



# INTERNAL AUDIT DEPARTMENT

Assessment Item	RARE (A)	UNLIKELY (B)	POSSIBLE (C)	LIKELY (D)	ALMOST CERTAIN (E)
Severity					
CRITICAL (5)	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
SERIOUS (4)	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM
	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM

## Annual Risk Assessment & Audit Plan For Fiscal Year 2023-24

**Audit Number: 2201**  
**Report Date: May 26, 2023**

### OC Board of Supervisors

CHAIRMAN DONALD P. WAGNER  
3rd DISTRICT

VICE CHAIRMAN ANDREW DO  
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO  
2nd DISTRICT

SUPERVISOR DOUG CHAFFEE  
4th DISTRICT

SUPERVISOR KATRINA FOLEY  
5th DISTRICT



# INTERNAL AUDIT DEPARTMENT

Audit No. 2201

May 26, 2023

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

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

 Digitally signed by Agripino Alonso  
 Date: 2023.05.26 13:36:30 -07'00'

Subject: Annual Risk Assessment & Audit Plan for Fiscal Year 2023-24

Attached for your review and approval is our Fiscal Year 2023-24 Annual Risk Assessment and Audit Plan. On an annual basis, we perform a countywide risk assessment that we use to develop our Audit Plan. The risk assessment, coupled with the Audit Plan, delivers a systematic approach for evaluating the effectiveness of internal controls and the efficiency of County business operations. For Fiscal Year 2023-24, we identified a total of 23 high-risk or high-priority areas in 10 County departments as follows:

DEPARTMENT	NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS	AUDIT AREA
<b>1. Auditor-Controller</b>	2	Employee Claims (HR)
		Information Technology (HR)
<b>2. Child Support Services</b>	1	Cash Receipts (HR)
<b>3. County Executive Office</b>	7	County Procurement Office (HR)
		County Ethics Program (HP)
		Remote Access Security (HR)
		Third-Party IT Security (HR)
		Enterprise IT Governance (HR)
		Data Governance (HR)
		Internet of Things Device Security (HR)
<b>4. District Attorney-Public Administrator</b>	1	Payroll (HR) (time permitting)
<b>5. Health Care Agency</b>	1	Information Technology (HR)
<b>6. OC Community Resources</b>	2	Dana Point Harbor Public-Private Partnership Purchasing & Contract (HR)

### Internal Audit Department Mission

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

DEPARTMENT	NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS	AUDIT AREA
		Purchasing & Contracts (HR)
<b>7. OC Public Works</b>	1	Information Technology (HR)
<b>8. OC Waste &amp; Recycling</b>	3	Cash Receipts/Credit Card Processing (HP)
		Contract Compliance (HP)
		Information Technology (HR)
<b>9. Sheriff-Coroner</b>	2	Payroll (HR) (time permitting)
		Information Technology (HR)
<b>10. Treasurer-Tax Collector</b>	3	Information Technology (HR)
		Cash Receipts (HR)
		Tax Redemption Officer Mandate (HP)
<b>TOTAL HIGH-RISK/ HIGH-PRIORITY AREAS</b>	<b>23</b>	

Due to limited staffing resources, our Audit Plan only includes audits addressing 21 of the 23 high-risk or high-priority areas. If hours become available in Fiscal Year 2023-24, we will incorporate the remaining two high-risk areas into the Audit Plan. The remaining high-risk audits that have not been incorporated by the end of Fiscal Year 2023-24 will be included in our Fiscal Year 2024-25 Audit Plan.

We look forward to a successful year of providing professional, reliable, and objective audit and advisory services to the Board of Supervisors, County Executive Office, and County departments. If you have any questions, please contact me at (714) 834-5442 or Michael Dean at (714) 834-4101.

