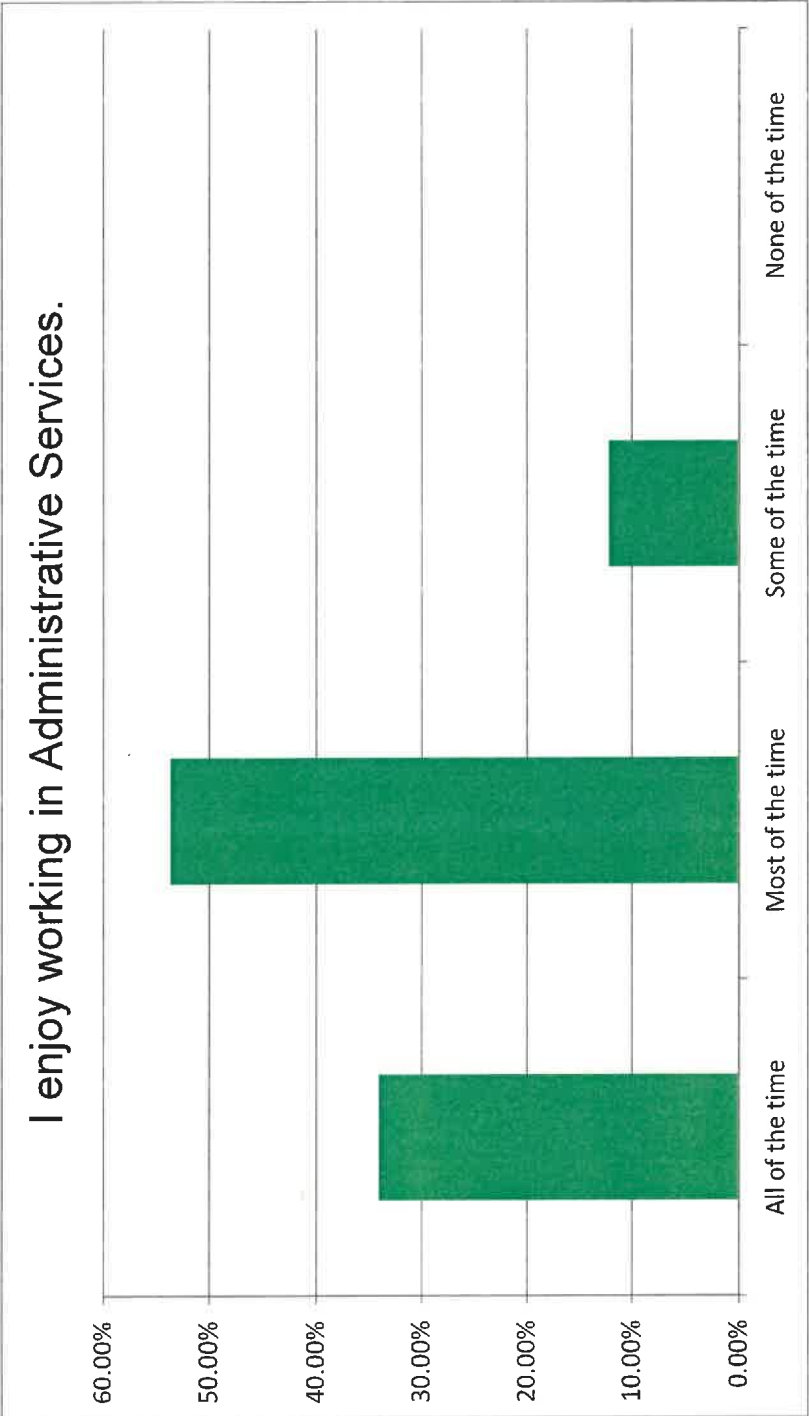
Answer Choices	Responses
Daily	0.00% 0
Weekly	9.76% 4
Monthly	17.07% 7
Quarterly	41.46% 17
Never	31.71% 13
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I enjoy working in Administrative Services.

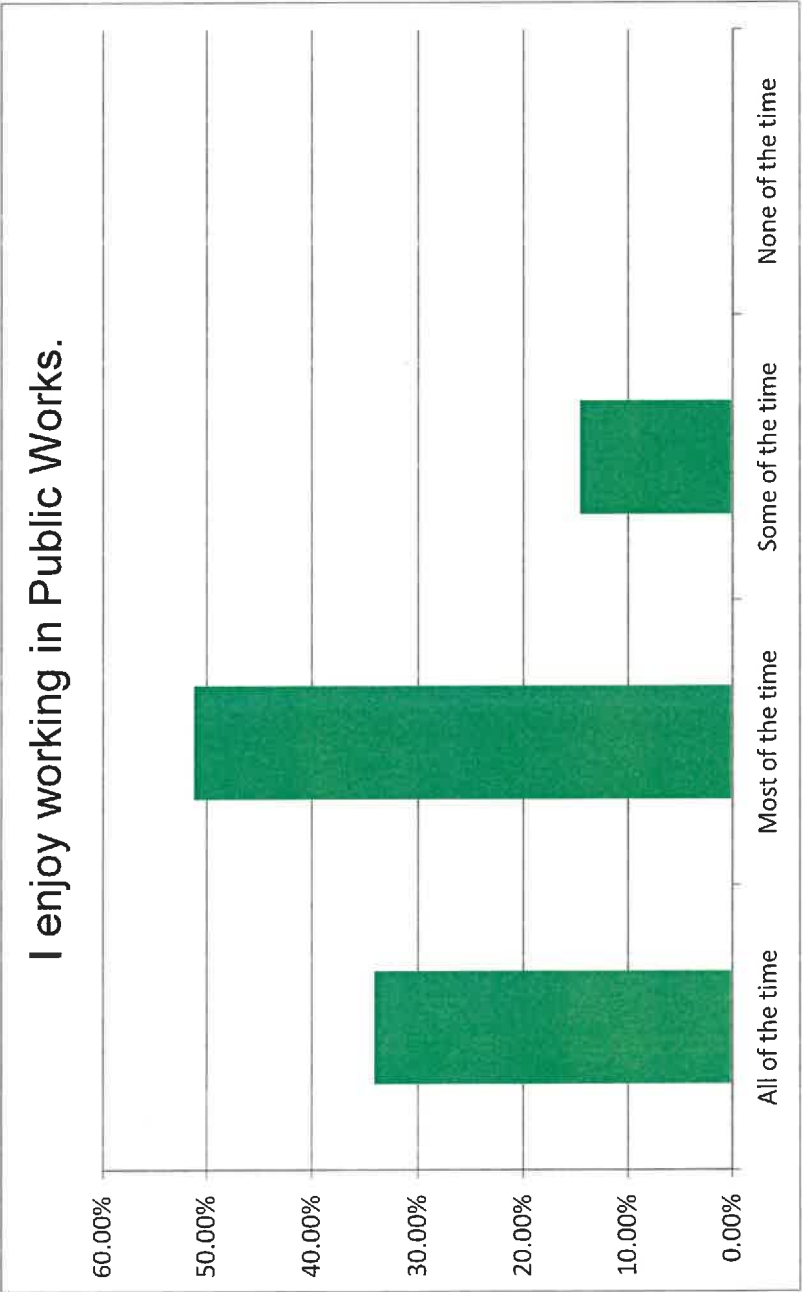
Answer Choices	Responses
All of the time	34.15%14
Most of the time	53.66%22
Some of the time	12.20%5
None of the time	0.00%0
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I enjoy working in Public Works.

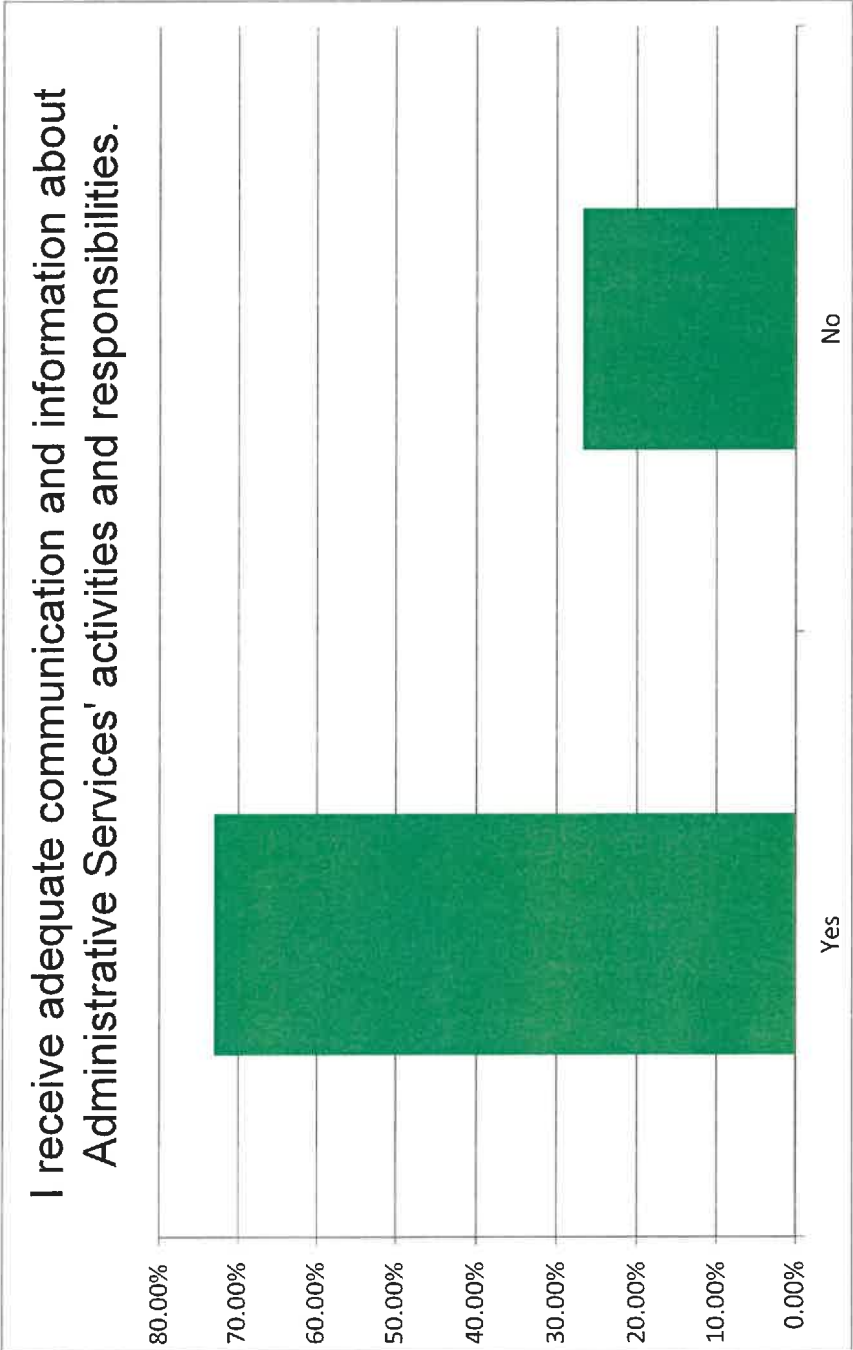
Answer Choices	Responses
All of the time	34.15%14
Most of the time	51.22%21
Some of the time	14.63%6
None of the time	0.00%0
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate communication and information about Administrative Services' activities and responsibilities.

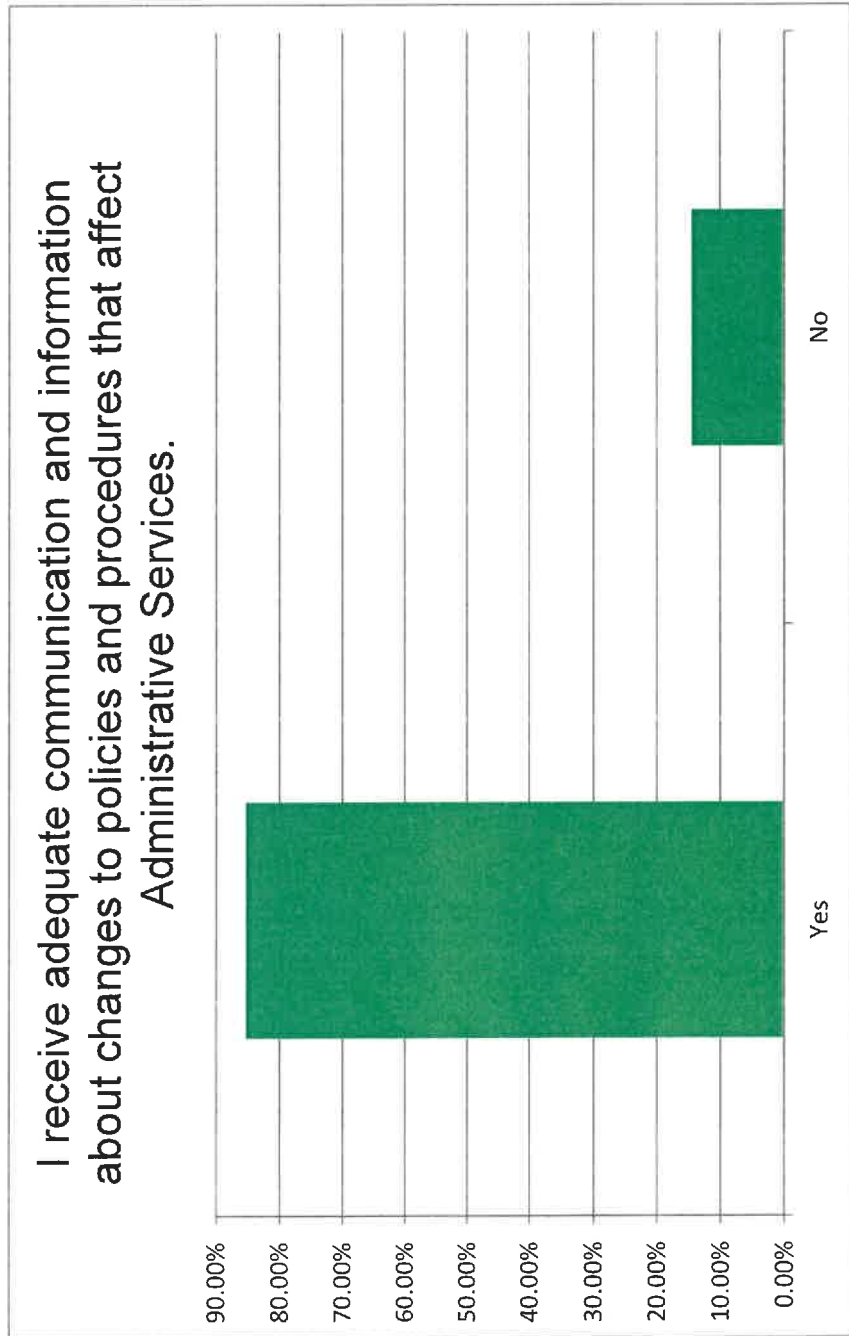
Answer Choices		Responses
Yes	<div></div>	73.17% 30
No	<div></div>	26.83% 11



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I receive adequate communication and information about changes to policies and procedures that affect Administrative Services.

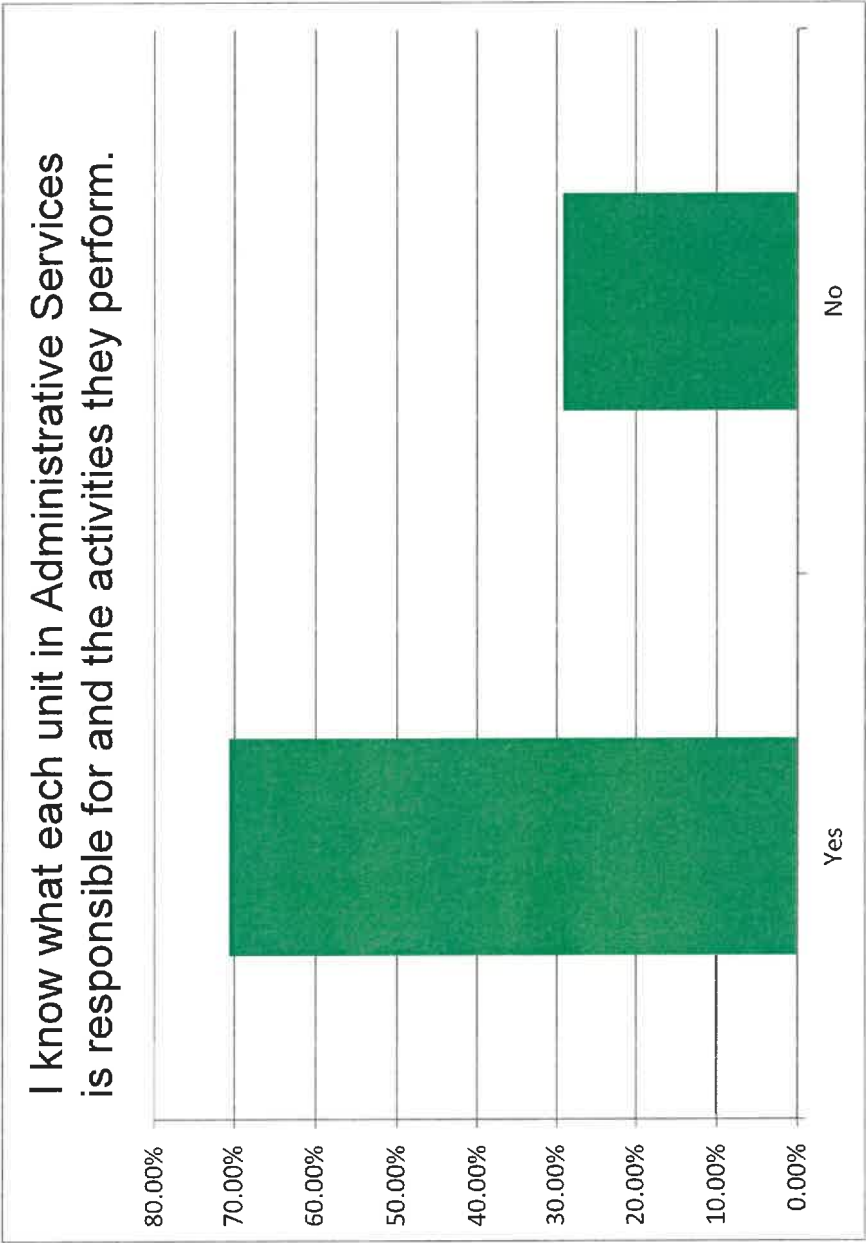
Answer Choices	Responses
Yes	85.37% 35
No	14.63% 6
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I know what each unit in Administrative Services is responsible for and the activities they perform.

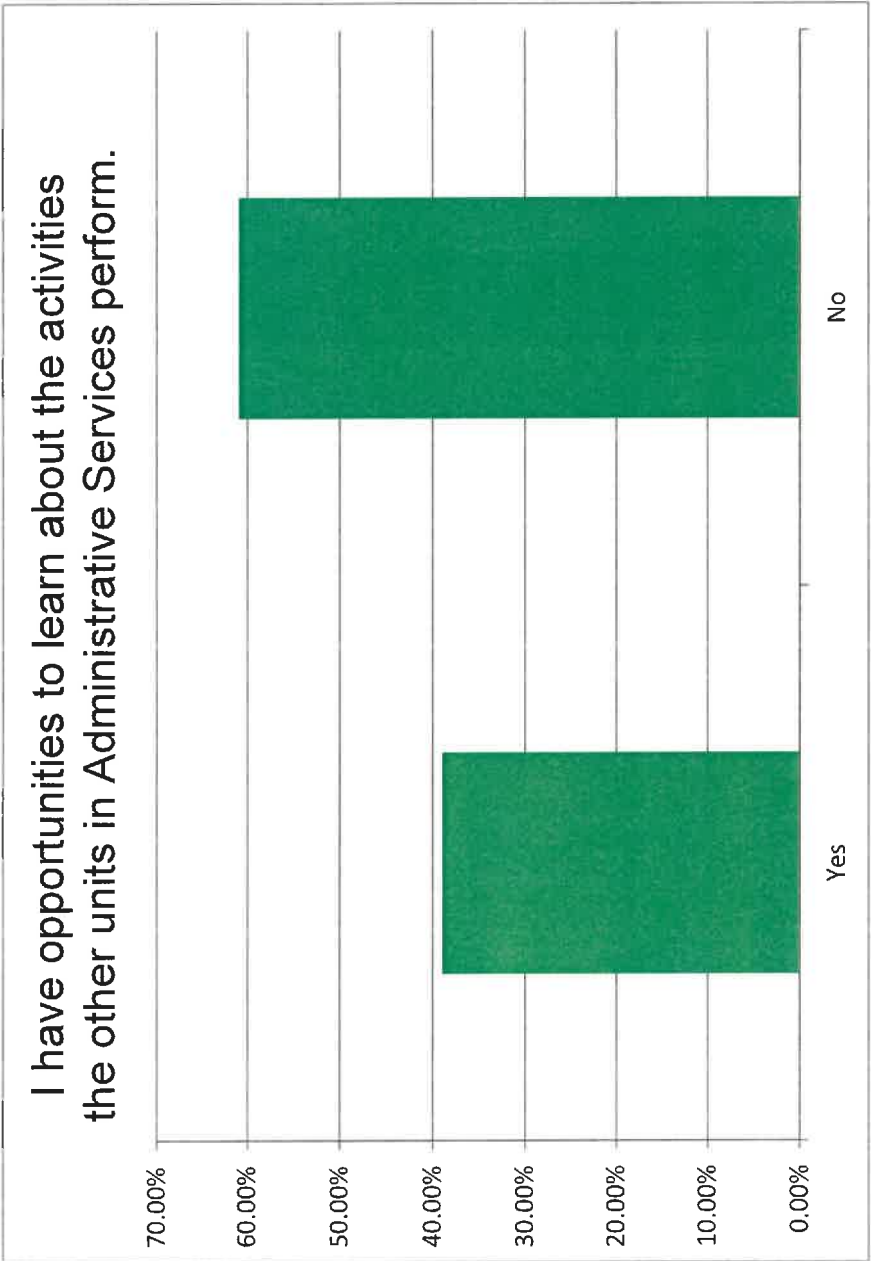
Answer Choices	Responses
Yes	70.73% 29
No	29.27% 12
Answered 41	



Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I have opportunities to learn about the activities the other units in Administrative Services perform.

Answer Choices	Responses	
Yes	39.02%	16
No	60.98%	25
Answered		41

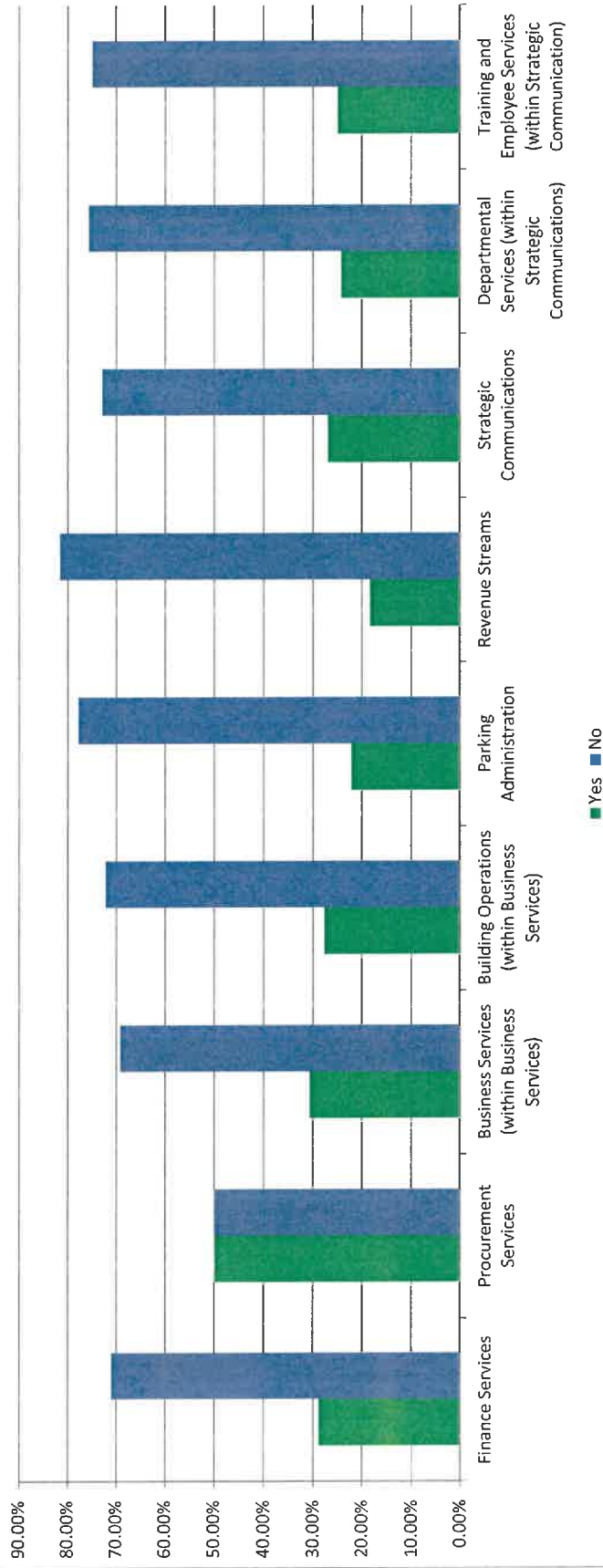


Appendix 1: Feedback Survey of Orange County Public Works (OCPW)
Administrative Services Staff

Question: I could perform the activities of the following units in Administrative Services, if needed:

	Answer Choices		
	Yes	No	Total
Finance Services	28.95%	71.05%	38
Procurement Services	50.00%	50.00%	38
Business Services (within Business Services)	30.77%	69.23%	39
Building Operations (within Business Services)	27.78%	72.22%	36
Parking Administration	22.22%	77.78%	36
Revenue Streams	18.42%	81.58%	38
Strategic Communications	27.03%	72.97%	37
Departmental Services (within Strategic Communications)	24.32%	75.68%	37
Training and Employee Services (within Strategic Communication)	25.00%	75.00%	36

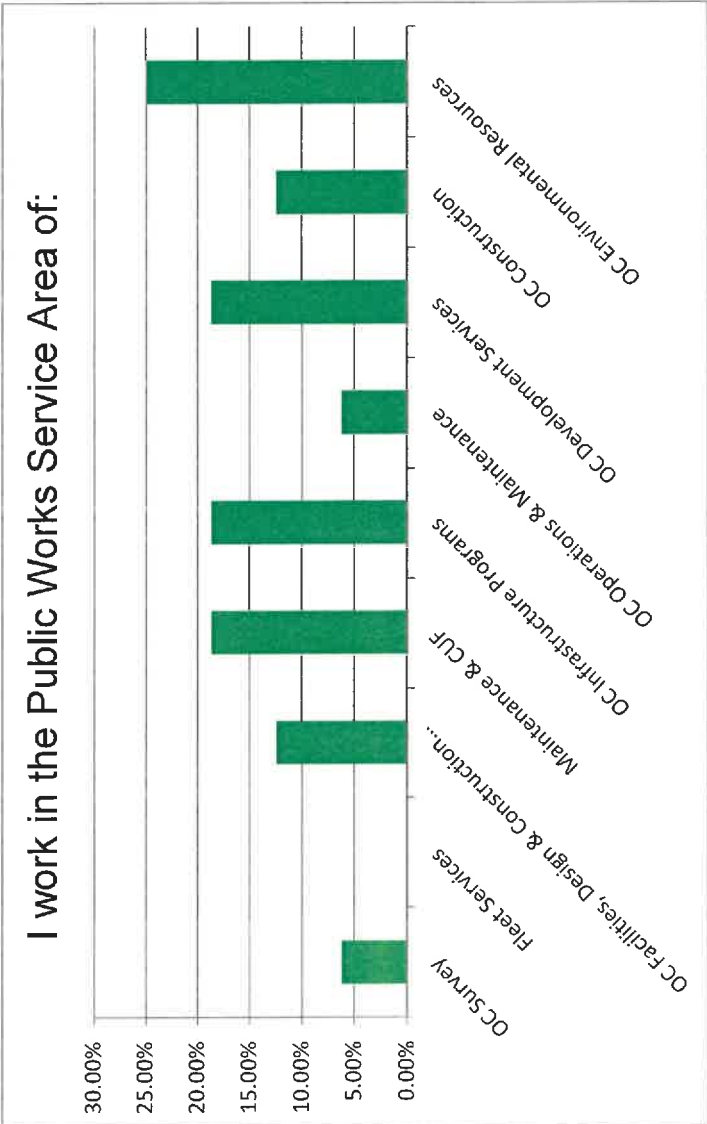
I could perform the activities of the following units in Administrative Services, if needed:



