

A G E N D A



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

Thursday, November 7, 2024, 10:00 A.M.

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

DREW ATWATER

AOC CHAIR
Private Sector Member, First District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

MICHELLE AGUIRRE

ACTING COUNTY EXECUTIVE
OFFICER
Member

MARK WILLE, 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
Gabriela Cabrera

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

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- | | |
|--|--|
| 1. Roll call | <i>Drew Atwater
AOC Chair</i> |
| 2. Approve Audit Committee Regular Meeting Minutes of August 22, 2024 | <i>Drew Atwater
AOC Chair</i> |
| 3. Receive Presentation by Orange County Employees Retirement Systems (OCERS) Regarding Current and Future Funding | <i>Steven Delaney
Chief Executive Officer
OCERS</i> |
| 4. Receive Report on Required Communication from External Auditors | <i>David Showalter, CPA
Partner
Eide Bailly LLP</i> |
| 5. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter September 30, 2024 | <i>Aggie Alonso, CPA
Director
Internal Audit Department</i> |
| 6. Approve External Audit Activity Status Report for the Quarter Ended September 30, 2024, and Receive Report on Status of External Audit Recommendations Implementation | <i>Michael Dean, CPA
Assistant Deputy Director
Internal Audit Department</i> |
| 7. Receive Report on Status of Auditor-Controller Mandated Audits for the Quarter September 30, 2024 | <i>Sal Lopez
Chief Deputy
Auditor-Controller</i> |
| 8. Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2024 | <i>Lisa Fernandez
Director
Performance Management and
Policy</i> |
| 9. Receive Update on ERP Implementation | <i>Andrew Hamilton, CPA
Auditor-Controller</i> |
| 10. Receive Update on County IT Projects Quarterly Progress Report | <i>KC Roestenberg
Chief Information Officer</i> |
| 11. Elections of Officers | <i>Drew Atwater
AOC Chair</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*

A G E N D A

Speaker

ADJOURNMENT:

NEXT MEETING:

Regular Meeting, Thursday, February 6, 2025, 10:00 A.M.



Memorandum

November 7, 2024

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of August 22, 2024

Approve Audit Oversight Committee Regular Meeting Minutes of August 22, 2024, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Summary Minutes for August 22, 2024 Meeting

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



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE
ORANGE COUNTY, CA
Thursday, August 22, 2024, 10:00 A.M.

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

DREW ATWATER

AOC CHAIR
Private Sector Member, First District

YVONNE ROWDEN

AOC VICE CHAIR
Private Sector Member, Fifth District

SUPERVISOR DONALD P. WAGNER

BOARD CHAIRMAN
Third District
Member

SUPERVISOR DOUG CHAFFEE

BOARD VICE CHAIRMAN
Fourth District
Member

MICHELLE AGUIRRE

ACTING COUNTY EXECUTIVE
OFFICER
Member

TIM JOHNSON, CPA

Private Sector Member, Second District

MARK WILLE, CPA

Private Sector Member, Third 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

ATTENDANCE:

Drew Atwater, AOC Chairman, Private Sector Member
Yvonne Rowden, AOC Vice Chair, Private Sector Member
Patricia Welch-Foster, Proxy for Supervisor Wagner
Jesus Gaona Perez, Proxy for Supervisor Chaffee
Michelle Aguirre, Acting County Executive Officer – Not Present
Tim Johnson, Private Sector Member
Mark Wille, Private Sector Member
Larry Himmel, Private Sector Member

PRESENT:

Andrew Hamilton, Auditor-Controller
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. Drew Atwater, Audit Oversight Committee (AOC) Chair, called the meeting to order at 10:03 A.M. Attendance of AOC Members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of May 16, 2024

Mr. Atwater asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of May 16, 2024.

Motion to approve the Regular Meeting Minutes of May 16, 2024, by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

3. 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.

4. Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2024

Mr. Aggie Alonso, Director of Internal Audit, presented the Quarterly Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2024. During the quarter, Internal Audit issued 12 audit reports, which includes four original audits and eight follow-up audits. Mr. Alonso also reported that Internal Audit plans to conduct a Request for Statements of Qualifications to establish a slate of approved audit firms to have available whenever Internal Audit does not have the expertise or capacity to perform unexpected, unplanned audits and reviews.

Motion to approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2024, by Mark Wille, seconded by Yvonne Rowden.

All in favor.

Approved as recommended.

5. Receive the Internal Audit Department's Independence

Mr. Alonso stated that for the period of July 1, 2023 through June 30, 2024, the Internal Audit Department's internal audit activity has been free from the interference in determining the scope of internal auditing, performing work, and communicating results.

6. Receive Report on Internal Audit Department's Internal Quality Assessment 2023-24

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

Mr. Alonso, presented the report on Internal Audit Department's Quality Assessment for Fiscal Year 2023-24. We concluded that we "generally conform" with the IIA's International Standards for the Professional Practice of Internal Auditing and Code of Ethics, which is the highest level of conformance possible.

7. Approve External Audit Activity Status Report for the Quarter Ended June 30, 2024, and Receive Report on Status of External Audit Recommendations Implementation

Mr. Michael Dean, Assistant Deputy Director of Internal Audit, presented the External Audit Activity Status Report for the Quarter Ended June 30, 2024. Mr. Dean stated there were no material findings during this reporting period.

Motion to approve External Audit Activity Status Report for the Quarter Ended 30, 2024, by Mark Wille, seconded by Tim Johnson.

All in favor.

Approved as recommended.

8. Receive Reports on Status of Auditor-Controller Mandated Audits for the Quarters Ended June 30, 2024

Mr. Sal Lopez, Chief Deputy Auditor-Controller, provided status reports of Mandated Audits for the quarter ended June 30, 2024.

9. Receive Reports on Status of Performance Audits for the Quarter Ended June 30, 2024

Ms. Lisa Fernandez, Director Performance Management and Policy, provided updates of Performance Audits.

10. Receive Report on eProcurement

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

11. Receive Update on County IT Projects Quarterly Progress Report

Ms. Lynne Halverson, Manager OCIT PMO, provided an update on the IT projects quarterly progress.

12. Receive Update on Recent CrowdStrike Incident that Impacted Orange County Computer Systems

Mr. Andrew Alipanah, Chief Information Security Officer, provided an update on the recent CrowdStrike Incident including the impact and the actions the County has taken.

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

13. Receive Update on Single Audit from the Single Audit Corrective Action Sub-Committee

Mr. Mark Wille, Private Sector Member, provided an update on the Single Audit Sub-Committee which was established as a result of the qualified opinion in Eide's Bailly's Fiscal Year 2023-24 Single Audit Report related to the County not complying with required fiscal monitoring of the Foster Care Title IV-E Program. Specifically, the Sub-Committee met with all the relevant stakeholders and discussed the corrective actions the Social Services Agency has taken to address the lack of fiscal monitoring. Eide Bailly will be following up with SSA and reporting back on the implementation of the fiscal monitoring requirements.

PUBLIC COMMENTS: None.

AOC COMMENTS: None.

ADJOURNMENT: Meeting adjourned at 11:22 A.M.

NEXT MEETING:

Regular Meeting, Thursday, November 7, 2024 at 10:00 A.M.



Memorandum

November 7, 2024

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

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

Receive Presentation by Orange County Employees Retirement Systems (OCERS) Regarding Current and Future Funding, as stated in recommended action.

ATTACHMENT(S):

Attachment A – OCERS Employees Retirement System



November 7, 2024

Steve Delaney, CEO



About OCERS

- Orange County Employees Retirement System Established as a defined benefit retirement program in 1945
 - 1937 Act
 - California Government Code
 - Regulates County Retirement Systems in CA
- 1 of 20 County Systems in California
- Separate from CalPERS



Who We Serve



- CITY OF SAN JUAN CAPISTRANO
- COUNTY OF ORANGE
- ORANGE COUNTY CEMETERY DISTRICT
- ORANGE COUNTY CHILDREN & FAMILIES COMMISSION
- ORANGE COUNTY DEPARTMENT OF EDUCATION
(CLOSED TO NEW MEMBERS)
- ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
- ORANGE COUNTY FIRE AUTHORITY
- ORANGE COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC
AUTHORITY
- ORANGE COUNTY LOCAL AGENCY FORMATION
COMMISSION
- ORANGE COUNTY PUBLIC LAW LIBRARY
- ORANGE COUNTY SANITATION DISTRICT
- ORANGE COUNTY TRANSPORTATION AUTHORITY
- SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE
- TRANSPORTATION CORRIDOR AGENCIES
- UCI MEDICAL CENTER AND CAMPUS
(CLOSED TO NEW MEMBERS)

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The Current State of OCERS

Total Membership
52,644 (as of Dec. 2023)

2023	52,644	3.9%
2022	50,633	3.1%
2021	49,075	2.6%
2020	47,796	1.3%
2019	47,196	3.4%
2018	45,629	2.6%
2017	44,471	2.6%
2016	43,485	2.3%
2015	42,427	2.4%
2014	41,418	2.3%
2013	40,486	2.2%



OCERS and the Pension Promise:

As of December 31, 2023:



The Unfunded Actuarial Accrued Liability (UAAL)

as of December 31, 2023

Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio

Category	December 31, 2023	December 31, 2022
Actuarial Accrued Liability	\$26,788,041	\$25,386,669
Valuation Value of Assets*	22,135,285	20,691,659
Unfunded Actuarial Accrued Liability	4,652,756	4,695,010
Percent Funded on Valuation Value	82.63%	81.51%
Market Value of Assets*	\$21,635,294	\$19,534,631
Percent Funded on Market Value	80.76%	76.95%

* Excludes County Investment Account, Prepaid Employer Contributions, Medicare Medical Insurance Reserve and O.C. Sanitation District UAAL Deferred Account (after transfer), if any. The balance in the Medicare Medical Insurance Reserve is \$0 as of December 31, 2023.



Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio

Valuation Date	UAAL	Valuation Value Funded Ratio	Market Value Funded Ratio
December 31, 2007	\$2,549,786	74.1%	78.4%
December 31, 2008	\$3,112,335	71.3%	57.5%
December 31, 2009	\$3,703,891	68.8%	62.9%
December 31, 2010	\$3,753,281	69.8%	67.3%
December 31, 2011	\$4,458,623	67.0%	62.6%
December 31, 2012	\$5,675,680	62.5%	63.2%
December 31, 2013	\$5,367,917	66.0%	67.7%
December 31, 2014	\$4,963,213	69.8%	69.6%
December 31, 2015	\$4,822,348	71.7%	67.7%
December 31, 2016	\$4,830,483	73.1%	70.6%
December 31, 2017	\$5,438,302	72.3%	74.6%
December 31, 2018	\$5,708,929	72.4%	69.3%
December 31, 2019	\$5,879,861	73.2%	75.4%
December 31, 2020	\$5,379,858	76.5%	80.7%
December 31, 2021	\$4,527,312	81.2%	90.5%
December 31, 2022	\$4,695,010	81.5%	77.0%
December 31, 2023	\$4,652,756	82.6%	80.8%



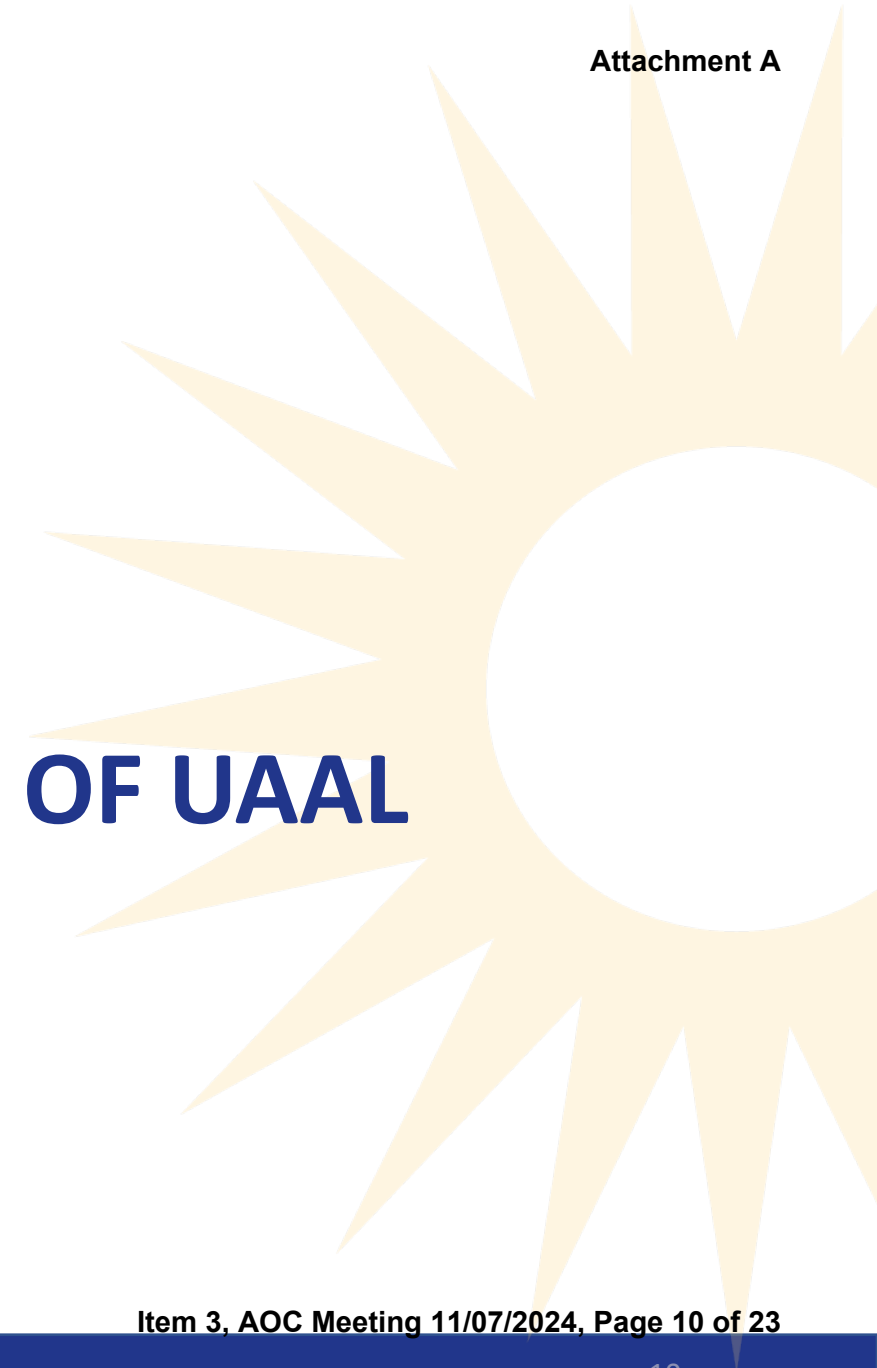
Changes in UAAL since December 31, 2022 Valuation (\$000)

