

NOTICE AND CALL OF A
SPECIAL MEETING
OF THE AUDIT OVERSIGHT COMMITTEE
OF ORANGE COUNTY, CALIFORNIA

February 7, 2024

A special meeting of the Audit Oversight Committee will convene at 10:00 a.m. on Wednesday, February 7, 2024, in County Conference Room 104, 425 West Santa Ana Boulevard, Santa Ana, CA 92701 (County Conference Center).

The business to be conducted at this meeting is:

(See attached agenda)

Opportunity will be provided for members of the public to directly address the Audit Oversight Committee on any item of business considered, whether before or during the consideration of that item, as determined by the Chair.

Drew Atwater

Drew Atwater
Chair, Audit Oversight Committee

A G E N D A



SPECIAL MEETING OF THE AUDIT OVERSIGHT COMMITTEE

Wednesday, February 7, 2024, 10:00 A.M.

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

DREW ATWATER

AOC CHAIR
Private Sector Member, First District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

FRANK KIM

COUNTY EXECUTIVE OFFICER
Member

MARK WILLIE, CPA

Private Sector Member, Third District

YVONNE ROWDEN

AOC VICE CHAIR
Private Sector Member, Fifth District

SUPERVISOR DOUG CHAFFEE

BOARD VICE CHAIRMAN
Fourth District
Member

TIM JOHNSON, CPA

Private Sector Member, Second District

LARRY HIMMEL

Private Sector Member, Fourth 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
Stephany Franco

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 on 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>Drew Atwater
AOC Chair</i> |
| 2. Approve Audit Committee Regular Meeting Minutes of November 9, 2023 | <i>Drew Atwater
AOC Chair</i> |
| 3. Approve Audit Committee Regular Meeting Schedule for 2024 | <i>Drew Atwater
AOC Chair</i> |
| 4. Receive Report on Required Communication from External Auditors | <i>David Showalter, CPA
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, 2023 | <i>Aggie Alonso, CPA
Director
Internal Audit Department</i> |
| 6. Receive Update on Internal Audit Department's Recruitments | <i>Aggie Alonso, CPA
Director
Internal Audit Department</i> |
| 7. Approve External Audit Activity Status Report for the Quarter Ended December 31, 2023, and Receive Report on Status of External Audit Recommendations Implementation | <i>Michael Dean
Senior Audit Manager
Internal Audit Department</i> |
| 8. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter December 31, 2023 | <i>Michael Steinhaus, CPA
Audit Manager
Auditor-Controller</i> |
| 9. Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2023 | <i>Lilly Simmering
Deputy County Executive Officer</i> |
| 10. Receive Report on eProcurement | <i>Salvador Lopez
Chief Deputy Auditor-Controller</i> |
| 11. Receive Update on County IT Projects Quarterly Progress Report | <i>KC Roestenberg
Chief Information Officer</i> |
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PUBLIC COMMENTS: At this time, members of the public may address the AOC on any matter not on the agenda but within the jurisdiction of the AOC. The AOC may limit the length of time everyone may have to address the Committee.

*Drew Atwater
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.

*Drew Atwater
AOC Chair*

ADJOURNMENT:

A G E N D A

Speaker

NEXT MEETING:

Regular Meeting, Thursday, May 16, 2024, 10:00 a.m.



Memorandum

February 7, 2024

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of November 9, 2023

Approve Audit Oversight Committee Regular Meeting Minutes of November 9, 2023, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Audit Oversight Committee Regular Minutes for November 9, 2023

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 9, 2023, 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

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

FRANK KIM

COUNTY EXECUTIVE OFFICER
Member

LARRY HIMMEL

Private Sector Member, Fourth District

Non-Voting Members

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

Staff

Deputy County Counsel:
AOC Clerk:

DREW ATWATER

AOC VICE CHAIR
Private Sector Member, First District

SUPERVISOR ANDREW DO

BOARD VICE CHAIRMAN
First District
Member

TIM JOHNSON, CPA

Private Sector Member, Second District

YVONNE ROWDEN

Private Sector Member, Fifth District

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

Ronnie Magsaysay
Stephany Franco

ATTENDANCE: Mark Wille, AOC Chairman, Private Sector Member
Patricia Welch-Foster, Proxy for Supervisor Wagner
Ofelia Velarde-Garcia, Proxy for Supervisor Do
Michelle Aguirre, County Financial Officer
Larry Himmel, Private Sector Member
Tim Johnson, Private Sector Member
Yvonne Rowden, Private Sector Member

PRESENT: Andrew Hamilton, Auditor-Controller
Jun Intal, Treasury Manager, for Shari Friedenrich, Treasurer-Tax Collector
Aggie Alonso, Internal Audit Director
Ronnie Magsaysay, Deputy County Counsel
Stephany Franco, 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 17, 2023

Mr. Wille asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of August 17, 2023.

Motion to approve the Regular Meeting Minutes of August 17, 2023, by Tim Johnson, seconded by Drew Atwater.

All in favor.

Approved as recommended.

3. Approve Audit Oversight Committee Special Meeting Minutes of August 29, 2023

Mr. Wille asked for a motion to approve the Audit Oversight Committee Special Meeting Minutes of August 29, 2023.

Motion to approve the Special Meeting Minutes of August 29, 2023, by Tim Johnson, seconded by Drew Atwater.

All in favor.

Approved as recommended.

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

Mr. Steve Delaney, Chief Executive Officer of OCERS, presented regarding current and future funding. Mr. Delaney reported that as of December 31, 2022, OCERS Unfunded Actuarial Accrued Liability was approximately \$4.7 billion, of which approximately \$4 billion related to Orange County.

5. Receive Report on Required Communication from External Auditors

Mr. David Showalter, Partner at Eide Bailly, discussed attachments reflecting Eide Bailly's status on audits in progress, as well as those recently completed for September 30, 2023.

6. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2023

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, 2023.

Motion to approve Internal Audit Department's Quarterly Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2023, by Tim Johnson, seconded by Drew Atwater.

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

All in favor.

Approved as recommended.

7. **Receive Update on Internal Audit Department's Fiscal Year 2023-24 Audit Plan and Departmental Vacancies**

Mr. Aggie Alonso reported that Internal Audit is behind on completing the audits in their Board-approved Fiscal Year 2023-24 Audit Plan but have a plan to catch-up. Specifically, he indicated that at the beginning of Fiscal Year 2023-24, Internal Audit had seven unplanned carry overs from the prior to the new fiscal year, meaning these audits were not completed as planned. Since then, Internal Audit issued four of the audits, and a fifth audit is in draft awaiting response from the auditee to finalize. For the remaining two audits, Mr. Alonso indicated that they are working with Human Resources to obtain the files necessary to complete the audits as they were impacted by an unplanned staff medical leave.

In addition, during July through September 2023, Mr. Alonso reported that Internal Audit was impacted by two unplanned staff medical leaves and one staff resignation which reduced the number of hours available to conduct audits by 3,000. In order for Internal Audit to address this, they are deferring three audits to the subsequent fiscal year as a result of a new system implementation, and department unavailability. Internal Audit also plans to contract out between one to five audits to outside auditing firms. In addition, as vacancies in the department are filled, the number of available hours to conduct hours will increase.

In regards to departmental vacancies, Mr. Alonso reported that the priority was the Deputy Director/Assistant Director vacancy. Specifically, Internal Audit is working with Human Resources on this recruitment which closes on December 4, 2023. Mr. Alonso reported that executive recruitments take a significant amount of time and they hope to have the position filled during Fiscal Year 2023-24. For the Fiscal Manager vacancy, Mr. Alonso reported that they are working with Human Resources to re-classify the position back to Senior Fiscal Manager. In regards to the Administrative Services Manager, Mr. Alonso indicated that since this position is highly specialized, and requires extensive training, Internal Audit's focus will be on their other recruitments for now.

