

A G E N D A

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CA



Thursday, November 14, 2019, 10:00 a.m.

County Administration South
601 N. Ross Street, 1st Floor
Room 105
Santa Ana, CA 92701

DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR LISA A. BARTLETT
BOARD CHAIRWOMAN
Fifth District
Member

SUPERVISOR MICHELLE STEEL
BOARD VICE CHAIR
Second District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

RICHARD MURPHY
Private Sector Member, Second District

MARK WILLE, CPA
Private Sector Member, Third District

VACANT
Private Sector Member, Fourth District

Non-Voting Members
Treasurer-Tax Collector:
Auditor-Controller:

Shari Freidenrich, CPA
Frank Davies, CPA

Staff
Internal Audit Department:
Deputy County Counsel:
Clerk:

Aggie Alonso, CPA
Ronnie Magsaysay
Mari Elias

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

All supporting documentation is available for public review 72 hours before the meeting. Documents are available online at <http://www.ocgov.com/gov/ia/aoc/agemin> or in the office of the Internal Audit Department located in the County Administration South Building, 601 N. Ross Street, Santa Ana, CA 92701, 7:00 a.m. - 4:00 p.m., Monday through Friday.

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

A G E N D A

10:00 A.M.

Speaker

1. Roll call
*Drew Atwater
AOC Chairman*
2. Approve Audit Oversight Committee Regular Meeting Minutes of August 15, 2019
*Drew Atwater
AOC Chairman*
3. Receive Report on the County's Cybersecurity Program
*Joel Golub
Chief Information Officer
OCIT*
4. Discuss Audit Oversight Committee Vacancy and Attendance
*Drew Atwater
AOC Chairman*
5. Receive Report on Required Communication from External Auditors
*Roger Alfaro, CPA
Partner
Eide Bailly LLP*
6. Receive Introduction from Auditor-Controller
*Frank Davies, CPA
Auditor-Controller*
7. Receive Report on Status of Mandated Audits
*Frank Davies, CPA
Auditor-Controller*
8. Receive Report on Status of Performance Audits
*Frank Kim
County Executive Officer*
9. Discuss Status of Assessor Information Technology General Controls Audit
*Aggie Alonso, CPA, Director
Internal Audit Department*
10. Discuss Treasurer-Tax Collector audit recommendation not fully implemented after second follow-up audit
*Aggie Alonso, CPA, Director
Internal Audit Department*
11. Approve Internal Audit Department's FY 2019-20 1st Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2019
*Aggie Alonso, CPA, Director
& Scott Suzuki, CPA,
Assistant Director
Internal Audit Department*
12. Receive Report on Status of External Audit Recommendations Implementation and approve Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2019
*Aggie Alonso, CPA, Director
& Michael Dean, CPA,
Senior Audit Manager
Internal Audit Department*
13. Election of AOC Officers
*Drew Atwater
AOC Chairman*

A G E N D A

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 each individual may have to address the Committee.

*Drew Atwater
AOC Chairman*

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 Chairman*

ADJOURNMENT:

NEXT MEETING: Regular Meeting, February 13, 2020, 10:00 a.m.



Memorandum

November 14, 2019

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of August 15, 2019

Approve Audit Oversight Committee Regular Meeting Minutes of August 15, 2019, as stated in the recommended action.

ATTACHMENT:

Attachment A – Summary Minutes

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 15, 2019, 10:00 a.m.

HALL OF RECORDS
12 Civic Center Plaza, 3rd Floor
Conference Room 300
Santa Ana, CA 92701

DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR LISA A. BARTLETT
BOARD CHAIRWOMAN
Fifth District
Member

SUPERVISOR MICHELLE STEEL
BOARD VICE CHAIR
Second District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

RICHARD MURPHY
Private Sector Member, Second District

MARK WILLE, CPA
Private Sector Member, Third District

VACANT
Private Sector Member, Fourth District

Non-Voting Members

Treasurer-Tax Collector:
Auditor-Controller (Acting):

Shari Freidenrich, CPA
Salvador Lopez

Staff

Internal Audit Department:
Deputy County Counsel:
Clerk:

Aggie Alonso, CPA
Ronnie Magsaysay
Mari Elias

ATTENDANCE: Drew Atwater, AOC Chairman, Private Sector Member
Robert Brown, AOC Vice Chairman, Private Sector Member
Michelle Aguirre, Proxy for Frank Kim
James Dinwiddie, Proxy for Supervisor Lisa A. Bartlett
Mark Wille, Private Sector Member

PRESENT: Shari Freidenrich, Treasurer-Tax Collector
Aggie Alonso, Director
Salvador Lopez, Auditor-Controller (Acting)
Ronnie Magsaysay, Deputy County Counsel
Mari Elias, Clerk

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

10:00 A.M.

1. Roll Call

Audit Oversight Committee (AOC) Chairman Mr. Drew Atwater called the meeting to order at 10:05 A.M. Attendance of AOC members noted above.

2. Approve Second Amendment of Audit Oversight Committee Regular Meeting Minutes for February 14, 2019

Motion to approve the minutes by Mr. Mark Wille, seconded by Mr. Atwater. Mr. James Dinwiddie abstained as he was not present at the February 14, 2019 meeting.

All in favor.

Approved as recommended.

3. Approve Audit Oversight Committee Regular Meeting Minutes of May 9, 2019

Motion to approve the Audit Oversight Committee Regular Meeting Minutes of May 9, 2019 by Mr. Robert Brown, seconded by Mr. Wille.

All in favor.

Approved as recommended.

4. Receive Report on County's Cybersecurity Program

Mr. Joel Golub, Chief Information Officer, introduced Chief Information Security Officer Rafael Linares to provide an update on cybersecurity efforts. Mr. Linares' presentation covered cybersecurity programming as related to present threats to the County. Mr. Linares discussed current cybersecurity risks, protections, and responses to potential ransomware attacks.

5. Discuss Audit Oversight Committee Vacancy

Mr. Drew Atwater reported that interviews for the AOC vacancy are ongoing. This item will remain on the agenda until the item is filled.

6. Receive Report on Required Communication from External Auditors

Mr. Roger Alfaro, Partner at Eide Bailly LLP, stated that the external auditors are in the planning and risk assessment phase, focusing primarily on updating their understanding of internal control and performing tests of internal control. The data and information collected will be used to plan the testing for the audit.

7. Receive Report on External Audit Contract Update

Ms. Megan Vu, Manager of Accounting and Reporting for Auditor-Controller, provided a report on the merger between Vavrinek, Trine, Day & Co, LLP and Eide Bailly LLP that was put into effect on July 22, 2019. The merger will not impact the staffing of the team working on the FY 2018-2019 audit.

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

8. **Receive Report on Status of Mandated Audits**

Mr. Michael Steinhaus, Audit Manager for Auditor-Controller Internal Audit Division, provided a status of Mandated Audits.

9. **Receive Report on Status of Performance Audits**

Ms. Michelle Aguirre, Chief Financial Officer for County Executive Office, reported on the status of performance audits. Ms. Aguirre reported that fiscal year 2018-2019 audit reports of Human Resources, Risk Management, Clerk of the Board, and Sheriff Overtime will be completed in December.

10. **Receive Report on Internal Audit Department's Independence**

Mr. Aggie Alonso, Internal Audit Department Director, presented the Internal Audit Department's (IAD) Report on Independence. Mr. Alonso stated that for the period of June 2, 2018 to June 30, 2019, IAD activity was free from interference in determining the scope, performing the work, and issuing the results. IAD will be communicating their report to the highest governing body in accordance to the standards. The report will be presented to the Board of Supervisors at the meeting on September 24, 2019.