December 31, 2022 valuation	Value
Total UAAL	\$4,695
Changes during calendar year 2023	
• Interest minus expected payments to UAAL	-\$211
• Difference in actual versus expected contributions	39
• Additional UAAL contributions from OCFA, and anticipated payments from DOE and U.C.I.	-18
• Investment gains (after smoothing)	-159
• Difference in actual versus expected salary increases	84
• Effect of higher than expected COLA increases in 2024*	15
• Other losses	63
• Changes in actuarial assumptions	<u>145</u>
• Subtotal	-\$42
December 31, 2023 valuation	
Total UAAL	\$4,653

* Actuarial loss from payment of COLAs higher than the 2.75% COLA assumption (based on actual CPI of 3.50%, 3.00% COLA expected to be paid April 1st 2024, 2025 and 2026, for members without COLA Banks as of April 1, 2024).

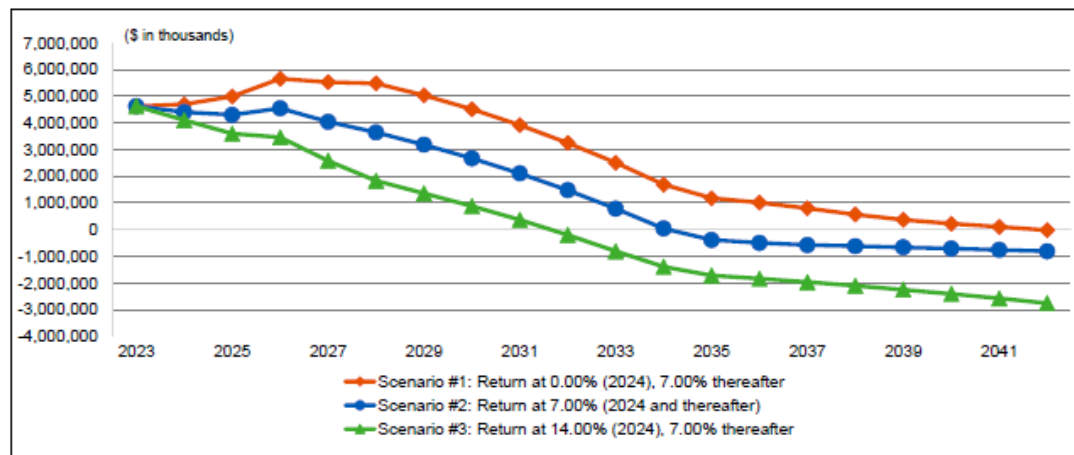


PROGRESS IN 20 YEAR AMORTIZATION OF UAAL



Attachment C: Projected UAAL* and funded ratio for aggregate plan

Valuation Date (as of December 31)



UAAL (\$000)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
#1: 0.0% (2024) and 7.0% thereafter	4,628,272	4,700,408	4,993,451	5,657,309	5,531,616	5,482,362	5,037,709	4,516,616	3,918,743	3,251,753
#2: 7.0% for all years	4,628,272	4,404,806	4,304,726	4,548,948	4,044,638	3,646,129	3,183,144	2,674,434	2,108,394	1,480,277
#3: 14.0% (2024), 7.0% thereafter	4,628,272	4,104,480	3,598,969	3,462,355	2,580,870	1,832,129	1,360,232	884,521	370,292	-196,951

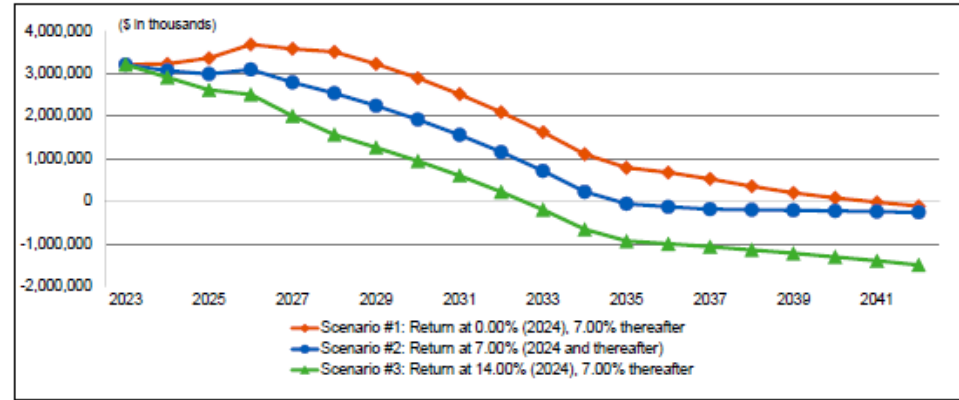
UAAL (\$000)	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
#1: 0.0% (2024) and 7.0% thereafter	2,510,121	1,690,477	1,183,464	1,013,689	802,967	571,353	370,955	224,541	108,381	-16,950
#2: 7.0% for all years	785,083	44,655	-383,000	-493,399	-576,740	-617,216	-660,511	-706,837	-756,374	-809,324
#3: 14.0% (2024), 7.0% thereafter	-809,602	-1,390,216	-1,715,878	-1,835,989	-1,964,508	-2,102,023	-2,249,165	-2,406,607	-2,575,069	-2,755,325

Funded Ratio	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
#1: 0.0% (2024) and 7.0% thereafter	82.6%	83.1%	82.7%	81.2%	82.3%	83.1%	85.0%	86.9%	89.0%	91.1%	93.3%	95.6%	97.0%	97.5%	98.0%	98.6%	99.1%	99.5%	99.7%	100.0%
#2: 7.0% for all years	82.6%	84.2%	85.1%	84.9%	87.1%	88.7%	90.5%	92.3%	94.1%	96.0%	97.9%	99.9%	101.0%	101.2%	101.4%	101.5%	101.6%	101.7%	101.8%	102.0%
#3: 14.0% (2024), 7.0% thereafter	82.6%	85.2%	87.6%	88.5%	91.7%	94.3%	95.9%	97.4%	99.0%	100.5%	102.2%	103.6%	104.4%	104.6%	104.9%	105.2%	105.5%	105.9%	106.3%	106.8%

* Excludes UAALs paid by O.C. Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education in Rate Group #1. If those amounts have been taken into account, the UAAL for the System would have been \$4,652,756 and the funded ratio would remain unchanged at 82.6% as of December 31, 2023.

Attachment E: Projected UAAL and funded ratio for Rate Group #2

Plans I, J, O, P, S, T, U and W (County et al.)
Valuation Date (as of December 31)



UAAL (\$000)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
#1: 0.0% (2024) and 7.0% thereafter	3,208,511	3,225,111	3,359,258	3,679,023	3,575,172	3,506,115	3,222,067	2,891,497	2,513,688	2,092,117
#2: 7.0% for all years	3,208,511	3,065,840	2,984,952	3,092,594	2,789,030	2,535,742	2,242,306	1,918,690	1,558,177	1,157,674
#3: 14.0% (2024), 7.0% thereafter	3,208,511	2,906,569	2,610,645	2,506,238	2,003,033	1,565,337	1,262,346	945,670	602,352	222,895

UAAL (\$000)	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
#1: 0.0% (2024) and 7.0% thereafter	1,623,295	1,105,104	789,187	678,498	525,609	354,504	201,095	81,448	-19,405	-111,921
#2: 7.0% for all years	713,941	225,310	-56,181	-127,154	-183,026	-195,838	-209,546	-224,214	-239,909	-256,702
#3: 14.0% (2024), 7.0% thereafter	-195,588	-654,481	-928,641	-993,645	-1,063,201	-1,137,625	-1,217,258	-1,302,466	-1,393,639	-1,491,194

Funded Ratio	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
#1: 0.0% (2024) and 7.0% thereafter	78.4%	79.2%	79.1%	77.9%	79.2%	80.2%	82.3%	84.6%	86.9%	89.3%	91.9%	94.6%	96.2%	96.7%	97.5%	98.3%	99.0%	99.6%	100.1%	100.6%
#2: 7.0% for all years	78.4%	80.2%	81.4%	81.4%	83.8%	85.7%	87.7%	89.8%	91.9%	94.1%	96.4%	98.9%	100.3%	100.6%	100.9%	100.9%	101.0%	101.1%	101.2%	101.3%
#3: 14.0% (2024), 7.0% thereafter	78.4%	81.2%	83.7%	84.9%	88.3%	91.2%	93.1%	95.0%	96.9%	98.9%	101.0%	103.2%	104.5%	104.8%	105.1%	105.5%	105.9%	106.4%	107.0%	107.7%

Under the return scenarios that give rise to actuarial surplus, the continued growth in that surplus is attributable to the assumption made in preparing these illustrations that no surplus would be amortized to reduce the employer's normal cost until the System as a whole is 120% funded.

Unfunded Actuarial Accrued Liability (\$000) and Funded Ratio by Rate Group

Category	UAAL	Funded Ratio
Rate Group #1 General Plans A, B and U (County and IHSS)*	\$40,743	92.84%
Rate Group #2 General Plans I, J, O, P, S, T, U and W (County et al.)	\$3,208,511	78.45%
Rate Group #3 General Plans B, G, H and U (OCSD)	-\$8,411	100.89%
Rate Group #5 General Plans A, B and U (OCTA)	\$192,453	84.19%
Rate Group #9 General Plans M, N and U (TCA)	-\$2,220	103.39%
Rate Group #10 General Plans I, J, M, N and U (OCFA)	\$20,920	93.77%
Rate Group #11 General Plans M and N, future service, and U (Cemetery)	\$347	97.77%
Rate Group #12 General Plans G, H and U (Law Library)	-\$2,417	119.94%
Rate Group #6 Safety Plans E, F and V (Probation)	\$167,443	85.19%
Rate Group #7 Safety Plans E, F, Q, R and V (Law Enforcement)	\$913,315	82.58%
Rate Group #8 Safety Plans E, F, Q, R and V (OCFA)	\$122,072	94.84%
Average Total	\$4,652,756	82.63%