# TABLE OF CONTENTS

---

## Annual Risk Assessment & Audit Plan For Fiscal Year 2023-24 Audit No. 2201

Executive Summary	1
Introduction	1
Results	2
Risk Assessment	2
General Risk Assessment	2
Information Technology Risk Assessment	3
FY 2023-24 Audit Plan	3
Appendix A: Audit Plan Methodology	9
Appendix B: Acronyms	12
Attachment A: Internal Audit Department Organization Chart	13
Attachment B: Risk Assessment Schedule for Fiscal Year 2023-24	14
Attachment C: Schedule of 10-Year Prior Audit Coverage	15



# INTERNAL AUDIT DEPARTMENT

## EXECUTIVE SUMMARY

### INTRODUCTION

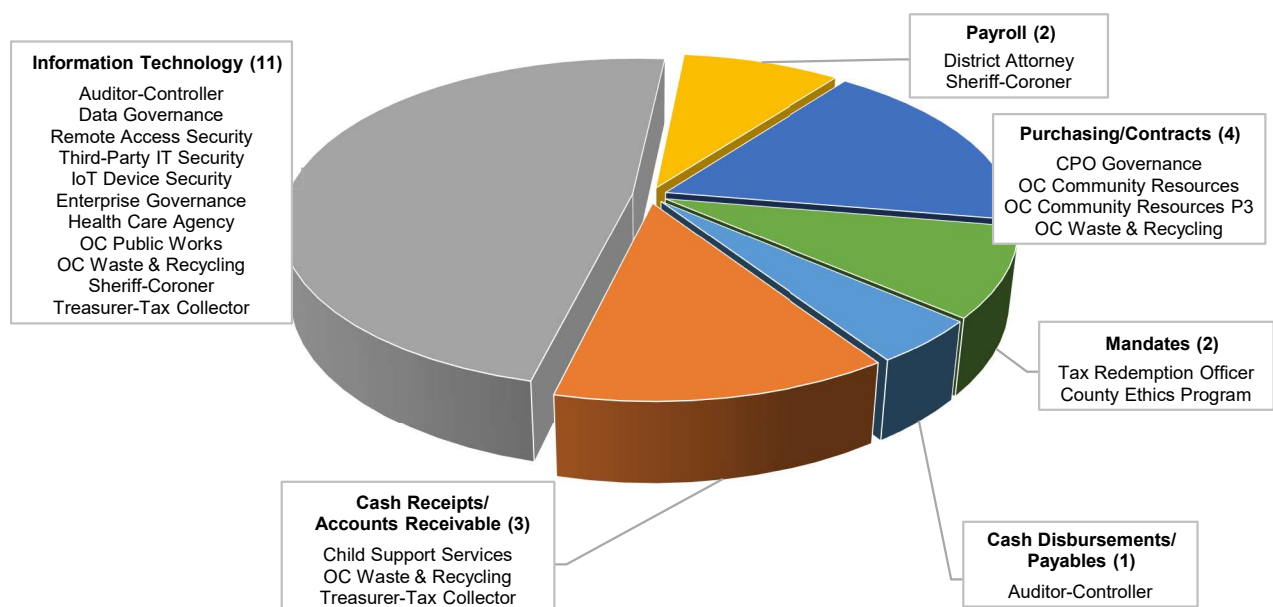
The mission of the Internal Audit Department is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions.

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

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

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

Our Fiscal Year 2023-24 Risk Assessment identified 23 high-risk or high-priority areas in 10 County departments, as illustrated in the chart below.



# INTERNAL AUDIT DEPARTMENT

## RESULTS

Our Fiscal Year 2023-24 Audit Plan includes 21 scheduled audits: 17 high-risk audits (one is also a department request), one high-priority Board request, one high-priority department request, and two high-priority mandated audits.

