

A G E N D A



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

Thursday, February 16, 2023, 10:00 a.m.

MEETING HELD IN-PERSON ONLY

County Administration South
601 N. Ross St., County Conference Center 104/106
Santa Ana, CA 92701

MARK WILLE, CPA

AOC CHAIR
Private Sector Member, Third District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

FRANK KIM

COUNTY EXECUTIVE OFFICER
Member

STELLA ACOSTA

Private Sector Member, Fourth District

DREW ATWATER

AOC VICE CHAIR
Private Sector Member, First District

SUPERVISOR ANDREW DO

BOARD VICE CHAIRMAN
First District
Member

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:

Andrew Hamilton, CPA
Shari Freidenrich, CPA
Aggie Alonso, CPA

Staff

Deputy County Counsel:
AOC Clerk:

Ronnie Magsaysay
Mari Elias

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

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

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

A G E N D A

10:00 A.M.

Speaker

1. Roll call	<i>Mark Wille, CPA AOC Chair</i>
2. Approve Audit Oversight Committee Regular Meeting Minutes of November 10, 2022	<i>Mark Wille, CPA AOC Chair</i>
3. Approve Audit Oversight Committee Regular Meeting Schedule for 2023	<i>Mark Wille, CPA AOC Chair</i>
4. Receive Report on Required Communication from External Auditors	<i>Roger Alfaro, CPA Partner, Eide Bailly LLP</i>
5. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2022	<i>Aggie Alonso, CPA Director Internal Audit Department</i>
6. Approve External Audit Activity Status Report for the Quarter Ended December 31, 2022, and Receive Report on Status of External Audit Recommendations Implementation	<i>Michael Dean, CPA Senior Audit Manager Internal Audit Department</i>
7. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2022	<i>Michael Steinhaus, CPA Auditor-Controller</i>
8. Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2022	<i>Lala Oca Ragen Director Performance Management & Policy</i>
9. Receive Update on Implementation for Governmental Accounting Standards Board (GASB) Standard 96	<i>Claudia Vincent, CPA General Accounting Manager Auditor-Controller</i> <i>Roger Alfaro, CPA Partner, Eide Bailly LLP</i>
10. Receive and File Results of the RFP Panel Selection for the Independent Auditing and Related Services Covering Fiscal Years Ending June 30, 2023, 2024, and 2025, to Be Presented to the Board of Supervisors for Contract Approval.	<i>Maribel Garcia Procurement Manager Auditor-Controller</i>
11. Receive Report on eProcurement	<i>Michelle Aguirre Chief Financial Officer</i>
12. Receive Update on County IT Projects Quarterly Progress Report	<i>KC Roestenberg Chief Information Officer</i>
13. Discuss Social Services Agency Second Follow-Up Report	<i>Aggie Alonso, CPA Director Internal Audit Department</i>

A G E N D A

Speaker

14. Receive Update on Fiscal Year 2022-23 Annual Risk Assessment & Audit Plan

*Aggie Alonso, CPA
Director
Internal Audit Department*

15. Receive Update on Internal Control Training Program

*Aggie Alonso, CPA
Director
Internal Audit Department*

16. Discuss Training of New Audit Oversight Committee Members

*Mark Wille, CPA
AOC Chair

Ronnie Magsaysay
Deputy County Counsel*

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, **WEDNESDAY**, May 17, 2023, 10:00 a.m.



Memorandum

February 16, 2023

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

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

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

ATTACHMENT(S):

Attachment A – Audit Oversight Committee Regular Minutes for November 10, 2022

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



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CA

Thursday, November 10, 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

STELLA ACOSTA, CPA
AOC VICE CHAIR
Private Sector Member, Fourth District

SUPERVISOR DOUG CHAFFEE
BOARD CHAIRMAN
Fourth District
Member

SUPERVISOR DON WAGNER
BOARD VICE CHAIRMAN
Third District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

DREW ATWATER
Private Sector Member, First District

YVONNE ROWDEN
Private Sector Member, Second District

ROBERT BROWN
Private Sector Member, Fifth District

Non-Voting Members

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

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

Staff

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

Scott Suzuki, CPA
Ronnie Magsaysay
Mari Elias

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
Michelle Aguirre, Proxy for CEO Frank Kim
Yvonne Rowden, Private Sector Member
Drew Atwater, Private Sector Member
Robert Brown, Private Sector Member

PRESENT: James Kim, Proxy for Shari Freidenrich, Treasurer-Tax Collector
Frank Davies, Auditor-Controller
Aggie Alonso, Internal Audit Director
Mark Servino, 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 August 11, 2022

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of August 11, 2022.

Motion to approve the Regular Meeting Minutes of August 11, 2022, by Mr. Robert Brown with an edit to Item 3 to reference Special Meeting, seconded by Mr. Drew Atwater.

All in favor.

Approved as recommended.

3. Receive Report on Required Communication from External Auditors

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

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

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

All in favor.

Approved as recommended.

5. Approve External Audit Activity Status Report for the Quarter Ended September 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 September 30, 2022. Mr. Suzuki stated there were no material findings during this reporting period and five findings/issues.

Motion to approve External Audit Activity Status Report for the Quarter Ended September 30, 2022, and Receive Report on Status of External Audit Recommendations Implementation, by Mr. Robert Brown, seconded by Ms. Yvonne Rowden.

All in favor.

Approved as recommended.

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

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

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

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

Ms. Lilly Simmering, Deputy County Executive Officer, provided an update of Performance Audits.

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

Mr. Wille provided an update on the Treasurer-Tax Collector (T-TC) Performance Audit subcommittee meetings. Mr. Wille stated that the department has implemented the recommendations and acknowledged Treasurer-Tax Collector Shari Freidenrich's willingness to participate in the implementation process.

9. Receive Report on eProcurement

Mrs. Michelle Aguirre, Chief Financial Officer, provided a status update on eProcurement.

10. 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.

11. Receive Update on Internal Audit Department External Quality Assessment

Mr. Alonso stated that Internal Audit is in the contracting process. The Institute of Internal Auditors will be conducting fieldwork in February and a final report will be issued at the end of April 2023.

12. Receive Report on Auditor-Controller Internal Audit External Quality Assessment

Mr. Steinhaus stated that the External Quality Assessment (EQA) is required by the Institute of Internal Auditors Standards. The last Auditor-Controller (A-C) EQA was conducted in 2017 at which time the A-C received a rating of *generally conforms*, which is the highest level of conformance possible. In 2022, the A-C Internal Audit also received a rating of *generally conforms*.

13. Elections of Officers

Mr. Wille asked for nominations for the election of the AOC Chair.

Motion to nominate Mr. Mark Wille as AOC Chair for a second term made by Mr. Robert Brown, seconded by Mr. Drew Atwater.

All in favor.

Approved as recommended.

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

Mr. Wille asked for nominations for the election of the AOC Vice Chair.

Motion to nominate Mr. Drew Atwater as AOC Vice Chair by Ms. Stella Acosta, seconded by Mr. Robert Brown.

All in favor.

Approved as recommended.

PUBLIC COMMENTS: None.

AOC COMMENTS: None

ADJOURNMENT: Meeting adjourned at 11:31 A.M.

NEXT MEETING:

Regular Meeting, February 9, 2023 at 10:00 A.M.

DRAFT



Memorandum

February 16, 2023

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Schedule for 2023

Pursuant to Audit Oversight Committee Bylaws (Section 5.10), "The AOC shall, at its first meeting of each year, adopt a schedule of regular meetings and transmit that schedule in writing, in a manner consistent with the Brown Act, to members, the Board of Supervisors, and the public at large." Below is the proposed 2023 meeting schedule:

AOC Meeting
May 17, 2023 (Audit Plan) - Wednesday
August 17, 2023
November 9, 2023
February 8, 2024



Memorandum

February 16, 2023

AOC Agenda Item No. 4

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Required Communication from External Auditors

Received 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

Attachment B – Governance Letter

Attachment C – GAGAS Report

Attachment D – Management Letter



County of Orange

Audit Oversight Committee

Date: February 16, 2023
Re: External Audit update

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

 - 2) **Audits Completed:**
 - District Attorney Grant Audits – Issued 10/20/22
 - Financial Statement Audits:
 - Annual Comprehensive Financial Report – Issued 12/21/22
 - County of Orange Redevelopment Successor Agency – issued 12/20/22
 - Orange County Waste & Recycling – Issued 12/16/22
 - John Wayne Airport – Issued 12/16/22
 - GANN Agreed Upon Procedures – County and OC Flood Control District – Issued 12/21/22

 - 3) **Required Communications:**
 - Governance Letter
 - GAGAS Report
 - Management letter