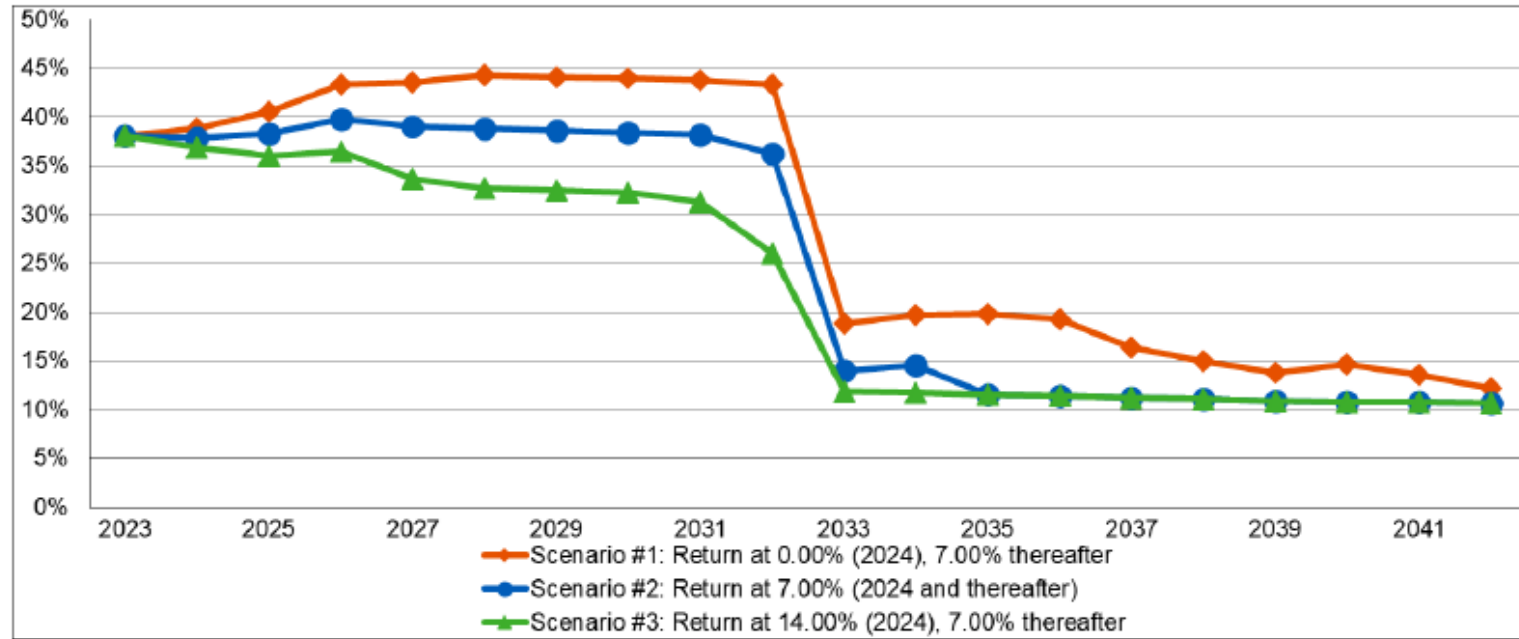


IMPACT ON EMPLOYER CONTRIBUTION RATES



Attachment A: Projected employer contribution rates

Aggregate Plan Valuation Date (as of December 31)



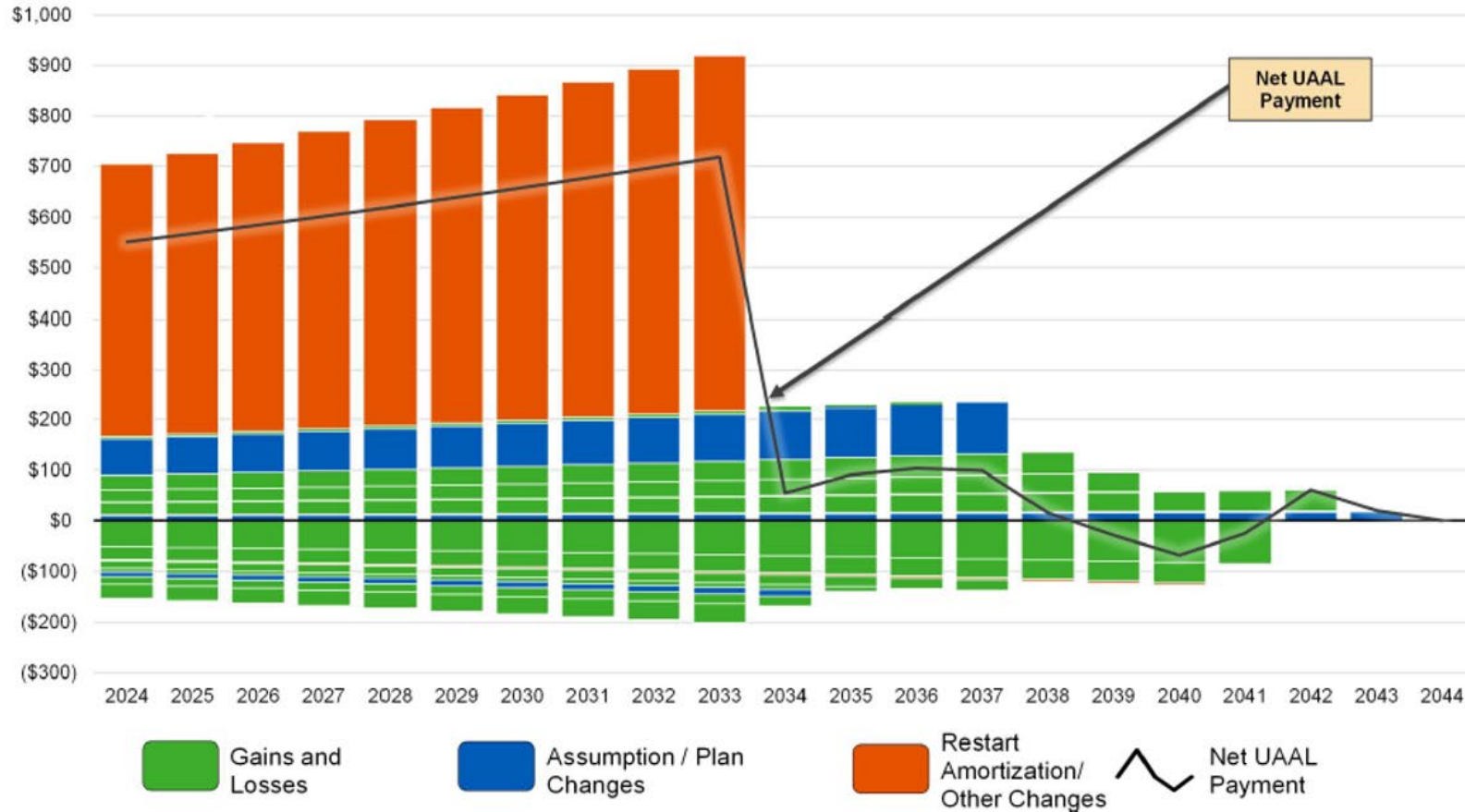
Valuation Date (as of December 31)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
#1: 0.0% (2024) and 7.0% thereafter	38.1%	38.9%	40.5%	43.3%	43.6%	44.3%	44.1%	43.9%	43.7%	43.4%	18.8%	19.7%	19.8%	19.3%	16.4%	15.0%	13.8%	14.6%	13.5%	12.1%
#2: 7.0% for all years	38.1%	37.9%	38.2%	39.8%	39.0%	38.8%	38.6%	38.4%	38.2%	36.3%	14.0%	14.5%	11.5%	11.4%	11.2%	11.1%	10.9%	10.8%	10.7%	10.6%
#3: 14.0% (2024), 7.0% thereafter	38.1%	36.9%	36.0%	36.5%	33.7%	32.7%	32.5%	32.3%	31.3%	26.0%	11.9%	11.7%	11.5%	11.4%	11.2%	11.1%	10.9%	10.8%	10.7%	10.6%



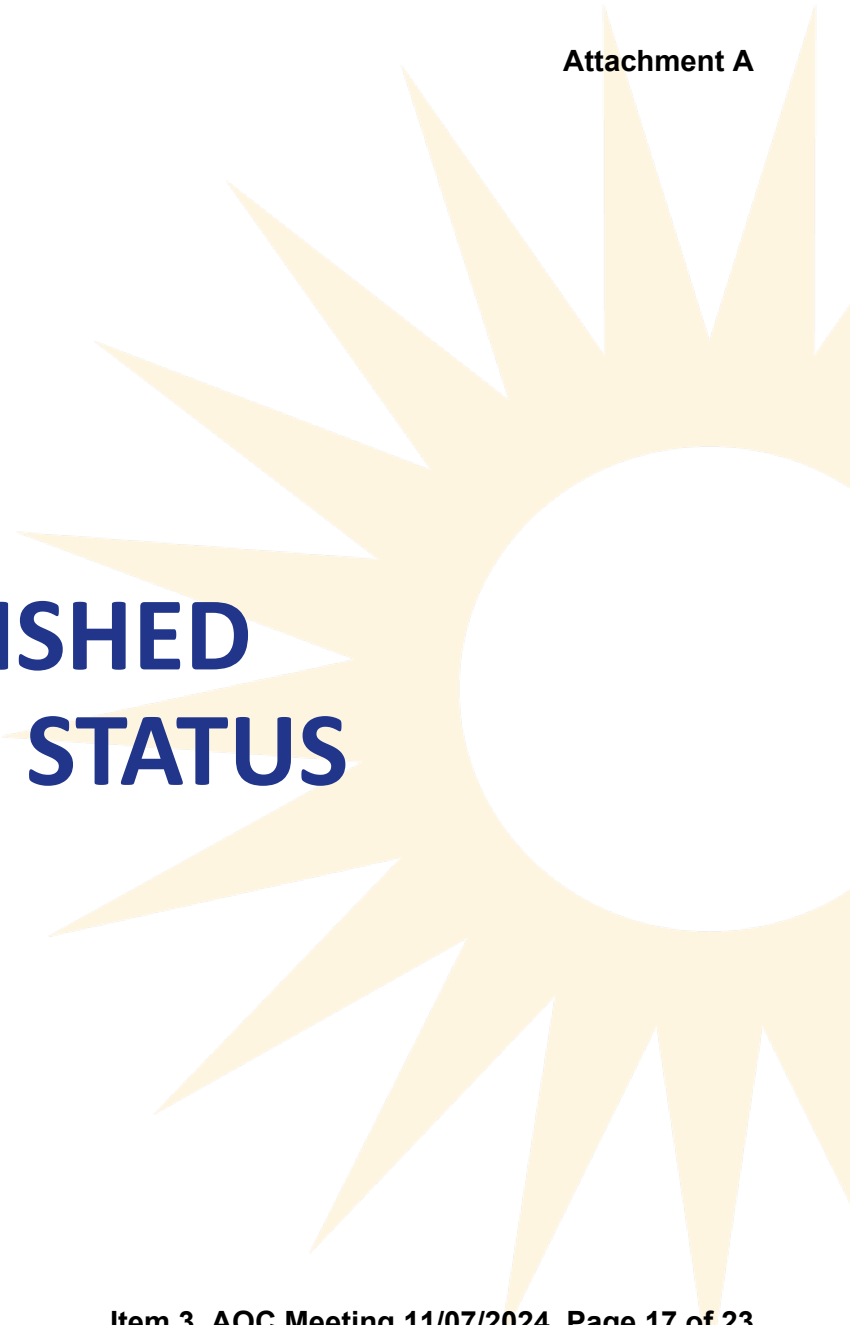
OCERS' UAAL layers

Including an upcoming contribution cliff

Annual Payments Required to Amortize \$4.7 Billion in Net UAAL as of December 31, 2023¹
 (\$ in Millions)



HOW The OCERS BOARD OF RETIREMENT HAS ACCOMPLISHED IMPROVEMENT IN FUNDING STATUS



History of Return on Assets

Category	Market Value Return	Valuation Value Return	Expected Return
December 31, 2014	4.52%	7.34%	7.25%
December 31, 2015	-0.45%	5.26%	7.25%
December 31, 2016	8.72%	6.33%	7.25%
December 31, 2017	14.79%	7.44%	7.25%
December 31, 2018	-2.46%	5.20%	7.00%
December 31, 2019	14.79%	6.66%	7.00%
December 31, 2020	12.01%	9.31%	7.00%
December 31, 2021	17.71%	11.38%	7.00%
December 31, 2022	-9.71%	6.69%	7.00%
December 31, 2023	11.61%	7.77%	7.00%
Annualized 5-Year Average	8.81%	8.35%	
Annualized 10-Year Average	6.81%	7.32%	





