



# INTERNAL AUDIT DEPARTMENT



## Annual Risk Assessment & Audit Plan For Fiscal Year 2020-21

Audit No. 1901  
Report Date: June 4, 2020

### OC Board of Supervisors

CHAIRWOMAN MICHELLE STEEL  
SECOND DISTRICT

VICE CHAIRMAN ANDREW DO  
FIRST DISTRICT

SUPERVISOR DONALD P. WAGNER  
THIRD DISTRICT

SUPERVISOR DOUG CHAFFEE  
FOURTH DISTRICT

SUPERVISOR LISA A. BARTLETT  
FIFTH DISTRICT



## INTERNAL AUDIT DEPARTMENT

Audit No. 1901

June 4, 2020

To: Chairwoman Michelle Steel, Supervisor, 2<sup>nd</sup> District  
Vice Chairman Andrew Do, Supervisor, 1<sup>st</sup> District  
Supervisor Donald P. Wagner, 3<sup>rd</sup> District  
Supervisor Doug Chaffee, 4<sup>th</sup> District  
Supervisor Lisa A. Bartlett, 5<sup>th</sup> District  
Members, Audit Oversight Committee

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

Subject: Annual Risk Assessment & Audit Plan for Fiscal Year 2020-21

Attached for your review and approval is our Fiscal Year 2020-21 Annual Risk Assessment and Audit Plan, which was approved by the Audit Oversight Committee on June 4, 2020. On an annual basis, we perform a Countywide Risk Assessment that we use to develop our Audit Plan. The Risk Assessment, coupled with the Audit Plan, delivers a systematic approach for evaluating the effectiveness of internal controls and the efficiency of County business operations. For Fiscal Year 2020-21, we identified a total of 23 high-risk or high-priority areas in 14 County departments as follows:

DEPARTMENT	NUMBER OF HIGH-RISK/ HIGH-PRIORITY AREAS	AUDIT AREA
1. Auditor-Controller	1	Information Technology
2. Clerk of the Board	1	Information Technology
3. County Counsel	1	Information Technology
4. County Executive Office	4	Cash Disbursements & Payables Fiduciary & Special Revenue Funds Purchasing & Contracts (general) Purchasing & Contracts (CPM)
5. District Attorney-Public Administrator	1	Information Technology
6. Health Care Agency/Public Guardian	2	Fiduciary & Special Revenue Funds Information Technology
7. OC Community Resources	2	Cash Disbursements & Payables Purchasing & Contracts
8. OC Public Works	4	Fiduciary & Special Revenue Funds Cash Disbursements & Payables Purchasing & Contracts (general) Purchasing & Contracts (DCPM)

### Internal Audit Department Mission

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

<b>9. Probation Department</b>	<b>1</b>	Information Technology
<b>10. Public Defender</b>	<b>1</b>	Revolving Funds
<b>11. Registrar of Voters</b>	<b>1</b>	Information Technology
<b>12. Sheriff-Coroner</b>	<b>1</b>	Purchasing & Contracts
<b>13. Social Services Agency</b>	<b>2</b>	Fiduciary & Special Revenue Funds
		Purchasing & Contracts
<b>14. Treasurer-Tax Collector</b>	<b>1</b>	Cash Receipts & Accounts Receivable
<b>TOTAL HIGH-RISK/HIGH-PRIORITY AREAS</b>	<b>23</b>	

Due to limited staffing resources, our Audit Plan only includes audits addressing 20 of the 23 high-risk or high-priority areas. If hours become available in Fiscal Year 2020-21, we will incorporate the remaining three high-risk areas and two other department requested (time permitting) audits into the Audit Plan. The remaining high-risk and time permitting audits that have not been incorporated by the end of Fiscal Year 2020-21, will be included in our Fiscal Year 2021-22 Audit Plan.

We look forward to a successful year of providing professional, reliable, and objective audit and advisory services to the Board of Supervisors, County Executive Office, and County departments. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