11. **Approve Internal Audit Department's Annual FY 2018-19 4th Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2019**

Mr. Alonso presented the Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2019. IAD issued four final reports, six draft reports, and six follow up reports. Of the new reports issued, IAD identified one significant finding and six control findings. During the 2018-2019 fiscal year, IAD identified six critical, eleven significant, and twenty-three critical findings. The majority of the critical findings were from information technology audits. Performance for the fiscal year will be reported in the annual report.

Motion to approve the 4th Quarter Status Report by Mr. Wille, seconded by Mr. Brown.

All in favor, none opposed.

Approved as recommended.

12. **Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2019**

Mr. Michael Dean, Senior Audit Manager for Internal Audit Department, presented the External Audit Activity Status Report for the Quarter Ended June 30, 2019. Mr. Dean stated no findings or material issues were reported this quarter.

Motion to approve by Mr. Brown, seconded by Mr. Dinwiddie.

All in favor, none opposed.

Approved as recommended.

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

PUBLIC COMMENTS

Mr. Kenneth Blake and Mr. Steven Belasco, members of the Grand Jury, introduced themselves to the AOC. A member of the Grand Jury asked if Mr. Golub's team would assist in the audit of the Assessor. Mr. Alonso stated that IAD utilizes in-house Certified Information Systems Auditors to complete those audits. A second member of the Grand Jury asked who is responsible for auditing the Joint Power Authorities. Mr. Steinhaus stated that the Auditor-Controller is required to ensure Joint Power Authorities and Special Districts are audited.

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS – Mr. Wille requested a moment of silence in honor of Mr. Eric Woolery.

ADJOURNMENT: Mr. Atwater made a motion to adjourn the meeting in memory of Mr. Eric Woolery. Meeting adjourned at 11:08 A.M.

NEXT MEETING

Regular Meeting, November 14, 2019, 10:00 A.M.



Memorandum

November 14, 2019

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on the County's Cybersecurity Program

Receive Report on the County's Cybersecurity Program, as stated in the recommended action.



Memorandum

November 14, 2019

AOC Agenda Item No. 4

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Audit Oversight Committee Vacancy and Attendance

There are five public sector positions on the Audit Oversight Committee, one for each supervisorial district. Public sector members are appointed by the respective district supervisor and approved by the Board of Supervisors during a regular public meeting.

The 4th District public sector member position has been vacant since the public sector member resigned from the committee on June 12, 2017.



Memorandum

November 14, 2019

AOC Agenda Item No. 5

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 the recommended action.



Memorandum

November 14, 2019

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Receive Introduction from Auditor-Controller

Receive Introduction from Auditor-Controller, as stated in the recommended action.



Memorandum

November 14, 2019

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Mandated Audits

Receive Report on Status of Mandated Audits, as stated in the recommended action.



Memorandum

November 14, 2019

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits

Receive Report on Status of Performance Audits, as stated in the recommended action.

ATTACHMENT(S):

Attachment A – Status FY 2018-19 Performance Audits

STATUS FY 2018-19 PERFORMANCE AUDITS

Department	Scope Summary	Status
<p style="text-align: center;">Follow-Up Audits http://www.ocgov.com/about/openoc/opad_reports Link to previous reports</p>		
CEO Human Resources	A performance audit of CEO Human Resources was conducted in 2012 resulting in 50 findings and recommendations. Due to several changes in leadership in Human Resources since 2012, and considering the Chief Human Resources Officer position is currently vacant, now is the time to conduct another performance audit to determine the status of the 50 recommendations, revisit them for relevance if not already implemented, and to identify other recommendations for improvement.	Contract awarded to CPS HR Consulting June 4, 2019. Audit is underway with anticipated completion in December 2019.
CEO Risk Management	A performance audit of CEO Risk Management was conducted in 2012. Since that time Risk Management has implemented the recommendations associated with the audit findings. Another audit is requested to identify recommendations for further improvement.	Contract awarded to CPS HR Consulting June 4, 2019. Audit is underway with anticipated completion in December 2019.

STATUS FY 2018-19 PERFORMANCE AUDITS (continued)

Department	Scope Summary	Status
Follow-Up Audits (Continued)		
OC Sheriff's Department	In 2008, a performance audit was conducted of the overtime usage in the Sheriff's Department. The cost of overtime continues to be of concern. A follow up audit of overtime expenditures in the Sheriff's main operating budget and Court Security budget is recommended to identify the reasons for the increasing cost of overtime and to identify recommendations for reducing overtime costs without increasing the number of positions within the department.	Contract awarded to Arroyo Associates June 4, 2019. Audit is underway with anticipated completion in December 2019.
New Audits		
CEO Information Technology	The County of Orange has a large number of IT projects managed by OCIT. The existing project management software is no longer adequate for proper tracking of the County's numerous IT projects. Consultant services are requested to assess the current need and to obtain a recommendation for a new project management tool. The FY 2018-19 budget includes \$250K for a new project management tool; however, an assessment is required first to ensure effective use of the \$250K.	RFP process underway. Responses received and under review. Contract award anticipated for December 2019. Audit to take several months to complete after contract award.
Clerk of the Board	The Clerk of the Board provides direct support to the Board of Supervisors with limited resources. Consultant services are requested to review current operations, policies, practices, and procedures to identify any areas for improvement, streamlining, enhanced efficiencies, etc. that will allow the department to operate at maximum efficiency within the existing resources.	Contract awarded to Arroyo Associates June 4, 2019. Audit is underway with anticipated completion in December 2019.

STATUS FY 2019-20 PERFORMANCE AUDITS

Department	Scope Summary	Status
Sheriff, Probation, District Attorney, Public Defender, Health Care Agency, Social Services Agency, and OC Community Resources	This audit is requested to identify the resources allocated to the AB109 population above and beyond that provided by the State through the 2011 Realignment. For example, identify County resources such as Mental Health Services Act funding and Net County Cost used for mental health services, housing, substance use disorder treatment, and reentry services.	Contract drafted and in negotiations with Arroyo Associates. Anticipate execution of contract by end of October 2019, and work to begin in November 2019.
Treasurer-Tax Collector	The elected Treasurer-Tax Collector (TTC) serves a critical role related to the County's financial security, as well as that of other local entities utilizing the TTC's services such as schools and cities. While certain functions of the TTC are regularly audited by Internal Audit, a general performance audit is requested as an audit has not been recently performed. Consultant services are requested to review current operations, policies, practices, and procedures and make recommendations, where appropriate, to identify opportunities for enhancing service delivery, streamlining processes, expanding efficiencies, applying best practices, etc.; and, review existing staffing levels for adequacy and make recommendations, where appropriate, to address needs.	Contract drafted and in negotiations with Arroyo Associates. Anticipate execution of contract by end of October 2019, and work to begin in November 2019.

STATUS FY 2019-20 PERFORMANCE AUDITS (continued)

Department	Scope Summary	Status
OC Community Resources	Review Orange County's effectiveness in drawing down competitive funding for homeless services, and affordable and permanent supportive housing relative to other California counties. Determine how County, City, and private actors' policies and practices promote or discourage the local receipt of state and federal funding. Provide recommendations on how the County and its partners can better compete for homeless housing funding.	An RFP was issued to the list of qualified vendors; however, no responses were received; thus, the RFP will be reissued in October 2019. Anticipate contract award in December 2019, and completion of the audit by the end of the fiscal year, June 30, 2020.
Auditor-Controller	On October 8, 2019, the Board of Supervisors requested a performance audit of the Auditor-Controller (A-C) Department. A general performance audit is required as an audit has not recently been performed.	The draft Scope of Work (SOW) is currently being reviewed. After the SOW is finalized (~end of October), an RFP will be issued to the list of qualified vendors.