<b>17</b> HIGH-RISK AUDITS SCHEDULED (ONE IS ALSO A DEPARTMENT REQUEST)	+	<b>4</b> HIGH-PRIORITY AUDITS SCHEDULED (ONE BOARD REQUEST, ONE DEPARTMENT REQUEST, TWO MANDATES)	=	<b>21</b> AUDITS SCHEDULED
<b>2</b> TIME PERMITTING HIGH-RISK AUDITS			=	<b>2</b> TIME- PERMITTING AUDITS
<b>19</b> HIGH-RISK AUDITS	+	<b>4</b> HIGH-PRIORITY AUDITS	=	<b>23</b> TOTAL AUDITS IN PLAN

Due to limited staffing resources, our Audit Plan only includes audits addressing 21 of the 23 high-risk or high-priority areas. If hours become available in Fiscal Year 2023-24, we will incorporate the remaining two high-risk audits into the Audit Plan. Any audits that have not been incorporated by the end of Fiscal Year 2023-24 will be included in our Fiscal Year 2024-25 Audit Plan.

## RISK ASSESSMENT

### GENERAL RISK ASSESSMENT

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

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

A department with a high-risk score indicates the services or functions it handles are a high-risk activity because of factors such as having a large amount of expenditures and/or revenues, having a high level of liquid assets such as cash, management’s assessment of the control environment, or a high degree of public interest. A high-risk score indicates that if something were



# INTERNAL AUDIT DEPARTMENT

---

to go wrong, it could have a greater impact. A high-risk score does not mean that a business process is managed ineffectively or that internal controls are inadequate.

## INFORMATION TECHNOLOGY RISK ASSESSMENT

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

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

## FY 2023-24 AUDIT PLAN

Our Audit Plan is based on 13,050 productive hours provided by eight audit professionals and two supervising audit managers. Audit hours for the director of Internal Audit and assistant director are not included in the above total, and the time for audit managers is adjusted to allow for administrative duties. Some audits we identified as high risk are listed on the Audit Plan as "time permitting" audits. If hours become available, we will begin performing those audits. Otherwise, those audit areas will remain as high-risk (unless ongoing risk assessment dictates otherwise) and will be included in next year's Audit Plan.

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



# INTERNAL AUDIT DEPARTMENT

SERVICE	OBJECTIVE	HOURS	%
<b>Internal Control Audits</b>	Review effectiveness and efficiency of departmental operations including the safeguarding of assets, reporting (internal and external, financial and non-financial), and compliance with laws, regulations, and procedures as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.	4,520	35%
<b>Information Technology Audits</b>	Review IT controls such as general controls over computer operations, access to programs and data, disaster recovery/business continuity, program development, program changes, and provide advisory services for system implementations.	4,545	35%
<b>Mandated Audits</b>	Audits required to be performed by government code or auditing standards.	880	7%
<b>Board Requests &amp; Contingency Reserve</b>	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	2,025	15%
<b>Other Activities &amp; Administration</b>	Perform the annual risk assessment; prepare the Audit Plan; investigate cash losses; support TeamMate+; provide technical assistance to departments on operational, reporting, or compliance issues; compile and present External Audit Reports to the AOC; perform required quality assessments; prepare and present oversight reporting to the AOC and Board; complete annual CWCAP reporting; complete special projects.	1,080	8%
<b>TOTALS</b>		<b>13,050</b>	<b>100%</b>

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

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





# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Risk Audits</b>		
<b>Internal Control Audits</b>	<b>Supervising Audit Manager: Michael Dean, Senior Audit Manager</b>	
1. <b>T-TC Cash Receipts</b>	To assess internal controls over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	440
2. <b>County Procurement Office – Procurement Governance</b>	To evaluate CPO’s governance over County department procurement activities.	480
3. <b>OCCR/Dana Point Harbor Public-Private Partnership Purchasing &amp; Contract (2015)</b> Carryover from FY 2022-23	To assess contractor compliance with the Dana Point Master Lease (Public-Private Partnership, P3) and efficiency of lease administration.	480
4. <b>OCCR Purchasing &amp; Contracts (2120)</b> Carryover from FY 2022-23	To assess procurement processes (other than human services).	480
5. <b>A-C Employee Claims (2211)</b> Carryover from FY 2022-23	To assess internal controls over employee claims (mileage and educational/professional reimbursement).	480
6. <b>CSS Cash Receipts (2217)</b> Carryover from FY 2022-23 (Department Request)	To assess internal controls over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	440
7. <b>OCIT Data Governance (2220)</b> Carryover from FY 2022-23	To assess data governance (classification, retention) controls.	420