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# INTERNAL AUDIT DEPARTMENT

## EXECUTIVE SUMMARY

### INTRODUCTION

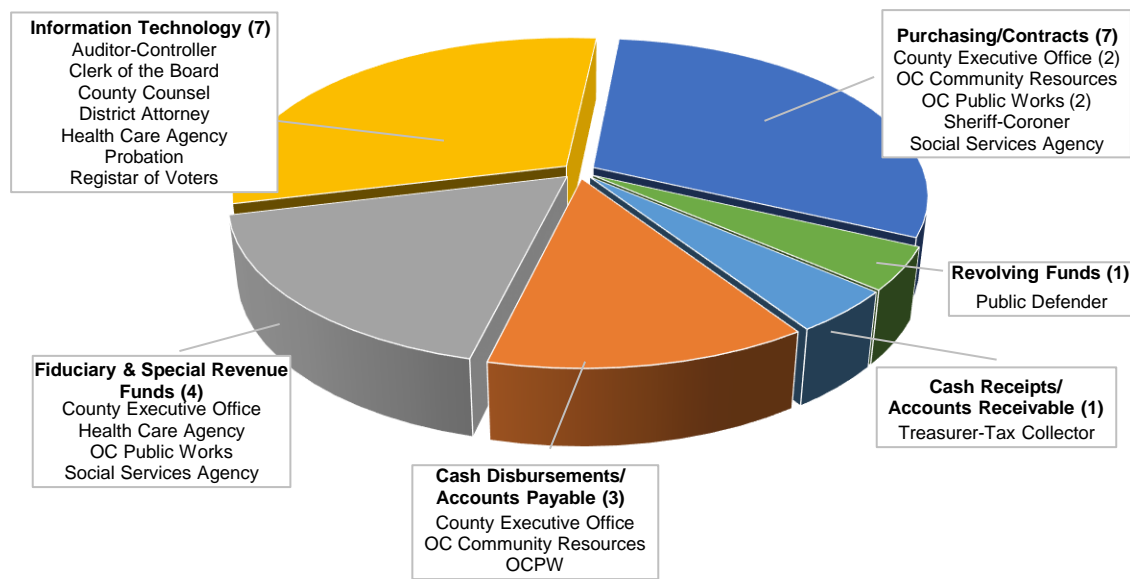
The mission of the Internal Audit Department is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions.

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

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

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

Our Fiscal Year 2020-21 Risk Assessment identified 23 high-risk or high-priority areas in 14 County departments as illustrated in the chart below.



# INTERNAL AUDIT DEPARTMENT

## RESULTS

Our Fiscal Year 2020-21 Audit Plan includes 20 scheduled audits, 13 of which are new audits and seven (six high risk + one high priority department request) are carried over from Fiscal Year 2019-20.

10 NEW HIGH-RISK AUDITS SCHEDULED	+	6 CARRYOVER HIGH-RISK AUDITS SCHEDULED	+	3 NEW HIGH- PRIORITY AUDITS SCHEDULED	+	1 CARRYOVER HIGH-PRIORITY REQUEST SCHEDULED	=	20 AUDITS SCHEDULED
3 TIME PERMITTING HIGH-RISK AUDITS			+	2 TIME PERMITTING DEPARTMENT REQUESTED			=	5 TIME PERMITTING AUDITS
19 HIGH-RISK AUDITS			+	6 HIGH-PRIORITY OR DEPARTMENT REQUESTED AUDITS			=	25 TOTAL AUDITS IN PLAN

Due to limited staffing resources, our Audit Plan only includes audits addressing 20 of the 23 high-risk or high-priority areas. The 2020 COVID-19 pandemic affected completion of our prior year audit plan as some departments were not able to collaborate and complete originally scheduled audits resulting in an increased number of carryover audits. If hours become available in Fiscal Year 2020-21, we will incorporate the remaining three high-risk areas and the two time permitting department requested audits into the Audit Plan. Any audits that have not been incorporated by the end of Fiscal Year 2020-21 will be included in our Fiscal Year 2021-22 Audit Plan.

## RISK ASSESSMENT

### GENERAL RISK ASSESSMENT

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

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

Our risk-based assessment is driven by numerous risk factors and is the reason we do not have a firm cycle of audits.



# INTERNAL AUDIT DEPARTMENT

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A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors, such as having a large amount of expenditures and/or revenues, having a high level of liquid assets such as cash, management's assessment of the control environment, or a high degree of public interest. A high-risk score indicates that if something were to go wrong, it could have a greater impact. A high-risk score does not mean that a business process is being managed ineffectively or that internal control is not adequate.

## INFORMATION TECHNOLOGY RISK ASSESSMENT

Due to the complexities and widespread use of information technology throughout County operations, a separate IT risk assessment was performed to augment the general risk assessment. The IT risk assessment was conducted with a comprehensive IT survey. We distributed the survey for input on risks and areas of IT audit interest in departments' business operations and summarized the results. A risk-ranking value was assigned to each department to illustrate each risk indicator.

A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors such as departments maintaining and managing systems that process sensitive information, on-site server rooms that host critical systems, and/or large number of privileged user access.