Memorandum

November 14, 2019

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Status of Assessor Information Technology General Controls Audit

Discuss Status of Assessor Information Technology General Controls Audit, as stated in the recommended action.



Memorandum

November 14, 2019

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Treasurer-Tax Collector audit recommendation not fully implemented after second follow-up audit

We completed an Internal Control Audit: Treasurer-Tax Collector Electronic Funds Transfer Process, Audit No. 1583, issued August 15, 2016, where nine (9) findings and recommendations were issued. Our First and Second Follow-Up Audits (conducted in August 2018 and August 2019, respectively) found that eight (8) of the recommendations were implemented; however, implementation of the last recommendation regarding a key Treasurer-Tax Collection application, was in process.

ATTACHMENT(S):

Attachment A – Audit No. 1839-M, Second & Final Follow-Up Internal Control Audit: Electronic Funds Transfer Process: Treasurer-Tax Collector



PUBLIC INFORMATION

INTERNAL AUDIT DEPARTMENT



**Second & Final Follow-Up
Internal Control Audit:
Electronic Funds Transfer Process –
Treasurer-Tax Collector**

As of May 2, 2019

**Audit No. 1839-M (Reference 1583-F2)
Report Date: August 26, 2019**

Recommendation Status

2

Implemented

1

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

Chairwoman Lisa A. Bartlett
5th District

Vice Chair Michelle Steel
2nd District

Supervisor Andrew Do
1st District

Supervisor Donald P. Wagner
3rd District

Supervisor Doug Chaffee
4th District

PUBLIC INFORMATION



INTERNAL AUDIT DEPARTMENT

August 26, 2019

Audit No. 1839-M
(Reference 1583-F2)To: Shari Freidenrich, CPA
Treasurer-Tax CollectorFrom: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department DirectorSubject: Second & Final Follow-Up Internal Control Audit: Electronic Funds Transfer
Process – Treasurer-Tax Collector

We have completed a follow-up audit of the Treasurer-Tax Collector's Electronic Funds Transfer process as of May 2, 2019, original Audit No. 1583, dated May 22, 2017. Due to the sensitive nature of specific findings (restricted information), results are included in Appendix A (which is redacted from public release) and additional information including background and our scope is included in Appendix B.

Our second follow-up audit concluded the Treasurer-Tax Collector implemented two (2) recommendations and is in the process of implementing one (1) remaining recommendation. Because this is our final follow-up audit, the one (1) remaining recommendation will be reported to the Audit Oversight Committee in our next Quarterly Status Report.

We appreciate the assistance extended to us by Treasurer-Tax Collector personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

Attachments

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Treasurer-Tax Collector Distribution
Foreperson, Grand Jury
Robin Stieler, Clerk of the Board of Supervisors
Eide Bailly LLP, County External Auditor

PUBLIC INFORMATION

INTERNAL AUDIT DEPARTMENT

RESULTS

FINDING NO. 1	Removed due to the sensitive nature of the finding.
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FINDING NO. 3	Removed due to the sensitive nature of the finding.
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FINDING NO. 7	Removed due to the sensitive nature of the finding.
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AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA Jimmy Nguyen, CISA, CFE, CEH Scott Kim, CPA, CISA	Assistant Director IT Audit Manager II IT Audit Manager I
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PUBLIC INFORMATION

INTERNAL AUDIT DEPARTMENT

APPENDIX A: RESTRICTED INFORMATION

Content in Appendix A has been removed from this report due to the sensitive nature of the specific findings.



PUBLIC INFORMATION

INTERNAL AUDIT DEPARTMENT

APPENDIX B: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken as of May 2, 2019 to implement three remaining recommendations from our First Follow-Up Audit No. 1735-H, dated on August 30, 2018.
BACKGROUND	The original audit evaluated internal control over the Treasurer-Tax Collector's (T-TC) Electronic Funds Transfer (EFT) process to ensure safeguarding of EFTs are in effect and operating as intended, ensure EFTs processed by the T-TC are accurate, and to identify any business process efficiency enhancements related to EFTs. The first follow-up audit concluded the T-TC implemented six (6) recommendations and was in process of implementing three (3) recommendations.



PUBLIC INFORMATION

INTERNAL AUDIT DEPARTMENT

APPENDIX C: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.





Memorandum

November 14, 2019

AOC Agenda Item No. 11

TO: Audit Oversight Committee Members

Recommended Action:

Approve Internal Audit Department's FY 2019-20 1st Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2019

Approve Internal Audit Department's reporting, as stated in the 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 30, 2019

To: Audit Oversight Committee Members

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

Subject: Fiscal Year 2019-20 Internal Audit Department Status Report for the Quarter Ended September 30, 2019

Attached for your review and approval is Internal Audit's status report on audit activity for the quarter ended September 30, 2019. 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 type (e.g., critical, significant, etc.). Attachment C is our "Quarterly Status Report," which is a listing of all of the audits scheduled for the year, along with the budgeted hours, actual hours, variance between budget and actual, and milestone comments for each audit.

For the quarter ending September 30, 2019, Internal Audit issued three final reports, three pre-draft reports, and two follow-up reports. The three final reports included 11 Control Findings.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY – FINDING TYPE CLASSIFICATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2019-20
Critical Control Weaknesses These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.	0	0
Significant Control Weaknesses These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.	0	0
Control Findings These are audit findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.	11	11
TOTAL	11	11



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

OC COMMUNITY RESOURCES/OC ANIMAL CARE

1. Internal Control Audit: OC Community Resources/OC Animal Care Cash Receipts

Audit No. 1815 dated September 30, 2019 for the year ended November 30, 2018

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	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 OCAC's internal control over the cash receipts process is generally effective to ensure cash receipts are properly collected, recorded, deposited, and safeguarded.	None	7
2. Review the cash receipts processes for efficiency.	We concluded that the cash receipts process is generally efficient.		

OC PUBLIC WORKS

2. Internal Control Audit: OC Public Works' Facilities Operations & Custodial Billing

Audit No. 1734 dated September 19, 2019 for the year ended June 30, 2018.

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate effectiveness of internal controls over the billing process to ensure billing of public works to County departments is complete (recorded/reported), accurate, valid (authorized), and processed timely in the County's financial system.	We concluded that OCPW's internal control over the billing process for facilities operations and custodial services was generally effective to ensure billing transactions are complete, accurate, valid, and processed timely in the County's financial system.	None	3
2. Review the billing process for efficiency.	We concluded that the billing process was generally efficient as related to the billing of public works services to County departments.		



AUDIT REPORTS (CON'T)**OC WASTE & RECYCLING****3. Internal Control Audit: OC Waste & Recycling Fee-Generated Revenue**

Audit No. 1821 dated September 23, 2019 for the year ended January 31, 2019.

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Assess internal control over fee studies and fee development processes for establishing cost recovery fees charged to the public.	We concluded that OCWR's internal control over fee studies and fee development process is generally effective.	None	1
2. Ensure business processes are efficient as related to controls over the fee generated revenue process.	We concluded that business processes are generally efficient as related to the process of fee-generated revenue.		



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

SOCIAL SERVICES AGENCY**4. First Follow-Up Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Social Services Agency**

Audit No. 1839-G (Reference 1626-I-F1) dated September 11, 2019 as of March 31, 2019; original audit dated September 7, 2018.