8. **Approve External Audit Activity Status Reports for the Quarters Ended September 30, 2023, and Receive Reports on Status of External Audit Recommendations Implementation**

Ms. Gianne Morgan, Audit Manager, presented the External Audit Activity Status Report for the Quarter Ended September 30, 2023. Ms. Morgan stated there were no material findings during the first quarter.

Motion to approve External Audit Activity Status Reports for the Quarters Ended September 30, 2023, and Receive Reports on Status of External Audit Recommendations Implementation, by Drew Atwater, seconded by Tim Johnson.

All in favor.

Approved as recommended.

9. **Receive Reports on Status of Auditor-Controller Mandated Audits for the Quarters Ended September 30, 2023**

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

Mr. Michael Steinhaus, Auditor-Controller Internal Audit Unit Audit Manager, provided status reports of Mandated Audits for the quarter ended September 30, 2023.

10. Receive Report on Status of Performance Audits for the Quarters Ended September 30, 2023

Ms. Michelle Aguirre, Chief Financial Officer, provided updates on Performance Audits.

11. Receive Report on eProcurement

Mr. Andrew Hamilton, Auditor-Controller, provided a status update on eProcurement.

12. Receive Update on County IT Projects Quarterly Progress Report

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

13. Discuss Magnolia School District Fraud – Impact to County Internal Controls and Policies & Procedures

Jun Intal, Treasury Manager, Treasurer-Tax Collector, indicated that the incident originated from a revolving fund account outside of the County treasury fund.

Mr. Aggie Alonso, reminded everyone that at the February 10, 2022 AOC meeting, the AOC had an item discussing the County's controls over their revolving funds including Internal Audit's audit coverage and the Auditor Controller's policies and procedures governing the County's revolving funds.

14. Elections of Officers

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

Motion to nominate Drew Atwater as AOC Chair made by Mark Willie, seconded by Tim Johnson.

Motion to nominate Yvonne Rowden as AOC Vice Chair made by Mark Willie, seconded by Tim Johnson.

All in favor.

Approved as recommended.

PUBLIC COMMENTS: None.

AOC COMMENTS: None.

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

ADJOURNMENT: Meeting adjourned at 11:51 A.M.

NEXT MEETING:

Regular Meeting, February 8, 2024 at 10:00 A.M.

DRAFT



Memorandum

February 7, 2024

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Schedule 2024

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 2024 meeting schedule:

AOC Meeting
May 16, 2024 (Audit Plan)
August 22, 2024
November 7, 2024
February 6, 2025



Memorandum

February 7, 2024

AOC Agenda Item No. 4

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Required Communication from External Auditors

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

ATTACHMENT(S):

Attachment A – External Audit Update

Attachment A-1 – Projects and Timelines

Attachment B – Governance Letter



County of Orange Audit Oversight Committee

Date: February 7, 2024
Re: External Audit update

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

- 2) **Audits Completed:**
 - Gann Limit Calculation for the County and OC Flood Control District – June 30, 2023
 - Issued – AUP report dated September 18, 2023

 - District Attorney Grant Audits – June 30, 2023
 - Issued – October 12, 2023

 - Orange County Community Resources/Redevelopment Successor Agency – June 30, 2023
 - Issued – December 18, 2023

 - Annual Comprehensive Financial Report, John Wayne Airport (JWA), including Passenger Facility Charge (PFC), Orange County Waste and Recycling – June 30, 2023
 - Issued – December 20, 2023

- 3) **Required Communications:**
 - Communication letter – Refer to Attachment B

Department / Agency / Division	Audit/Project	Audit/Project Date	Audit Scope	Anticipated Dates			Status
				Planning	Fieldwork	Reporting	
All	Financial Statement Audit - Annual Comprehensive Financial Report	6/30/2023	Financial Statements of the County, including audit of investment trust funds, and pension/OPEB trust funds	May 2023	May 2023 through November 2023	December 2023	Report issued - dated December 20, 2023
All	Agreed Upon Procedures (AUP) over GANN Limit calculations	6/30/2023	GANN Limit Calculation -for County and OC Flood Control District	May 2023	May 2023	December 2023	AUP reports issued September 18, 2023
All	Single Audit	6/30/2023	Audit over compliance in accordance with Uniform Guidance of the County, including components of JWA, OCWR, OCDA	October 2023	January 2024 through February 2024	March 2024	Fieldwork in progress
John Wayne Airport (JWA)	Financial Statement Audit	6/30/2023	John Wayne Airport (JWA), including Passenger Facility Charge	May 2023	August 2023 through November 2023	December 2023	Report issued - dated December 20, 2023
Orange County Waste & Recycling	Financial Statement Audit	6/30/2023	Orange County Waste & Recycling	May 2023	July 2023 through November 2023	December 2023	Report issued - dated December 20, 2023
OC Community Resources / Redevelopment Successor Agency	Financial Statement Audit	6/30/2023	Redevelopment Successor Agency	May 2023	September 2023 through November 2023	December 2023	Report issued - dated December 18, 2023
District Attorney	Grant Audits	6/30/2023	District Attorney Grant Audits	August 2023	September 2023	October 2023	Report issued October 12, 2023
CEO; HCA and Sheriff's Department	Tobacco Settlement Funds Agreed Upon Procedures	6/30/2023	HCA and Sheriff Tobacco Settlement Funds disbursements	November 2023	December 2023 through January 2024	March 2024	n/a
Sheriff's Department	James Musick Expansion Phase II (AB 900) Agreed Upon Procedures	6/30/2023	Compliance with California Board of State and Community Corrections (BSCC) construction-financing program through Assembly Bill (AB) 900 and Senate Bill (SB) 1022.	August 2023	August 2023 through October 2023	October 2023	Planning in progress
Probation Department	SB 81 Audit	6/30/2023	Compliance with California Board of State and Community Corrections (BSCC) construction-financing program through (SB) 81.	January 2024	February 2024 through March 2024	March 2024	Planning in progress
TTC	Schedule of Assets	6/30/2023	Report on the Schedule of Assets	January 2024	February 2024 through March 2024	March 2024	n/a



December 20, 2023

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, 2023, and have issued our reports thereon dated as indicated below:

<u>Report</u>	<u>Audit Report Date</u>
County of Orange	December 20, 2023
County of Orange Redevelopment Successor Agency	December 18, 2023
OC Waste & Recycling	December 20, 2023
John Wayne Airport	December 20, 2023

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, 2024.

We did not audit the financial statements of the Orange County Health Authority, a Public Agency dba Orange Prevention and Treatment Integrated Medical Assistance dba CalOptima Health (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 August 18, 2023, 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 20, 2023.

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. As described in Note 1, the County has changed accounting policies related to accounting for PPP assets/liabilities to adopt the provisions of Government Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. In addition, as described in Note 1, the County has changed accounting policies related to accounting for right-to-use subscription assets to adopt the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

Financial Statement Disclosures

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

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

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 1 to the financial statements, due to the adoption of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the County restated opening balances as of July 1, 2022. The purpose of the paragraph is to draw attention to the disclosures for the adoption of these standards. We have included an emphasis of matter in our report regarding the restatements. We did not modify our opinion related to these matters.

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 20, 2023
County of Orange Redevelopment Successor Agency	December 18, 2023
OC Waste & Recycling	December 20, 2023
John Wayne Airport	December 20, 2023

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 CFCOC, a discretely presented component unit, with separately issued reports as described previously. The County's financial statements also include the financial activity of the following blended component units:

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

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

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

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Laguna Hills, California



Memorandum

February 7, 2024

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 Quarter Ended December 31, 2023

Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for Quarter Ended December 31, 2023, 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

January 29, 2024

To: Audit Oversight Committee Members

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

 Digitally signed by Agripino Alonso
Date: 2024.01.29 16:08:36 -08'00'

Subject: Fiscal Year 2023-24 Internal Audit Department Status Report for the Quarter Ended December 31, 2023

Attached for your review and approval is Internal Audit Department's status report on audit activity for the quarter ended December 31, 2023. 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 budgeted hours, actual hours, variance between budget and actual, and milestone comments for each audit.

