

A G E N D A

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA



Thursday, September 6, 2018, 10:00 a.m.

HALL OF ADMINISTRATION
333 W. Santa Ana Blvd., 5th Floor
Conference Room A
Santa Ana, California 92701

DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR ANDREW DO
BOARD CHAIRMAN
First District
Member

SUPERVISOR SHAWN NELSON
BOARD VICE CHAIRMAN
Fourth 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
Eric Woolery, CPA

Staff
Internal Audit Department:
Deputy County Counsel:
Clerk:

Scott Suzuki, CPA
Ronnie Magsaysay
Mari Elias

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

All supporting documentation is available for public review in the office of the Internal Audit Department located in the Hall of Finance and Records Building, 12 Civic Center Plaza, Room 232, Santa Ana, CA 92701, 8:00 a.m. - 5:00 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

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA

10:00 A.M.

- | | <u>Speaker</u> |
|---|--|
| 1. Roll call | <i>Drew Atwater
AOC Chairman</i> |
| 2. Approve Audit Oversight Committee Regular Meeting Minutes of June 14, 2018 | <i>Drew Atwater
AOC Chairman</i> |
| 3. Receive report on required communication from external auditors | <i>Roger Alfaro, CPA, Partner,
Vavrinek, Trine, Day & Co.</i> |
| 4. Receive report on status of performance audits | <i>Frank Kim
County Executive Officer</i> |
| 5. Receive report on County's cybersecurity program | <i>Joel Golub
Chief Information Officer,
OCIT</i> |
| 6. Receive report on new Internal Audit Department start-up activities | <i>Scott Suzuki, CPA,
Acting Director,
Internal Audit Department</i> |
| 7. Receive report on Internal Audit Department planned key performance indicators | <i>Scott Suzuki, CPA,
Acting Director,
Internal Audit Department</i> |
| 8. Approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2018-19 | <i>Scott Suzuki, CPA,
Acting Director,
Internal Audit Department</i> |
| 9. Approve Internal Audit Department's FY 2017-18 4th Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2018 | <i>Scott Suzuki, CPA,
Acting Director,
Internal Audit Department</i> |
| 10. Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2018 | <i>Scott Suzuki, CPA,
Acting Director,
Internal Audit Department</i> |

A G E N D A

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA

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, December 6, 2018, 10:00 a.m.



Memorandum

September 6, 2018

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of June 14, 2018

Approve Audit Oversight Committee Regular Meeting Minutes of June 14, 2018, as stated in the recommended action.

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



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE ORANGE COUNTY, CALIFORNIA

Thursday, June 14, 2018, 10:00 a.m.

HALL OF ADMINISTRATION
333 W. Santa Ana Blvd., 5th Floor
Conference Room A
Santa Ana, California 92701

Drew Atwater, 1st District
AOC Chairman
Private Sector Member

Robert Brown, 5th District
AOC Vice Chair
Private Sector Member

Supervisor Andrew Do
1st District, Board Chairman
Member

Supervisor Shawn Nelson
4th District, Board Vice Chairman
Member

Frank Kim
County Executive Officer
Member

Richard Murphy, 2nd District
Private Sector Member

Mark Wille, CPA, 3rd District
Private Sector Member

VACANT, 4th District
Private Sector Member

Present Non-Voting Members

Treasurer-Tax Collector:

Larry Walker, Assistant Treasurer-Tax
Collector for Shari Freidenrich, CPA
Eric Woolery, CPA
VACANT

Auditor-Controller:
Performance Audit:

Present Staff

Auditor-Controller Internal Audit:
Deputy County Counsel:
Clerk:

Scott Suzuki, CPA
Ronnie Magsaysay for Mark Servino
Mari Elias

ATTENDANCE: Drew Atwater, AOC Chairman, Private Sector Member; Robert Brown, AOC Vice Chairman, Private Sector Member; Mark Wille, Private Sector Member; Richard Murphy, Private Sector Member; Supervisor Andrew Do, Board of Supervisors; Chris Gaarder, Proxy for Supervisor Andrew Do

10:00 A.M.

1. Roll Call

Audit Oversight Committee (AOC) Chairman Drew Atwater called the meeting to order at 10:03 A.M. Attendance of AOC members noted above.

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

2. Approve Audit Oversight Committee Regular Meeting Minutes of March 29, 2018

Motion to approve the minutes of the March 29, 2018 meeting by Mr. Brown, seconded by Mr. Murphy.

All in favor, none opposed.

Approved as recommended.

3. Receive Oral Report on Required Communication from External Auditors

Ms. Hurley, partner at Macias Gini and O'Connell (MGO), provided reports on the Single Audit Report, Communication with Those Charged with Governance at the Conclusion of the Audit, and the 2017 Management Letter.

4. Receive Report on Countywide IT Risk Assessment

Mr. Cousineau, director at MGO, described the IT Risk assessment process.

5. Receive Report on Transition Plan to Incoming External Audit Firm

Mr. Alfaro, partner at Vavrinek Trine & Day (VTD), provided a summary of the audit process.

6. Receive Report on Status of Hiring Director of Performance Audit

Mr. Kim stated the Board has directed his office to move away from hiring a Performance Auditor. Mr. Kim will make a recommendation to the Board of Supervisors (Board) at the June 26, 2018 Board meeting to have on-call contracts with consultants in various disciplines.

7. Receive Report on External Audits Performed Under the Purview of the Board of Supervisors

Mr. Kim stated the Board approved a review of the Mental Health Services Act funds and when the report is completed, it will be presented to the AOC. The review of the Orange County Fire Authority response to Canyon 2 Fire was completed and presented to the Board, and will be distributed to the AOC.

8. Receive Report on Criteria for Financial Reporting of County Component Units

Mr. Woolery stated the Orange County Cemetery District and Orange County Parks Foundation are not included as a component unit of the County's financial statements because their financial impact is immaterial to the County's financials.

9. Receive Report on Auditor-Controller Internal Audit Division's Independence

Mr. Suzuki stated that for the period of June 2, 2017 through June 1, 2018, the internal audit activity has been free from interference in determining the scope of internal auditing, performing work, and communicating results.

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

10. Approve Auditor-Controller Internal Audit Division's Annual Risk Assessment & Audit Plan for FY 2018-19

Mr. Suzuki presented the Auditor-Controller Internal Audit Division's Annual Risk Assessment & Audit Plan for FY 2018-19.

Motion to approve by Mr. Wille, seconded by Mr. Murphy.

All in favor, none opposed.

Approved as recommended.

11. Approve Auditor-Controller Internal Audit Division's FY 2017-18 3rd Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2018

Mr. Suzuki presented the 3rd Quarter Status Report and Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2018.

Motion to approve made by Mr. Wille, seconded by Mr. Murphy.

All in favor, none opposed.

Approved as recommended.

12. Approve Quarterly External Audit Activity Status Report for the Quarter Ended March 31, 2018

Mr. Suzuki presented External Audit Activity Status Report for the Quarter Ended March 31, 2018.

Motion to approve made by Mr. Brown, seconded by Mr. Murphy.

All in favor, none opposed.

Approved as recommended.

PUBLIC COMMENTS – Mr. Wille wished everyone a Happy Flag Day.

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS – None.

ADJOURNMENT: Motion to adjourn the meeting made by Mr. Wille, seconded by Mr. Murphy.
Meeting adjourned at 11:11 AM.

NEXT MEETING

Regular Meeting, September 13, 2018, 10:00 AM



Memorandum

September 6, 2018

AOC Agenda Item No. 3

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

September 6, 2018

AOC Agenda Item No. 4

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.



Memorandum

September 6, 2018

AOC Agenda Item No. 5

TO: Audit Oversight Committee Members

Recommended Action:

Receive report on County's cybersecurity program

Receive report on County's cybersecurity program, as stated in the recommended action.



Memorandum

September 6, 2018

AOC Agenda Item No. 6

TO: Audit Oversight Committee Members

Recommended Action:

Receive report on new Internal Audit Department start-up activities

Receive report on new Internal Audit Department start-up activities, as stated in the recommended action.



Memorandum

September 6, 2018

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive report on Internal Audit Department planned Key Performance Indicators

Key Performance Indicators (KPIs) measure an organization's productivity by comparing quantifiable performance targets to actual results. In general, KPIs should be measurable, achievable, and relevant to the organization's mission.

The new Internal Audit Department has identified 12 performance areas and corresponding performance goals that will provide the AOC information on how the department is performing. Data will be gathered, monitored, and reported on to the AOC.

INTERNAL AUDIT DEPARTMENT

KEY PERFORMANCE INDICATORS

INTRODUCTION

The Internal Audit Department's mission 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.

To fulfill our mission, our business objectives are as follows:

- Provide department-focused services
- Execute high-quality work
- Facilitate cost-effective projects
- Promote professional development

To measure how well we are achieving our business objectives, we have developed a set of key performance indicators (KPI) and set goals for each measure. We will assess each KPI and report results to the Board and AOC. Our KPIs for FY 2018-19, including descriptions and goals, are shown in the table below.

KPI	DESCRIPTION	GOAL
PROVIDE DEPARTMENT-FOCUSED SERVICES		
1. Customer Service	We request departments complete a customer service survey after every audit. Departmental feedback helps ensure we maintain professional courtesy and provide value added services.	Achieve an average overall rating of 4.0 or higher.
2. Risk-Based Audit Coverage	Allocating resources to high risk areas and business processes helps ensure effective allocation of limited audit resources.	100% of available staffing resources are applied to high risk business processes or high priority areas as requested by the Board, CEO, or department heads.
3. Transparency of Audit Function	Posting reports we issue demonstrates accountability for our work to the public and that we are transparent with respect to the work we perform.	95% of reports issued are posted to the department website for public viewing within five business days of release.



INTERNAL AUDIT DEPARTMENT

KPI	DESCRIPTION	GOAL
EXECUTE HIGH-QUALITY WORK		
4. Recommendations Concurred with by Management	Demonstrates our commitment to partner with departments to improve operations and that our recommendations add value and have merit.	80% of audit recommendations receive a management response of concur or partially concur.
5. Audit Plan Approval	Preparation of a risk-based audit plan provides a road map for audit coverage and provides resource allocation information to stakeholders and those charged with oversight.	Receive approval from the Audit Oversight Committee (AOC) and Board of Supervisors on the Annual Risk Assessment & Audit Plan. Receive quarterly approval from the AOC for any adjustments/updates.
6. Quality Assessment Reviews	Quality assessments are required by professional audit standards and help ensure the audit function is performing its duties in an effective and efficient manner.	Cause an external quality assessment to be completed every five years and receive a generally conforms opinion.
7. Follow-Up Audits	Follow-up of initial audit recommendations is required by professional standards and helps ensure departments address agreed upon audit recommendations in a timely manner.	90% of audit engagements are followed-up on within one-year of the initial audit report issuance date.
8. Reporting	Prompt issuance of draft reports to departments can demonstrate effective engagement management and provides timely recommendations to enable faster corrective action.	80% of audit engagements result in issuance of a draft report within six months of fieldwork commencement.



INTERNAL AUDIT DEPARTMENT

FACILITATE COST-EFFECTIVE PROJECTS

9. Budget	Effective management of audit operations requires ensuring engagements adhere to approved budgets.	80% of engagements are completed within 125% of the approved budget.
10. Chargeable Time (Utilization)	Time charged directly to audit or advisory engagements demonstrates resources being applied to the benefit of County departments and minimizing non-chargeable "overhead".	80% of staff productive work hours are charged to audit or advisory engagements.

PROMOTE PROFESSIONAL DEVELOPMENT

11. CPA License or Professional Certifications for Management	Staffing the department with licensed or certified managers helps provide assurance to departments there is appropriate knowledge and skill in those charged with leading the County audit function.	100% of audit managers and executive management possess a CPA license or an audit related certification, e.g., CIA, CISA, CFE.
12. Professional Training for Staff	Training helps ensure staff skills are current and relevant to our mission.	100% of staff complete at least 40 hours of continuing professional education or training per fiscal year.





Memorandum

September 6, 2018

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Approve the Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2018-19

The Internal Audit Department is pleased to present the Annual Risk Assessment & Audit Plan for FY 2018-19. This comprehensive report details our risk-based plan for audits in FY 2018-19 and is based upon the former Auditor-Controller Internal Audit Division's Annual Risk Assessment & Audit Plan presented to the Audit Oversight Committee (AOC) at its June 14, 2018 meeting.

Per the County of Orange Audit Oversight Committee Bylaws, the AOC shall review and approve the risk assessment and internal audit plan. If approved by the AOC, the Risk Assessment & Audit Plan will be presented to the Board of Supervisors at its September 25, 2018 meeting.