ORIGINAL AUDIT – 6 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	
<p style="text-align: center;">5</p> <p>Two (2) Critical Control Weaknesses</p> <ol style="list-style-type: none"> SSA was not properly completing reconciliations of a revolving cash fund which resulted in an unreconciled/unaccounted for amount of approximately \$47,000. When outlying revolving fund locations were seeking reimbursement from the SSA main fund for cash disbursements, the main fund custodian was writing checks payable to “cash”. <p>Three (3) Significant Control Weaknesses</p> <ol style="list-style-type: none"> The revolving fund custodian accepted cash repayments. Non-compliant timing of expense claim submittal. Cash advances issued to employees with outstanding travel cash advances. 	1	5	1	<p>Recommendation No. 6 (Control Finding) SSA is working with OCIT to establish a separate workflow process for regular travel and court-mandated travel. SSA hopes to have this new process implemented within the next six months.</p>



FOLLOW-UP AUDIT REPORTS (CON'T)

TREASURER-TAX COLLECTOR

5. Second & Final Follow-Up Internal Control Audit: Electronic Funds Transfer Process - Treasurer-Tax Collector

Audit No. 1839-M (Reference 1583-F2) dated August 26, 2019 as of May 2, 2019; original audit dated May 22, 2017.

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	
<p style="text-align: center;">3</p> <p>Two (2) Critical Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p> <p>One (1) Significant Control Weakness Due to the sensitive nature of the finding, details have been redacted from this report.</p>	6	8	1	<p>Recommendation No. 1 (Critical Control Weakness). Due to the sensitive nature of the finding, details have been redacted from this report.</p>



EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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

1. **Internal Control Audit: Auditor-Controller Claims**, Audit No. 1811.
2. **Internal Control Audit: OC Public Works Fee-Generated Revenue**, Audit No. 1820.
3. **Information Technology Audit: Sheriff-Coroner Security & Change Management IT General Controls**, Audit No. 1845.





Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 9/30/19
AOC Meeting Date: November 14, 2019

Attachment C

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Milestones & Comments ⁴
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	Actuals to Date Per Quarter					Total	Est Remain			
Internal Control Audits (ICA)																		
OCIT Contract Administration (FY 2017-18 carryover)	1624					400		400	0					0	400	0		Not started
Countywide Accounts Receivable Controls (FY 2017-18 carryover)	1729	5/23/18		275	176	400	(400)	0	0					0	0	0		Cancelled; redesignated T-TC only; planned FY 2020-21
OCIT Capital Assets (FY 2017-18 carryover)	1732	11/30/18		440	410	0	50	50	21					21	29	(1)		Draft report issued 6/25/19, final report expected Q2
A-C Claims	1811	1/11/19		600	543	0	150	150	95					95	55	0		Pre-draft report issued 9/10/19, final report expected Q2
A-C Fiduciary Funds	1818					400		400	0					0	400	0		Not started
HCA Contracts & Procurement	1819	4/25/19		475	325	400		400	242					242	158	0		In process; draft report expected Q2
OCPW Fee Generated Revenue	1820	1/24/19		745	731	0	375	375	354					354	21	(1)		Pre-draft report issued 9/30/19, final report expected Q2
Probation P-Card	1822	3/25/19		400	209	200	60	260	73					73	187	0		In process; draft report expected Q2
SSA Fiduciary Funds	1823					400		400	0					0	400	0		Not started
OCPW Purchasing & Contracts	1911					400		400	0					0	400	0		Not started
OCSD Purchasing & Contracts	1912					400		400	1					1	399	(1)		Not started
OCDA Revolving Funds	1913	7/22/19		420	290	400		400	270					270	131	1		In process
HCA Department Request	1914					400		400	50					50	350	0		Not started
HCA Fee Generated Revenue	1915	6/13/19		417	255	400		400	238					238	163	1		In process
OCPW Payroll	1916					400		400	0					0	400	0		Not started
OCSD Revolving Fund	1917					400		400	98					98	302	0		Not started
OCSD Cash Receipts	1918					0	400	400	35					35	366	1		Not started
C-R Department Request	1919					0		0	0					0	0	0		Not started
Follow-Up Audits (FY 2018-19 carryover)						100		100	76					76	25	1		
T-TC EFT Process 2FU (1583/1735-H)	1839-M	5/17/19	8/26/19														Pending AOC	Completed. Final report issued 8/26/19, one item in process
HCA Human Services 1FU (1631)	1839-O	8/13/19															In process	
Travel/Meeting 2FU CEO (1626-A/1839-A)	1839-P	8/13/19															In process	
First Follow-Up Audits						800	(100)	700	32					32	668	0		
OCSD Billing of Law Enforcement Services to OC Dana Point Harbor and JWA (1632)	1939-A																	Not started
Countywide Accounts Receivable Controls (1729)	1939-B																	Cancelled; see 1729
CEO/Real Estate Procurement/Contract Administration (1730)	1939-C																	Not started
OCIT Capital Assets (1732)	1939-D																	Not started
OCPW Billing of Public Works Services to County Departments (1734)	1939-E																	Not started
A-C Claims (1811)	1939-F																	Not started
HCA Payroll (1812)	1939-G																	Not started
OCCR Payroll (1813)	1939-H	9/13/19																In process
OCCR/Animal Care Cash Receipts (1815)	1939-I																	Not started
HCA Contracts & Procurement (1819)	1939-J																	Not started
OCPW Fee Generated Revenue (1820)	1939-K																	Not started
OCWR Fee Generated Revenue (1821)	1939-L																	Not started
Probation P-Card (1822)	1939-M																	Not started
Probation Compliance (1841)	1939-N																	Not started
Second Follow-Up Audits																		
Sheriff Special Revenue Funds (1520/1735-C)	1939-O																	Not started
Travel/Meeting A-C (1626-D/1839-D)	1939-P																	Not started
Travel/Meeting COB (1626-E/1839-E)	1939-Q	9/18/19																In process
Travel/Meeting SSA (1626-I/1839-G)	1939-R																	Not started
Summary Close-Out						0	41	41	41					41	0	(1)		Completed. Final reports issued for 1734, 1815, 1821, 1839-G
Total Internal Control Audits						5,900	576	6,476	1,622	0	0	0	1,622	4,854	0			



Internal Audit Department
1st Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 9/30/19
AOC Meeting Date: November 14, 2019

Attachment C

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Milestones & Comments ⁴
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	Actuals to Date Per Quarter				Total	Est Remain	Budget Variance			
Information Technology Audits (IT)																		
TTC Sungard/Quantum upgrade (Department Request) (FY 2017-18 carryover)	1647	6/12/17		300	223	50		50	1				1	49	0			In process; advisory engagement
PTS System Implementation (FY 2017-18 carryover)	1754	7/01/18		65	7	50		50	1				1	49	0			In process; advisory engagement
Probation Compliance	1841	11/30/18		445	416	200		200	164				164	37	1			In process
Assessor IT General Controls	1844	8/01/18		725	137	300	300	600	12				12	588	0			Deferred; see 11/14/19 AOC agenda item #9
OCSD IT General Controls	1845	2/14/19		565	530	0	200	200	166				166	35	1			Pre-draft report issued 9/25/19; final report expected Q2
SSA IT General Controls	1846	1/29/19		575	544	0	100	100	70				70	30	0			Draft report issued 6/28/19, final report expected Q2
JWA ITGC	1941	8/13/19				400		400	130				130	271	1			In process
Public Defender ITGC	1942					400		400	0				0	400	0			Not started
HCA ITGC	1943					0		0	0				0	0	0			Not started
COB ITGC	1944					0		0	0				0	0	0			Not started
OCIT Cybersecurity	1945	7/01/19				50		50	4				4	46	0			In process; advisory engagement
Follow-Up Audits (FY 2018-19 carryover)							0	0	0	0			0	0	0			
None																		NA
First Follow-Up Audits:							480	480	0				0	480	0			
A-C ITGC (1741)	1949-A																	Not started
C-R Department Request (1840)	1949-B																	Not started
Assessor (1844)	1949-C																	Not started
OCSD ITGC (1845)	1949-D																	Not started
SSA ITGC (1846)	1949-E																	Not started
Second Follow-Up Audits																		
OCIT (1644/1746-A)	1949-F																	Not started
Summary Close-Out							0	0	0	0			0	0	0			NA
Total Information Technology Audits						1,930	600	2,530	547	0	0	0	547	1,985	2			
Total Audits Before Other Activities & Administration						7,830	1,176	9,006	2,169	0	0	0	2,169	6,839	2			
Other Activities & Administration																		
Annual Risk Assessment & Audit Plan	1901					400		400	0				0	400	0			Not started
Cash Losses	1902					100		100	0				0	100	0			In process; no referrals received for Q1
Fraud Hotline	1903					200		200	0				0	200	0			In process; no referrals received for Q1
External Audit Reporting	1904					300		300	74				74	226	0			In process; Q1 reporting completed
On-Demand Department Advisory Services	1905					200		200	6				6	195	1			In process
Annual Report	1906					100		100	0				0	100	0			In process
Board & AOC Services	1907					200		200	14				14	187	1			In process; Q1 reporting completed
Special Projects	1908					800	(60)	740	26				26	715	1			In process
CWCAP	1909					0	60	60	60				60	0	(1)			Completed. Submitted to A-C
Total Other Activities & Administration						2,300	0	2,300	178	0	0	0	178	2,123	1			
Reserve for Board Directives/Contingency						2,408	(1,176)	1,232					0	1,232	0			
Total Budget						12,538	0	12,538	2,347	0	0	0	2,347	10,194	3			
						Footnote 5		Footnote 6										

