# INTERNAL AUDIT DEPARTMENT



**Annual Risk Assessment & Audit Plan
For Fiscal Year 2024-25**

**Audit Number: 2391
Report Date: May 28, 2024**

## OC Board of Supervisors

CHAIRMAN DONALD P. WAGNER
3rd DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

SUPERVISOR ANDREW DO
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO
2nd DISTRICT

SUPERVISOR KATRINA FOLEY
5th DISTRICT

May 28, 2024

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

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

Digitally signed by Agripino Alonso
Date: 2024.05.28 14:13:27 -07'00'

Subject:  Annual Risk Assessment & Audit Plan for Fiscal Year 2024-25

Attached for your review and approval is our Fiscal Year 2024-25 Annual Risk Assessment and Audit Plan which was approved by the Audit Oversight Committee on May 16, 2024. 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 2024-25, we identified a total of 24 high-risk or high-priority areas in 10 County departments as follows:

| DEPARTMENT | NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS | AUDIT AREA |
|---|---|---|
| 1. **Auditor-Controller** | 1 | Employee Claims (HR) |
| 2. **County Executive Office** | 6 | County Procurement Office (HR) |
| | | County Ethics Program (HP) |
| | | Remote Access Security (HR) |
| | | Third-Party IT Security (HR) |
| | | Data Governance (HR) |
| | | Adoption and Use of Artificial Intelligence (HP) (time permitting) |
| 3. **District Attorney-Public Administrator** | 2 | Fiduciary Funds & Special Revenue Funds (HR) |
| | | Information Technology (HR) |
| 4. **Health Care Agency** | 1 | Information Technology (HR) |
| 5. **OC Community Resources** | 2 | Dana Point Harbor Public-Private Partnership Purchasing & Contracts (HR) |
| | | Purchasing & Contracts (HR) |

| Department | Number of High-Risk (HR)/ High-Priority (HP) Areas | Audit Area |
|---|---|---|
| 6. OC Public Works | 2 | Information Technology (HR) |
| | | Purchasing & Contracts (HR) |
| 7. OC Waste & Recycling | 4 | Purchasing & Contracts (HR) |
| | | Contract Compliance (HP) |
| | | Information Technology (HR) |
| | | Cash Disbursements & Payables (HR) |
| 8. Sheriff-Coroner | 2 | Purchasing & Contracts (HR) |
| | | Information Technology (HR) |
| 9. Social Services Agency | 2 | Purchasing & Contracts (HR) |
| | | Cash Receipts & Receivables (HP) (time permitting) |
| 10. Treasurer-Tax Collector | 2 | Information Technology (HR) |
| | | Tax Redemption Officer Mandate (HP) |
| **TOTAL HIGH-RISK/ HIGH-PRIORITY AREAS** | **24** | |

Due to limited staffing resources, our Audit Plan only includes audits addressing 22 of the 24 high-risk or high-priority areas. If hours become available in Fiscal Year 2024-25, 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 2024-25 will be included in our Fiscal Year 2025-26 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.