Department / Agency / Division	Audit/Project	Audit/Project Date	Audit Scope	Anticipated Dates			Status
				Planning	Fieldwork	Reporting	
All	Financial Statement Audit - Annual Comprehensive 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	Report issued - dated 12/21/22
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	Report issued - dated 12/21/22
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	Fieldwork 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	Report issued - dated 12/16/22
Orange County Waste & Recycling	Financial Statement Audit	6/30/2022	Orange County Waste & Recycling	May 2022	August 2022 through November 2022	December 2022	Report issued - dated 12/16/22
OC Community Resources / Redevelopment Successor Agency	Financial Statement Audit	6/30/2022	Redevelopment Successor Agency	May 2022	August 2022 through November 2022	December 2022	Report issued - dated 12/20/22
District Attorney	Grant Audits	6/30/2022	District Attorney Grant Audits	August 2022	September 2022	October 2022	Report issued - dated 10/20/22
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 February 2023	March 2023	Fieldwork in progress
TTC	Agreed Upon Procedures over compliance	6/30/2021 and 6/30/2022	Compliance with Government Code and Investment Policy	February 2023	February 2023 through March 2023	April 2023	2021 - issuance anticipated February 2023; 2022 - fieldwork in progress
TTC	Schedule of Assets	6/30/2022	Report on the Schedule of Assets	February 2023	February 2023 through March 2023	April 2023	Fieldwork in progress



December 21, 2022

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), and the financial statements of the County of Orange Redevelopment Successor Agency, OC Waste & Recycling and John Wayne Airport as of and for the year ended June 30, 2022, and have issued our reports thereon dated as indicated below:

<u>Report</u>	<u>Audit Report Date</u>
County of Orange	December 21, 2022
County of Orange Redevelopment Successor Agency	December 20, 2022
OC Waste & Recycling	December 16, 2022
John Wayne Airport	December 16, 2022

We are currently performing the audit of the County's federal award programs (Single Audit) and anticipate issuing our reports thereon prior to March 31, 2023.

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

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

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

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

As communicated in our letter dated July 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the County complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

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

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

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 21, 2022.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. On July 1, 2021, the County adopted GASB Statement No. 87, *Leases*, and have restated opening balances as described in Note 2 of the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

Financial Statement Disclosures

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

- Pension and OPEB liabilities in Notes 18 and 19, respectively, are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Notes 18 and 19, a 1% increase or decrease in the discount rate has a material effect on the Pension and OPEB liabilities.
- Estimated liabilities for self-insurance claims in Note 16 are based on actuarial valuations.
- Landfill closure and postclosure, and pollution remediation in Notes 14 and 17, respectively, are based on management's analysis.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in Note 2 to the financial statements, due to the adoption of GASB Statement No 87, *Leases*, the County restated opening balances as of July 1, 2021. We have included an emphasis of matter in our report regarding this restatement.

Representations Requested from Management

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

County of Orange	December 21, 2022
County of Orange Redevelopment Successor Agency	December 20, 2022
OC Waste & Recycling	December 16, 2022
John Wayne Airport	December 16, 2022

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in County's annual reports does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Group Audits

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

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

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

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

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



Laguna Hills, California



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

To the Board of Supervisors
County of Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2022. Our report includes a reference to other auditors who audited the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) and the Orange County Employees Retirement System (OCERS), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Laguna Hills, California
December 21, 2022



Management Letter

June 30, 2022

County of Orange, California



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

In planning and performing our audit of the financial statements of the County of Orange, California (County), as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance, in accordance with *Government Auditing Standards*, dated December 21, 2022. This letter does not affect our report dated December 21, 2022, on the financial statements of the County.

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

ACCOUNTING POLICIES AND PROCEDURES

OBSERVATION:

The implementation of new accounting policies requires management to evaluate how the necessary information may be captured from operations, the impact to the chart of accounts, changes to information systems, and the reporting of financial and non-financial information in annual reports. Further, changes and procedures should be updated to ensure that the data is captured consistently.

With the implementation of GASB 87, *Leases*, the Auditor-Controller's Office developed formal policies and procedures, established a written plan, and implemented the accounting pronouncement for the fiscal year ended June 30, 2022.

Concurrently with the year-end audit testing, the County's management was coordinating revisions and updates to financial and non-financial elements of the County and standalone financial statements including, but not limited to, financial statement presentation and note disclosures for leases. Such situations may be necessary, but increase the risk of material misstatement.

RECOMMENDATION:

We recommend the County update/formalize its accounting procedures for changes that occurred during the year-end closing. In addition, these procedures should be evaluated for consideration of the upcoming implementations of GASB 94, *Public-Private And Public-Public Partnerships And Availability Payment Arrangements*, and GASB 96, *Subscription-Based Information Technology Arrangements*.

NEW FINANCIAL REPORTING STANDARDS**INFORMATIONAL ONLY****GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 91**

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

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 94

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

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 96

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

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 99

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Certain requirements related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022, while the requirements related to the financial guarantees and the classification and reporting of certain derivatives are effective for periods beginning after June 13, 2023.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 100

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 101

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 98, *Compensated Absences*. The primary objective is to update the recognition and measurement guidance for compensated absences. This is achieved by a unified model and amends certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023.

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

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

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



Laguna Hills, California
December 21, 2022



Memorandum

February 16, 2023

AOC Agenda Item No. 5

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 December 31, 2022

Approve Internal Audit Department's Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 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

February 6, 2023

To: Audit Oversight Committee Members

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

Digitally signed by Agripino
Alonso
Date: 2023.02.06 12:52:23 -08'00'

Subject: Fiscal Year 2022-23 Internal Audit Department Status Report for the Quarter Ended December 31, 2022

Attached for your review and approval is Internal Audit Department's status report on audit activity for the quarter ended December 31, 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 December 31, 2022, Internal Audit issued four final reports (two original reports and two follow-up reports) and four pre-draft/draft reports.

If you have any questions, please contact me at 714.834.5442 or Senior Audit Manager Michael Dean at 714.834.4101.

INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY - FINDING TYPE CLASSIFICATION
FOR THE QUARTER ENDED DECEMBER 31, 2022

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2022-23
<p>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.</p>	0	1
<p>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.</p>	0	4
<p>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.</p>	0	7
TOTAL	0	12



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2022

OC POWER AUTHORITY

1. Orange County Power Authority Limited Business Process and Withdrawal Cost Review

Audit No. 2208-A dated December 14, 2022

OBJECTIVES	RESULTS	FINDINGS
<p>1. To identify the amount of the County's responsibility if the County were to provide 180-day notice to withdraw from OCPA. The potential withdrawal cost includes any liabilities attributable to the County through the effective date of its withdrawal, actual costs or damages incurred by OCPA as a direct result of the County's withdrawal, or costs or obligations associated with the County's participation in a particular program.</p>	<p>OCPA indicated they were unable to provide a specific withdrawal cost amount due to various unknown factors, but did provide a maximum withdrawal cost amount.</p>	<p>OCPA estimated a maximum withdrawal cost amount that would likely be applicable if the County withdrew as of November 18, 2022 to be approximately \$65 million, with approximately 96% of that amount (\$62.77 million) attributed to the County's share of energy purchase costs. OCPA is required to mitigate any costs or obligations incurred by a withdrawing party, including selling off the \$62.77 million in excess energy.</p>
<p>2. Determine whether OCPA's internal control over the non-energy contracting process is effective to ensure the procurement of services are executed in accordance with OCPA's policies and procedures, adequately supported, and properly authorized.</p>	<p>We noted opportunities for OCPA to strengthen their contracting process in the areas of policies and procedures, solicitations, Board notification, requisitions, and cost/pricing details.</p>	<ul style="list-style-type: none"> • Contracts between \$10,000 and \$125,000 require no formal bidding. Comparatively, Orange County's contracting policy requires formal written solicitations for all service contracts over \$50,000 and at least one written quote/proposal for all service contracts. • OCPA's policy and procedures include a provision that allows the CEO, after consultation with the General Counsel, to waive one or more purchasing procedures in their policies and/or use sole source procurement if the CEO determines the best interests of OCPA are served. This provision gives the CEO subjective discretion to procure services bypassing OCPA's purchasing requirements. • OCPA did not provide documentation to support the vendor selection for three (60%) contracts or documentation to support that informal solicitations were conducted for two (40%) contracts.