As with the general risk assessment, a high-risk score indicates that if something were to go wrong, it could have a greater impact. A high-risk score does not mean that an IT process is being managed ineffectively or that internal control is not adequate. The survey allowed an increased understanding of the department's IT environment. The result was a comprehensive and prioritized risk-based heat map of IT risks for development of the IT component of our Audit Plan.

## FY 2020-21 AUDIT PLAN

Our Audit Plan is based on 12,672 productive hours to be provided by seven audit professionals and two supervising audit managers. Audit hours for the director of Internal Audit and assistant director are not included in the above total, and time for the audit managers is adjusted to allow time for administrative duties. Some audits we identified as high risk are listed on the Audit Plan as "time permitting" audits. If hours become available, we will begin performing the time permitting audits. Otherwise, these audit areas will remain as high risk and will be included in next year's Audit Plan.

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



## INTERNAL AUDIT DEPARTMENT

SERVICE	OBJECTIVE	HOURS	%
<b>Internal Control Audits (ICA)</b>	Review effectiveness and efficiency of departmental operations including the safeguarding of assets, reporting (internal and external, financial and non-financial), and compliance with laws, regulations, and procedures as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.	6,354	50%
<b>Information Technology Audits (ITA) &amp; Advisory</b>	Review IT controls such as general controls over computer operations, access to programs and data, disaster recovery/business continuity, program development, program changes, and provide advisory services for system implementations.	2,645	21%
<b>Business Process Improvement (BPI)</b>	Conduct facilitated workshops utilizing a balanced approach to discuss strengths, concerns and what the team can do to improve business processes. The process draws upon the expertise of employees and managers and encourages a team approach to identifying issues and problem solving.	315	3%
<b>Revenue Generating Lease Audits (RGL)</b>	Audit the records of businesses with revenue generating leases at John Wayne Airport, OC Community Resources, and OC Public Works to ensure the correct amount of rent is paid to the County based on a percentage of gross revenue, and that internal controls are adequate to ensure the integrity of records used to report gross revenues.	0	0%
<b>Board Requests &amp; Contingency Reserve</b>	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	1,658	13%
<b>Other Activities &amp; Administration</b>	Investigate cash losses; provide advisory services and technical assistance to departments on business, accounting, internal control, compliance, and policy and procedural issues; perform the annual risk assessment; compile and present External Audit Activity Reports to the AOC; compile and present oversight reporting to the AOC and Board; complete special projects.	1,700	13%
<b>TOTALS</b>		<b>12,672</b>	<b>100%</b>

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

The Audit Plan is subject to change for such events where the director of the Internal Audit Department, or Board majority assesses it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resources, and/or other risk considerations. An example of an event is the evolving COVID-19 crisis which may affect business processes (e.g., procurement, payroll, cybersecurity) and necessitate modification of our Audit Plan. Such modifications will be noted in the Quarterly Status Reports submitted to the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.





# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>High-Risk Audits</b>		
<b>Internal Control Audits</b>		<b>Supervising Audit Manager: Michael Dean, Senior Audit Manager</b>
1. T-TC Accounts Receivable	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	400
2. CEO Cash Disbursements & Payables	To assess internal control over cash disbursements and accounts payable to ensure payments are properly reviewed and authorized, valid, supported, timely; and are compliant with County policy.	800
3. OCCR Cash Disbursements & Payables		
4. SSA Purchasing & Contracts		
5. OCIT Purchasing & Contracts (1624)		
6. OCPW Purchasing & Contracts (1911)	To assess procurement processes (other than human services) to ensure compliance with the Contract Policy Manual.	360
7. OCSD Purchasing & Contracts (1912)		
Carryovers from FY 2018-19		
8. OCCR/OC Parks/OC Dana Point Harbor Purchasing & Contracts	To assess contractor compliance with the Dana Point Master Lease (P3) and efficiency of the lease administration by OCCR.	400
9. PD Revolving Funds	To assess internal control over revolving fund expenditures to ensure they are proper and in compliance with County and departmental policy.	400
10. CEO Fiduciary Funds & Special Revenue Funds	To assess internal control over fiduciary or special revenue funds to ensure sources and uses of funds are proper and in compliance with County and departmental policy, procedures, and laws.	800
11. OCPW Fiduciary Funds & Special Revenue Funds		
12. SSA Fiduciary Funds & Special Revenue Funds (1823)		
Carryover from FY 2018-19		300