**Annual Risk Assessment & Audit Plan
For Fiscal Year 2024-25
Audit No. 2391**
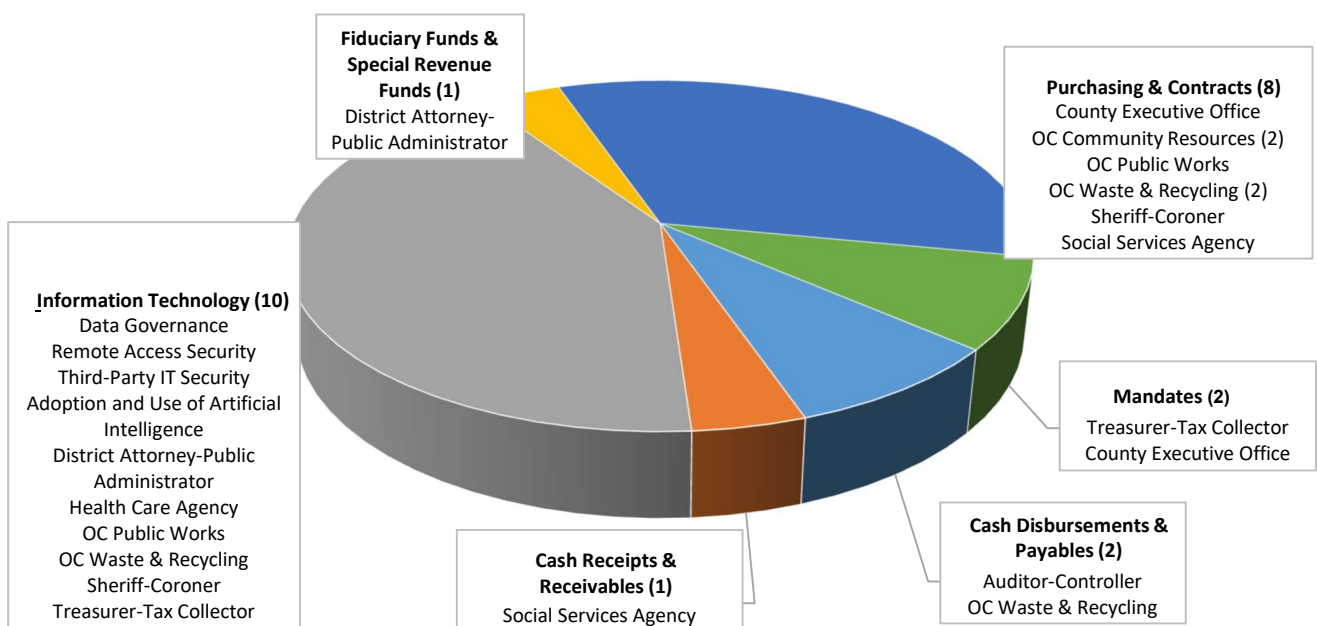
## EXECUTIVE SUMMARY

### 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 2024-25 Risk Assessment identified 24 high-risk or high-priority areas in 10 County departments, as illustrated in the chart below.



**Fiduciary Funds & Special Revenue Funds (1)**
District Attorney-Public Administrator

**Purchasing & Contracts (8)**
County Executive Office
OC Community Resources (2)
OC Public Works
OC Waste & Recycling (2)
Sheriff-Coroner
Social Services Agency

**Information Technology (10)**
Data Governance
Remote Access Security
Third-Party IT Security
Adoption and Use of Artificial Intelligence
District Attorney-Public Administrator
Health Care Agency
OC Public Works
OC Waste & Recycling
Sheriff-Coroner
Treasurer-Tax Collector

**Mandates (2)**
Treasurer-Tax Collector
County Executive Office

**Cash Disbursements & Payables (2)**
Auditor-Controller
OC Waste & Recycling

**Cash Receipts & Receivables (1)**
Social Services Agency

## RESULTS

Our Fiscal Year 2024-25 Audit Plan includes 22 scheduled audits: 19 high-risk audits, one high-priority department request, and two high-priority mandated audits.

| 19 HIGH-RISK AUDITS SCHEDULED | + | 3 HIGH-PRIORITY AUDITS SCHEDULED (ONE DEPARTMENT REQUEST, TWO MANDATES) | = | 22 AUDITS SCHEDULED |
|---|---|---|---|---|
| | | 2 TIME PERMITTING HIGH-PRIORITY AUDITS | = | 2 TIME-PERMITTING AUDITS |
| 19 HIGH-RISK AUDITS | + | 5 HIGH-PRIORITY AUDITS | = | 24 TOTAL AUDITS IN PLAN |

Due to limited staffing resources, our Audit Plan only includes audits addressing 22 of the 24 high-risk or high-priority areas. If hours become available in Fiscal Year 2024-25, we will incorporate the remaining two high-priority audits into the Audit Plan. Any audits that have not been incorporated by the end of Fiscal Year 2024-25 will be included in our Fiscal Year 2025-26 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

to go wrong, it could have a greater impact. A high-risk score <u>does not</u> 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 <u>does not</u> mean that an IT process is managed ineffectively or that internal controls are not adequate.

## FY 2024-25 AUDIT PLAN

Our Audit Plan is based on 13,131 productive hours provided by seven audit professionals and three senior 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. Two department requested audits are listed on the Audit Plan as "time permitting" audits. If hours become available, we will begin performing those audits. Otherwise, those audit areas and will be included in next year's Audit Plan.