<b>Information Technology Audits</b>	<b>Supervising Audit Manager: Jimmy Nguyen, IT Audit Manager II</b>	
8. <b>OCWR Cybersecurity</b>	To assess cybersecurity controls.	480
9. <b>OCPW Cybersecurity</b>	To assess cybersecurity controls.	400
10. <b>OCSO Cybersecurity</b>	To assess cybersecurity controls.	480
11. <b>A-C CAPS+ Application Security (2046)</b> Carryover from FY 2022-23	To assess CAPS+ security controls.	240
12. <b>OCIT Remote Access Security (2152)</b> Carryover from FY 2022-23	To assess remote access security controls.	360



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Risk Audits (cont.)</b>		
13. <b>OCIT Third-Party IT Security (2153)</b> Carryover from FY 2022-23	To assess IT security controls for third-party vendors that directly assist with maintaining, managing, or supporting critical systems.	480
14. <b>OCIT Internet of Things Device Security (2243)</b> Carryover from FY 2022-23	To assess IT security controls over IoT (Internet of Things) devices.	400
15. <b>OCIT Enterprise IT Governance (2242)</b> Carryover from FY 2022-23	To assess information technology governance processes.	240
16. <b>T-TC Cybersecurity (2241)</b> Carryover from FY 2022-23	To assess cybersecurity controls.	480
17. <b>HCA Cybersecurity (2244)</b> Carryover from FY 2022-23	To assess cybersecurity controls.	400
<b>High Risk Time-Permitting IT Audits:</b>		
18. <b>OCDA Payroll</b>	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	0
19. <b>OCSD Payroll</b>	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	0
<b>Total High-Risk Audits</b>		<b>7,180</b>



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Priority Audits</b>		
20. <b>OCWR – Waste Management Contract Compliance Review</b> Board Request	To validate that service rates charged were in conformance with the franchise agreements (contracts) between OCWR and waste haulers.	400
21. <b>OCWR Credit Card Processing</b> Department Request	To assess internal controls over credit card processing.	420
22. <b>T-TC Tax Redemption Officer</b> Mandate	To evaluate the reliability/integrity of tax redemption records and compliance with laws/regulations as required by the Revenue and Taxation Code.	480
23. <b>CEO – County Ethics Program</b> Mandate	To evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities.	400
<b>Total High-Priority Audits</b>		<b>1,700</b>

<b>Follow-Up Audits</b>		
<b>Follow-Up Internal Control Audits</b>	Follow-up on management’s implementation of audit recommendations provided in prior audit reports.	480
<b>Follow-Up Information Technology Audits</b>		385
<b>Total Follow-Up Audits</b>		<b>865</b>

<b>Advisory Engagements</b>		
<b>A-C Employee Reimbursement System Implementation</b>	To advise on application controls and System Development Life Cycle (SDLC) internal controls.	80
<b>A-C Policies and Procedures</b>	To advise on department policies and procedures effectiveness over key business processes.	40
<b>Countywide Cybersecurity</b>	Participate in Countywide Cybersecurity meetings related to various workgroups and committees.	80
<b>Total Advisory Engagements</b>		<b>200</b>



# INTERNAL AUDIT DEPARTMENT

Other Activities & Administration	
Special Projects	400
Annual Risk Assessment & Audit Plan for Fiscal Year 2024-25	400
External Audit Reporting	200
Board of Supervisors & Audit Oversight Committee Support	160
On-Demand Department Advisory Services	80
Cash Loss Investigations	80
TeamMate+ Administration	80
Countywide Cost Allocation Plan (CWCAP)	80
<b>Total Other Activities &amp; Administration</b>	<b>1,480</b>
Board-Requested Audits	800
Contingency Reserve	825
<b>TOTAL HOURS</b>	<b>13,050</b>