DRAFT

INTERNAL AUDIT DEPARTMENT



Annual Risk Assessment & Audit Plan For Fiscal Year 2018-19

**Audit No. 1701
Report Date: September 25, 2018**

OC Board of Supervisors

Chairman Andrew Do
1st District

Vice Chairman Shawn Nelson
4th District

Supervisor Michelle Steel
2nd District

Supervisor Todd Spitzer
3rd District

Supervisor Lisa Bartlett
5th District



INTERNAL AUDIT DEPARTMENT

Audit No. 1701

September 25, 2018

To: Chairman Andrew Do, Supervisor, 1st District
Vice Chairman Shawn Nelson, Supervisor, 4th District
Supervisor Michelle Steel, 2nd District
Supervisor Todd Spitzer, 3rd District
Supervisor Lisa Bartlett, 5th District
Members, Audit Oversight Committee

From: Scott Suzuki, Acting Director
Internal Audit Department

Subject: Annual Risk Assessment & Audit Plan for Fiscal Year 2018-19

Board Resolution 18-068 established the Internal Audit Department reporting directly to the Board of Supervisors, effective July 1, 2018. As acting director of the newly formed Internal Audit Department, I am pleased to present our Annual Risk Assessment & Audit Plan for FY 2018-19 (Audit Plan).

To assist us in performing our role as part of the County team, we have prepared the attached Audit Plan that provides a systematic approach for evaluating the effectiveness of internal control and efficiency of County business operations.

The Audit Oversight Committee reviewed and approved the Audit Plan on September 6, 2018. Accordingly, I am now presenting it to the Board of Supervisors for approval as required by our charter.

We look forward to a successful year of providing professional full-service audit and advisory services to the Board of Supervisors, County Executive Office, and County departments.

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.

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For Fiscal Year 2018-19
Audit No. 1701**

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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. County management relies on these systems and processes for 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 and guidelines 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 risk assessments to help identify and measure risk and prioritize potential audits for the Audit Plan. We are committed to auditing business activities or processes identified as high risk. Our approach is to provide coverage of the most critical or 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.

RESULTS

Our FY 2018-19 general risk assessment resulted in 13 areas identified as high risk including: Auditor-Controller disbursements, fee-generated revenue, and fiduciary funds & special revenue funds; Health Care Agency payroll and contracts; OC Community Resources payroll, CEO accounts receivable, OC Public Works fee-generated revenue; OC Waste & Recycling fee-generated revenue, Sheriff-Coroner payroll and fee-generated revenue; and Social Services Agency payroll and fiduciary funds & special revenue funds. Engagement scheduling has been given priority to address these areas of high risk as well as department head requests; however, due to administrative activities related to starting the new Internal Audit Department and limited staffing resources, all areas of high risk may not be covered during this fiscal year.

To supplement audits of general business processes/cycles, our FY 2018-19 IT risk assessment resulted in two departments with high risk IT areas including Assessor and Sheriff-Coroner. Engagement scheduling has been given priority to address these areas of high risk.

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.



INTERNAL AUDIT DEPARTMENT

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. The passage of time is not a key factor in allocating audit resources.

A department with a high risk score indicates the services or functions it is responsible for are a high priority 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.

SPECIALTY INFORMATION TECHNOLOGY RISK ASSESSMENT

Due to the complexities and widespread use of information technology throughout County operations, a specialty IT risk assessment was performed to augment the general risk assessment. The IT risk assessment was conducted with a phased implementation methodology identified in the phases below. This phased approach allowed increased granularity of work performed as knowledge and understanding were gained. The second phase was built on the knowledge and results of the first phase.

Phase I identified inherent IT risk indicators for all County departments and was based on threats of theft/damage/denial to IT or information resources and the inherent vulnerabilities of people, processes, and technology. We conducted a survey of County departments and summarized the results. A risk-ranking heat map was developed to illustrate each inherent risk indicator.

Phase II risk-ranked departments based on support documentation obtained from evaluating the IT control environment. In Phase II, we met with County departments to perform interviews and obtained support documentation pertaining to IT Governance, Risk, and Compliance and summarized the results. A risk-ranked heat map was developed to illustrate each risk factor indicator.

The end result was a comprehensive and prioritized risk-based heat map of IT risks for development of the IT component of our Audit Plan.



INTERNAL AUDIT DEPARTMENT

FY 2018-19 AUDIT PLAN

On June 26, 2018, Board Resolution 18-068 established the Internal Audit Department effective July 1, 2018. This resulted in an adjustment of available audit resources for the new Internal Audit Department and the Audit Plan was prepared with consideration of this adjustment. Some audits we identified as high risk are listed on the Audit Plan with an asterisk (*) as “time-permitting” audits. In the event 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 generally approved by the Audit Oversight Committee (AOC) and Board 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. Below is a description of these primary service areas, related objectives, and hours allocated to the service area.

SERVICE	OBJECTIVE	HOURS	%
Internal Control Audits (ICA)	Review departmental operations (effectiveness, efficiency, safeguarding of assets), reporting (internal and external, financial and non-financial), and compliance objectives (laws, regulations, procedures) as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.	5,330	48%
Information Technology Audits (IT)	Review IT controls (e.g., general controls over computer operations, physical/logical access, disaster recovery/business continuity, program development, program changes) and provide advisory services for system implementations.	2,160	19%
Other Activities & Administration	Investigate cash losses; provide 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; investigate allegations of financial fraud; complete special projects.	2,600	23%
Contingency Reserve	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	1,123	10%
TOTALS		11,213	100%

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

The Audit Plan is subject to change for such events where the director of the Internal Audit Department, or Board majority assesses it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resources, and/or other risk considerations. Such modifications will be noted in the Quarterly Status Reports submitted to the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.



INTERNAL AUDIT DEPARTMENT

AUDIT	DEPARTMENT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Internal Control Audits		Supervising Audit Manager: Michael Dean, Senior Audit Manager	
Payroll	HCA OCCR OCSD* SSA	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	1,200
Fee-Generated Revenue	A-C* OCPW* OCWR*	To assess internal control over fee studies and fee development processes for establishing cost-recovery fees charged to the public.	0
Fiduciary Funds & Special Revenue Funds	A-C* SSA*	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.	0
Cash Disbursements	A-C	To assess internal control over cash disbursements to ensure payments are properly reviewed and complete, valid, and accurate. Also, to follow-up on A-C finding from original OCDA and Probation payroll audits.	400
Procurement	HCA*	To assess HCA's procurement processes (other than human services) to ensure they are in compliance with the Contract Policy Manual.	0
P-Card	Probation*	To assess internal control over purchasing card usage and compliance with County policy.	0
Cash Receipts Department Request	OCCR/OC Animal Care	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	400



INTERNAL AUDIT DEPARTMENT

AUDIT	DEPARTMENT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Internal Control Audits (con't)			
Accounts Receivable (1729) Carryover from FY 2017-18	CEO	To assess CEO's internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	400
Capital Assets (1732) Carryover from FY 2017-18	OCIT	To assess internal control over OCIT's oversight of contracted management of computer-related assets to ensure assets are properly inventoried, valued, correctly depreciated, and properly recorded in the County's financial statements.	400
Contract Administration (1624) Carryover from FY 2017-18	OCIT	To assess OCIT's oversight of billing practices and internal control over contracted services.	400
Dana Point Harbor Procurement (1628) Carryover from FY 2017-18	OCCR/OC Parks	To assess Dana Point Harbor's internal control over procurement processes/systems for compliance with the Contract Policy Manual.	400
Billing of Law Enforcement Services for Harbor Patrol and Airport Police Services (1632) Carryover from FY 2017-18	OCSD	To assess OCSD's internal control over billing for Harbor Patrol and Airport Police Services.	400
Contract Administration (1730) Carryover from FY 2017-18	CEO/Real Estate	To assess CEO/Real Estate's internal control over lease management processes and systems. Audit will include review of CEO Real Estate's ongoing oversight of the County's leases in coordination with County departments.	200
Billing of Public Works Services to County Departments (1734) Carryover from FY 2017-18	OCPW	To assess OCPW's internal control over billing of services to County departments to ensure costs are accurate, reasonable, and properly allocated.	200



INTERNAL AUDIT DEPARTMENT

AUDIT	DEPARTMENT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Internal Control Audits (con't)			
Procurement (1631) Carryover from FY 2017-18	HCA	To assess HCA's human services procurement processes to ensure compliance with the Contract Policy Manual.	100
Follow-Up Audits	Various	Follow-up on management's implementation of audit recommendations provided in prior audit reports.	830
Total Internal Control Audits			5,330

Information Technology Audits		Supervising Audit Manager: Jimmy Nguyen, IT Audit Manager II	
IT General Controls	Assessor SSA*	To assess controls over the IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	400
OCSD IT Selected Controls	OCSD*	To assess selected controls over the IT environment.	0
Clerk-Recorder Inter-County Access Department Request	C-R	To assess other County departments' access to C-R IT resources is as prescribed by the C-R.	400
Probation Mandate Compliance Department Request	Probation	To assess compliance with program changes resulting from SB-190 revisions.	400
A-C IT General Controls (1741) Carryover from FY 2017-18	A-C	To assess controls over the IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	50
E-Pages System Implementation (1645) Carryover from FY 2017-18	HCA	To advise on internal control for the application implementation.	50



INTERNAL AUDIT DEPARTMENT

AUDIT	DEPARTMENT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Information Technology Audits (con't)			
Quantum Upgrade (1647) Department Request Carryover from FY 2017-18	T-TC	To advise on System Development Life Cycle (SDLC) internal control including project management, system functionality/integration testing, interfaces, data conversion, documentation & training, go live, segregation of duties/security, and change management.	50
Property Tax System Implementation (1754) Carryover from FY 2017-18	A-C COB T-TC	To advise on System Development Life Cycle (SDLC) internal control including project management, system functionality/integration testing, interfaces, data conversion, documentation & training, go live, segregation of duties/security, and change management.	100
Follow-Up Audits	OCIT A-C	Follow-up on management's implementation of audit recommendations provided in prior audit reports.	420
Cybersecurity	Countywide	Participate in Countywide IT and Cybersecurity meetings.	50
Continuous Auditing Research & Development	Countywide	Research and develop continuous auditing methodology.	100
IT Audit Assistance with ICAs	Various	Provide technical assistance with ICAs.	140
Total Information Technology Audits			2,160



INTERNAL AUDIT DEPARTMENT

Other Activities & Administration	
Special Projects	1,000
Annual Risk Assessment & Audit Plan for Fiscal Year 2019-20	400
Financial Fraud Hotline Referrals from County Counsel	400
External Audit Reporting	300
On-Demand Department Advisory Services	200
Board of Supervisors & Audit Oversight Committee Services	200
Cash Loss Investigations	100
Total Other Activities & Administration	2,600
Contingency Reserve	1,123
TOTAL HOURS	11,213



INTERNAL AUDIT DEPARTMENT

APPENDIX A: AUDIT PLAN METHODOLOGY

1. DEFINE AUDIT UNIVERSE

There are several approaches to defining an audit universe (all areas subject to risk assessment and audits). 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.

Our audit universe is further defined by nine standard business processes/cycles (see Table 1 below) and information technology common to all departments (except one which applies only to departments with revenue generating lease agreements), with our primary emphasis on financial accounts and transactions. This results in an audit universe consisting of 155 auditable business processes (19 departments, eight business processes/cycles, plus three departments with revenue generating lease agreements).

Table 1. County Audit Universe

BUSINESS PROCESS/CYCLE	DESCRIPTION
Cash Receipts & Accounts Receivable \$15 Billion for FY 2016-17	The receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments.
Cash Disbursements & Payables \$5.7 Billion for FY 2016-17	Verifying receipt of goods/services, adequacy of supervisory reviews and approvals, timeliness of invoice processing, completeness and accuracy of payments, proper reconciliations, and safeguarding of assets.
Fee-Generated Revenue \$841 Million for FY 2016-17	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 are submitted to the Board for approval.
Purchasing & Contracts \$1.2 Billion for FY 2016-17	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.
Revolving Funds \$5.8 Million for FY 2016-17	Validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded.
Payroll \$2.1 Billion for FY 2016-17	Timekeeping practices (VTI time reporting system or in-house developed payroll system), premium and overtime pay practices, payroll unit supervision and payroll reports, Central Payroll's role in processing payroll, and monitoring for unauthorized payroll changes.
Fiduciary Funds & Special Revenue Funds \$1.8 Billion for FY 2016-17	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.
Information Technology	IT controls including general controls, application controls, and system development.
Revenue Generating Leases \$161 Million for FY 2016-17	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.

Note: FY 2016-17 data was used as this was the most recent, complete fiscal year data available.