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 the external auditors. 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 and effectiveness of operations and the achievement of business and program goals and
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 if 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 Milestones & Comments section 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 Technical Assistance or to a separate project. Assistance of this nature generally involves between 10 and 80 hours and results are generally communicated through discussions, memos, or a written report for public distribution.
4. For purposes regarding fiscal year-end reporting, we consider assignments completed (**Completed**) as of the official release of a completed pre-draft or draft audit report to the department head, and are shown as such in our Milestones & Comments column of this Quarterly Status Report.
5. The initial FY 2019-20 Annual Audit Plan of 12,538 hours is based on 7,830 direct hours to be provided by 7 senior auditors/audit manager I's, 1 audit manager II, and 1 senior audit manager plus 2,300 hours for other activities and administration/special projects and 2,408 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 audit.
6. The 9,339 hour revised audit plan consists of: a) the 11,213 hour initial audit plan; b) less 1,874 hours for vacancies at the audit manager and senior auditor levels.



Memorandum

November 14, 2019

AOC Agenda Item No. 12

TO: Audit Oversight Committee Members

Recommended Action:

Approve Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2019

Approve Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2019, as stated in the recommended action.

ATTACHMENT(S):

- Attachment A – External Audit Activity Status Report Memo
- Attachment B – Executive Summary of External Audit Activity
- Attachment C – External Audit Activity Quarterly Status Report
- Attachment D – External Audit Report, Implementation Status of Prior Quarter Significant & Material Issues



INTERNAL AUDIT DEPARTMENT

October 30, 2019

To: Audit Oversight Committee Members

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

Subject: External Audit Activity Status Report for the Quarter Ended September 30, 2019

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended September 30, 2019. 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 the May 9th, 2019 meeting, we have also included the County departments' reported corrective action taken to implement the recommendations related to the significant audit findings identified.

To facilitate the AOC's review, we are pleased to include an Executive Summary that presents the total audit additions and deletions from the prior quarter, total current audits in process, references any new significant findings, and provides a summary of any material issues reported for the quarter, please see Attachment B. For individual report details, see Attachment C. Finally, for corrective action taken to implement recommendations, see Attachment D. For the quarter ended September 30, 2019, no new material issues were reported.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY

For the Quarter Ended 09/30/19

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (06/30/19)	97
Additions: In Progress	6
Planned	37
Started and Completed	2
Deletions: Canceled	2
Completed	14
Removed	<u>13</u>
Total Audits Current Quarter (09/30/19)	<u>113</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Audits Completed, Canceled and to be Removed Next Quarter 11

New Findings/Issues Reported by the Departments 0

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

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
1st Quarter FY 19-20 (09/30/19)

Results:

No material issues were reported to the Internal Audit Department this quarter.

The schedule below identifies the status of external audits as of 09/30/19, including any significant findings, as reported to us by Orange County Departments/Agencies. This schedule does not include reviews performed by the OC Grand Jury.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2019	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Eide Bailly, LLP	Single Audit	YE 6/30/18 Annual	6/30/2017	Uniform Guidance Expenditures of Federal Assistance	Completed. (Reported 6/30/19)	See Attachment D for corrective actions taken related to findings from this audit.
		Eide Bailly, LLP	CAFR	6/30/19 Annual	6/30/2018	Annual Financial GAAP Audit	In progress.	
		Eide Bailly, LLP	Agreed Upon Procedures (AUP) over GANN Limit calculations	6/30/19 Annual	6/30/2018	GANN Limit Calculation - for County and OC Flood Control District	In progress.	
		Eide Bailly, LLP	Single Audit	6/30/19 Annual	6/30/2018	Uniform Guidance Expenditures of Federal Assistance	In progress.	
Child Support Services		Federal Office of Child Support (OCSE)	Data Reliability	2018 Triennial	4/1/16	OCSE will conduct a full DRA audit of 2018 data. This consists of reviewing case samples.	Planned.	
Clerk of the Board of Supervisors		No audits in progress.						
Clerk-Recorder	Information Systems	Lawrence R. Halme	SECURE: Modified System Audit	As Needed	04/19	Review substantive changes to the SECURE Multi-County ERDS system for compliance with the CA Attorney General ERDS certified system requirements.	Planned.	

Pursuant to Audit Oversight Committee Administrative Procedure Number 2, Reporting on External Audits, County Departments/Agencies governed by the Board of Supervisors are required to notify the Internal Audit Director of all third party audit activity. The procedure was established to keep the Audit Oversight Committee informed of all third party audits being performed and any significant findings identified.