## ACKNOWLEDGEMENT

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

<b>PROJECT TEAM</b>	Michael Dean, CPA, CIA, CISA	Senior IT Audit Manager
	Jimmy Nguyen, CISA, CFE, CEH	IT Audit Manager II
	Scott Kim, CPA, CISA, CFE	IT Audit Manager I
	Gianne Morgan, CIA, CISA	IT Audit Manager I
	Zan Zaman, CPA, CIA, CISA	IT Audit Manager I
	Mari Elias, DPA	Administrative Services Manager
	Gabriela Cabrera	Senior Auditor
	Alejandra Luna	Senior Auditor
	Stephany Franco	Senior Auditor
	Mary Ann Cosep	Senior Auditor
	Thuy Luu	Staff Specialist



# INTERNAL AUDIT DEPARTMENT

## APPENDIX A: AUDIT PLAN METHODOLOGY

### 1. DEFINE AUDIT UNIVERSE

An *audit universe* is all potential areas subject to risk assessment and audits. There are several approaches to defining the audit universe and we defined the County audit universe as 19 departments (excluding Internal Audit, OC Ethics, and Office of Independent Review), with six standard business processes/cycles and information technology. This results in an audit universe of 133 auditable business processes (19 departments, seven business processes/cycles).

**Table 1. County Audit Universe**

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



# INTERNAL AUDIT DEPARTMENT

---

## 2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2023-24 (see Attachment B) shows the 133 auditable business processes and assigned risk ratings. We consider the following factors in assigning risk levels for the six general business process/cycles (cash receipts, cash disbursements, purchasing, revolving funds, payroll, fiduciary/special revenue):

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

We consider the following factors in assigning risk levels for information technology:

- IT Survey (30%). Identified significant changes impacting critical systems, governance, security management, change management, computer operations, IT staffing, and cybersecurity incidents that may have impacted the department.
- General Risk Factors (20%). Drawn from department changes and operating environment above.
- Last Audit Performed (50%). Identified all Information Technology Audits conducted in the last 10 years. Areas with no recent or prior audits are assessed higher risk (see Attachment C).

## 3. CATEGORIZE RESULTS

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

Risk levels for the 133 auditable business processes we identify in our Risk Assessment Schedule for FY 2023-24 (see Attachment B) are as follows:

- 14 (11%) are High Risk
- 108 (81%) are Moderate Risk
- 11 (8%) are Low Risk

*Note: there are 19 high-risk audits in the 14 high-risk processes. This is because the single CEO IT high-risk box represents five separate audits, and OCCR Purchasing & Contracts represents two separate audits.*



# INTERNAL AUDIT DEPARTMENT

---

## **4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES**

Our Audit Plan is based on 9,945 available audit hours (13,050 productive hours minus 1,080 hours for other activities and administration, 800 hours for Board-requested audits, 400 hours for special projects, and 825 hours for contingency reserve) to be provided by eight audit professionals and two supervising audit managers. We ensure the ratio of gross hours to available audit hours aligns with industry standards. The contingency reserve is for position vacancies and other unforeseen events.