For the quarter ended December 31, 2023, Internal Audit issued three final reports (one original report and two follow-up reports) and three draft reports. The one original audit included no findings.

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, 2023

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2023-24
<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	0
<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	5
<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	5
TOTAL	0	10



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2023

COUNTY EXECUTIVE OFFICE

1. Internal Control Audit: County Executive Office Payroll

Audit No. 2113 dated October 10, 2023 for the period of September 30, 2022 through December 31, 2022

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal controls over payroll processing to ensure payroll is complete, accurate, authorized, timely, and in accordance with County and department policies and procedures.	We concluded that CEO's internal controls over the payroll process were generally effective to ensure payroll is complete, accurate, authorized, timely, and in accordance with County and department policies and procedures.	0	0
2. Review the payroll process for efficiency.	We concluded that CEO's payroll process was generally efficient.		



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2023

REGISTRAR OF VOTERS**2. First Follow-Up Information Technology Audit: Registrar of Voters Selected Cybersecurity Controls**

Audit No. 2259-B (Reference 2042-F1) dated December 14, 2023 as of August 31, 2023; original audit dated September 12, 2022

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

COUNTY EXECUTIVE OFFICE**3. First & Final Close-Out Follow-Up Internal Control Audit: County Executive Office Cash Disbursements & Payables**

Audit No. 2012-F1 dated December 28, 2023 as of November 30, 2023; original audit dated February 14, 2023

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



EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2023.

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

1. **Information Technology Audit: OCIT Enterprise IT Governance**, Audit No. 2315
2. **Internal Control Audit: Health Care Agency Environmental Health Division Cash Receipts**, Audit No. 2214
3. **First & Final Close-Out Follow-Up Internal Control Audit: County Executive Office Cash Disbursements & Payables**, Audit No. 2012-F1





Internal Audit Department
2nd Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 12/31/2023

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Budget	Changes	Revised Budget	Current Audit Plan				Est Remain	Budget Variance	FU Due	FU Number	Status ⁴
				Total Budget	Actuals To Date				#1	#2	#3	#4					
Internal Control Audits (ICA)																	
T-TC Cash Receipts	2301					440	0	440	0	8		8	432	0			Not started
County Procurement Office -- Procurement Governance	2302					480	0	480	0	0		0	480	0			Not started
OCCR/OC Parks/OC Dana Point Harbor P3 (2015)	2303					480	0	480	0	0		0	480	0			Not started
OCCR Purchasing & Contracts (2120)	2304					480	0	480	18	0		18	462	0			Not started
A-C Employee Claims (2211)	2305	NA	NA			480	(480)	0	0	0		0	0	0			Deferred to FY24-25
CSS Cash Receipts (2217)	2306	7/18/23				440	360	800	209	344		553	247	0			In process
OCIT Data Governance (2220)	2307	NA	NA			420	(420)	0	0	0		0	0	0			Deferred to FY24-25
DA Payroll (time permitting)	2318					0	0	0	0	0		0	0	0			Not started
OCSD Payroll (time permitting)	2319					0	0	0	0	0		0	0	0			Not started
OCWR Credit Card Processing (department request)	2321					420	0	420	0	0		0	420	0			Not started
FY 22-23 Carryovers																	
OCDA Purchasing & Contracts (2213)	2324	8/22/22			830	707	0	150	150	1	67	68	82	0			In process
HCA/PG Cash Receipts (2214)	2325	2/08/23			1,040	1020	0	400	400	319	45	364	36	0			Pre-draft report issued 11/29/23.
HCA/PG Purchasing & Contracts (2215)	2326	2/08/23			930	788	0	300	300	0	94	94	206	0			In process
CEO Payroll (2113)	2327	10/19/21	10/10/23		500	516	0	20	20	20	4	24	0	4	NA	NA	Completed. Final report issued 10/10/23.
CEO Special Revenue Fund 13Y	2018	10/19/21	9/21/23		732	769	0	5	5	5	0	5	0	0	3/31/24	2018-F1	Completed. Final report issued 9/21/23.
OCCR/OCPL Special Revenue Fund 120	2216	4/05/23	9/6/23		480	550	0	0	0	0	0	0	0	0	3/31/24	2216-F1	Completed. Final report issued 9/6/23.
First Follow-Up Audits																	
CEO Cash Disbursements & Payables (2012)	2012-F1	10/05/23	12/28/23						0	56		56			NA	NA	Completed. Final close-out report issued 12/28/23.
JWA Cash Disbursements & Payables (2013)	2013-F1								0	0		0					Not started
CEO Fiduciary & Special Revenue Funds (2018)	2018-F1								0	0		0					Not started
JWA Cash Receipts (2116)	2116-F1								0	0		0					Not started
CEO Special Revenue Fund 13Y (2018)	2018-F1								0	0		0					Not started
OCCR/OCPL Special Revenue Fund 120 (2216)	2216-F1								0	0		0					Not started
Second & Third Follow-Up Audits																	
OCCR Cash Disbursements (2014/2139-H/2239-L)	2014-F3	NA	NA														Per AOC, third follow-up audit not required. OCCR to provide status.
Total Internal Control Audits						4,080	335	4,415	572	674	0	0	1,190	3,229	4		
Contract Compliance Audits (CCA)																	
OCWR - Contract Compliance Review (Board request)	2320					400	0	400	0			0	400	0			Not started
FY 22-23 Carryover																	
First & Second Follow-Up Audits																	
Ocean Institute (2171)	2289-A	1/31/23	8/31/23		100	130	0	10	10	10	0	10	0	0	2/29/24	2171-F2	Completed. Final report issued 8/31/23; three recs in process
Ocean Institute (2171/2289-A)	2171-F2								40	0	40	0	40	0			Not started
Total Contract Compliance Audits						440	10	450	10	0	0	0	10	440	0		
Mandated & Financial Audits (MFA)																	
T-TC Tax Redemption Officer	2322					480	0	480	0	0		0	480	0			Not started
CEO - County Ethics Program	2323					400	0	400	0	0		0	400	0			Not started
Total Mandated & Financial Audits						880	0	880	0	0	0	0	880	0			
Information Technology Audits (ITA)																	
OCWR Cybersecurity	2308					480	0	480	0	0		0	480	0			Not started
OCPW Cybersecurity	2309					400	0	400	0	0		0	400	0			Not started
OCSD Cybersecurity	2310					480	0	480	0	0		0	480	0			Not started
OCIT Remote Access Security (2152)	2312					360	0	360	0	0		0	360	0			Not started
OCIT Third-Party IT Security (2153)	2313	NA	NA			480	(480)	0	0	0		0	0	0	NA	NA	Deferred to FY 24-25
OCIT IOT Device Security (2243)	2314					400	0	400	0	0		0	400	0			Not started
T-TC Cybersecurity (2241)	2316					480	0	480	0	0		0	480	0			Not started
HCA Cybersecurity (2244)	2317					400	0	400	0	0		0	400	0			Not started
A-C Claims System Implementation Advisory (Department Request)	2381	8/18/22	10/18/23		260	309	80	0	80	126	5	131	0	51	NA	NA	Completed.
A-C Policies and Procedures	2382					40	0	40	0	0		0	40	0			Not started
OCIT Cybersecurity Joint Taskforce Advisory	2383	7/01/23				80	0	80	13	25		38	42	0			In process



Internal Audit Department
2nd Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 12/31/2023