INTERNAL AUDIT DEPARTMENT

2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2018-19 (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 (20%). 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 (20%). Assessed factors related to changes in the operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, pending litigation, and business continuity.
- Last Audit Performed (10%). 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 and audit priority level is assigned to each auditable business process as High Priority, Moderate Priority, or Low Priority. The overall risk levels assigned determine the focus of our audit resources and audit priorities.

Priorities of the 155 auditable business processes we identify in our Risk Assessment Schedule for FY 2018-19 (Attachment B) are as follows:

- 15 (10%) are High Priority
- 120 (77%) are Moderate Priority
- 20 (13%) are Low Priority

4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES

Our Audit Plan is based on 7,490 available audit hours (11,213 productive hours less 2,600 hours for other activities and administration, and 1,123 hours for contingency reserve) to be provided by seven audit professionals and three supervising audit managers. We ensure the ratio of gross hours to available audit hours aligns with industry norms. We also deduct 10% as a contingency reserve for special request audits from the Board, position vacancies, and other unforeseen events.

We judgmentally select the highest priority 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

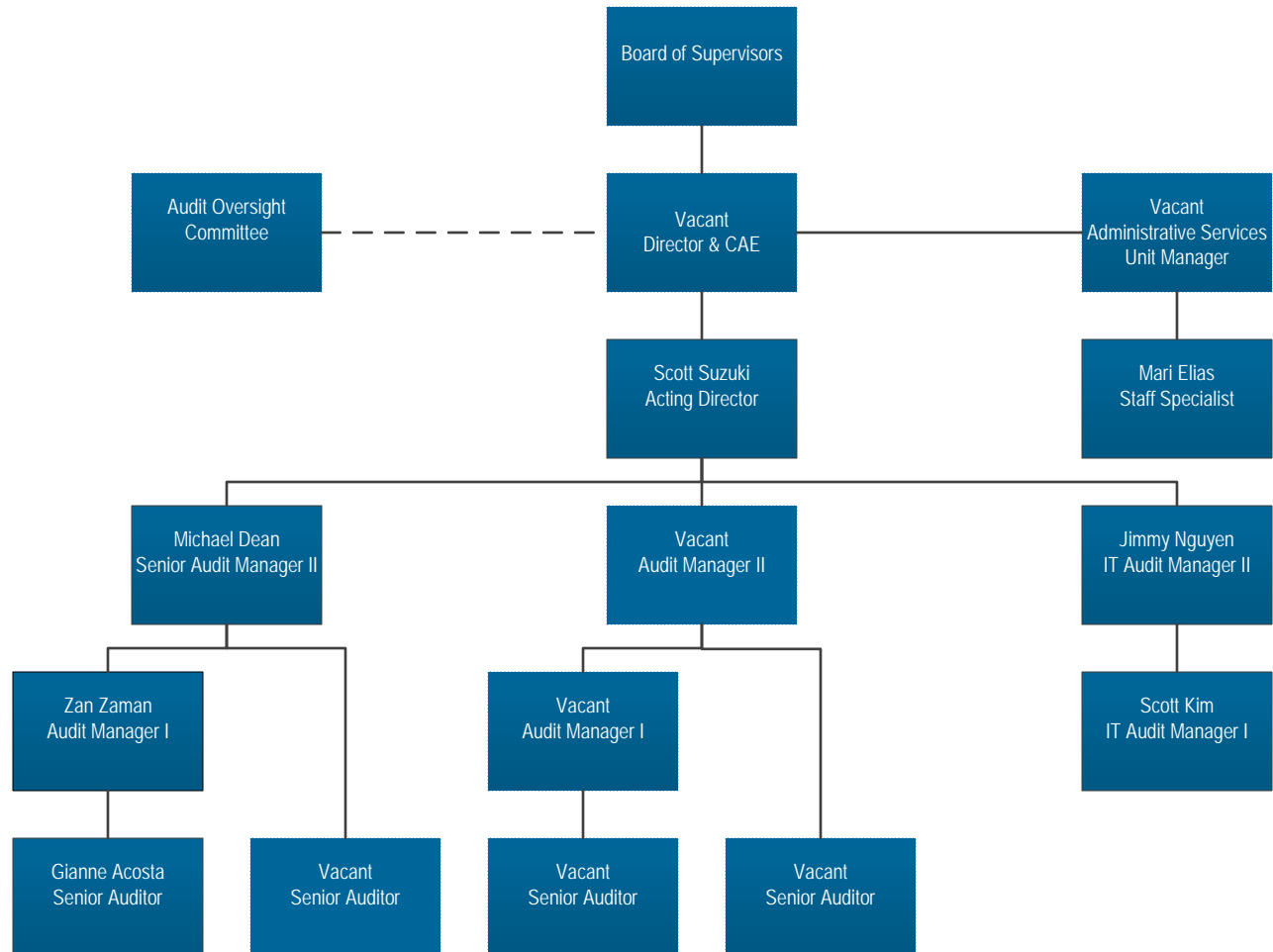
APPENDIX B: ACRONYMS

Acronym	Definition
A-C	Auditor-Controller
C-R	Clerk-Recorder
CEO	County Executive Office
COB	Clerk of the Board
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





INTERNAL AUDIT DEPARTMENT



ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2018-19

DRAFT																				
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 \$15 billion in FY 2016-17	M	M	M	L	M	L	H	M	M	M	M	M	M	M	M	M	M	M	M	Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances.
CASH DISBURSEMENTS & PAYABLES \$5.7 billion in FY 2016-17	L	H	M	L	M	M	M	M	M	M	M	M	M	M	M	L	M	M	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.
FEE-GENERATED REVENUE \$841 million in FY 2016-17	M	H	L	M	M	M	M	M	M	M	M	H	H	M	M	M	H	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 \$1.2 billion in FY 2016-17	M	M	M	L	M	L	M	M	H	M	M	M	M	M	M	M	M	M	M	Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts.
REVOLVING FUNDS \$5.8 million in FY 2016-17	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	L	M	M	M	Reflects the total revolving fund replenishments to all departments.
PAYROLL \$2.1 billion in FY 2016-17	M	M	M	L	M	M	M	M	H	M	H	M	M	M	M	M	H	H	M	Reflects total payroll for our audit population of all departments shown.
FIDUCIARY & SPECIAL REVENUE FUNDS \$1.8 billion in FY 2016-17	M	H	M	L	M	L	M	M	M	M	M	M	M	M	M	L	M	H	M	Reflects year-end balances in Agency Funds and Private Purpose Trust Funds designated for restricted purposes and use.
INFORMATION TECHNOLOGY	H	M	L	M	L	L	M	M	M	L	M	M	L	M	M	L	H	M	M	
REVENUE GENERATING LEASES \$161 million in FY 2016-17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	M	L	M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
AUDITS ON FY 2018-19 PLAN See Appendix A for Audit Plan Methodology	IT General Controls	Fee-Generated Revenue, Fiduciary Funds & Special Revenue Funds, Cash Disbursements, IT General Controls, Property Tax System Implementation		Property Tax System Implementation	Inter-County Access		Accounts Receivable, OCIT Capital Assets, OCIT Contract Administration, CEO/Real Estate Contract Administration		Payroll, Procurement, E-Pages System Implementation		Payroll, OC Animal Care Cash Receipts, Dana Point Harbor Procurement	Fee-Generated Revenue, Billing	Fee-Generated Revenue	Mandate Compliance, P-Cards			Payroll, IT Selected Controls, Billing for Harbor Patrol and Airport Police Services	Payroll, Fiduciary Funds & Special Revenue Funds, IT General Controls	Quarterly Review of Schedule of Assets, Quarterly Investment Compliance, Tax Redemption Officer, Quantum Upgrade, Property Tax System Implementation	

High Priority Processes:	15	10%	High-priority audit areas (as determined by risk assessment)
Moderate Priority Processes:	120	77%	Moderate-priority audit areas (as determined by risk assessment)
Low Priority Processes:	20	13%	Low-priority 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 2007 through June 2017

DRAFT																			
	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		09/10 CFD #2919; CAPS+ FS #2845, 2943, #1249, 1315 & 1415 Qtr Reconciliation Compliance			2008 South Cty Branch #2723, #1159 Fund 12D		07/08 Public Finance #2722, 08/09 Bond Disclosure #2814, 09/10 CFD #2919, #1317 CFD	09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2006-2016 Annual Grants	09/10 Case Mgmt #2923, #1325 Fiduciary Funds 10/11 Medical Billing #1018, #1420 Fund 13Y, #1619 Unearned Revenue		#1456 OC Parks Ticket Sales, 15/16 #1578 Animal Care, #1579 Library, #1655 OC Parks, #1619 Unearned Revenue	08/09 Transportation Billings #2823, 09/10 CFD #2919, #1619 Unearned Revenue, #1734 Billing	16/17 #1525 Cash Receipts	08/09 Title IV-E Claims #2822; GPS Programs 2011, FY 15/16 #1567 Juvenile, #1724 Mandate			Inmate Welfare Fund 2011	#1619 Unearned Revenue	2008, 2011, 2014, 2017 Tax Redemption Officer; 2007-16 Annual TFA, 2008 Int Apportion; 2010 Tax Collections; 2010 Budget Practices, 2010-16 Annual Compliance
CASH DISBURSEMENTS & PAYABLES	16/17 #1626 Travel	08/09 EFT #2821; 09/10 CFD #2919; 10/11 HCA #1025; OCWR #1027; CAPS+ #2845, 2943; CAATS #1041; Ongoing CAATS 2011, #1259, 1315 & 1415 Qtr Recon Compliance, #1626 Travel		16/17 #1626 Travel	#1159 Fund 12D		07/08 Public Finance #2722; 07/08 Pension Cost Alloc #2765; 08/09 Retiree Medical #2813; 09/10 Risk Mgmt #2921; 09/10 CFD #2919; #1216/#1318 OCEA Pension, #1316 Retiree Medical, #1317 CFDs, #1626 Travel	09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2005-2016 Annual Grants	09/10 Case Mgmt #2923, 10/11 #1025, #1325 Fiduciary Funds #1420 Fund 13Y, #1728 Mental Health Services Disbursements		07/08 Housing Choice #2724; #2820 Contracts, OCCR Disbursements 2012	07/08 Fac. Ops. ICR; 08/09 Transportation Billings #2823; APPS #2824; 09/10 CFD #2919; 10/11 Fleet Svcs #1028; Fuel Cards #1029, #1223 Disbursements, #1626 Travel	10/11 Cash Disb #1027	08/09 Title IV-E Claims #2822; GPS Programs 2011, #1323 AB109, 15/16 #1567 Juvenile, #1724 Mandate		#1626 Travel	07-08 ICR Contract Admin; 07/08 Sheriff Admin. #2766; Inmate Welfare Fund 2011, #1626 Travel	#1626 Travel, #1625 CalWorks / Rescare Contract	2007-17 Qtr TFR, 2007-16 Annual TFA, 07/08 Int Apportion; 08/09 Wire & EFT Transfers #2821; PTMS Impl Tax Refunds; 2010 Tax Collections, #1583 Wire Transfers
FEE-GENERATED REVENUE		09/10 Fee Dev #2921		09/10 Fee Dev #2921	#1159 Fund 12D		09/10 Fee Dev #2921, 09/10 Pension Practices #2913, #1627 OC IT Billing		10/11 Fee Dev #1023, #1327 Env. Health Fees		#1222 Fee Dev	2011 Fee-Generated Revenues	10/11 Fee Dev #1023						2010 Admin/Budget #2915
PURCHASING & CONTRACTS		16/17 #1522 Procurement					08/09 IT Contract Admin. #2827; CAPS+ Fin. Implementation #2845, #2943; CAATS - Emp-Vendor Match #1041; 2011, #1521 Procurement, #1624 OCIT Contract Admin		10/11 Contract Admin #1030, #1631 Procurement	Tech Asst. on Improvement Plan #1008; Change Orders #1125	#2820 Contracts, 10/11 Boat Slips, #1455 Expediter, #1426 Human Services Contracts	07/08 Fac. Ops. Contract Admin. ICR; 10/11 Fleet Mgmt #1028; Fuel Card Admin. #1029, #1225 Contract Admin., #1455 Expediter	#1334 La Pata Contract, #1455 Expediter				07/08 #2664; 07/08 P-cards and Sole Source #2766; 07/08 DMJM #2768; ICE Contract Admin 2011; City Contracts 2012	#1224 Contract Admin, #1625 CalWorks / Rescare Contract	
REVOLVING FUNDS	Cash Advance Audit 2011, 16/17 #1626 Travel	07/08 Various Dept Rev Fund + A-C Replenishments; 10/11 Rev Fund Audits - #1053 PD, CoCo; Cash Advance Audit 2011, #1626 Travel	Cash Advance Audit 2011	Cash Advance Audit 2011	Cash Advance Audit 2011	FY10/11 #1055; Cash Advance Audit 2011	Cash Advance Audit 2011, 16/17 #1626 Travel	Cash Advance Audit 2011	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, FY 15/16 #1567 Juvenile	FY 110/11 #1053; Cash Advance Audit 2011	Cash Advance Audit 2011, #1626 Travel	07/08 Sheriff Admin #2766 Cash Advance Audit 2011, #1626 Travel	Cash Advance Audit 2011; Revolving Funds 2011, #1633 Revolving Funds, #1626 Travel	Cash Advance Audit 2011
PAYROLL		CAPS+ Payroll #2247, 07/08 VTI and Emp SS#s #2763; CAPS+ Impl. #2944; CAATs Pay. Direct Dep. #1041, #1350 Payroll						#1629 Payroll	07/08 Payroll ICR, #1350 Payroll CAATs			09/10 Payroll #2925		07/08 Payroll #1630			08/09 Payroll #2825, #1350 Payroll CAATs	#1350 Payroll CAATs	
FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS		#1259, 1315 & 1415 Qtr Reconciliation Compliance, #1337 Fiduciary Funds	2016 #1519		#1159 Fund 12D, 2016 #1519		07/08 Public Finance #2722, 09/10 Risk Management #2921; 09/10 CFD #2919, #1317 CFDs, 2017 #1519	09/10 Case Mgmt & Fid. Funds #2923, #1325 Fiduciary Funds, 2016 ICA #1523, 2017 #1519	09/10 Fid. Funds #2923, #1325 Fiduciary Funds #1420 Fund 13Y, 2016 #1519, 2016 ICA 1524		2016 #1519, 2017 DPH #1423	2016 Flood Fund #1421, 2016 #1519		#1323 AB109, 2016 #1519		2016 #1519	2017 #1519, 2018 #1520	#1336 Special Revenue Funds	2007-17 Qtr TFR, 2007-16 Annual TFA, 2010-16 Annual Compliance, 2016 #1519
INFORMATION TECHNOLOGY		2010 CAPS+ DB #2948-A 2014 ARA #1357					2009 CEOIT Contract Admin #2827; 2014 Off-Site Data Backup #1454; 2015 Expediter #1455; 2018 ITGC #1644	2012 ITGC #1143		2015 ITGC #1444		2013 ITGC #1354	2014 Paradigm #1445				2014 ITGC #1353	2011 ITGC #1142	2009 PCI DSS #2946