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

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



# INTERNAL AUDIT DEPARTMENT

---

## APPENDIX B: ACRONYMS

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

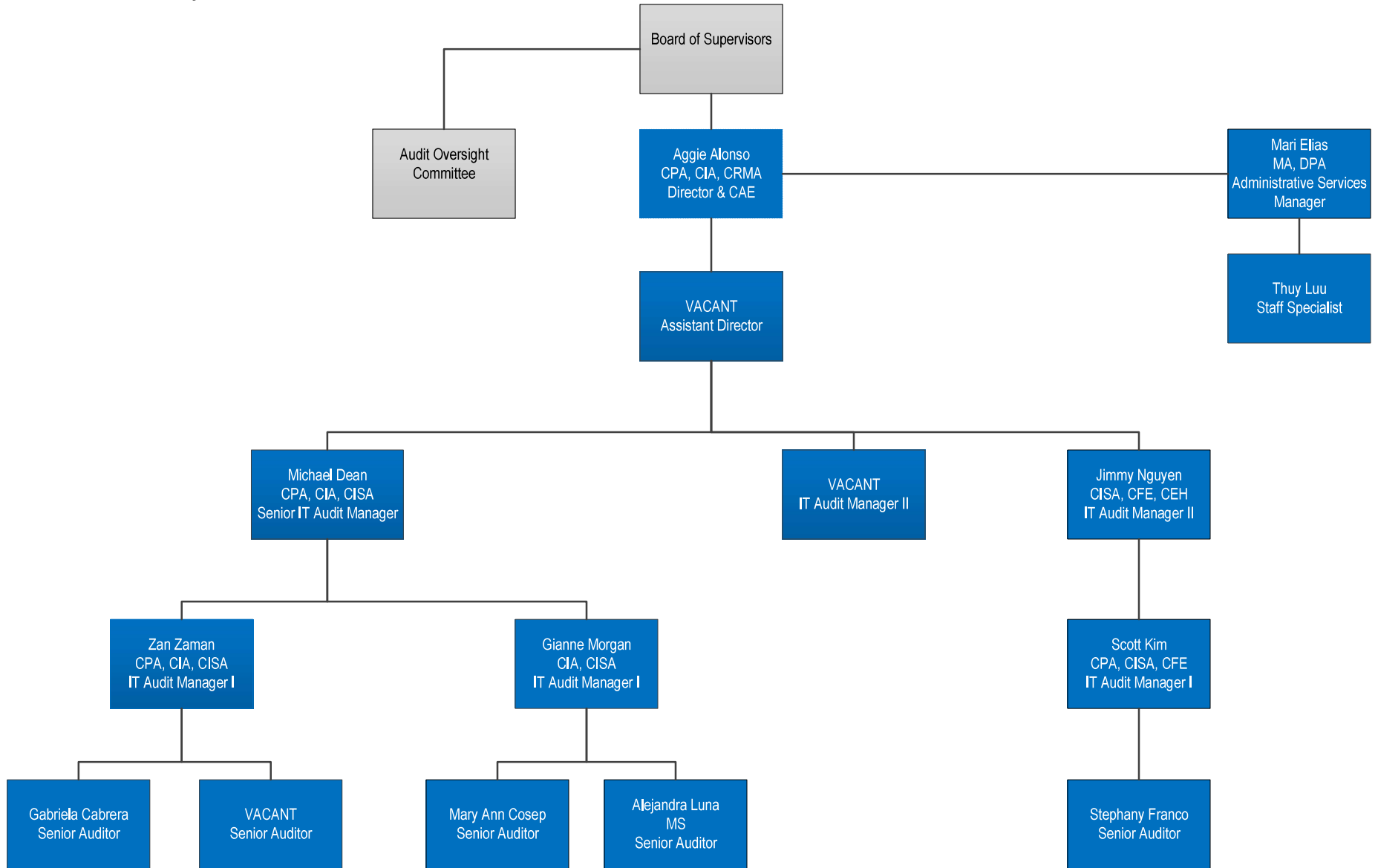






# INTERNAL AUDIT

As of February 24, 2023



**ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2023-24**

BUSINESS PROCESS/CYCLE Financial Activity for FY 2020-21	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector	COMMENTS	
CASH RECEIPTS & RECEIVABLES \$15 billion	M	M	H	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	H	Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances.
CASH DISBURSEMENTS & PAYABLES \$5.5 billion	L	H	M	L	M	M	M	M	M	L	M	M	M	L	M	M	M	M	M	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.
PURCHASING & CONTRACTS \$5 billion	M	M	M	M	M	M	H	L	M	M	H	M	M	L	M	M	M	M	M	M	Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts.
REVOLVING FUNDS \$3.2 million	L	M	M	M	M	M	M	M	M	M	M	M	M	L	M	M	M	M	M	M	Reflects the total revolving fund replenishments to all departments.
PAYROLL \$2.4 billion	M	M	M	M	M	M	M	H	M	M	M	M	M	M	M	M	M	H	M	M	Reflects total payroll for our audit population of all departments shown.