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, 2019	Significant Findings
County Counsel		No audits in progress.						
County Executive Office	CFO	Maureen Kohl Mahoney	Workers' Compensation	Annual	05/19	Medical Management Audit	Completed.	None.
		AON	Workers' Compensation	Annual	02/19	Claims Audit for Worker's Comp Third Party Administrator	Completed.	None.
		TBD	Workers' Compensation	One-Time	N/A	Bill Review Audit for Workers' Comp Third Party Administrator	Planned.	
		CPS	CEO Risk Management	FY 19/20 One-Time	01/12	Performance/Operations Audit	In progress.	
	Budget	No audits in progress.						
	OC IT	No audits in progress.						
	Corporate Real Estate	No audits in progress.						
	Human Resource Services	CPS HR Consulting	Human Resource Services	FY 19/20 One-Time	08/15	Performance/Operations Audit	In progress.	
District Attorney		Eide Bailly, LLP (Formerly VTD)	Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare, and High Impact (Grant Audits)	FY 18/19 Annual	FY 17/18	Program Audit	In progress.	
		CA Department of Insurance (CDI)	Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare & Supplemental, High Impact, and Life & Annuity Consumer Protection	FY 17/18 - FY 18/19 Bi-Annual	FY 18/19	Program Audit	Planned.	
Health Care Agency	Administration	Eide Bailly, LLP (Formerly VTD)	Tobacco Settlement Revenue-Measure H	FY 18/19 Annual	FY 17/18	Ensure funding allocations are in compliance with Measure H	Planned.	
	Correctional Health	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, 2019	Significant Findings
Health Care Agency (continued)	Behavioral Health	State of California Department of Alcohol and Drug Programs	Alcohol and Drug Abuse Services' Substance Abuse Prevention and Treatment (SAPT) Block Grant	FY 14/15 Annual	FY 09/10	Review the cost funded by the SAPT Block Grant, QFFMR, and ADAS Cost Report	In progress.	
		DHCS Substance Use Disorder Compliance Unit	Alcohol and Drug Abuse Services' Substance Abuse Prevention and Treatment (SAPT) Block Grant and Drug Medi-Cal (DMC) Compliance Review	FY 18/19 Annual	FY 17/18	Review the cost funded by the SAPT Block Grant, QFFMR, and ADAS Cost Report; County/State Contract	Completed.	None.
		State Department of Health Care Services	Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report	FY 11/12 Annual	FY 10/11	Adjusting Short Doyle Medi-Cal units of service/time, the distribution of administrative costs between Medi-Cal and non-Medi-Cal, the distribution of utilization review costs between Medi-Cal and non-Medi-Cal, crossover revenues, contract maximums, and the overall accuracy of computations in the cost report	In progress.	
		Center for Medicaid & Medicare Services, Payment Error Rate Measurement (CMS PERM)	Mental Health Plan	1/1/2016-11/9/2018 Triennial	N/A	CMS is measuring improper payments in Medicaid/CHIP under the PERM program.	In progress.	
		California Health Policy Strategies, LLC	Mental Health Services Act/Prop 63	One-time	N/A	Performance Audit and Evaluation of MHSA/Prop 63's: funding and how they are utilized and allocated; performance outcome and how they compare statewide and against other comparable counties	In progress.	
		DHCS	Mental Health Services Act/Prop 63 (MHSA) Revenue and Expense Report	FY 09/10 Annual	FY 08/09	Reconciliation of costs and revenues and documentations needed to support the MHSA Revenue and Expense Report	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of September 30, 2019	Significant Findings
Health Care Agency (continued)	Behavioral Health (continued)	DHCS	Mental Health Services Act/Prop 63 (MHSA) Revenue and Expense Report	FY 10/11 Annual	FY 09/10	Reconciliation of costs and revenues and documentations needed to support the MHSA Revenue and Expense Report	Planned.	
		DHCS / EQRO	Drug Medi-Cal Organized Delivery System (DMC-ODS) EQRO	FY 18/19 Annual	N/A	Service quality and management	In progress.	
		State Department of Health Care Services	Mental Health Services Act (MHSA)/Prop 63 Compliance of Performance Contract	CY 2019 Triennial	N/A	Program Reviews of MHSA Performance Contract to determine compliance	In progress.	
		DHCS	Tri-Annual Review on Systems and Chart Reviews	FY 19/20 Tri-Annual	FY 16/17	Review of compliance with Contract DHCS. Review of Policies and Procedures. Also, review of 20 consumers clinical charts.	Planned.	
		Board of State and Community Corrections	Collaborative/Intensive Outpatient Services - Proposition 47 Grant	FY16/17 thru FY18/19	N/A	Review of compliance with Contract with BSCC.	Completed.	None.
	Regulatory / Medical Services	California Emergency Management Agency (Cal EMA)	Health Disaster Management - State Homeland Security Funds; HCA is subrecipient through OCSD	GY 2006; Varies	N/A	Compliance field review - Grant Year 2006, 2007 and 2008 Note: OCSD is the lead on this audit and is coordinating all findings and responses	Draft report issued 2/2/12.	Reported in Prior Quarters: Estimated findings total \$742,852 (\$183,101.51 leases and \$559,750.23 equipment), of which HCA requests clarification of approximately \$41,000 pertaining to subgrantee charged expenditures belonging to another grant year. HCA does not concur with the remaining estimated findings of \$701,852. Since the draft report is being discussed with the State and HCA disagrees, we will not yet consider this a finding (same status as several prior quarters).
		California Office of State Controller, Division of Audits, Local Government Audits Bureau	Environmental Health Services - Local Oversight Program (LOP)	FY15-16 & FY16-17 ; Approx every 2 to 3 years	05/17	Program costs claimed by local agencies under the LOP program	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, 2019	Significant Findings
Health Care Agency (continued)	Regulatory / Medical Services (continued)	California Environmental Protection Agency (Cal EPA)	Administration of programs as the Certified Unified Program Agency (CUPA). Reviewed inspection and enforcement records for hazardous waste, hazardous materials, underground storage tanks, aboveground storage tanks, and the California Accidental Release Prevention Program; training and evaluation records for Participating Agencies.	2017-2019 Triennial	03/17	Compliance review of all programs within the CUPA, as well as review of chemical data in Cal EPA's database CERS (California Environmental Reporting System).	In progress.	
		State WIC Program	Family Health, Women, Infants and Children (WIC) program	FFY Biennial	FFY 17/18	Program Compliance	Planned.	
		Gilbey and Associates	Public Health Nursing Division	FY 18/19 Annual	FY 17/18	Fiscal and Program Compliance	Planned.	
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 11/12 Annual	FY 10/11	All aspects related to fiscal compliance for charges claimed on the cost report	Completed.	None.
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 14/15 Annual	FY 12/13	All aspects related to fiscal compliance for charges claimed on the cost report	In progress.	
		DHCS Audits & Investigations - Targeted Case Management	Public Health Nursing - TCM Program Financial Audit of the TCM Cost Report	FY 12/13, Annually	FY 11/12	Targeted Case Management claiming	Completed.	None.
		DHCS Audits & Investigations - Targeted Case Management	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 15/16 Annual	FY 14/15	All aspects related to fiscal compliance for charges claimed on the cost report	In progress.	
John Wayne Airport	Finance Administration	Eide Bailly, LLP	Financial Statements	2019 Annual	2018	Audit of Financial Statements	In progress.	
		Eide Bailly, LLP	Passenger Facility Charge Revenues and Expenditures	2019 Annual	2018	Audit of Financial Statements	In progress.	
	Operations	Tevora Business Solutions	Common Use Passenger Processing System and Parking Access and Revenue Control System	2019 Annual	2018	Compliance with Payment Card Industry Data Security Standard	In progress.	
		Transportation Security Administration	Airport Security	2020 Annual	2019	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	Planned.	
		Federal Aviation Administration	Airport Certification Inspection	2020 Annual	2019	Compliance with Title 14, Code of Federal Regulations, Part 139, Airport Certification	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, 2019	Significant Findings
OC Community Resources	OC Homeless, Housing & Community Development	Eide Bailly, LLP (Formerly VTD)	OCDA Successor Agency - Financial Statement Audit	6/30/19 Annual	6/30/2018	Redevelopment Successor Agency	In progress.	
	Housing Community Development & Homeless	State HCD	State ESG	FY 17/18	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		HUD	CDBG & ESG Financial & Procurement	17/18	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		U.S. Department of Housing and Urban Development (HUD)	CoC, CDBG, HOME, ESG	FY 17/18 Triennial	N/A	The scope of this monitoring will include review of environmental files and supporting documentation, interviews with key staff and may include a brief visit to project sites.	In progress.	
	Office on Aging (OoA)	California Dept of Aging	Office on Aging	FY 16/17 - FY 18/19 Triennial	FY 15/16	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	Planned.	
		CA Department of Aging	Aging Programs	Every 4 years	02/16	Program	Planned.	
	Community Investment Division	State WIOA	WIOA Formula	Program Year & Annual	PY 18/19	WIOA Program policies and procedures, service delivery, etc.	Planned.	
		State WIOA	WIOA Equal Opportunity	Program Year & Annual	PY 18/19	Compliance regarding nondiscrimination and equal opportunity provisions.	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, 2019	Significant Findings
OC Community Resources (continued)	Community Investment Division (continued)	CID California Department on Aging (CDA)	SCSEP Monitoring	Program Year & Annual	04/17	Program implementation, participant eligibility, community service assignments, etc. No monitoring report issued for data validation.	Planned.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal and Procurement	16/17 Annual	15/16	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal & Procurement	17/18 Annual	16/17	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, methods of procurement, property management, etc.	In progress.	
		State Workforce Innovation and Opportunity Act (WIOA) Development Area	WIOA - Fiscal & Procurement	Program Year & Annual	April 23- May 9, 2018 (PY 17-18)	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, methods of procurement, property management, etc.	Planned.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA (NEG Fire) - Fiscal and Procurement	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.	