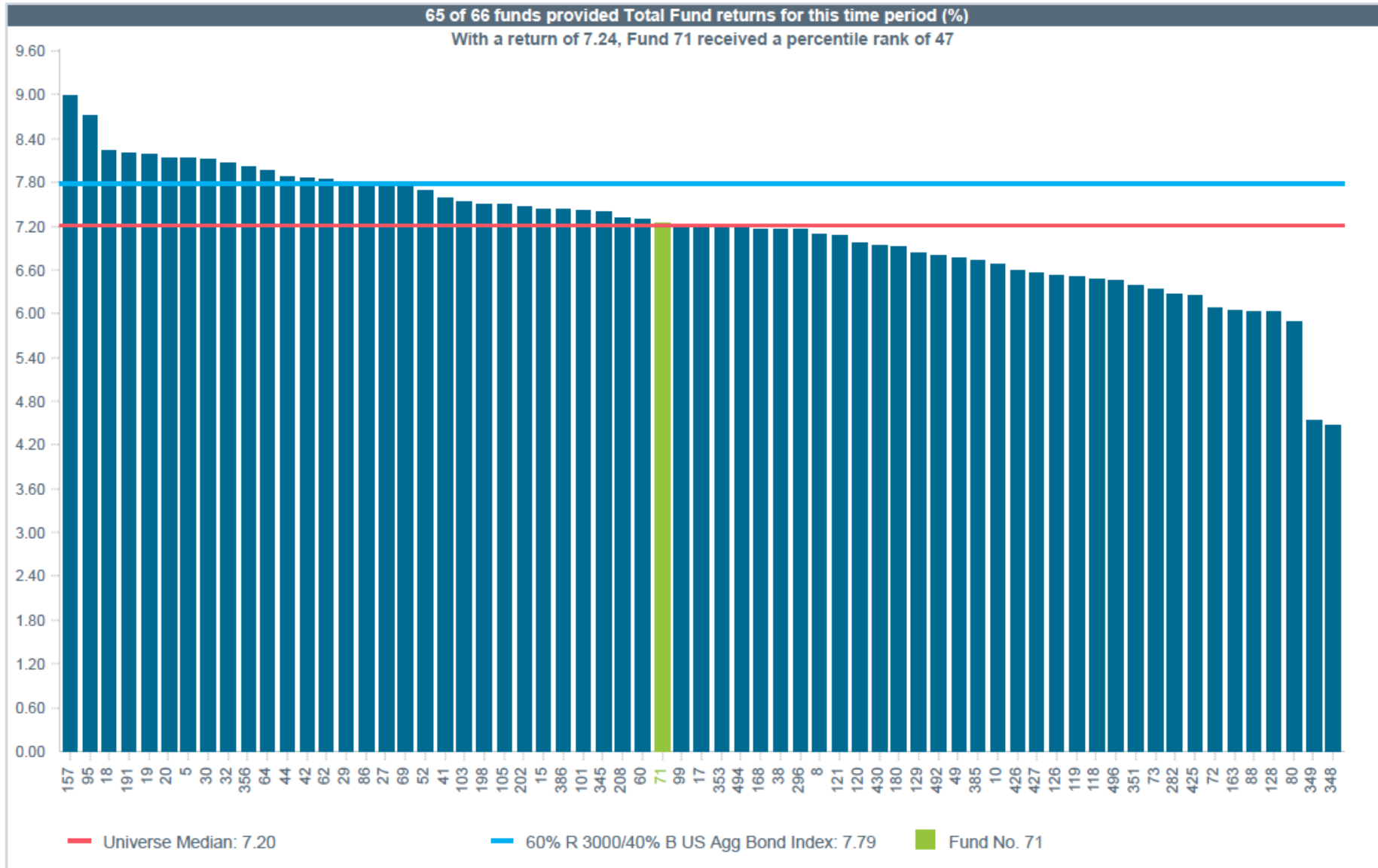
Public Fund Universe Analysis

Orange County Employees' Retirement System

Period Ending December 31, 2023

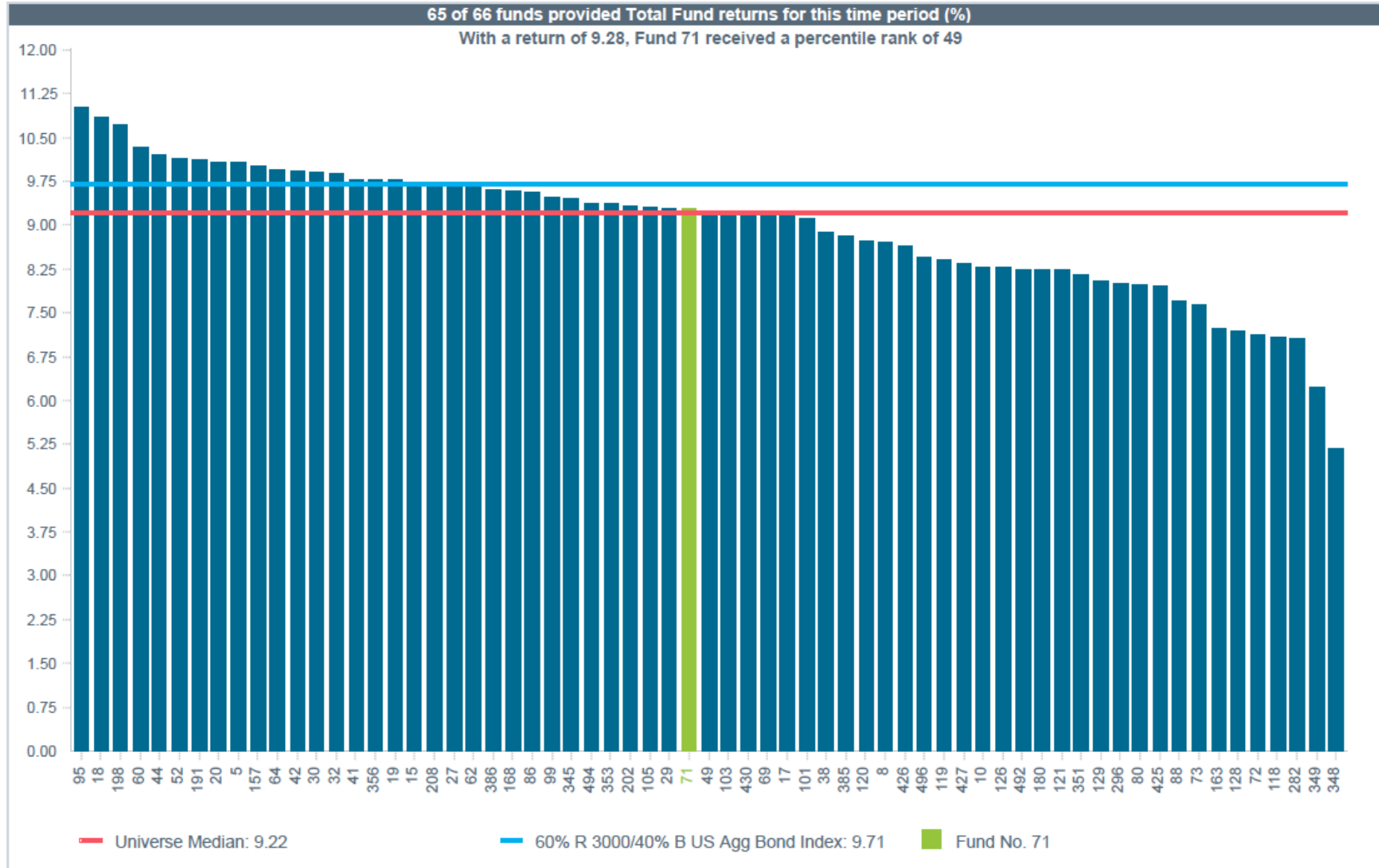
Fund Number: 71





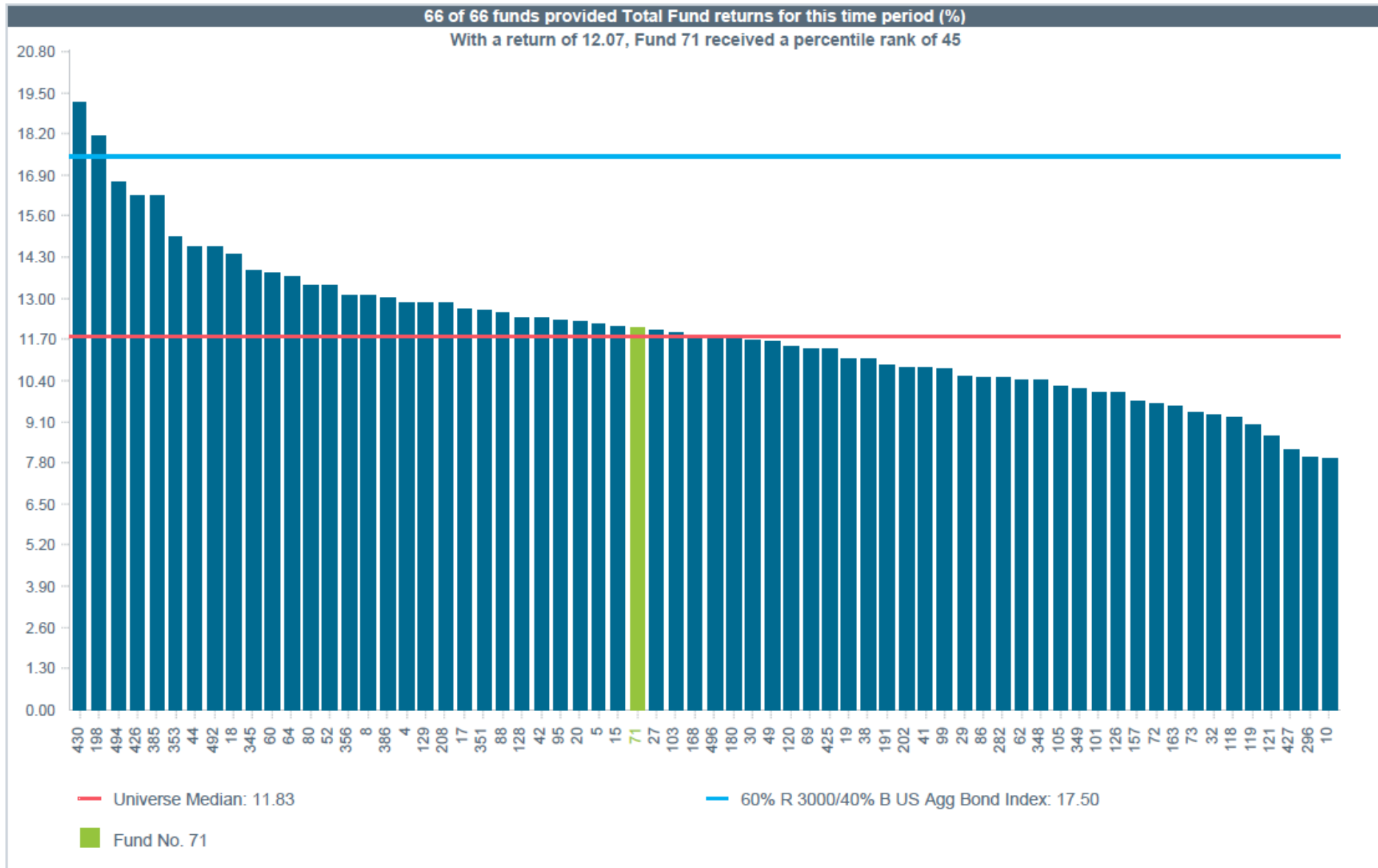
Funds with less history than the specified time period will not appear in the chart.





Funds with less history than the specified time period will not appear in the chart.