10-Year Prior Audit Coverage (2007 to June 2017)5-Year Prior Audit Coverage (2012 to June 2017)Current/In-Progress AuditsNo Audit Coverage Within 10 Years



Memorandum

September 6, 2018

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Approve Auditor-Controller Internal Audit Division's FY 2017-18 4th Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2018

These reports are provided as a standing agenda item for the AOC to compare the approved Audit Plan with actual work completed.

Quarterly Status Report. Listing of all audits scheduled for the year, along with the budgeted hours, actual hours, variance between budget and actual, and milestone comments for each audit.

Executive Summary of Internal Audit Reports. This new report provides a summary of audits and follow-up audits within the reporting period including a breakdown of report item classifications. Additionally, summaries of draft reports and Fraud Hotline Assistance are provided.

**EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT ITEM CLASSIFICATIONS
FOR THE QUARTER ENDED JUNE 30, 2018**

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2017-18
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.	6	7
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.	10	11
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.	50	105
TOTAL	66	123



EXECUTIVE SUMMARY FINAL INTERNAL AUDIT REPORTS FOR THE QUARTER ENDED JUNE 30, 2018

ASSESSOR

1. Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Assessor

Audit No. 1626-C dated June 26, 2018 for the year ended June 30, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy (Travel Policy) to ensure expenditures are complete, accurate, and valid.	We found that internal control is generally effective to ensure that expenditures governed by the Travel Policy are complete, accurate, and valid; however, we noted two Control Findings.	None	5
2. Determine whether expenditures are made in compliance with the County policy.	We found that expenditures are generally made in compliance with County policy; however, we noted two Control Findings.		
3. Review travel and meeting expenditure business processes for efficiency improvement.	We found that business processes are generally efficient as related to the process of incurring travel and meeting expenditures; however, we noted one Control Finding.		



AUDITOR-CONTROLLER

2. Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Auditor-Controller

Audit No. 1626-D dated June 29, 2018 for the year ended June 30, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy (Travel Policy) to ensure expenditures are complete, accurate, and valid.	We found that internal control is generally effective to ensure that expenditures governed by the Travel Policy are complete, accurate, and valid; however, we noted two Control Findings.	Two (2) Significant Control Weaknesses <ol style="list-style-type: none"> 1. Social Security Numbers were displayed to certain A-C staff. 2. Employee Social Security Numbers requested on Cash Advance Request Form. 	5
2. Determine whether expenditures are made in compliance with the County policy.	We found that expenditures are generally made in compliance with County policy; however, we noted two Control Findings.		
3. Review travel and meeting expenditure business processes for efficiency improvement.	We found that business processes are generally efficient as related to the process of incurring travel and meeting expenditures; however, we noted one Control Finding.		



CLERK OF THE BOARD OF SUPERVISORS

3. Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Clerk of the Board of Supervisors

Audit No. 1626-E dated April 10, 2018 for the year ended June 30, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy (Travel Policy) to ensure expenditures are complete, accurate, and valid.	We found that internal control is generally effective to ensure that expenditures governed by the Travel Policy are complete, accurate, and valid; however, we noted four Control Findings.	None	11
2. Determine whether expenditures are made in compliance with the County policy.	We found that expenditures are generally made in compliance with County policy; however, we noted seven Control Findings.		
3. Review travel and meeting expenditure business processes for efficiency improvement.	We found that business processes are generally efficient as related to the process of incurring travel and meeting expenditures.		



COUNTY EXECUTIVE OFFICE

4. Internal Control Audit: County Executive Office/County Procurement Office Processes

Audit No. 1521 dated April 30, 2018 for the year ended March 31, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Determine if internal control is effective to ensure sole source and request for proposals (RFP) contracts were awarded and/or renewed by the CPO in compliance with the 2012 Contract Policy Manual (CPM).	We found that internal control was generally effective to ensure sole source and RFP contracts were awarded and/or renewed by the CPO in compliance with the 2012 CPM; however, we noted three Control Findings.	None	10
2. Determine if internal control is effective to ensure retroactive contract requests were properly approved by the CPO and were in compliance with the CPM.	We found that internal control was generally effective to ensure retroactive contract requests were properly approved by the CPO and were in compliance with the CPM; however, we noted three Control Findings.		
3. Determine if internal control is effective to ensure reviews conducted by the Compliance Review Team were consistently performed and that issues identified were properly reported, addressed, and discussed with the recipient department.	We found that internal control was generally effective to ensure reviews conducted by the Compliance Review Team were consistently performed and that issues identified were properly reported, addressed, and discussed with the recipient department; however, we noted two Control Findings.		
4. Determine if internal control is effective to ensure contract increase requests processed by the CPO were properly approved and were in compliance with the CPM.	We found that internal control was generally effective to ensure contract increase requests processed by the CPO were properly approved and were in compliance with the CPM; however, we noted one Control Finding.		



FINAL AUDIT REPORTS (CON'T)**COUNTY EXECUTIVE OFFICE (CON'T)**

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
5. Determine if internal control is effective to ensure sole source contract requests from other departments were properly approved by the CPO and were in compliance with the CPM.	We found that internal control was generally effective to ensure sole source contract requests from other departments were properly processed by the CPO and were in compliance with the CPM; however, we noted one Control Finding.		
6. Determine if revisions to the CPM were properly planned, coordinated with appropriate parties, and approved.	We found that revisions of the Contract Policy Manual were generally properly planned, coordinated with appropriate parties, and approved.		



COUNTY EXECUTIVE OFFICE

5. Information Technology Audit: County Executive Office/OC Information Technology General Controls
 Audit No. 1644 dated April 10, 2018 for the year ended December 31, 2016

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Ensure physical and logical security to data and programs are appropriate, approved, managed, maintained, and adequately supported.	We found that physical and logical security to data and programs WAS NOT appropriate, approved, managed, maintained, and adequately supported due to six Critical Control Weaknesses, two Significant Control Weaknesses, and five Control Findings.	Six (6) Critical Control Weaknesses Due to the sensitive nature of the specific findings, the details for these findings have been redacted from this report. Eight (8) Significant Control Weaknesses Due to the sensitive nature of the specific findings, the details for two findings have been redacted from this report. 1. Change request risk assessment not consistently completed. 2. Shared Services change management tool lacked critical information. 3. Shared Services lacks service level agreements/requirements with client departments. 4. Cybersecurity framework not fully implemented. 5. Security risks from lack of Countywide IT security authority. 6. Lack of comprehensive IT risk management framework.	17
2. Ensure change management and system development life cycle (SDLC) processes are appropriate, approved, and adequately supported.	We found that change management and SDLC processes were appropriate, approved, and adequately supported; however, we noted two Significant Control Weaknesses and four Control Findings.		
3. Ensure computer operations are appropriately, adequately, and effectively managed to ensure timely and proper continuation of system processing.	We found that computer operations were appropriately, adequately, and effectively managed to ensure timely and proper continuation of system processing; however, we noted one Significant Control Weakness and five Control Findings.		
4. Review OCIT's implementation of selected components of the IT governance model and recommend improvements.	We found three Significant Control Weaknesses and three Control Findings related to selected components of the IT governance model.		



SHERIFF-CORONER

6. Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – Sheriff-Coroner

Audit No. 1626-H dated April 30, 2018 for the year ended June 30, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy (Travel Policy) to ensure expenditures are complete, accurate, and valid.	We found that internal control is generally effective to ensure expenditures governed by the Travel Policy are complete, accurate, and valid.	None	1
2. Determine whether expenditures are made in compliance with the County policy.	We found that expenditures are generally made in compliance with County policy.		
3. Review travel and meeting expenditure business processes for efficiency improvement.	We found that business processes are generally efficient as related to the process of incurring travel and meeting expenditures; however, we noted one Control Finding.		



SOCIAL SERVICES AGENCY
7. Internal Control Audit: Social Services Agency ResCare Workforce Services Contract Oversight and CalWORKs Disbursements

Audit No. 1625 dated April 30, 2018 for the year ended June 30, 2017

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal control for contract administration to ensure the contracts are administered in compliance with the County Contract Policy Manual and SSA policy and procedures.	We found that internal controls are generally effective to ensure that the contracts are administered in compliance with the County Contract Policy Manual and SSA policy and procedures.	None	1
2. Evaluate the effectiveness of internal control for CalWORKs disbursements to ensure disbursements are authorized, valid, timely, and comply with County and SSA policy and procedures.	We found that internal control is generally effective to ensure that the CalWORKs disbursements are authorized, valid, timely, and comply with County and SSA policy and procedures; however, we noted one Control Finding.		
3. Evaluate the fiscal monitoring process performed by the external audit firm for compliance audits of program expenditures to ensure proper use of County funds.	We found that the fiscal monitoring process performed by the external audit firm for compliance of program expenditures ensured the proper use of County funds.		

TREASURER-TAX COLLECTOR
8. Report on Review of the Schedule of Assets Held by the County Treasury

Audit No. 1718 dated June 11, 2018 as of December 31, 2017

OBJECTIVES	RESULTS	REPORTABLE ISSUES
Review the Schedule of Assets Held by the County Treasury—Modified Cash-Basis (financial schedule) of the County of Orange, California, as of December 31, 2017, pursuant to Government Code Section 26920(a).	Based on our review, except for the issue noted in the Known Departure from Modified Cash-Basis of Accounting paragraph, we are not aware of any material modifications that should be made to the accompanying financial schedule in order for it to be in accordance with the modified cash-basis of accounting.	None



TREASURER-TAX COLLECTOR

9. Compliance Monitoring of the Treasurer's Investment Portfolio

Audit No. 1722 dated June 12, 2018 for the quarter ended March 31, 2018

OBJECTIVES	RESULTS	REPORTABLE ISSUES
Determine whether the Orange County Investment Pool (OCIP), Orange County Educational Investment Pool (OCEIP), and various other non-pooled investments managed by the Treasurer, such as John Wayne Airport Investment Fund, were in compliance with the applicable provisions of its Investment Policy Statement (IPS) and that instances of noncompliance, including technical incidents, were properly reported in the Treasurer's Monthly Investment Report.	Based on the procedures performed, no instances of noncompliance were identified.	None



**EXECUTIVE SUMMARY
FINAL INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED JUNE 30, 2018**

AUDITOR-CONTROLLER

10. First and Final Close-Out Follow-Up Internal Control Audit: Auditor-Controller Procurement & Contract Administration

Audit No. 1735-F (Reference 1522-F1) dated April 30, 2018 as of March 14, 2018; original audit dated September 11, 2017

ORIGINAL AUDIT – 4 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	
None	4	4	0	NA

COUNTY EXECUTIVE OFFICE

11. First Follow-Up Countywide Audit of Fiduciary Funds: County Executive Office

Audit No. 1735-Q (Reference 1519-F1) dated June 12, 2018 as of December 31, 2017; original audit dated June 12, 2017

ORIGINAL AUDIT – 2 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	
None	2	1	1	Recommendation No. 2 (Control Finding). CEO plans to research and resolve the long-outstanding remaining difference of \$3,049 through the County escheatment process and document the reconciling items, if any, and the planned dispositions on the reconciliations.