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, 2019	Significant Findings
OC Community Resources (continued)	Community Investment Division (continued)	Employment Development Department (EDD), Department of Labor (DOL), & Office of Inspector General (OIG)	WIOA (NEG Fire) - Fiscal and Procurement	17/18 N/A	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA Fiscal & Procurement	18/19 Annual	17/18	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
	OC Parks	No audits in progress.						
	OC Libraries	No audits in progress.						
	OC Animal Care	Macias, Gini & O'Connell LLP	City billing	17/18	N/A	Contracted examination of calculation of cost recovery from contracted cities	In progress.	
OC Public Works	Accounting	California Department of Transportation	San Juan Creek Bike Trail, 17th Street at Esplanade, Antonio Parkway	12/31/13	N/A	Audit of incurred costs	In progress.	
	Accounting and Fleet Services	Simpson & Simpson	Air Quality Management	FY15/16 & FY16/17 Biennial	2017	Fiscal audit of activity for Fund 140 and the annual reports submitted for FY 15/16 and 16/17	In progress.	
	Administrative Services	Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	CY 2019 Annual	05/19	TCA Fee Program for CY 2019. Audit of major thoroughfare fees collected by the County of Orange.	Planned.	
	Accounting & OC Construction	OCTA	Prop 1B and M2 (Comprehensive Transportation Funding Program (CTFP))	TBD	10/18	Review project files for the La Pata Project Phases I, II, & III.	Planned.	
	Construction	OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the Glassell Yard Campus Stormwater LID Project	Planned.	
		OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the San Juan Creek Channel Phases 4, 5, and 6	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, 2019	Significant Findings
OC Public Works (continued)	Construction (continued)	CTC and CalTrans	TCA	TBD	N/A	Review project files for the Oso Parkway Bridge - 241	Planned.	
		California Department of Transportation	Edinger Avenue Bridge Replacement #BRLS-5955 (078)	Random	N/A	Review project files for the Edinger Avenue Bridge Replacement	Planned.	
		CalTrans	Highway Safety Improvement Program	TBD	N/A	Review project files for the Live Oak Canyon and Trabuco Canyon	Planned.	
	Construction/ Infrastructure Programs	CalTrans	Federal Arterial Pavement Management (APM) Funding	TBD	N/A	Review project files for the Slurry Seal of Crown Valley and Oso Parkway Project	Planned.	
		CalTrans	Federal Arterial Pavement Management (APM) Funding	TBD	N/A	Review project files for the Foothill and Hewes Avenue Project	Planned.	
	Environmental Resources	California Department of Food & Agriculture (CDFA)	Pierce's Disease Control Program	TBD	8/16	To verify the accuracy and appropriateness of charges and expenditures.	Planned.	
		Department of Pesticide Regulation / Product Compliance Branch (DPR)	Pesticide Use Enforced Mill Assessment	TBD	N/A	The records shall clearly demonstrate proof of payment of all applicable assessments for each registered pesticide product.	Planned.	
		California Department of Food & Agriculture (CDFA)	Unrefunded Agriculture Gas Tax	TBD	N/A	To identify all federal revenues and the expenditure of the revenue.	Planned.	
		N/A	Proposition 84 Integrated Regional Water Management Implementation Grant Round 2	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Final Retention payment received 1/30/19.	Planned.	
		N/A	Proposition 84 Integrated Regional Water Management (IRWM) 2014 Drought Grant	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Final Retention payment received 12/28/18.	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, 2019	Significant Findings
OC Public Works (continued)	Environmental Resources (continued)	N/A	Certified Farmers Market Program	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 8/07/18.	Planned.	
		N/A	High Risk Pest Exclusion	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as maxed out award on the December 2017 claim.	Planned.	
		N/A	Organic Program	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 7/30/18.	Planned.	
		N/A	Sudden Oak Death	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as maxed out award on the March 2018 claim.	Planned.	
		N/A	Asian Citrus Psyllid	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 8/30/18.	Planned.	
		N/A	Nursery Inspection Program	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 7/30/18.	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, 2019	Significant Findings
OC Public Works (continued)	Environmental Resources (continued)	N/A	Weighmaster Program	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 7/30/18.	Planned.	
		N/A	Petroleum Products Program	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 7/30/18.	Planned.	
		N/A	Enforcement, Evaluation & Improvement Program (EEIP)	TBD	N/A	To verify the accuracy and appropriateness of charges and expenditures. Closed in FY 17/18 as last claim for this FY 17/18 agreement was sent to the State on 1/18/18.	Planned.	
	Fleet Services	No audits in progress.						
	Infrastructure Programs	OCTA	Active Transportation Program (ATP) and Transportation Control Measures (TCM) funding	TBD	N/A	Review project files for the Lambert Bikeway Project	Planned.	
		OCTA	Measure M2 Water Quality Grant and Prop 42	TBD	N/A	Financial and compliance audit of the completed Catch Basins Phases I through V	Planned.	
		OCTA	Measure M2 Comprehensive Transportation Funding Program (CTFP)	TBD	N/A	Financial and compliance audit of the completed Cow Camp Road Segment 1 Construction	Planned.	
		Caltrans (DOT)	Program Supplement No. N054 to Administering Agency-State Agreement for Federal-Aid Projects No 12-5955R	TBD	N/A	Financial and compliance audit of the completed Gilbert Street from Katella Avenue to Ball Road	Planned.	
OC Waste & Recycling	Accounting	Eide Bailly, LLP	Financial Statements	6/30/19 Annual	6/30/2018	Audit of Financial Statements	In progress.	
Probation	Administrative and Fiscal	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, 2019	Significant Findings
Public Defender		No audits in progress.						
Registrar of Voters		No audits in progress.						
Sheriff-Coroner	Financial/ Administrative Services	Cal EMA / Grants Management Section	Homeland Security Grants	FY 06 through 08	FY 06/07	Financial / Compliance	In progress.	This audit is also reported under HCA / Regulatory/Medical Services.
		Office of the State Controller Division of Audits	SB 90 Audit (PC 530.5) - Identity Theft Reports	FY02/03 thru FY12/13	N/A	Claimed Costs	In progress.	
		Clifton Larson Allen LLP	800 MHz Countywide Coordinated Communication System	N/A	N/A	Participant reconciliations	In progress.	
		Cal EMA / Grants Management Section	Homeland Security Grants	FY 17 through 19	FY 09/10	Financial / Compliance	In progress.	
	Custody Operations	US Department of Justice	Classification Review - Theo Lacy, Intake Release Center	Varied	N/A	Site visit, Compliance	In progress.	
		Board of State and Community Corrections (BSCC)	Theo Lacy, Central Men's Jail, Intake Release Center	Biennial	2018	Site visit, Compliance	Completed.	None.
		Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	
	Support Services	Dimension Data	Service continuity, disaster recovery	06/18 to 08/18	N/A	Review business critical applications, provide recommendations and documents for BC/DR.	In progress.	
		California Department of Justice	Criminal Offender Record Information (CORI)	Triennial	2016	Compliance Review	In progress.	
		California Department of Justice	California Law Enforcement Telecommunications System (CLETS) Audit	Triennial	FY 15/16	Compliance Review	In progress.	
		Tevora Business Solutions	IT	Annual	2018	Operational Review	Planned.	
		Tech Advisory Committee (TAC)	IT	Quarterly / Semi-Annual	2017	Operational Review	Planned.	
		Naval Criminal Investigative Service (NCIS) - LInX	LInX Data-sharing application	Annual	2019	Compliance Review	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, 2019	Significant Findings
Sheriff-Coroner	Orange County Crime Lab	ANSI National Accreditation	OC Crime Lab (OCCL) Accreditation	Annual	2019	All OCCL Operations	Planned.	
		FBI DNA Quality Assurance	OC Crime Lab DNA Operations	Biennial	2018	DNA Bureau	Planned.	
Social Services Agency	Administrative Services	California Department of Social Services (CDSS) Welfare Fraud Bureau (WFB)	Administrative Services, Adult Services & Assistance Programs, and Family Self-Sufficiency	April 16-19, 2019 Varies	07/16	Determine County's effectiveness in processing Income and Eligibility Verification System (IEVS) matches, identifying and collecting CalWORKs Overpayments and CalFresh Over Issuances, and reviewing Social Services Agency (SSA) processes intersecting with District Attorney Public Assistance Division (DAPAD).	Completed.	None.
		CDSS Fiscal Monitoring Bureau	County Expense Claim (CEC) and Assistance Claims	As Needed	12/16	Review of the CEC and Assistance Claims.	Planned.	
		Social Security Administration	Supplemental Security Income (SSI) Retirement and Survivors Disability Insurance (RSDI)	TBD Every 3 to 4 years	04/17	Review of compliance with Children & Family Services representative payee responsibilities for SSI. RSDI eligible dependent children in and out of home care.	Planned.	
	Assistance Programs	Social Security Administration	Interim Assistance Reimbursement (IAR)	10/16 Every 3 to 4 years	2012	Review of compliance with the IAR Program payments made in October 2016	Completed.	None.
		California Department of Social Services (CDSS)	CalFresh	08/19 Annual	08/17	Management evaluation of CalFresh Program access with an emphasis on the recertification process and timeliness of application processing, payment accuracy, and assessment of corrective action.	In progress.	