During Fiscal Year 2023-24, Internal Audit was impacted by two unplanned staff leaves of absence and two staff resignations which significantly reduced the number of hours available to conduct audits. To address our backlog of audits, we plan to contract out five audits to outside professional auditing firms.

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 | % |
|---|---|---|---|
| **Internal Control Audits** | 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. | 4,903 | 37% |
| **Information Technology Audits** | 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. | 4,540 | 35% |
| **Mandated Audits** | Audits required to be performed by government code or auditing standards (both mandated audits to be performed by contracted auditors). | 0 | 0% |
| **Board Requests & Contingency Reserve** | Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events. | 2,088 | 16% |
| **Other Activities & Administration** | 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 quarterly 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. | 1,600 | 12% |
| | **TOTALS** | **13,131** | **100%** |

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.

| AUDIT | PRELIMINARY AUDIT OBJECTIVES | HOURS |
|---|---|---|
| **High-Risk Audits** | | |
| **Internal Control Audits** | | |
| 1. **OCSD Purchasing & Contracts**<br>2. **SSA Purchasing & Contracts**<br>3. **OCPW Purchasing & Contracts**<br>4. **OCWR Purchasing & Contracts** | To assess procurement processes. | 2,100 |
| 5. **DA Fiduciary Funds & Special Revenue Funds** | To assess internal controls over fiduciary and special revenue funds. | 500 |
| 6. **OCWR Cash Disbursements & Payables** | To assess internal control over cash disbursements and accounts payable to ensure payments are properly reviewed and authorized, valid, supported, timely; and are compliant with County policy. | 500 |
| 7. **County Procurement Office – Procurement Governance**<br>Carryover from FY 2023-24 | To evaluate CPO's governance over County department procurement activities (to be performed by contracted auditors). | 0 |
| 8. **OCCR/Dana Point Harbor Public-Private Partnership Purchasing & Contract**<br>Carryover from FY 2023-24 | To assess contractor compliance with the Dana Point Master Lease (Public-Private Partnership, P3) and efficiency of lease administration (to be performed by contracted auditors). | 0 |
| 9. **OCCR Purchasing & Contracts**<br>Carryover from FY 2023-24 | To assess procurement processes. | 240 |
| 10. **A-C Employee Claims**<br>Carryover from FY 2023-24 | To assess internal controls over employee claims (mileage and educational/ professional reimbursement). | 480 |
| 11. **OCIT Data Governance**<br>Carryover from FY 2023-24 | To assess data governance (classification, retention) controls. | 420 |

| AUDIT | PRELIMINARY AUDIT OBJECTIVES | HOURS |
|---|---|---|
| **High-Risk Audits (cont.)** | | |
| **Information Technology Audits** | | |
| 12. **OCDA Cybersecurity** | To assess cybersecurity controls. | 525 |
| 13. **OCWR Cybersecurity**<br>Carryover from FY 2023-24 | To assess cybersecurity controls. | 525 |
| 14. **OCPW Cybersecurity**<br>Carryover from FY 2023-24 | To assess cybersecurity controls. | 525 |
| 15. **OCSD Cybersecurity**<br>Carryover from FY 2023-24 | To assess cybersecurity controls. | 525 |
| 16. **OCIT Remote Access Security**<br>Carryover from FY 2023-24 | To assess remote access security controls. | 525 |
| 17. **OCIT Third-Party IT Security**<br>Carryover from FY 2023-24 | To assess IT security controls for third-party vendors that directly assist with maintaining, managing, or supporting critical systems. | 550 |
| 18. **T-TC Cybersecurity**<br>Carryover from FY 2023-24 | To assess cybersecurity controls. | 525 |
| 19. **HCA Cybersecurity**<br>Carryover from FY 2023-24 | To assess cybersecurity controls. | 525 |
| **Total High-Risk Audits** | | **8,465** |