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Budget	Changes	Revised Budget	Current Audit Plan				Est Remain	Budget Variance	FU Due	FU Number	Status ⁴
				Total Budget	Actuals To Date				#1	#2	#3	#4					
Information Technology Audits (ITA)(CON'T)																	
FY 22-23 Carryovers																	
A-C CAPS+ Application Security (2046)	2311	5/23/23		520	360	240	220	460	253	41		294	166	0			In process
OCIT Enterprise IT Governance (2242)	2315	6/15/23		420	377	240	150	390	226	123		349	41	0			In process
C-R Cybersecurity	2151	3/07/23	9/28/23	650	647	0	90	90	89	0		89	0	(1)	3/31/2024	2151-F1	Completed. Final report issued 9/28/23.
First Follow-Up Audits																	
ROV Cybersecurity (2042)	2042-F1	4/18/23	12/14/23						163	18					6/14/2024	2042-F2	Completed. Final report issued 12/14/23; two recs in process
Probation Cybersecurity (2043)	2043-F1								0	0							Not started
C-R Cybersecurity (2151)	2151-F1								0	0							Not started
Second & Third Follow-Up Audits																	
DA Cybersecurity (2041)	2041-F2								0	0							Not started
OCSD ITGC (1845/1949-D/2059-H)	2259-H								2	0							Not started
SSA Cybersecurity (1846)	1846-F3	9/12/23							20	55							In process
Total Information Technology Audits						4,545	(20)	4,525	892	340	0	0	1,159	3,416	50		
Total Audits Before Other Activities & Administration						9,945	325	10,270	1,474	1,014	0	0	2,359	7,965	54		
Other Activities & Administration																	
Annual Risk Assessment & Audit Plan	2391					400	0	400	0			0	400	0			
Cash Losses	2392					80	0	80	0			0	80	0			
TeamMate+ Administration	2393					80	0	80	49	7		56	24	0			
External Audit Reporting	2394					200	0	200	23	29		52	148	0			
On-Demand Department Advisory Services	2395					80	0	80	0			0	80	0			
Board & AOC Services	2396					160	0	160	71	60		131	29	0			
CWCAP	2397					80	0	80	93	1		94	0	14			Completed. Submitted to A-C
Special Projects	2398					400	550	950	148	651		799	151	0			In process. 2398-A WIOA Review
Total Other Activities & Administration						1,480	550	2,030	384	748	0	0	1,132	912	14		
Reserve for Board Directives/Contingency						1,625	(875)	750					0	750			
Total Budget						13,050	0	13,050	1,858	1,762	0	0	3,491	8,877	818		

Footnote 5



Internal Audit Department
 2nd Quarter Status Report for the Audit Oversight Committee
 For the Quarter Ended 12/31/2023

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Budget	Changes	Revised Budget	Current Audit Plan					Est Remain	Budget Variance	FU Due	FU Number	Status ⁴
				Total Budget	Actuals To Date				Actuals to Date Per Quarter									
									#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 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 2023-24 Annual Audit Plan of 13,050 hours is based on 9,945 direct hours to be provided by eight senior auditors/audit manager I's, one audit manager II, and one senior audit manager plus 1,480 hours for other activities and administration/special projects and 1,625 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 7, 2024

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on Internal Audit Department's Recruitment

Receive Update on Internal Audit Department's Recruitment, as stated in recommended action.



Memorandum

February 7, 2024

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Approve External Audit Activity Status Report for Quarter Ended December 31, 2023, and Receive Report on Status of External Audit Recommendations Implementation

Approve External Audit Activity Status Report for Quarter Ended December 31, 2023, 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 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

January 30, 2024

To: Audit Oversight Committee Members

From: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department DirectorDigitally signed by Agripino
Alonso
Date: 2024.01.30 15:06:06
-08'00'Subject: External Audit Activity Status Report for the Quarter Ended December 31, 2023

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended December 31, 2023. 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, 2023, one new material issue was reported. Specifically, the Department of Health Care Services conducted a review of the Health Care Agency's Short-Doyle/Medi-Cal Cost Report for the fiscal period ended June 30, 2015. The audit resulted in disallowed costs totaling \$4.4M.

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 12/31/23

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (9/30/23)	51
Additions:	
In Progress	6
Planned	3
Started and Completed	3
Deletions	<u>14</u>
(Completed, Canceled, and Removed in Prior Quarter)	
Total Audits Current Quarter (12/31/23)	<u>49</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Completed	13
Canceled	0
Removed for Other Reasons	0

New Findings/Issues Reported by the Departments **1**

Material Issues: (Includes Disallowances over \$100K) **1**

The Department of Health Care Services conducted a review of the Health Care Agency's Short-Doyle/Medi-Cal Cost Report for the fiscal period ended June 30, 2015. The audit resulted in disallowed costs totaling \$4,434,792.

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
2nd Quarter FY 2023-24 (12/31/23)

Results:

One material issue was reported to the Internal Audit Department this quarter. See page 3.