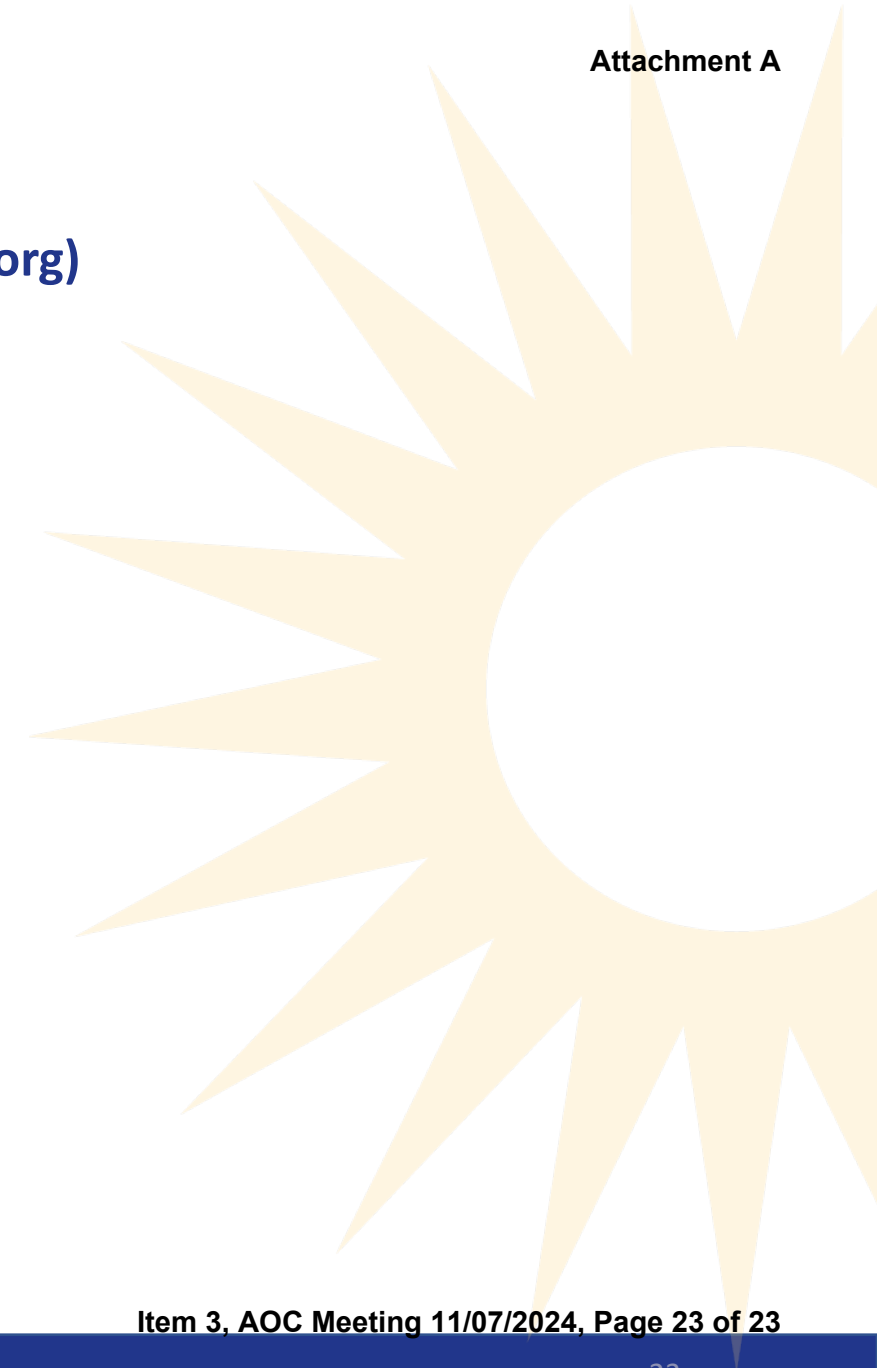
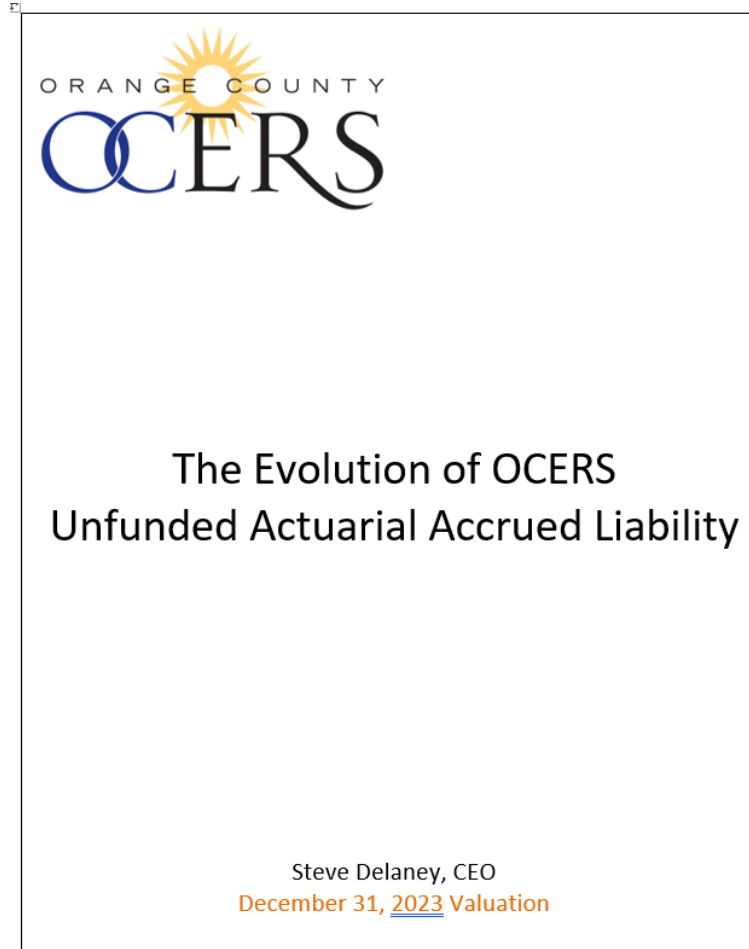




Funds with less history than the specified time period will not appear in the chart.



Additional Reading www.OCERS.org





Memorandum

November 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 A2 – Projects and Timelines



County of Orange Audit Oversight Committee

Date: November 7, 2024
Re: External Audit update

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

- 2) **Audits Completed**
 - Appropriations Limit Calculation for the County and the OC Flood Control District – June 30, 2024
 - Issued – AUP report dated September 23, 2024

 - District Attorney Grant Audits – June 30, 2024
 - Issued – October 7, 2024

Department / Agency / Division	Audit/Project	Audit/Project Date	Audit Scope	Anticipated Dates			Status
				Planning	Fieldwork	Reporting	
All	Financial Statement Audit - Annual Comprehensive Financial Report	6/30/2024	Financial Statements of the County, including audit of investment trust funds, and pension/OPEB trust funds	April 2024	May 2024 through November 2024	December 2024	Audit procedures in progress
All	Agreed Upon Procedures (AUP) over GANN Limit calculations	6/30/2024	GANN Limit Calculation -for County and OC Flood Control District	April 2024	May 2024	September 2024	Reports issued September 23, 2024
All	Single Audit	6/30/2024	Audit over compliance in accordance with Uniform Guidance of the County, including components of JWA, OCWR, OCDA	September 2024	December 2024 through February 2025	March 2025	Planning procedures in progress
John Wayne Airport (JWA)	Financial Statement Audit	6/30/2024	John Wayne Airport (JWA), including Passenger Facility Charge	July 2024	August 2024 through November 2024	December 2024	Audit procedures in progress
Orange County Waste & Recycling	Financial Statement Audit	6/30/2024	Orange County Waste & Recycling	July 2024	August 2024 through November 2024	December 2024	Audit procedures in progress
OC Community Resources / Redevelopment Successor Agency	Financial Statement Audit	6/30/2024	Redevelopment Successor Agency	August 2024	September 2024 through November 2024	December 2024	Audit procedures in progress
District Attorney	Grant Audits	6/30/2024	District Attorney Grant Audits	August 2024	September 2024	October 2024	Reports issued October 7, 2024
CEO; HCA and Sheriff's Department	Tobacco Settlement Funds Agreed Upon Procedures	6/30/2024	HCA and Sheriff Tobacco Settlement Funds disbursements	December 2024	January 2025 through February 2025	March 2025	n/a
TTC	Schedule of Assets	6/30/2024	Report on the Schedule of Assets	January 2025	January 2025 through February 2025	March 2025	n/a
Sheriff's Department	James Musick Expansion Phase II (AB 900) Audit	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.	April 2024	May 2024 through June 2024	August 2024	Certificate of Occupancy obtained September 26, 2024. Completion procedures are currently in progress. Anticipating issuance in late October.
Probation Department	SB 81 Audit	N/A	Compliance with California Board of State and Community Corrections (BSCC) construction-financing program through (SB) 81.	April 2024	June 2024	August 2024	Completion procedures in progress. Anticipating issuance in late October.
TTC	Schedule of Assets	6/30/2023	Report on the Schedule of Assets	January 2024	February 2024 through Ongoing	December 2024	Completion procedures in progress



Memorandum

November 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 September 30, 2024

Approve Internal Audit Department's Quarterly Status Report and Approve Executive Summary of Internal Audit Reports for Quarter Ended September 30, 2024, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Internal Audit Department Status Report Memo

Attachment B – Executive Summary of Internal Audit Reports

Attachment C – Quarterly Status Report



INTERNAL AUDIT DEPARTMENT

October 31, 2024

To: Audit Oversight Committee Members

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

Digitally signed by Agripino
Alonso
Date: 2024.10.31 12:02:31
-07'00'

Subject: Fiscal Year 2024-25 Internal Audit Department Status Report for the Quarter Ended September 30, 2024

Attached for your review and approval is Internal Audit Department's status report on audit activity for the quarter ended September 30, 2024. 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 September 30, 2024, Internal Audit issued four final reports (two original reports and two follow-up reports) and one draft report. The two original audits included three Significant Control Weaknesses and seven Control Findings.

If you have any questions, please contact me at (714) 834-5442 or Assistant Deputy Director Michael Dean at (714) 834-4101.

**INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY - FINDING TYPE CLASSIFICATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2024-25
<p>Critical Control Weaknesses</p> <p>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</p> <p>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>	3	3
<p>Control Findings</p> <p>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>	7	7
TOTAL	10	10



**EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

OC WASTE & RECYCLING SELECTED CREDIT CARD CONTROLS

1. Internal Control Audit: OC Waste & Recycling Selected Credit Card Controls

Audit No. 2321 dated September 4, 2024 for the year ended December 31, 2023

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDING
1. Evaluate the effectiveness of internal controls over selected credit card controls to ensure payments are properly collected, recorded, deposited, and safeguarded.	We concluded that OCWR's internal control over the selected credit card controls is generally effective to ensure credit card payments are properly collected, recorded, deposited, and safeguarded.	<p>Two Significant Control Weaknesses</p> <p>1. OCWR is experiencing several issues with their POS system and credit card payment processor, which has impacted their ability to process customer credit card payments.</p> <p>2. OCWR did not complete the required Payment Card Industry Data Security Standard (PCI DSS) Self-Assessment Questionnaire, Attestation of Compliance forms, and PCI DSS Scan Report until prompted by our review.</p>	1
2. Review the selected credit card controls for efficiency.	We concluded that the efficiency of OCWR's selected credit card controls is generally efficient.		

TREASURER-TAX COLLECTOR

2. Internal Control Audit: Treasurer-Tax Collector Cash Receipts

Audit No. 2301 dated September 30, 2024 for the year ended April 30, 2024

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal control over the cash receipts process to ensure cash receipts are properly collected, recorded, deposited, and safeguarded.	We concluded that T-TC's internal control over the cash receipts process is generally effective to ensure cash receipts are properly collected, recorded, deposited, and safeguarded.	<p>One Significant Control Weakness</p> <p>Due to the sensitive nature of the finding, details have been redacted from this report.</p>	6
2. Review the cash receipts process for efficiency.	We concluded that T-TC's cash receipts is generally efficient.		



**EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

REGISTRAR OF VOTERS

3. Second & Final Close-Out Follow-Up Information Technology Audit: Registrar of Voters Selected Cybersecurity Controls

Audit No. 2042-F2 dated September 30, 2024 as of August 31, 2024; 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	9	0	N/A
<p>One Critical Control Weakness Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p>Four Significant Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p>				

OC COMMUNITY RESOURCES/OC PARKS

4. Second Follow-Up Contract Compliance Audit: OC Community Resources/OC Parks – Ocean Institute

Audit No. 2171-F2 dated September 30, 2024 as of March 31, 2024; original audit dated June 30, 2022

ORIGINAL AUDIT – 8 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL COMPLIANCE FINDING/ SIGNIFICANT COMPLIANCE FINDING	COMPLIANCE FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
3	5	5	3	<p>Recommendation No. 1 (Significant Compliance Finding) Ocean Institute continues to underreport gross receipts, leading to miscalculated rent payments and underpaid rent to the County. CEO/Real Estate will require Ocean Institute to perform and submit monthly reconciliations, including supporting documentation, to ensure Ocean Institute has corrected their rent calculation method. In addition, the County will request a meeting with Ocean Institute to discuss this process and ensure appropriate corrective action is taken.</p>
<p>Three Significant Compliance Findings</p> <ol style="list-style-type: none"> 1. Miscalculation of Rents on Vessels and Events 2. Misclassification of Donations 3. Reservations Not Reconciled to Gross Receipts 				



				<p>Recommendation No. 2 (Significant Compliance Finding) Ocean Institute has established a donation desk procedure, but continues to not properly track donations. CEO/Real Estate will require Ocean Institute to perform and submit monthly reconciliations, including supporting documentation, to ensure donations are accurately tracked and accounted for. In addition, the County will request a meeting with Ocean Institute to discuss this process and ensure appropriate corrective action is taken.</p> <p>Recommendation No. 3 (Significant Compliance Finding) Ocean Institute has established desk procedures for booking reservations and performing monthly reconciliations, but we continue to observe discrepancies and a lack of controls that should be established. CEO/Real Estate will require Ocean Institute to perform and submit monthly reconciliations, including supporting documentation, to ensure reservations are properly accounted for and that adequate controls are established. In addition, the County will request a meeting with Ocean Institute to discuss this process and ensure appropriate corrective action is taken.</p>
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**EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

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

1. **Information Technology Audit: OCIT Selected Internet of Things (IoT) Device Security Controls**, Audit No. 2314





Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 09/30/2024

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				Total					
									#1	#2	#3	#4						
Internal Control Audits (ICA)																		
OCSD Purchasing & Contracts	2401					525	0	525	0					0	525	0		Not started.
SSA Purchasing & Contracts	2402					525	0	525	0					0	525	0		Not started.
OCPW Purchasing & Contracts	2403					525	0	525	0					0	525	0		Not started.
OCWR Purchasing & Contracts	2404					525	0	525	0					0	525	0		Not started.
DA Fiduciary Funds & Special Revenue Funds	2405	7/8/24				500	0	500	441					441	59	0		In process.
OCWR Cash Disbursements & Payables	2406	7/08/24				500	0	500	404					404	96	0		In process.
County Procurement Office - Procurement Governance (2302)	2407	10/21/24				0	0	0	0					0	0	0		In process. Audit contracted out to MGO.
OCCR/OC Parks/OC Dana Point Harbor P3 (2303)	2408	8/29/24				0	0	0	0					0	0	0		In process. Audit contracted out to MGT.
OCCR Purchasing & Contracts (2304)	2409	4/24/24			800	644	240	300	540	381				381	160	0		In process.
A-C Disbursements & Employee Claims (2305)	2410					480	0	480	111					111	370	0		In process.
OCIT Data Governance (2307)	2411					420	0	420	96					96	325	0		In process.
SSA Cash Receipts & Receivables (dept request/time permitting)	2423					0	0	0	0					0	0	0		Not started.
FY 23-24 Carryovers																		
HCA/PG Purchasing & Contracts (2215)	2326	2/08/23			1,290	1313	0	50	50	11				11	39	0		In process. Pre-draft report issued 6/26/24.
T-TC Cash Receipts	2301	3/26/24	9/30/24		600	613	0	0	0	0				0	0	0	3/31/25	2301-F1 Completed. Final report issued 9/30/24.
OCWR Credit Card Processing (department request)	2321	3/05/24	9/4/24		960	970	0	0	0	0				0	0	0	3/31/25	2321-F1 Completed. Final report issued 9/4/24.
First Follow-Up Audits																		
OCDA Purchasing & Contracts (2324)	2213-F1						663	0	663	0				0	663	0		Not started.
HCA/PG Cash Receipts (2325)	2214-F1									0				0				Not started.
T-TC Cash Receipts	2301-F1									0				0				Not started.
CSS Cash Receipts	2306-F1									0				0				Not started.
OCWR Credit Card Processing (department request)	2321-F1									0				0				Not started.
Second & Third Follow-Up Audits																		
JWA Cash Disbursements & Payables	2013-F2									0				0				Not started.
OCCR/OCPL Special Revenue Fund 120	2216-F2									0				0				Not started.
Total Internal Control Audits						4,903	350	5,253	1,443	0	0	0	1,443	3,811	0			
Contract Compliance Audits (CCA)																		
FY 23-24 Carryover																		
OCWR - Contract Compliance Review (2320/Board request)	2420					0	0	0	0					0	0	0		Not started. Audit contracted out to MGO.
First & Second Follow-Up Audits																		
Ocean Institute (2171/2289-A)	2171-F2	4/22/24	9/30/24		65	67	0	15	15	15				15	0	0	NA	NA Completed. Final report issued 9/30/24; three recs in process.
Total Contract Compliance Audits						0	15	15	15	0	0	0	15	0	0			
Mandated & Financial Audits (MFA)																		
T-TC Tax Redemption Officer (2322)	2421					0	0	0	0					0	0	0		Not started. Audit contracted out to MGO.
CEO - County Ethics Program (2323)	2422					0	0	0	0					0	0	0		Not started. Audit to be contracted out.
Total Mandated & Financial Audits						0	0	0	0	0	0	0	0	0	0			
Information Technology Audits (ITA)																		
DA Selected Cybersecurity Controls	2412					525	0	525	0					0	525	0		Not started.
OCWR Cybersecurity (2308)	2413					525	0	525	0					0	525	0		Not started.
OCPW Cybersecurity (2309)	2414	8/15/24				525	0	525	99					99	427	0		In process.
OCSD Cybersecurity (2310)	2415					525	0	525	0					0	525	0		Not started.
OCIT Remote Access Security (2312)	2416					525	0	525	0					0	525	0		Not started.
OCIT Third-Party IT Security (2313)	2417					550	0	550	0					0	550	0		Not started.
T-TC Cybersecurity (2316)	2418					525	0	525	0					0	525	0		Not started.
HCA Cybersecurity (2317)	2419	6/27/24				525	0	525	99					99	426	0		In process.
OCIT Adoption & Use of Artificial Intelligence (Time Permitting)	2424					0	0	0	0					0	0	0		Not started.
A-C Policies and Procedures Advisory (2382)	2481					30	(27)	3	3					3	1	0		Canceled per department request.



Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 09/30/2024

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						
Information Technology Audits (ITA)(CON'T)																			
FY 23-24 Carryovers																			
OCIT IOT Device Security (2243)	2314	2/29/24		570	557	0	430	430	421					421	9	0			In process. Draft report issued 09/26/24.
First Follow-Up Audits																			
OCIT Enterprise IT Governance (2315)	2242-F1	10/09/24				285	0	285	58					58	228	0			In process.
Probation Cybersecurity (2043)	2043-F1	2/29/24							2					2					In process.
A-C CAPS+ Application Security (2046)	2046-F1								0					0					Not started.
Second & Third Follow-Up Audits																			
ROV Cybersecurity (2042)	2042-F2	7/15/24	9/30/24						51					51					Completed. Final close-out report issued 9/30/24.
C-R Cybersecurity (2151)	2151-F2								0					0					Not started.
Total Information Technology Audits						4,540	403	4,943	679	0	0	0	0	679	4,265	0			
Total Audits Before Other Activities & Administration						9,443	768	10,211	2,136	0	0	0	0	2,136	8,075	0			
Other Activities & Administration																			
Workpaper Closeout & Final Report Issuance	2470			0		0	200	200	104					104	96	0			2301 and 2321 final reports issued.
Annual Risk Assessment & Audit Plan	2491			400		400	0	400	0					0	400	0			
Cash Losses	2492			80		80	0	80	0					0	80	0			
TeamMate+ Administration	2493			80		80	0	80	17					17	63	0			
External Audit Reporting	2494			200		200	0	200	37					37	164	0			
On-Demand Department Advisory Services	2495			80		80	0	80	0					0	80	0			
Quality Assessment	2496			120		120	0	120	75					75	45	0			
Board & AOC Support	2497			160		160	0	160	31					31	129	0			
Special Projects	2498			400		400	0	400	0					0	400	0			
CWCAP	2499			80		80	0	80	30					30	51	0			Completed. Submitted to A-C.
Total Other Activities & Administration						1,600	200	1,800	293	0	0	0	0	293	1,507	0			
Reserve for Board Directives/Contingency				2,088		(968)		1,120	126					126	994	0			2425: ARPA Funds Risk Assessment. In process.
Total Budget						13,131	0	13,131	2,555	0	0	0	0	2,555	10,576	0			

Footnote 5



Internal Audit Department
 1st Quarter Status Report for the Audit Oversight Committee
 For the Quarter Ended 09/30/2024

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 2024-25 Annual Audit Plan of 13,131 hours is based on 9,443 direct hours to be provided by seven senior auditors/audit managers, two senior audit managers, and an assistant deputy director plus 1,600 hours for other activities and administration/special projects and 2,088 hours reserved for Board directives/contingency. The direct hours exclude time charges for vacation, sick leave, holidays, training, administrative time, and other time not directly charged to an engagement.



Memorandum

November 7, 2024

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Approve External Audit Activity Status Report for Quarter Ended September 30, 2024, and Receive Report on Status of External Audit Recommendations Implementation

Approve External Audit Activity Status Report for Quarter Ended September 30, 2024, 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

October 25, 2024

To: Audit Oversight Committee Members

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

Digitally signed by Agripino
Alonso
Date: 2024.10.25 08:35:33
-07'00'

Subject: External Audit Activity Status Report for the Quarter Ended September 30, 2024

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended September 30, 2024. Pursuant to Audit Oversight Committee (AOC) Administrative Procedure Number 2, Reporting on External Audits, County departments are required to communicate the status of all third-party audits, including any significant audit findings identified, to Internal Audit on a quarterly basis. The procedure was established to keep the AOC informed of all third-party audits being performed and any significant findings identified. In addition, as requested by the AOC at its May 9, 2019 meeting, we have included County department reported corrective action taken to implement recommendations related to significant audit findings identified.

To facilitate the AOC's review, we are pleased to include an Executive Summary (Attachment B) that presents the total audit additions and deletions from the prior quarter, and the total current audits in process. In addition, the Executive Summary references any new significant findings and provides a summary of any material issues reported for the quarter. For individual report details, see Attachment C. Finally, for corrective action taken to implement recommendations, see Attachment D.

For the quarter ended September 30, 2024, no new material issues were reported.

If you have any questions, please contact me at (714) 834-5442 Michael Dean at (714) 834-4101.

EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY
For the Quarter Ended 9/30/24

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (6/30/24)	52
Additions: In Progress	6
Planned	3
Started and Completed	2
Deletions	<u>14</u>
(Completed, Canceled, and Removed in Prior Quarter)	
Total Audits Current Quarter (9/30/24)	<u>49</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Completed	11
Canceled	0
Removed for Other Reasons	0

New Findings/Issues Reported by the Departments	0
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<u>Material Issues:</u> (Includes Disallowances over \$100K)	0
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EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
1st Quarter FY 2024-25 (9/30/24)

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Eide Bailly	Single Audit	FY 2023 Annual	6/30/2022	Uniform Guidance Expenditures of Federal Assistance	Completed. (Reported 3/31/24)	See Attachment D for corrective actions taken related to the finding from this audit.
		Eide Bailly	Annual Comprehensive Financial Report (ACFR)	Annual	6/30/2023	Annual Financial GAAP Audit	In progress.	
		Eide Bailly	Agreed Upon Procedures (AUP) over GANN Limit calculations	Annual	6/30/2023	GANN Limit Calculation - for County and OC Flood Control District	Completed.	None.
		Eide Bailly	Single Audit	FY 2024 Annual	6/30/2023	Uniform Guidance Expenditures of Federal Assistance	In progress.	
	Cost, Revenue & Budget	No audits in progress.						
	Property Tax	No audits in progress.						
	General Accounting	No audits in progress.						
Child Support Services	Program Support Services	No audits in progress.						
Clerk of the Board		No audits in progress.						
Clerk-Recorder	Information System	No audits in progress.						
County Counsel		No audits in progress.						