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, 2019	Significant Findings
Social Services Agency (continued)	Assistance Programs (continued)	California Department of Social Services (CDSS)	CalFresh Employment & Training (CF E&T)	3/27/19 Annual	N/A	Management evaluation of the County'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.	
	Family Self-Sufficiency & Adult Services	California Department of Social Services (CDSS) Children & Family Services Division, Adoptions Bureau	Adoptions Assistance Program (AAP)	9/18 to 6/19 Annual	9/18	Random selection of AAP cases for review to ensure compliance.	In progress.	
		California Department of Social Services (CDSS)	Remote review of the Work Incentive Nutritional Supplement (WINS) Federal Work Participation Rate (WPR) data and supporting docs	10/15 to 9/16; Varies	8/17	CDSS Performance Monitoring Unit (PMU) conducted review of OC's procedures for collecting and reporting WINS WPR hours in the Research and Development Enterprise Project (RADEP) system & support docs. 23 WINS cases sent for review.	Completed.	
		California Department of Social Services (CDSS)	In-Home Supportive Services (IHSS)	Annual	04/19	Quality Assurance monitoring of OC's administration of IHSS program. This includes a review of active and denied cases, including home visits and cases previously reviewed by Adult Services Quality Assurance/Quality Improvement unit.	Planned.	
		Christy White Associates, Inc.	California State Preschool Program (CSPP) Grant	Annual	10/18	Financial audit is conducted based on the California Department of Education (CDE) Audit Guide for Child Care and Development Programs Attendance and Fiscal Reports.	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, 2019	Significant Findings
Social Services Agency (continued)	Family Self-Sufficiency & Adult Services (continued)	California Department of Social Services (CDSS)	Federal Work Participation Rate (WPR) data and supporting documentation	Biennial	06/17	To ensure compliance with federal Temporary Assistance for Needy Families (TANF) data reporting requirements and work participation procedures.	Planned.	
		California Department of Social Services (CDSS)	Temporary Assistance for Needy Families (TANF)	Annual	03/19	Test for internal control and compliance with federal laws, regulations, and requirements for TANF funds. The auditor reviews randomly selected cases, reports, and processes.	Planned.	
Treasurer-Tax Collector	Treasury and Investments	Eide Bailly, LLP (Formerly VTD)	Annual IPS Compliance	FY 17/18 Annual	6/30/2017	Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement	In progress.	
		Eide Bailly, LLP (Formerly VTD)	Annual Audit of Statement of Assets Held by the County Treasury	6/30/18 Annual	6/30/17	California Government Code 26920(b)	In progress.	

EXTERNAL AUDIT REPORT
Implementation Status of Prior Quarter Significant & Material Issues
Quarter Ended September 30, 2019

No.	Department	Audit Name	Finding	Recommendation	Material or Significant	Implementation Status* & Actions Taken or Planned
2	A-C & CEO	Single Audit YE 6/30/18	Certain entity-wide information technology general control policies and procedures not deployed	We recommend that the County perform the following: 1. Formalize written policies and procedures for critical processes. 2. Update and implement the Usage and IT Security Policies to ensure the risk of inaccurate information is minimized and the integrity of the data is maintained. 3. Formalize policies that require the evaluation of the SOC 1/SOC 2 reports provided by its service organizations to be documented and compensating controls identified and evaluated for effectiveness. 4. Implement the established system access policy to disable terminated employees timely and monitor compliance with the updated policy.	Significant	CEO: Implemented. The written policy encompassing all 4 recommended items was approved by the Cyber Security Joint Task Force (CSJTF) on August 08, 2019. A-C: Implemented. The A-C leverages policy as established by the CEO CISO.
3	CEO & DA	Single Audit YE 6/30/18	Evaluation of the subrecipient's risk of noncompliance was performed but not documented.	We recommend that the Health Care Agency, CEO Office, and District Attorney's Office implement policies and procedures to ensure that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with 2 CFR section 200.331(b).	Significant	CEO & DA: In progress. County-wide policies and procedures have been developed and pending the review process for County-wide implementation.
4	HCA	Single Audit YE 6/30/18	Certain information was not provided at the time of subaward.	We recommend that OCCR and the Health Care Agency modify and/or strengthen its current policies and procedures to ensure that all required award information and applicable requirements is communicated to subrecipients at the time of subaward in accordance with 2 CFR section 200.331(a).	Significant	HCA: Implemented. Was added to HCA Contract Services newly created Procedures Manual which will be published December 2019.
8	CEO, DA & HCA	Single Audit YE 6/30/18	Certain subrecipient monitoring procedures were not documented.	We recommend the Health Care Agency, CEO's Office, and District Attorney's Office implement policies and procedures to document the monitoring of subrecipients is documented in accordance with 2 CFR section 200.331(d).	Significant	CEO & DA: In progress. Review process has been documented in proposed County-wide policies and procedures. Letters to applicable County Executive Office subrecipients are being drafted and will be distributed in November 2019. HCA: Implemented. Was added to HCA Contract Services newly created Procedures Manual which will be published December 2019.

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



Memorandum

November 14, 2019

AOC Agenda Item No. 13

TO: Audit Oversight Committee Members

Recommended Action:
Election of Audit Oversight Committee Officers

Election of Audit Oversight Committee Officers, as stated in the recommended action.