The schedule below identifies the status of external audits as of 12/31/23, including any significant findings, as reported to us by Orange County Departments/Agencies. This schedule does not include reviews performed by the OC Grand Jury.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2023	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Eide Bailly	Annual Comprehensive Financial Report (ACFR)	Annual	6/30/2022	Annual Financial GAAP Audit	Completed.	None.
		Eide Bailly	Single Audit	FY 2023 Annual	6/30/2022	Uniform Guidance Expenditures of Federal Assistance	In progress.	
	Cost, Revenue & Budget	State Controller's Office	County Cost Allocation Plan Field Review for FYE 6/30/22	3-5 years	6/4/2014	Management and Budget Circular Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Grants (Uniform Guidance), Title 2, Code of Federal Regulations, Part 200 and supplemental guidance promulgated by federal Department of Health and Human Services	Completed. (Reported 6/30/23)	See Attachment D for corrective actions taken related to the finding from this audit.
	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.	
		Department of Child Support Services (DCSS), Program Monitoring and Compliance Unit (PMCU)	Policy and Process Management	4th Quarter (10/1/22-9/30/23)	12/5/23	Case review	Completed.	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2023	Significant Findings
Clerk of the Board		No audits in progress.						
Clerk-Recorder		No audits in progress.						
County Counsel		No audits in progress.						
County Executive Office	Finance	No audits in progress.						
	Risk Management	No audits in progress.						
	Information Technology	No audits in progress.						
	Corporate Real Estate	No audits in progress.						
	Human Resource Services	No audits in progress.						
	Office of Care Coordination	State of California Department of Housing and Community Development (State HCD)	State Emergency Solutions Grant - Coronavirus (State ESG-CV)	12/1/20 - 3/31/23 One-Time	N/A	The purpose of the monitoring is to determine whether County of Orange is compliant with all regulations governing administrative, financial, and programmatic operations, and that the County of Orange is achieving the performance objectives on time and within the budget for the State ESG-CV Grant.	Completed.	One (1) New Finding: Documentation submitted on behalf of by the sub-recipient shows ineligible costs or was insufficient to determine the allowability of costs totaling \$7,032. If evidence is not available showing costs were allowable and allocable, subrecipient must repay the costs to HCD.
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.	
		Office of State Controller, Division of Audits, Compliance Audits Bureau	Mandated cost claims - Custody of Minors - Child Abduction and Recovery Program	7/01/18 - 6/30/22	None	Program Audit	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, 2023	Significant Findings
District Attorney-Public Administrator (continued)		Eide Bailly, LLP	Insurance Fraud Programs for Workers' Compensation, Automobile, and Disability & Healthcare	7/01/22 - 6/30/23 Annual	6/30/2022	Grant Program Audit	Completed.	None.
		CA Department of Insurance (CDI)	Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare, High Impact, and Life & Annuity Consumer Protection	7/1/19 - 6/30/22 Bi-annual	6/30/2019	Grant Program Audit	In progress.	
Health Care Agency	Administration	Eide Bailly	Tobacco Settlement Funds Agreed Upon Procedures	FY 22/23 Annual	FY 21/22	HCA and Sheriff Tobacco Settlement Funds disbursements	In progress.	
	Correctional Health Services	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)	Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report	FY 14/15 Annual	FY 13/14	Adjusting Short Doyle Medi-Cal units of service/time, the distribution of administrative costs between Medi-Cal and non-Medi-Cal, the distribution of utilization review costs between Medi-Cal and non-Medi-Cal, crossover revenues, contract maximums, and the overall accuracy of computations in the cost report.	Completed.	One (1) New Material Issue: Disallowance of \$4,434,792 due to Medi-Cal units of service and administrative cost adjustments.
		State Department of Health Care Services (DHCS) County Compliance Unit	Mental Health Plan (MHP)	FY 22/23 Triennial	FY 19/20	Quality Assurance/ Compliance and Medi-Cal Beneficiary Chart Review	Completed.	None.
		Board of State Community Corrections (BSCC)	Prop 47 Comprehensive Monitoring Visit - Cohort 2	Aug 15, 2019 - May 15, 2023 One Time	January 2022	Fiscal and program compliance review	In progress.	
		State Department of Health Care Services	SABG/DMC-ODS Service Review	FY 23/24 Annual	May 2023	Review of Programmatic Services	In progress.	
	Public Health Services	Health Resources and Services Administration (HRSA)	Ending the HIV Epidemic Initiative (EHE) Program	FY 22/23 Biennial	FY 20/21	Comprehensive Site 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, 2023	Significant Findings
Health Care Agency (continued)	Public Health Services (con't)	CalEPA	Environmental Health - CUPA Program	FY 21/22 - FY 22/23 Triennial	FY 18//19	Review of inspections, enforcement and compliance activities of electronic records in CERS; field audit of staff.	In progress.	
		Vaccines for Children (VFC)	Family Health Clinics	FY 23/24 Varies	FY18/19	Federal Vaccine for Children Program compliance	Completed.	None.
		CDPH Office of Refugee Health	Refugee Health Assessment Program	FFY 22/23 Varies	None	Chart review, review of clinic flow and clinic tour	Completed.	None.
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 18/19 Annual	FY 17/18	Fiscal compliance review	In progress.	
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 19/20 Annual	FY 17/18	Fiscal compliance review	In progress.	
		California State Controller's Office	Women, Infant, and Children (WIC)	FFY 20/21 Biennial	FFY 18/19	Fiscal and program compliance review	In progress.	
John Wayne Airport	Finance & Administration	Eide Bailly	Financial Statements, including Passenger Facility Charge Revenue and Expenditures	2023 Annual	2022	Audit of Financial Statements	Completed.	None.
	Innovation and Technology	Tevora Business Solutions	Common Use Passenger Processing System	2023	2022	Compliance with Payment Card Industry Data Security Standard	In progress.	
		Tevora Business Solutions	Parking Access and Revenue Control System	2023	2022	Compliance with Payment Card Industry Data Security Standard	In progress.	
	Operations	Federal Aviation Administration	Airport Certification Inspection	2024	2023	Compliance with Title 14, Code of Federal Regulations, Part 139, Airport Certification Manual and Airport Operation Certificate	Planned.	
		Transportation Security Administration	Airport Security	2024	2023	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2023	Significant Findings
OC Community Resources	Orange County Housing Authority (OCHA)	No audits in progress.						
	Office on Aging (OoA)	No audits in progress.						
	Workforce & Economic Development Division	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) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal and Procurement	FY 22/23 Annual	FY 21/22	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
	OC Parks	No audits in progress.						
	OC Libraries	No audits in progress.						
	OC Animal Care	MGO	City Billing	FY 23/24 Triennial	FY 20/21	To Be Determined	Planned.	
	Redevelopment Successor Agency	Eide Bailly	Financial Statement Audit	FY 22/23 Annual	6/30/2022	Redevelopment Successor Agency	Completed.	None.
OC Public Works	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].	In progress.	
	Administrative Services / Revenue Streams	Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	CY 2023 Annual	06/22	TCA Fee Program for CY 2023. Audit of major thoroughfare fees collected by the County of Orange.	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2023	Significant Findings
OC Waste & Recycling	Accounting	Eide Bailly, LLP	OCWR Accounting	6/30/2023 Annual	6/30/2022	Financial and Compliance Audit	Completed.	None.
Probation		Eide Bailly, LLP	SB 81 Audit	6/30/2023	UNK	Compliance with California Board of State and Community Corrections (BSCC) construction-financing program through (SB) 81.	In progress.	
Public Defender		No audits in progress.						
Registrar of Voters		No audits in progress.						
Sheriff-Coroner	Custody Operations	Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	
		BSCC	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Biannual FY 22/23 - FY 23/24	FY 20/21 - FY 21/22	Compliance	In progress.	
	Technology	Tech Advisory Committee (TAC)	Information Technology	10/19 to 03/20	2017	Operational Review	In progress.	
	Research & Development / Financial	Eide Bailly LLP	James Musick Expansion Phase II (AB 900) Agreed Upon Procedures	Jan 2013 - Dec 2023 One-Time	N/A	Compliance with California Board of State and Community Corrections (BSCC) construction-financing program through Assembly Bill (AB) 900 and Senate Bill (SB) 1022.	In progress.	
Social Services Agency	Administrative Services	California Department of Social Services (CDSS)	Social Services and CalWORKs Assistance Claims	7/1/22 – 6/30/23 UNK	10/16	Review County's compliance with federal requirements to provide more oversight of federal program expenditures.	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, 2023	Significant Findings
Social Services Agency (con't)	Children & Family Services	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	Completed.	None.
	Assistance Programs	California Department of Social Services (CDSS)	CalFresh	FFY 2023 Annual	08/23	As mandated by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS), CDSS conducts an evaluation of CalFresh Program access with an emphasis on the recertification process and timeliness of application processing, payment accuracy, and assessment of corrective action.	In progress.	
		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.	
	Family Self-Sufficiency & Adult Services	California Department of Social Services (CDSS), Parent Engagement and Policy	Work Incentive Nutritional Supplement (WINS) Work Participation Rate	FFY 2022 Annual	06/23	The purpose of the review is to determine the accuracy of your reported WINS activity hours for federal fiscal year 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, 2023	Significant Findings
Social Services Agency (con't)	Family Self-Sufficiency & Adult Services (continued)	The California State Preschool Program (CSPP)	Child Care	Annual	11/22	The general objectives for audits of programs determine if: · The agency financial statements are represented in conformity with 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 agreements and provisions · The direct and indirect costs incurred and claimed for reimbursement are reasonable, necessary, and allowable.	Completed.	None.
		California Department of Social Services (CDSS), Quality Assurance (QA) Monitoring Unit (QAMU), Adult Programs Policy & Quality Assurance Branch	In-Home Supportive Services (IHSS)	08/23 Annual	08/22	The purpose of the review is to focus on 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 in the authorization of services and accurate assessments of needs and hours. 45 cases that were previously reviewed by IHSS QA were selected.	In progress.	
		California Department of Social Services (CDSS), Children & Family Services Division, Adoption Services Bureau	Adoption Assistance Program	10/13/21 - 7/20/23 Annual	10/23	Monitoring to ensure the AAP program administration from eligibility determination to benefit issuance is in compliance with federal and state regulations, which includes the review of AAP eligibility and AAP service files to verify appropriateness and accuracy of forms being used.	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, 2023	Significant Findings
Treasurer-Tax Collector	Treasury and Investments	Not availagble - RFP issued.	County Treasury Public Funds	FY 2022-23 Annual	FY 2021-22	Annual Audit, required by Government Code Section 27134, of County Trasurer's compliance with Article 6.	Planned.	

