



# 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

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Audit No. 1701

September 25, 2018

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

From: Scott Suzuki, Acting Director  
 Internal Audit Department

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

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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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## 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

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## 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	%
<b>Internal Control Audits (ICA)</b>	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%
<b>Information Technology Audits (IT)</b>	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%
<b>Other Activities &amp; Administration</b>	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%
<b>Contingency Reserve</b>	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	1,123	10%
<b>TOTALS</b>		<b>11,213</b>	<b>100%</b>

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

The Audit Plan is subject to change for such events where the director of the Internal Audit Department, or Board majority assesses it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resources, and/or other risk considerations. 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
<b>Internal Control Audits</b>		<b>Supervising Audit Manager: Michael Dean, Senior Audit Manager</b>	
<b>Payroll</b>	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
<b>Fee-Generated Revenue</b>	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
<b>Fiduciary Funds &amp; Special Revenue Funds</b>	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
<b>Cash Disbursements</b>	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
<b>Procurement</b>	HCA*	To assess HCA's procurement processes (other than human services) to ensure they are in compliance with the Contract Policy Manual.	0
<b>P-Card</b>	Probation*	To assess internal control over purchasing card usage and compliance with County policy.	0
<b>Cash Receipts Department Request</b>	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
<b>Internal Control Audits (con't)</b>			
<b>Accounts Receivable (1729)</b> 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
<b>Capital Assets (1732)</b> 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
<b>Contract Administration (1624)</b> Carryover from FY 2017-18	OCIT	To assess OCIT's oversight of billing practices and internal control over contracted services.	400
<b>Dana Point Harbor Procurement (1628)</b> 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
<b>Billing of Law Enforcement Services for Harbor Patrol and Airport Police Services (1632)</b> Carryover from FY 2017-18	OCSD	To assess OCSD's internal control over billing for Harbor Patrol and Airport Police Services.	400
<b>Contract Administration (1730)</b> 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
<b>Billing of Public Works Services to County Departments (1734)</b> 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





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

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



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AUDIT	DEPARTMENT	PRELIMINARY AUDIT OBJECTIVES	HOURS
<b>Information Technology Audits (con't)</b>			
<b>Quantum Upgrade (1647)</b> 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
<b>Property Tax System Implementation (1754)</b> 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
<b>Follow-Up Audits</b>	OCIT A-C	Follow-up on management's implementation of audit recommendations provided in prior audit reports.	420
<b>Cybersecurity</b>	Countywide	Participate in Countywide IT and Cybersecurity meetings.	50
<b>Continuous Auditing Research &amp; Development</b>	Countywide	Research and develop continuous auditing methodology.	100
<b>IT Audit Assistance with ICAs</b>	Various	Provide technical assistance with ICAs.	140
<b>Total Information Technology Audits</b>			<b>2,160</b>



# INTERNAL AUDIT DEPARTMENT

<b>Other Activities &amp; Administration</b>	
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
<b>Total Other Activities &amp; Administration</b>	<b>2,600</b>
Contingency Reserve	1,123
<b>TOTAL HOURS</b>	<b>11,213</b>



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## 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
<b>Cash Receipts &amp; Accounts Receivable</b> \$15 Billion for FY 2016-17	The receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments.
<b>Cash Disbursements &amp; Payables</b> \$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.
<b>Fee-Generated Revenue</b> \$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.
<b>Purchasing &amp; Contracts</b> \$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.
<b>Revolving Funds</b> \$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.
<b>Payroll</b> \$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.
<b>Fiduciary Funds &amp; Special Revenue Funds</b> \$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.
<b>Information Technology</b>	IT controls including general controls, application controls, and system development.
<b>Revenue Generating Leases</b> \$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.



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## 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.