OBJECTIVES	RESULTS	FINDINGS
		<ul style="list-style-type: none"> • Two (40%) contracts were valued at exactly \$125,000, just under the threshold for formal solicitation and Board approval requirements. We noted both contracts were solicited under the same Request for Qualifications (RFQ) and, as a result, were for the same strategic marketing, branding, and public relations services. While the RFQ acknowledges that OCPA reserved the right to select more than one vendor, since the combined contracts totaled \$250,000, double the OCPA CEO’s authority for entering into contracts, OCPA Board approval should have been obtained. In addition, we noted OCPA did not maintain documentation to support the vendor selection for both contracts. • None of the 11 contracts between \$50,000 and \$125,000 during our sample period were appropriately reported to the OCPA Board at their next regularly scheduled meeting, as required. • Nine contracts reviewed were not supported by a purchase requisition. • Two contracts did not include a not-to-exceed or maximum obligation amount and five contracts did not include specific costing/pricing details.
<p>3. Determine whether OCPA’s disbursements were accurate, complete, and valid, and that duties in the disbursements process were properly segregated.</p>	<p>Sixteen of 30 disbursements totaling approximately \$21.6 million (96%) were energy related, and OCPA indicated they could not provide us with supporting documentation (e.g., purchase requisitions, invoices) due to sensitive market information. As a result, we were unable to evaluate whether the payments were appropriate.</p>	<p>For the remaining 14 non-power disbursements totaling \$846,299 (4%):</p> <ul style="list-style-type: none"> • Thirteen disbursements (93%) totaling \$827,479 were not supported by a purchase requisition. As a result, we could not evaluate if there was authority to pay or adequate segregation of purchasing duties. • One disbursement (7%) totaling \$250,000 in the form of a manual check to the City of Irvine was not recorded in a log to



OBJECTIVES	RESULTS	FINDINGS
		<p>document the recipient. As a result, there was no record establishing accountability as to who had custody of the manual check.</p> <ul style="list-style-type: none"> OCPA does not require large checks (i.e., over a certain amount) to be counter-signed by senior management. It is a common practice for checks greater than a certain amount to be counter-signed.
<p>4. Determine whether OCPA's employees were hired in accordance with OCPA policy and procedures.</p>	<p>While OCPA provided job postings, we were unable to evaluate OCPA's hiring process because OCPA indicated they could not provide job application information or background screening results due to privacy laws. In addition, OCPA indicated they did not retain interview documentation for two (67%) of the three employees reviewed.</p>	<p>We could not evaluate whether OCPA employees were hired in accordance with OCPA policy and procedures because OCPA indicated they could not provide job application information or background screening results due to privacy laws.</p>



OC WASTE & RECYCLING

2. Orange County Waste & Recycling Franchise Contract Review – Waste Management

Audit No. 2172 dated December 28, 2022 for the six months ended December 2021

OBJECTIVE	RESULTS	FINDINGS
<p>To validate that service rates charged were in conformance with the franchise agreement (contract) between OCWR and Waste Management.</p>	<p>The customer information, charged amounts, and service periods in the franchisee’s billing listing matched the actual invoices. However, we noted instances where customers were charged for certain service fees that were not included in or were not in compliance with the County contract.</p>	<ul style="list-style-type: none"> • The franchisee charged customers fees totaling \$13,297 that were not in the contract or approved by the OCWR Director. • We noted instances where the franchisee billed manure collection fees inconsistently or incorrectly for customers with the same configuration. For example, one customer was charged \$84 more than another customer with the same configuration. We also noted three customers were overcharged \$246 for fees that exceeded contracted rates.



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2022

PUBLIC DEFENDER**1. Second & Final Close-Out Follow-Up Information Technology Audit: Public Defender Selected Cybersecurity Controls**

Audit No. 2259-F (Reference 1942-F2) dated December 21, 2022 as of July 31, 2022; original audit dated December 9, 2020

ORIGINAL AUDIT – 9 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	4	9	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>				

SOCIAL SERVICES AGENCY**2. Second Follow-Up Information Technology Audit: Social Services Agency IT Logical Security & Change Management**

Audit No. 2159-H (Reference 1846-F2) dated December 27, 2022 as of May 31, 2022; original audit dated October 23, 2019

ORIGINAL AUDIT – 9 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	4	4	2	<p>Recommendation No. 2 (Significant Control Weakness) Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p>Recommendation No. 5 (Significant Control Weakness) Due to the sensitive nature of the finding, details have been redacted from this report.</p>
<p>One (1) Critical Control Weaknesses 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>				



EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2022

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

1. **Information Technology Audit: Probation Selected Cybersecurity Controls**, Audit No. 2043
2. **First Follow-Up Information Technology Audit: District Attorney-Public Administrator Selected Cybersecurity Controls**, Audit No. 2159-B
3. **First & Final Close-Out Follow-Up Information Technology Audit: County Counsel Selected Application Cybersecurity Controls**, Audit No. 2259-D
4. **Second & Final Close-Out Follow-Up Information Technology Audit: Public Defender Selected Cybersecurity Controls**, Audit No. 2259-F





Internal Audit Department
 2nd Quarter Status Report for the Audit Oversight Committee
 For the Quarter Ended 12/31/2022
 AOC Meeting Date: February 16, 2023

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	Actuals to Date Per Quarter				Est Remain	Budget Variance				
									#1	#2	#3	#4	Total					
Internal Control Audits (ICA)																		
A-C Claims	2211	NA	NA			480	(480)	0	0	0			0	0	0			Deferred to FY 23-24
A-C Fiduciary & Special Revenue Funds	2212	NA	NA			480	(480)	0	0	0			0	0	0			Canceled
OCDA Purchasing & Contracts	2213	8/22/22				480	200	680	427	28			455	225	0			In process
HCA/PG Cash Receipts	2214					440	0	440	32	4			36	404	0			Planning
HCA/PG Purchasing & Contracts	2215					480	0	480	39	20			59	421	0			Planning
OCCR Fiduciary & Special Revenue	2216					480	0	480	0	0			0	480	0			Not started
CSS (department request)	2217	NA	NA			400	(400)	0	0	0			0	0	0			Deferred to FY 23-24
OCWR Credit Card Processing (department request)	2218	NA	NA			400	(400)	0	0	0			0	0	0			Deferred to FY 23-24
OCPW Payroll (department request)	2219					0	0	0	0	0			0	0	0			Not started (time permitting)
OCIT Data Governance	2220					0	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	868	0	200	200	41	6			47	153	0			Pre-draft report issued 12/21/21; additional fieldwork in process
CEO Cash Disbursements & Payables	2012	9/03/20		800	752	0	200	200	173	4			177	23	0			Draft report issued 10/25/22
JWA Cash Disbursements & Payables	2013	3/03/22		680	567	0	400	400	213	92			305	95	0			In process
OCCR/Dana Point Harbor P3	2015	NA	NA	131	130	480	(480)	0	0	0			0	0	0			Deferred to FY 23-24
CEO Fiduciary & Special Revenue Funds	2018	10/19/21		727	260	480	0	480	17	0			17	463	0			In process
OCCR Fee-Generated Revenue	2112	10/22/21	9/15/22	520	536	0	0	0	15	0			15	0	15	3/31/23	2239-E	Completed. Final report issued 9/15/22
CEO Payroll	2113	10/19/21		480	391	0	160	160	73	1			74	86	0			In process
JWA Purchasing & Contracts	2115	10/19/21		680	609	0	200	200	112	25			137	63	0			In process
JWA Cash Receipts & Accounts Receivable	2116	3/03/22		640	547	0	360	360	160	118			278	82	0			In process
JWA Payroll (department request)	2119	NA	NA	0	3	0	0	0	0	0			0	0	0			Deferred to FY 23-24
OCCR Purchasing & Contracts	2120			480	0	0	480	480	0	0			0	480	0			Not started
OCSD Fee-Generated Revenue	2121	10/25/21	9/15/22	520	531	0	0	0	19	0			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	(430)	210	0	8			8	202	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	NA	NA													NA	NA	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	NA	NA													NA	NA	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	0			2	0	2	NA	NA	Close-out audits issued last FY
Total Internal Control Audits						5,240	(470)	4,770	1,323	306	0	0	1,629	3,177	36			
Contract Compliance Audits (CCA)																		
C-R Contract Review (department request)	2271					400	(400)	0	0	0			0	0	0			Not started (now time permitting)
FY 21-22 Carryover																		
OCWR Waste Management	2172	11/19/21	12/28/22	120	140	0	0	0	0	1			1	0	1	NA	NA	Completed. Final memo issued 12/28/22
First Follow-Up Audits																		
Ocean Institute (2171)	2289-A					0	90	90	0	0			0	90	0			Not started
Summary Close-Out						0	0	0	12	0			12	0	12	NA	NA	Close-out audits issued last FY
Total Contract Compliance Audits						400	(310)	90	12	1	0	0	13	90	13			
Information Technology Audits (ITA)																		
T-TC Cybersecurity	2241	NA	NA			480	(480)	0	0	0			0	0	0	NA	NA	Deferred to FY 23-24
OCIT Enterprise IT Governance	2242					360	0	360	0	0			0	360	0			Not started
OCIT Internet of Things Device Security	2243					0	0	0	0	0			0	0	0			Not started (time permitting)
HCA Cybersecurity	2244					0	0	0	0	0			0	0	0			Not started (time permitting)
OCIT Cybersecurity Joint Taskforce Advisory	2245	7/01/22				80	0	80	28	19			47	33	0	NA	NA	In process



Internal Audit Department
 2nd Quarter Status Report for the Audit Oversight Committee
 For the Quarter Ended 12/31/2022
 AOC Meeting Date: February 16, 2023