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
High-Risk Audits (con't)		
Information Technology Audits	Supervising Audit Manager: Jimmy Nguyen, IT Audit Manager II	
13. CAPS+ Application Security	Assess selected IT controls over security management.	400
14. District Attorney Cybersecurity	To assess controls over the IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	400
15. Health Care Agency Cybersecurity (1943)		800
16. Clerk of the Board Cybersecurity (1944)		
Carryovers from FY 2019-20		
The following high-risk engagements are time permitting audits and will be completed as audit resources become available:		
17. ROV Cybersecurity	To assess controls over the IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	0
18. Probation Cybersecurity		
19. County Counsel Cybersecurity		
Total High-Risk Audits		5,460

<b>High-Priority Department Requested Audits</b>		
<b>20. OCPW Design &amp; Construction Procurement Manual</b>	To assess whether recent changes to manuals for public works and purchasing are being complied with by County departments.	200
<b>21. CEO Contract Policy Manual</b>		200
<b>22. OCPW Toll Road and Transponder Usage for County Vehicles</b>	To assess compliance with OCPW's Toll Road and Transponder Usage for County Vehicles policy.	400
<b>23. HCA Fiduciary Funds</b> Carryover from FY 2019-20	To assess internal control over fiduciary or special revenue funds to ensure sources and uses of funds are proper and in compliance with County and departmental policy, procedures, and laws.	120



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>Total High-Priority Department Requested Audits</b>		<b>920</b>

Department Requested Audits		
<b>24. JWA Cash Disbursements &amp; Payables</b> Time Permitting Audit	To assess internal control over cash disbursements and accounts payable to ensure payments are properly reviewed and authorized, valid, supported, timely; and are compliant with County policy.	0
<b>25. HRS Data Portal Access</b> Time Permitting Audit	To assess selected information technology general controls over security management.	0
<b>Total Department Requested Audits</b>		<b>0</b>

Follow-Up Audits		
Follow-Up Internal Control Audits	Follow-up on management’s implementation of audit recommendations provided in prior audit reports.	1,174
Follow-Up Information Technology Audits		845
Total Follow-Up Audits		2,019

Advisory Engagements		
<b>COVID-19 Assistance</b>	To assist the County with any internal control reviews of business processes affected by or created as a result of the 2020 COVID-19 crisis.	400
<b>Business Process Improvement Workshops</b>	Conduct facilitated workshops utilizing a balanced approach to discuss strengths, concerns and what the team can do to improve business processes.	315
<b>VTI System Replacement</b>	To advise on System Development Life Cycle (SDLC) internal control including project management, system functionality/integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	50



# INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>Advisory Engagements (con't)</b>		
<b>T-TC Quantum Upgrade (1647)</b> Department Request Carryover from FY 2019-20	To advise on SDLC internal control including project management, system functionality/ integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	50
<b>Property Tax System Implementation (1754)</b> Department Request Carryover from FY 2019-20	To advise on SDLC internal control including project management, system functionality/ integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	50
<b>Countywide Cybersecurity</b>	Participate in Countywide Cybersecurity meetings.	50
<b>Total Advisory Engagements</b>		<b>915</b>

<b>Revenue Generating Lease Audits</b>		
<b>Revenue Generating Lease Audits</b>	To assess whether lessee records adequately support gross receipts reported to the county and compliance with lease terms.	0
<b>Total Revenue Generating Lease Audits</b>		<b>0</b>

<b>Other Activities &amp; Administration</b>	
<b>Countywide Internal Control Training Program</b> Special project	200
<b>Audit Management System (TeamMate+) Upgrade</b> Special project	200
<b>Other Special Projects</b>	300
<b>Annual Risk Assessment &amp; Audit Plan for Fiscal Year 2021-22</b>	300
<b>External Audit Reporting</b>	200
<b>On-Demand Department Advisory Services</b>	100



## INTERNAL AUDIT DEPARTMENT

### Other Activities & Administration (con't)

Board of Supervisors & Audit Oversight Committee Reporting	100
Annual Report	100
Cash Loss Investigations	100
Countywide Cost-Allocation Plan	100
<b>Total Other Activities &amp; Administration</b>	<b>1,700</b>

Board-Requested Audits	600
Contingency Reserve	1,058

<b>TOTAL HOURS</b>	<b>12,672</b>
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### ACKNOWLEDGEMENT

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

<b>PROJECT TEAM</b>	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
	Michael Dean, CPA, CIA, CISA	Senior Audit Manager
	Jimmy Nguyen, CISA, CFE, CEH	IT Audit Manager II
	Scott Kim, CPA, CISA, CFE	IT Audit Manager I
	Gianne Morgan, CIA	Audit Manager
	Zan Zaman, CPA, CIA	Audit Manager
	Mari Elias, MA, DPA	Administrative Services Manager





# INTERNAL AUDIT DEPARTMENT

## APPENDIX A: AUDIT PLAN METHODOLOGY

### 1. DEFINE AUDIT UNIVERSE

There are several approaches to defining all the potential areas subject to risk assessment and audits, or the “audit universe”. We defined the County audit universe as 19 departments excluding the Office of the Performance Auditor, Internal Audit Department, OC Ethics Commission, and Office of Independent Review.