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I work in the Public Works Service Area of:

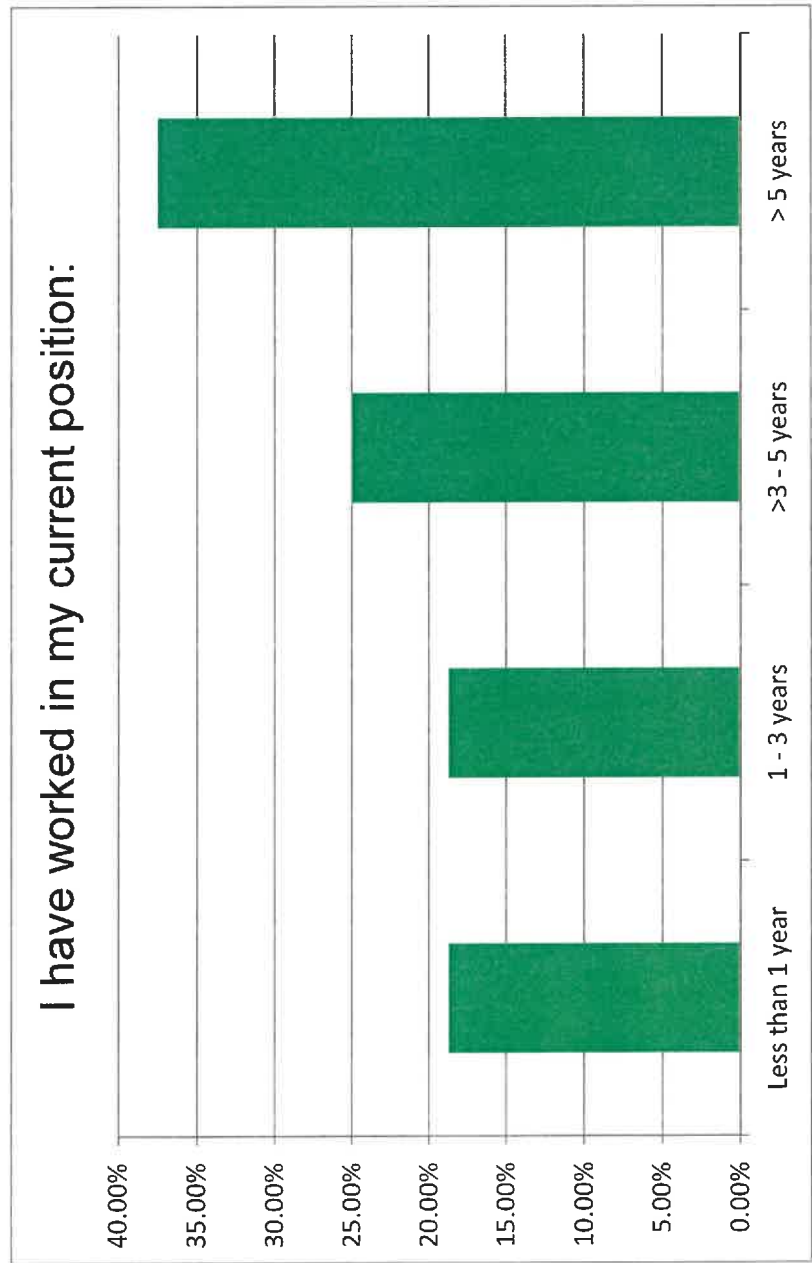
Answer Choices	Responses
OC Survey	1
Fleet Services	0
OC Facilities, Design & Construction Management Maintenance & CUF	2
OC Infrastructure Programs	3
OC Operations & Maintenance	3
OC Development Services	1
OC Construction	3
OC Environmental Resources	2
	4
	16
Answered	



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I have worked in my current position:

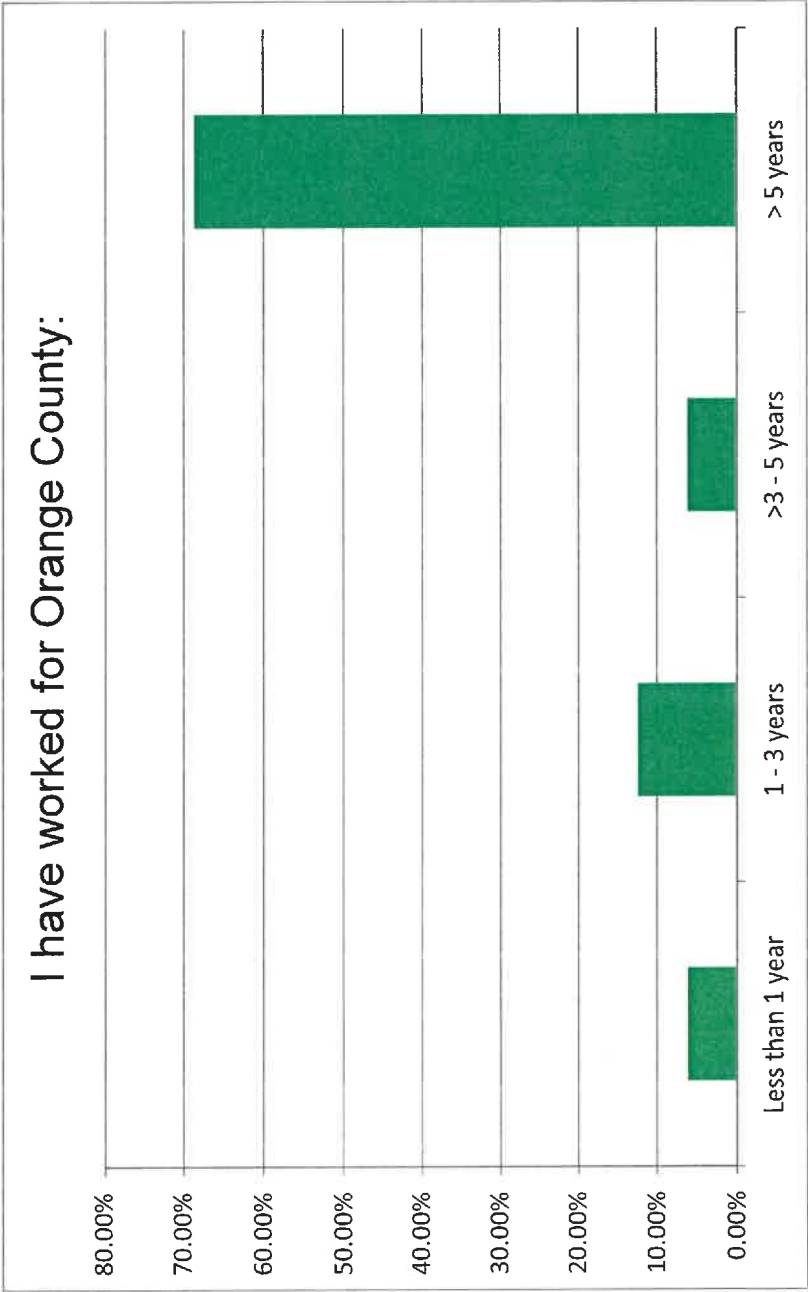
Answer Choices	Responses
Less than 1 year	18.75% 3
1 - 3 years	18.75% 3
>3 - 5 years	25.00% 4
> 5 years	37.50% 6
Answered 16	



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I have worked for Orange County:

Answer Choices	Responses
Less than 1 year	1
1 - 3 years	2
>3 - 5 years	1
> 5 years	11
Answered 16	

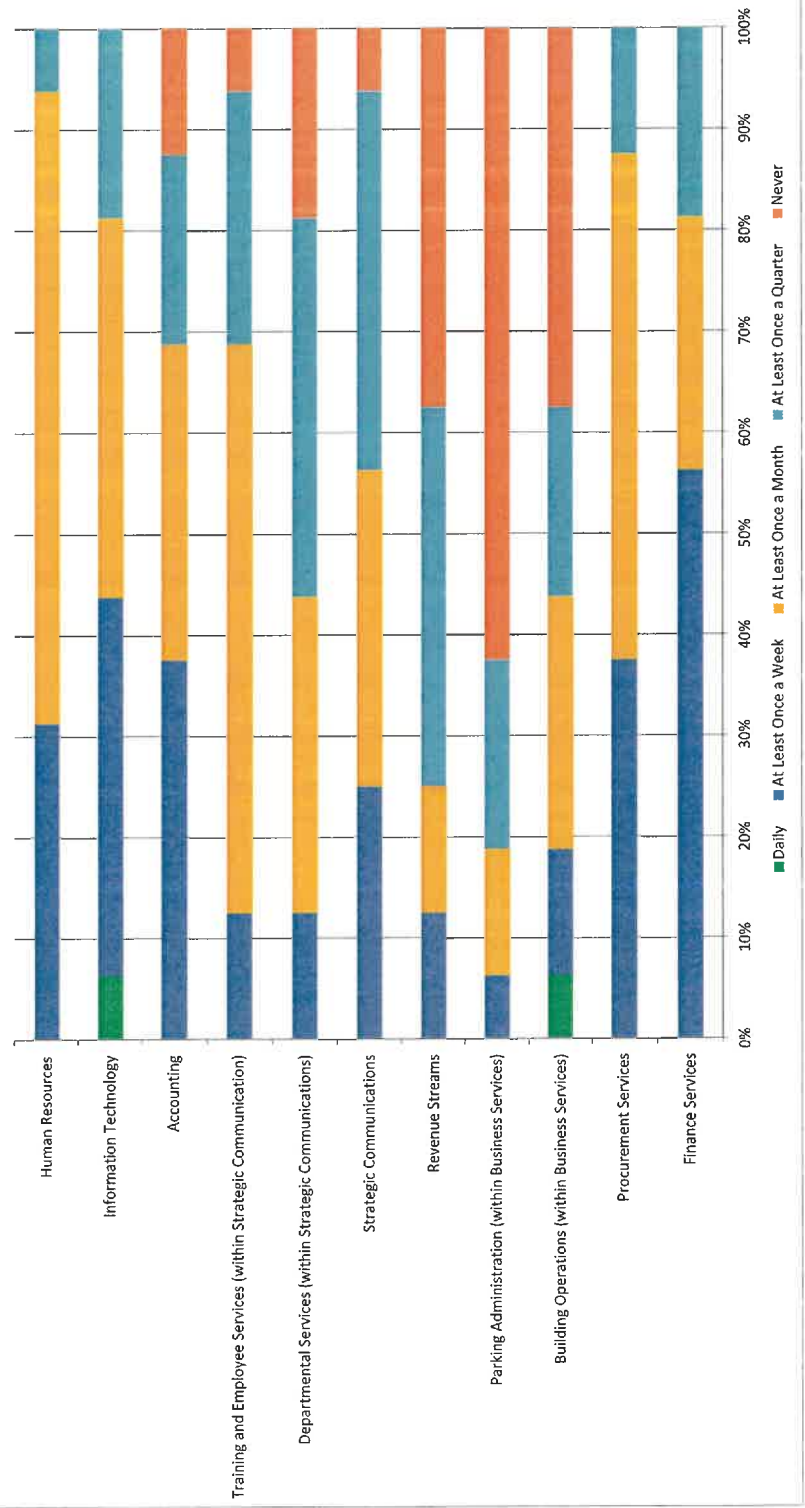


**Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff**

Question: I work with, or interact with, the following Administrative Services units:

Answer Choices	Daily	At Least Once a Week	At Least Once a Month	At Least Once a Quarter	Never	Total					
Finance Services	0.00%	0	56.25%	9	25.00%	4	18.75%	3	0.00%	0	16
Procurement Services	0.00%	0	37.50%	6	50.00%	8	12.50%	2	0.00%	0	16
Building Operations (within Business Services)	6.25%	1	12.50%	2	25.00%	4	18.75%	3	37.50%	6	16
Parking Administration (within Business Services)	0.00%	0	6.25%	1	12.50%	2	18.75%	3	62.50%	10	16
Revenue Streams	0.00%	0	12.50%	2	12.50%	2	37.50%	6	37.50%	6	16
Strategic Communications	0.00%	0	25.00%	4	31.25%	5	37.50%	6	6.25%	1	16
Departmental Services (within Strategic Communications)	0.00%	0	12.50%	2	31.25%	5	37.50%	6	18.75%	3	16
Training and Employee Services (within Strategic Communication)	0.00%	0	12.50%	2	56.25%	9	25.00%	4	6.25%	1	16
Accounting	0.00%	0	37.50%	6	31.25%	5	18.75%	3	12.50%	2	16
Information Technology	6.25%	1	37.50%	6	37.50%	6	18.75%	3	0.00%	0	16
Human Resources	0.00%	0	31.25%	5	62.50%	10	6.25%	1	0.00%	0	16
Answered											16

I work with, or interact with, the following Administrative Services units:

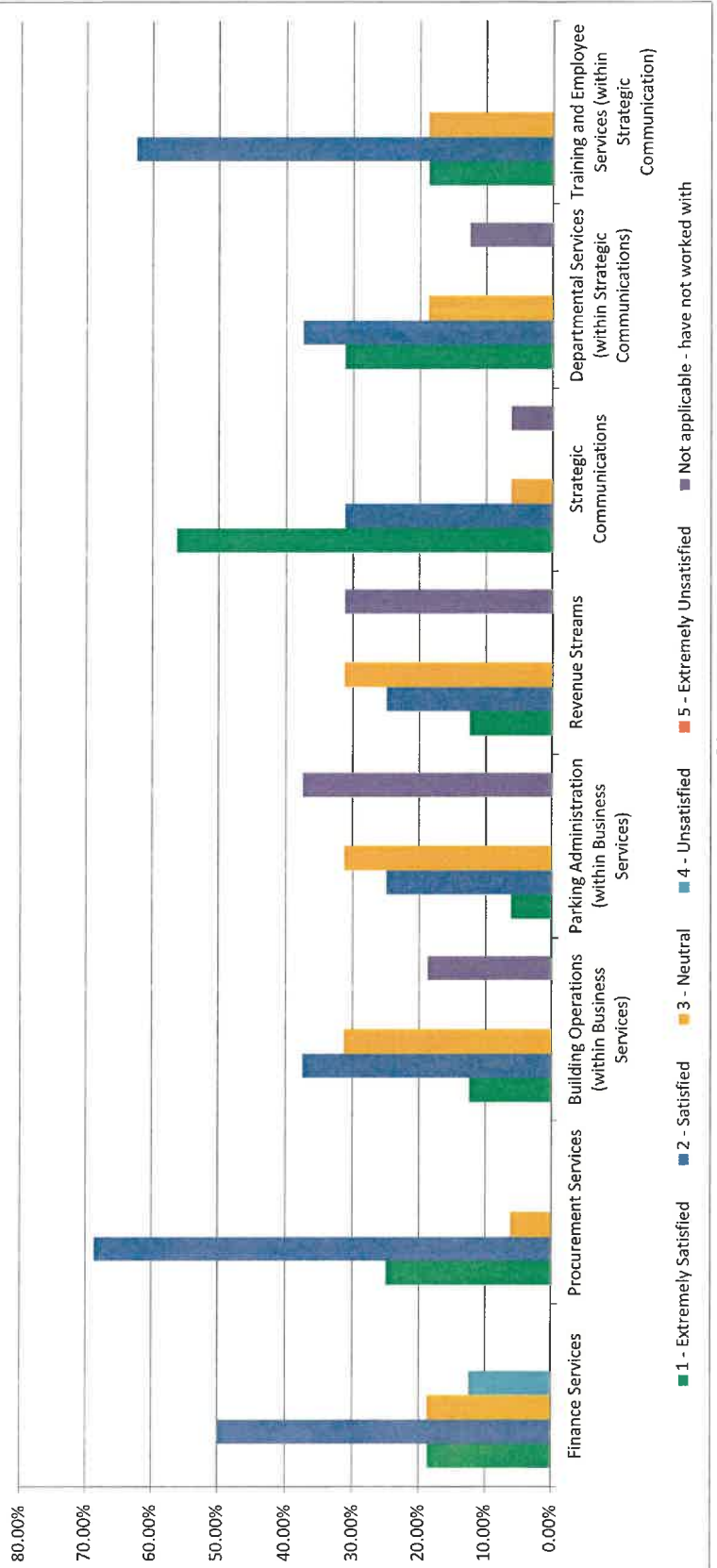


**Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff**

Question: I am satisfied with the customer service provided by the following Administrative Services units:

Answer Choices	1 - Extremely Satisfied	2 - Satisfied	3 - Neutral	4 - Unsatisfied	5 - Extremely Unsatisfied	Not applicable - have not worked with	Total
Finance Services	18.75%	3	8	3	0	0.00%	16
Procurement Services	25.00%	4	11	2	0	0.00%	16
Building Operations (within Business Services)	12.50%	2	6	5	0	18.75%	16
Parking Administration (within Business Services)	6.25%	1	4	5	0	37.50%	16
Revenue Streams	12.50%	2	4	5	0	31.25%	16
Strategic Communications	56.25%	9	5	0	0	6.25%	16
Departmental Services (within Strategic Communications)	31.25%	5	6	0	0	12.50%	16
Training and Employee Services (within Strategic Communication)	18.75%	3	10	0	0	0.00%	16
							Answered 16

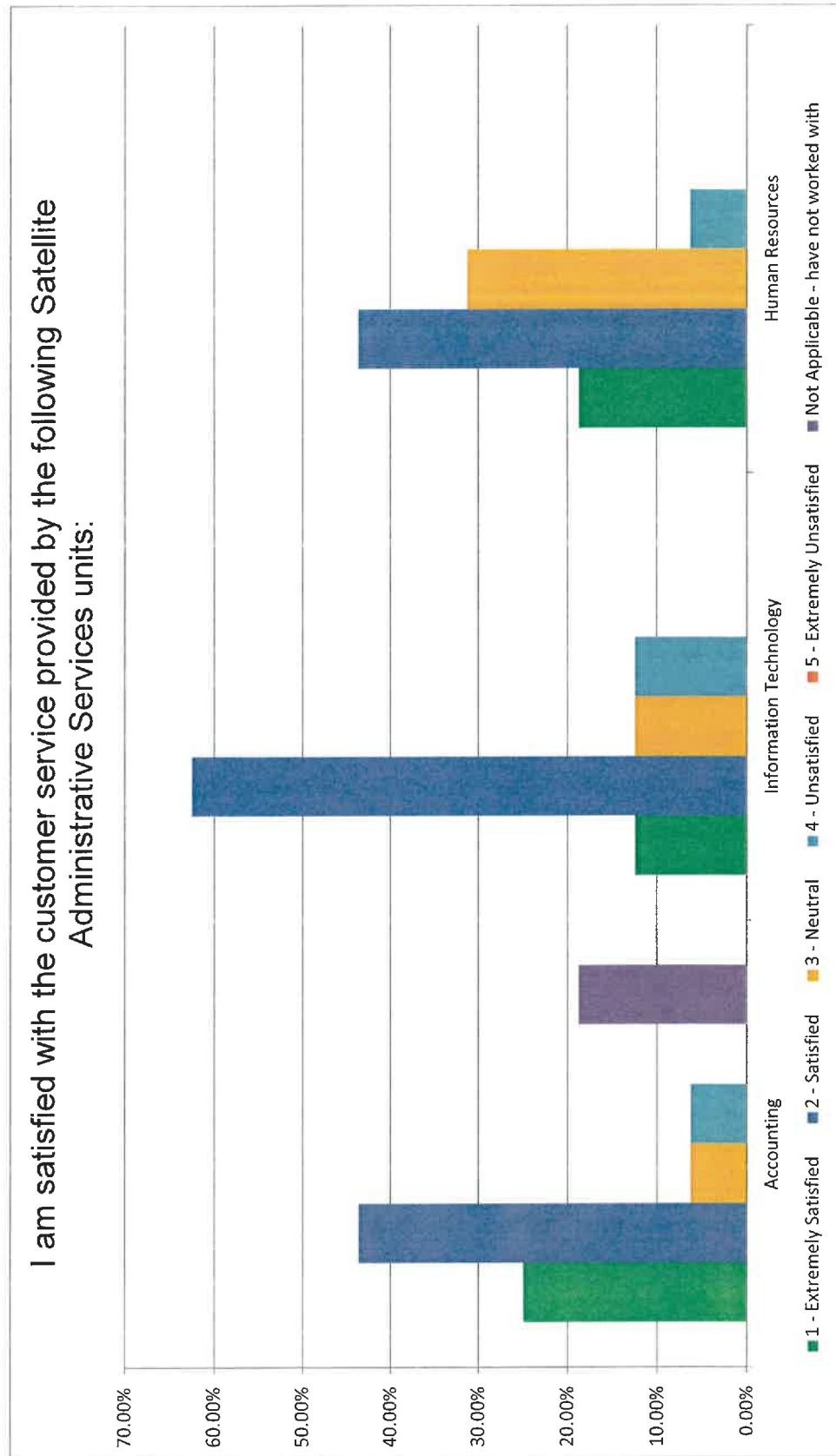
I am satisfied with the customer service provided by the following Administrative Services units:



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I am satisfied with the customer service provided by the following Satellite Administrative Services units:

Answer Choices	1 - Extremely Satisfied	2 - Satisfied	3 - Neutral	4 - Unsatisfied	5 - Extremely Unsatisfied	Not Applicable - have not worked with	Total
Accounting	4 25.00%	7 43.75%	1 6.25%	1 6.25%	0 0.00%	3 18.75%	16
Information Technology	2 12.50%	10 62.50%	2 12.50%	2 12.50%	0 0.00%	0 0.00%	16
Human Resources	3 18.75%	7 43.75%	5 31.25%	1 6.25%	0 0.00%	0 0.00%	16
						Answered	16

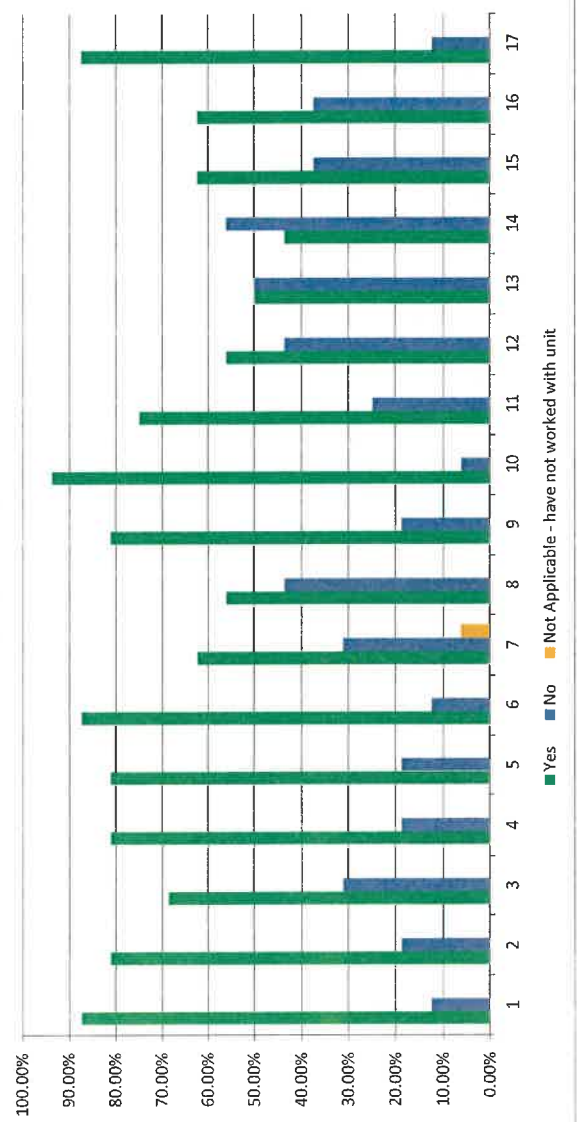


Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services by Non-Administrative Services Staff

Question: Please answer the following statements related to the Finance Services Unit:

	Answer Choices				Total
	Yes	No	Not Applicable - have not worked with unit	Total	
1 I understand the purpose, activities and responsibilities of the Finance Services Unit.	87.50%	12.50%	0.00%	0	16
2 I receive adequate information to understand Finance Services' roles and responsibilities related to requisitions.	81.25%	18.75%	0.00%	0	16
3 I receive adequate information to understand Finance Services' roles and responsibilities related to budgeting.	88.75%	31.25%	0.00%	0	16
4 I receive adequate information to understand my role and responsibilities related to budgeting.	81.25%	18.75%	0.00%	0	16
5 I receive adequate information to know what is expected of me related to budgeting.	81.25%	18.75%	0.00%	0	16
6 I receive adequate information to know what is expected of me related to requisitions.	87.50%	12.50%	0.00%	0	16
7 I understand why Finance Services requisitions that have been approved by management.	62.50%	31.25%	6.25%	1	16
8 I perform budgeting or other activities that I believe are duplicative of activities performed by Finance Services.	56.25%	43.75%	0.00%	0	16
9 I receive adequate information about the annual budget process.	81.25%	18.75%	0.00%	0	16
10 I receive adequate notification of the annual budget timeline.	93.75%	6.25%	0.00%	0	16
11 I receive adequate time to complete and respond to information requests.	75.00%	25.00%	0.00%	0	16
12 I receive adequate information explaining why a quick turnaround of information is required.	56.25%	43.75%	0.00%	0	16
13 I receive adequate information to know why information is being requested.	50.00%	50.00%	0.00%	0	16
14 I receive adequate information to know what Finance Services does with the information provided.	43.75%	56.25%	0.00%	0	16
15 I meet regularly with the Finance Services analyst assigned to my service area.	62.50%	37.50%	0.00%	0	16
16 I receive regularly communication from the Finance Services analyst assigned to my service area.	62.50%	37.50%	0.00%	0	16
17 I have a good working relationship with the Finance Services analyst assigned to my service area.	87.50%	12.50%	0.00%	0	16
Answered				0	16

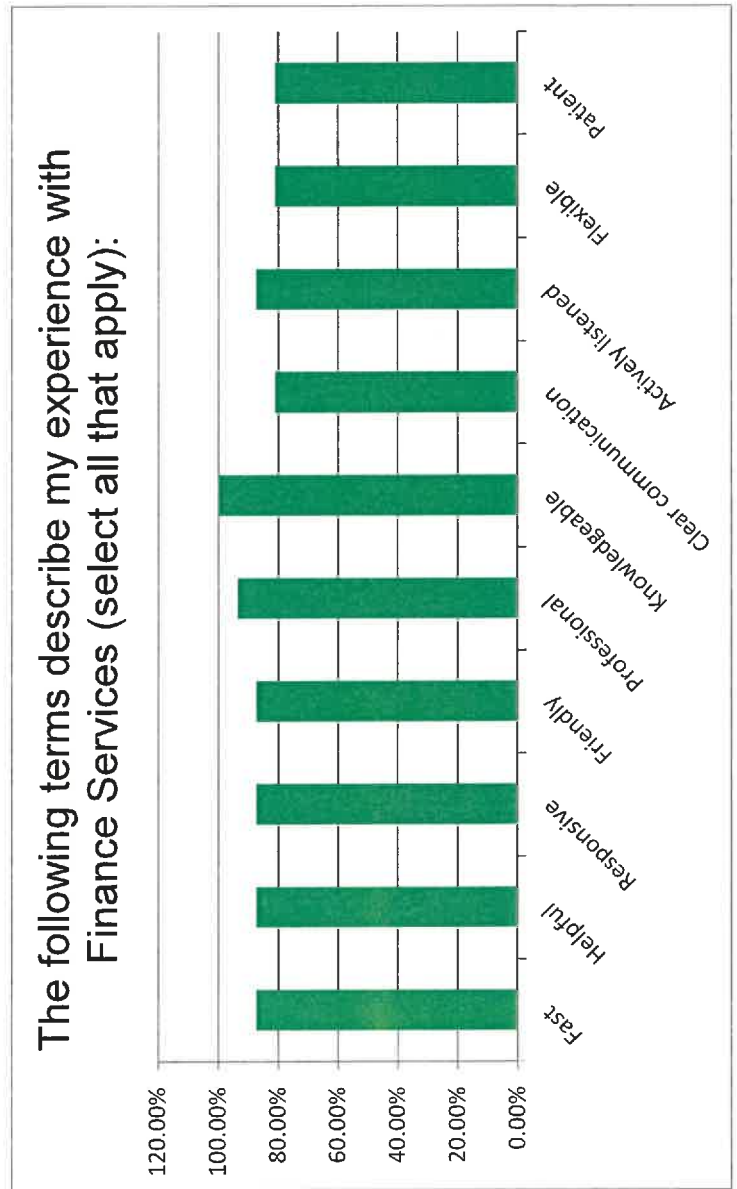
Please answer the following statements related to the Finance Services Unit:



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: The following terms describe my experience with Finance Services (select all that apply):

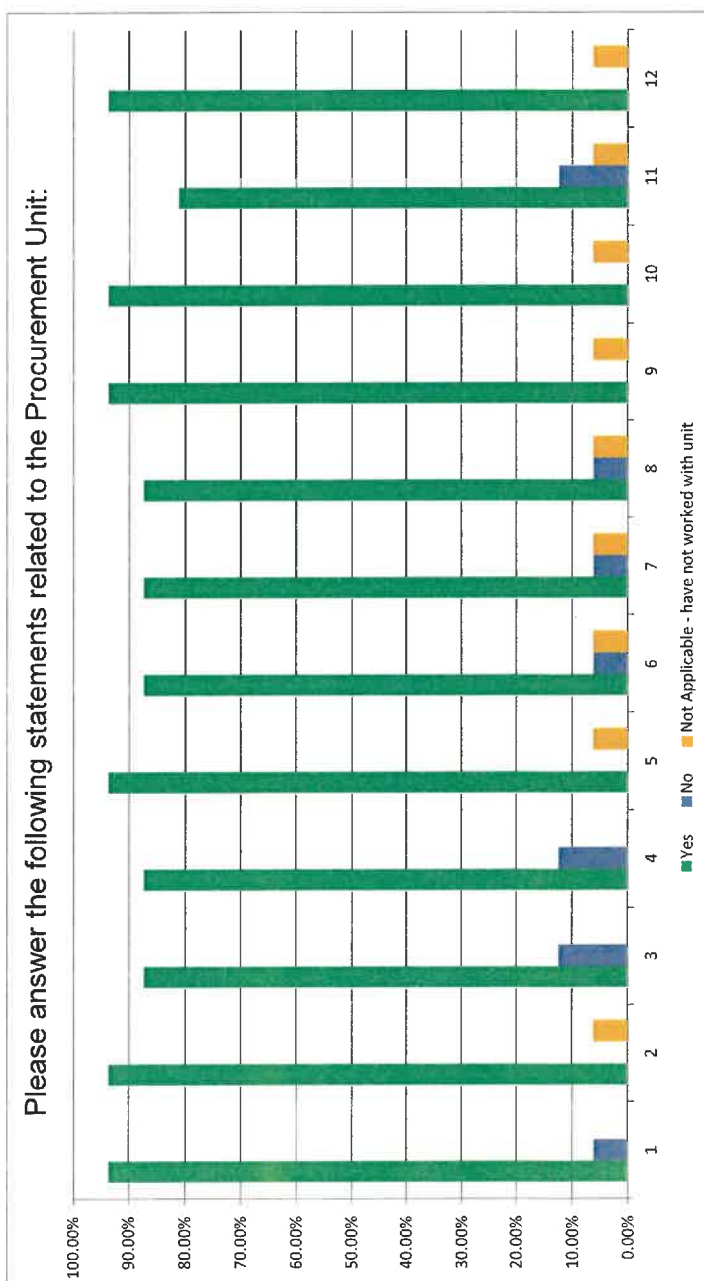
Answer Choices	Responses	
Fast	87.50%	14
Helpful	87.50%	14
Responsive	87.50%	14
Friendly	87.50%	14
Professional	93.75%	15
Knowledgeable	100.00%	16
Clear communication	81.25%	13
Actively listened	87.50%	14
Flexible	81.25%	13
Patient	81.25%	13
		Answered 16



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services by Non-Administrative Services Staff

Question: Please answer the following statements related to the Procurement Unit:

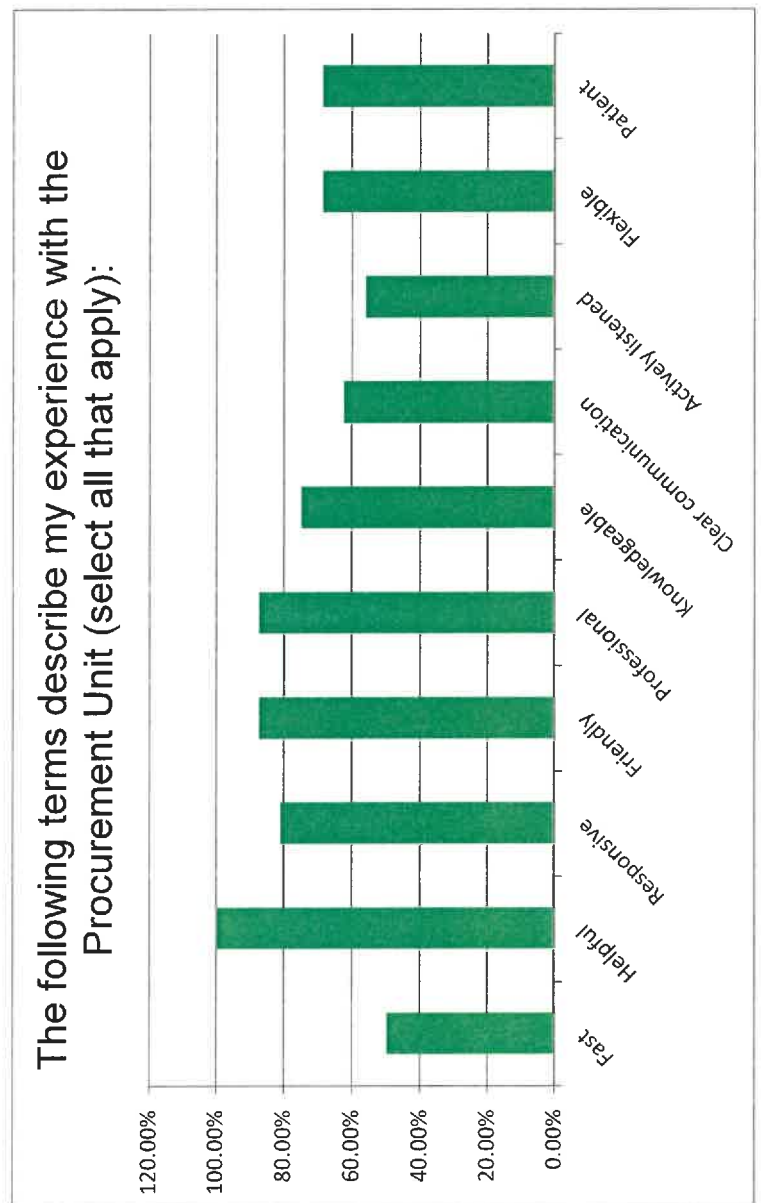
Answer Choices	Yes		No		Not Applicable - have not worked with unit		Total
1 I understand the purpose, activities and responsibilities of the Procurement Unit.	93.75%	15	6.25%	1	0.00%	0	16
2 I receive adequate time to complete and respond to information requests.	93.75%	15	0.00%	0	6.25%	1	16
3 I receive adequate information about the procurement process to obtain services.	87.50%	14	12.50%	2	0.00%	0	16
4 I receive adequate information about the procurement process to obtain goods.	87.50%	14	12.50%	2	0.00%	0	16
5 I receive adequate notification of the status of my requests for bids/quotes/proposals (RFB/RFQ/RFP).	93.75%	15	0.00%	0	6.25%	1	16
6 I receive adequate opportunities to review the bid specifications or scope of work/services prior to the request for bid/quote/proposal being published.	87.50%	14	6.25%	1	6.25%	1	16
7 I receive adequate information about purchasing to understand my role and responsibilities vs. Procurement Services.	87.50%	14	6.25%	1	6.25%	1	16
8 I receive adequate information to know what is expected of me related to purchasing.	87.50%	14	6.25%	1	6.25%	1	16
9 I receive adequate time to complete and respond to information requests.	93.75%	15	0.00%	0	6.25%	1	16
10 I receive adequate information explaining why a quick turnaround of information is required.	93.75%	15	0.00%	0	6.25%	1	16
11 I receive adequate information to know why information is being requested.	81.25%	13	12.50%	2	6.25%	1	16
12 I have a good working relationship with the Procurement Unit staff assigned to my service area.	93.75%	15	0.00%	0	6.25%	1	16
						Answered	16



**Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff**

Question: The following terms describe my experience with the Procurement Unit (select all that apply):

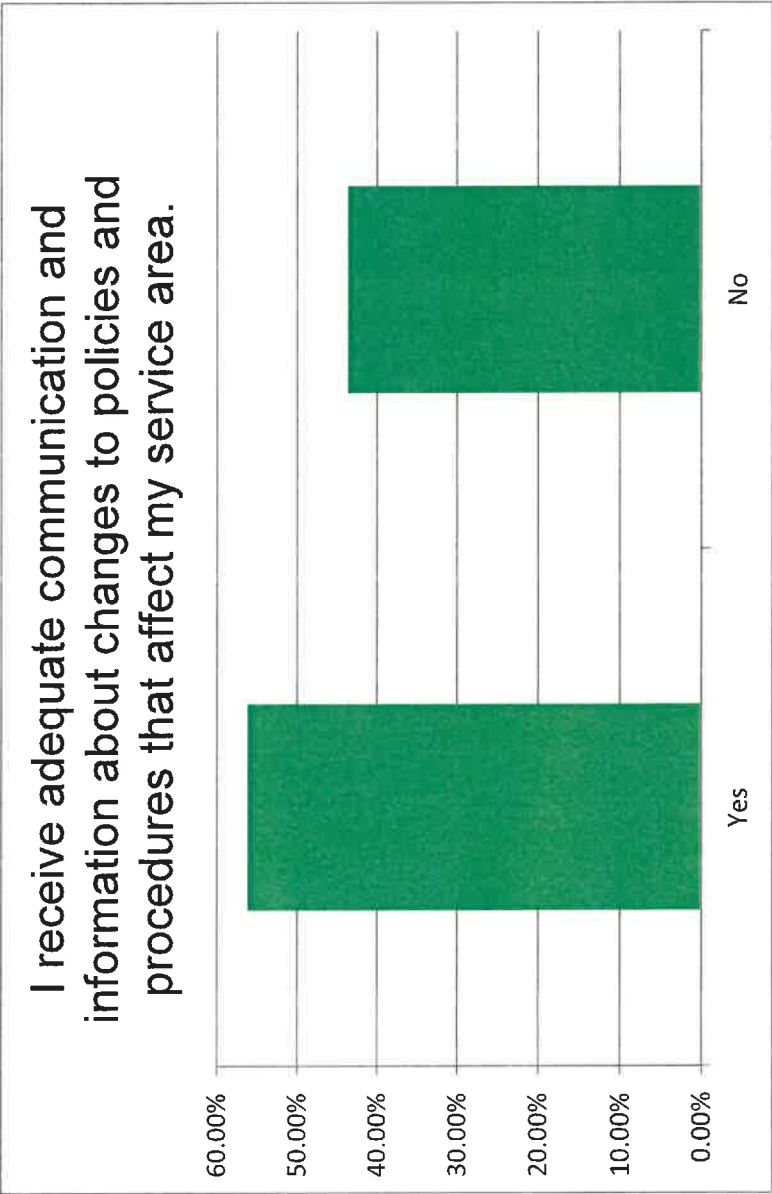
Answer Choices	Responses
Fast	50.00%
Helpful	100.00%
Responsive	81.25%
Friendly	87.50%
Professional	87.50%
Knowledgeable	75.00%
Clear communication	62.50%
Actively listened	56.25%
Flexible	68.75%
Patient	68.75%
Answered	16



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I receive adequate communication and information about changes to policies and procedures that affect my service area.

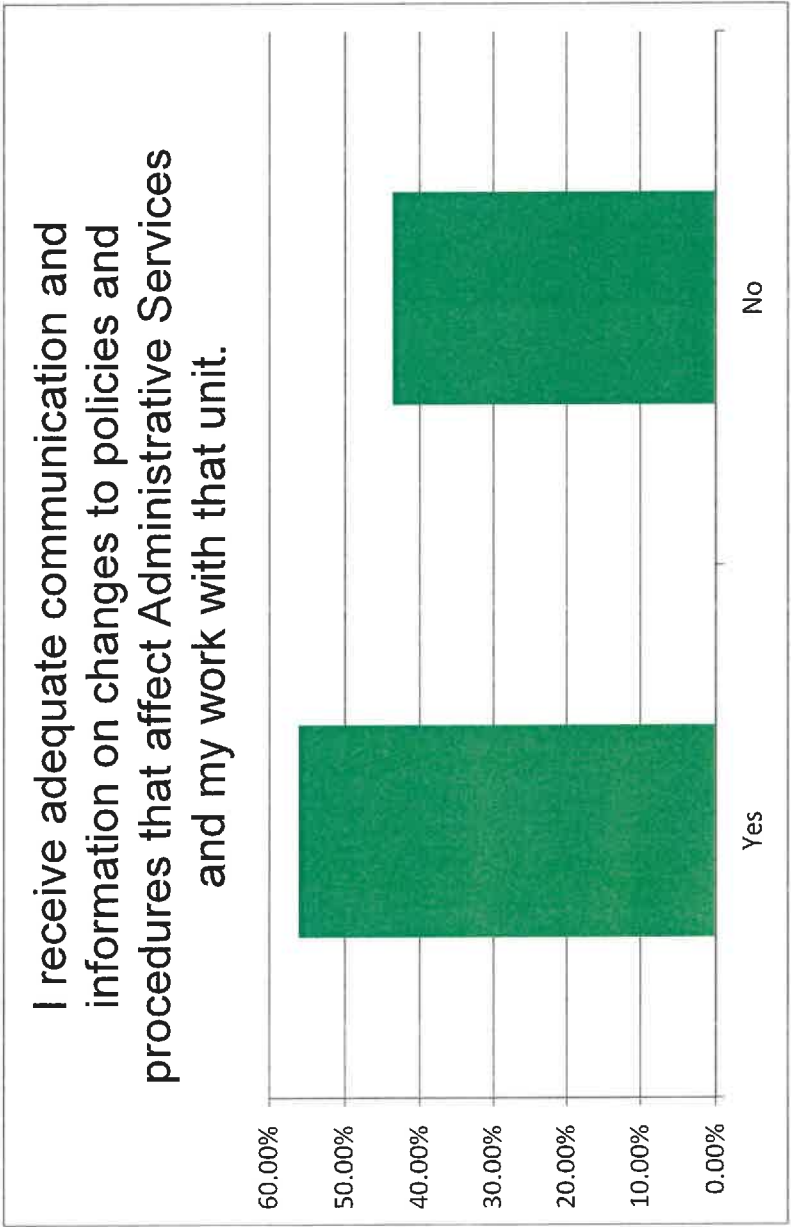
Answer Choices	Responses
Yes	56.25% 9
No	43.75% 7
Answered 16	



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: I receive adequate communication and information on changes to policies and procedures that affect Administrative Services and my work with that unit.

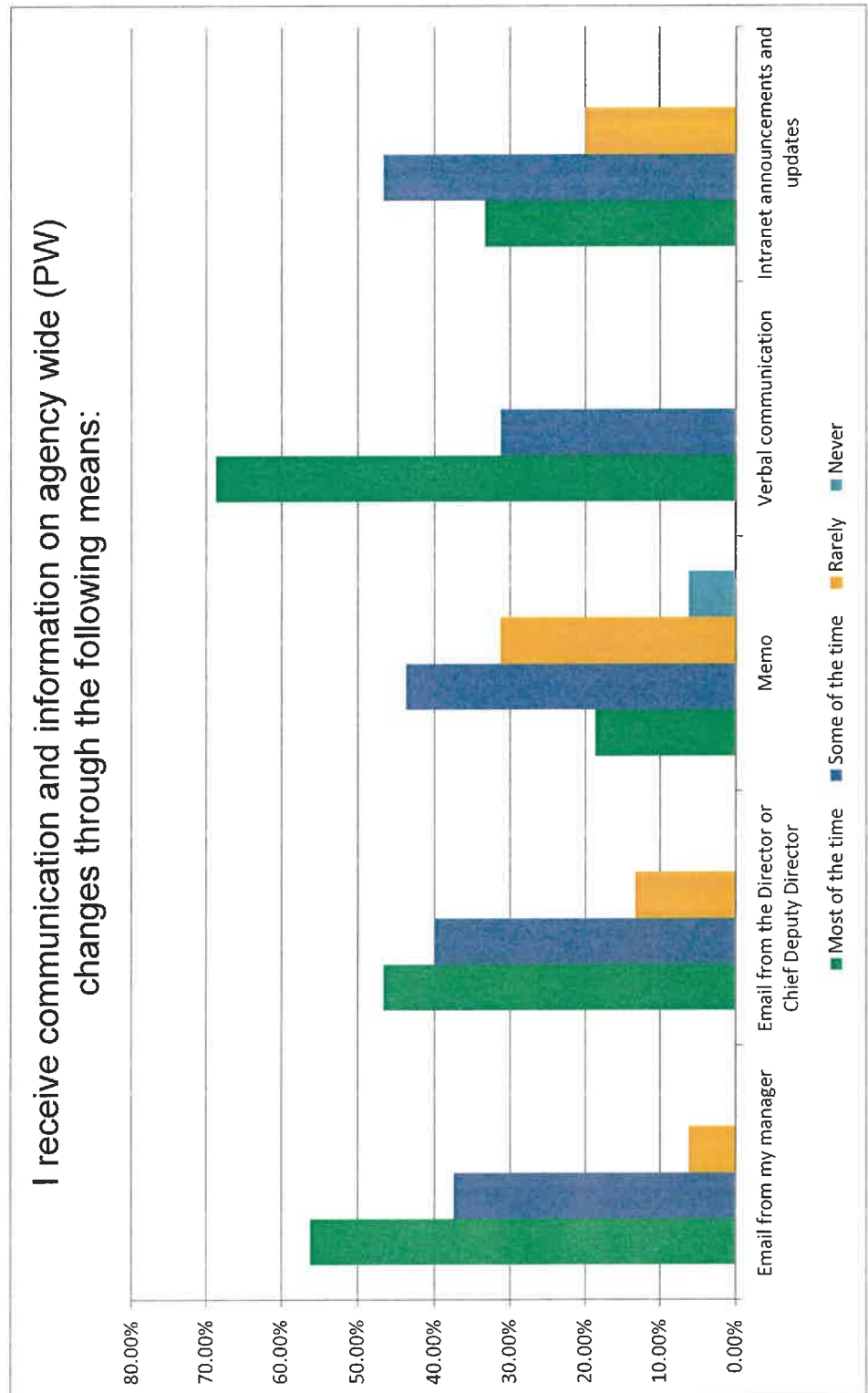
Answer Choices	Responses
Yes	56.25% 9
No	43.75% 7
Answered 16	



**Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff**

Question: I receive communication and information on agency wide (PW) changes through the following means:

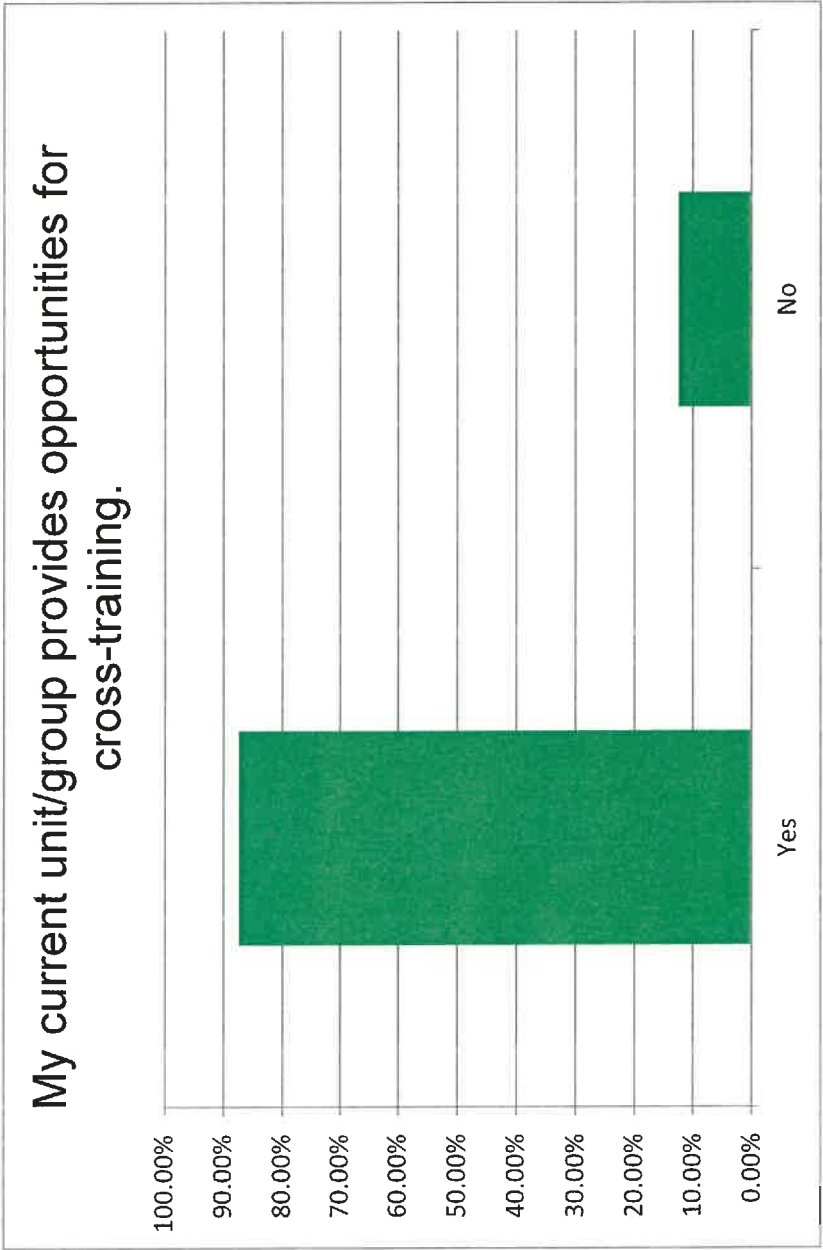
Answer Choices	Most of the time	Some of the time	Rarely	Never	Total
Email from my manager	56.25%	37.50%	6.25%	0.00%	16
Email from the Director or Chief Deputy Director	46.67%	40.00%	13.33%	0.00%	15
Memo	18.75%	43.75%	31.25%	6.25%	16
Verbal communication	68.75%	31.25%	0.00%	0.00%	16
Intranet announcements and updates	33.33%	46.67%	20.00%	0.00%	15



Appendix 2: Feedback Survey of Orange County Public Works (OCPW) Administrative Services
by Non-Administrative Services Staff

Question: My current unit/group provides opportunities for cross-training.

Answer Choices	Responses
Yes	1487.50%
No	212.50%
Answered 16	





Attachment B

ORANGE COUNTY
OC Public Works
 MEMORANDUM

County Administration Center
 601 North Ross Street
 Santa Ana, CA 92701

P.O. Box 4048
 Santa Ana, CA 92702

(714) 867-8800

info@ocpublicworks.com

OC Public Works.com

To: Lilly Simmering, Deputy County Executive Officer

From: Tim Corbett, Chief Deputy Director, OC Public Works
 on behalf of James Treadaway, Director, OC Public Works

Date: October 11, 2022 *[Signature]* 10/11/22

Subject: Performance Audit of the OC Public Works' Administrative Services Unit

Attached you will find the OC Public Works' responses to the observations and recommendations resulting from the performance audit conducted by Macias Gini & O'Connell LLP and documented by them on their report dated September 2, 2022.

Please contact me or James Treadaway if you have any questions.

cc: Lala Oca Ragen, Director, Performance Management and Policy
 James Treadway, Director, OC Public Works

Performance Audit of the OC Public Works' Administrative Services Unit

October 11, 2022

Page 2 of 3

OC PUBLIC WORKS RESPONSE TO MGO PERFORMANCE AUDIT REPORT FINDINGS

Finding 1: Varying Roles, Responsibilities, and Expectations

Department staff had different understandings of the roles and responsibilities of the Unit and its functional areas, as well as varying expectations of the services and levels of effort performed by the Unit and its functional areas due to the Unit's functional areas' and staff's roles and responsibilities not being clearly defined, documented, and communicated.

Department's Response:

Department partially agrees with the finding. Administrative Services (AS) is in the process of identifying County policies and procedures that may be applicable for use by the department. To assist staff in understanding their roles and responsibilities, AS will then develop desk procedures that will strategically fill in all identified and justifiable gaps within AS and its functional units. Desk procedures will be completed by June 2023.

- Desk procedures will clearly define and document roles and responsibilities and expectations of each functional unit; including key staff duties. As part of their implementation, the procedures will be included for discussion (communicated) at staff meetings of the AS functional units and will be updated as needed, with the goal of adopting them as best practices.
- Desk procedures will be used in cross-training for both existing AS employees and new hires to ensure efficiency and consistency in managing roles, responsibilities, and expectations within AS and its functional units.

Finding 2: Opportunities for Improvement in Policies, Procedures and Practices

Many of the Unit's policies and procedures were updated in the first half of calendar year 2021; however, some procedures were not updated to reflect the actual practices or may not cover all key tasks.

Department's Response:

Department agrees with the finding – AS will review existing policies and procedures (P&Ps) and update them to reflect the actual tasks being performed and the time it should take to perform the tasks. P&Ps will also distinguish between Unit tasks and those performed in the department's other service areas. In addition, AS will establish a routine review cycle for all department P&Ps. P&Ps will be reviewed and updated by June 30, 2023.

Finding 3: Increased Workload

The Unit's staff experienced increased workloads during fiscal years 2020 and 2021 due to vacancies and the County-wide hiring freeze.

Department's Response:

Department agrees with the finding - OCPW is working closely with HR to recruit and prioritize key positions in the Administrative Services functional areas to provide efficient, equitable and stable workload and appropriate staffing levels. This action has been implemented.

Performance Audit of the OC Public Works' Administrative Services Unit

October 11, 2022

Page 3 of 3

Finding 4: Performance Metrics

The Unit does not have performance metrics for the Unit as a whole, or for the individual functional areas. Before the Unit can develop performance metrics, the Unit will need to set benchmarks by determining and documenting the performance expectations for each key task (such as the average length of time for Finance Services staff to review and approve a purchase requisition) and have staff record their hours worked by key tasks performed.

Department's Response:

Department partially agrees with the finding – Based on desk procedures that will be developed to assist staff in understanding their roles and responsibilities, reflect the time requirements for accomplishing tasks, and management of staff expectations, AS will establish and track performance metrics for critical tasks within the functional areas for procurement requisitions, number of Agenda Staff Reports processed annually, annual trainings provided and total number of boxes stored at County Records Center for records retention purposes. The AS team will implement a staff time tracking method for those critical tasks by June 2023 to determine total number of hours spent on each critical task and implement during July 2023. Performance metrics will be reported at least every six months to help determine the need to adjust staffing levels and workloads.



Report No. 2021-4

Submitted by:

RICARDO CEPIN, CPA

PRINCIPAL AUDITOR

4320 WEST KENNEDY BOULEVARD, SUITE 200

TAMPA, FLORIDA 33609

888.302.0899

rcepin@mgtconsulting.com

County of Orange – Probation Department Performance Audit

COUNTY OF ORANGE, CALIFORNIA



COUNTY OF ORANGE – PROBATION DEPARTMENT

FINAL AUDIT REPORT | PERFORMANCE AUDIT

DECEMBER 16, 2021

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COVER LETTER

December 16, 2021



Frank Kim
Chief Executive Officer
County of Orange
333 W. Santa Ana Blvd.,
Santa Ana, California 92701

Dear Mr. Kim

MGT of America Consulting, LLC (MGT) is pleased to submit our report of the County of Orange Probation Department (Department) performance audit. The County of Orange (County) contracted with MGT to conduct a performance audit with the objectives to evaluate and assess the overall performance of the Department's administrative functions, including gaining an understanding of the key performance metrics the functions are using to track performance and whether these metrics are adequate.

This report provides the County with an independent and objective analysis that contains information concerning the activities reviewed. Although MGT exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when conducted with professional care, do not guarantee that fraud or abuse will be detected.

MGT appreciates the cooperation and professional courtesies extended to the team.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ricardo Cepin", is placed over a light gray rectangular background.

Ricardo Cepin, CPA, CFE
Senior Consultant
MGT of America Consulting, LLC

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Orange County Probation Department assists the criminal court system through investigations, probation reports, and community supervision of approximately 10,000 adult and 800 juvenile clients on court-ordered probation or in diversion programs. The Department operates the Orange County Juvenile Hall, and two camps for youth. There are also two Youth Reporting Centers serving north and central Orange County.

