



**INTERNAL AUDIT DEPARTMENT**  
**COUNTY OF ORANGE**

2005 Recipient of the Institute of Internal Auditors  
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*Integrity ♦ Objectivity ♦ Independence*

***FINAL CLOSE-OUT***

**FIRST FOLLOW-UP AUDIT  
OF THE REPORT ON READINESS  
ASSESSMENT FOR  
COUNTY ACCOUNTING AND PERSONNEL  
SYSTEM (CAPS) UPGRADE**

As of  
May 31, 2005

**AUDIT NUMBER: 2522**

**REPORT DATE: MARCH 13, 2005**

<b>Audit Director:</b>	<b>Peter Hughes, Ph.D., CPA, CITP</b>
<b>Deputy Director:</b>	<b>Eli Littner, CPA, CIA, CISA</b>
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***Final Close-Out***

**CAPS READINESS ASSESSMENT  
FIRST FOLLOW-UP AUDIT**

**As of May 31, 2005**

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AUDIT MANAGER

**Transmittal Letter**

Audit No. 2522

March 13, 2006

TO: CAPS Steering Committee Members:  
David E. Sundstrom, Auditor-Controller  
Satish Ajami, CIO, CEO/Information Technology  
Dianna Garcia, Director, Human Resources  
Ed Corser, CFO, CEO/Finance & Budget  
Shaun Skelly, Chief Assistant Auditor-Controller

FROM: Peter Hughes, Ph.D., CPA, Director  
Internal Audit Department 

SUBJECT: **First and Final Close-Out Follow-Up** Audit of the Report on Readiness  
Assessment for County Accounting and Personnel System (CAPS) Upgrade,  
(Prior Audit No. 2246)

We have completed the First and Final Close-Out Follow-Up Audit of the Report on Readiness Assessment for the County Accounting and Personnel System (CAPS) Upgrade. Our audit was limited to reviewing actions taken, as of May 31, 2005, to implement the recommendations made in our original audit report dated March 27, 2003. The results of our Follow-Up audit are discussed in the **Internal Auditor's Report** following this transmittal letter. **This report represents the final close-out of the original audit.**

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Other recipients of this report:

Members, Board of Supervisors  
Members, Audit Oversight Committee  
Thomas G. Mauk, County Executive Officer  
Mahesh Patel, Assistant Auditor-Controller, Information Technology  
Larry Chanda, Manager, Auditor-Controller/CAPS Administration  
Phillip Daigneau, Manager, Auditor-Controller/CAPS Accounting/Payroll Systems

Ted Kerekes, Data Systems Division Manager, CEO/IT

Carl Crown, Interim CTO, CEO/IT

John Wheeler, Assistant CIO, CEO/IT

Marguerite Adams, HR Systems & Programs Manager, Human Resources Department

Scott Sanders, Senior Systems Analyst, Human Resources Department

Phil Paker, Manager, ACS State and Local Solutions

Foreperson, Grand Jury

Darlene J. Bloom, Clerk of the Board of Supervisors



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**INTERNAL AUDITOR'S REPORT**  
**FINAL CLOSE-OUT**

Audit No. 2522

March 13, 2006

CAPS Steering Committee:

David E. Sundstrom, Auditor-Controller  
Satish Ajami, CIO, CEO/Information Technology  
Dianna Garcia, Director, Human Resources  
Ed Corser, CFO, CEO/Finance & Budget  
Shaun Skelly, Chief Assistant Auditor-Controller

We have completed the First and Final Close-Out Follow-Up Audit of the Readiness Assessment for County Accounting and Personnel System (CAPS) Upgrade. Our audit was limited to reviewing, as of May 31, 2005, actions taken to implement the recommendations made in our audit report dated March 27, 2003.

The original audit report contained fourteen (14) recommendations, twelve (12) of which required action and therefore were reviewed as part of this audit. Our follow-up audit indicated that:


- One (1) recommendation was fully implemented.
- Two (2) recommendations have been partially implemented.
- Three (3) recommendations are in process.
- Two (2) recommendations were not implemented.
- Four (4) recommendations have not been implemented as they are dependent on the determination of the strategic direction for CAPS.

When we conducted the original Readiness Assessment in 2002, we understood the CAPS Upgrade at that time to be a \$5 million upgrade to the next generation (version 3.0) of the American Management Systems, Inc.'s (AMS) Advantage software with no significant modifications to the software required. The upgrade was to include the Financial and Human Resources systems. However, subsequent to our Readiness Assessment, a fit analysis for Finance and Purchasing was conducted by AMS for the CAPS Steering Committee. The fit analysis determined that more modifications to the software would be required than originally planned for Finance and Purchasing. At that time it was determined that a fit analysis for Human Resources would be placed on hold. Additionally, AMS was subsequently purchased by the CGI Group Inc. We have been informed by the Auditor-Controller's CAPS Administration staff that CGI-AMS has continued to enhance the Advantage software (now version 3.5) and CGI-AMS

has made a commitment to extend its support of the County's existing version 2.2 of the Advantage software. Based on the results of the fit analysis and these other factors, the strategic direction of the CAPS Upgrade is being reevaluated by the CAPS Steering Committee. The CAPS Steering Committee recently conducted a strategic assessment (with the assistance of Gartner, Inc.) to evaluate alternatives for the long term direction of CAPS.

Because the strategic direction of CAPS (Financial and Human Resource systems) is being determined and the scope of the CAPS Upgrade under which we performed our original Readiness Assessment is changed, we have determined it is not appropriate to continue following-up on the remaining recommendations until the strategic direction for CAPS has been finalized. Then, at that time we could consider performing another readiness assessment that would be more applicable to the current conditions of the project. **As such, this report represents the final close-out of the original audit.**

We appreciate the courtesy and cooperation extended to us by the personnel of the Auditor-Controller, CEO/Information & Technology, Human Resources, CEO/Budget, and ACS. If you have any questions regarding our review please call me, Eli Littner, Deputy Director, at (714) 834-5899, or Autumn McKinney, Audit Manager, at (714) 834-6106.

  
Peter Hughes, Ph.D., CPA  
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors  
Members, Audit Oversight Committee  
Thomas G. Mauk, County Executive Officer  
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