We further defined our audit universe by nine standard business processes/cycles (see Table 1 below) including information technology common to all departments. This results in an audit universe consisting of 155 auditable business processes (19 departments, eight business processes/cycles, plus Fee-Generated Revenue which only applies to three departments).

**Table 1. County Audit Universe**

BUSINESS PROCESS/CYCLE	DESCRIPTION
<b>1. Cash Receipts &amp; Accounts Receivable</b> \$16 Billion for FY 2018-19	Review controls over receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments.
<b>2. Cash Disbursements &amp; Payables</b> \$5.9 Billion for FY 2018-19	Verifying receipt of goods/services, supervisory reviews and approvals adequacy, invoice processing timeliness, completeness and accuracy of payments, proper reconciliations, and safeguarding of assets.
<b>3. Fee-Generated Revenue</b> \$900 Million for FY 2018-19	Review department fee studies and fee-development processes, methodologies, and assumptions used for establishing cost-recovery fees charged to the public for “Licenses, Permits and Franchises,” and “Charges for Services,” and ensure they are submitted to the Board for approval.
<b>4. Purchasing &amp; Contracts</b> \$806 Million for FY 2018-19	County-issued purchasing cards, vendor payment review/approval processes, ensuring terms of contracts were met prior to issuing payments, reviewing justification of sole source contracts, and monitoring CPO's oversight responsibilities.
<b>5. Revolving Funds</b> \$6.7 Million for FY 2018-19	Validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded.
<b>6. Payroll</b> \$2.2 Billion for FY 2018-19	Review timekeeping practices, premium and overtime pay practices, payroll unit supervision and payroll reports, Central Payroll's role in processing payroll, and monitoring for unauthorized payroll changes.
<b>7. Fiduciary Funds &amp; Special Revenue Funds</b> \$1.8 Billion for FY 2018-19	Validating the purpose/objectives of fiduciary funds and special revenue funds, ensuring sources and uses of the funds are in accordance with County policy or laws/regulations, and reconciliations are prepared timely/completely to safeguard funds.
<b>8. Information Technology (IT)</b>	Review controls over IT and cybersecurity including general controls, application controls, system development, network security, and computer operations.
<b>9. Revenue Generating Leases</b> \$151 Million for FY 2018-19	Review of records of businesses with revenue generating leases at OCCR, JWA, and OCPW to ensure the correct amount of rent is paid to the County.



# INTERNAL AUDIT DEPARTMENT

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## 2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2020-21 (Attachment B) shows the 155 auditable business processes and assigned risk ratings. We consider the following factors in assigning risk levels:

- Financial Activity/Volume (50%). Assessed department financial information for each auditable business process.
- Department Changes (15%). Assessed factors such as management and/or organizational changes, significant increases/decreases in staffing and workloads, new/eliminated programs, and significant changes in laws/regulations or IT.
- Operating Environment (15%). Assessed factors related to changes in the operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, major crises, pending litigation, and business continuity.
- Last Audit Performed (20%). Identified all Internal Control Audits, Financial Audits & Mandates, and Information Technology Audits conducted in the last 10 years. Areas with no recent or prior audits are assessed higher risk (see Attachment C).

## 3. CATEGORIZE RESULTS

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

Risk levels for the 155 auditable business processes we identify in our Risk Assessment Schedule for FY 2020-21 (Attachment B) are as follows:

- 19 (12%) are High Risk
- 123 (79%) are Moderate Risk
- 13 (9%) are Low Risk

## 4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES

Our Audit Plan is based on 8,999 available audit hours (12,672 productive hours less 315 hours for business process improvement, 1,700 hours for other activities and administration, 600 hours for Board requested audits, and 1,058 hours for contingency reserve) to be provided by seven audit professionals and two supervising audit managers. We ensure the ratio of gross hours to available audit hours aligns with industry norms. The contingency reserve is for position vacancies and other unforeseen events.

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

Our Follow-Up Audit process ensures that our audit recommendations are implemented satisfactorily. Our First Follow-Up Audit generally begins about six months following the release of an audit report. If necessary, a Second Follow-Up Audit will generally be conducted about six months following the release of the First Follow-Up Audit report.