FIDUCIARY & SPECIAL REVENUE FUNDS \$3.2 billion	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Reflects year-end balances in Agency Funds and Private Purpose Trust Funds designated for restricted purposes and use.
INFORMATION TECHNOLOGY	M	H	M	M	L	L	H	M	H	M	M	H	H	L	M	M	H	M	H	H	
AUDITS ON FY 2023-24 PLAN See Appendix A for Audit Plan Methodology  DR = Department request CO = Carryover audit TP = Time-permitting audit		CAPS+ Application Security (CO); Employee Claims (CO)	Cash Receipts (DR/CO)				OCIT Enterprise IT Governance(CO); Remote Access (CO); 3rd Party IT Security (CO); IOT Security (CO); OCIT Data Governance (CO); CPO Governance; County Ethics Program	Payroll (TP)	Cybersecurity(CO)		Dana Point Harbor Purchasing & Contracts (CO); Purchasing (CO)	Cybersecurity	Cybersecurity; Credit Card Processing (DR/CO); Franchise Hauler				Cybersecurity(TP); Payroll (TP)		Cybersecurity (CO); Cash Receipts; Tax Redemption Officer		

High Priority Processes:	14	11%	High-priority audit areas (as determined by risk assessment)
Moderate Priority Processes:	108	81%	Moderate-priority audit areas (as determined by risk assessment)
Low Priority Processes:	11	8%	Low-priority audit areas (as determined by risk assessment)
Total Auditable Business Processes/Cycles:	133		