The Department consists of four Bureaus:

- ♦ The Chief Probation Officer Bureau - includes the Chief Probation Officer (CPO) and the Assistant Chief Probation Officer (ACPO). The CPO works with the ACPO to assign projects and develop goals within the department's other three bureaus.
- ♦ The Adult Operations Bureau - provides services through four distinct operational divisions: Adult Court Services, Adult Field Supervision, Special Supervision and AB 109 Field Supervision. The Bureau serves clients released from state prison (post-release community supervision) and county facilities (mandatory supervision, and felony and misdemeanor probationers.) The division is responsible for supervising these clients in the community, supporting their rehabilitation in whatever way possible, and returning them to court if they violate the terms and conditions of their release.
- ♦ Juvenile Operations Bureau – provides oversight and direction of Juvenile Hall and two juvenile camp/ranch facilities - Youth Guidance Center (YGC) and Youth Leadership Academy (YLA). Additionally, this bureau provides services through two distinct operational divisions: Juvenile Field Supervision and Juvenile Court Services. Juvenile Hall, YGC, and YLA operate 24-hours-per-day, 7- days-per-week and must meet stringent guidelines established by the California Board of State and Community Corrections. Primary responsibilities include providing a safe environment for the youthful offenders in custody, ensuring sufficient well-trained staff are available, developing and providing a broad range of treatment and rehabilitative programs to meet the youths' needs, adhering to all laws/regulations/licensing requirements for Juvenile facilities, and overseeing Juvenile facility maintenance and development.
- ♦ Operations Support Bureau - provides primary support services to the Department's overall operation through two divisions: 1) Administrative and Fiscal and 2) Professional Standards. This branch of the Department provides administrative and fiscal services, clerical support, human resource services, and research and evidence-based practices support for all functions in the Department. The bureau supports Departmental long-range planning, pursuit of outside funding, contract and purchasing administration, employee recruitment, hiring, training and operation of the Volunteers in Probation (VIP) and Volunteer Probation Officer (VPO) functions.

The County contracted with MGT to conduct a performance audit of the Department's administrative functions, including the Accounting & Finance; Budgeting; Clerical Support; Facilities Support; Purchasing and Contracts; Human Resources, and Information Technology functions. Our audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides

a reasonable basis for our findings and conclusions based on our audit objectives. This report presents the results of our performance audit.

AUDIT SCOPE

The audit scope incorporated an assessment of the efficiency and effectiveness of the Department's administrative functions and their ability to provide support to the other divisions within the Department.

AUDIT OBJECTIVES

The overall audit objectives involved evaluating and assessing the overall performance of the Department's administrative functions, including gaining an understanding of the key performance metrics the functions are using to track performance and whether these metrics are adequate to accurately measure efficiency and effectiveness.

AUDIT METHODOLOGY

- ♦ Coordinated with staff from the Chief Executive Office to gain an understanding of the scope and objectives of the audit.
- ♦ Interviewed key personnel, flowcharted processes, and reviewed applicable policies and procedures and laws and regulations to gain an understanding of the administrative functions.
- ♦ Surveyed and interviewed directors of the non-administrative functions to gain an understanding of their satisfaction with the performance of the administrative functions.
- ♦ Obtained and evaluated relevant data for audit analysis, including:
 - Accounts Payable (AP) invoicing data
 - Case setup data for cases with financial implications
 - Budget calendars
 - Contracts and purchase orders execution data
 - Maintenance and repairs work orders listing
 - Recruitment data
 - Information technology related work order data
 - Information technology metrics reports
- ♦ Performed research to identify peer counties for organizational structure comparison.

OBSERVATIONS FROM INTERVIEWS OF NON-ADMIN DIRECTORS

- ♦ The directors of the non-administrative divisions indicated that the Accounting & Finance Unit, Budget Analysts, HR Satellite Team, IT Staff, Facilities Support Unit, and Scheduling Unit do a good job overall.
- ♦ Voiced concerns about a lack of communication between the administrative functions and operations staff, including changing procedures that impact the end users without providing advance notice.
- ♦ Voiced concerns about various units needing additional resources to manage the workload.

AUDIT COMMENTS & RECOMMENDATIONS

The audit comment(s) and recommendation(s) associated with each function audited is presented in Table 1 (specific details are included in the applicable section below).

Table 1 – Audit & Comments

UNIT	AUDIT COMMENTS & RECOMMENDATIONS
Accounting & Finance	<p><u>Audit Comment 1</u></p> <p>The Department's account payable function is not currently tracking the date in which they forward the invoices to the Auditor Controller. As such, we were not able to determine how long it took the accounts payable staff to complete their review and forward the invoices to the Auditor Controller for approval and payment. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Accounting & Finance Unit.</p> <p><u>Recommendation 1</u></p> <p>The lack of key performance indicators for the Accounts Payable function increases the risk that the Accounting Unit fails to identify a decrease in performance. We recommend the Accounting Unit implements key performance metrics, including the average time it takes to review and forward invoices to the Auditor Controller to gain an understanding of how long it is taking the team to process invoices and assess what percentage of the invoices are being processed within the desired timeframe. We also recommend the Accounting & Finance Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.</p>
Accounting & Finance	<p><u>Audit Comment 2</u></p> <p>The oldest case in the case setup worklist for cases with financial implications was sent to the Accounting Unit for case setup on August 5, 2021. As of September 29, 2021, the oldest case in the worklist has been in pending status for approximately 55 days. The oldest case with restitution was sent for case setup on September 7, 2021. As of September 29, 2021, the oldest case with restitution in the worklist has been in pending status for approximately 21 days. The case setup function is currently experiencing a seven (7) week backlog.</p> <p><u>Recommendation 2</u></p> <p>We recommend the Accounting Unit takes steps (e.g., adding additional resources to the case setup process) to reduce the amount of time cases are remaining in pending status and the overall number of cases in pending status in the case setup process.</p>
Budget	<u>Audit Comment 3</u>

UNIT	AUDIT COMMENTS & RECOMMENDATIONS
	<p>The goal is to submit all budget related reports and requests on-time and keep the budget vs actual variance to a minimum. However, there is currently no process for overall tracking of the timeliness of the documents and budget reports submitted to the County during the budget process.</p> <p><u>Recommendation 3</u></p> <p>The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Budget Unit implements key performance metrics, including percentage of budget reviews on time, percentage of reports and requests submitted on time, and year-over-year forecasting accuracy.</p>
Budget	<p><u>Audit Comment 4</u></p> <p>There are currently no key performance indicators utilized to track the performance of the purchase requisitions request review process within the Budget Unit. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Budget Unit.</p> <p><u>Recommendation 4</u></p> <p>The lack of key performance indicators increases the risk that the Budget Unit fails to identify a decrease in performance and customer satisfaction with the purchasing requisitions review/approval process. We recommend the Budget Unit implements key performance metrics, including tracking the average time it takes to review, analyze, and approve/reject purchase requisitions requests. We also recommend the Budget Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.</p>
Clerical Support	<p><u>Audit Comment 5</u></p> <p>The goal of the Clerical Support staff is to submit all reports in a timely manner to meet established court deadlines; however, the unit does not currently track any key performance metrics to measure timeliness of submitted reports, performance, and customer satisfaction.</p> <p><u>Recommendation 5</u></p> <p>The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Clerical Support Unit implements key performance metrics, including percentage of reports completed on time and average time to create a new case, update an existing case, and respond to requests for information.</p>

UNIT	AUDIT COMMENTS & RECOMMENDATIONS
Facilities Support	<p><u>Audit Comment 6</u></p> <p>A listing of all Facilities Support (e.g., maintenance, repairs, etc.) related work orders submitted through from the period of January 1, 2020, through July 31, 2021, disclosed the following:</p> <ul style="list-style-type: none"> ♦ The timeframe it took to complete the work ranged between 0 (work was completed on the same day the task order was submitted) to 361 days. ♦ 675 of the 1,208 (57%) of the work orders were completed within 21 days. ♦ 991 of the 1,208 (82%) of the work orders were classified as urgent¹. <ul style="list-style-type: none"> ○ 586 of the 991 (59%) of the urgent work orders were completed within 21 days. <p>The Facilities Support Unit recently started an initiative to track cost related measures and repeat work orders. However, the performance metric tracking initiative is at an early stage and in the implementation phase.</p> <p><u>Recommendation 6</u></p> <p>The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend Facilities Support continues its efforts to implement relevant key performance metrics, including the ability to track cost per square footage, average time to process work orders, number of repeat work orders, preventive maintenance vs corrective maintenance, and customer satisfaction. We also recommend Facilities Support enhances its data tracking capabilities, including taking steps to have the ability to track the time it takes the Facilities Support Admin Manager I to review and approve work orders prior to forwarding them to CEO Real Estate and OCPW.</p>
Facilities Support	<p><u>Audit Comment 7</u></p> <p>Safety Management tracks the incident rate for historical comparisons. However, there is opportunity for improvement as Safety Management does not currently have a system to track safety related issues overall. Additionally, a comparison of the Department's incident rate for Fiscal Year 2019-20 to the industry average disclosed that at 7.4, the incident rate for the Department was significantly higher in Fiscal Year 2019-20 than the industry average at 2.6² for calendar year 2019.</p>

¹ Per OCPW, a work order is classified as urgent when its life threatening and require immediate attention for potential building damage. Examples are elevator entrapment, power outage, major water leaks, health/safety issue, COVID cleaning, etc.

² Source: Bureau of Labor Statistics, U.S. Department of Labor, Survey of Occupational Injuries and Illnesses, in cooperation with participating state agencies.

UNIT	AUDIT COMMENTS & RECOMMENDATIONS
	<p><u>Recommendation 7</u></p> <p>We recommend enhancing procedures to ensure that Safety Management can track all safety related issues and use this data to measure performance and identify patterns to improve efficiency and effectiveness (e.g., repeated safety issues across buildings). We also recommend Safety Management continues its efforts to decrease the incident rate closer to the industry average and performs an analysis to identify the factors that are causing the Department's incident to be significantly higher than the industry average.</p>
Purchasing and Contracts	<p><u>Audit Comment 8</u></p> <p>Contracts goes through a review process in which the reviewer focuses on compliance, timeline, and quality of work. However, there are no formal key performance indicators tracked by the Purchasing and Contracts Unit to facilitate the measurement of efficiency and effectiveness as it relates to contracts and purchase orders execution. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Purchasing and Contracts Unit.</p> <p><u>Recommendation 8</u></p> <p>The lack of key performance indicators increases the risk that the Purchasing and Contracts Unit fails to identify a decrease in performance and customer satisfaction with the procurement process. We recommend the Purchasing and Contracts Unit implements key performance metrics, including average time to execute contracts by procurement method, percentage of contracts executed on time, percentage of unit staff trained in contract procedures, and customer satisfaction. We also recommend the Purchasing and Contracts Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.</p>
Purchasing and Contracts	<p><u>Audit Comment 9</u></p> <p>The capital asset listing was not completely up to date as five (5) capital assets had been disposed of without providing proper notification to the Asset Management Unit.</p> <p><u>Recommendation 9</u></p> <p>The disposal of assets without providing proper notification to the Asset Management Subunit increases the risk that a misappropriation of an asset goes undetected. We recommend enhancing procedures (e.g., provide training) to ensure that all divisions fully understand the information that must be provided to the Asset Management Subunit after an event (e.g., disposal) that impacts a capital asset.</p>

UNIT	AUDIT COMMENTS & RECOMMENDATIONS
Human Resources	<p><u>Audit Comment 10</u></p> <p>An analysis of a listing containing all positions filled for the Department from the period of January 1, 2020, through July 31, 2021, disclosed the following:</p> <ul style="list-style-type: none"> ♦ 140 positions were filled during this period. ♦ 102 days was the average time from the date the request was made by the Department to the date the offer was accepted by the candidate. ♦ 118 days was the average time from the date the request was made by the Department to the start date. ♦ 16 days was the average time from the date in which the offer was accepted by the candidate to the start date. <p>However, the HR Satellite Team currently does not have any key performance indicators goals to assess the performance of the recruitment process.</p> <p>In addition, San Diego County and Riverside County were identified as peer counties of the Orange County for organizational structure comparison. Our researched discovered that both peer counties have an HR function within the probation department to help support the department's operations.</p> <p><u>Recommendation 10</u></p> <p>We recommend the HR Satellite Team implements key performance indicators and periodically perform analysis to track number of applicants per job posting and average time to fill positions. Additionally, consideration should be given to performing research to determine if it would be beneficial for the Department to have in-house HR staff. Having in-house HR staff would allow for more flexibility and provide the Department with an organizational structure that matches the structure of peer counties of similar size.</p>

Source: Created by MGT

1.0 – ADMINISTRATIVE & FISCAL DIVISION

BACKGROUND

The Administrative and Fiscal Division (AFD) for the Department provides administrative and fiscal support services to the entire Department. The Division is comprised of approximately 270 professional staff who are located at the Department's 12 locations and 4 court offices. Functions within the division include:

- ♦ Accounting & Finance
- ♦ Budget
- ♦ Clerical Support for all Adult and Juvenile Operations
- ♦ Purchasing and Contracts
- ♦ Facilities Support
- ♦ Grants and Donations
- ♦ Legislation

The current AFD Director joined the Department in 2016. In June 2019, the Division underwent a major reorganization including adding the responsibilities of juvenile facility scheduling and clerical support for the Juvenile Hall and probation camps and ranches to the division. Shortly thereafter, the responsibility for grants, donations and legislation were also added. Since the current AFD Director joined the Department in 2016, there have been numerous system and process improvements implemented to improve efficiency. These changes impact major operational areas, such as:

- ♦ Accounting of expenses
- ♦ Monitoring of budget and expenses
- ♦ Invoice processing
- ♦ Purchasing and Contracts
- ♦ Budgeting

Our scope of work included assessing the performance of the Accounting & Finance; Budgeting; Clerical Support; Facilities Support; and Purchasing and Contracts units. This section of the report presents our audit procedures, key observations/comments, and recommendations for each of these units.

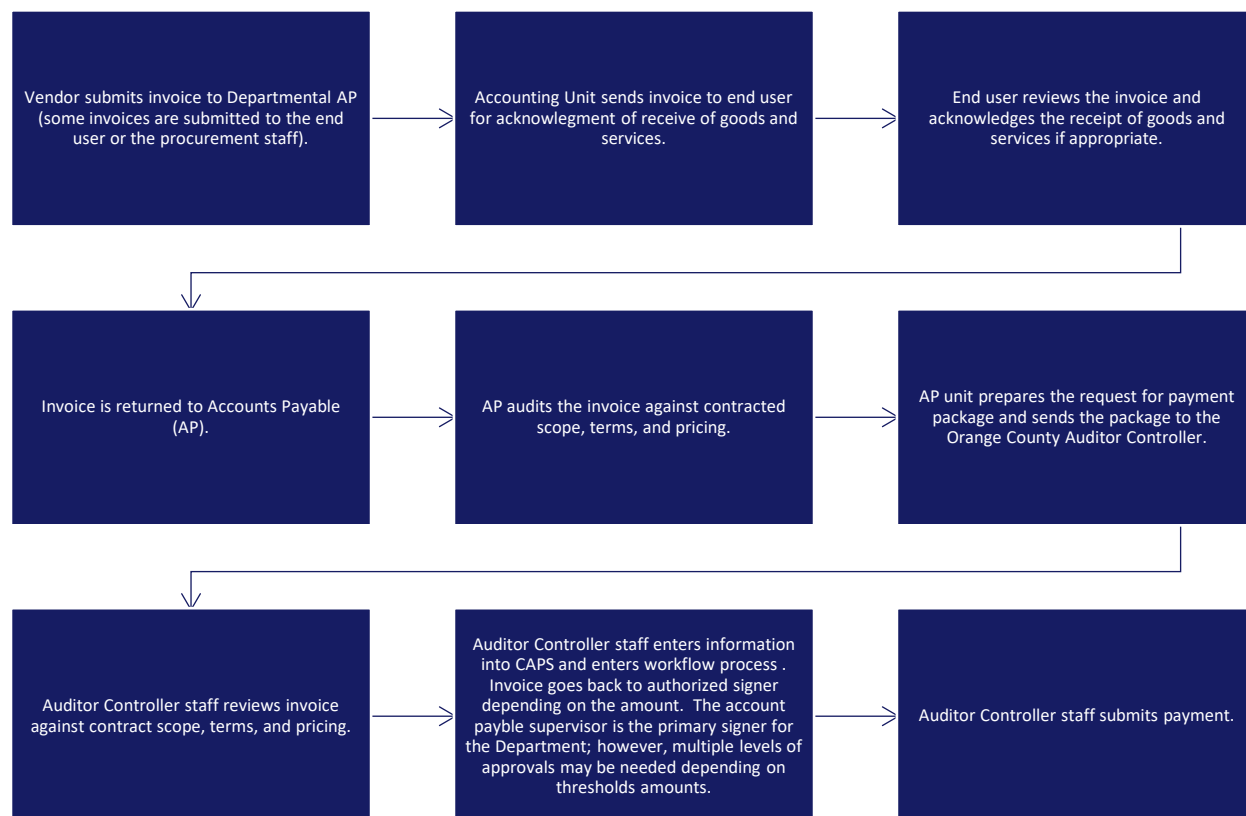
ACCOUNTING & FINANCE

The Accounting & Finance Unit is comprised of 49 staff members, including 27 accounting professionals who are part of the Accounting Unit. The unit is responsible for general accounting functions, including payroll and accounts payable. This unit is responsible for processing the bi-weekly payroll for the Department. They perform various audits during the processing payroll process to ensure the integrity of the submission and compliance with the Department and County payroll policies.

This unit is also responsible for processing all invoices received by the Department. They gather attestation from end users regarding the receipt of goods and/or services and verify/audit all invoice

pricing against negotiated agreements. If conflicts or discrepancies arise, the accounts payable team works with the vendor and/or the purchasing and contracts team to resolve any issues. Exhibit 1 provides a brief overview of the invoice processing process.

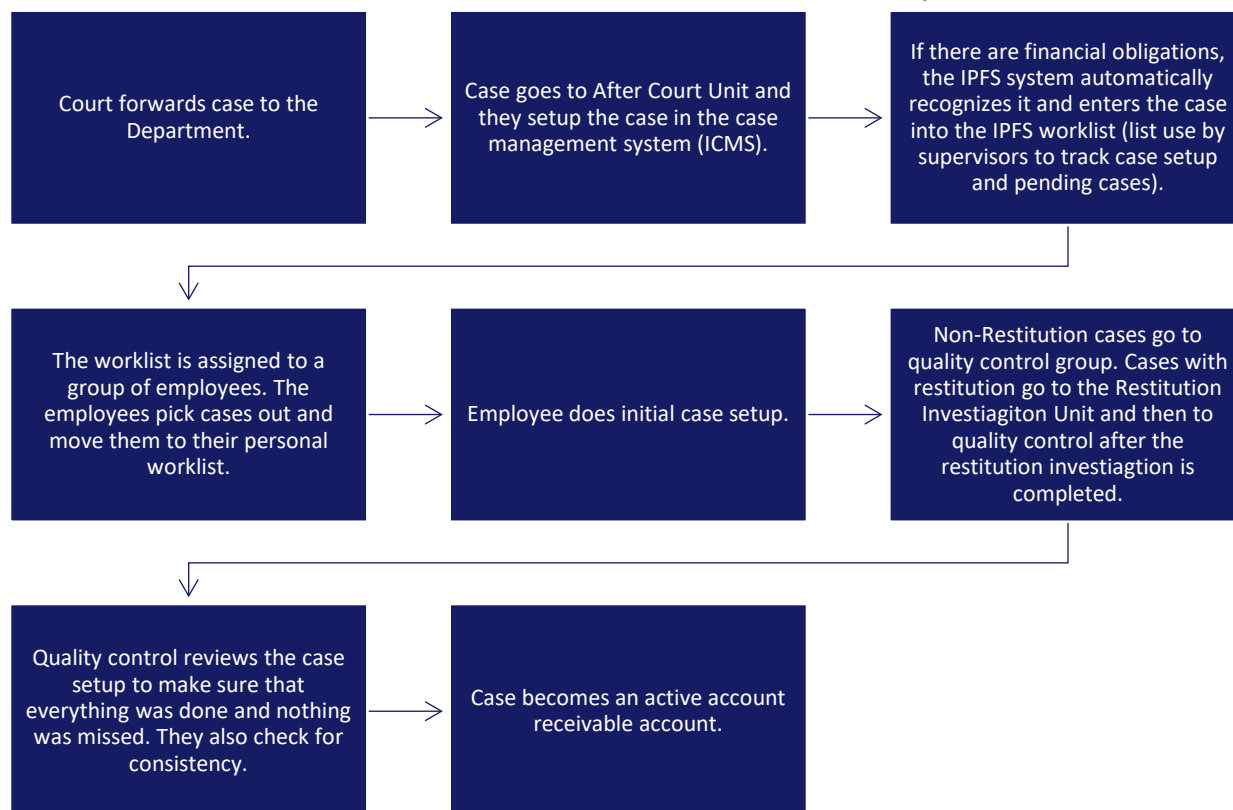
Exhibit 1 – Invoice Processing Process



Source: Created by MGT and verified by Admin Manager II, Accounting & Finance Unit

The Accounting Unit is also responsible for setting up court case financial information (i.e., Court Ordered Debt) within the Integrated Probation Financial System (IPFS). The IPFS automatically identifies cases with financial implications and adds these cases to a worklist that serves as the tracking mechanisms for case setup. Exhibit 2 below provides an overview of the case setup process.

Exhibit 2 – Court Case Financial Information Setup



Source: Created by MGT and verified by Admin Manager II, Accounting & Finance Unit

Audit Procedures & Key Observations

We surveyed the nine (9) directors of the non-administrative divisions within the Department to assess the overall satisfaction with the Accounting & Finance Unit. The survey results disclosed the following (note that seven of the directors completed the anonymous survey):

- ♦ Accounts Payable Function
 - 2 out of 7 (29%) directors indicated that they are strongly satisfied with the performance of the accounts payable function.
 - 3 out of 7 (43%) directors indicated that they are neither satisfied nor dissatisfied with performance of the accounts payable function.
 - 2 out of 7 (29%) directors indicate that they are somewhat dissatisfied with the performance of the accounts payable function.
- ♦ Payroll Function
 - 3 out of 7 (43%) directors indicated that they are strongly satisfied with the performance of the payroll function.
 - 4 out of 7 (57%) directors indicated that they are somewhat satisfied with the performance of the payroll function.

- ♦ Overall performance with the Accounting & Finance Unit
 - 1 out of 7 (14%) directors indicated that he is strongly satisfied with the overall performance of the Accounting & Finance Unit.
 - 4 out of 7 (57%) directors indicated that they are somewhat satisfied with the overall performance of the Accounting & Finance Unit.
 - 2 out of 7 (29%) directors indicated that they are somewhat dissatisfied with the overall performance of the Accounting & Finance Unit.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Accounting & Finance Unit from our interviews:

- ♦ The directors of the non-administrative divisions feel that the Accounting & Finance Unit is doing a good job overall.
- ♦ Voiced concerns about a lack of communication between the finance and operations staff.
- ♦ Voiced concerns about changing procedures that impact the end users without providing advance notice.

We inquired with management about current performance metrics utilized by the Accounting Unit to track Accounts Payable performance. In response to audit inquiries, the Admin Manager II indicated that there are currently no performance metrics; however, their goal is to process invoices within 14 days to provide the Auditor Controller sufficient time to perform their review and process the payment within 30 days.

We obtained and reviewed a listing of all invoices processed from the period of January 1, 2020, through July 31, 2021. The listing included the date the invoices were received by the Department's accounts payable staff and the date in which the check was issued by the Auditor Controller. Our review disclosed that 12,676 invoices were processed during this period and the average time from the date in which the invoice was received by the accounts payable staff and the date in which the check was issued by the Auditor Control was approximately 19 days. However, the Department's account payable function is not currently tracking the date in which they forward the invoices to the Auditor Controller. As such, we were not able to determine how long it took the accounts payable staff to complete their review and forward the invoices to the Auditor Controller for approval and payment.

The Admin Manager II also indicated that the goal is to setup new cases in IPFS within 14 days of received and cases are prioritized as follows on a first in first out basis within the priority categories:

- ♦ Terminal Disposition Cases with restitution
- ♦ Terminal Disposition Cases without restitution
- ♦ Transfer Out Cases with restitution
- ♦ Transfer Out Cases without restitution
- ♦ AB109 MS Cases with restitution

- ♦ AB109 MS Cases without restitution
- ♦ General Cases with restitution
- ♦ General Cases without restitution

We obtained screenshots of the IPFS case worklist as of September 29, 2021. The worklist included a total of 308 (i.e., 144 cases that have restitution and 164 cases with no restitution) cases in pending status. The oldest case in the worklist was sent to the Accounting Unit for case setup on August 5, 2021. As of September 29, 2021, the oldest case in the worklist has been in pending status for approximately 55 days. The oldest case with restitution was sent for case setup on September 7, 2021. As of September 29, 2021, the oldest case with restitution in the worklist has been in pending status for approximately 21 days. In response to audit inquiry, the Admin Manager II indicated that they are currently experiencing a seven (7) week backlog in case setup mostly caused by legislative changes and a hiring pause. The Admin Manager II also indicated that there is currently only one person assigned to case setup and it takes about 15 minutes to setup a case in the IPFS.

Recommendation(s)

1. The lack of key performance indicators for the Accounts Payable function increases the risk that the Accounting Unit fails to identify a decrease in performance. We recommend the Accounting Unit implements key performance metrics, including the average time it takes to review and forward invoices to the Auditor Controller to gain an understanding of how long it is taking the team to process invoices and assess what percentage of the invoices are being processed within the desired timeframe. We also recommend the Accounting & Finance Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.
2. We recommend the Accounting Unit takes steps (e.g., adding additional resources to the case setup process) to reduce the amount of time cases are remaining in pending status and the overall number of cases in pending status in the case setup process.

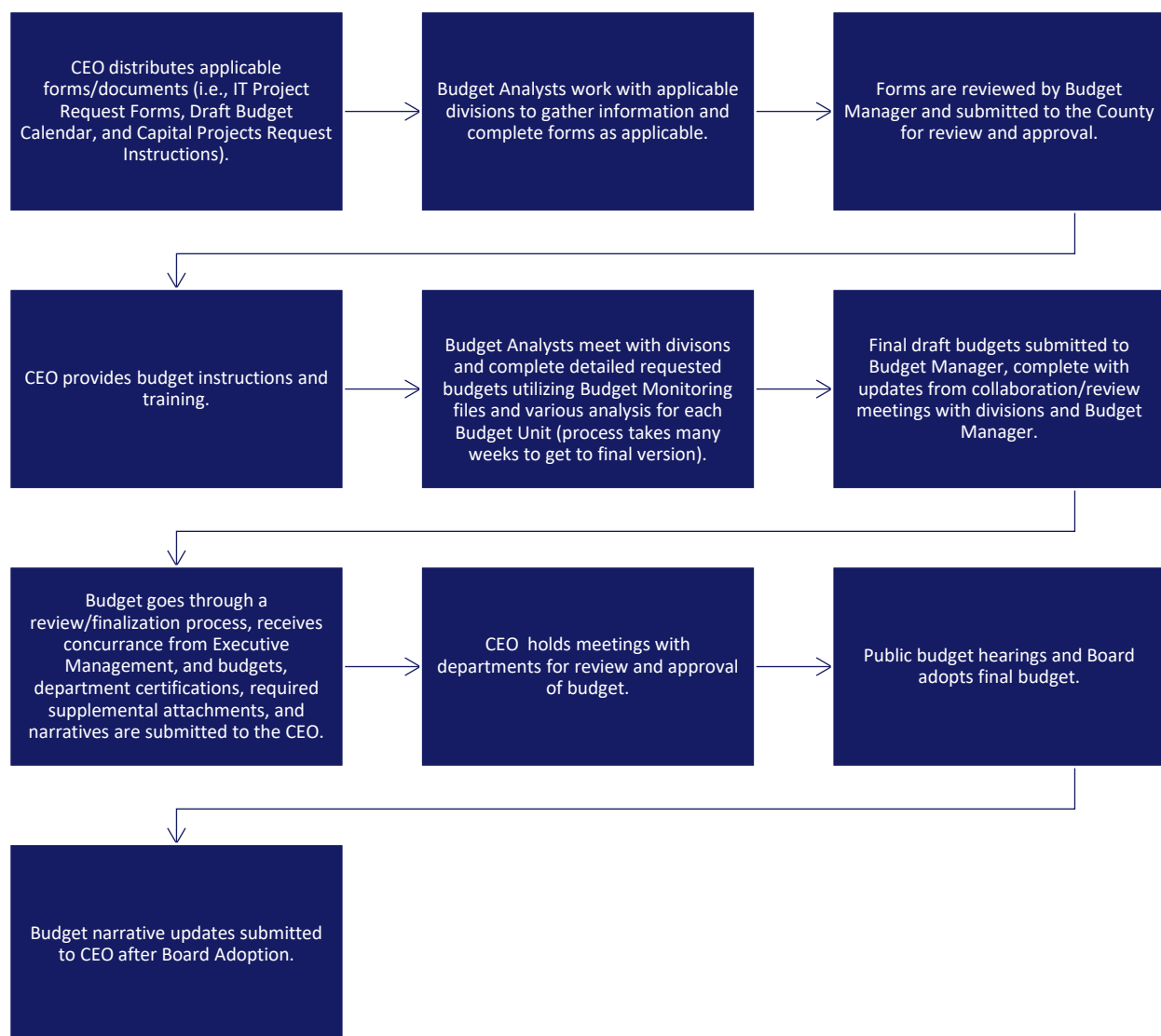
BUDGET

BUDGET CREATION

The Budget Unit is comprised of one (1) Administrative Manager II, six (6) Administrative Manager I, one (1) Staff Specialist, and one (1) Staff Assistant. The unit is responsible for the management of the Department's budget of approximately \$200M. Duties performed include budget preparation, development, monitoring, and fiscal year-end closing; narratives for County issued budget books; and reviewing, analyzing, approving and/or rejecting purchasing requisitions and work order requests.