# INTERNAL AUDIT DEPARTMENT

## APPENDIX B: ACRONYMS

Acronym	Definition
A-C	Auditor-Controller
AOC	Audit Oversight Committee
C-R	Clerk-Recorder
CEO	County Executive Office
COB	Clerk of the Board of Supervisors
COCO	County Counsel
CPO	County Procurement Office
CSS	Child Support Services
HCA	Health Care Agency/Public Guardian
JWA	John Wayne Airport
OCCR	OC Community Resources
OCDA	District Attorney-Public Administrator
OCIT	CEO/Information Technology
OCPW	OC Public Works
OCSD	Sheriff-Coroner (Orange County Sheriff's Department)
OCWR	OC Waste & Recycling
PD	Public Defender
ROV	Registrar of Voters
SSA	Social Services Agency
T-TC	Treasurer-Tax Collector





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graph TD;
    Board[Board of Supervisors] --- AOCA[Audit Oversight Committee];
    Board --- Aggie[Aggie Alonso  
CPA, CIA, CRMA  
Director & CAE];
    Aggie -.- AOCA;
    Aggie --- ScottS[Scott Suzuki  
CPA, CIA, CISA, CFE  
Assistant Director];
    Aggie --- Mari[Mari Elias  
MA, DPA  
Administrative Services Manager];
    ScottS --- Michael[Michael Dean  
CPA, CIA, CISA  
Senior Audit Manager];
    ScottS --- Vacant1[Vacant  
Audit Manager II];
    ScottS --- Jimmy[Jimmy Nguyen  
CISA, CFE, CEH  
IT Audit Manager II];
    Michael --- Zan[Zan Zaman  
CPA, CIA  
Audit Manager];
    Michael --- Gianne[Gianne Morgan  
CIA  
Audit Manager];
    Zan --- Steph[Stephany Pantigoso  
Senior Auditor];
    Zan --- Gabriela[Gabriela Cabrera  
Senior Auditor];
    Gianne --- Virginia[Virginia Nguyen  
CPA  
Senior Auditor];
    Gianne --- Alejandra[Alejandra Hernandez  
Senior Auditor];
    Jimmy --- ScottK[Scott Kim  
CPA, CISA, CFE  
IT Audit Manager I];
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Certified Public Accountant (CPA)  
 Certified Internal Auditor (CIA)  
 Certified Information Systems Auditor (CISA)  
 Certified Fraud Examiner (CFE)  
 Certified Ethical Hacker (CEH)  
 Certification in Risk Management Assurance (CRMA)  
 Deputy Purchasing Agent (DPA)  
 Master of Arts (MA)

ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2020-21

BUSINESS PROCESS/CYCLE	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector	COMMENTS
CASH RECEIPTS & ACCOUNTS RECEIVABLE \$16 billion in FY 2018-19	M	M	M	L	M	M	M	M	M	M	M	M	M	M	M	M	M	M	H	Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances.
CASH DISBURSEMENTS & PAYABLES \$5.9 billion in FY 2018-19	L	M	M	L	M	M	H	M	M	M	H	M	M	M	M	M	M	M	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.
FEE-GENERATED REVENUE \$900 million in FY 2018-19	M	M	L	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Reflects revenue from cost-recovery fees (licenses, permits, franchises and charges for services) that are charged to the public and require BOS approval.
PURCHASING & CONTRACTS \$806 million in FY 2018-19	M	M	M	L	M	M	H	M	M	M	H	H	M	M	M	M	H	H	M	Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts.
REVOLVING FUNDS \$6.7 million in FY 2018-19	M	M	M	M	M	M	M	M	M	M	M	M	M	M	H	L	M	M	M	Reflects the total revolving fund replenishments to all departments.
PAYROLL \$2.2 billion in FY 2018-19	M	M	M	L	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Reflects total payroll for our audit population of all departments shown.
FIDUCIARY & SPECIAL REVENUE FUNDS \$1.8 billion in FY 2018-19	M	M	M	L	M	L	H	M	M	M	M	H	M	M	M	M	M	H	M	Reflects year-end balances in Agency Funds and Private Purpose Trust Funds designated for restricted purposes and use.
INFORMATION TECHNOLOGY	M	H	L	H	L	H	M	H	H	L	M	M	M	H	L	H	M	M	M	Includes IT controls and cybersecurity including general controls, application controls, system development, network security, and computer operations.
REVENUE GENERATING LEASES \$151 million in FY 2018-19	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	M	M	M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Includes revenue generating leases at OCCR, JWA, and OCPW.
AUDITS ON FY 2020-21 PLAN See Appendix A for Audit Plan Methodology		CAPS+ Application Security		Cybersecurity (carryover)		Cybersecurity	Cash Disbursements & Payables; Purchasing & Contracts (carryover); Fiduciary & Special Rev; CPM (high priority); HRS Data Portal (time permitting)	Cybersecurity	Cybersecurity (carryover) Fiduciary Funds (time permitting/carryover)	Cash Disbursements & Payables (time permitting)	Cash Disbursements & Payables Purchasing & Contracts	Purchasing & Contracts (carryover) Fiduciary & Special Revenue Toll Road Compliance (high priority) DCPM Review (high priority)		Cybersecurity	Revolving Funds	Cybersecurity	Purchasing & Contracts (carryover)	Fiduciary & Special Revenue (carryover) Purchasing & Contracts	Cash Receipts & Accounts Receivable	