EXTERNAL AUDIT REPORT
 Implementation Status of Prior Quarter Significant & Material Issues
 Quarter Ended December 31, 2023

No.	Department	Person Responsible	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
1	Auditor-Controller	Berta Tapia	County Cost Allocation Plan Field Review for FYE 6/30/22	#1: Fund 291 exceeds the target funding level. #2: Fund 298 unreserved retained earnings balance exceeds the allowable working capital reserve of 60 calendar days of cash expenses. #3: Fund 29W unreserved retained earnings balance exceeds the allowable working capital reserve of 60 calendar day cash expenses.	SCO recommended County spend down funds (reserves) in excess of the allowable working capital for the following Internal Service Funds (ISFs): Fund 291 - Unemployment Insurance and Fund 298 - Self-Insured Benefits by FY 2024-25, and Fund 29W - Wellness Program by FY 2025-26.	Significant	In progress. The following actions have been implemented to spend down reserves in excess of the allowable working capital. Fund 291 (1) Implemented. Fund 291 is on a rate holiday for FY 23-24. Departments will receive the benefit but will not be charged a premium. Fund 298 (1) In progress. Steps have been taken to implement effective 2024. Fund 298 will reduce billings to departments by 70% in 2024. Dental modernization will be implemented in January 2024; further reducing net position by estimated decrease of \$1.1 M in FY 23-24 & \$1.3 M in FY 24-25. Fund 29W (1) Implemented. Fund 29W is on a rate holiday for FY 23-24. Departments will receive Wellness Benefits but not charged premiums. Additionally, an increase of \$600K on-going expenditures for the Wellness Program will resume after some delay from the COVID

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



Memorandum

February 7, 2024

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Auditor-Controller Mandated Audits for Quarter Ended December 31, 2023

Receive Report on Status of Auditor-Controller Mandated Audits for Quarter Ended December 31, 2023, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Status of Mandated Audits as of December 31, 2023



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2023
 AOC Meeting Date: February 7, 2024

Audit Name	Audit No.	Budget Hours	Actual Hours	Variance	Draft Report	Final Report	Status
Cash Shortages FY 20-21	2001	100	209	-109	N/A	N/A	1 in process, 9 completed
Cash Shortages FY 23-24	2302	120	31	89	N/A	N/A	0 in process, 4 completed
JPAs and Special Districts FY 21-22*	2211	120	69	52	N/A	N/A	Collection in process
JPAs and Special Districts FY 22-23*	2310	120	12	108	N/A	N/A	Collection in process
Review of Schedule of Assets as of 12/31/22	2208	300	371	-71	9/7/2023	10/31/2023	Completed
Review of Schedule of Assets as of 3/31/23	2209	300	318	-18	11/28/2023	12/7/2023	Completed
Review of Schedule of Assets as of 9/30/23	2307	300	96	204			Fieldwork in process
Review of Schedule of Assets as of 12/31/23	2308	300	21	279			Planning in process

*We collect copies and post them online.



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2023
 AOC Meeting Date: February 7, 2024

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 have 1 last investigation in process for Child Support Services. We are waiting for the DA and IAD to perform their investigations.	0	0

Cash Shortages FY 23-24

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 4 investigations and have 0 in process.	0	0

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: 2 of 72. Special Districts remaining: 0 of 34. Total reports received: 104	0/0	104



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2023
 AOC Meeting Date: February 7, 2024

JPA's and Special Districts FY 22-23

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: 44 of 72. Special Districts remaining: 28 of 34. Total reports received: 34	0/0	34

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 issued the report on October 31, 2023. We also issued a management letter on November 30, 2023, which states that the A-C did not comply with GOV Section 26905 for December 2022 because there was miscommunication between T-TC and A-C regarding what documents T-TC needed to provide A-C, and by when T-TC needed to provide those documents to A-C.	0	0



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2023
 AOC Meeting Date: February 7, 2024

Review of Schedule of Assets as of 3/31/23

Objective	Status/Results	Material Weaknesses or Significant Deficiencies	Control Deficiencies
To perform a quarterly review to express a conclusion on whether we are aware of any material modifications that should be made to the Schedule of Assets for it to be in accordance with the modified-cash basis of accounting.	We issued the report on December 7, 2023; there were no findings.	0	0

Review of Schedule of Assets as of 9/30/23

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

Review of Schedule of Assets as of 12/31/23

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



Auditor-Controller Internal Audit
 Status of Mandated Audits
 As of December 31, 2023
 AOC Meeting Date: February 7, 2024

Past-Due Submissions of Audited Financial Statements			
Entity Type	Entity Name	FYE Date	Rectified Date
Special District	Placentia Library District	6/30/2022	12/4/2023
Special District	Rossmoor/Los Alamitos Area Sewer District	6/30/2022	11/30/2023
Special District	Sunset Beach Sanitary District	6/30/2022	12/11/2023
Special District	County Service Area (La Mirada)	6/30/2022	11/17/2023
Special District	County Service Area (East Yorba Linda)	6/30/2022	11/17/2023
Special District	County Service Area (OC Parks)	6/30/2022	11/17/2023
JPA	Public Cable Television Authority (PCTA)	6/30/2022	
JPA	Santa Ana River Flood Protection Agency (SARFPA)	6/30/2022	
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	



Memorandum

February 7, 2024

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2023

Receive Report on Status of Performance Audits for the Quarter Ended December 31, 2023, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Performance Audits Quarterly Status Report

Department	Type of Audit	Auditing Vendor	Audit Scope of Work	Status
FY 2021-22				
Health Care Agency	Behavioral Health Services (BHS)	Health Management Associates, Inc. (HMA)	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	COMPLETE: Report and Response finalized and transmitted to the BOS in January 2024 (Audit was initiated in January 2023)
Child Support Services	Administration/Department Head Transition	Macias Gini & O'Connell LLP	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	COMPLETE: Report and Response finalized and transmitted to the BOS in January 2024
FY 2022-23				
Registrar of Voters	Administration/Department Head Transition	MGT of America Consulting, LLC (MGT)	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	COMPLETE: Report and Response finalized and transmitted to the BOS in August 2023.
Social Services Agency	SSA Case Management Services	Moss Adams LLP	Requested per Board of Supervisors. Scope of Work: evaluate CMS program outcomes that have been achieved by SSA staff and their contractor, Maximus, under a collaborative public-private service model.	COMPLETE: Report and Response finalized and transmitted to the BOS on September 28, 2023. Report and Response is posted publicly.
Social Services Agency	Administration/Department Head Transition	Moss Adams LLP	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	COMPLETE: Report and Response finalized and transmitted to the BOS on September 28, 2023. Report and Response is posted publicly.
John Wayne Airport	Administration/Department Head Transition	Weaver and Tidwell LLP	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	CEO reviewing final report. CEO meeting with Weaver on 2/2 and Department will provide responses.
FY 2023-24				
Auditor-Controller	Administration/Department Head Transition	TBD	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	CEO is finalizing scope of work. CEO met with the A-C's office in January and is working with Procurement to issue the contract.
Health Care Agency	Administration/Department Head Transition	TBD	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	CEO is working on scope of work. CEO met with the HCA Directors office in December and is working with Procurement to issue the contract.

Health Care Agency	Mental Health and Recovery Services/ Outreach and Engagement	TBD	<p>Homeless and mental health outreach programs are evolving as federal and state policies and funding re-shape how local municipalities address homelessness. HCA’s Outreach and Engagement (O&E) program is a cornerstone of the County of Orange’s (County) homeless response. As the County increases its focus on addressing homelessness and mental health through an individual-by-individual approach as opposed to a “one-size fit all” approach, it is important that O&E level of resources are evaluated, and performance metrics established to monitor effectiveness. Aside from resource evaluation and performance metrics, the audit will also focus on identifying best practices and additional models for consideration.</p>	<p>CEO is working to develop the scope and identify vendors.</p>
OC Community Resources	Workforce Innovation and Opportunity Act (WIOA) Program	TBD	<p>In recent years, the Workforce Innovation and Opportunity Act (WIOA) program has become increasingly important to the County. With the launch of OC Cares in 2019, ensuring that there are workforce development programs available for all eligible County residents, especially those in the most vulnerable of populations, has become a major focus. Additionally, as the County demographics changes, it is important that WIOA is prepared to assist County residents with job training and job search. The WIOA program has never undergone a County performance audit. The audit will include, but not limited to: WIOA resources, inventory of WIOA services, WIOA performance as it relates to state regulations and County goals, etc.</p>	<p>CEO is working on scope of work. CEO met with OCCR Directors' office and is working with subject matter experts to select a vendor and finalize the scope of work.</p>



Memorandum

February 7, 2024

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on eProcurement

Receive Report on eProcurement, as stated in recommended action.