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
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	OCERS (Moss Adams)	HRS - Employee Records	Annual	2023	Census Data Testing: 40 employees - proof of identity to support the individual's SSN, last name, and first name (i.e., driver's license, W-9, passport, employment application signed by the individual), DOB, and date of hire.	Completed.	None.
	Office of Care Coordination	No audits in progress.						
District Attorney-Public Administrator		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.	
		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	Completed.	None.
		Eide Bailly, LLP	Insurance Fraud Programs for Workers' Compensation, Automobile, and Disability & Healthcare	07/01/2023 - 06/30/2024 Annual	6/30/2023	Grant Program Audit	Completed.	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
Health Care Agency	Administration	Orange County Employees Retirement System (OCERS)	Employer Payroll Audit - HCA	2022, 2023	N/A	Review payroll transmittal information sent to OCERS along with the support for the pay items in the transmittals, as per the County Employee Retirement Law (CERL). Employers are selected based on a rotation cycle of OCERS' audits. The audit will review HCA's payroll data submitted to OCERS during 2022 and 2023 on a sample basis.	In progress.	
	Behavioral Health Services	Department of Housing and Urban Development	CoC Planning Grant Survey	FY 20/21 One-time	N/A	Fiscal and program compliance review.	Completed.	None.
		State Department of Health Care Services	Drug Medi-Cal Organized Delivery System (DMC-ODS) and Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) Compliance Review	FY 23/24 Annual	N/A	Program compliance review.	In progress.	
		Department of Health and Human Services	Projects for Assistance in Transition from Homeless (PATH) Program	FY 20/21 One-time	N/A	Fiscal and program compliance review.	In progress.	
		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.	
	Correctional Health Services	Vaccines for Children (VFC)	Juvenile Hall and Orangewood	FY 22/23	N/A	Vaccine program compliance 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 September 30, 2024	Significant Findings
Health Care Agency (continued)	Public Health Services	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.	
		California Department of Public Health (CDPH)	Epidemiology & Laboratory Capacity Enhancement (ELC1) and Epidemiology & Laboratory Capacity Expansion (ELC2)	1/15/21 - 10/31/21	N/A	Fiscal Compliance Review - 25% Advance Payment	In progress.	
		State NEOP	Nutrition Education and Obesity Prevention Branch (NEOP) Desk Review	FFY 2023	May 2020	Desk review of all documents related to fiscal compliance for charges claimed on the NEOP invoice to the State.	Completed.	None.
		California Department of Public Health, Office of Compliance	Ryan White HIV/AIDS Care Program (Part B) Audit	FY 22/23	FY 14/15	Comprehensive including program monitoring and fiscal	In progress.	
		Health Resources and Service Administration (HRSA)	Ryan White (Part A) Comprehensive Site Visit	FY 22/23 Every 5 years	FY 19/20	Comprehensive Site Review	Completed.	None.
		California Department of Public Health / WIC	Women, Infant, and Children (WIC)	FFY 22/23 Biennial	FFY 20/21	Program monitoring	Completed.	None.
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management (TCM), Program Financial Audit of the TCM Cost Report	FY 20/21 Annual	FY 19/20	Fiscal compliance review.	In progress.	
		California State Controller's Office (SCO)	Women, Infant, and Children (WIC) Financial Management Review	FFY 22/23 Biennial	FFY 20/21	Fiscal compliance review.	In progress.	
	Specialized Medical Services - Public Guardian	Social Security Administration (SSA), Office of Payee Review and Beneficiary Assistance (OPRABA), Disability Rights California	Social Security Administration (SSA) Representative Payee	10/1/2022 - 9/30/2023	May 2020	Fiscal review of SSA/SSI client ledgers and Program compliance review	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
John Wayne Airport	Finance & Administration	Eide Bailly	Financial Statements, including Passenger Facility Charge Revenue and Expenditures	2024 Annual	2023	Audit of Financial Statements	In progress.	
	Innovation and Technology	Tevora Business Solutions	Common Use Passenger Processing System	2023	2022	Compliance with Payment Card Industry Data Security Standard	Completed.	None.
	Operations	No audits in progress.						
OC Community Resources	Orange County Housing Authority (OCHA)	No audits in progress.						
	Office on Aging (OoA)	California Department of Aging	Office on Aging	FY20-21 & 21-22	FY18-19 & 19-20	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	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.	
	OC Parks	MGT	Dana Point Harbor Partnership	FY 23/24	N/A	Determine Lessees' records support monthly gross receipts and payments, whether lessee complies with other financial -related provisions of the lease	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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
OC Community Resources (con't)	Redevelopment Successor Agency	Eide Bailly	Financial Statement Audit	FY 23/24 Annual	6/30/2023	Redevelopment Successor Agency	Planned.	
	OC Housing Finance Trust (OCHFT)	Eide Bailly	Financial Statement Audit	FY 22/23 Annual	6/30/2023	OC Housing Fund Trust	Completed. (Reported 6/30/24)	See Attachment D for corrective actions taken related to the finding from this audit.
OC Public Works	Accounting & OC Fleet Services	TBD	South Coast Air Quality Management District AB-2766 Fund (Fund 140)	FY 2021-2022 and FY 2022-2023, bi-annual	04/2024	A Financial and Compliance Audit to determine if recipient is in compliance with provisions of Assembly Bill 2766 Chapter 1705 [44220 through 44247].	Planned.	
	Accounting	TBD	Santa Ana River Flood Protection Agency (SARFPA)	FY 2023-2024 and FY 2024-2025, every two years	09/2024	Bi-Annual Audits of the Santa Ana River Flood Protection Agency's Financials Statements	Planned.	
	Accounting & Infrastructure Programs	State Controller's Office	Santa Ana River Mainstem Project	07/01/2018 - 12/31/2021	06/20	Audit to determine whether costs claimed were allowable and in compliance with the Department of Water Resources Guidelines for State Reimbursement on Flood Control Projects, and adequately supported.	In progress.	
	Administrative Services / Revenue Streams	Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	CY 2024, annual	06/2024	TCA Fee Program for CY 2024. 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 September 30, 2024	Significant Findings
OC Waste & Recycling	Accounting	Eide Bailly	Financial Statement Audit	FY 23/24 Annual	6/30/2023	Audit of Financial Statements	In progress.	
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.	
	Technology	Tech Advisory Committee (TAC)	Information Technology	10/19 to 03/20	2017	Operational Review	Completed.	None.
	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.	
	S.A.F.E. / Financial	Office of the State Controller	Mandated Cost Claims for the Racial and Identity Profiling Program	July 2018 - June 2023	N/A	Compliance	In progress.	
	Investigations / Financial	The Department of the Treasury Executive Office for Asset Forfeiture (TEOAF)	Treasury Equitable Sharing Funds	Fiscal Years 2019, 2020, 2021, 2022, 2023	N/A	Compliance	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
Social Services Agency	Administrative Services	California State Auditor	CACI Grievance	11/21-03/22	1st in last 6 years	Evaluate Ornage County SSA grievance process to ensure sufficient P&Ps to receive and review objections to individuals listed on CACI. Further, from period of 1997 to present, assess whether OC SSA complied with state law CACI reporting requirements. Identify errors in need of corrections.	In progress.	
		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.	
	Children & Family Services	No audits in progress.						
		California Department of Social Services (CDSS)	CalFresh	Annual	08/24	As mandated by the UnitedStates Department ofAgriculture (USDA) Food andNutrition Service (FNS), CDSS conducts an evaluation ofCalFresh Program access withan emphasis on the recertification process and timeliness of application processing, payment accuracy, and assessment of corrective action.	In progress.	
	Assistance Programs	California Department of Social Services (CDSS)	CalFresh Employment & Training (CF E&T)	03/22 Annual	05/22	Management Evaluation (ME) of OC's CF E&T program to determine the compliance of the program rules and regulations, and the county's approved CF E&T plan.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2024	Significant Findings
Social Services Agency (cont)	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.	
		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.	
	California Department of Social Services - Gregory Knox	California Department of Social Services - Gregory Knox	In-Home Supportive Services	Annual	08/23	Audit of County social services activities with a focus on a review of a total of 30 cases, which include five denied cases, 14 randomly selected cases chosen by state QA, and six County QA previously reviewed cases, 5 of which will include a home visit. The period under review 9/09/24 –10/18/24.	In progress.	
Treasurer-Tax Collector	Treasury	Brown Armstrong Accountancy Corporation	County Treasury Public Funds	FY 2022-23 Annual	FY 2021-22	Annual Audit, required by Government Code Section 27134, of County Treasurer's compliance with Article 6.	In progress.	

EXTERNAL AUDIT REPORT
 Implementation Status of Prior Quarter Significant & Material Issues
 Quarter Ended September 30, 2024

No.	Department	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
1	OCCR, OCPW, & SSA	Single Audit YE 6/30/23	#2023-002: No evidence of verification that the entity was not suspended or debarred or otherwise excluded prior to entering the contract; Certain required information was not provided at the time of the contract award.	We recommend that the OCPW, OCCR and SSA departments adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction. Additionally, we recommend the OCPW, SSA and OCCR departments modify and strengthen its current policies and procedures to ensure that all applicable required provisions are communicated to contractors in accordance with 2 CFR Appendix II to Part 200.	Significant	<p>OCCR: Implemented. OCCR has updated internal procedures to ensure procurement is notified when the contract funding source changes to federal funding, triggering the additional related federal provisions.</p> <p>OCPW: Implemented. OCPW has updated internal procedures to ensure funding agency provisions are met.</p> <p>SSA: Implemented. SSA will ensure that agencies executing contracts on behalf of SSA will be notified if federal funding is included for specific projects to ensure proper procedures have been followed when the contracts have been executed.</p>
2	OCCR	OC Housing Finance Trust (OCHFT) Financial Statement Audit YE 6/30/23	#2023-001: The financial statements did not agree to the trial balance, which had not been appropriately reconciled to the OCHFT's underlying accounting records. The OCHFT also does not perform procedures to appropriately capture year-end accruals for deductions.	We recommend management review its closing process to ensure balances are properly reconciled. This process should also ensure the financial statements are prepared accurately and in a timely manner.	Significant	<p>In Progress. Closing procedures are being updated to ensure balances are properly reconciled. Year-end procedures are being updated to ensure OCHFT is able to provide timely accrual information. Anticipated implementation date is 12/31/24.</p>

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



Memorandum

November 7, 2024

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Auditor-Controller Mandated Audits for Quarter Ended September 30, 2024

Receive Report on Status of Auditor-Controller Mandated Audits for Quarter Ended September 30, 2024, as stated in recommended action.

ATTACHMENT(S):

Attachment A – Status of Mandated Audits as of September 30, 2024



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2024
AOC Meeting Date: November 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 24-25	2402	120	6	114	N/A	N/A	1 in process, 4 completed
JPAs and Special Districts FY 22-23*	2310	120	61	60	N/A	N/A	Collection in process
JPAs and Special Districts FY 23-24*	2410	120	2	118	N/A	N/A	Collection in process
Review of Schedule of Assets as of 12/31/23	2308	300	261	39			Fieldwork in process
Review of Schedule of Assets as of 3/31/24	2309	300	224	76			Fieldwork in process
Review of Schedule of Assets as of 9/30/24	2407	300	31	269			Planning
Total		1,360	793	567			

RSA = Review of Schedule of Assets

*We collect copies and post them online.



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2024
AOC Meeting Date: November 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 24-25

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 completed 4 investigations.	0	0

JPAs 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: 2 of 72. Special Districts remaining: 0 of 34. Total reports received: 104 of 106.	0/0	104

JPAs and Special Districts FY 23-24

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: 69 of 72. Special Districts remaining: 34 of 34. Total reports received: 3 of 106.	0/0	3



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2024
AOC Meeting Date: November 7, 2024

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.	Fieldwork is in process.	0	0

Review of Schedule of Assets as of 3/31/24

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 9/30/24

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 accrual basis of accounting.	Planning	0	0



Auditor-Controller Internal Audit
Status of Mandated Audits
As of September 30, 2024
AOC Meeting Date: November 7, 2024

Past-Due Submissions of Audited Financial Statements				
Entity Type	Entity Name	FYE Date	Follow-up Date	Rectified Date
Special District	East Orange County Water District	6/30/2023		8/6/2024
Special District	Placentia Library District	6/30/2023		8/21/2024
Special District	Rossmoor/Los Alamitos Area Sewer District	6/30/2023		8/6/2024
Special District	Silverado Modjeska Recreation and Park District	6/30/2023		9/24/2024
Special District	Sunset Beach Sanitary District	6/30/2023		8/1/2024
Special District	Surfside Colony Community Services District	6/30/2023		8/22/2024
Special District	Surfside Colony Storm Water Protection District	6/30/2023		8/22/2024
JPA	Bonita Canyon Public Facilities Financing Authority	6/30/2023		8/6/2024
JPA	Newport-Mesa USD PFA	6/30/2023		8/7/2024
JPA	Orange County Council of Governments	6/30/2023		8/2/2024
JPA	Public Cable Television Authority (PCTA)	6/30/2023	8/1/2024	
JPA	Public Cable Television Authority (PCTA)	6/30/2022	4/4/2023, 8/1/2024	
JPA	Public Cable Television Authority (PCTA)	6/30/2021	11/15/2021, 8/1/2024	
JPA	Public Cable Television Authority (PCTA)	6/30/2020	1/4/2021, 8/1/2024	
JPA	Saddleback Valley USD PFA	6/30/2023		8/1/2024
JPA	Santa Ana River Flood Protection Agency (SARFPA)	6/30/2023		9/11/2024
JPA	Santa Ana River Flood Protection Agency (SARFPA)	6/30/2022		9/11/2024
JPA	School Employers Association of CA (SEAC)	6/30/2019	10/13/2020, 8/1/2024	
JPA	School Employers Association of CA (SEAC)	6/30/2018	7/1/2020, 8/1/2024	



Memorandum

November 7, 2024

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2024

Receive Report on Status of Performance Audits for the Quarter Ended September 30, 2024, 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 2023-24				
Auditor-Controller	Administration/Department Head Transition	MGO	Review administrative operations, policies, practices and procedures, and IT systems and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices.	Audit Initiated CEO kickoff meeting with MGO 10/23
Health Care Agency	Administration/Department Head Transition	Weaver and Tidwell, L.L.P	Review administrative operations, policies, practices and procedures and make recommendations to streamline, reduce costs, expand efficiencies, apply best practices	Audit Underway CEO kickoff meeting with Weaver on 7/10
Health Care Agency	Mental Health and Recovery Services/ Outreach and Engagement	TBD	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.	Pending Contract CEO is in discussion with vendor to solidify schedule
OC Community Resources	Workforce Innovation and Opportunity Act (WIOA) Program	TBD	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.	Requisition opened
FY 2024-25				
OC Public Works	Development Services (Program Review)	TBD	A performance audit is requested to review OCPW Development Services current operations, policies, practices, and procedures of its core service areas. The audit will identify opportunities for streamlining processes and reducing costs, expanding efficiencies, and applying best practices to enhance service delivery.	Scope of work under development



Memorandum

November 7, 2024

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on ERP Implementation

Receive Update on ERP Implementation, as stated in recommended action.



Memorandum

November 7, 2024

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Receive Update on County IT Projects Quarterly Progress Report

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

ATTACHMENT(S):

Attachment A – County IT Projects Quarterly Progress Report

County IT Projects

Quarterly Progress Report

4th Quarter, FY23-24
Apr 1 – Jun 30, 2024



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 20, one less than the number reported in the previous quarter. One project, IntraOC Site Design Refresh, managed by OCIT, was completed last quarter. No new projects were added this quarter. The total budget decreased from \$50,561,836 to \$50,406,380.