| AUDIT | PRELIMINARY AUDIT OBJECTIVES | HOURS |
|---|---|---|
| **High-Priority Audits** | | |
| 20. **OCWR – Waste Management Contract Compliance Review** <br><br> Board Request <br><br> Carryover from FY 2023-24 | To validate that service rates charged were in conformance with the franchise agreements (contracts) between OCWR and waste haulers (to be performed by contracted auditors). | 0 |
| 21. **T-TC Tax Redemption Officer** <br><br> Mandate <br><br> Carryover from FY 2023-24 | To evaluate the reliability/integrity of tax redemption records and compliance with laws/regulations as required by the Revenue and Taxation Code (to be performed by contracted auditors). | 0 |
| 22. **CEO – County Ethics Program** <br><br> Mandate <br><br> Carryover from FY 2023-24 | To evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities (to be performed by contracted auditors). | 0 |
| **Total High-Priority Audits** | | **0** |

| AUDIT | PRELIMINARY AUDIT OBJECTIVES | HOURS |
|---|---|---|
| **High-Priority Department Requested Audits** | | |
| 23. **SSA Cash Receipts & Receivables** <br><br> Time Permitting | To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records. | 0 |
| 24. **OCIT Adoption and Use of Artificial Intelligence** <br><br> Time Permitting | To assess internal control over the adoption and use of Artificial Intelligence. | 0 |
| **Total Department Requested Audits** | | **0** |

| AUDIT | PRELIMINARY AUDIT OBJECTIVES | HOURS |
|---|---|---|
| **Follow-Up Audits** | | |
| **Follow-Up Internal Control Audits** | Follow-up on management's implementation of audit recommendations provided in prior audit reports. | 663 |
| **Follow-Up Information Technology Audits** | | 285 |
| **Total Follow-Up Audits** | | **948** |

# Internal Audit Department

| Advisory Engagements | | |
|---|---|---|
| **A-C Policies and Procedures** | To advise on department policies and procedures effectiveness over key business processes. | 30 |
| **Total Advisory Engagements** | | **30** |

| Other Activities & Administration | |
|---|---|
| **Special Projects** | 400 |
| **Annual Risk Assessment & Audit Plan for Fiscal Year 2025-26** | 400 |
| **Quality Assessment** | 120 |
| **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 |
| **Total Other Activities & Administration** | **1,600** |

| | |
|---|---|
| **Board-Requested Audits** | 800 |
| **Contingency Reserve** | 1,288 |

| **TOTAL HOURS** | **13,131** |
|---|---|

## 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.

| PROJECT TEAM | Michael Dean, CPA, CIA, CISA | Assistant Deputy Director |
|---|---|---|
| | Jimmy Nguyen, CISA, CFE, CEH | Senior IT Audit Manager |
| | Gianne Morgan, CIA, CISA | Senior Audit Manager |
| | Gabriela Cabrera | Senior Auditor |
| | Mary Ann Cosep | Senior Auditor |
| | Tina Dinh | Senior Auditor |
| | Stephany Franco | Senior Auditor |
| | Alejandra Luna | Senior Auditor |
| | Thuy Luu | Staff Specialist |

## 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 2022-23) | DESCRIPTION |
|---|---|
| 1. **Cash Receipts & Receivables** $19.2 Billion | Reviewing controls over receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments. |
| 2. **Cash Disbursements & Payables** $5.7 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. **Purchasing & Contracts** $5.7 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. **Revolving Funds** $4.3 Million | Validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded. |
| 5. **Payroll** $2.6 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. **Fiduciary Funds & Special Revenue Funds** $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. **Information Technology** | Reviewing controls over IT and cybersecurity including general controls, application controls, system development, network security, and computer operations. |

## 2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2024-25 (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 funds):

- 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 (20%). 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 (60%). 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 2024-25 (see Attachment B) are as follows:

- 16 (12%) are High Risk

- 106 (80%) are Moderate Risk

- 11 (8%) are Low Risk

*Note: there are 19 high-risk audits in the 16 high-risk processes. This is because the single CEO IT high-risk box represents three separate audits, and OCCR Purchasing & Contracts represents two separate audits.*

## 4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES

# INTERNAL AUDIT DEPARTMENT

Our Audit Plan is based on 9,418 available audit hours (13,131 productive hours minus 1,200 hours for other activities and administration, 800 hours for Board-requested audits, 400 hours for special projects, and 1,313 hours for contingency reserve) to be provided by seven audit professionals and three senior 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.