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	Actuals to Date Per Quarter				Est Remain	Budget Variance					
									#1	#2	#3	#4	Total						
Information Technology Audits (ITA)(CON'T)																			
A-C Claims System Implementation Advisory (Department Request)	2246	8/18/22				0	40	40	0	25			25	15	0	NA	NA	In process	
FY 21-22 Carryovers																			
T-TC SunGard/Quantum Upgrade Advisory (Department Request)	1647	6/12/17		NA	463	0	0	0	6	1			7	10	17	NA	NA	Draft memo issued 9/23/22	
Property Tax System Implementation Advisory (Department Request)	1754	7/01/18		NA	98	40	0	40	7	3			10	30	0	NA	NA	In process	
ROV Cybersecurity	2042	12/10/21	9/12/22	720	743	0	0	0	12	0			12	0	12	3/31/23	2259-B	Completed. Final report issued 9/12/22	
Probation Cybersecurity	2043	5/04/22		840	828	0	600	600	435	138			573	10	(17)			Draft report issued 12/27/22	
HRS Data Portal Access	2045	NA	NA	NA	NA	360	(320)	40	0	63			63	0	23	NA	NA	Canceled	
(A-C) CAPS+ Application Security	2046			NA	NA	360	0	360	0	0			0	360	0			Not started	
A-C Workforce/VTI Replacement	2048	6/12/20		NA	72	40	0	40	0	20			20	20	0			In process	
C-R Cybersecurity	2151					480	0	480	0	0			0	480	0			Not started	
OCIT Remote Access Security	2152					360	0	360	0	0			0	360	0			Not started	
OCIT Third-Party IT Security	2153					480	0	480	0	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													3/20/23	2259-H	Completed. Final report issued 9/19/22; one rec in process	
OCDA Cybersecurity (2041)	2159-B	5/17/22																Draft report issued 10/14/22	
SSA ITGC (1846/1949-E)	2159-H	5/10/22	12/27/22													TBA	TBA	Completed. Final report issued 12/27/22; two recs in process	
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	77			267	93	0			Not started	
ROV Cybersecurity (2042)	2259-B																	Not started	
Probation Cybersecurity (2043)	2259-C																	Not started	
County Counsel Cybersecurity (2044)	2259-D	8/02/22																Draft report issued 12/19/22	
Second & Third Follow-Up Audits																			
JWA ITGC (1941/2059-A)	2259-E																	Not started	
PD Cybersecurity (1942/2059-B)	2259-F	8/02/22	12/21/22													NA	NA	Completed. Final close-out report issued 12/21/22	
Assessor ITGC (1844/2059-E)	2259-G	8/03/22	9/26/22													NA	NA	Completed. Final close-out report issued 9/26/22	
OCSD ITGC (1845/1949-D/2059-H)	2259-H																	Not started (new)	
Summary Close-Out						0	0	0	9	7			16	0	16	NA	NA	Close-out audits issued last FY	
Total Information Technology Audits						3,660	(160)	3,500	895	410	0	0	1,305	2,261	66				
Total Audits Before Other Activities & Administration						9,300	(940)	8,360	2,230	717	0	0	2,947	5,528	115				
Other Activities & Administration																			
Annual Risk Assessment & Audit Plan	2201					360	0	360	0	0			0	360	0			Not started	
Cash Losses	2202					80	0	80	18	0			18	62	0			1 completed; 1 pending	
TeamMate+ Administration	2203					80	0	80	20	2			22	58	0			In process	
External Audit Reporting	2204					200	0	200	58	30			88	112	0			In process	
On-Demand Department Advisory Services	2205					80	400	480	274	159			433	47	0			1 draft report issued	
Quality Assessment	2206					200	0	200	9	0			9	191	0			In process	
Board & AOC Services	2207					160	0	160	69	35			104	56	0			In process	
Special Projects	2208					400	2,200	2,600	207	2,307			2,514	86	0			1 Board directed project report issued	
CWCAP	2209					80	0	80	77	0			77	0	(3)			Completed. Submitted to A-C	
Total Other Activities & Administration						1,640	2,600	4,240	732	2,533	0	0	3,265	972	(3)				
Reserve for Board Directives/Contingency						1,660	(1,660)	0						0	0				
Total Budget						12,600	0	12,600	2,962	3,250	0	0	6,212	6,500	112				

Footnote 5



Internal Audit Department
 2nd Quarter Status Report for the Audit Oversight Committee
 For the Quarter Ended 12/31/2022
 AOC Meeting Date: February 16, 2023

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	
									#1	#2	#3	#4	Total					

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

February 16, 2023

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Approve External Audit Activity Status Report for the Quarter Ended December 31, 2022, and Receive Report on Status of External Audit Recommendations Implementation

Approve External Audit Activity Status Report for the Quarter Ended December 31, 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 Memo

Attachment B – Executive Summary of External Audit Activity

Attachment C – External Audit Activity Quarterly Status Report

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

INTERNAL AUDIT DEPARTMENT

February 3, 2023

To: Audit Oversight Committee Members

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

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Alonso
Date: 2023.02.03 15:21:40
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Subject: External Audit Activity Status Report for the Quarter Ended December 31, 2022

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended December 31, 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 December 31, 2022, no new material issues were reported.

If you have any questions, please contact me at 714.834.5442, or Senior Audit Manager Michael Dean at 714.834.4101.

EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY
For the Quarter Ended 12/31/22

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (9/30/22)	66
Additions: In Progress	6
Planned	2
Started and Completed	2
Deletions	<u>11</u>
(Completed, Canceled, and Removed in Prior Quarter)	
Total Audits Current Quarter (12/31/22)	<u>65</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Completed	18
Canceled	0
Removed for Other Reasons	0

New Findings/Issues Reported by the Departments **0**

Material Issues: (Includes Disallowances over \$100K) **0**

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
2nd Quarter FY 2022-23 (12/31/22)

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	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	Completed.	None.
		Eide Bailly	Agreed Upon Procedures (AUP) over GANN Limit calculations	Annual	6/30/2021	GANN Limit Calculation - for County and OC Flood Control District	Completed.	None.
		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 Every 5 years	FY 09/10 - FY 13/14	Court Revenues	Completed.	None.
	Property Tax	No audits in progress.						
	General Accounting	No audits in progress.						
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		No audits in progress.						
Clerk-Recorder	Information System	Lawrence R. Halme	SECURE: Modified System Audit	As Needed	3/10/2022	New software (v3.15)	Completed.	None.
County Counsel		No audits in progress.						
County Executive Office	Finance	No audits in progress.						
	Risk Management	No audits in progress.						

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
County Executive Office (con't)	Information Technology	No audits in progress.						
	Corporate Real Estate	No audits in progress.						
	Human Resource Services	No audits in progress.						
District Attorney-Public Administrator		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	Completed.	None.
Health Care Agency	Administration	Eide Bailly	Tobacco Settlement Funds Agreed Upon Procedures	FY21/22 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	Completed.	None.
		Vaccines for Children (VFC)	Juvenile Hall and Orangewood	FY 22/23	N/A	Vaccine program compliance review	In progress.	
	Mental Health & Recovery Services	State Department of Health Care Services (DHCS) contracted External Quality Review Organization (EQRO)	Drug Medi-Cal-Organized Delivery Systems (DMC-ODS) External Quality Review (EQR)	FY 21/22 Annual	FY 20/21	Review of operational process and regulatory compliance for DMC medical services.	In progress.	
		State Department of Health Care Services (DHCS) Contractor Behavioral Health Concepts CalEQRO	Mental Health Plan (MHP)	FY 22/23 Annual	FY 21/22	Quality Improvement	In progress.	
		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 December 31, 2022	Significant Findings
Health Care Agency (continued)	Mental Health & Recovery Services (con't)	Department of Health and Human Services (DHHS) / Substance Abuse and Mental Health Services Administration (SAMHSA)	SABG/MHBG Virtual Site Visit	FY 2016, 2017, 2018, 2019	N/A	Financial and compliance review	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 December 31, 2022	Significant Findings
Health Care Agency (continued)	Public Health Services (con't)	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	Completed.	None.
	Operations	Federal Aviation Administration	Airport Certification Inspection	2023	2022	Compliance with Title 14, Code of Federal Regulations, Part 139, the Airport Certification Manual and the Airport Operation Certificate	Planned.	
		Tevora Business Solutions	Parking Revenue and Access Control System	2022	2021	Compliance with Payment Card Industry Data Security Standard	Completed.	None.
		Tevora Business Solutions	Common Use Passenger Processing System	2022	2021	Compliance with Payment Card Industry Data Security Standard	In progress.	
		Transportation Security Administration	Airport Security	2023	2022	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	Planned.	
OC Community Resources	Orange County Housing Authority (OCHA)	U.S. Department of Housing and Urban Development (HUD)	2022 Monitoring - CoC Program	FY21/22	FY 21/22 One-Time	Compliance review of OCHA policies and performance related to CoC grants	In progress.	
	Office on Aging (OoA)	No audits in progress.						