FINAL FOLLOW-UP AUDIT REPORTS (CON'T)

DISTRICT ATTORNEY-PUBLIC ADMINISTRATOR

12. First and Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator – Payroll

Audit No. 1735-L (Reference 1629-F1) dated May 22, 2018 as of March 12, 2018; original audit dated August 31, 2017

ORIGINAL AUDIT – 4 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	
None	4	3	1*	Recommendation No. 4 (Control Finding). The Auditor-Controller's Central Payroll unit is assessing how VTI will be programmed to process OT/SOT. Once the methodology of programing OT/SOT is provided, Central Payroll can provide a detailed direction of how VTI might work for the County and comply with the MOU's.

*The fourth and remaining recommendation applies to the Auditor-Controller and while it is in process, follow-up of this finding will be performed in a future audit of Auditor-Controller cash disbursements and payables, currently planned for FY 2018-19.

OC COMMUNITY RESOURCES

13. First and Final Close-Out Follow-Up Cash Compliance Audit: OC Community Resources/OC Parks

Audit No. 1751-B (Reference 1655-F1) dated May 22, 2018 as of February 28, 2018; original audit dated August 3, 2017

ORIGINAL AUDIT – 4 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	
None	4	4	0	NA



FINAL FOLLOW-UP AUDIT REPORTS (CON'T)

OC WASTE & RECYCLING

14. First Follow-Up Internal Control Audit: OC Waste & Recycling – Cash Handling Activities

Audit No. 1735-G (Reference 1525-F1) dated June 26, 2018 as of March 31, 2018; original audit dated September 18, 2017

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	
None	6	5	1	Recommendation No. 5 (Control Finding). Regarding expired decals not re-issued, OCWR has implemented a pilot project to collect data on the changes in tare weight for previously decaled trucks and trailers. Data was collected for two landfill sites and is scheduled for collection for the remaining site. Once sufficient data has been collected, the findings will be reviewed and the policy for vehicle decaling will be updated if needed. Expired decals are continuing to be replaced/updated.

PROBATION DEPARTMENT

15. First and Final Close-Out Follow-Up Internal Control Audit: Probation Department – Payroll

Audit No. 1735-M (Reference 1630-F1) dated May 22, 2018 as of March 12, 2018; original audit dated August 31, 2017

ORIGINAL AUDIT – 4 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	
None	4	3	1*	Recommendation No. 4 (Control Finding). The Auditor-Controller's Central Payroll unit is assessing how VTI will be programmed to process OT/SOT. Once the methodology of programing OT/SOT is provided, Central Payroll can provide a detailed direction of how VTI might work for the County and comply with the MOU's.

*The fourth and remaining recommendation applies to the Auditor-Controller and while it is in process, follow-up of this finding will be performed in a future audit of Auditor-Controller cash disbursements and payables, currently planned for FY 2018-19.



**EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED JUNE 30, 2018**

The following draft reports were issued during the reporting period:

1. **Internal Control Audit: Countywide Audit of County Business Travel & Meeting Policy – Social Services Agency**, Audit Nos. 1626-I & 1735-K (management response due August 27, 2018)
2. **First Follow-Up Internal Control Audit: OC Dana Point Harbor Special Revenue Fund 108 Selected Processes & Controls**, Audit No. 1735-B (Reference 1423-F1; the final report was issued on July 30, 2018)
3. **Second & Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Clerk-Recorder**, Audit No. 1735-N (Reference 1519-F2; the final report was issued on July 30, 2018)
4. **Second & Final Close-Out Follow-Up Countywide Audit of Fiduciary Funds: Probation Department**, Audit No. 1735-O (Reference 1519-F2; the final report was issued on July 30, 2018)
5. **Revenue Generating Lease Audit: OC Community Resources/OC Parks – Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina**, Audit No. 1738 (the final report was issued on August 6, 2018)
6. **First & Final Close-Out Follow-Up Revenue Generating Lease Audit: OC Community Resources/OC Parks – Ocean Institute**, Audit No. 1740-B (Reference 1532-F1; the final report was issued on July 27, 2018)
7. **First & Final Close-Out Follow-Up Revenue Generating Lease Audit: OC Community Resources/OC Parks – Mile Square Golf Course**, Audit No. 1740-E (Reference 1637-F1; the final report was issued on July 26, 2018)



**EXECUTIVE SUMMARY
APPENDIX B: FRAUD HOTLINE ASSISTANCE
FOR THE QUARTER ENDED JUNE 30, 2018**

SUMMARY OF FINANCIAL-RELATED COMPLAINTS	
New Actionable Cases Referred from County Counsel ¹	0
Referred to County Counsel ²	0
TOTAL NEW ALLEGATIONS/COMPLAINTS	0

STATUS OF ACTIONABLE CASES								
ACTIONABLE CASES	INVESTIGATIONS					CLOSED CASE DISPOSITION		
	CARRY OVER CASES	NEW	TOTAL	UNDER INVESTIGATION	CLOSED	SUBSTANTIATED	PARTIALLY SUBSTANTIATED	NOT SUBSTANTIATED
Employee	1	0	1	1	0	-	-	-
Contractor	0	0	0	0	0	-	-	-
TOTALS	1	0	1	1	0	-	-	-

¹ **Background:** In accordance with the Board of Supervisors' direction, the Office of County Counsel, with assistance from the Orange County Auditor-Controller, operates and maintains the Orange County Fraud, Waste, and Abuse Hotline ("Hotline"). For those complaints involving allegations of financial fraud, waste, and abuse (theft of County funds and/or physical resources), the investigation of the case shall be referred to the Auditor-Controller, with any resulting reports submitted to County Counsel for review, release, and further handling.

² **Referred to County Counsel:** In the event a complaint is received directly by the Auditor-Controller's Office, either by mail, in person, by phone, or email, the complaint will be referred to the County Counsel Fraud Hotline for its discretion and further action if needed.





Internal Audit Department
4th Quarter Status Report for the Audit Oversight Committee
Fiscal Year 2017-18

Time Period Covered: 7/01/17 - 6/30/18

AOC Meeting Date: September 6, 2018

				Multi-Yr Projects		Current Audit Plan										Over / (Under)		Milestones & Comments ⁴					
Audit Category and Name ^{1,2,3,7}				Audit Number	Start Date	End Date	Total Budget	Actuals To Date	Budget	Revisions	Revised Budget	Actuals to Date (Per AOC Reports - Not Cumulative)				#1	#2		#3	#4	Total	Est. to Comp. Hours	Budget Hours
Financial Audits & Mandates (FAM)																							
(1) Investment Compliance Monitoring:																							
Compliance Monitoring Quarter Ended 6/30/17 (FY 2016-17 carryover)				1618	5/01/17	8/31/17	125	95	50	10	60	57								57	0	(3)	Done. Final report issued 8/08/17.
Compliance Monitoring Quarter Ended 9/30/17				1720	8/09/17	11/30/17			180	(50)	130	56	66						122	0	(8)	Done. Final report issued 11/28/17.	
Compliance Monitoring Quarter Ended 12/31/17				1721	11/21/17	3/27/18			180	10	190		36	153	3				192	0	2	Done. Final report issued 3/27/18.	
Compliance Monitoring Quarter Ended 3/31/18				1722	3/01/18	6/12/18			180	(35)	145			38	106				144	0	(1)	Done. Final report issued 6/12/18.	
Compliance Monitoring Quarter Ended 6/30/18				1723	5/03/18				120		120				47				47	0	(73)	Fieldwork in process.	
(2) T-TC Schedule of Assets:																							
Treasury Funds Review Quarter Ended 3/31/17 (FY 2016-17 carryover)				1614	3/15/17	7/31/17	175	182	50	(50)	0								0	0	0	Done. Hours charged to #1712.	
Treasury Funds Audit Year Ended 6/30/17				NA					1,000	(1,000)	0								0	0	0	Contracted out to MGO. In process.	
Treasury Funds Review Quarter Ended 9/30/17				1717	10/25/17	3/20/18			280	(30)	250	23	50	177					250	0	0	Done. Final report issued 3/20/18.	
Treasury Funds Review Quarter Ended 12/31/17				1718	12/21/17	6/11/18			280	(15)	265		4	127	135				266	0	1	Done. Final report issued 6/11/18.	
Treasury Funds Review Quarter Ended 3/31/18				1719	3/20/18				280		280			11	190				201	0	(80)	Fieldwork in process.	
Treasury Funds Audit Year Ended 6/30/18				1756					50	(50)	0								0	0	0	Contracted out to VTD.	
(3) Probation Juvenile Division Books and Accounts for the Two Years Ended 6/30/2017				1724	7/27/17	2/06/18			700	115	815	294	453	66					813	0	(2)	Done. Final report issued 2/06/18.	
(4) Tax Redemption Officer for the Three Years Ended 6/30/2017				1725	11/28/17				600	(200)	400	16	42	122	229				409	0	9	Fieldwork in process.	
(5) Assistance to MGO				1726	8/01/17	1/31/18			600	30	630	196	399	35					630	0	0	Done. Assistance completed.	
First Follow-Up Audits:									160	(125)	35		11	17	4				32	0	(3)		
(6) Treasury Funds Review Management Letter 9/30/2016 (1612)				1727-A	11/28/17	12/31/17																Done. Final report issued 12/19/17.	
(7) Treasury Funds Audit Management Letter 6/30/2016 (1611)				1727-B	6/28/18																	Fieldwork in process.	
(8) Audit of Unearned Revenue (1619)				1727-C	1/18/18	3/22/18																Done. Final report issued 3/22/18.	
Total Financial Audits & Mandates									4,710	(1,390)	3,320	642	1,061	746	714				3163	0	(157)		
Information Technology Audits (IT)																							
(1) OCIT General Controls (FY 2016-17 carryover)				1644	9/14/16	4/10/18	2,740	2,542	0	850	850	748	71	13	13				845	0	(6)	Done. Final report issued 4/10/18.	
(2) HCA/Public Guardian E-Pages System Implementation (FY 2016-17 carryover)				1645	10/25/17				175	(100)	75		8	22	14				44	0	(31)	Fieldwork in process.	
(3) DA/Public Administration E-Pages System Implementation (FY 2016-17 carryover)				1646	7/24/17	2/28/18			175		175	26	95	43	5				169	0	(7)	Done. Advisory engagement completed.	
(4) TTC Sungard/Quantum upgrade (Department Request) (FY 2016-17 carryover)				1647	6/12/17		250	246	100	150	250	80	77	55	10				222	0	(28)	Fieldwork in process.	
(5) A-C/IT General Controls				1741	10/23/17				550	180	730		44	107	569				720	0	(10)	Fieldwork in process.	
(6) Probation IT General Controls				1742					550	(550)	0								0	0	0	Cancelled. Objectives covered by #1644.	
(7) ROV IT General Controls/Voter Application Controls				1743					500	(500)	0								0	0	0	Cancelled. Coverage by state auditors.	
(8) OCIT Project Management Audit Governance/Risk Management				1744					400	(400)	0								0	0	0	Cancelled. Objectives covered by #1644.	
(9) OCWR Paradigm				1745					400	(400)	0								0	0	0	Cancelled. No longer requested by department.	
(10) Information Technology Comprehensive Risk Assessment Phase II				1746	8/25/17	6/14/18			700	175	875	77	160	550	73				860	0	(15)	Done. Final deliverable issued by MGO on 6/14/18.	
(11) Cyber Security Remediation				1747	7/01/17	6/30/18			50	(45)	5				2				2	0	(3)	Done. Annual assignment.	
(12) PTS System Implementation				1754	4/30/18				0	15	15				6				6	0	(10)	Fieldwork in process.	
(13) First Follow-Up Audits:									300	(300)	0								0	0	0		
a. CEO/IT General Controls (1644)				1748-A																		Postponed to FY 2018-19.	
(14) Second Follow-Up Audits									0	85	85	10	64	8					82	0	(3)		
a. Auditor-Controller - Audit of ARA System/Segregation of Duties CAATs (1357)				1652-A	1/27/17	2/27/18																Done. Final report issued 2/27/18.	
(15) Computer Assisted Audit Techniques				1752	7/01/17	6/30/18			200	(50)	150	7	2	16	3				28	0	(122)	Done. Annual assignment.	
(16) IT Audit Assistance with ICAs				1753					200	(200)	0								0	0	0	Hours charged to #1627.	
(17) Inter-County Access				TBD																		To be scheduled in FY 2018-19.	
Total Information Technology Audits									4,300	(1,090)	3,210	948	521	814	694				2977	0	(234)		
Internal Control Audits (ICA)																							
(1) Sheriff-Coroner Special Revenue Funds (FY 2016-17 carryover)				1520	3/29/16	1/30/18	1,050	677	0	200	200	150	21	3					174	0	(26)	Done. Final report issued 1/30/18.	
(2) CEO Procurement/Contract Administration (FY 2016-17 carryover)				1521	2/16/17	4/30/18	1,020	958	400	320	720	357	302	47	8				714	0	(7)	Done. Final report issued 4/30/18.	
(3) OCIT Procurement/Contract Administration (FY 2016-17 carryover)				1624					0	0	0								0	0	0	Postponed to FY 2018-19.	
(4) SSA ResCare Workforce Svs. Contract Oversight and CalWorks Disb. (FY 2016-17 carryover)				1625	5/04/17	4/30/18	1,000	408	400		400	137	102	124	7				370	0	(30)	Done. Final report issued 4/30/18.	
(5) Countywide Audit of New Travel & Meeting Policy Implementation (FY 2016-17 carryover)				1626	1/11/17		2,760	2,617	300	1,760	2,060	971	463	416	180				2030	0	(30)	Fieldwork in process. 7 Final reports and 1 draft report issued.	
(6) OCIT Internal Service Fund Billing Rates to County Departments (FY 2016-17 carryover)				1627	11/08/16		880	753	200	(120)	80	6	63	0	6				75	0	(5)	Fieldwork in process.	
(7) OCCR/Dana Point Harbor Procurement (FY 2016-17 carryover)				1628					400	(400)	0								0	0	0	Postponed to FY 2018-19.	
(8) HCA/Public Guardian Procurement/Contract Administration (FY 2016-17 carryover)				1631	6/23/17		900	386	450		450	65	225	29	30				349	0	(101)	Fieldwork in process.	
(9) OCSD Billing of Law Enforcement Services to OC Dana Point Harbor and JWA (FY 2016-17 carryover)				1632	4/16/18				450	(275)	175	1				19			20	0	(156)	Fieldwork in process.	