**ATTACHMENT C: SCHEDULE OF 10-YEAR PRIOR AUDIT COVERAGE  
For The Period July 2013 through June 2023**

	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector
CASH RECEIPTS & ACCOUNTS RECEIVABLE		#1315 & #1415 Quarterly Reconciliation Compliance; #1818 Fiduciary Funds					#1317 Community Facilities Districts	#1325 Fiduciary Funds; 2012-2016 Annual Grants	#1325 Fiduciary Funds; #1420 Fund 13Y; #1619 Unearned Revenue; #2214 Cash Receipts	#2116 Cash Receipts	#1456 OC Parks Ticket Sales; #1578 Animal Care; #1579 Library; #1655 OC Parks; #1619 Unearned Revenue; #1815 AC Cash Receipts	#1619 Unearned Revenue; #1734 Billing	#1525 Cash Receipts	#1567 Juvenile; #1724 Mandate			#1918 Cash Receipts	#1619 Unearned Revenue	2014, 2017 & 2020 Audits of Tax Redemption Officer; 2012-2017 Annual TFA; 2011-2016 Annual Compliance
CASH DISBURSEMENTS & PAYABLES	#1626 Travel	#1315 & #1415 Quarterly Reconciliation Compliance; #1626 Travel; #1811 Claims; #1818 Fiduciary Funds		#1626 Travel			#1318 OCEA Pension Enhancement; #1316 Retiree Medical; #1317 Community Facilities Districts; #1626 Travel; #2012 Cash Disbursements	#1325 Fiduciary Funds; 2012-2016 Annual Grants	#1325 Fiduciary Funds; #1420 Fund 13Y; #1728 Mental Health Services Disbursements	#2013 Cash Disbursements	#2014 Cash Disbursements	#1626 Travel; #2022 Toll Usage		#1323 AB109; #1567 Juvenile; #1724 Mandate; #1822 Cal Cards		#1626 Travel	#1626 Travel	#1626 Travel; #1625 CalWORKs / ResCare Contract	2011-2017 Qtrly TFA; 2012-2017 Annual TFA; #1583 Wire Transfers
PURCHASING & CONTRACTS		#1522 Procurement					#1521 Procurement; #1730 CEO/Real Estate Revenue Generating Lease Administration Process; #1732 OCIT Capital Assets; #1624 OCIT Contract Admin	#2213 Purchasing & Contracts	#1631 Procurement; #1819 Contracts & Procurement; #2215 Purchasing & Contracts	#2115 Purchasing & Contracts	#1455 Expediter; #1426 Human Services Contracts	#1455 Expediter; #1911 Purchasing & Contracts	#1334 La Pata Contract; #1455 Expediter				#1912 Purchasing & Contracts	#1625 CalWORKs / ResCare Contract; #2016 Purchasing & Contracts	
REVOLVING FUNDS	#1626 Travel	#1626 Travel					#1626 Travel	#1913 Revolving Funds			#1578 Animal Care; #1579 Library	#1626 Travel		#1567 Juvenile; #1822 Cal Cards	#2017 Revolving Funds	#1626 Travel	#1626 Travel; #1917 Revolving Funds	#1633 Revolving Funds; #1626 Travel	
PAYROLL		#1350-B Payroll					#2113 Payroll	#1629 Payroll	#1350 Payroll CAATs; #1812 Payroll		#1813 Payroll	#1916 Payroll		#1630 Payroll			#1350 Payroll CAATs; #1632 Billing of Law Enforcement Services for DPH & JWA	#1350 Payroll CAATs; #1814 Payroll	
FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS		#1315 & #1415 Quarterly Reconciliation Compliance; #1337 Fiduciary Funds; #1818 Fiduciary Funds	#1519 Fiduciary Funds		#1519 Fiduciary Funds		#1317 Community Facilities Districts; #1519 Fiduciary Funds; #2018 Fiduciary Funds	#1325 Fiduciary Funds; #1519 Fiduciary Funds; #1523 PA	#1325 Fiduciary Funds; #1420 Fund 13Y; #1519 Fiduciary Funds; #1524 PG; #1914 PG Fund 165		#1422 OC Parks Fund 405; #1423 DPH; #1519 Fiduciary Funds; #2216 Fiduciary & Special Reserve Funds	#1421 Flood Fund; #1519 Fiduciary Funds; #2019 Special Revenue Funds		#1323 AB109; #1519 Fiduciary Funds		#1519 Fiduciary Funds	#1519 Fiduciary Funds; #1520 Special Revenue Funds	#1336 Special Revenue Funds; #1823 Fiduciary Funds	2012-2017 Qtrly TFA & 2012-2017 Annual TFA; 2011-2016 Annual Compliance Audit; #1519 Fiduciary Funds
INFORMATION TECHNOLOGY	#1844 Cybersecurity	#1357 2014 ARA; #1741 ITGC	#1644 ITGC		#1840 Vital Records Index Access System	#2044 Selected Cybersecurity	#1454 Off-Site Data Backup; #1455 Expediter; #1644 ITGC; #1945 OCIT Cybersecurity	#2041 Selected Cybersecurity	#1943 Cybersecurity	#1444 ITGC; #1941 ITGC	#1644 ITGC	#1354 ITGC; #1644 ITGC	#1445 Paradigm; #1644 ITGC	#2043 Cybersecurity	#1942 ITGC	#2042 Cybersecurity	#1353 ITGC; #1845 ITGC	#1644 ITGC; #1846 ITGC	#1583 Wire Transfers

10-Year Prior Audit Coverage (2013 to June 2023)      5-Year Prior Audit Coverage (2018 to June 2023)      Current/In-Progress Audits      No Audit Coverage Within 10 Years