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## APPENDIX B: ACRONYMS

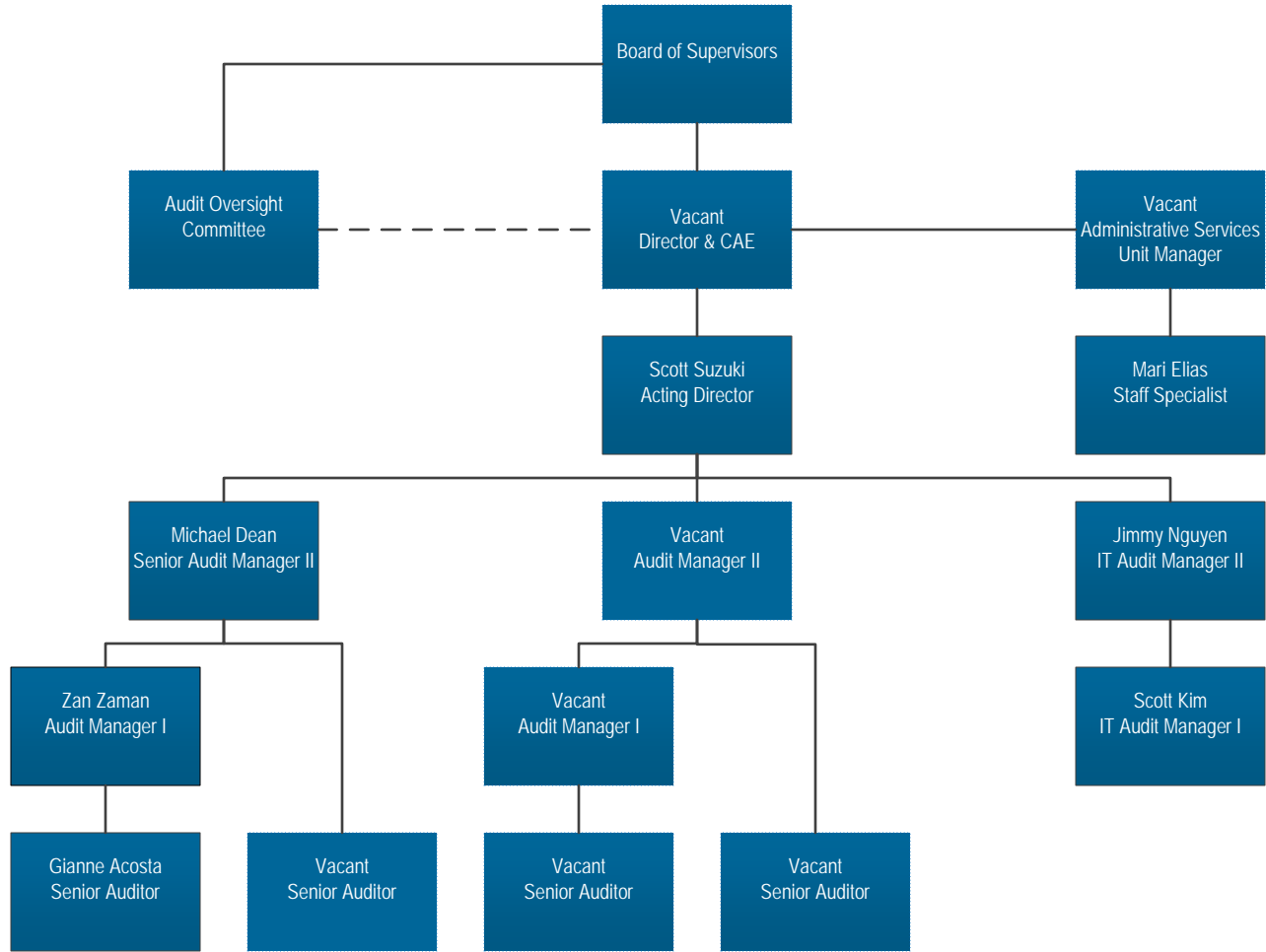
<b>Acronym</b>	<b>Definition</b>
A-C	Auditor-Controller
C-R	Clerk-Recorder
CEO	County Executive Office
COB	Clerk of the Board
COCO	County Counsel
CPO	County Procurement Office
CSS	Child Support Services
HCA	Health Care Agency/Public Guardian
JWA	John Wayne Airport
OCCR	OC Community Resources
OCDA	District 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



ATTACHMENT A: ORGANIZATION CHART



# INTERNAL AUDIT DEPARTMENT





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

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	
<b>AUDITS ON FY 2018-19 PLAN</b> 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

	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 Audits      No Audit Coverage Within 10 Years