Internal Audit Department
4th Quarter Status Report for the Audit Oversight Committee
Fiscal Year 2017-18

Time Period Covered: 7/01/17 - 6/30/18

AOC Meeting Date: September 6, 2018

				Multi-Yr Projects		Current Audit Plan													
Audit Category and Name ^{1,2,3,7}				Audit Number	Start Date	End Date	Total Budget	Actuals To Date	Budget	Revisions	Revised Budget	Actuals to Date (Per AOC Reports - Not Cumulative)					Est. to Comp. Hours	Over / (Under) Budget Hours	Milestones & Comments ⁴
											#1	#2	#3	#4	Total				
Internal Control Audits (ICA)(continued)																			
(10) HCA/PG Mental Health Services Act (Prop 63) Disbursements				1728					500	(500)	0					0	0	0	Cancelled. Board has contracted for audit.
(11) Countywide Accounts Receivable Controls				1729	5/23/18				700	(600)	100				66	66	0	(34)	Fieldwork in process.
(12) CEO/Real Estate Procurement/Contract Administration				1730	5/02/18				400	(280)	120				98	98	0	(22)	Fieldwork in process.
(13) OCSD Billing of Law Enforcement Services to Contract Cities				1731					600	(600)	0				1	1	0	1	Cancelled. Cities have contracted for audit.
(14) OCIT Capital Assets				1732					400	(400)	0					0	0	0	Postponed to FY 2018-19.
(15) OCCR Billing of Animal Care Services to Contract Cities				1733					600	(600)	0					0	0	0	Cancelled. OCCR contracting audit.
(16) OCPW Billing of Public Works Services to County Departments				1734	9/13/17				600	(360)	240	32	48	22	117	219	0	(21)	Fieldwork in process.
(17) OCSD Payroll Controls				TBD					0		0					0	0	0	
(18) OCWR Procurement/Contract Administration				TBD					0		0					0	0	0	
(19) CEO Insurance Liabilities				TBD					0		0					0	0	0	
(20) <u>First Follow-Up Audits:</u>				1735					1,230	(600)	630	32	29	274	290	625	0	(5)	
a. OC Parks Fund 405 (1422)				1735-A	12/20/17	2/28/18													Done. Final report issued 2/28/18.
b. OC Dana Point Harbor Fund 108 (1423)				1735-B	1/23/18														Draft report issued 6/27/18.
c. Sheriff Special Revenue Funds (1520)				1735-C															Postponed to FY 2018-19.
d. Countywide Fiduciary Funds - OCDA (1519)				1735-D	9/06/17	9/20/17													Done. Final report issued 9/20/17.
e. CEO Procurement/Contract Administration (1521)				1735-E															Postponed to FY 2018-19.
f. A-C Procurement/Contract Administration (1522)				1735-F	3/14/18	5/01/18													Done. Final report issued 5/1/18.
g. Cash Handling Activities - OCWR (1525)				1735-G	3/27/18	6/26/18													Done. Final report issued 6/26/18.
h. T-TC Electronic Funds Transfers Process (1583)				1735-H	4/16/18														Fieldwork in process.
i. OCIT ISF Billing Rates (1627)				1735-I															Postponed to FY 2018-19.
j. Countywide Audit of New Travel & Meeting Policy Implementation (1626)				1735-J															Postponed to FY 2018-19.
k. SSA Revolving Cash Funds (1633)				1735-K	6/26/17														Draft report issued 6/27/18.
l. OCDA Payroll Controls (1629)				1735-L	3/08/18	5/22/18													Done. Final report issued 5/22/18.
m. Probation Payroll Controls (1630)				1735-M	3/08/18	5/22/18													Done. Final report issued 5/22/18.
(21) <u>Second Follow-Up Audits:</u>																			Fieldwork in process.
n. Countywide Fiduciary Funds - Clerk-Recorder (1519)				1735-N	5/21/18														Draft report issued 6/20/18.
o. Countywide Fiduciary Funds - Probation (1519)				1735-O	11/07/17														Draft report issued 6/22/18.
p. Countywide Fiduciary Funds - Sheriff-Coroner (1519)				1735-P	1/23/18	3/29/18													Done. Final report issued 3/29/18
q. Countywide Fiduciary Funds - CEO (1519)				1735-Q	1/05/18	6/12/18													Done. Final report issued 6/12/18.
Total Internal Control Audits									7,630	(2,455)	5,175	1,751	1,253	915	822	4741	0	(435)	
Revenue Generating Lease (RGL) Audits																			
(1) OCCR Dana Point East Basin				1736	9/26/17	3/01/18			700	(600)	100	3	95	0		98	0	(2)	Cancelled by OCCR.
(2) OCCR Dana Point West Basin				1737					600	(600)	0	0	0	0		0	0	0	Cancelled by OCCR.
(3) OCCR Sunset Harbor				1738	11/14/17				490	25	515	0	133	324	46	503	0	(12)	Draft report issued 5/22/18.
(4) OCCR Parking Concepts, Inc. (FY 2016-17 reschedule)				1739	7/13/17	3/13/18			650	130	780	464	306	7		777	0	(3)	Done. Final report issued 3/13/18.
(5) <u>First Follow-Up Audits (FY 2016-17 carryover):</u>				1642						140	140	129	7	1		137	0	(3)	
a. OCCR/OC Parks - Pacific Asian Enterprises (1433)				1642-A	11/30/16	8/02/17													Done. Final report issued 8/2/17.
b. OCCR/OC Parks - David Baker Fore Golf Mgmt. (1559)				1642-B	6/15/17	10/05/17													Done. Final report issued 10/5/17.
c. OCCR/OC Parks - Newport Dunes Partnership (1561)				1642-C	4/20/17	8/01/17													Done. Final report issued 8/1/17.
d. OCCR/OC Parks - The Irvine Company, Bayshore Marina (1557)				1642-E	11/30/16	8/01/17													Done. Final report issued 8/1/17.
<u>First Follow-Up Audits:</u>				1740					620	(275)	345		100	124	109	333	0	(13)	
e. OCCR/OC Parks - Vintage Marina (1531)				1740-A	10/12/17	2/20/18													Done. Final report issued 2/20/18.
f. OCCR/OC Parks - Ocean Institute (1532)				1740-B	12/28/17														Draft report issued 6/26/18.
g. OCCR/OC Parks - Dana Point Yacht Club (1435)				1740-C															Cancelled by OCCR.
h. OCCR/OC Parks - Canyon R.V. (1641)				1740-D	2/27/18	3/29/18													Done. Final report issued 3/29/18.
i. OCCR/OC Parks - Mile Square Golf Course (1637)				1740-E	5/10/18														Draft report issued 6/19/18.
Total Revenue Generating Lease Audits									3,060	(1,180)	1,880	596	641	456	154	1847	0	(33)	
Fiscal Monitoring																			
(1) OCCR Third Party Grant Subrecipient Fiscal Monitoring-Office of Aging (1749)				1749	7/01/17				3,170	(5)	3,165	1,055	590	922	511	3078	0	(87)	11 Final reports issued. Fieldwork in process.
(2) OCCR Third Party Grant Subrecipient Fiscal Monitoring-Community Invest. Div. (1750)				1750	7/01/17				3,170	(380)	2,790	808	356	630	846	2640	0	(150)	9 Final reports issued. Fieldwork in process.
(3) <u>Cash Compliance Follow-Up Audits:</u>				1751					110		110			44	47	91	0	(19)	
a. OCCR/OC Public Library Cash Compliance (1579)				1751-A															Cancelled. No issues requiring follow-up.
b. OCCR/OC Parks (1655)				1751-B	3/21/18	5/22/18													Done. Final report issued 5/22/18.



Internal Audit Department
4th Quarter Status Report for the Audit Oversight Committee
Fiscal Year 2017-18

Time Period Covered: 7/01/17 - 6/30/18

AOC Meeting Date: September 6, 2018

				Multi-Yr Projects		Current Audit Plan											
				Total	Actuals											Over /	
Audit Category and Name ^{1,2,3,7}				Budget	To Date	Budget	Revisions	Revised Budget	Actuals to Date (Per AOC Reports - Not Cumulative)				Total	Est. to Comp. Hours	Budget Hours	(Under)	Milestones & Comments ⁴
Start Date	End Date								#1	#2	#3	#4					
(4) Work Paper Close-Out & Final Report Issuance	7/01/17	8/03/17				5		5	5	0	0		5	0	0		Done. Final report issued: OCCR Cash Compliance Review - OC Parks (1655) 8/3/17.
Total Fiscal Monitoring						6,450	(380)	6,070	1,868	946	1,596	1,404	5814	0	(256)		
Other Audit Activities																	
(1) Annual Risk Assessment & Audit Plan	1701	7/01/17	6/30/18			400	(50)	350		22	171	142	335	0	(15)		Done. Annual assignment.
(2) Cash Losses	1702	7/01/17	6/30/18			100	(50)	50	9	11	20	3	43	0	(7)		Done. Annual assignment.
(3) Fraud Hotline	1703	7/01/17	6/30/18			500	(400)	100	37	33	8		78	0	(22)		Done. Annual assignment.
(4) External Audit Reporting	1704	7/01/17	6/30/18			300	(50)	250	68	82	44	43	237	0	(14)		Done. Annual assignment.
(5) Technical Assistance/Training/Research to Other Departments/Agencies	1705	7/01/17	6/30/18			200	(67)	133	5	8	40	28	81	0	(52)		Done. Annual assignment.
(6) TeamMate Administration	1706	7/01/17	6/30/18			100	200	300	59	126	60	53	298	0	(3)		Done. Annual assignment.
(7) Reports for Board and AOC	1707	7/01/17	6/30/18			300	(50)	250	100	70	66	13	249	0	(1)		Done. Annual assignment.
(8) A-C Internal Audit Division Policy & Procedure Update	1709	7/01/17	6/30/18			500	(290)	210	70	130	10		210	0	0		Postponed to FY 2018-19.
(9) A-C Internal Audit Division Budget	1710	7/01/17	6/30/18			150	(70)	80	14	2	62		78	0	(2)		Done. Transferred to A-C Administration.
(10) Work Paper Close-Out & Final Report Issuance - ICA	1711	7/01/17	9/20/17			30	157	187	123	64	4		191	0	4		Done. Final reports issued: A-C Procurement (1522); OCWR Cash Handling (1525); OCDA Payroll (1629); Probation Payroll (1630); First FU HCA (1634-L); First FU OCPW (1634-J); First FU OCCR (1634-C).
(11) Work Paper Close-Out & Final Report Issuance - FAM	1712	7/01/17	12/31/17			30	10	40	39	0	0		39	0	(1)		Done. Final reports issued: T-TC Review 3/31/17 (#1614) on 7/12/17; TFA Mgmt. Letter (#1611) on 9/19/17.
(12) Work Paper Close-Out & Final Report Issuance - IT	1713	7/01/17	7/31/18			40	(40)	0	2	0	0		2	0	2		Done.
(13) Work Paper Close-Out & Final Report Issuance - RGL	1714	7/01/17	8/31/17			30	(10)	20	18	3	2		23	0	3		Done. Final reports issued: OCCR Mile Square Golf Course (1637) on 8/28/17; OCCR Strawberry Farms Golf Club (1638) issued 8/29/17.
(14) Special Districts/JPA Monitoring	1715	7/01/17	3/31/18			100	(80)	20	10	1	5		16	0	(4)		Done. Transferred to A-C Administration.
(15) Auditing Standards & Updates	1716	7/01/17	6/30/18			80	(25)	55	27	16	2	2	47	0	(9)		Done. Annual assignment.
Total Other Audit Activities						2,860	(815)	2,045	581	568	494	283	1,926	0	(119)		
Reserve for AOC and Board Directives				1708		300	0	300	0	0	0	0	0	0	(300)		
Total Budget						29,310	(7,310)	22,000	6,386	4,990	5,021	4,070	20,467	0	(1,533)		
Additional Coverage Provided by Consultants:						Footnote 5		Footnote 6									
Total Contract Audit Resources						0	0	0	0	0	0	0	0	0	0		