## APPENDIX B: ACRONYMS

| Acronym | Definition |
|---------|------------|
| 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

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                                    │ Board of Supervisors│
                                    └──────────┬──────────┘
                                               │
┌──────────────────┐            ┌──────────────┴──────────────┐            ┌──────────────────────┐
│ Audit Oversight  │────────────│       Aggie Alonso          │────────────│       VACANT         │
│    Committee     │            │     CPA, CIA, CRMA          │            │ Administrative       │
└──────────────────┘            │     Director & CAE          │            │ Services Manager     │
                                └──────────────┬──────────────┘            └──────────────────────┘
                                               │
                                    ┌──────────┴──────────┐
                                    │       VACANT        │
                                    │   Deputy Director   │
                                    └──────────┬──────────┘
```

| Gianne Morgan | Michael Dean | Jimmy Nguyen |
|---|---|---|
| CIA, CISA | CPA, CIA, CISA | CISA, CFE, CEH |
| Senior Audit Manager | Assistant Deputy Director | Senior IT Audit Manager |

| VACANT | VACANT | | Michael Steinhaus |
|---|---|---|---|
| Audit Manager | Audit Manager | | Audit Manager |

| Gabriela Cabrera | Alejandra Luna | Tina Dinh | Mary Ann Cosep | Thuy Luu | Stephany Franco |
|---|---|---|---|---|---|
| Senior Auditor | MS<br>Senior Auditor | Senior Auditor | Senior Auditor | Staff Specialist | Senior Auditor |

# ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2024-25

**DRAFT**

| BUSINESS PROCESS/CYCLE — Financial Activity for FY 2022-23 | 1. Assessor | 2. Auditor-Controller | 3. Child Support Services | 4. Clerk of the Board | 5. Clerk-Recorder | 6. County Counsel | 7. County Executive Office | 8. District Attorney-Public Administrator | 9. Health Care Agency/Public Guardian | 10. John Wayne Airport | 11. OC Community Resources | 12. OC Public Works | 13. OC Waste & Recycling | 14. Probation Department | 15. Public Defender | 16. Registrar of Voters | 17. Sheriff-Coroner | 18. Social Services Agency | 19. Treasurer-Tax Collector | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CASH RECEIPTS & RECEIVABLES $19.2 billion | M | M | L | M | M | M | M | M | M | M | M | M | M | M | M | M | M | M | M | Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances. |
| CASH DISBURSEMENTS & PAYABLES $5.7 billion | M | H | M | M | M | M | M | M | M | M | M | M | H | M | M | M | M | M | M | Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements. |
| PURCHASING & CONTRACTS $5.7 billion | M | M | M | M | M | M | H | L | M | M | H | H | H | M | M | M | H | H | M | Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts. |
| REVOLVING FUNDS $4.3 million | L | M | M | M | M | M | M | M | M | M | M | M | M | L | L | M | M | M | M | Reflects the total revolving fund replenishments to all departments. |
| PAYROLL $2.6 billion | M | M | M | M | M | M | L | M | M | M | L | M | M | M | M | M | M | M | M | Reflects total payroll for our audit population of all departments shown. |
| FIDUCIARY & SPECIAL REVENUE FUNDS $3.2 billion | M | M | M | M | M | M | M | H | M | M | M | M | M | M | M | M | M | M | M | Reflects year-end balances in Fiduciary and Special Revenue Funds designated for restricted purposes and use. |
| INFORMATION TECHNOLOGY | M | L | M | M | L | M | H | H | H | M | M | H | H | L | M | L | H | M | H | |

**AUDITS ON FY 2024-25 PLAN**
See Appendix A for Audit Plan Methodology

DR = Department request
CO = Carryover audit
TP = Time-permitting audit

- 2. Auditor-Controller: Employee Claims (CO)