The budget creation process requires the cooperation of all Department divisions to work with their respective Budget Analysts (i.e., Administrative Manager I assigned to that area) to create a budget that is approved by the County. The process includes multiple meetings, revisions, adjustments, etc. Exhibit 3 below provides a broad overview of the budget process.

Exhibit 3 – Budget Creation Process



Source: Created by MGT and verified by Admin Manager II, Budget Unit

Audit Procedures & Key Observations

To assess the overall satisfaction with the budget process, we surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 5 out of 7 (71%) directors indicated that they are somewhat satisfied with the budget process.
- ♦ 1 out of 7 (14%) directors indicated that they are somewhat dissatisfied with the budget process.
- ♦ 1 out of 7 (14%) directors indicated that they are dissatisfied with the budget process.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We

noted the following key observations/concerns related to the budget creation process from our interviews:

- ♦ The Budget Analysts do a good job and are always willing to help.
- ♦ Voiced concerns about being told that there are no funds to purchase certain items or pursued certain initiatives and then find out that there was money left in the Department's budget that was returned to the County.
- ♦ Voiced concerns about changing procedures that impact the end users without providing advance notice.

We also inquired about current performance metrics utilized by the Budget unit to track performance. In response to audit inquiries, the Admin Manager II indicated that their goal is to submit all reports and requests on-time and to have the least possible variance in the budget vs actual comparison. The Admin Manager II also indicated that there is currently no process for overall tracking of the timeliness of the documents and budget reports/requests submitted to the County during the budget process.

Our analysis of the budget vs actual statements for fiscal years 2019-20 and 2020-21 disclosed that total actuals were within 2 and 0.01 percent of budgeted total, respectively. However, the 2020-21 modified budget includes a \$19.9M transfer from the Department to the County's Capital Project fund. The \$19.9M were funds that were not expended during the year because of various reasons (e.g., hiring freeze, additional revenues from Covid-19 related funding, professional services that were never performed in large part to Covid-19, etc.). The savings of \$19.9M appears to be an outlier caused by unforeseen circumstances.

Recommendation(s)

3. The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Budget Unit implements key performance metrics, including percentage of budget reviews on time, percentage of reports and requests submitted on time, and year-over-year forecasting accuracy.

PURCHASING APPROVALS

The assigned Budget Analyst is also the point of contact for reviewing, analyzing, approving and/or rejecting purchasing requisitions and work order requests. As illustrated in Exhibit 10 (pg. 20), the purchasing requisitions are submitted to budget for review and approval prior to being forwarded to the Procurement, Forms & Property Control unit. The purchasing requisitions approval process for the Budget Unit consists of assessing compliance with applicable rules and regulations; policies and procedures; completeness; coding; obtaining Executive Management review/approval when applicable; and available funding. Exhibit 4 below provides a brief overview of the purchasing request review process as performed by the Budget Unit.

Exhibit 4 – Purchase Order Approval Process (Budget Unit)



Source: Created by MGT and verified by Admin Manager II, Budget Unit

Audit Procedures & Key Observations

We surveyed the nine (9) directors of the non-administrative divisions within the Department to assess the overall satisfaction with the purchasing approval process. The survey results disclosed the following (note that seven of the directors completed the anonymous survey):

- ♦ 1 out of 7 (14%) directors indicated that they are somewhat satisfied with the purchasing and review of requests process within the Budget Unit.
- ♦ 2 out of 7 (29%) directors indicated that they are neither satisfied nor dissatisfied with the purchasing and review of requests process within the Budget Unit.
- ♦ 4 out of 7 (57%) directors indicated that they are somewhat dissatisfied with the purchasing and review of requests process within the Budget Unit.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the purchasing approval process from our interviews:

- ♦ Voiced concerns about a lack of communication and understanding of the Department's mission.
- ♦ Voiced concerns with a lack of consistency regarding the items that are allowable to be purchased.

We also inquired about current performance metrics utilized by the Budget Unit to track performance. In response to audit inquiry, the Admin Manager II indicated that their goal is to ensure that all deadlines and due dates are met; however, there are currently no key performance indicators to track the performance of this function. Our analysis of the contracts and purchase orders data disclosed the Budget Unit is currently not tracking the date in which the purchase requisitions are forwarded to the procurement staff for review and approval (see the Procurement, Forms, and Property Control section of this report for additional details regarding the process, our analysis, and results).

Recommendation(s)

4. The lack of key performance indicators increases the risk that the Budget Unit fails to identify a decrease in performance and customer satisfaction with the purchasing requisitions review/approval process. We recommend the Budget Unit implements key performance metrics, including tracking the average time it takes to review, analyze, and approve/reject purchase requisition requests. We also recommend the Budget Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

CLERICAL SUPPORT & SCHEDULING UNIT

CLERICAL SECTION

The clerical section is made up of 185 clerical staff including 2 Office Managers, 2 Senior Office Supervisors and 13 supervisors assigned to AFD that provide support to the Deputized staff including Directors, Assistant Division Directors, Deputy Probation Officers and Supervising Probation Officers in both Adult & Juvenile Divisions throughout the Department. Duties of the clerical support staff include, but are not limited to, ordering supplies, typing court reports, revising and editing reports, reviewing and submitting stats to the Supervising Probation Officers and Directors monthly or quarterly. The Clerical Unit performs most of their tasks within the Integrated Case Management System (ICMS). They also use a variety of other systems to perform their daily tasks depending on their assignment including Vision, CMS/CWS to access information from Social Services. Out Teletype staff use the ELETE database to process record checks for the Deputy Probation Officer's on Probationers on their caseload. Exhibit 5 shows the typical clerical support process for Juvenile Operations.

Exhibit 5 – Clerical Support Process



Source: Created by MGT and verified by Admin Manager I, Clerical Support

To assess the overall satisfaction with the performance of the clerical unit, we surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 4 out of 7 (57%) directors indicated that they are somewhat satisfied with the performance of the clerical support section.
- ♦ 2 out of 7 (29%) directors indicated that they are neither satisfied nor dissatisfied with the performance of the clerical support section.
- ♦ 1 out of 7 (14%) directors indicated that they are dissatisfied with the performance of the clerical support section.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Clerical Support Unit from our interviews:

- ♦ Staff is efficient and do a great job with the resources available to them.
- ♦ Voiced concerns about the team possibly needing additional resources to avoid falling behind.

We also interviewed key personnel and reviewed relevant Procedural Manual Items (PMIs), Memorandum of Understandings (MOUs), policies and procedures, and requested performance data to gain an understanding and assess the performance metrics implemented by the clerical support section. In response to audit inquiries, the Admin Manager I indicated that staff follows the PMIs, establishes policies and procedures, and MOUs. The Admin Manager I also indicated that the goal of the staff is to submit the reports in a timely manner to meet established court deadlines; however, the unit does not currently track any key performance metrics to measure timeliness of submitted reports, performance, and customer satisfaction.

Recommendation(s)

5. The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Clerical Support Unit implements key performance metrics, including percentage of reports completed on time and average time to create a new case, update an existing case, and respond to requests for information.

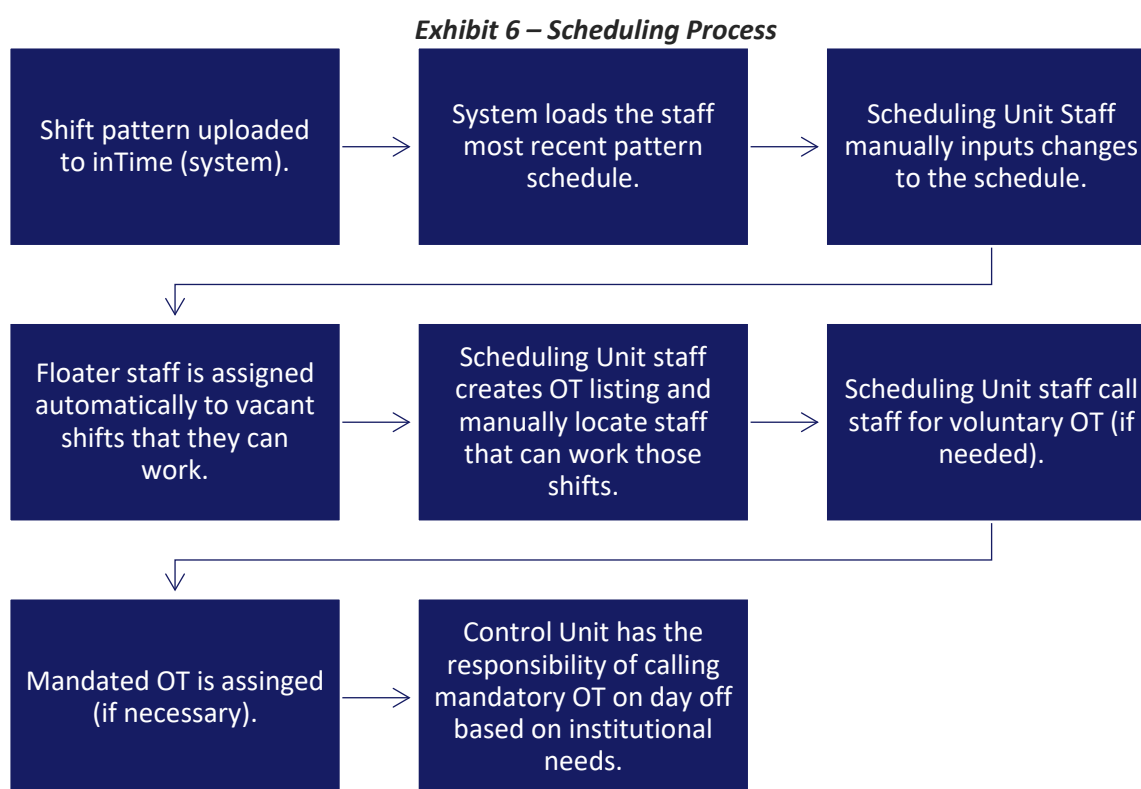
SCHEDULING UNIT

The Scheduling Unit is comprised of three staff including two Staff Assistants and one Staff Specialist who supervises the unit. The staff is responsible for creating the schedules for the Deputy Juvenile Correctional Officers that work at three Juvenile Facilities (i.e., Juvenile Hall, Youth Guidance Leadership and Youth Leadership Academy). The staff also receives, records, and approves time off requests from staff, processes and approves shifts trades based on current PMI guidelines³. The staff who work at control⁴ is responsible for taking the call outs and filling shifts on the day of.

³ Per the Staff Specialist, Scheduling Unit, approximately 100 trade requests are processed per pay period.

⁴ Control staff handle the day-to-day scheduling of staff who call out sick, adding additional staff based on ER Run, Suicide Levels, Construction escorts. They call in overtime and mandatory staff based on needs of the institutions.

For senior staff members, their shifts pattern has been previously uploaded to Intime (scheduling software). The bi-weekly scheduling process begins with the upload of the most recent scheduling patterns. The scheduling staff manually adds STC⁵ training to schedules as overtime or adjustments based on whether training is on their workday or day off and updates logs to make sure staff on approved leaves are taken off the schedules. Once all the adjustments are manually added to the system, the system runs an autofill to automatically assign available staff to the vacant positions. After the autofill, the scheduling staff ensures that all staff have 80 hours and then creates the open overtime shift list. The Scheduling Unit fills all prescheduled overtime by calling each staff and inputting the overtime they pick into the system and on the tracking log. Once all staff are called and all voluntary overtime is picked, the remaining shifts are mandated. The Scheduling Unit staff takes care of keeping the day of overtime preference forms updates in Microsoft Access for control staff to use daily. Exhibit 6 provides a brief overview of the scheduling process.



Source: Created by MGT and verified by the of the Scheduling unit, Clerical Support

Audit Procedures & Key Observations

To assess the overall satisfaction with the performance of the Scheduling Unit, we surveyed and interviewed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 1 out of 7 (14%) directors indicated that they are somewhat satisfied with the performance of the Scheduling Unit.
- ♦ 4 out of 7 (57%) directors indicated that they are neither satisfied nor dissatisfied with the performance of the Scheduling Unit.
- ♦ 2 out of 7 (29%) directors indicated that they are somewhat dissatisfied with the performance of the Scheduling Unit.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Scheduling Unit from our interviews:

- ♦ Satisfied with the overall performance of the Scheduling Unit.
- ♦ Voiced concerns about a lack of communication and issues raised not being resolved.

We also inquired about current performance metrics utilized by the Scheduling Unit to track performance. In response to audit inquiries, the Staff Specialist, Scheduling Unit, indicated that measurements used include following PMIs and MOUs and other agreements with the union. The Staff Specialist also stated that the Scheduling Unit does not make a determination as to the number of staff needed to efficiently operate the three Juvenile facilities and the amount of overtime worked throughout the facilities.

Recommendation(s) - None

FACILITIES SUPPORT

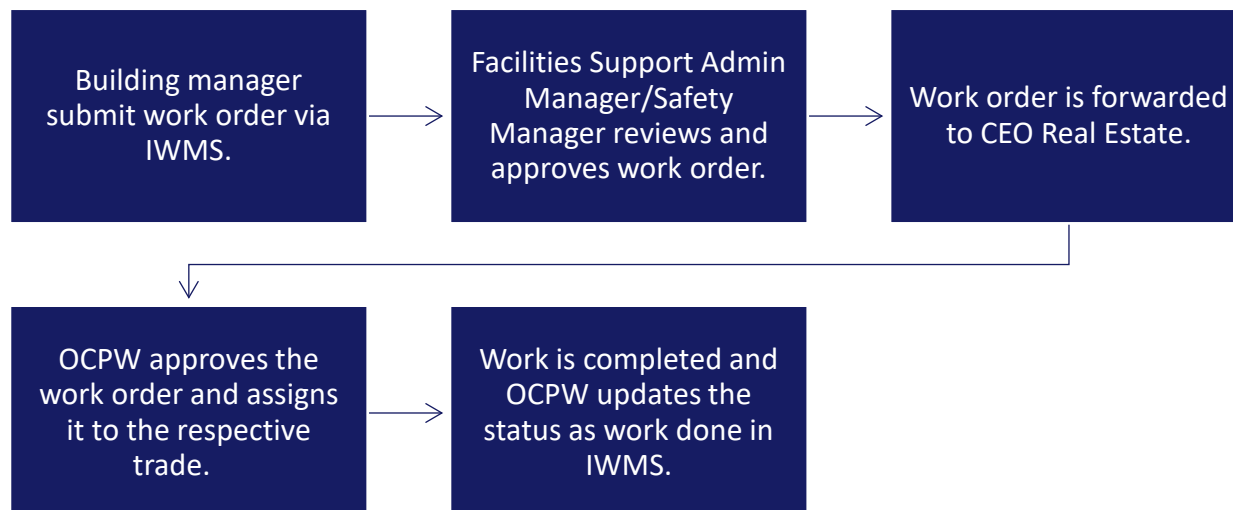
FACILITIES UNIT

The Facilities Support Unit is performed by the Facilities Support Admin Manager I⁶ and a Staff Specialist. Facilities Support is responsible for ensuring all facilities can provide the staff with a safe and healthy work environment. The Department has a total of 12 buildings including 3 institutional type facilities. The Admin Manager oversees building repairs and maintenance. Each facility has a designated building manager. This building manager is responsible for ensuring the respective building is maintained and able to operate daily. Building managers keep the Facilities Support Admin Manager I informed of any major issues or maintenance that takes place.

Facilities Support is also responsible for reviewing and approving maintenance and repairs work orders requests. The building managers submit the work orders to the Facilities Support Admin Manager I for review and approval. The work orders are submitted through the Integrated Workplace Management System (IWMS). Upon approval and verification that the work is the responsibility of the County⁷, the work orders are forwarded to Orange County Public Works Department (OCPW) to perform the tasks and complete the work orders. OCPW marks the work orders as completed once all related work has been completed. Exhibit 7 presents a flowchart of the work order process.

⁶ Note that the current Admin Manager I was promoted to the position in January of 2020.

⁷ CEO Real Estate verifies that the building is owned by the County, or the County is responsible for the work in accordance with the lease terms.

Exhibit 7 – Work Order Process Flowchart

Source: Created by MGT and verified by Admin Manager I, Facilities Support

Audit Procedures & Key Observations

To assess the overall satisfaction with the performance of the Facilities Support unit, we surveyed and the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 5 out of 7 (71%) directors indicated that they are somewhat satisfied with the performance of the Facilities Support Unit.
- ♦ 2 out of 7 (29%) directors indicated that they are dissatisfied with the performance of the Facilities Support Unit.

We interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Facilities Support Unit from our interviews:

- ♦ Satisfied with the performance of the Facilities Support Unit.
- ♦ Voiced concerns about the Facilities Support Unit possibly needing additional resources.

We also obtained a listing of all work orders submitted through IWMS from the period of January 1, 2020, through July 31, 2021. The listing included 1,208 work orders that were submitted and completed during this time. An analysis of the 1,208 work orders disclosed the following:

- ♦ The timeframe it took to complete the work ranged between 0 (work was completed on the same day the task order was submitted) to 361 days.
- ♦ 675 of the 1,208 (57%) of the work orders were completed within 21 days.

- ♦ 991 of the 1,208 (82%) of the work orders were classified as urgent⁸.
 - 586 of the 991 (59%) of the urgent work orders were completed within 21 days.

We also inquired about current performance metrics utilized by Facilities Support to track performance. In response to audit inquiry, the Admin Manager indicated that the unit recently started (about a month ago) an initiative to track cost related measures and repeat work orders. However, the performance metric tracking initiative is at an early stage and in the implementation phase.

Recommendation(s)

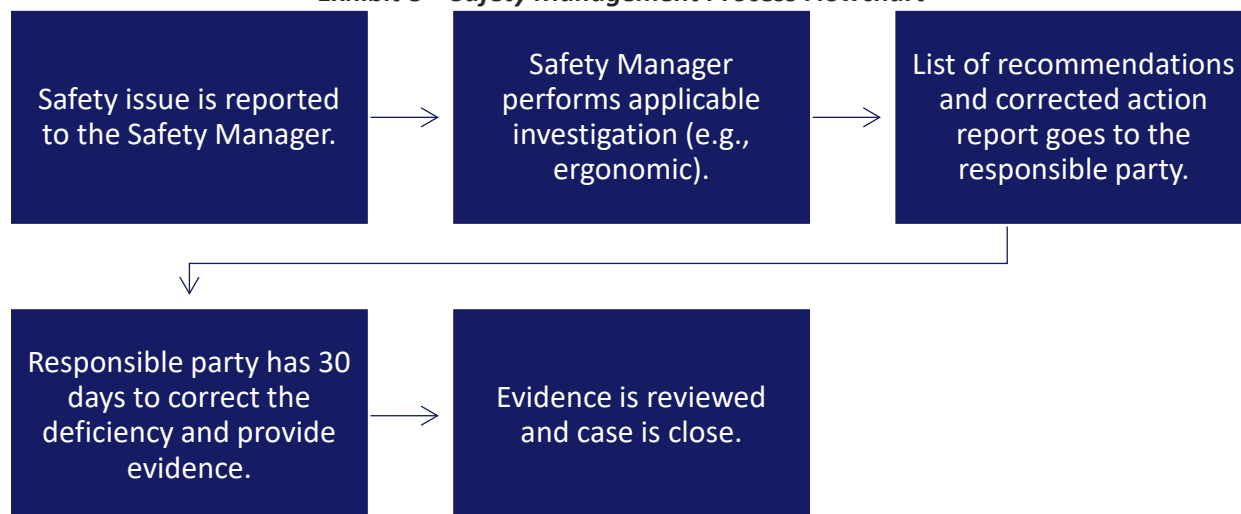
6. The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend Facilities Support continues its efforts to implement relevant key performance metrics, including the ability to track cost per square footage, average time to process work orders, number of repeat work orders, preventive maintenance vs corrective maintenance, and customer satisfaction. We also recommend Facilities Support enhances its data tracking capabilities, including taking steps to have the ability to track the time it takes the Facilities Support Admin Manager I to review and approve work orders prior to forwarding them to CEO Real Estate and OCPW.

SAFETY MANAGEMENT SECTION

The Safety Management Section is charged with the responsibility of ensuring the Department offers a safe work environment to its employees and all associated personnel. The Safety Management staff includes a Safety Manager (same person as the Facilities Support Admin Manager I) who is responsible for ensuring that the Department is compliant with all applicable safety and health regulation, including reviewing Department safety policies and procedures, conducting safety inspections, conducting ergonomic evaluations, investigating industrial hygiene complaints (air quality, mold, smells, etc.), identifying gaps in safety programs/procedures and developing new programs (i.e. Hearing Conservation, Blood Lead Level Monitoring, Ergonomics), developing safety training, conducting safety training, developing and implement COVID-19 safety programs, reviewing professional protective equipment, investigating accidents/injuries, and developing driver safety training.

Like the building manager, each building has a safety officer. The Safety Management relies on the safety officers to investigate complaints and help resolve any safety related issue that is within the respective unit's ability. If the safety officer determines that the assistance of the Safety Manager is warranted, then the Safety Manager is notified via phone or email. Exhibit 8 shows a flowchart of the safety management process.

⁸ Per OCPW, a work order is classified as urgent when its life threatening and require immediate attention for potential building damage. Examples are elevator entrapment, power outage, major water leaks, health/safety issue, COVID cleaning, etc.

Exhibit 8 – Safety Management Process Flowchart

Source: Created by MGT and verified by Admin Manager I, Facilities Support

Audit Procedures & Key Observations

To assess the overall satisfaction with the performance of the safety management section, we surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 5 out of 7 (71%) directors indicated that they are somewhat satisfied with the performance of the Safety Management Function.
- ♦ 1 out of 7 (14%) directors indicated that they are neither satisfied nor dissatisfied with the performance of the Safety Management Function.
- ♦ 1 out of 7 (14%) directors indicated that they are dissatisfied with the performance of the Safety Management Function.

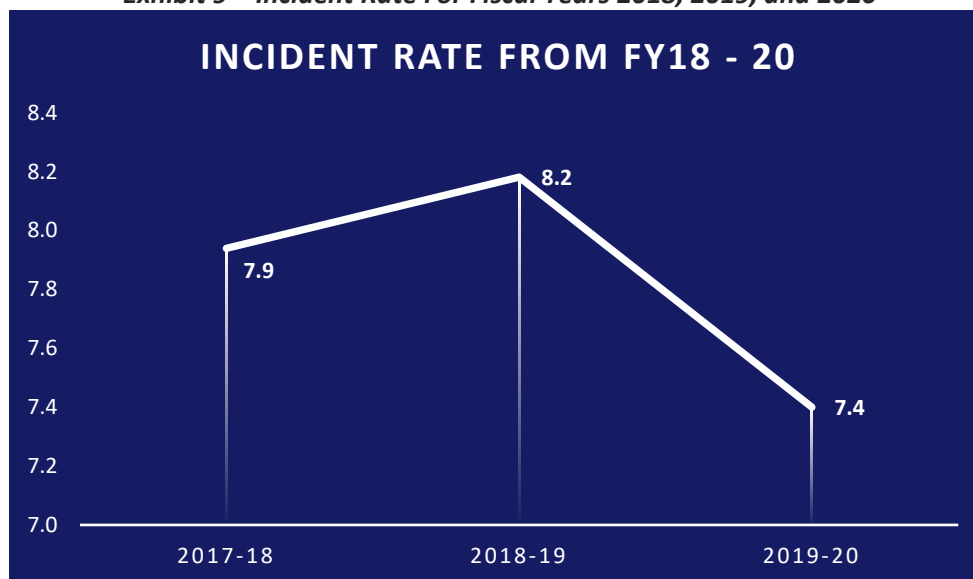
We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Safety Management function from our interviews:

- ♦ Satisfied with the performance of the Safety Management function and praised the way they handle the challenges raised by Covid-19.
- ♦ Voiced concerns about the Safety Management function possibly needing additional resources.

We inquired about current performance metrics utilized by Safety Management to track performance. In response to audit inquiries, the Safety Manager indicated that the number of workers' compensation claims are tracked at the county level on a calendar year basis and the Department generates reports from those to see how they are performing. The Safety Manager also stated that Safety Management tracks the injury rate, and periodically compares the rate to the industry average and does historical

tracking to see if the incident rate⁹ within the Department is decreasing overtime. Exhibit 9 presents the yearly incident rate for the past three fiscal years.

Exhibit 9 – Incident Rate For Fiscal Years 2018, 2019, and 2020



Source: Created by MGT from Incident Rate data obtained from Facilities Support

Safety Management tracks the incident rate for historical comparisons. However, there is opportunity for improvement as Safety Management does not currently have a system to track safety related issues overall. Additionally, a comparison of the Department's incident rate for Fiscal Year 2019-20 to the industry average disclosed that at 7.4, the incident rate for the Department was significantly higher in Fiscal Year 2019-20 than the industry average at 2.6¹⁰ for calendar year 2019.

Recommendation(s)

7. We recommend enhancing procedures to ensure that Safety Management can track all safety related issues and use this data to measure performance and identify patterns to improve efficiency and effectiveness (e.g., repeated safety issues across buildings). We also recommend Safety Management continues its efforts to decrease the incident rate closer to the industry average and performs an analysis to identify the factors that are causing the Department's incident to be significantly higher than the industry average.

⁹ An incidence rate of injuries and illnesses may be computed from the following formula: (Number of injuries and illnesses X 200,000) / Employee hours worked = Incidence rate. The 200,000 figure in the formula represents the number of hours 100 employees working 40 hours per week, 50 weeks per year would work, and provides the standard base for calculating incidence rate for an entire year.

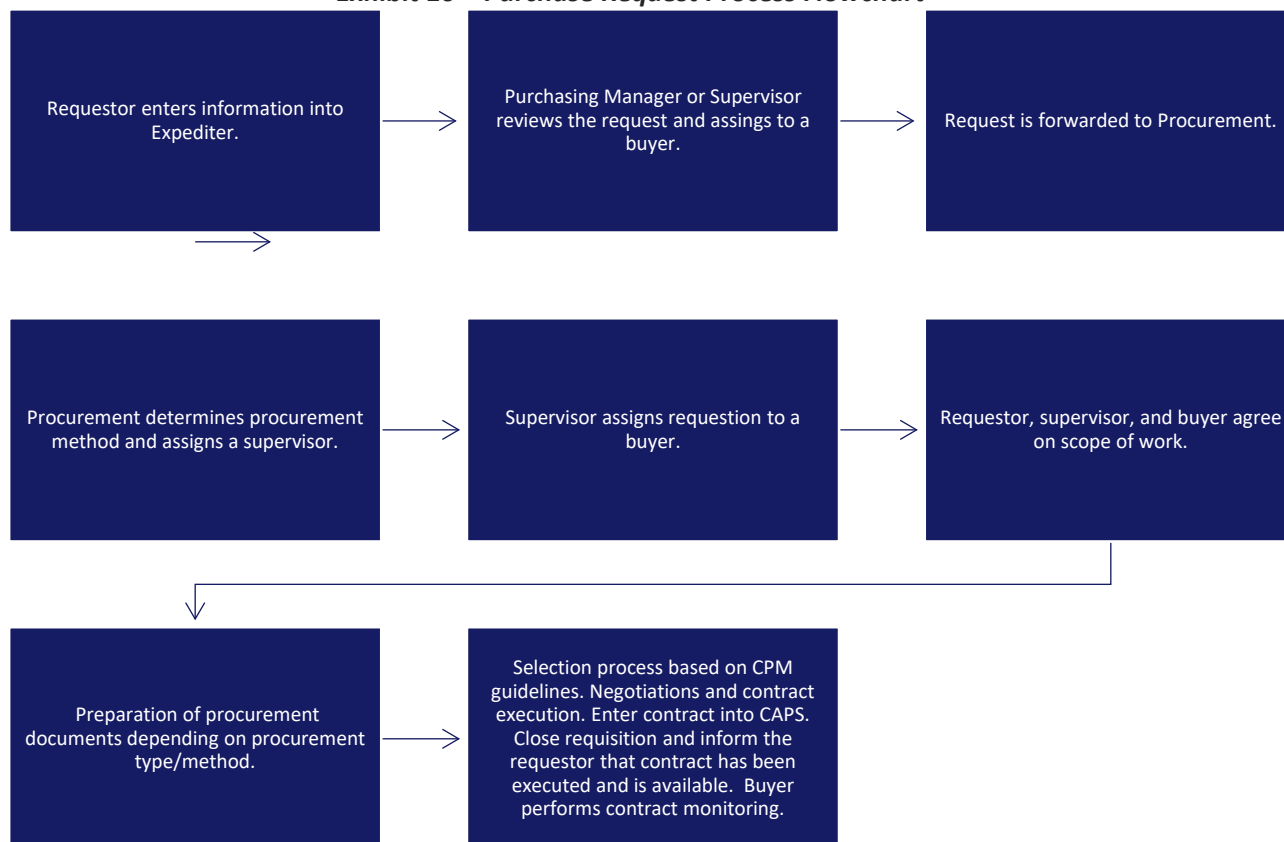
¹⁰ Source: Bureau of Labor Statistics, U.S. Department of Labor, Survey of Occupational Injuries and Illnesses, in cooperation with participating state agencies.