Footnotes:

1. The mission of the Internal Audit Department (IAD) 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 the IAD and the External Auditors. The scope of IAD 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 objectives.
2. The IAD generates several different types of reports including audit reports, summary reports, and status reports. In addition, IAD undertakes several different projects including audits of financial statements, audits of internal controls, audits of transactions through the use of computer programs, audits of lessee compliance with County contracts, and audits of IT controls. IAD also assists the CEO, as authorized by the AOC, by facilitating meetings, preparing summary reports and providing staff resources for technical assistance.
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, A-C, 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 communicated through discussions, memos, or a written report for public distribution.
4. For purposes regarding Fiscal Year-End reporting, we consider assignments completed (**Done**) 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 former Auditor-Controller Internal Audit Division (A-C IAD) FY 2017-18 Annual Audit Plan is based on 29,310 direct hours to be provided by 15 auditors (less a vacancy factor of 1 FTE), 3 Senior Audit Managers, and 1 Assistant Audit Director. The direct hours exclude time charges for vacation, sick leave, holidays, training, administrative time, and other time not directly charged to an audit. This approach and percentage are within industry standards/benchmarks.
6. The 22,000 hour Revised Audit Plan consists of: a) the 29,310 hour initial Audit Plan; b) less 7,310 hours for vacancies at the audit manager, senior audit manager, and assistant director levels.
7. The A-C IAD has entered into an MOU with OC Community Resources (OCCR) to provide: a) fiscal monitoring services of OCCR's 16 third-party grant subrecipients (including completion of some fiscal monitorings from the prior year) and b) cash compliance reviews of controls over cash handling/receipting at OCCR's OC Public Libraries (24), OC Parks (17), and OC Animal Care (1) locations on a rotational or risk-based cycle. The fiscal monitoring of OCCR third-party grant subrecipients is considered management advisory services and report distribution is limited to OCCR management and subrecipients.



Memorandum

September 6, 2018

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2018

Pursuant to Audit Oversight Committee 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 Audit Oversight Committee informed of all third-party audits being performed and any significant findings identified. Accordingly, this quarterly activity report is presented for approval.

To facilitate the Audit Oversight Committee'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.

For the quarter ended June 30, 2018, no Material Issues were reported. Please see the Executive Summary for details.

EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY

For the Quarter Ended 06/30/18

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (03/31/18)	104
Additions: In Progress	13
Planned	11
Started and Completed	4
Deletions: Canceled	0
Completed	28
Removed	<u>3</u>
Total Audits Current Quarter (06/30/18)	<u>101</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Audits Completed, Canceled and to be Removed Next Quarter	25
New Findings/Issues Reported by the Departments (1 Finding from 1 Audit, see page 3)	1

Material Issues (Includes Disallowances over \$100K) **None**

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
4th Quarter FY 17-18 (6/30/18)

Results:

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

The schedule below identifies the status of external audits as of 6/30/18, 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 June 30, 2018	Source of Last Status	Significant Findings
Assessor		No audits in progress.						6/30 status	
Auditor-Controller	Financial Reporting	Macias, Gini & O'Connell LLP	Management Letter	6/30/17 Annual	6/30/16	Report to Management on Internal Controls	Completed.	6/30 status, 6/30 MGO	One (1) New Finding: #2017-A The County should evaluate the impacts of and develop implementation plans to address the new accounting and financial reporting requirements as prescribed by recently issued GASB pronouncements.
	Cost, Revenue & Budget	State Controller's Office	Trial Court	FY 09/10 through FY 13/14	FY02/03 through FY08/09	Court Revenues	Completed.	6/30 status	None. This audit is also reported under Probation.
Child Support Services		Department of Child Support Services (DCSS)	Annual Performance Review	2018 Annual	2017	Program Administration and Expedited Process components of Annual Compliance Review; Case Review components of Annual Compliance Review	Planned.	17/18 anticipated audits	
Clerk of the Board of Supervisors		No audits in progress.							
County Clerk-Recorder		No audits in progress.							
County Counsel		No audits in progress.							