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 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	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.	
		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.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
OC Community Resources (continued)	Workforce & Economic Development Division (con't)	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.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	Enhance 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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
OC Community Resources (continued)	Workforce & Economic Development Division (con't)	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	Completed.	None.
OC Public Works	Accounting and Agriculture Commissioner	California Department of Food & Agriculture (CDFA)	Ag Commissioner's Office: Ag Services Program Cooperative Agreements'; - Pierce's Disease Control Program - Plant Health & Pest Prevention Services Program - Citrus Pest & Disease Prevention Division Program	7/1/2018 - 12/31/2021	2016	To determine whether invoiced expenditures were supported in accordance with agreement requirements, laws, regulations, and policies.	In progress.	
	Accounting, Infrastructure Programs, & OC Construction	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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
OC Public Works (con't)	Accounting, Infrastructure Programs, & OC Construction (con't)	Orange County Transportation Authority (OCTA)	Orange County Ranch Ride	FY 2019/20 & 20/21	N/A	Financial and Compliance audit of the Orange County Ranch Ride partially funded by the Measure M2 Comprehensive Transportation Funding Program.	In progress.	
		Orange County Transportation Authority (OCTA)	La Pata Avenue Phase II (Grant is for Phase I & II Final Construction and Mitigation)	Construction from 12/2013 through 12/2018 and Mitigation through 04/2019.	10/18	Financial and Compliance audit of La Pata Avenue Phase II construction costs partially funded by Measure M2 Comprehensive Transportation Program	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 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	Completed.	None.
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 Programmatic Procedures	Completed.	None.
Public Defender		No audits in progress.						
Registrar of Voters		No audits in progress.						
Sheriff-Coroner	Financial/ Administrative Services	No audits in progress.						
	Custody Operations	Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
Sheriff-Coroner (con't)	Custody Operations (con't)	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)	Information Technology	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	Completed.	None.
		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 the Route To Field and Purpose Codes.	Completed.	None.
		California Department of Justice N-DEX Team	National Data Exchange (N-DEX) Audit	2020-2022	01/20	To check for Unauthorized Use, Weak and Noncompliant Searches, Correct Reason Codes used.	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	Completed.	None.
Social Services Agency	Administrative Services	No audits in progress.						
	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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
Social Services Agency (con't)	Assistance Programs	California Department of Social Services (CDSS)	CalFresh	Annual	08/22	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.	Completed.	None.
	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.	
		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: <ul style="list-style-type: none"> • Able-Bodied Adults Without Dependents (ABAWD) • CalFresh Employment and Training (CF E&T) • Recipient Claims • Reporting Program Access Review (PAR) • SNAP-Ed 	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2022	Significant Findings
Social Services Agency (con't)	Family Self-Sufficiency & Adult Services	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.	Completed.	None.
		California Department of Education (CDE)	California State Preschool (CSPP) Grant	Annual	11/20	Determines if: -The agency financial statements are represented in conformity with Generally Accepted Accounting Principles (GAAP) -The agency establishes and maintains effective internal controls to discharge management responsibilities and adequately safeguard state and federal interests - State and federal funds are being expended in accordance with applicable.	Completed.	None.
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 December 31, 2022

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

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



Memorandum

February 16, 2023

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2022

Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter Ended December 31, 2022, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Status of Mandated Audit as of December 31, 2022



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2022
 AOC Meeting Date: February 16, 2023

Audit Name	Audit No.	Budget Hours	Actual Hours	Variance	Draft Report	Final Report	Status
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	203	-103	N/A	N/A	1 in process, 9 completed
Cash Shortages FY 22-23	2202	120	17	104	N/A	N/A	1 in process, 2 completed
JPAs and Special Districts FY 21-22*	2211	120	16	104	N/A	N/A	Collection in process
Review of Schedule of Assets as of 9/30/22	2207	300	248	52			Fieldwork in process
Review of Schedule of Assets as of 12/31/22	2208	300	2	298			Planning in process

*We collect copies and post them online.



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2022
 AOC Meeting Date: February 16, 2023

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 in February 2023.	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

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 2 investigations and have 1 in process. Departments in process: OC Waste & Recycling	0	0



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2022
 AOC Meeting Date: February 16, 2023

JPAs and Special Districts FY 21-22

Objective	Status/Results	Modified Reports Received/Reviewed	Total 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: 46 of 73. Special Districts remaining: 26 of 34. Total reports received: 35	0/0	35

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 received the Schedule of Assets on November 2, 2022. Fieldwork is in process.	0	0

Review of Schedule of Assets as of 12/31/22

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 sent the entrance letter to the Treasurer-Tax Collector on December 20, 2022.	0	0



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2022
 AOC Meeting Date: February 16, 2023

Past-Due Submissions of Audited Financial Statements			
Entity Type	Entity Name	FYE Date	Rectified Date
JPA	Public Cable Television Authority (PCTA)	6/30/2021	
JPA	Public Cable Television Authority (PCTA)	6/30/2020	
JPA	Saddleback Valley USD PFA	6/30/2020	
JPA	Santa Ana River Flood Protection Agency (SARFPA)	6/30/2019	
JPA	School Employers Association of CA	6/30/2019	
JPA	North Orange County Cities JPA	6/30/2018	
JPA	Saddleback Valley USD PFA	6/30/2018	
JPA	Santa Ana River Flood Protection Agency (SARFPA)	6/30/2018	
JPA	School Employers Association of CA (SEAC)	6/30/2018	
JPA	Southern California Coastal Water Research Project (SCCWRP)	6/30/2018	
Special District	Rossmoor Community Services District	6/30/2018	
Special District	Rossmoor/Los Alamitos Area Sewer District	6/30/2018	
Special District	Three Arch Bay Community Services District	6/30/2018	



Memorandum

February 16, 2023

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2022

Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2022, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Performance Audits Quarterly Status Report

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
February 16, 2023

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
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	Audit report finalized. Department completing responses to audit recommendations. Final audit report and department responses to recommendations will be transmitted to Board and AOC.
Child Support Services	Administration/Department Head Transition	Macias Gini & O'Connell LLP (MGO)	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	In progress following 12/23/22 contract execution.
Health Care Agency	Behavioral Health Services (BHS)	Health Management Associates, Inc. (HMA)	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	In progress following 1/19/23 contract execution.

PERFORMANCE AUDITS QUARTERLY STATUS REPORT
February 16, 2023

Department	Division/Program	Third Party Auditor	Previous Audit	Audit Scope	Status
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	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	In progress following 1/9/23 contract execution.
Social Services Agency	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	In progress following 12/23/22 contract execution.
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	Evaluating Request for Qualification responses from consultants with experience in airport audits.
IMPLEMENTATION STATUS OF RECOMMENDATIONS FOR COMPLETED PERFORMANCE AUDITS					
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. Follow up in six months for status of implementation of recommendations.
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. Follow up in six months for status of implementation of recommendations.



Memorandum

February 16, 2023

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Implementation for Governmental Accounting Standards Board (GASB) Statement 96

Receive Update on Implementation for Governmental Accounting Standards Board (GASB) Statement 96, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Implementation for GASB Statement 96



GASB Statement 96

Subscription-Based Information Technology
Arrangements (SBITAs)



Auditor-Controller / General Accounting

February 2023

GASB Statement 96 Overview

- ▶ Purpose: provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government users.
- ▶ Requires governments with subscription-based technology arrangements to recognize a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability.
- ▶ Timing of Implementation: July 1st, 2022 for FY 2022-23 ACFR

GASB Statement 96 Overview (cont'd)

► SBITA Definition

A contract that **conveys control** of the right to use another entity's **IT software**, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