Memorandum

February 7, 2024

AOC Agenda Item No. 11

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, FY23-24
Jul 1 – Sep 30, 2023



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 22, six more than the number reported in the previous quarter. One project, CalSAWS Migration Technical Support, was completed last quarter. A total of seven new projects were added; these reflect projects that were funded effective July 1, 2023, with the start of the new Fiscal Year. The total budget increased from \$35,524,630 to \$52,219,842.

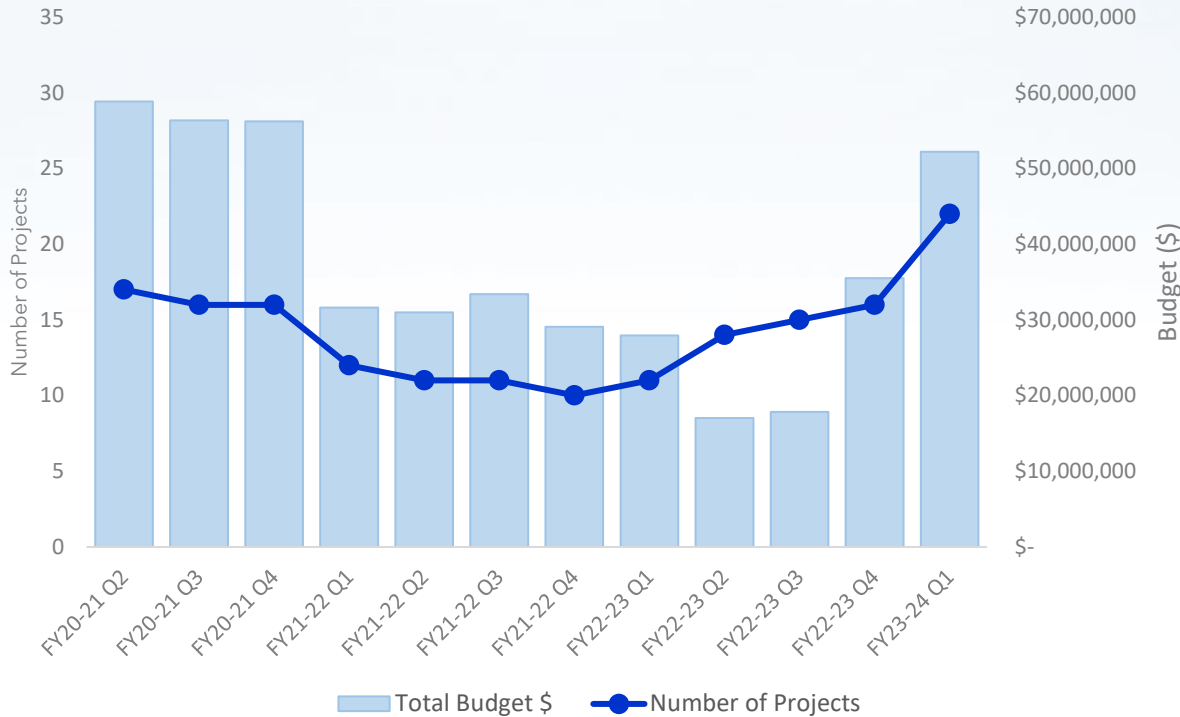


Key Accomplishments

Two projects, County Reimbursement System (OC METER), managed by Auditor-Controller, and Integrated Talent Management System – Performance Module, managed by CEO-HRS, were successfully completed in FY23-24 Q1.

IT Portfolio Size and Budget

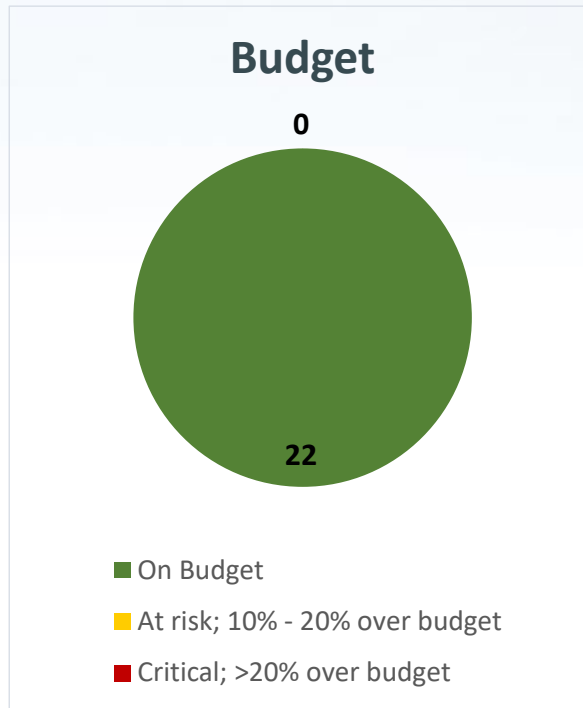
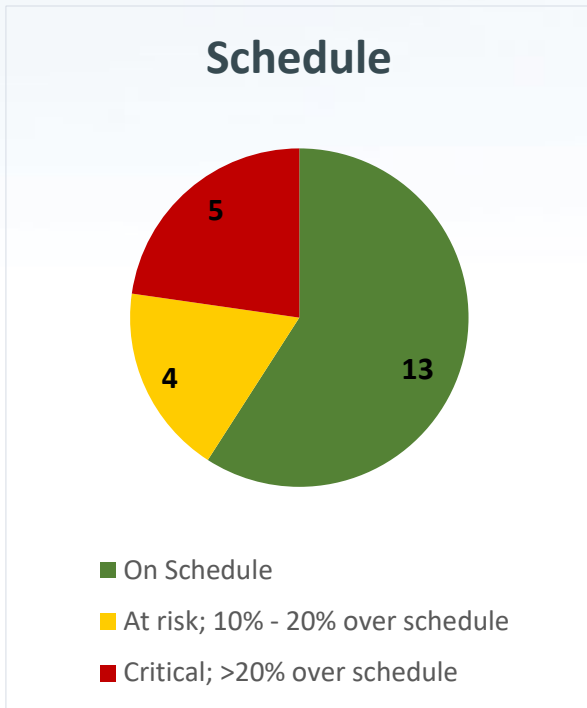
This chart depicts the County’s IT project portfolio size and budget trends over the last 12 quarters.



The chart above reflects projects that were active or completed during the reporting period. **Item 11, AOC Meeting 02/07/2024, 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.