High-Risk Processes:	19	12%	High-risk audit areas (as determined by risk assessment)
Moderate-Risk Processes:	123	79%	Moderate-risk audit areas (as determined by risk assessment)
Low-Risk Processes:	13	9%	Low-risk audit areas (as determined by risk assessment)
Total Auditable Business Processes/Cycles:	155		



ATTACHMENT C: SCHEDULE OF 10-YEAR PRIOR AUDIT COVERAGE  
For The Period July 2010 through June 2020

	1. Assessor	2. Auditor-Controller	3. Child Support Services	4. Clerk of the Board	5. Clerk-Recorder	6. County Counsel	7. County Executive Office	8. District Attorney-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector
CASH RECEIPTS & ACCOUNTS RECEIVABLE		#1249, #1315 & #1415 Quarterly Reconciliation Compliance; #1818 AC Fiduciary Funds			#1159 Fund 12D		#1317 Community Facilities Districts	#1325 Fiduciary Funds 2006-2016 Annual Grants	#1325 Fiduciary Funds; #1018 Medical Billing; #1420 Fund 13Y; #1619 Unearned Revenue; #1914 PG Fund 165		#1456 OC Parks Ticket Sales; #1578 Animal Care; #1579 Library; #1655 OC Parks; #1619 Unearned Revenue; #1815 OCCR AC Cash Receipts	#1619 Unearned Revenue; #1734 Billing	#1525 Cash Receipts	GPS Programs 2011; #1567 Juvenile; #1724 Mandate			Inmate Welfare Fund 2011; #1918 OCSD Cash Receipts	#1619 Unearned Revenue; #1823 SSA Fiduciary Funds	2011, 2014 & 2017 Audits of Tax Redemption Officer; 2006 NSF ICR; 1998-March 2007 Qrtly Audits & 2004-2017 Annual TFA; 2010 Tax Collections; Admin. Budget Practices 2010; Annual Compliance 2010-16
CASH DISBURSEMENTS & PAYABLES	#1626 Travel	#1025 HCA Cash Disb; #1027 OCWR; #1041 CAATS - Dup. Pymts.; Ongoing CAATs 2011; #1259, #1315 & #1415 Quarterly Reconciliation Compliance; #1626 Travel; #1811 A-C Claims; #1818 AC Fiduciary Funds		#1626 Travel	#1159 Fund 12D		#1216 and #1318 OCEA Pension Enhancement ; #1316 Retiree Medical; #1317 Community Facilities Districts; #1626 Travel	#1325 Fiduciary Funds 2005-2016 Annual Grants;	#1025 HCA Cash Disbursement; #1325 Fiduciary Funds; #1420 Fund 13Y; #1728 Mental Health Services Disbursements; #1914 PG Fund 165		OCCR Disbursements 2012	#1028 Fleet Svcs; #1029 Fuel Cards; #1223 Disbursements; #1626 Travel	#1027 Cash Disb	GPS Programs 2011; #1323 AB109; #1567 Juvenile; #1724 Mandate; #1822 Probation Cal Cards		#1626 Travel	Inmate Welfare Fund 2011; #1626 Travel	#1626 Travel; #1625 CalWorks / Rescare Contract; #1823 SSA Fiduciary Funds	2007-2017 Qrtly TFA; 2007-2017 Annual TFA; 2010 Tax Collections; #1583 Wire Transfers
FEE-GENERATED REVENUE					#1159 Fund 12D; #1919 Senate Bill 2		#1627 OC IT Billing		#1024 Fee Dev; #1327 Env. Health Fees; #1915 HCA FGR		#1222 Fee Dev	2011 Fee Generated revenues; #1820 OCPW FGR	#1023 Fee Dev; #1821 OCWR FGR	#1841 Probation Compliance SB-190			#1632 OCSD Billing of Law Enforcement Services for DPH & JWA		