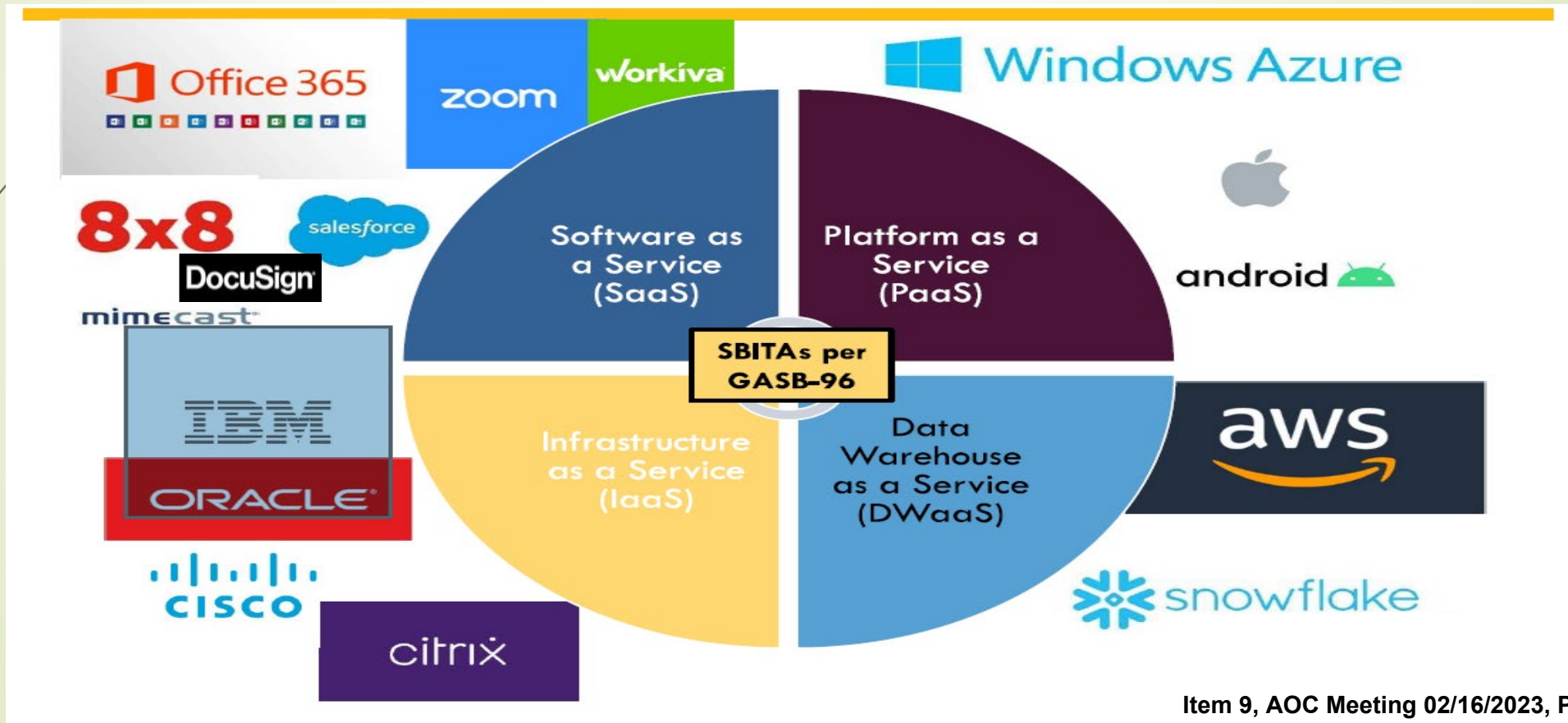
Convey control means:

- The right to obtain the present capacity from use of the asset as specified in the contract, and
- The right to determine the nature and manner of use.

Exchange or exchange-like transaction means that each party in the transaction receives or gives up something of approximately equal value.

GASB Statement 96 Overview (cont'd)

- Common Examples of SBITAs include software as a service, platform as a service, infrastructure as a service, and data warehouse as a service.



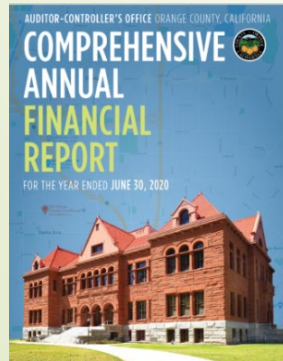
GASB Statement 96 Overview (cont'd)

Before GASB 96

Contract / Vendor Payments



Expenditures



Annual Comprehensive Financial Reports

After GASB 96

Contract / Vendor Payments



SBITA Asset

SBITA Liability

Amortization of a SBITA Asset

Principal & Interest payments per payment schedule



Annual Comprehensive Financial Reports

GASB 96 Implementation Plan

► Communication and Training

- A-C General Accounting – Capital Assets Section oversaw the implementation of GASB 96, similarly to GASB 87 “Leases”
- GASB 96 Presentation to FMF Managers
- Department training provided by A-C General Accounting – Capital Assets Section
- New Chart of Accounts Elements established to track, record, and monitor GASB 96 SBITAs

► Compile an Inventory of SBITA Contracts

- Surveyed County departments April 2022 to obtain additional contract information and to capture additional SBITA contracts
- A-C reviewed survey responses to determine if contracts fall under the scope of GASB 96
- An inventory of SBITA contracts was created
- GASB 96 payment schedules were prepared and sent to departments for review and approval

GASB 96 Implementation Plan (cont'd)

➤ Accounting Lease Software

- A-C is in final development stage of a Database to store all GASB 87 leases and GASB 96 SBITAs
- Database will maintain information on all lease contracts, calculate the present value of future payments, prepare payment and amortization schedules for each lease and SBITA contract
- Database will provide reports and data for accounting entries in CAPS+ and for the preparation of Financial Statements, notes and disclosures

➤ Ongoing monitoring of existing and new contracts

- GASB 96 survey – ongoing annual survey
- New SBITA Reporting form, SBITA Modification Reporting form

Questions



Memorandum

February 16, 2023

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Receive and File Results of the RFP Panel Selection for the Independent Auditing and Related Services Covering Fiscal Years Ending June 30, 2023, 2024, and 2025, to Be Presented to the Board of Supervisors for Contract Approval

Receive and File Results of RFP Panel Selection for the Independent Auditing and Related Services Covering Fiscal Years Ending June 20, 2023, 2024, and 2025, to Be Presented to the Board of Supervisors for Contract Approval, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Final Results of the RFP Panel Selection for the Independent Auditing

Attachment B – Audits Pending Under Current Contract

Final Scoring Summary
 RFP #003-2277402-LB- RFP
 Independent Auditing and Related Services

Score Range - Top	5
Score Range - Bottom	0

Number of Panel Members	5
-------------------------	---

Company Names [4]	DVBE Eligible	OCLSB Eligible
CLA (CliftonLarsonAllen LLP)		
Eide Bailly LLP		
Macias Gini & O'Connell LLP		
Criteria	Weight	
Written Criteria	100%	
Mandatory Requirements	35%	
Technical Criteria	50%	
Proposed Compensation to the County	15%	
Written Proposal Evaluation - Must Equal 100%	100%	
Oral Criteria	100%	
Oral Criteria 1		
Oral Proposal Evaluation - Must Equal 100%	0%	
Grand Total - Must Equal 100%	100%	

OCLSB/DVBE or both (if eligible)	Grand Total	Final Total
CLA (CliftonLarsonAllen LLP)	85.0	85.0
Eide Bailly LLP	95.4	95.4
Macias Gini & O'Connell LLP	82.6	82.6
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0
0	0.0	0.0

Final Scoring Summary
RFP #003-2277402-LB
Independent Auditing and Related Services

Evaluation Criteria	Weight	Proposer: CLA (CliftonLarsonAllen LLP)										Score Percentage	Weighted Score
		Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Written Criteria	100%												
Mandatory Requirements	35%	5	35	5	35	5	35	5	35	5	35	35	35
Technical Criteria	50%	4	40	3	30	4	40	4	40	4	40	38	38
Proposed Compensation to the County	15%	4	12	4	12	4	12	4	12	4	12	12	12
Written Proposal Evaluation - Must Equal 100%	100%	13.0	87.0	12.0	77.0	13.0	87.0	13.0	87.0	13.0	87.0	85.0	85.0
Oral Criteria	100%	Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Oral Criteria 1													
Oral Proposal Evaluation - Must Equal 100%	0%											0.0	0.0
Grand Total - Must Equal 100%	100%												85.0

Evaluation Criteria	Weight	Proposer: Eide Bailly LLP										Score Percentage	Weighted Score
		Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Mandatory Requirements	35%	5	35	5	35	5	35	5	35	5	35	35	35
Technical Criteria	50%	4	40	5	50	5	50	5	50	4	40	46	46
Proposed Compensation to the County	15%	4	12	5	15	5	15	5	15	5	15	14	14
Written Proposal Evaluation - Must Equal 100%	100%	13.0	87.0	15.0	100.0	15.0	100.0	15.0	100.0	14.0	90.0	95.4	95.4
Oral Criteria	100%	Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Oral Criteria 1													
Oral Proposal Evaluation - Must Equal 100%	0%											0.0	0.0
Grand Total - Must Equal 100%	100%												95.4

Final Scoring Summary
RFP #003-2277402-LB
Independent Auditing and Related Services

Evaluation Criteria	Weight	Proposer: Macias Gini & O'Connell LLP										Score Percentage	Weighted Score
Written Criteria	100%	Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Mandatory Requirements	35%	5	35	5	35	5	35	5	35	5	35	35	35
Technical Criteria	50%	4	40	4	40	4	40	3	30	4	40	38	38
Proposed Compensation to the County	15%	3	9	3	9	3	9	4	12	3	9	10	10
Written Proposal Evaluation - Must Equal 100%	100%	12.0	84.0	12.0	84.0	12.0	84.0	12.0	77.0	12.0	84.0	82.6	82.6
Oral Criteria	100%	Panel #1		Panel #2		Panel #3		Panel #4		Panel #5			
Oral Criteria 1													
Oral Proposal Evaluation - Must Equal 100%	0%											0.0	0.0
Grand Total - Must Equal 100%	100%												82.6

Audits Pending under MA-003-18011512, Expiring 4/30/2023

Project	Contractual Report Due Date	Responsible Department
2021 Annual Treasurer's Compliance Audit	January 2022	Treasurer-Tax Collector
2022 Annual Treasurer's Compliance Audit	January 2023	Treasurer-Tax Collector
2022 Annual Financial Audit of the Treasurer's Schedule of Assets	January 2023	Auditor-Controller
2022 AUP Tobacco Settlement Revenue (TSR) Fund	February 2023	Auditor-Controller
2022 Single Audit	March 31, 2023	Auditor-Controller
2022 Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD	March 31, 2023	Auditor-Controller



Memorandum

February 16, 2023

AOC Agenda Item No. 11

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on eProcurement

Receive Report on eProcurement, as stated in recommended action.