- 7. County Executive Office: CPO - Procurement Governance (CO); OCIT Data Governance (CO); County Ethics Program (CO); OCIT Third-Party IT Security (CO); OCIT Remote Access Security (CO); OCIT Adoption and Use of Artificial Intelligence (DR/TP)
- 8. District Attorney-Public Administrator: Fiduciary & Special Revenue Funds; Selected Cybersecurity Controls
- 9. Health Care Agency/Public Guardian: Cybersecurity II (CO)
- 11. OC Community Resources: Dana Point Harbor Purchasing & Contracts (CO); Purchasing & Contracts (CO)
- 12. OC Public Works: Purchasing & Contracts; Cybersecurity (CO)
- 13. OC Waste & Recycling: Compliance Review (CO); Disbursements & Payables; Purchasing & Contracts; Cybersecurity (CO)
- 17. Sheriff-Coroner: Purchasing & Contracts (HR); Cybersecurity (CO)
- 18. Social Services Agency: Purchasing & Contracts (HR); Cash Receipts & Receivables (DR/TP)
- 19. Treasurer-Tax Collector: Tax Redemption Officer (CO); Cybersecurity (CO)

| | Count | % | |
|---|---|---|---|
| High Priority Processes: | 16 | 12% | High-priority audit areas (as determined by risk assessment) |
| Moderate Priority Processes: | 106 | 80% | 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 | | |

| | 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** | | #1415 Quarterly Reconciliation Compliance; #1818 Fiduciary Funds | #2306 Cash Receipts | | | | | 2012-2016 Annual Grants | #1420 Fund 13Y; #1619 Unearned Revenue; #2325 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; #2321 Credit Card Processing | #1567 Juvenile; #1724 Mandate | | | #1918 Cash Receipts | #1619 Unearned Revenue | 2017 & 2020 Audits of Tax Redemption Officer; 2012-2017 Annual TFA; 2011-2016 Annual Compliance; #2301 Cash Receipts |
| **CASH DISBURSEMENTS & PAYABLES** | #1626 Travel | #1415 Quarterly Reconciliation Compliance; #1626 Travel; #1811 Claims; #1818 Fiduciary Funds | | | #1626 Travel | | #1626 Travel; #2012 Cash Disbursements | 2012-2016 Annual Grants | #1420 Fund 13Y; #1728 Mental Health Services Disbursements | #2013 Cash Disbursements | #2014 Cash Disbursements | #1626 Travel; #2022 Toll Usage | | #1567 Juvenile; #1724 Mandate; #1822 Cal Cards | | #1626 Travel | #1626 Travel | #1626 Travel; #1625 CalWorks / Rescare Contract | 2011-2017 Qrtly 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 | #2324 Purchasing & Contracts | #1631 Procurement; #1819 Contracts & Procurement; #2326 Purchasing & Contracts | #2115 Purchasing & Contracts | #1455 Expediter; #1426 Human Services Contracts | #1455 Expediter; #1911 Purchasing & Contracts | #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** | | | | | | | #2113 Payroll | #1629 Payroll | #1812 Payroll | | #1813 Payroll; #2398-A WIOA | #1916 Payroll | | #1630 Payroll | | | #1632 Billing of Law Enforcement Services for DPH & JWA | #1814 Payroll | |
| **FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS** | | #1415 Quarterly Reconciliation Compliance; #1337 Fiduciary Funds; #1818 Fiduciary Funds | #1519 Fiduciary Funds | | #1519 Fiduciary Funds | | #1519 Fiduciary Funds; #2018 Fiduciary Funds | #1519 Fiduciary Funds; #1523 PA | #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 | | #1519 Fiduciary Funds | | #1519 Fiduciary Funds | #1519 Fiduciary Funds; #1520 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 | #1741 ITGC; #2311 CAPS+ Security | #1644 ITGC | | #1840 Vital Records Index Access System; #2151 Cybersecurity | #2044 Selected Cybersecurity | #1454 Off-Site Data Backup; #1455 Expediter; #1644 ITGC; #1945 OCIT Cybersecurity; #2314 OCIT IoT Device Security; #2315 Enterprise IT Governance | #2041 Selected Cybersecurity | #1943 Cybersecurity | #1444 ITGC; #1941 ITGC | #1644 ITGC | #1644 ITGC; #2309 Cybersecurity | #1445 Paradigm; #1644 ITGC | #2043 Cybersecurity | #1942 ITGC | #2042 Cybersecurity | #1845 ITGC | #1644 ITGC; #1846 ITGC | #1583 Wire Transfers |

10-Year Prior Audit Coverage (2014 to June 2024)  5-Year Prior Audit Coverage (2019 to June 2024)  Current/In-Progress Audits  No Audit Coverage Within 10 Years