PURCHASING AND CONTRACTS.

PURCHASING AND CONTRACTS

The Purchasing and Contracts Unit is overseen by one Administrative Manager II, with the support of one Staff Specialist. The unit is divided into two functions: contracts and purchasing. The contracts group consist of two Administrative I Managers (Contract Administrators) who are County certified Deputy Purchasing Agents (DPAs). These individuals handle Human Service Contracts as well as MOUs for services required for Probation youth and adult population. Their work includes conducting public Requests for Proposals (RFPs), assisting in developing budgets and scope of work, vendor negotiations to include service, pricing, and contract terms. This team also monitors the contract expenditures relative to the contract budget and addresses cost or performance issues with the contractor.

The purchasing group is comprised of one Administrative Manager I, one Supervising Procurement Contract Specialist, two Procurement Contract Specialists, one Staff Specialists, three Buyers and one Office Specialist. This team is responsible for procuring goods and services to meet the Department's operational needs. The Administrative Manager and Supervising Procurement Contract Specialist assign and review the work of all the buyers. They are responsible for training, supervision, and compliance to ensure County procurement policies are being followed as defined in the County Contract Policy Manual (CPM). Each DPA is assigned requisitions and is responsible for creation of bids and/or RFPs, obtaining quotes, aiding in the development of the scope of work, and negotiations with vendors. This team creates a variety of contracts which include one-time Purchase Orders (PO) as well as multi-year Master Agreements (MA). In addition, DPAs are assigned requisitions for orders on contract which requires placement of the order and creating a Delivery Order (DO for the instrument to pay the invoice). DPAs have the responsibility of managing each contract they execute to ensure proper delivery, quality services, pricing in line with contract terms, year to date spending, and addressing contractor deficiencies as needed. The Office Specialist position administers the E-Commerce (online office supply system) users and approvers, completes one-time credit card purchases, places supply orders, and orders Department forms. Exhibit 10 presents a flowchart of the purchase request process.

Exhibit 10 – Purchase Request Process Flowchart

Source: Created by MGT and verified by Admin Manager II, Purchasing and Contracts

Audit Procedures & Key Observations

To assess the overall satisfaction with the performance of the Purchasing and Contracts Unit, we surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ 3 out of 7 (43%) directors indicated that they are somewhat satisfied with the performance of the Purchasing and Contracts Unit.
- ♦ 1 out of 7 (14%) directors indicated that they are neither satisfied nor dissatisfied with the Purchasing and Contracts Unit.
- ♦ 3 out of 7 (43%) directors indicated that they are dissatisfied with the performance of the Purchasing and Contracts Unit.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Purchasing and Contracts from our interviews:

- ♦ Voiced concerns about a lack of communication and issues raised not being resolved.

- ♦ Voiced concerns about changing procedures that impact the end users without providing advance notice.

We also obtained a listing of all contracts and purchase orders executed from the period of January 1, 2020, through July 31, 2021. The listing included 292 contracts and purchase orders that were executed during this time. A review of these 292 contracts and purchase orders disclosed the following:

- ♦ 259 of the 292 (89%) of the contracts and purchase orders were assigned to a buyer within three (3) days of receipt.
- ♦ 224 of the 292 (76.71%) of the contracts and purchase orders were executed within 90 days of being assigned to a buyer.

We also inquired about current performance metrics utilized by the Purchasing and Contracts Unit to track performance. In response to audit inquiries, the Purchasing and Contracts Admin Manager II indicated that every contract goes through a review process in which the reviewer focuses on compliance, timeline, and quality of work. The Admin Manager II also indicated that even though there are no performance metrics in writing, there is an expectation that there is a timeline in which a contract should be executed based on the procurement type and no unforeseen issues arise. Exhibit 11 provides the timeline as provided by the Admin Manager II.

Exhibit 11 – Expected Timeline to Execute Contract

Type of Procurement	Completion timeframe expectation with ideal conditions (no delays or negotiations)	If contractor protests bid award, takes exception to contract terms, has an ownership/name change, has a price increase or cannot meet insurance requirements (Add 2 months)	If contract requires Board Approval (Add 2 months)
One Quote	2-3 weeks	Add 2 months to column B	Add 2 months to column B
Two Quotes	3 weeks	Add 2 months to column B	Add 2 months to column B
Sole Source	2 months	Add 2 months to column B	Add 2 months to column B
IFB (Invitation for Bid)	2-3 months	Add 2 months to column B	Add 2 months to column B
RFP (Request for Proposal)	9-12 months	Add 2 months to column B	Add 2 months to column B
Contract renewal/amendment	2 months	Add 2 months to column B	Add 2 months to column B

Source: Admin Manager II, Purchasing and Contracts

Recommendation(s)

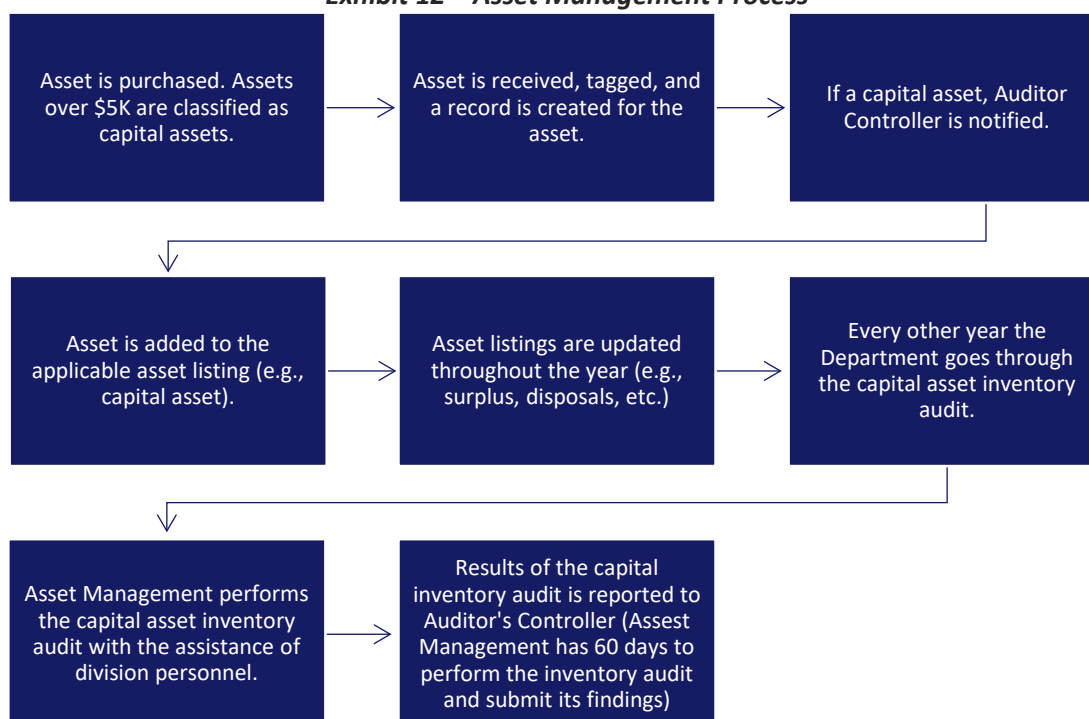
8. The lack of key performance indicators increases the risk that the Purchasing and Contracts Unit fails to identify a decrease in performance and customer satisfaction with the procurement process. We recommend the Purchasing and Contracts Unit implements key performance metrics, including average time to execute contracts by procurement method, percentage of contracts executed on time, percentage of unit staff trained in contract procedures, and customer satisfaction. We also recommend the Purchasing and Contracts Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

ASSET MANAGEMENT (PROPERTY CONTROL)

The Asset Management Subunit, a function within the Purchasing and Contracts Unit, is the responsibility of the Staff Specialist assigned to the Purchasing Unit. This position is responsible for tagging, tracking, and inventorying controlled and capital assets, including completing the Capital Asset Inventory Audit. In

addition, this position handles surplus and destruction of obsolete assets and reporting this information to the Auditor Controller. This position also manages the Department's fleet vehicles. Fleet management includes working with OCPW for tracking, ordering, coordinating service and retiring of vehicles. In addition, this position works with the Budget Unit for the periodic required reporting. With fleet management also comes the management of toll road accounts, fuel cards and fuel key fobs. Exhibit 12 provides an overview of the Asset Management process.

Exhibit 12 – Asset Management Process



Source: Created by MGT and verified by Admin Manager II, Purchasing and Contracts

Audit Procedures & Key Observations

We surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following: (note that seven of the directors surveyed completed the anonymous survey)

- ♦ 5 out of 7 (71%) directors indicated that they are somewhat satisfied with the performance of the Asset Management Subunit.
- ♦ 1 out of 7 (14%) directors indicated that they are neither satisfied nor dissatisfied with the performance of the Asset Management Subunit.
- ♦ 1 out of 7 (14%) directors indicated that they are dissatisfied with the performance of the Asset Management Subunit.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the Asset Management Subunit from our interviews:

- ♦ Satisfied with the Inventory Capital Asset Audit process overall.
- ♦ Voiced concerns about the responsibilities of the last audit falling on them and their staff.

We also inquired about current performance metrics utilized by the Asset Management Subunit to track performance. In response to audit inquiries, the Admin Manager II indicated that the most effective measure is whether the team can locate all capital assets and submit the report within the 60 days timeline. We obtained and reviewed documents (e.g., 2021 Capital Asset Inventory Packet, 2021 Cap Asset Inv Follow Up Letter to AC 7.6.21, AC Approval Inventory Memo – 2021 Probation Dept. etc.) and verified that the documentation indicates that all 133 capital assets were located, and the capital asset inventory audit was completed within 60 days. However, we noted that the capital asset listing was not completely up to date as five (5) capital assets had been disposed of without providing proper notification to the Asset Management Unit.

Recommendation(s)

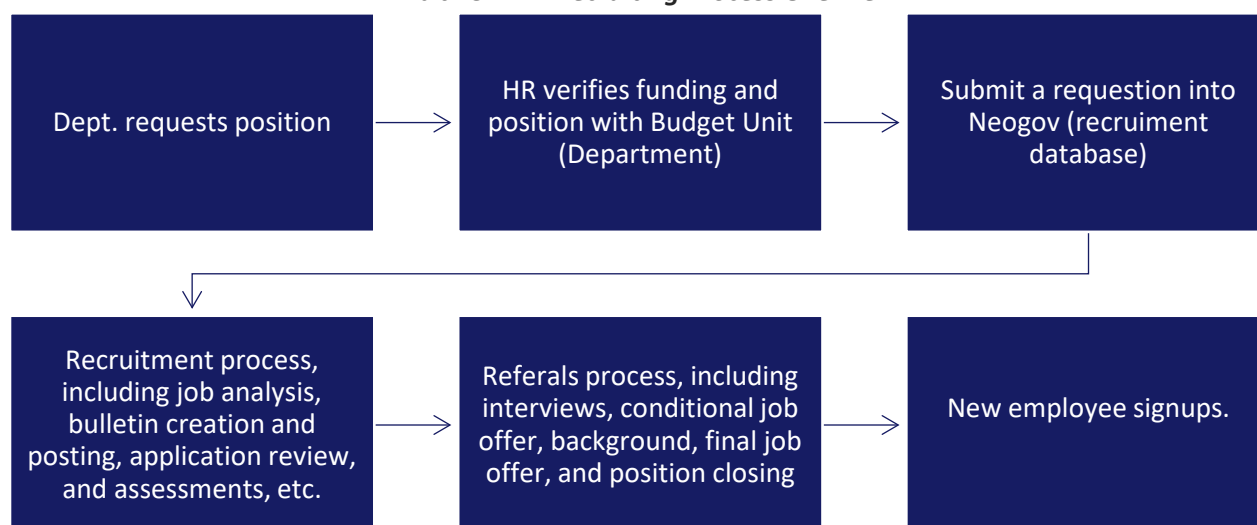
9. The disposal of assets without providing proper notification to the Asset Management Subunit increases the risk that a misappropriation of an asset goes undetected. We recommend enhancing procedures (e.g., provide training) to ensure that all divisions fully understand the information that must be provided to the Asset Management Subunit after an event (e.g., disposal) that impacts a capital asset.

2.0 – HUMAN RESOURCES (HR)

BACKGROUND

Prior to October 2012, the HR function was housed within the Department. The HR team consisted of 11 HR professionals. These professionals provided all HR related support to the Department. In 2012, the Department's HR team became part of the central Orange County Human Resources Department (OCHR). Currently, there are seven (7)¹¹ members of the OCHR assigned to support the Department. These staff members are charged with recruiting, return-to-work program, processing of personnel actions, grievance processing into the CAPS Plus database, training and providing guidance to managers and supervisors in employee relations and leave of absences. Exhibit 13 provides a high-level overview of the recruiting process.

Exhibit 13 – HR Recruiting Process Overview



Source: Created by MGT and verified by Human Resources Satellite Team

Audit Procedures & Key Observations

We surveyed the nine (9) directors of the non-administrative divisions within the Department. The survey results disclosed the following (note that seven of the directors surveyed completed the anonymous survey):

- ♦ Recruitment process:
 - 3 out of 7 (43%) directors indicated that they are somewhat satisfied with the recruitment process.
 - 3 out of 7 (43%) directors indicated that they neither satisfied nor dissatisfied with the recruitment process.

¹¹ Two (2) additional positions were approved on September 28, 2021, and are expected to join the team in October 2021

- 1 out of 7 (14%) directors indicated that they are dissatisfied with the recruitment process.
- ◆ Overall performance
 - 1 out of 7 (14%) directors indicated that they are satisfied with the overall performance of the HR function.
 - 5 out of 7 (71%) directors indicated that they are somewhat satisfied with the overall performance of the HR function.
 - 1 out of 7 (14%) directors indicated that they neither satisfied nor dissatisfied with the overall performance of the HR function.

We also interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the HR Unit from our interviews:

- ◆ Satisfied with the efficiency and effectiveness of the HR function.
- ◆ Satisfied with the communication and flexibility of the HR staff.
- ◆ Voiced concerns about the HR Satellite Team assigned to the Department needed additional resources to accelerate the recruitment and hiring process.

We also inquired about current performance metrics utilize by the HR Unit to track performance. In response to audit inquiries, the Human Resources Manager, Satellite Team, indicated that there are no formal performance metrics, but their goal is to fill all vacancies as soon as they possibly can; however, there can be delays depending on availability of panel members, number of candidates, and qualifications. The Human Resources Manager also indicated that the staff members assigned to probation go through a more extensive background process and staff members who have not gone through this process cannot assist with probation related HR tasks when there is a backlog.

We obtained a review a listing of all positions filled for the Department from the period of January 1, 2020, through July 31, 2021. An analysis of the listing disclosed the following:

- ◆ 140 positions were filled during this period.
- ◆ 102 days was the average time from the date the request was made by the Department to the date the offer was accepted by the candidate.
- ◆ 118 days was the average time from the date the request was made by the Department to the start date.
- ◆ 16 days was the average time from the date in which the offer was accepted by the candidate to the start date.

We performed research to identify peer counties in California to perform an organizational structure comparison. Based on population, San Diego County and Riverside County were identified as peer counties. We researched the peer counties websites to gain an understanding of the organizational structure of their probation departments. Our researched disclosed that both peer counties have an HR function within the probation department to help support the department's operations.

Recommendation(s)

10. We recommend the HR Satellite Team implements key performance indicators and periodically perform analysis to track number of applicants per job posting and average time to fill positions. Additionally, consideration should be given to performing research to determine if it would be beneficial for the Department to have in-house HR staff. Having in-house HR staff would allow for more flexibility and provide the Department with an organizational structure that matches the structure of peer counties of similar size.

3.0 – INFORMATION TECHNOLOGY (IT)

BACKGROUND

Prior to November of 2017, the IT function was housed within the Department. The IT team consisted of a staff of approximately 30 IT professionals. These professionals provided all IT related support to the Department. In November of 2017, the Department's IT team became part of the central Orange County Information Technology Department (OCIT). Currently, there are approximately 23 members of OCIT assigned to support the Department.

The list below provides a summary of the services IT provides to the Department:

- ♦ Data Center Services:
 - Servers Maintenance
 - Network Storage – including cloud backup
 - Cloud Computing Support – Including O365 & SharePoint
 - Data Center facilities management
 - Help Desk Services
- ♦ Desktop Support:
 - Desktop computer and Laptop Support
 - Software Support
 - Mobile device management
- ♦ Enterprise Services
 - Network Support
 - Voice Services
 - Azure Cloud Services
 - Badge Access Control
 - Cabling
 - Business Continuity and Disaster Recovery
 - Wireless Access Point Support
 - Enterprise Privacy and Cyber Security Services
 - Firewall and Security operation Support services including 24x7x365 monitoring and incident management.
- ♦ Application Development
 - Database support

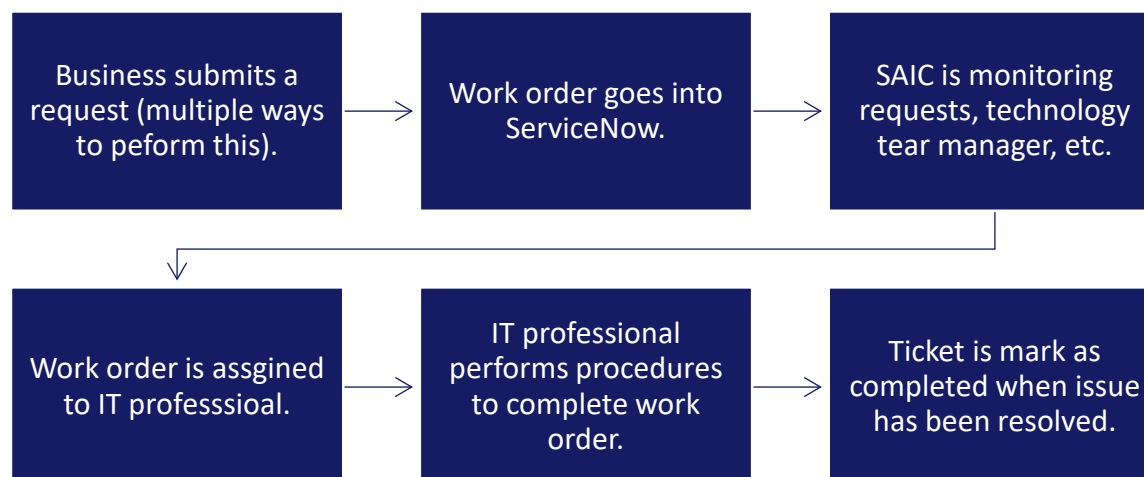
On April 1st, 2021, the County entered into an agreement with Science Applications International Corporation (SAIC) to provide IT support services. IT services provided by SAIC include:

- ♦ IT Service Management & Life Cycle Services
- ♦ Data Center Services

- ♦ Service Desk Notifications
- ♦ Application Development and Maintenance
- ♦ Desktop Support Services
- ♦ Network Management
- ♦ Converged Network Management
- ♦ Voice communication
- ♦ Security Operations Center
- ♦ General

IT related services requests are processed through ServiceNow. There are multiple ways to submit a service request/work order. The user has the option of submitting a work order online or contacting an IT professional. Exhibit 14 provides a high-level overview of the IT service request process.

Exhibit 14 – IT Service Request Process



Audit Procedures & Key Observations

We interviewed eight (8) of the non-administrative divisions directors to discuss efficiencies, effectiveness, and improvement opportunities within the administrative functions of the Department. We noted the following key observations/concerns related to the HR Unit from our interviews:

- ♦ Satisfied with the overall efficiency and effectiveness of the IT function.
- ♦ Satisfied with the communication and flexibility of the IT function.
- ♦ Voiced concerns about the IT staff not understanding the mission of the Department as well as when the IT function was housed within the Department.

We also inquired about current performance metrics utilized by OCIT to track performance. Per the agreement with the County, SAIC is required to track certain performance metrics and provide reports on these metrics on a monthly basis. The reports are submitted to the County for review and approval. The reports include performance indicators for SAIC's county-wide services, including:

- ♦ IT Service Management & Life Cycle Services
 - Work order proposal response
 - System software refresh and updates
 - Incident resolution
 - Backup and restoration
 - Restoration
 - Asset tracking and management
 - IT service management and life cycle management tools
 - End user scheduled survey
- ♦ Data Center Services
 - System/Security administration
 - System availability
 - Unscheduled downtime
 - Service desk notification
 - Batch processing
 - General administrative
 - Storage administration for mainframe and servers
 - Database administration
 - Server administration
 - Check printing service level requirements
 - DR Testing
- ♦ Service Desk Notification
 - Service desk availability
 - Response time
 - Incident resolution
 - End user account administration
 - Vendor access to County Facility and Network
 - Client satisfaction
- ♦ Application Development and Maintenance
 - Application development
 - Application/Minor Enhancement
- ♦ Desktop Support Services
 - IMACS
- ♦ Network Management
 - Network availability (non-Transaction)
- ♦ Converged Network Management
 - Network performance (non-transaction based)
 - Network administration (transaction based)
 - Content filtering of email (non-transaction based)
 - Security intrusion detection (transaction based)

- ♦ Voice communication
 - Voice communications service availability (non-transactional)
 - Service responsiveness (transaction based)
- ♦ Security Operations Center
 - Security operations center response
- ♦ General
 - Personnel continuity
 - Supplier access to County

Our review of the September 2021 report (contains performance indicators data through August 2021) disclosed that SAIC met all the applicable performance metrics for the services provided in August 2021. The operations of the IT function appear to be providing support services to the Department in an efficient and effective manner.

Recommendation(s) – None



DANIEL HERNANDEZ
CHIEF PROBATION OFFICER

TELEPHONE: (714) 569-2000


1055 N. MAIN STREET, 5TH FLOOR
SANTA ANA, CA 92701

MAILING ADDRESS:
P.O. BOX 10260
SANTA ANA, CA 92711-0260

DATE: October 6, 2022

TO: Lilly Simmering, Deputy County Executive Officer

CC: Lala Oca Ragen, Director, Performance Management and Policy
Todd Graham, Chief Deputy Probation Officer, Operations Support Bureau
Dana Schultz, Administrative and Fiscal Division Director

FROM:  Daniel Hernandez, Chief Probation Officer

SUBJECT: Performance Audit of the Probation Department's Administrative Functions

Attached you will find the Probation Department's responses to the observations and recommendations resulting from the performance audit conducted by MGT Consulting and documented by them on their report.

We thank MGT Consulting for also including acknowledgment in their report of various system improvements already implemented by the Administrative and Fiscal Division in the past few years to improve efficiency.

Please contact Daniel Hernandez, Chief Probation Officer, at (714) 645-7001 if you have any questions.

Performance Audit of the Probation Department's Administrative Services Responses to Audit Comments and Recommendations

Audit Comment 1:

The Department's accounts payable function is not currently tracking the date in which they forward the invoices to the Auditor-Controller. As such, we were not able to determine how long it took the accounts payable staff to complete their review and forward the invoices to the Auditor-Controller for approval and payment. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Accounting & Finance Unit.

Audit Recommendation 1:

The lack of key performance indicators increases the risk that the Accounting Unit fails to identify a decrease in performance. We recommend the Accounting Unit implements key performance metrics, including the average time it takes to review and forward invoices to the Auditor Controller to gain an understanding of how long it is taking the team to process invoices and assess what percentage of the invoices are being processed within the desired timeframe. We also recommend the Accounting & Finance Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communication.

Department Response 1: Probation concurs

At the time of the audit, Probation had already begun the process of reviewing available tools for the purpose of tracking invoice receipt and processing milestones. The department looked at various tracking tools like OC Expediter (Expediter), EXCEL and the Probation specific application, Integrated Probation Financial System (IPFS). Upon detailed analysis, it was decided that the best tool available to the Probation department was Expediter. As of 5/1/2022, this was fully implemented, all invoices received by the Probation Accounts Payable unit are input into Expediter within 2-3 days of receipt. This allows for visibility of status of the invoice and other details such as: date payment was issued, date payment cleared, etc. Within Expediter, various invoice related reports are available that allow the department to identify current workload, backlogged invoices, invoices sent to AC but not yet paid, and other various metrics that can assist with identifying performance impacts.

In response to the communications recommendation, a change was made in 2021 to prior Department direction that instructed messaging to be relayed by Executive Management to the Department, not from the Administrative and Fiscal Division (AFD). Since that change, AFD has been messaging and communicating directly to the Department. The Division has also increased communications in various areas, including additions of kick-off meetings for new and regular recurring projects, quarterly meetings for contracted services and the AFD Director is now an

attendee at the weekly operations meetings where AFD updates are regularly communicated and operations questions and concerns can be addressed. Also in progress, initiated prior to the Performance Audit, are various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.). The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development. Lastly, the AFD Director is in the process of developing an AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics.

Audit Comment 2:

The oldest case in the case setup worklist for cases with financial implications was sent to the Accounting Unit for case setup on August 5, 2021. As of September 29, 2021, the oldest case in the worklist has been in pending status for approximately 55 days. The oldest case with restitution was sent for case setup on September 7, 2021. As of September 29, 2021, the oldest case with restitution in the worklist has been in pending status for approximately 21 days. The case setup function is currently experiencing a seven (7) week backlog.

Audit Recommendation 2:

We recommend the Accounting Unit takes steps (e.g., adding additional resources to the case setup process) to reduce the amount of time cases are remaining in pending status and the overall number of cases in pending status in the case setup process.

Department Response 2: Probation does not concur.

As a result of legislative impacts over the past 4 years, the operating environment for the collection of Court Fines and Fees has significantly changed. The County is currently undergoing a process to renegotiate the MOU with the Courts regarding these collections and transition all collection responsibilities from the County to the Court. Current conversations with the Court have been that Probation will continue to perform statutorily required Restitution Investigations functions, but collections for restitution would be conducted by a 3rd party provider, as is the current Court practice for restitution cases not handled by Probation (non-formally supervised cases). Collections on all other court ordered fines and fees would shift back to Court responsibility for collection. These negotiations are still in process, so the proposed shift and additional details are pending development and implementation of a successor MOU. During this period of uncertainty and to avoid layoffs and other negative impacts to employees, the department has been managing anticipated reductions through attrition and increased workload monitoring. We actively monitor the backlog of cases and continually rotate staff and offer overtime to address backlogs. At the present time,

department operations are at a critical low and the Department is in the process of developing the plan to transfer duties to the court upon approval of the MOU and ensure appropriate staffing levels are in place for general accounting needs.

Audit Comment 3:

The goal is to submit all budget related reports and requests on-time and keep the budget vs actual variance to a minimum. However, there is currently no process for overall tracking of the timeliness of the documents and budget reports submitted to the County during the budget process.

Audit Recommendation 3:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Budget Unit implements key performance metrics, including percentage of budget reviews on time, percentage of reports and requests submitted on time, and year-over-year forecasting accuracy.

Department Response 3: Probation partially concurs.