Memorandum

February 16, 2023

AOC Agenda Item No. 12

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

1st Quarter, FY22-23
Jul 1 – Sep 30, 2022



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 11, one more than the number of projects reported in the previous quarter. One project was completed last quarter and two new projects were added this quarter. The total budget decreased from \$29,079,496 to \$27,931,767.

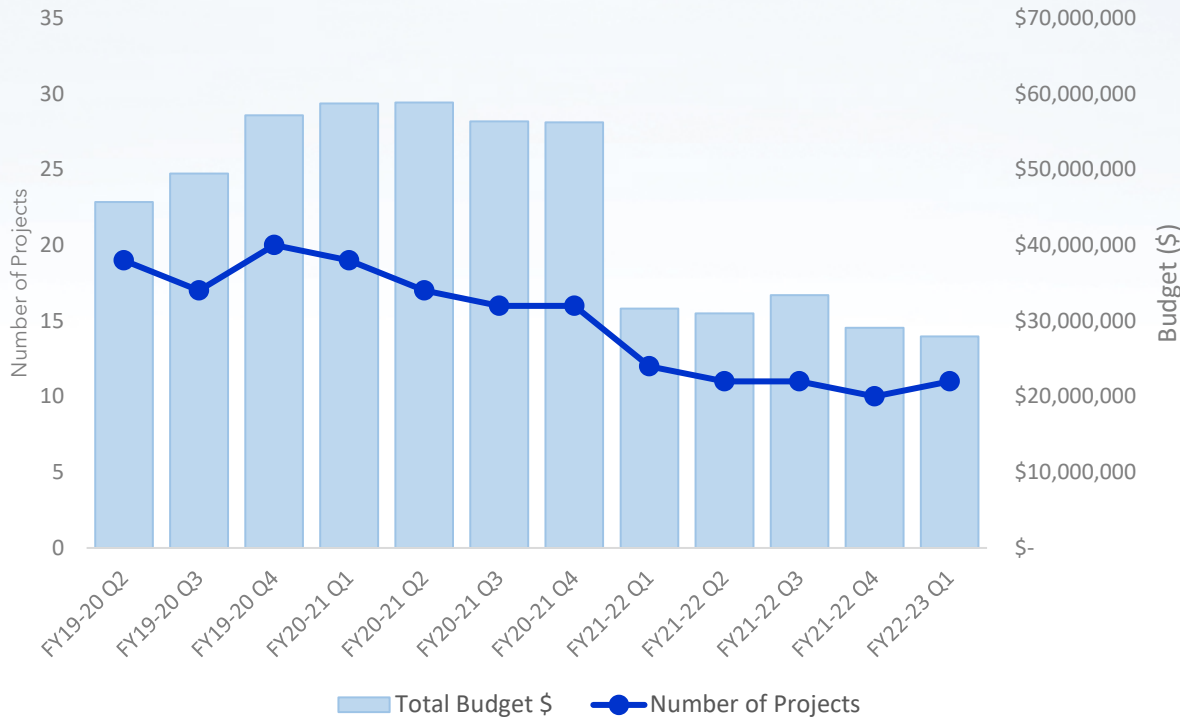


Key Accomplishments

Two projects were completed in FY22-23 Q1: Property Tax System (PTS) and OC TIME Implementation. Both projects were managed by Auditor-Controller.

IT Portfolio Size and Budget

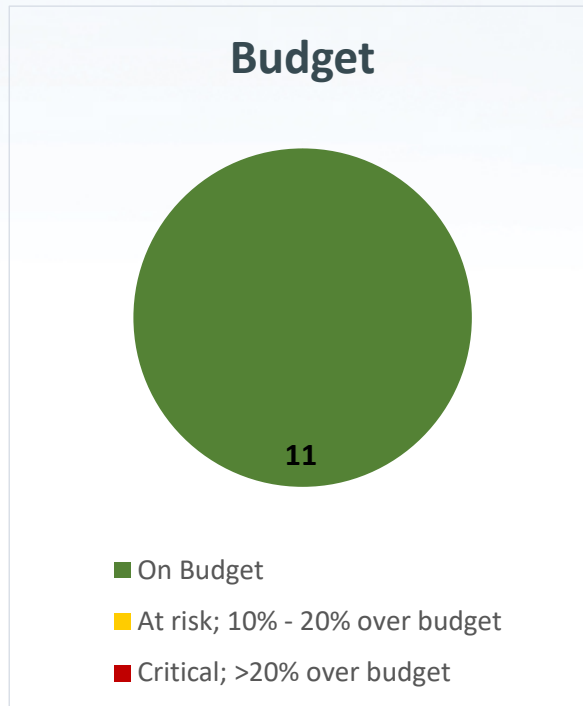
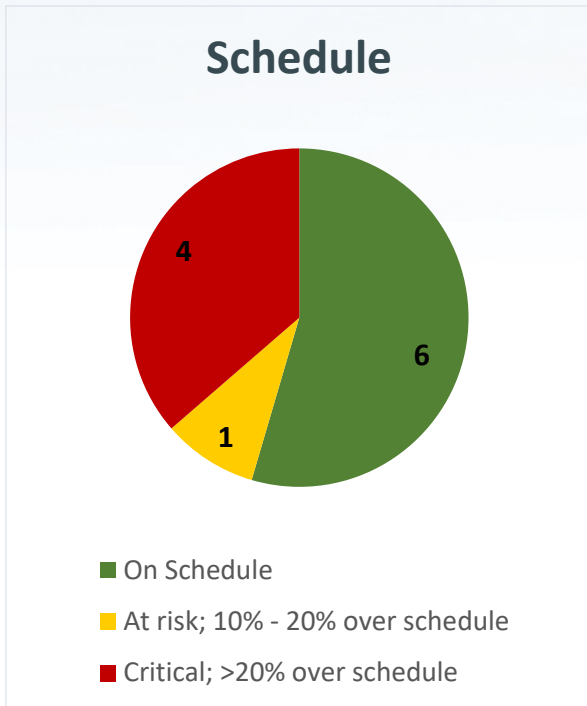
This chart depicts the County's IT project portfolio size and budget trends over the last 12 quarters.



The chart above reflects projects that were active or completed during the reporting period. **Item 12, AOC Meeting 02/16/2023, Page 3 of 8**