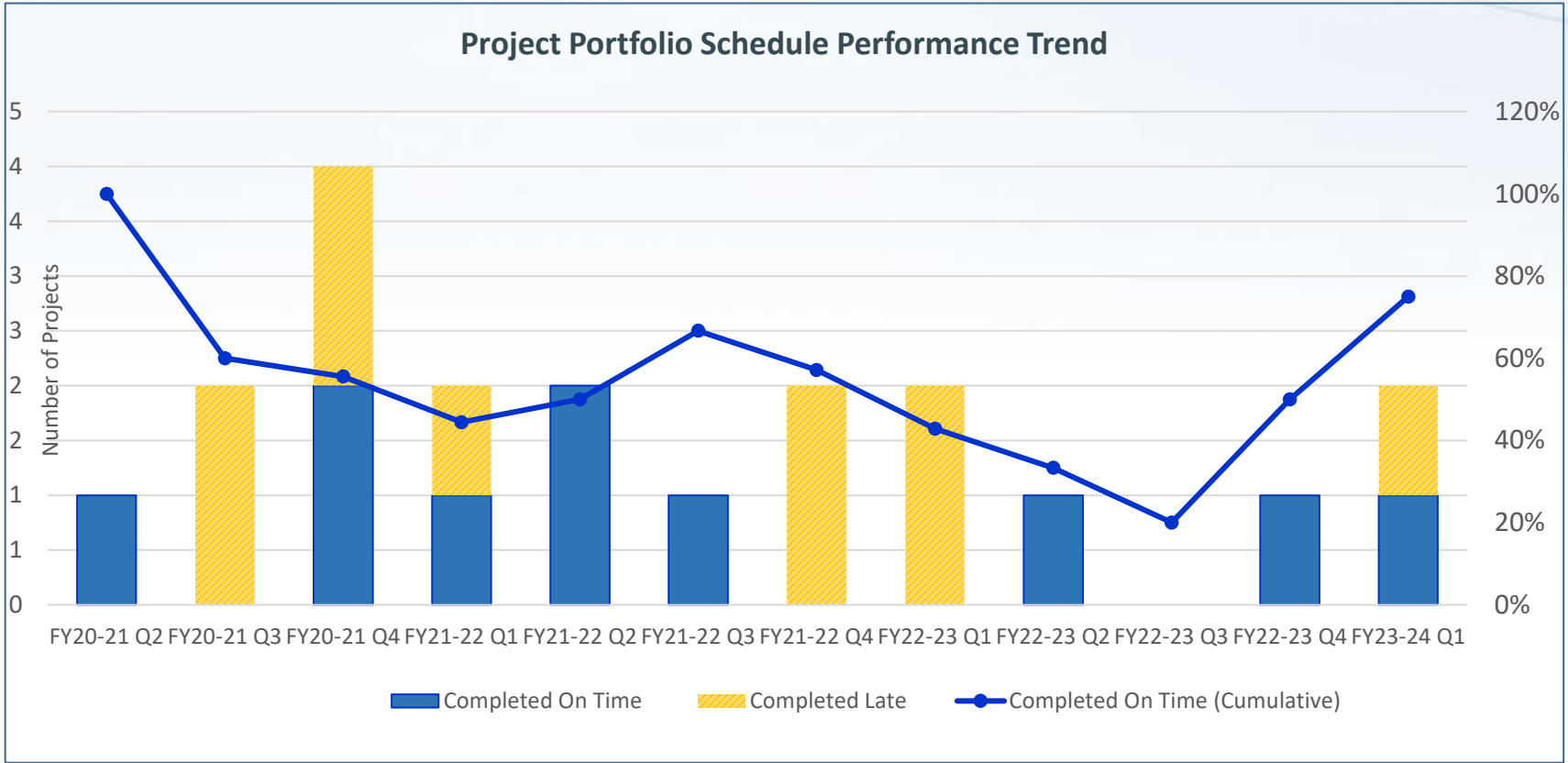


During this reporting period, nine projects are experiencing schedule delays, and no projects exceed their original or rebaselined budgets.

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

Portfolio Performance Trend

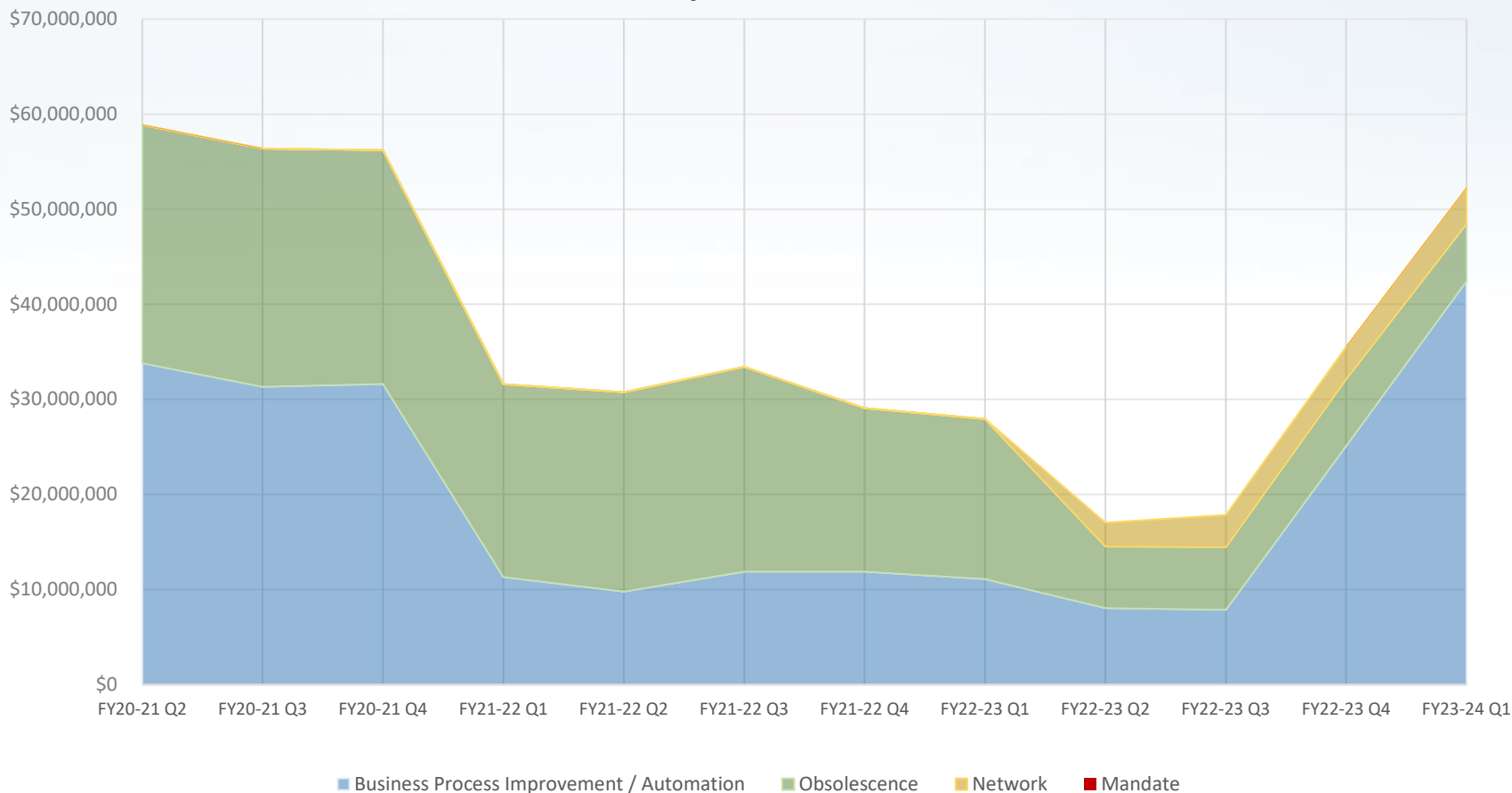
The chart below depicts the County’s IT project schedule performance trend for the projects that were completed over the last 12 quarters. The bars reflect the total number of projects completed in each quarter and the number completed on schedule. The line reflects the percentage of projects completed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



Project Investment Trends

Projects intended to improve or automate business processes account for approximately 81% of the County's IT budget this quarter. Projects for replacing end-of-life or obsolete systems account for approximately 12% of the budget. Network projects account for approximately 7% of the budget.

Investment by Business Justification



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

Investment by Service Area

Health Care Services accounts for the largest share of the County's IT project investments this quarter. Enterprise Cybersecurity, John Wayne Airport, Public Protection, and Countywide projects 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"> ✓ CalSAWS Migration Technical Support 	
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"> ✓ County Reimbursement System ✓ Integrated Talent Management System (ITMS) Performance Module 	<ul style="list-style-type: none"> ■ County Enterprise Network Redundancy ■ HRS Onboarding ■ IntraOC Site Design Refresh ■ OC Agenda ■ Shared Services Server Platform ■ Zscaler Private Access – Phase 1 	<ul style="list-style-type: none"> ■ eDiscovery Tool ■ iConnect Lab Portal 				<ul style="list-style-type: none"> ■ Access Control Conversion from Lenel to Genetec ■ CHORUS ■ JWA Baggage Handling System ■ Legacy Application Restoration ■ Multi-Drug Resistant Organism (MDRO) Data Exchange ■ Qualtrics Call Center Analytics 	
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) ■ Electronic Health Records (EHR) Interoperability ■ Employee Information Tracking System ■ HCA Business Intelligence & Analytics ■ Identity and Badge Data Integration ■ Mandated Reporter App 					

- On schedule
- 10% - 20% over schedule
- >20% over schedule
- ✓ Project has been completed