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 June 30, 2018	Source of Last Status	Significant Findings
County Executive Office	Public Finance	No audits in progress.						6/30 status	
	Budget	No audits in progress.						6/30 status	
	Information Technology	No audits in progress.						6/30 status	
	Procurement	No audits in progress.						6/30 status	
	Corporate Real Estate	No audits in progress.						6/30 status	
	Human Resources	No audits in progress.						6/30 status	
	Workers' Compensation	No audits in progress.						6/30 status	
District Attorney		CA Office of Emergency Services	Violence Against Women Vertical Prosecution Program	FY 15/16 Annually	5/15	Compliance Review	In progress.	6/30 status	
		Department of the Treasury	Treasury Equitable Sharing	FY 14-15 to FY 16-17	Unknown	Compliance Review	In progress.	6/30 status	
Health Care Agency	Administration	No audits in progress.							
	Correctional Health	Immigration and Customs Enforcement (ICE) Office of Detention Oversight	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 Annual	FY 16/17	ICE Program including healthcare services	In progress.	17/18 anticipated audits; 6/30 status	
		Immigration and Customs Enforcement (ICE) Nakimoto group	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 Annual	FY 16/17	ICE Program including healthcare services	Planned.	17/18 anticipated audits	
		Environmental Health -- Title 15 Audit	Juvenile Hall and Camps	FY 17/18 Annual	FY 16/17	Healthcare program - ensure compliance with Title 15	In progress.	17/18 anticipated audits; 6/30 status	
		Department of Justice	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 Varies	FY 15/16	Healthcare services for all adult facilities	In progress.	17/18 anticipated audits; 6/30 status	
		Board of State and Community Corrections	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 Annual	FY 16/17	Ensure compliance with Title 15	In progress.	17/18 anticipated audits; 6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Health Care Agency (continued)	Correctional Health (continued)	Environmental Health -- Title 15 Audit	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 Annual	FY 16/17	Ensure compliance with Title 15	In progress.	17/18 anticipated audits; 6/30 status	
		Vaccines for Children (VFC)	Juvenile Hall, Camps, and Orangewood	FY 17/18 Varies	FY 16/17	Vaccine program	Planned.	17/18 anticipated audits	
		Juvenile Detention Alternatives Initiative	Juvenile Hall and Camps	2018 Every 3 Years	FY16/17	Healthcare program	Planned.	17/18 anticipated audits	
	Behavioral Health	State Department of Health Care Services contracted External Quality Review Organization (EQRO)	Mental Health Plan	FY 17/18 Annual	FY 16/17	Service quality and management	Planned.	6/30 status	
		State Controller's Office	Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP)	FY 09/10 Annual	FY 06/07 through 08/09	Reconciliation of costs and revenues and documentations needed to support the SB90 and eligibility verification	Completed.	6/30 status	None.
		State Controller's Office	Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP)	FY 10/11 Annual	FY 09/10	An audit of SB 90 Consolidated SED and HDS cost Claims filed for FY 10/11	Planned.	6/30 status	
		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	Planned.	17/18 anticipated audits	
		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.	6/30 status	
		State Department of Health Care Services	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.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Health Care Agency (continued)	Behavioral Health (continued)	Department of Health Care Services -- Systems Review	Tri-annual review on Systems Review and chart reviews	FY 15/16 Tri-Annual	FY 12/13	Review of compliance with contract with DHCS. Review of policies and procedures. Review of 20 consumers clinical charts. 10 CYBH consumers and 10 AOABH consumers. The chart reviews consisted in the review of a 3-month period from FY15/16.	In progress.	6/30 status	
		State of California Department of Alcohol and Drug Programs	Alcohol and Drug Abuse Services' Substance Abuse Prevention and Treatment (SAPT) Block Grant	FY 10/11	FY 09/10	Review the cost funded by the SAPT Block Grant, QFFMR, and ADAS Cost Report	Planned.	6/30 status	
		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.	6/30 status	
	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.	6/30 status	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 Department of Public Health, Office of Compliance - Grant Compliance	Public Health Emergency Preparedness (PHEP) and Hospital Preparedness Program (HPP) Grant	FY 15/16	N/A	Review of compliance with grant agreement focused on expenditures and payments, and grant funds did not supplant existing State and local funding.	Planned.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Health Care Agency (continued)	Public Health	California Department of Health Care Services, Adult Investigations	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	In progress.	6/30 status	
		California Department of Health Care Services, Adult Investigations	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 12/13 Annual	N/A	All aspects related to fiscal compliance for charges claimed on the cost report	In progress.	6/30 status	
		California Department of Health Care Services, Cancer Detection and Treatment Branch	Health Promotion Division, Every Woman Counts	TBD Every 1-2 Years	FY 15/16	Non-monetary Program Monitoring Site Visit	Planned.	6/30 status	
		HRSA	Ryan White Part C	FY16/17	FY12/13	Fiscal Audit, Administrative, Clinical	In progress.	6/30 status	
		California Department of Public Health, State Office of Aids	Disease Control and Epidemiology - Ryan White Part B	FY17/18 Annual	FY 16/17	Review of compliance with Health Resources Services Administration and State Office of AIDS requirements	Completed.	3/31 status	None.
		State WIC Controller's Office	Family Health HCA WIC Program Review	2017 Every 2 Years	2016	All aspects related to fiscal compliance for charges claimed on the WIC invoice to the State	Planned.	6/30 status	
		Gilbey and Associates	Children and Families Commission Prop 10	FY17/18 Annual	FY16/17	Risk assessment not an actual audit. Review all the funded contracts with an emphasis on compliance	Completed.	6/30 status	None.
		California Department of Public Health, State Office of AIDS	Disease Control and Epidemiology Prevention/PrEP	FY17/18 Varies	FY16/17	Review of compliance with Health Resources Services Administration and State Office of AIDS requirements	Canceled.	6/30 status	To be removed next quarter. Audit canceled.
		NEOP	NEOP	FY 17/18 Every 2 Years	N/A	Desk review of all documents related to fiscal compliance for charges claimed on the NEOP invoice to the State	Completed.	6/30 status	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Health Care Agency (continued)	Public Health (continued)	CA Environmental Laboratory Accreditation Program	Water Quality Laboratory	FY 17/18 Every 2 Years	FY16/17	Inspection of all aspects of environmental testing performed in the Water Quality Laboratory. Reviews quality assurance practices, quality control results and procedures, personnel competency, etc.	Planned.	6/30 status	
		Laboratory Field Services/CMS - CLIA	Public Health Laboratory	FY 17/18 Every 2 Years	FY16/17	Compliance with the Clinical Laboratory Improvement Amendments of 1988 regulations and requirements. Reviews quality assurance practices, quality control results and procedures, personnel competency, etc.	Planned.	6/30 status	
		Federal Select Agent Program	Public Health Laboratory	FY 17/18 Every 3 Years	FY 15/16	Compliance with the Federal Select Agent Program regulations and requirements.	In progress.	6/30 status	
	Correctional Health Services (CHS) Juvenile Health Services (JHS)	Immigration and Customs Enforcement - ODO	Correctional Health Services - Central Jail Complex	7/17	2016	Healthcare services for the detainee population at Central Jail Complex	In progress.	12/31 status	
John Wayne Airport	Finance Administration	Vavrinek, Trine, Day & Company	Financial Statements	2018 Annual	2017	Audit of Financial Statements	Planned.	6/30 status	
		Vavrinek, Trine, Day & Company	Passenger Facility Charge Revenue and Expenditures	2018 Annual	2017	Audit of Financial Statements	Planned.	6/30 status	
	Operations	Tevora Business Solutions	Common Use Passenger Processing System and Parking Access and Revenue Control System	2018 Annual	2017	Compliance with Payment Card Industry Data Security Standard	In progress.	6/30 status	
		Tevora Business Solutions	Cyber Security Assessment	2018	N/A	State of Cyber Security	Completed.	6/30 status	None.
		Transportation Security Administration (TSA)	Airport Security	2017 Annual	2016	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	In progress.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
OC Community Resources	OC Homeless, Housing Community Development	No audits in progress.							
	Office on Aging	No audits in progress.							
	Community Investment Division	State Workforce Innovation and Opportunity Act (WIAO) Development Area	WIAO - Fiscal and Procurement	17/18 Annual	16/17	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	6/30 status	
		State WIOA	WIOA Formula	17/18 Annual	16/17	WDB composition and program compliance	Completed.	6/30 status	None.
		State WIOA EEO Office	WIOA Section 188 Nondiscrimination and Equal Opportunity Provisions	17/18 Annual	16/17	Compliance with WIOA nondiscrimination and equal opportunity requirements per Section 188 of WIOA and 29 CFR Part 38.	Completed.	6/30 status	None.
		California Department of Aging Audit Department	SCSEP Monitoring	17/18 Annual	16/17	Program implementation and compliance	Planned.	6/30 status	
		California Department of Aging (CDA)	Data Validation	17/18 Annual	16/17	SCSEP Program participant eligibility, host agencies, community service assignments, etc.	Completed.	6/30 status	None.
	OC Parks	No audits in progress.						6/30 status	
	OC Libraries	No audits in progress.						6/30 status	
	OC Animal Care	MGO	City billing	17/18	N/A	Contracted examination of calculation of cost recovery from contracted cities	Planned.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
OC Public Works	OC Facilities - Design & Construction	California Department of Finance	Juvenile Hall -- Multipurpose Rehabilitation Center	TBD	N/A	TBD	Planned.	6/30 status	To be removed next quarter.
	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.	6/30 status	
		California Department of Transportation	17th Street at Esplanade	12/31/13	N/A	Audit of incurred costs	In progress.	6/30 status	To be removed next quarter since this is a duplicate of the above audit.
		California Department of Transportation	Antonio Parkway	12/31/13	N/A	Audit of incurred costs	In progress.	6/30 status	To be removed next quarter since this is a duplicate of the above audit.
	Accounting / Procurement	OCTA	Measure M2 Comprehensive Transportation Funding Program (CTFP) & Prop 1B SLPP	FY 13/14 - FY 17/18 - Random	07/15	Financial and compliance audit of the completed La Pata Ave Phase 1, partially funded by Measure M2 CTFP in the amount of \$10,220,000.	In progress.	6/30 status	
	Infrastructure Programs/ Construction	OCTA	Prop 1B SLPP	TBD	N/A	Review project files for the La Pata Avenue Gap Closure Project	Planned.	6/30 status	To be removed next quarter since this is a duplicate of the above audit.
	Administrative Services	Transportation Corridor Agency (TCA)	Road Fee Programs	2018 Annual	2017	TCA Fee Program for CY 2017. Audit of major thoroughfare fees collected by the County	In progress.	6/30 status	
	Construction	OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the Glassell Yard Campus Stormwater LID Project	Planned.	6/30 status	
		OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the San Juan Creek Channel Phases 4, 5, and 6	Planned.	6/30 status	
		CTC and CalTrans	TCA	TBD	N/A	Review project files for the Oso Parkway Bridge - 241	Planned.	6/30 status	
		California Department of Transportation	Edinger Avenue Bridge Replacement #BRLS-5955 (078)	Random	N/A	Review project files for the Edinger Avenue Bridge Replacement	Planned.	6/30 status	
	Infrastructure Programs	California Department of Transportation	Edinger Avenue Bridge Replacement #BRLS-5955 (078)	Random	N/A	Responsible Charge process review for Edinger Avenue / Sunset Way over Bolsa Chica Channel bridge replacement	In progress.	6/30 status	To be removed next quarter since this is a duplicate of the above audit.
	Construction	CalTrans	Highway Safety Improvement Program	TBD	N/A	Review project files for the Live Oak Canyon and Trabuco Canyon	Planned.	6/30 status	
	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.	6/30 status	
		CalTrans	Federal Arterial Pavement Management (APM) Funding	TBD	N/A	Review project files for the Foothill and Hewes Avenue Project	Planned.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
OC Public Works (continued)	Environmental Resources	US Environmental Protection Agency (EPA) and EPA Contractor PG Environmental LLC	OC Municipal Separate Storm Sewer System NPDES Permit No. CAS0108740	2005 - 2013 One-time	2017	Assess compliance with requirements of State of California Order No. R9-2009-002. Assess effectiveness of storm water program with focus on Jurisdictional Runoff Management Program	Completed.	6/30 status	None.
		California Department of Food & Agriculture (CDFA)	Pierce's Disease Control Program	TBD	26-Aug	To verify the accuracy and appropriateness of charges and expenditures.	Planned.	6/30 status	
		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.	6/30 status	
		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.	6/30 status	
	Infrastructure Programs	California Department of Finance	Prop 84 Round 1 Stormwater Flood Management Grant, Prop 1E	09/08 - 03/13 One-time	2014	DOF is evaluating DWR's grant administration and management processes	Completed.	6/30 status	None.
		OCTA	Active Transportation Program (ATP) and Transportation Control Measures (TCM) funding	TBD	N/A	Review project files for the Lambert Bikeway Project	Planned.	6/30 status	
		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.	6/30 status	
		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.	6/30 status	
		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.	6/30 status	
OC Waste & Recycling	Accounting	Vavrinek, Trine, Day & Co, LLP	OCWR Accounting	FY 17/18 Annual	FY 16/17	Financial and Compliance Audit	In progress.	6/30 status	
Office of Independent Review		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 June 30, 2018	Source of Last Status	Significant Findings
Office of Performance Audit Director		No audits in progress.							
Probation	Administrative and Fiscal	State Controller's Office - Division of Audits / Local Government Compliance	Trial Court Revenue	7/1/09 through 6/30/14	7/1/02 through 6/30/09	Audit of Court Revenue	Completed.	6/30 status	None. This audit is also reported under the Auditor-Controller.
Public Defender		No audits in progress.						6/30 status	
Registrar of Voters		No audits in progress.						6/30 status	
Sheriff-Coroner	Financial/ Administrative Services	Cal EMA / Grants Management Section	Homeland Security Grants	FY 06 through 08	FY 06/07	Financial / Compliance	In progress.	6/30 status	This audit is also reported under HCA / Regulatory/Medical Services.
		California State Auditor	Statewide Hate Crime Law and Regulations compliance	1/07 to 12/16	N/A	Compliance	Completed.	6/30 status	None.
		Matrix Consulting	Contract Partners Efficiency Study	FY13/14 thru FY17/18	N/A	Cost and Efficiency	In progress.	6/30 status	
		California State Auditor	SB 90 Audit (PC 530.5) - Identity Theft Reports	FY02/03 thru FY12/13	N/A	Claimed Costs	In progress.	6/30 status	
	Support Services	Tevora Business Solutions	IT Security	FY17/18	N/A	Compliance, Information Security	Completed.	6/30 status	None.
	Financial/ Administrative Services	US Department of Labor	Fair Labor Standards Act (FLSA)	3/29/2016 - 3/29/2018	N/A	Compliance	In progress.	6/30 status	
		US Department of Treasury Executive Office for Asset Forfeiture (TEOAF)	RNSP and SNP Compliance	2015 - 2017	N/A	Compliance	In progress.	6/30 status	
	Custody Operations	US Department of Justice	Classification Review - Theo Lacy, Intake Release Center	Varied	N/A	Site visit, Compliance	In progress.	6/30 status	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Sheriff-Coroner (continued)	OC Crime Lab	ANSI-ASQ National Accreditation Board (ANAB)	All Crime Lab Operations	Annual	Summer 2017	Crime Lab operations: compliance with ISO standards	Completed.	6/30 status	None.
	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.	6/30 status	
	Custody Operations	Board of State and Community Corrections (BSCC)	Theo Lacy, Central Men's Jail, Intake Release Center	Biennial	05/16	Site visit, Compliance	In progress.	6/30 status	
		Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	6/30 status	
		ICE Annual Inspection	Intake Release Center	Annual	06/17	Site visit, Compliance	In progress.	6/30 status	
Social Services Agency	Administrative Services	California Office of Emergency Services (CalOES)	Child Abuse and Treatment (CHAT)	10/15 - 09/16 & 10/16 - 03/17; Varies	N/A	Review of County's grant processes and documentation related to Grant Subaward #AT15010300 and #AT16020300	In progress.	6/30 status	
		California Department of Health Care Services (DHCS) and California Department of Social Services (CDSS)	All SSA Divisions	2016 Every 3 Years	2013	Compliance with the Privacy and Security Agreement	Planned.	17/18 anticipated audits	
		California Department of Education (CDE) Early Education and Support Division (EESD)	Tustin Family Campus Early Education California State Preschool Program (CSPP)	2017 Annual	2016	Review of compliance with the California Education Codes Title 5 Regulations and CSPP regulations including fiscal	Planned.	17/18 anticipated audits	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Social Services Agency (continued)	Assistance Programs	California Department of Health Care Services (DHCS)	Medi-Cal Annual Renewals	11/17 Varies	N/A	Review of random selection of 90 Medi-Cal beneficiaries with an annual renewal due in Nov 2017. Review focused on accurate and timely processing of the renewal, as well as identifying error trends caused by worker actions or system defects.	In progress.	6/30 status	
		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	In progress.	6/30 status	
		California Department of Social Services (CDSS) US Department of Agriculture (USDA) Food and Nutrition Services (FNS)	CalFresh	05/17 Annual	08/16	Management evaluation focusing on program access, payment accuracy, operational procedures, etc.	In progress.	17/18 anticipated audits; 6/30 status	
	Family Self-Sufficiency & Adult Services	California Department of Social Services (CDSS) Children & Family Services Division, Adoptions Bureau	Adoptions Assistance Program (AAP)	9/16 to 7/17 Annual	9/17	Random selection of AAP cases for review to ensure compliance.	In progress.	6/30 status	
		California Department of Social Services (CDSS)	Remote review of the Work Incentive Nutritional Supplement (WINS) Federal Work Participation Rate (WPR) data and supporting docs	10/14 to 9/15; Varies	8/16	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. 8 WINS cases were reviewed.	Completed.	6/30 status	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of June 30, 2018	Source of Last Status	Significant Findings
Social Services Agency (continued)	Family Self-Sufficiency & Adult Services (continued)	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.	In progress.	6/30 status	
		CDSS/IHSS Quality Assurance and Monitoring	In-Home Supportive Services (IHSS)	FY 17/18 Annual	2016	Quality Assurance monitoring of OC's administration of IHSS program. Case reviews include desk reviews and home visits	Completed.	17/18 anticipated audits; 6/30 status	None.
		California Department of Social Services (CDSS)	In-Home Supportive Services (IHSS)	2017 Annual	2016	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.	17/18 anticipated audits	To be removed next quarter since this is a duplicate of the above audit.
Treasurer-Tax Collector	Treasury and Investments	Macias Gini & O'Connell LLP	Annual IPS Compliance	18 months ended 6/30/2017 Annual	12/31/15	California Government Code 27134	In progress.	6/30 status	
		Macias, Gini & O'Connell LLP	Annual Audit of Statement of Assets Held by the County Treasury	6/30/17 Annual	6/30/16	California Government Code 26920(b)	In progress.	6/30 status	
		Vavrinek, Trine, Day, & Co., LLP	Annual Audit of Statement of Assets Held by the County Treasury	6/30/18 Annual	6/30/17	California Government Code 26920(b)	Planned.	6/30 status	