PURCHASING & CONTRACTS		#1522 Procurement					#1041 CAATS - Emp-Vendor Match; #1521 Procurement; #1624 OC IT Contract Admin; #1730 CEO/Real Estate Procurement-Revenue Generating Lease Administration Process; #1732 OCIT Capital Assets		#1030 Contract Admin; #1631 Procurement; #1819 Contracts & Procurement	#1008 Tech Asst. on Improvement Plan; #1125 Change Orders	10/11 Boat Slips; #1455 Expediter; #1426 Human Services Contracts	#1028 Fleet Mgmt; #1029 Fuel Card Admin.; #1225 Contract Admin.; #1455 Expediter; #1911 OCPW Purchasing & Contracts	#1334 La Pata Contract; #1455 Expediter				ICE Contract Admin 2011; City Contracts 2012; #1912 OCSD Purchasing & Contracts	#1224 Contract Admin; #1625 CalWorks / Rescare Contract	
REVOLVING FUNDS	Cash Advance Audit 2011; #1626 Travel	10/11 Rev. Fund audits; #1053 Pub. Def, Co.Co.; Cash Advance Audit 2011; #1626 Travel	Cash Advance Audit 2011	Cash Advance Audit 2011	Cash Advance Audit 2011	Cash Advance Audit 2011	Cash Advance Audit 2011; #1626 Travel	Cash Advance Audit 2011; #1913 OCDA Revolving Fund	Cash Advance Audit 2011	Cash Advance Audit 2011	Cash Advance Audit 2011; #1578 Animal Care; #1579 Library	Cash Advance Audit 2011; #1626 Travel	Cash Advance Audit 2011	Cash Advance Audit 2011; #1567 Juvenile; #1822 Probation Cal Cards	Cash Advance Audit 2011	Cash Advance Audit 2011; #1626 Travel	Cash Advance Audit 2011; #1626 OCSD Revolving Fund	Cash Advance Audit 2011; Revolving Funds 2011; #1633 Revolving Funds; #1626 Travel	Cash Advance Audit 2011
PAYROLL		#1041 CAATS Pay. Direct Dep.; #1350 Payroll						#1629 Payroll	#1350 Payroll CAATs; #1812 HCA Payroll		#1813 OCCR Payroll	#1916 OCPW Payroll		#1630 Payroll			#1350 Payroll CAATs; #1632 OCSD Billing of Law Enforcement Services for DPH & JWA	#1350 Payroll CAATs; #1814 OCCR Payroll	
FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS		#1259, #1315 & #1415 Quarterly Reconciliation Compliance; #1337 Fiduciary Funds; #1818 AC Fiduciary Funds	#1519 Fiduciary Funds		#1159 Fund 12D; #1519 Fiduciary Funds		#1317 CFDs; #1519 Fiduciary Funds	#1325 Fiduciary Funds; #1519 Fiduciary Funds; #1523 PA	#1325 Fiduciary Funds #1420 Fund 13Y; #1519 Fiduciary Funds; #1524 PG; #1914 PG Fund 165		#1423 DPH; #1519 Fiduciary Funds	#1421 Flood Fund; #1519 Fiduciary Funds		#1323 AB109; #1519 Fiduciary Funds		#1519 Fiduciary Funds	#1519 Fiduciary Funds; #1520 Special Revenue Funds	#1336 Special Revenue Funds; #1823 SSA Fiduciary Funds	2007-2017 Qtrly TFA & 2005-2017 Annual TFA; 2010-2016 Annual Compliance Audit; #1519 Fiduciary Funds
INFORMATION TECHNOLOGY	#1844 Assessor Cybersecurity	#1357 2014 ARA; #1741 ITGC	#1644 ITGC		#1840 Vital Records Index Access System		#1454 Off-Site Data Backup; #1455 Expediter; #1644 ITGC	#1143 ITGC		#1444 ITGC; #1941 ITGC	#1644 ITGC	#1354 ITGC; #1644 ITGC	#1445 Paradigm; #1644 ITGC		#1942 PD ITGC		#1353 ITGC; #1845 ITGC	#1142 ITGC; #1644 ITGC; #1846 ITGC	

10-Year Prior Audit Coverage (2010 to June 2020)5-Year Prior Audit Coverage (2015 to June 2020)Current/In-Progress AuditsNo Audit Coverage Within 10 Years