The Budget Unit completes all required checklists and certifications required by the County. Probation utilizes all County provided calendars, inclusive of timelines, as well as a detailed internal process calendar to stay on track with all required submissions. The department has added a "Completed" column to the internal tracking log already in use that identifies the date each task is completed in addition to adding an additional tab to track non-budget related reports that are compiled by the budget unit to have a comprehensive list of all assignments and tracking of completion dates. Probation will continue to evaluate all established timelines and workloads to continue timely submissions.

The Budget Unit also actively monitors and evaluates budget performance. Projections are conducted monthly and reviewed by the budget manager. Analysis includes tracking and variance analysis by each object code, object category, budget unit, bureau, and for the overall department. Variances are reviewed and explanations are required for variances to prior month projections, budget, prior year actuals, etc. Additionally, Probation meets regularly with operations and CEO Budget to discuss forecasts and address any needs/concerns. Probation is constantly evaluating the results, always seeking to utilize all available resources to further the Department's mission, while remaining in compliance with all County, State, and Federal regulations.

Audit Comment 4:

There are currently no key performance indicators utilized to track the performance of the purchase requisitions request review process within the Budget Unit. Additionally, the non-

admin directors voiced concerns about a lack of communication between their departments and the Budget Unit.

Audit Recommendation 4:

The lack of key performance indicators increases the risk that the Budget Unit fails to identify a decrease in performance and customer satisfaction with the purchasing requisitions review/approval process. We recommend the Budget Unit implements key performance metrics, including tracking the average time it takes to review, analyze, and approve/reject purchase requisitions requests. We also recommend the Budget Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

Department Response 4: Probation partially concurs.

Reports are currently available within the County's Expeditor system to document when budget approval was completed versus when the request was submitted, therefore performance indicators currently do exist. However, the system does not currently have reporting capability to track all stages in the process in one report. Probation submitted a request to the OC Expediter Governance Committee to add additional reporting capability within Expeditor to reflect approval dates throughout the process to better evaluate timeliness; suggestion is to add the "Final Approval" date to the "Procurement Workload Report" which will provide a report that can be reviewed to see total process time for each area of responsibility (i.e., Operations, Budget and Contracts/Purchasing). If approved, the department will be able to utilize this report to monitor and review performance metrics for the entire requisition process.

In addition to the above, the Department initiated in January 2022 four important steps to increase the performance of the purchasing process and improve customer satisfaction.

1. The Department's executive team removed an additional layer of approval that was required to initiate/approve purchase requests. Prior to January of 2022, there was a requirement that certain purchases needed approval from the entire executive team before budget the unit could approve the request. This added level of oversight caused undue delays and has since been lifted resulting in a much smoother and quicker process.
2. The Admin & Fiscal Division (AFD) Director has become a regular attendee during weekly operations meetings. During these meetings, routine Admin & Fiscal Division updates are provided, including the status/questions concerning purchases. These updates have been helpful for operations to plan for current and future service/supplies needs.
3. Prior to the Performance Audit, various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.) were in process of development.

The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development.

4. The AFD Director is in the process of developing an AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics. While the above efforts have taken some time, the Department has already seen an improvement in communications especially concerning the purchase request process.

In response to increased communications, a change was made in 2021 to prior Department direction that instructed messaging to be relayed by Executive Management to the Department, not from the Administrative and Fiscal Division (AFD). Since that change, AFD has been messaging and communicating directly to the Department. The Division has also increased communications in various areas, including additions of kick-off meetings for new and regular recurring projects, quarterly meetings for contracted services and, as previously mentioned, attendance at the weekly operations meetings where AFD updates are communicated and operations questions and concerns can be addressed.

Audit Comment 5:

The goal of the Clerical Support staff is to submit all reports in a timely manner to meet established court deadlines; however, the unit does not currently track any key performance metrics to measure timeliness of submitted reports, performance, and customer satisfaction.

Audit Recommendation 5:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Clerical Support Unit implements key performance metrics, including percentage of reports completed on time and average time to create a new case, update an existing case, and respond to requests for information.

Department Response 5: Probation partially concurs.

The majority of the clerical support staff keep statistics for their work processed. The statistics/metrics are not all based on the time it takes to complete each task as processing time is not always the best metric for all workloads. For example, one unit tracks based on timeliness of submission via a report called the "Late List Report", which tracks whether or not reports for that Division were submitted to court on time, if late, it reports when the report was delivered to court versus when it should have been delivered to court. Additionally, not all clerical

functions have appropriate or reasonable metrics tracking to me implemented. For example, functions such as buzzing people in at the gates to enter our Juvenile Facilities, answering phone calls, ordering, supplies, etc. are all daily functions that are immediate and to add additional tracking to record every phone answered, order placed, etc. would be burdensome based on any information that would be gleaned from these metrics. All other workload (e.g., reports, case set-up, etc.) are currently tracked and monitored. However, the Department will continue to evaluate its clerical support unit to identify any areas where performance metrics are not currently in place, including new functions that are assigned due to legislative and other operational impacts, and can be implemented to evaluate performance and identify increases/decreases in performance.

Audit Comment 6:

A listing of all Facilities Support (e.g., maintenance, repairs, etc.) related work orders submitted through from the period of January 1, 2020, through July 31, 2021, disclosed the following:

- The timeframe it took to complete the work ranged between 0 (work was completed on the same day the task order was submitted) to 361 days.
- 675 of the 1,208 (57%) of the work orders were completed within 21 days.
- 991 of the 1,208 (82%) of the work orders were classified as urgent .
- 586 of the 991 (59%) of the urgent work orders were completed within 21 days.

The Facilities Support Unit recently started an initiative to track cost related measures and repeat work orders. However, the performance metric tracking initiative is at an early stage and in the implementation phase.

Audit Recommendation 6:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend Facilities Support continues its efforts to implement relevant key performance metrics, including the ability to track cost per square footage, average time to process work orders, number of repeat work orders, preventive maintenance vs corrective maintenance, and customer satisfaction. We also recommend Facilities Support enhances its data tracking capabilities, including taking steps to have the ability to track the time it takes the Facilities Support Admin Manager I to review and approve work orders prior to forwarding them to CEO Real Estate and OCPW.

Department Response 6: Probation partially concurs.

The Department is the process of implementing steps to track and follow various metrics surrounding the Orange County Public Works (OCPW) Department workorder process. OCPW has granted the Department access to reports, however these are limited in data and changes to the available reports are beyond the authority of the Department as the system belongs to OCPW. The AFD Director has begun conversations with the Budget Team on available reports

from OCPW and other expense and job billing reports available through the CAPS+ Data Warehouse to evaluate the ability to combine various reports and resources to monitor and evaluate key performance metrics. Due to the vacancy of the Department Facilities and Safety Manager, implementation of these reports and evaluations are planned for implementation in 2023.

Audit Comment 7:

Safety Management tracks the incident rate for historical comparisons. However, there is opportunity for improvement as Safety Management does not currently have a system to track safety related issues overall. Additionally, a comparison of the Department's incident rate for Fiscal Year 2019-20 to the industry average disclosed that at 7.4, the incident rate for the Department was significantly higher in Fiscal Year 2019-20 than the industry average at 2.6 for calendar year 2019.

Audit Recommendation 7:

We recommend enhancing procedures to ensure that Safety Management can track all safety related issues and use this data to measure performance and identify patterns to improve efficiency and effectiveness (e.g., repeated safety issues across buildings). We also recommend Safety Management continues its efforts to decrease the incident rate closer to the industry average and performs an analysis to identify the factors that are causing the Department's incident to be significantly higher than the industry average.

Department Response 7: Probation partially concurs.

The Department reviews and investigates all worker's compensation claims as they are submitted. Incidents and injuries are tracked, and the reports are used to generate key metric indicators that assist the Safety Manager with identifying reoccurring trends and potential exposures. These metric reports are then used to identifying training, equipment and building needs and improvements to correct and/or prevent potential hazards and exposures. The current incident rate is 5.4 incidents per 100 full-time employees, which is below the States 6.8 industry average.

To provide a central repository for various safety related reports and improve ability to track and monitor reports, trainings, etc. the department has begun the steps to implement OC Safety. The department has been meeting with CEO Risk Management to train on the OC Safety system as well as provide data required to implement the system. The current timeline to complete training is July 2022 with planned implementation of OC Safety by December 2022.

Audit Comment 8:

Contracts goes through a review process in which the reviewer focuses on compliance, timeline, and quality of work. However, there are no formal key performance indicators tracked

by the Purchasing and Contracts Unit to facilitate the measurement of efficiency and effectiveness as it relates to contracts and purchase orders execution. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Purchasing and Contracts Unit.

Audit Recommendation 8:

The lack of key performance indicators increases the risk that Purchasing and Contracts Unit fails to identify a decrease in performance and customer satisfaction with the procurement process. We recommend the Purchasing and Contracts Unit implements key performance metrics, including average time to execute contracts by procurement method, percentage of contracts executed on time, percentage of unit staff trained in contract procedures, and customer satisfaction. We also recommend the Purchasing and Contracts Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

Department Response 8: Probation partially concurs.

The OC Expediter system has reports that track various metrics including timeliness of processing of requisitions and various approval processing times. Included in the Performance Audit Report are the metrics the Purchasing and Contracts Unit provided for average time to execute contracts by solicitation type. These metrics can be used to compare to the reports provided in Expediter. The department already has established guidelines for the various procurement types that include estimated timelines for each process, which were provided to the auditor. The department also has schedules for the Request for Proposal processes that establishes a timeline for the process. The Contracts and Purchasing Manager meets with the contract administrators bi-weekly to review the status of their tasks to ensure established deadlines are met to the best of our ability, identify issues and resolve obstacles. The department has implemented a "de-brief" meeting process upon completion of large projects to compare actual completion dates to established schedules and typical processing times. Included in this meeting are discussions regarding issues encountered, process improvements, etc. Also, as referenced in the Budget Audit response, the department requested additions to the "Procurement Workload Report" in Expediter to allow more detailed analysis of the requisition related metrics.

As mentioned previously, also in progress are various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.). The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development. Lastly, the AFD Director is in the process of developing an

AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics.

Audit Comment 9:

The capital asset listing was not completely up to date as five (5) capital assets had been disposed of without providing proper notification to the Asset Management Subunit.

Audit Recommendation 9:

The disposal of assets without providing proper notification to the Asset Management Unit increases the risk that a misappropriation of an asset goes undetected. We recommend enhancing procedures (e.g., provide training) to ensure that all divisions fully understand the information that must be provided to the Asset Management Subunit after an event (e.g., disposal) that impacts a capital asset.

Department Response 9: Probation concurs.

The Administrative and Fiscal Division (AFD) previously identified asset management as an area in need of improvement and has begun to implement more thorough review and analysis, process changes, and identified need for training. A trend of total number of past Discharge of Accountability for assets requests brought to the Board of Supervisors has reduced significantly over the past years, indicating increased performance outcomes. AFD has implemented a standard for which assets will be tracked and controlled based on value and probability for theft that was not previously in place. The county is in the process of establishing an asset control management system to assist with tagging, tracking, reporting and annual inventory processes; once in place, the department will look to utilize this resource.

Additionally, this has been identified as an area of training that will be incorporated into the AFD training curriculum referenced in the Budget Audit response. It is anticipated that the training and asset control management system will be in place by the end of calendar year 2022.

Audit Comment 10:

An analysis of a listing containing all positions filled for the Department from the period of January 1, 2020, through July 31, 2021, disclosed the following:

- 140 positions were filled during this period.
- 102 days was the average time from the date the request was made by the Department to the date the offer was accepted by the candidate.
- 118 days was the average time from the date the request was made by the Department to the start date.
- 16 days was the average time from the date in which the offer was accepted by the candidate to the start date.

However, the HR Satellite Team currently does not have any key performance indicators goals to assess the performance of the recruitment process.

In addition, San Diego County and Riverside County were identified as peer counties of the Orange County for organizational structure comparison. Our researched discovered that both peer counties have an HR function within the probation department to help support the department's operations.

Audit Recommendation 10:

We recommend the HR Satellite Team implements key performance indicators and periodically perform analysis to track number of applicants per job posting and average time to fill positions. Additionally, consideration should be given to performing research to determine if it would be beneficial for the Department to have in-house HR staff. Having in-house HR staff would allow for more flexibility and provide the Department with an organizational structure that matches the structure of peer counties of similar size.

Department Response 10: Probation partially concurs.

It is the Department's understanding that the Central Human Resource Services (HRS) Analytics Team collects, organizes and analyzes workforce data to support strategic and evidence-based decision making throughout the county. HRS also publishes an annual report with statistics for the county (for departments that utilize central HRS) that reports various data such as number of recruitments, number of positions filled, etc. The Department defers to HRS as to implementation of any additional performance metrics recommended by the auditor.

The Department will discuss the recommendations of this audit to have the HR staff decentralized to the Probation Department with Central HRS and the County Executive Office. While the Department concurs with this finding, the recommendation is not at the discretion of the Department to implement.



OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM

POST OFFICE BOX 4515
SANTA ANA, CA 92702-4515
octreasurer.com



INTERDEPARTMENTAL COMMUNICATION

Date: October 25, 2022
To: Lilly Simmering, Deputy County Executive Officer
From: Shari L. Freidenrich, Treasurer-Tax Collector
Subject: Follow-up Response to Performance Audit of the Treasurer-Tax Collector Final Report

Summary Response to Report Objectives: The TTC is providing mandated services that are consistent with governing laws and policies, and stakeholders interviewed were satisfied with the services that they received. An organizational assessment was conducted and concluded that staffing at the current County budget approved level in FY 2020-21 should be adequate to support the current workload once a review of the non-mandated duties being done by the TTC is completed and vacant positions are filled. Lastly, the report identified some findings and recommendations for improving the efficiency and effectiveness of operations. The Treasurer-Tax Collector (TTC) responses to each Recommendation are noted below.

Recommendation II-1: The County should assist the TTC to recruit and hire an Assistant Treasurer-Tax Collector to manage the operations of the Department.

Response: The HRS Department and the TTC have been working together on this vacant position recruitment. Together, they finalized the job flyer, and HRS opened the recruitment for this position. The applicants are currently being screened for required skillsets in anticipation of oral board interviews.

Follow-up Response: Completed
The Assistant Treasurer-Tax Collector was hired.

Recommendation II-2: The TTC should work with Human Resource Services to develop recruitment and hiring plan for all vacant positions within the next six months.

Response: The TTC, TTC management and HRS have been working together for the past year on filling vacant positions and are currently working on the recruitments for the highest priority vacant positions and expect to continue opening additional vacant position recruitments as these priority positions recruitments are started.

Follow-up Response: Completed
All key vacant positions have been filled and HRS and TTC will continue working closely to fill vacant positions as they arise, including the eight restored positions that were deleted during COVID.

Recommendation II-3: The TTC should work with the County Counsel, Chief Financial Officer, and Auditor-Controller to coordinate specific financial roles for the County.

Response: It is beyond the TTC's scope of responsibility to coordinate specific financial roles for other County departments. However, the TTC will coordinate with the County Executive Office (CEO) to work with County Counsel and Auditor-Controller related to the specific financial roles of the departments.

Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.

Follow-up Response: Completed

The TTC worked with County Counsel to ensure a clear understanding of TTC's mandated financial roles and other duties assigned by the Board to TTC, and communicated to the Chief Financial Officer and Auditor-Controller the other financial roles/duties being performed by TTC that are outside of the mandated and Board assigned roles/duties.

Recommendation II-4: The TTC should establish and publish specific plans and measurements to implement its strategic goals.

Response: The TTC and the Executive Directors already provide at least one key outcome indicator for their Division in the County Annual Budget and measures each of them several times a year during budget updates. TTC Management will consider adding additional key outcome indicators for each Division and either include them in the County's Annual Budget or identify them separately to track performance of each Division.

Follow-up Response: Completed

TTC has established key outcome indicators and publishes them annually.

Recommendation III-1: Utilize a separate Administrative Division from the Treasury Division to manage the budgeting, finances, and general administration of the TTC.

Response: In 2020, TTC had requested that HRS review the TTC organizational structure and as part of that review, will discuss with HRS, the CFO, and TTC management whether these duties should be included within the Treasury Division or in a separate Division reporting to the Assistant Treasurer-Tax Collector.

Follow-up Response: Completed

TTC established a separate Administrative Services Division reporting to the Assistant Treasurer-Tax Collector.

Recommendation III-2: Implement an IT policy for the TTC to be able to utilize current financial and security systems.

Response: The TTC is in the middle of two major upgrades to its treasury and tax collector software systems. The TTC management has already identified a number of processes in the treasury software to fully utilize integrated system features and automation of business processes available in the upgraded software that they expect to implement after go-live and may require additional one-time funding.

Follow-up Response: Completed

TTC now outsources IT to OCIT and completed major upgrades to the two main software systems in addition to server and PC refreshes.

Recommendation III-3: Fill all vacant positions to have the staffing ability to focus on the Quantum and other IT upgrades.

Response: The TTC, TTC management and HRS are working to fill all vacant positions and have already requested to have some positions that the County required to be deleted this last year during COVID-19 to be added back.

Follow-up Response: Completed

See II-2.

Recommendation III-4: Prioritize the hiring of Cash Management staff.

Response: The Treasury Division Director hired the Cash Manager in April 2020 and other current manager and vacant position recruitments in the Treasury Division are focusing on identifying applicants that have treasury, banking and cash management operational experience.

Follow-up Response: Completed

The Cash Management unit is fully staffed. TTC management added a Senior Accountant position to the Cash Management Unit to provide additional treasury and cash management support, and this position reports directly to the Cash Manager.

Recommendation III-5: The TTC should consider providing Treasurer Investment Reports on a quarterly basis.

Response: The TTC will consider updating the Investment Policy Statement (IPS) to provide for quarterly investment reports along with simplifying the pooled funds investment report. The TTC also plans to update the IPS to require performing daily compliance on the pooled funds in total versus on all individual pools, consistent with other Counties to further streamline operations and may require one-time funding.

Follow-up Response: Completed

The BOS approved the 2022 IPS to provide quarterly reports.

Recommendation III-6: The TTC should move to a quarterly allocation of interest in its investment accounts.

Response: The TTC and TTC management plan to move to a quarterly allocation of interest, consistent with other peer Counties, once the OCIP and OCEIP are consolidated into a single pooled fund to streamline operations, consistent with other peer counties and may require one-time funding.

Follow-up Response: Completed

The BOS approved the 2022 IPS to provide for quarterly interest allocations.

Recommendation III-7: The TTC should engage with school districts to discuss any discretionary oversight functions and either negotiate a fee for these services or discontinue the services.

Response: The TTC will meet with the School District management to discuss Government Code mandated requirements and negotiate a fee for any mandated and non-mandated duties currently being performed by the TTC related to school accounting, ensuring that proper oversight of funds is maintained as the Treasurer is the banker for the School and Community College Districts.

Follow-up Response: Completed

The TTC met with School District management and implemented a job number system to track costs and included revenues and costs in the current year budget for non-mandated duties.

Recommendation III-8: Each Division Director and current management staff should prioritize the hiring of permanent staff within its Division.

Response: Each Division Director is currently working closely with HRS to fill all vacant positions in their Division.

Follow-up Response: Completed

See II-2.

Recommendation III-9: Encourage and provide funding for proper training.

Response: Training is critical to staff performance and excellence, and the TTC budget has included funding for training/tuition reimbursement in each year's budget, including in this year's budget. However, because of vacant positions, some of these positions were staffed with temporary help plus the COVID-19 impacts this past year, the Divisions have not been able to have staff attend significant amounts of training due to their workload. The TTC will encourage Division to utilize these training/tuition dollars to develop and enhance employees' skillsets.

Follow-up Response: Completed

The TTC budget includes training/tuition reimbursement, and TTC managers encourage staff to attend trainings, as appropriate. The recent rollout of a TTC Intranet includes links to training opportunities for employees.

Recommendation IV-1: Consider housing the Investment Section within the Treasury Division.

Response: Due to the large portfolio size of public funds, to maintain separation of duties and to mitigate risk of loss, most large public entities do not have the Investment functions within the Treasury Division. Both the City of Los Angeles and the County of Los Angeles, the two largest public entities in California, have separated the Treasury and Investment Divisions. The current organizational structure at TTC mirrors these best practices, and TTC and TTC management do not expect to consider this recommendation.

Follow-up Response: Completed

No change made to TTC Organizational Chart to separate these Divisions, consistent with best practices.

Recommendation IV-2: Consider consolidating the OCIP and the OCEIP into a singular pooled fund.

Response: The TTC and TTC agree that the efficiencies of a single pool will significantly benefit both the Investment and Treasury Divisions, streamline and simplify operations, reduce overall risk, and improve overall portfolio performance benefitting all pool participants. The TTC will plan to make this a priority for this fiscal year and may need one-time funding to assist with changing the software set-up.

Follow-up Response: Completed

The Board approved the 2022 IPS that includes the Orange County Treasurer's Pool (OCTP) that consists of both OCIP and OCEIP.

Recommendation IV-3: The TTC should review its current practices and determine if there are adequate resources to continue providing additional services to the school districts. If not, the TTC should modify its current practices and limit services to those required by law.

Response: Districts and bond financing disclosure documents require that TTC provide disclosures on funds invested on behalf of the district. In addition, some district bond financings are required to be approved by the Board of Supervisors, and the TTC prepares and takes these agenda items to the Board of Supervisors on behalf of the districts. The TTC requires that School and Community College District Bond Financing resolutions provide for recoupment of all TTC costs as part of the costs of issuance for participating in the bond financing. However, TTC also processes districts' debt service payments after the bonds are sold, which are not currently recouped and will be added to the discussion of non-mandated duties in recommendation II-3.

Follow-up Response: Completed

The TTC budget includes adequate funding for services provided to school districts.

Recommendation IV-4: The TTC should work with Public Finance and County Counsel to determine responsibility and debt service investments for the County.

Response: The TTC will meet with these parties and the CEO to determine if these investments should be invested by the TTC, with the client as the Public Finance Division, similar to other specific investments. The TTC is the Board of Supervisors delegated expert on investments and due to this delegation, has all contracts in place to purchase investments for public funds at competitive rates.

Follow-up Response: Completed

All Debt Issuance documents approved by the Board include a variety of officials, including the TTC that can invest debt service investments.

Recommendation V-1: Establish Departmental policies for billing and collections metrics as well as service levels.

Response: The TTC management currently has collections metrics in place that go into the County's Annual Budget report as a key outcome indicator. The TTC will review with TTC management whether to add additional metrics for billing and whether to include service levels to track performance.

Follow-up Response: Completed

The TTC currently publishes collections metrics for key performance indicators in the County's Annual Budget book.

Recommendation V-2: Provide bi-monthly County bank deposit reports to departments expecting funds to identify funds in CAPS+.

Response: The Treasury Division management currently provides electronic bank account access to all departments sub bank accounts to assist them in preparing cash receipts in CAPS+ for their incoming funds. However, certain incoming funds in the Tax and Central Collections Divisions are being deposited to a Treasury Division bank account versus a Tax and Central Collections sub bank account. TTC management will work with Tax & Central Collection management to deposit these funds to their own sub bank account where they currently have electronic access.

Follow-up Response: Completed

The TTC Treasury Division provides authorized employees access to bank account transactions for account reconciliation purposes.

Recommendation V-3: Should there be a continuation of the trend of decreasing revenue for fines, forfeiture, and penalties, the County should consider outsourcing certain collection services.

Response: TTC only receives revenue from fines, forfeiture and penalties from property taxes. Decreases in these revenues have resulted from higher collection rates on current property taxes. The TTC does provide collection services for other departments and plans to contract with a third-party collection agency to assist in increasing collections after TTC has performed certain collection services and the debts still remain outstanding.

Follow-up Response: Completed

The TTC expects revenues from property taxes to drop when collection rates increase. No further work on recommendation will be done.

Recommendation V-4: Designate a role in the tax collections unit or utilize contracted services to search for unregistered hotels and short-term properties semi-annually.

Response: Transient Occupancy Tax (TOT) billing and reporting is currently managed by the Treasury Division and due to staffing restraints, additional research for unreported TOT has only been done on a periodic basis. Updated TOT forms are now on the website that should increase compliance with the existing County resolutions. TTC management is currently evaluating whether to outsource this to a vendor

using a proposed new state law and also whether this process should be moved to the Tax & Central Collection Division.

Follow-up Response: Completed

TTC management has chosen to move TOT collections to the Tax & Central Collection Division rather than outsource to a third-party vendor.

Recommendation V-5: The TTC should hold annual property auctions unless there are no properties with delinquent properties taxes for five more years.

Response: The TTC annually goes to the Board of Supervisors to get approval for a property tax auction. The auction has been cancelled the last several years as only a few unimproved properties have remained unpaid the day before the auction, and it would not be cost-effective to hold an auction. The TTC will continue to request approvals for annual auctions and this year is moving to an online tax auction for all tax-defaulted properties.

Follow-up Response: Completed

The TTC evaluated the cost of the auction against potential tax revenues collected and will continue to hold or cancel tax auctions based on cost effectiveness.

Recommendation V-6: Reconsider the use of shared services should staffing shortages negatively affect the TTC's ability to provide its core services for the County.

Response: The TTC management has one shared service contract with the City of Westminster for processing their utility billing payments. This contract currently has not had any negative effect on the TTC ability to provide core services. The TTC management evaluates and reviews costs for this shared service every time the contract comes up for renewal.

Follow-up Response: Completed

The TTC continues to evaluate contracts as they come up for renewal considering both costs and revenues.

Recommendation V-7: Conduct regularly Cost Recovery analysis of shared service to ensure that the TTC is accurately recovering costs for the services to the County.

Response: The TTC Management recently extended the City of Westminster contract, the only shared service contract, and determined that costs for the services were being recovered at that time.

Follow-up Response: Completed

The TTC implemented required job numbers that will track costs and revenues to ensure proper recovery of costs.



Memorandum

November 10, 2022

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Treasurer-Tax Collector Performance Audit Subcommittee

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



Memorandum

November 10, 2022

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:
Receive Report on eProcurement

Receive Report on eProcurement, as stated in recommended action.



Memorandum

November 10, 2022

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on County IT Projects Quarterly Progress Report

Receive Update on County IT Projects Quarterly Progress Report, as stated in recommended action.

ATTACHMENT(S):

Attachment A – County IT Projects Quarterly Progress Report (Summary)

County IT Projects

Quarterly Progress Report

4th Quarter, FY21-22
Apr 1 – Jun 30, 2022



Summary

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

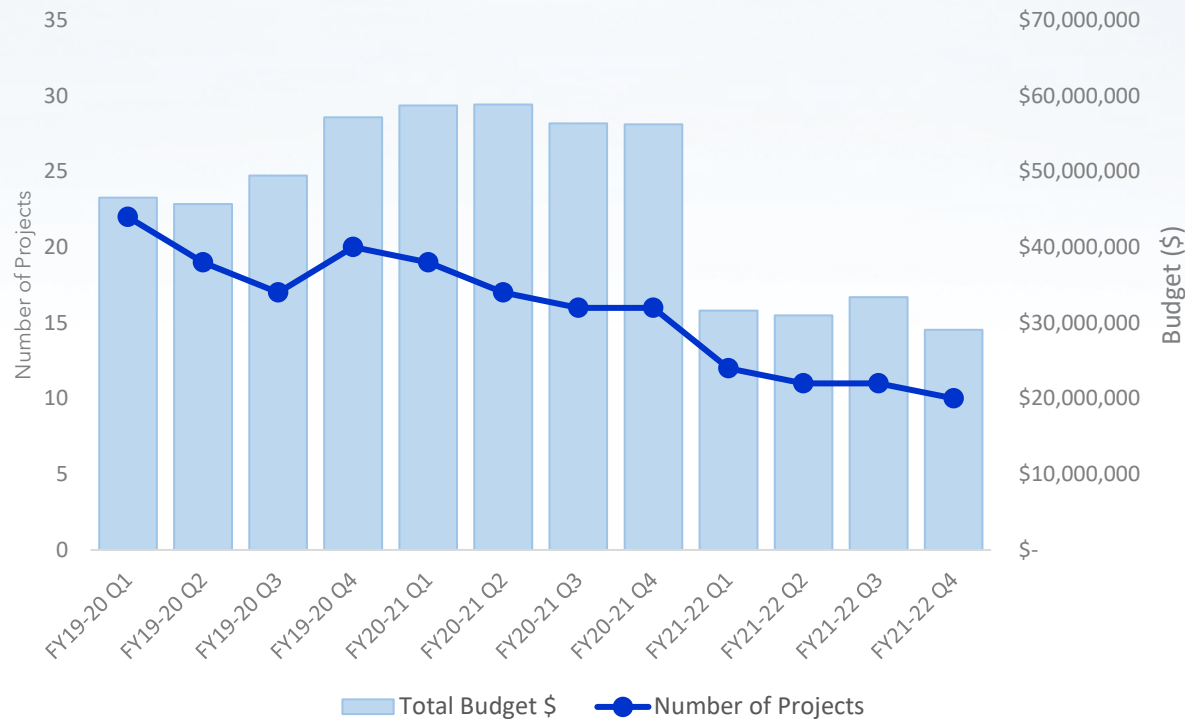


At a Glance

The number of projects in this reporting period is 10, one less than the number of projects reported in the previous quarter. One project was completed last quarter and no new projects were added this quarter. The total budget decreased from \$33,409,496 to \$29,079,496.