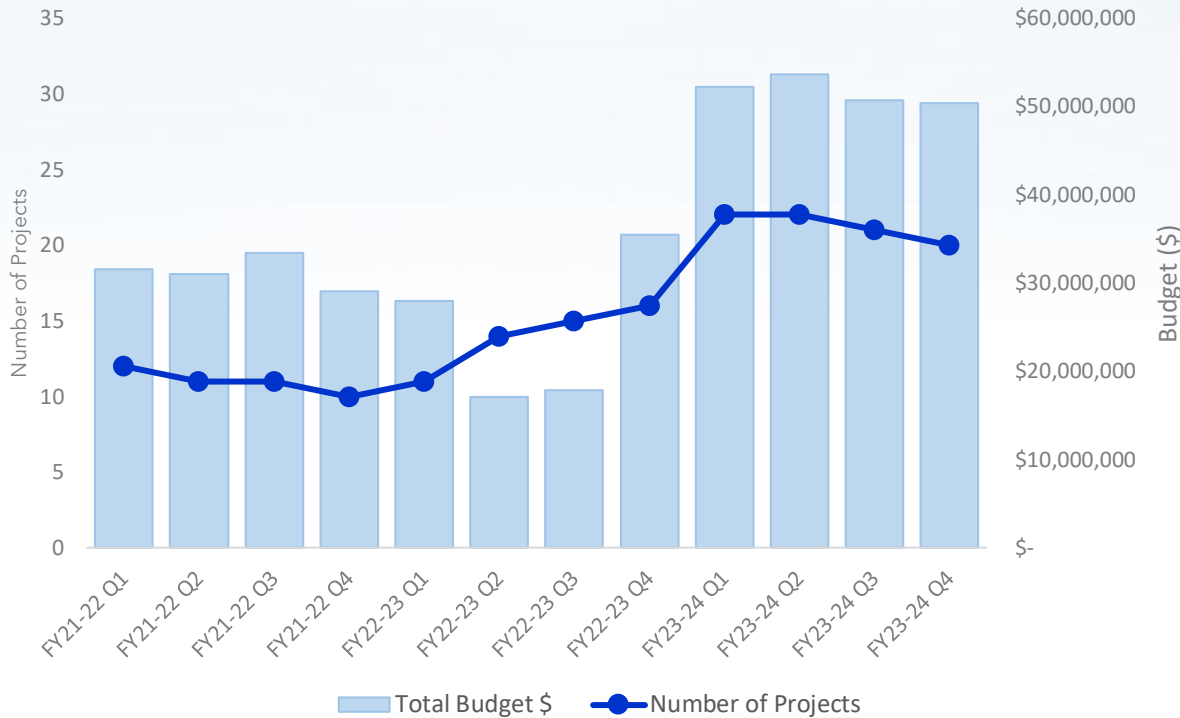


Key Accomplishments

Four projects, CEO-Human Resource Services' HRS Onboarding, Health Care Agency's CHORUS, John Wayne Airport's Baggage Handling System, and OCIT's County Enterprise External Firewall Cluster Enhancements, were successfully completed in FY23-24 Q4.

IT Portfolio Size and Budget

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

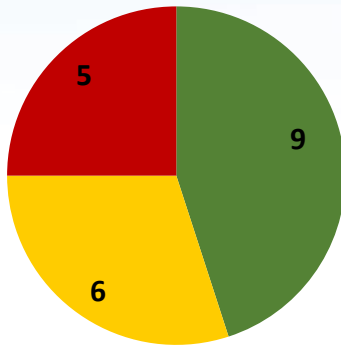


The chart above reflects projects that were active or completed during the reporting period. **Item 10, AOC Meeting 11/07/2024, Page 3 of 8**

Portfolio Performance

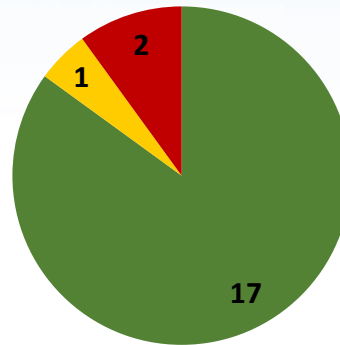
The charts below depict the County's IT project portfolio schedule and budget performance of the active and completed projects during the reporting period.

Schedule



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

Budget



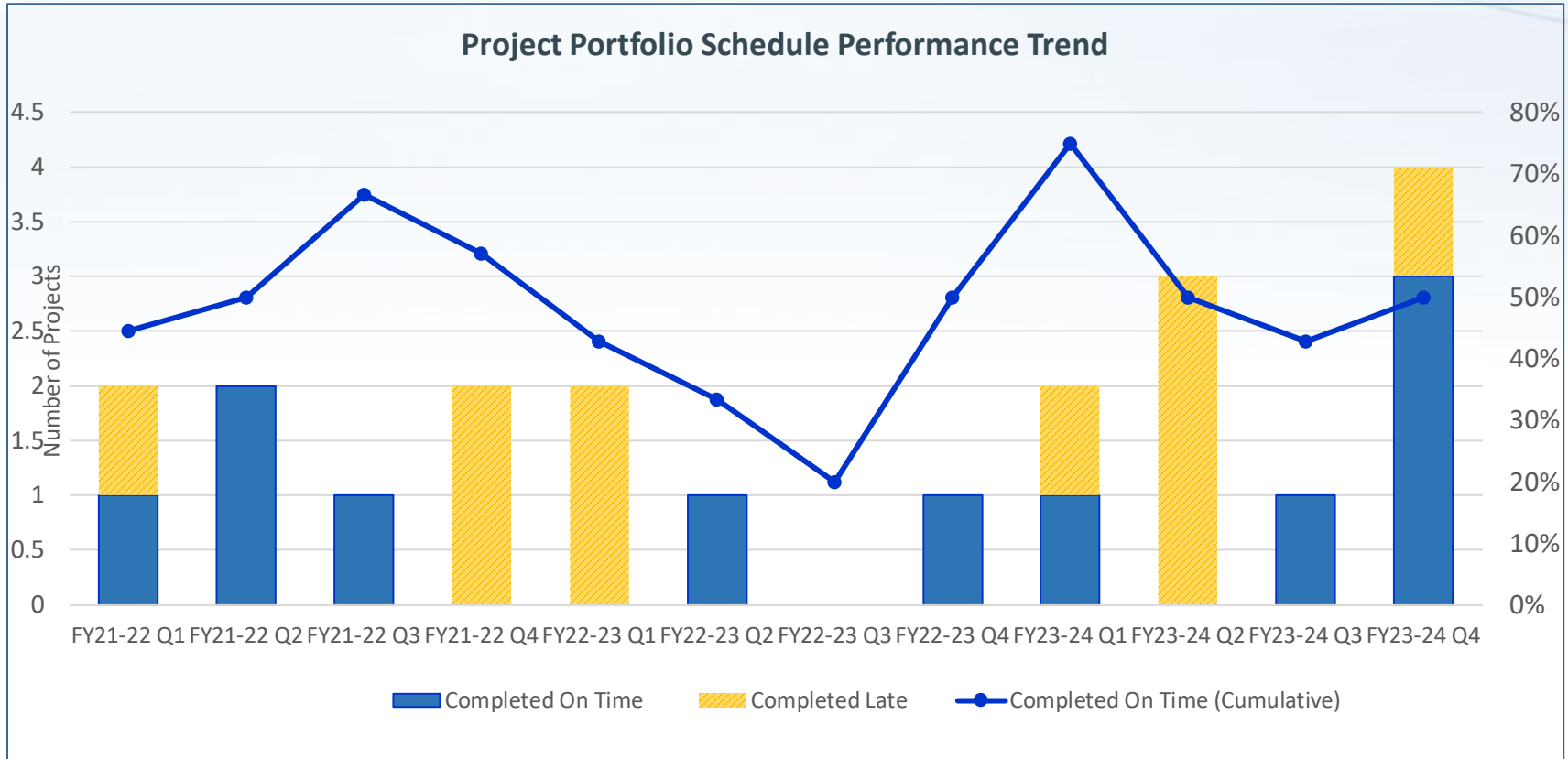
- On Budget
- At risk; 10% - 20% over budget
- Critical; >20% over budget

During this reporting period, 11 projects are experiencing schedule delays, and three projects exceed their original or rebaselined budgets. Details concerning schedule delays and budget overages are available in the Project Dashboard included with this report.

Vendor and resource availability, scope changes, and project dependencies are the primary contributors to project schedule delays. Budgets have been impacted by scope changes and increased equipment costs.

Portfolio Performance Trend

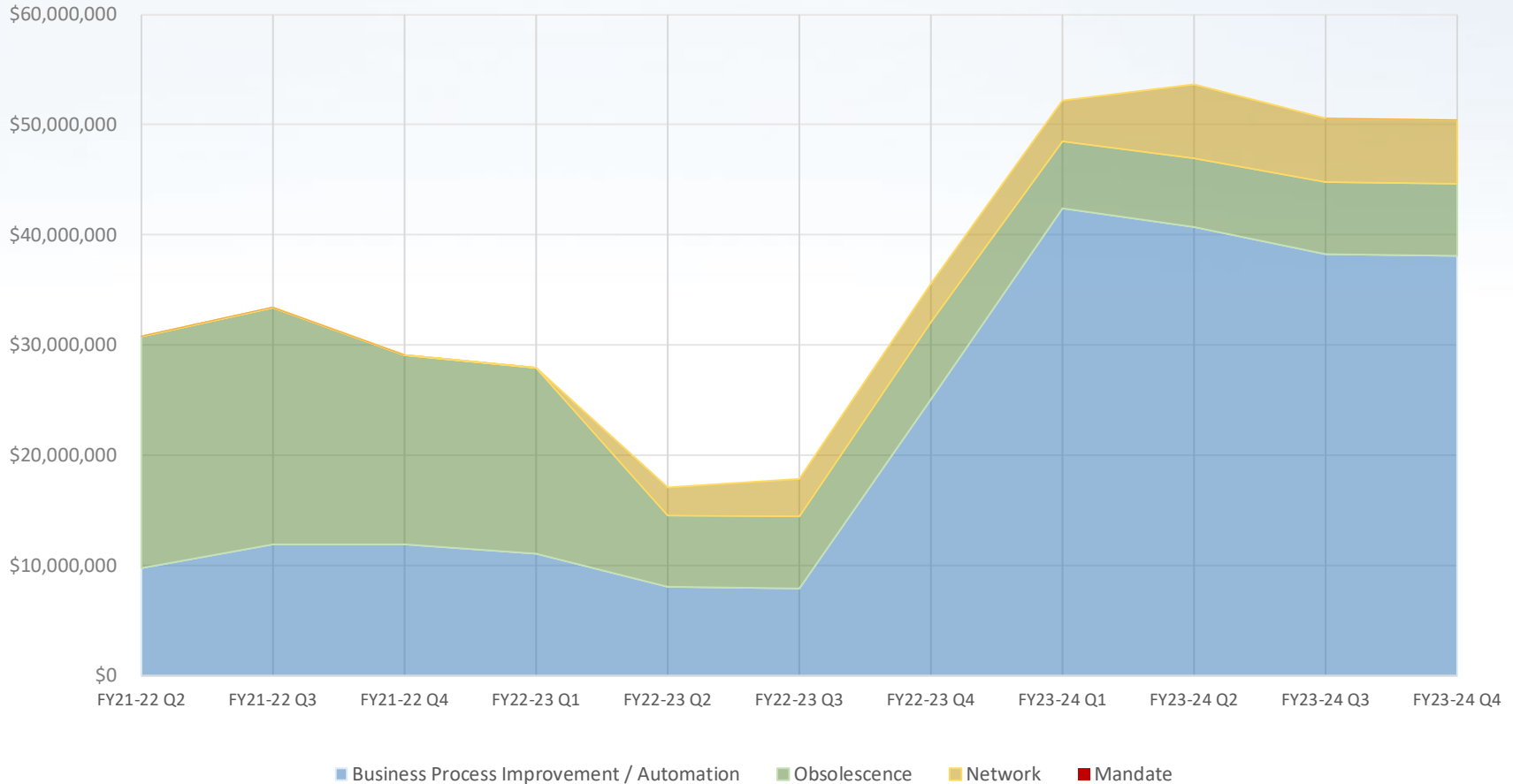
The chart below depicts the County’s IT project schedule performance trend for the projects that were completed over the last 12 quarters. The bars reflect the total number of projects completed in each quarter and the number completed on schedule. The line reflects the percentage of projects completed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



Project Investment Trends

Projects intended to improve or automate business processes account for 75.5% of the County's IT budget this quarter. Projects for replacing end-of-life or obsolete systems account for 13.08% of the budget. Network projects account for 11.4% 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, and Public Protection projects also have a significant 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 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"> ✓ Electronic Health Records (EHR) Interoperability ✓ HCA Business Intelligence & Analytics ✓ Shared Services Server Platform 		<ul style="list-style-type: none"> ✓ IntraOC Site Design Refresh 		<ul style="list-style-type: none"> ✓ CHORUS ✓ County Enterprise External Firewall Cluster Enhancements ✓ HRS Onboarding ✓ JWA Baggage Handling System 	
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"> ■ eDiscovery Tool ■ Endpoint Security Transition ■ Legacy Application Restoration ■ Multi-Drug Resistant Organism (MDRO) Data Exchange ■ Qualtrics Call Center Analytics ■ Web Property Tax Inquiry & Payment System 		<ul style="list-style-type: none"> ■ Access Control Conversion ■ Automated Jail System (AJS) ■ County Enterprise Network Redundancy ■ Employee Information Tracking System ■ iConnect Lab Portal ■ Identity and Badge Data Integration ■ Mandated Reporter App ■ OC Agenda ■ Zscaler Private Access VPN 					

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



Memorandum

November 7, 2024

AOC Agenda Item No. 11

TO: Audit Oversight Committee Members

Recommended Action:

Elections of Officers

Elections of Officers, as stated in recommended action.