Portfolio Performance

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

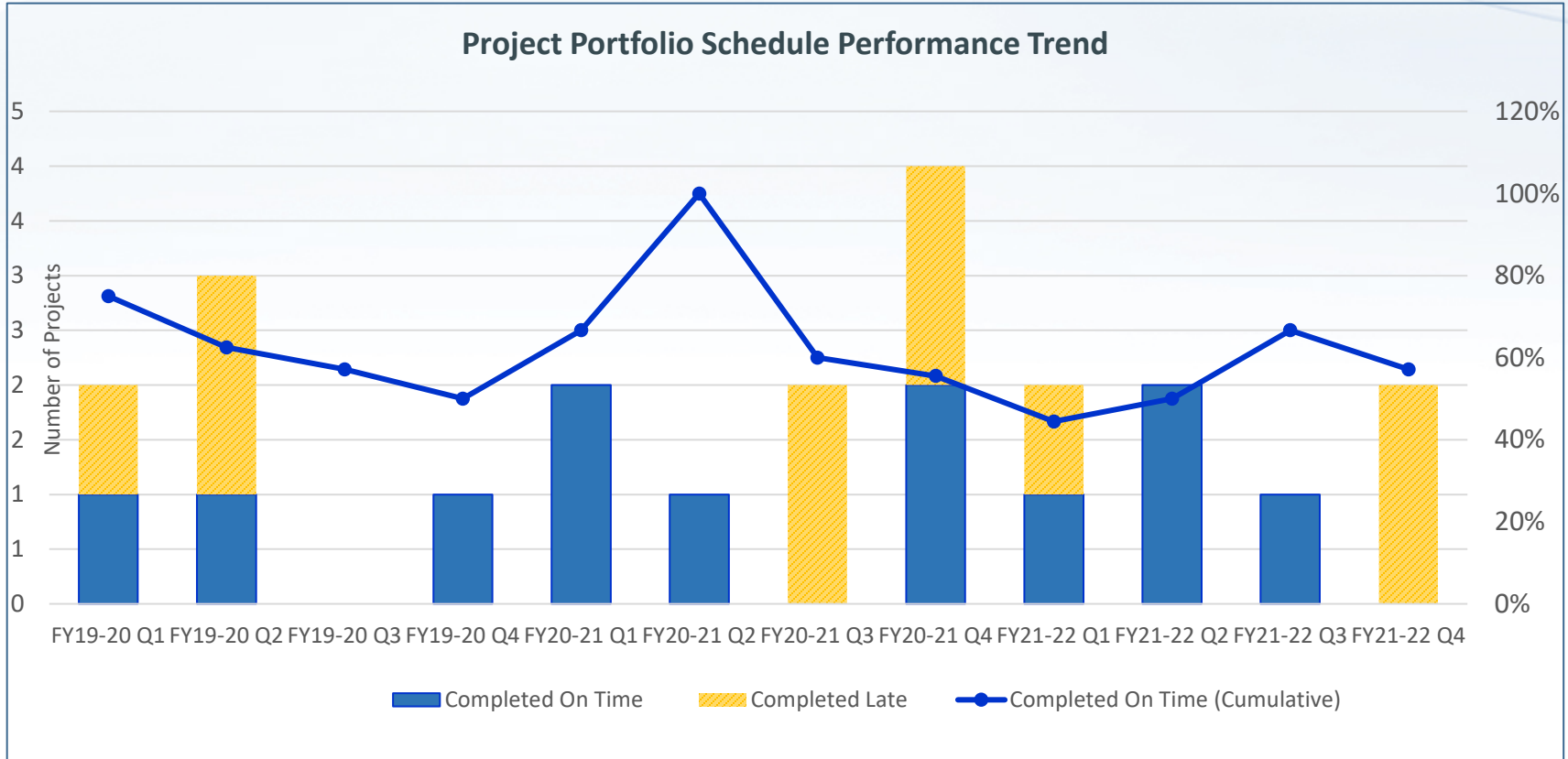


During this reporting period, five projects are experiencing schedule delays, and no projects exceed their budget.

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

Portfolio Performance Trend

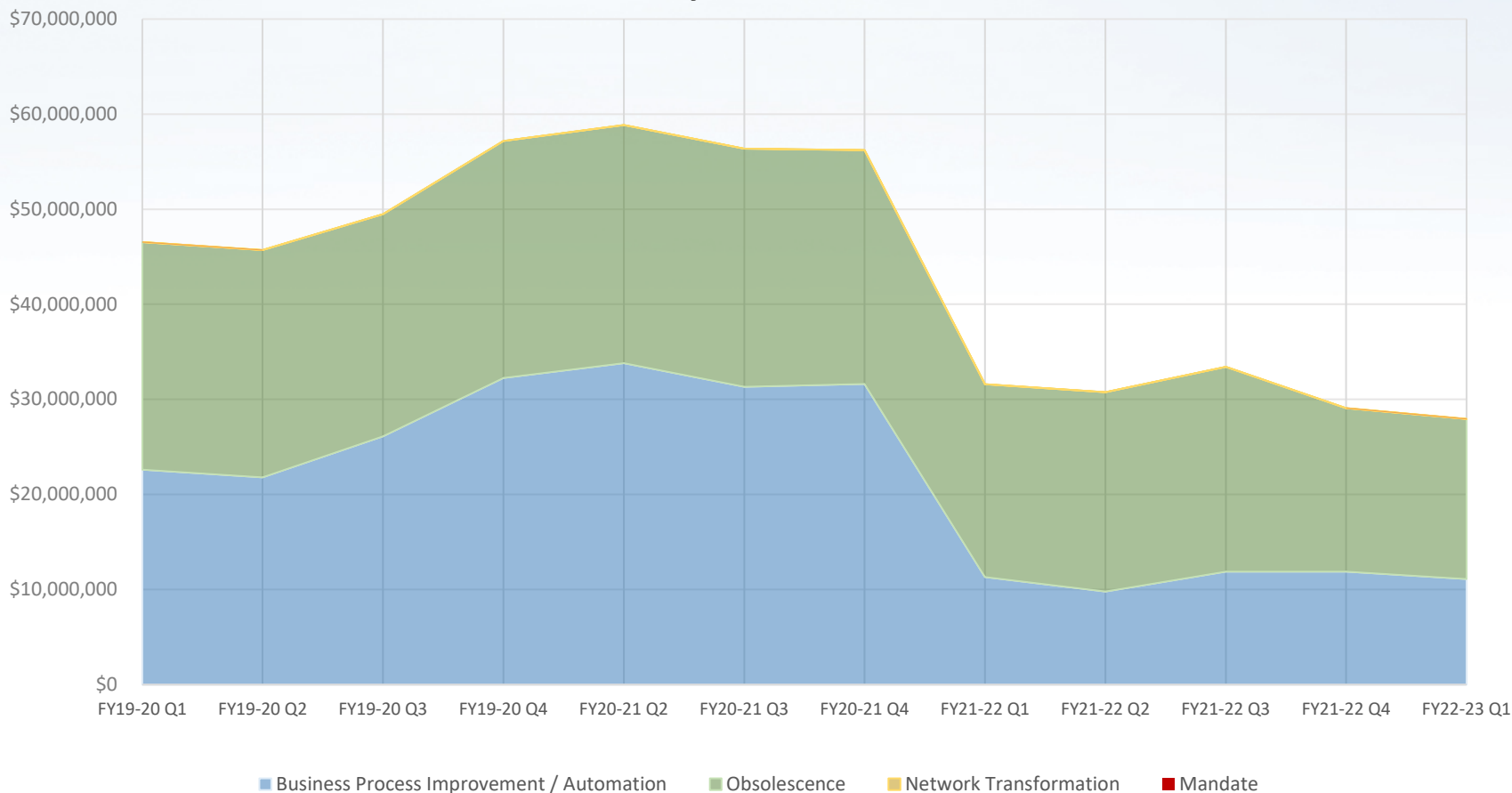
The chart below depicts the County’s IT project schedule performance trend for the projects that were completed over the last 12 quarters. The bars reflect the total number of projects completed in each quarter and the number completed on schedule. The line reflects the percentage of projects completed on schedule over four consecutive quarters.



Project Investment Trends

Projects intended to improve or automate business processes account for approximately 40% of the County's IT budget this quarter. The remaining projects are for replacing end-of-life or obsolete systems and account for approximately 60% of the budget.

Investment by Business Justification



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

Investment by Service Area

Projects that are countywide or cross multiple departments account for the largest share of the County’s IT project investments. Health Care Services 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.

Project Landing Map

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

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 TIME Implementation ✓ Property Tax System 	<ul style="list-style-type: none"> ■ Privileged Access Management (PAM) Implementation 	<ul style="list-style-type: none"> ■ OC Agenda 	<ul style="list-style-type: none"> ■ Identity and Badge Data Integration
Q1 FY23-24 Jul – Sep 2023	Q2 FY23-24 Oct – Dec 2023	Q3 FY23-24 Jan – Mar 2024	Q4 FY23-24 Apr – Jun 2024
	<ul style="list-style-type: none"> ■ Electronic Health Records (EHR) Interoperability ■ HCA Business Intelligence & Analytics 		<ul style="list-style-type: none"> ■ CalSAWS Migration Technical Support ■ Mandated Reporter App
Q1 FY24-25 Jul – Sep 2024	Q2 FY24-25 Oct – Dec 2024	Q3 FY24-25 Jan – Mar 2025	Q4 FY24-25 Apr – Jun 2025
	<ul style="list-style-type: none"> ■ Automated Jail System (AJS) 		

■ 10% - 20% over schedule

■ >20% over schedule

✓ Project has been completed.

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



Memorandum

February 16, 2023

AOC Agenda Item No. 13

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Social Services Agency Second Follow-Up Report

Discuss Social Services Agency Second Follow-Up Report, as stated in recommended action.



Memorandum

February 16, 2023

AOC Agenda Item No. 14

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Fiscal Year 2022-23 Annual Risk Assessment & Audit Plan

Receive Update on Fiscal Year 2022-23 Annual Risk Assessment & Audit Plan, as stated in recommended action.



Memorandum

February 16, 2023

AOC Agenda Item No. 15

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Internal Control Training Program

Receive Update on Internal Control Training Program, as stated in recommended action.



Memorandum

February 16, 2023

AOC Agenda Item No. 16

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Training of New Audit Oversight Committee Members

Discuss Training of New Audit Oversight Committee, as stated in recommended action.