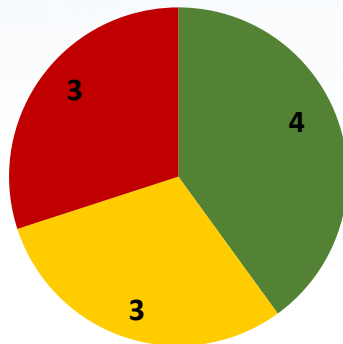
IT Portfolio Size and Budget



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

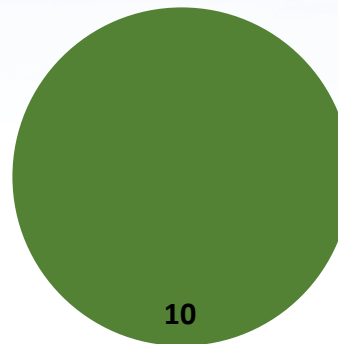
Portfolio Performance

Schedule



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

Budget

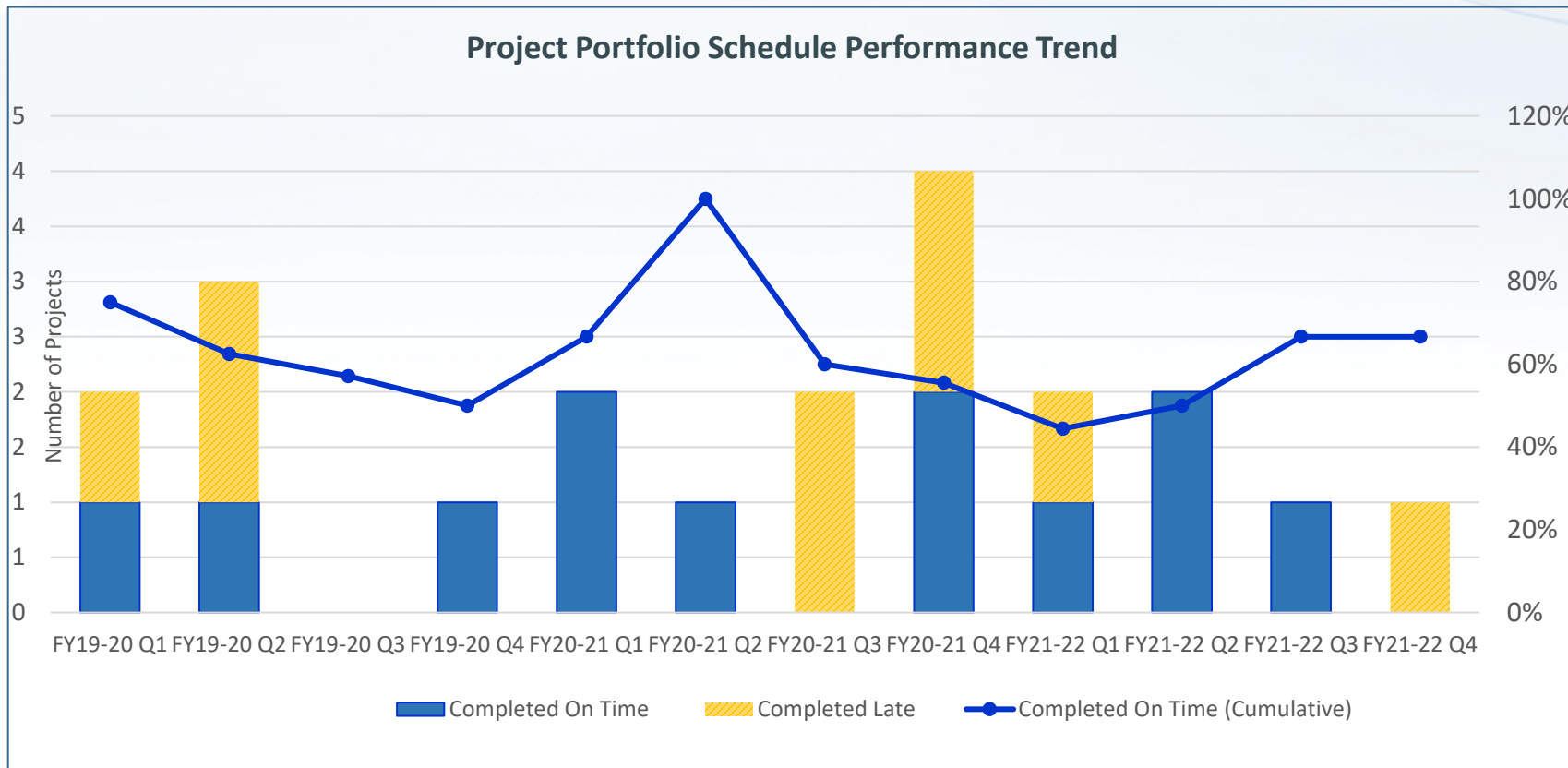


- On Budget
- At risk; 10% - 20% over budget
- Critical; >20% over budget

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

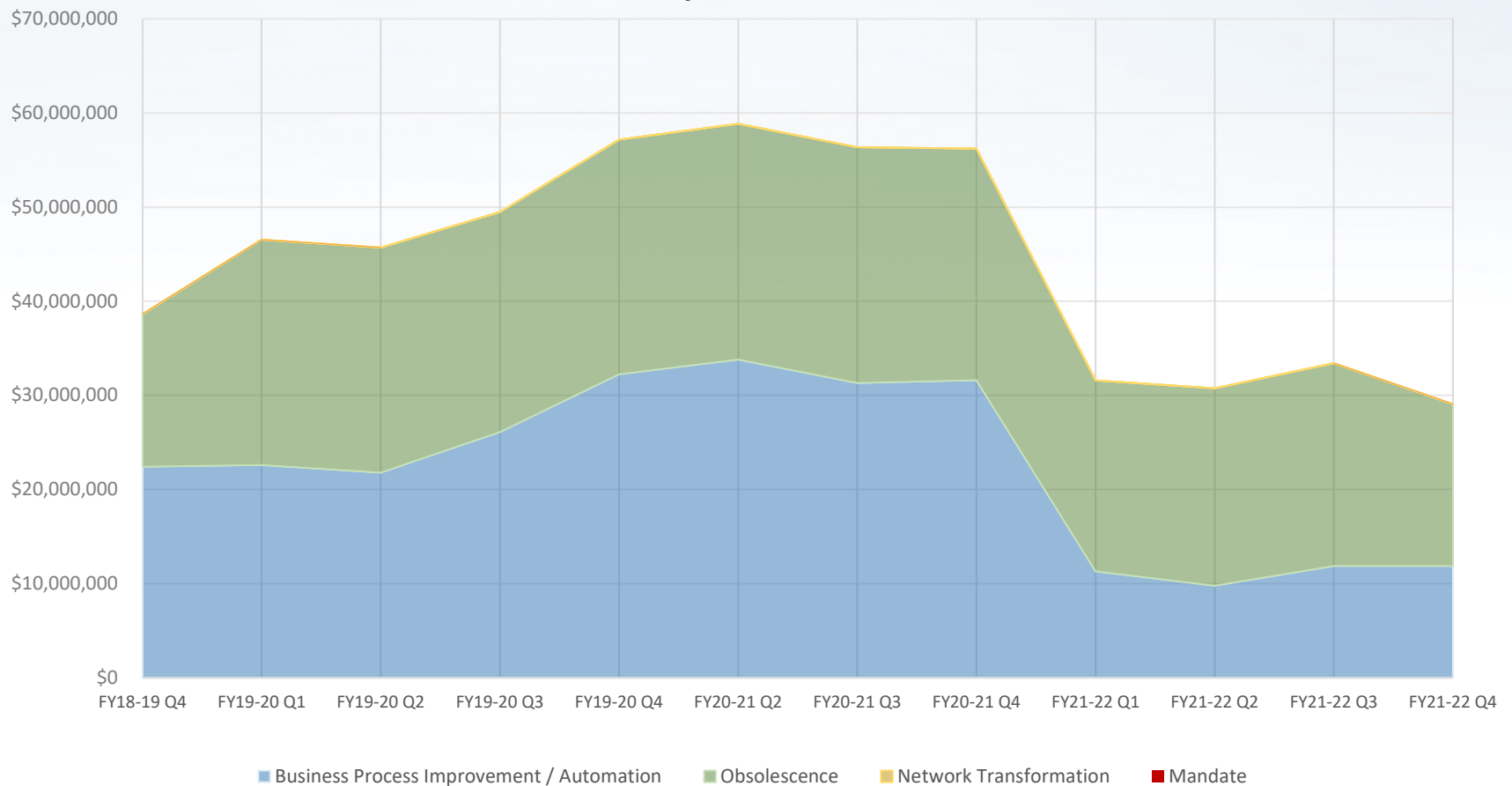
Vendor and internal resource availability and product quality issues are the primary contributors to project schedule delays.

Portfolio Performance Trend



Project Investment Trends

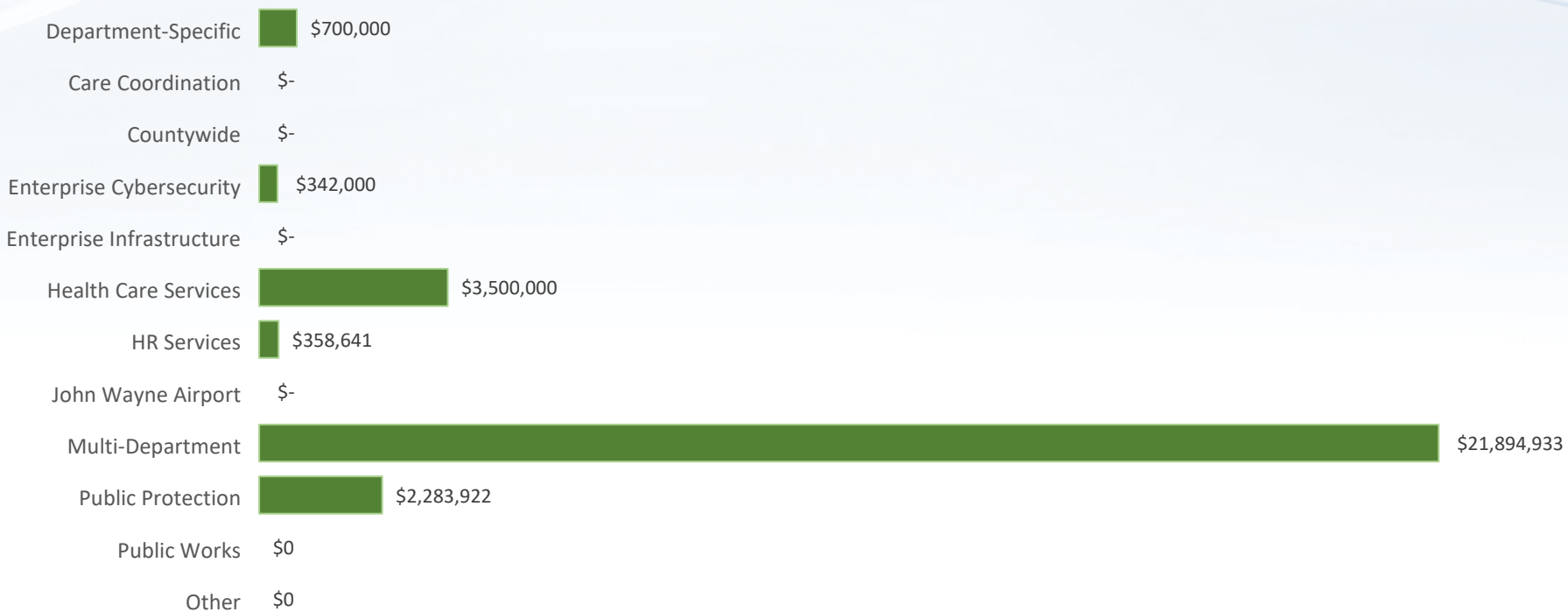
Investment by Business Justification



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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, John Wayne Airport, and the OC Sheriff's Department also have a large share of the IT project budget.



The chart above reflects projects that were active or completed during this reporting period. **Item 10, AOC Meeting 11/10/2022, Page 7 of 8**

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"> ✓ Integrated Talent Management System ✓ DA's Record Management System 	<ul style="list-style-type: none"> ✓ Email Protection Gateway 	<ul style="list-style-type: none"> ✓ ePrescription for Controlled Substances ✓ JWA Emergency Phones 	<ul style="list-style-type: none"> ✓ Computerized Maintenance Management System (CMMS) ✓ Identity Governance & Administration ✓ JWA Video Management System ✓ System of Care Data Integration System (SOCDIS)
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"> ✓ eGov - Web Content Management System ✓ JWA Building Automation System 	<ul style="list-style-type: none"> ✓ OCCR/OCPW Voice Migration ✓ Workfront PPM Tool Implementation 	<ul style="list-style-type: none"> ✓ JWA Network Redesign 	<ul style="list-style-type: none"> ✓ ServiceNow for Shared Services
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"> ■ OC Agenda ■ Property Tax System 	<ul style="list-style-type: none"> ■ Automated Jail System (AJS) ■ Electronic Health Records (EHR) Interoperability ■ HCA Business Intelligence & Analytics ■ OC TIME Implementation ■ Privileged Access Management (PAM) Implementation 		<ul style="list-style-type: none"> ■ CalSAWS Migration Technical Support



Memorandum

November 10, 2022

AOC Agenda Item No. 11

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Internal Audit Department External Quality Assessment

Receive Update on Internal Audit Department External Quality Assessment, as stated in recommended action.



Memorandum

November 10, 2022

AOC Agenda Item No. 12

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Auditor-Controller Internal Audit External Quality Assessment

Receive Report on Auditor-Controller Internal Audit External Quality Assessment, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Quality Assessment Report



A REPORT PRESENTED TO
ORANGE COUNTY
AUDITOR-CONTROLLER
INTERNAL AUDIT

QUALITY ASSESSMENT REPORT

TOPIC	PAGE
Overall Conclusion	3
Executive Summary Conformance Summary Overall Opinion Background Objectives, Scope, and Methodology Overall Summary	4
Detailed Observations Successful Practices Conformance Gaps	11
Appendix A Conformance Rating Criteria	15
Appendix B Stakeholder Feedback	17
Appendix C List of Acronyms	19

Orange County Auditor-Controller Internal Audit

This Internal Audit Department **Generally Conforms** to the *International Standards for the Professional Practices of Internal Auditing* and the IIA Code of Ethics.

Generally Conforms is the highest level of conformance possible.

GOVERNANCE		STAFF		MANAGEMENT		PROCESS	
Standard	Rating	Standard	Rating	Standard	Rating	Standard	Rating
1000	GC	1200	GC	2000	GC	2200	GC
1100	GC			2100	PC	2300	GC
1300	PC			2450	GC	2400	GC
Code of Ethics	GC			2600	GC	2500	GC



Steve Goodson

Steve Goodson, CIA, CGAP, CISA, MBA
Team Leader
IIA Quality Services

Team Member:

David J. MacCabe, CIA, CGAP, CRMA, MPA

Warren Hersh

Warren Hersh, CIA, CPA, CISA, CFE
Director, IIA Quality Services
IIA Quality Services

Executive Summary

Conformance Summary

STANDARDS AND THE IIA CODE OF ETHICS

		GC	PC	DNC
ATTRIBUTE STANDARDS				
1000 - Purpose, Authority, and Responsibility		X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100 - Independence and Objectivity		X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity	X		
1200 - Proficiency and Due Professional Care		X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300 - Quality Assurance and Improvement Program (QAIP)			X	
1310	Requirements of the QAIP	X		
1311	Internal Assessments		X	
1312	External Assessments	X		
1320	Reporting on the QAIP			X
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" Statement	X		
1322	Disclosure of Nonconformance	X		
PERFORMANCE STANDARDS				
2000 - Managing the Internal Audit Activity		X		
2010	Planning		X	
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

		GC	PC	DNC
PERFORMANCE STANDARDS (CONTINUED)				
2100 - Nature of Work			X	
2110	Governance			X
2120	Risk Management			X
2130	Control	X		
2200 - Engagement Planning		X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Programs	X		
2300 - Performing the Engagement		X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400 - Communicating Results		X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500 - Monitoring Progress		X		
2600 - Communicating the Acceptance of Risks		X		
IIA CODE OF ETHICS				
	Code of Ethics	X		
OVERALL CONFORMANCE RATING		X		

Overall Opinion

OPINION AS TO CONFORMANCE WITH THE *STANDARDS* AND THE IIA CODE OF ETHICS

The Orange County Auditor-Controller Internal Audit unit (ACIA) generally conforms with the *Standards* and the IIA Code of Ethics.

A summary of conformance with individual Standards and the IIA Code of Ethics is provided in the “Conformance Summary” section of this report. Upon issuance of this report, Internal Audit may use the phrases “Conforms with the International Standards for the Professional Practice of Internal Auditing” and “Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing” within its practice materials and/or audit reports.

The Quality Assessment Manual for the Internal Audit Activity (QA Manual) suggests a scale of three ratings, “Generally Conforms,” “Partially Conforms,” and “Does Not Conform.” Detailed rating definitions and criteria associated with “Generally Conforms,” “Partially Conforms,” and “Does Not Conform” are described within Appendix A of this report and are consistent with IIA guidance stated in its QA Manual.

Overall Opinion

OPINION AS TO CONFORMANCE WITH THE *STANDARDS* AND THE IIA CODE OF ETHICS - CONTINUED

Under the Standards, an External Quality Assessment (EQA) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or an independent assessment team from outside the organization. IIA Quality Services was selected to lead this assessment. This engagement's Assessment Team demonstrated competence in both the professional practice of internal auditing and the EQA process as required by the Standards. The EQA was conducted virtually between September 20, 2022, and October 6, 2022. Conclusions were as of October 6, 2022.

Future changes in external factors and actions taken by personnel, including actions taken to address our recommendations, may have an impact on the operation of Internal Audit in a manner that this report did not and cannot anticipate. Considerable professional judgment is involved in evaluating the observations and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions.

All information included in this report is proprietary and confidential and is intended for internal use only. This report may not be distributed to any other third party (other than your regulator, Audit Committee, or external auditor) without the prior written consent of IIA Quality Services.

PROVIDED BY ACIA

Of the 58 counties in California, Orange County (County) is unique because it has two internal audit functions: ACIA which reports to the elected Auditor-Controller (A-C), and the Internal Audit Department (IAD) which reports to the Board of Supervisors (BOS). All 57 other counties have one internal audit function that reports to the elected or appointed auditor.

Prior to declaring bankruptcy on December 6, 1994, the County had one internal audit function that was part of the A-C's Office and reported to the A-C.

On April 25, 1995, the BOS established the IAD, which was independent of the A-C's Office and reported to the BOS, to perform the biennial audits of County officers required by Government Code (GOV) section 25250 (Resolution 95-271).

In February 2007, the A-C established the ACIA to perform the A-C's mandated audits and reviews and provide independent, objective assurance and management consulting services to the A-C's Office.

On August 4, 2015, the BOS consolidated internal audit responsibility under the A-C by rescinding sections 1, 2, and 9 of Resolution 95-271 (Agenda Item S39B).

On June 26, 2018, the BOS reestablished the IAD, which is independent of the A-C's Office and reports to the BOS, to perform audits of County officers required by GOV section 25250 and audits requested by the BOS (Resolution 18-068).

Objectives, Scope, and Methodology

OBJECTIVES

The primary objective of this assessment was to evaluate conformance to the *Standards*, which require an EQA of an internal audit activity at least every five years. In addition, the Assessment Team:

- Assessed conformance with the IIA Code of Ethics
- Assessed ACIA's effectiveness in providing assurance and advisory services to stakeholders and other interested parties
- Identified opportunities, offered recommendations for improvement, and provided counsel to ACIA for improving its performance and services, as well as promoting its image and credibility throughout the organization

SCOPE

The scope of this assessment included an evaluation of ACIA's efficiency and effectiveness in executing its mission, as set forth by its Internal Audit Charter, which defines the purpose, authority, responsibilities, and accountabilities of ACIA.

METHODOLOGY

To accomplish the objectives, the Assessment Team:

- Reviewed information prepared by ACIA at the Assessment Team's request
- Conducted interviews with key stakeholders of ACIA including oversight committee chairs, senior executives, the Chief Audit Executive (CAE), and staff of both Internal Audit functions.
- Reviewed a sample of audit projects and associated work papers and reports
- Reviewed survey data received from ACIA stakeholders resulting from IIA Quality Services' survey process
- Prepared diagnostic tools consistent with the methodology established for an EQA as stated in the *QA Manual*

Overall Summary

ACIA generally conforms with the *Standards* and the IIA Code of Ethics. A conformance rating of generally conforms means:

- For individual *Standards*, the internal audit activity conforms to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual *Standards* and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively or has not achieved their stated objectives.

CONFORMANCE GAPS

We identified gaps in conformance with five standards and make the following recommendations:

- *Standard* 1311 – Internal Assessments - More fully develop and implement the periodic assessment portion of the internal assessment process and report the results of internal assessments to the A-C and the Audit Oversight Committee (AOC) upon completion.
- *Standard* 1320 – Reporting on the Quality Assurance and Improvement Program - Formally communicate the overall results of the QAIP on a periodic basis (perhaps annually). Report the results of external and internal assessments upon completion of such assessments.
- *Standard* 2000 – Managing the Internal Audit Activity; *Standard* 2010 – Planning; *Standard* 2100 – Nature of Work - Assure the approved audit plan includes engagements in the areas of risk management and governance. Alternatively, amend the Internal Audit Charter to expressly exclude these areas from the charter.

Detailed Observations

The Assessment Team identified the following areas where ACIA operates in a successful practice manner:

- ACIA has strong support from the A-C and the AOC.
- The auditors are viewed positively for their objectivity, professionalism, communication, and collaboration.
- Audit issues are well supported with clear and complete workpapers.
- ACIA has developed an effective and efficient audit software system that incorporates desk procedures and instructions.
- ACIA developed a formal risk assessment and an Audit Plan in reestablishing an audit function focused solely on Auditor-Controller Department responsibilities
- The auditors are well-credentialed and are supported in their professional development and certification activities.

The Assessment Team identified the following conformance gaps:

#	STANDARD	OBSERVATION	MANAGEMENT RESPONSE
CG1	<p>Standard 1311 – Internal Assessments</p> <p>Internal assessments must include:</p> <p>Ongoing monitoring of the performance of the internal audit activity.</p> <p>Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.</p>	<p>The ACIA reestablished periodic assessments at the end of 2021 and the beginning of 2022. This included a review of the Internal Audit Charter and the annual Conflict of Interest Declaration.</p> <p>A QAIP Work Program spreadsheet provides some future internal assessment areas. The Objective section was incomplete for the two areas assessed.</p> <p>A Planning Memo was developed that provides some key elements (purpose, background, scope, assessor, reporting results) but lacks others (objective, methodology).</p> <p>Note: The CAE completed the four detailed A schedules in preparation for this EQA. The CAE was advised that such a project constitutes a periodic assessment and ideally can be done six months to a year before the EQA.</p> <p>Recommendation: More fully develop and implement the periodic assessment portion of the internal assessment process and report the results of internal assessments to the A-C and the AOC upon completion.</p>	<p>ACIA has completed the Objective section of the QAIP Work Program for the Internal Audit Charter and annual Conflict of Interest Declaration. We will further develop and implement the periodic assessment portion of our internal assessment process and report the results of our internal assessments to the A-C and AOC starting with our FY 22-23 QAIP project.</p>
CG2	<p>Standard 1320 – Reporting on the Quality Assurance and Improvement Program</p> <p>The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:</p> <ul style="list-style-type: none"> The scope and frequency of both the internal and external assessments. The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest. Conclusions of assessors. Corrective action plans. 	<p>Results of the QAIP have not been reported to the A-C or the AOC since the Board established the IAD in June 2018.</p> <p>The CAE coordinated approval for this EQA with the Deputy A-C with the intention of sharing the results with the A-C and the AOC.</p> <p>Recommendation: Formally communicate the overall results of the QAIP to the A-C and the AOC on a periodic basis (perhaps annually). Report the results of external (as well as the internal assessments) to the A-C and the AOC upon completion..</p>	<p>ACIA will establish the form, content, and frequency of communicating the results of the QAIP through discussions with the A-C and AOC noting that the Standards require the results of external and periodic assessments to be communicated upon completion and the results of ongoing monitoring to be communicated at least annually. We will report the results of this EQA to the A-C and AOC upon completion.</p>

The Assessment Team identified the following conformance gaps:

#	STANDARD	OBSERVATION	MANAGEMENT RESPONSE
CG3	<p><i>Standard 2000 – Managing the Internal Audit Activity</i></p> <p>The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.</p> <p>Interpretation: The internal audit activity is effectively managed when: it achieves the purpose and responsibility included in the internal audit charter...</p>	<p>ACIA's approved Internal Audit Charter states:</p> <p>"The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Auditor-Controller, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Orange County." (emphasis added).</p> <p>However, engagements performed were limited to control-related processes for mandated engagements. No assurance work related to the adequacy and effectiveness of governance and risk management processes was performed.</p> <p>Recommendation: Assure the approved audit plan includes engagements in the areas of risk management and governance. Alternatively, amend the Internal Audit Charter to expressly exclude these areas from the charter.</p>	<p>ACIA will decide, through discussions with the A-C, whether we want to include risk management or governance engagements in our audit plan or exclude them from our charter.</p>
CG4	<p><i>Standard 2010 – Planning</i></p> <p>The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.</p>	<p>While ACIA completed a comprehensive risk assessment of the A-C's Office, no engagements from the risk assessment were included in the audit plan. Audits included in the audit plan were primarily limited to mandated engagements. No assurance work contributing to the organization's governance or risk-management processes was performed.</p> <p>Recommendation: The recommendation for CG3 will address this conformance gap.</p>	
CG5	<p><i>Standard 2100 – Nature of Work</i></p> <p>The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach...</p>	<p>Engagements performed were limited to control-related processes for mandated engagements. No assurance work contributing to the organization's governance or risk-management processes was performed.</p> <p>Recommendation: The recommendation for CG3 will address this conformance gap.</p>	

Appendix A

Conformance Rating Criteria

Conformance Rating Criteria

“Generally Conforms” (GC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity conforms to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual *Standards* and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

“Partially Conforms” (PC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity is making good faith efforts to conform to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or element of the IIA Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity partially achieves conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be significant opportunities for improvement in effectively applying the *Standards* or the IIA Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

“Does Not Conform” (DNC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) and/or elements of the IIA Code of Ethics (both Principles and Rules of Conduct).
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity does not achieve conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be deficiencies that will usually have a significant negative impact on the internal audit activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Appendix B

Stakeholder Feedback

The Assessment Team interviewed and surveyed ACIA stakeholders and staff. Below are selected comments that represent the feedback received.

- ACIA does very good job and is effective working with staff
- Very good quality reports
- The A-C's Office offers ample opportunities for training and obtaining professional certifications
- Merge the Internal Audit Department back with the A-C's Office so there is no confusion about who performs the internal audit activity for the County.
- A larger audit team would offer more diverse engagements
- Improve communication with upper management
- Personnel have an opportunity to improve communication, presentation, and interpersonal skills
- The value of ACIA may not be sufficiently communicated to A-C staff.

Appendix C

List of Acronyms

ACRONYM	DESCRIPTION
A-C	Auditor-Controller
ACIA	Auditor-Controller Internal Audit
AOC	Audit Oversight Committee
BOS	Board of Supervisors
CAE	Chief Audit Executive
CPE	Continuing Professional Education
EQA	External Quality Assessment
IAD	Internal Audit Department
IIA	The Institute of Internal Auditors
IPPF	International Professional Practices Framework
IT	Information Technology
<i>QA Manual</i>	<i>Quality Assessment Manual for the Internal Audit Activity</i>
<i>Standards</i>	<i>International Standards for the Professional Practice of Internal Auditing</i>
TOC	Treasury Oversight Committee



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Memorandum

November 10, 2022

AOC Agenda Item No. 13

TO: Audit Oversight Committee Members

Recommended Action:
Elections of Officers

Elections of Officers, as stated in recommended action.