

REVISED AGENDA

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE
ORANGE COUNTY, CA



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

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

DREW ATWATER
AOC CHAIRMAN
Private Sector Member, First District

ROBERT BROWN
AOC VICE CHAIRMAN
Private Sector Member, Fifth District

SUPERVISOR LISA BARTLETT
BOARD CHAIRWOMAN
Fifth District
Member

SUPERVISOR MICHELLE STEEL
BOARD VICE CHAIR
Second District
Member

FRANK KIM
COUNTY EXECUTIVE OFFICER
Member

RICHARD MURPHY
Private Sector Member, Second District

MARK WILLE, CPA
Private Sector Member, Third District

VACANT
Private Sector Member, Fourth District

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

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

All supporting documentation is available for public review 72 hours before the meeting. Documents are available online at <http://www.ocgov.com/gov/ia/aoc/agemin> or in the office of the Internal Audit Department located in the Hall of Finance and Records Building, 12 Civic Center Plaza, Room 232, Santa Ana, CA 92701, 7:00 a.m. - 4:00 p.m., Monday through Friday.

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

REVISED AGENDA

10:00 A.M.

Speaker

1. Roll call
*Drew Atwater
AOC Chairman*
2. Approve Audit Oversight Committee Regular Meeting Minutes of December 6, 2018
*Drew Atwater
AOC Chairman*
3. Receive Report on the County's Cybersecurity Program
*Joel Golub
Chief Information Officer
OCIT*
4. Discuss Audit Oversight Committee Vacancy
*Drew Atwater
AOC Chairman*
5. Receive Report on Internal Audit Director Recruitment
*Frank Kim
County Executive Officer*
6. Receive Report on Required Communication from External Auditors
*Roger Alfaro, CPA
Partner
Vavrinek, Trine, Day & Co.*
7. Receive Report on Status of Mandated Audits
*Eric Woolery, CPA
Auditor-Controller*
8. Receive Report on Status of Performance Audits
*Frank Kim
County Executive Officer*
9. Approve Internal Audit Department's FY 2018-19 2nd Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2018
*Scott Suzuki, CPA
Acting Director
Internal Audit Department*
10. Approve Quarterly External Audit Activity Status Report for the Quarter Ended December 31, 2018
*Michael Dean, CPA
Senior Audit Manager
Internal Audit Department*

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, May 9, 2019, 10:00 a.m.



Memorandum

February 14, 2019

AOC Agenda Item No. 2

TO: Audit Oversight Committee Members

Recommended Action:

Approve Audit Oversight Committee Regular Meeting Minutes of December 6, 2018

Approve Audit Oversight Committee Regular Meeting Minutes of December 6, 2018, as stated in the recommended action.

ATTACHMENT:

Attachment A – Summary Minutes

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



REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE

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

HALL OF ADMINISTRATION

333 W. Santa Ana Blvd., 5th Floor

Conference Room A

Santa Ana, CA 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 H. Woolery, CPA

Staff

Internal Audit Department:

Deputy County Counsel:

Clerk:

Scott Suzuki, CPA

Ronnie Magsaysay

Mari Elias

ATTENDANCE: Drew Atwater, AOC Chairman, Private Sector Member
Robert Brown, AOC Vice Chairman, Private Sector Member
Chris Gaarder, Proxy for Supervisor Andrew Do
Frank Kim/Michelle Aguirre, Proxy for Frank Kim
Mark Wille, Private Sector Member

PRESENT: Shari Freidenrich, Treasurer-Tax Collector
Scott Suzuki, Acting Director
Ronnie Magsaysay, Deputy County Counsel
Mari Elias, Clerk

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

10:00 A.M.

1. Roll Call

Audit Oversight Committee (AOC) Chairman Mr. Atwater called the meeting to order at 10:06 A.M. Attendance of AOC members noted above.

2. Approve Audit Oversight Committee Regular Meeting Minutes of September 6, 2018

Motion to approve the Audit Oversight Committee Regular Meeting Minutes of September 6, 2018 by Mr. Brown, seconded by Mr. Wille.

All in favor, none opposed.

Approved as recommended.

Mr. Wille made a motion that AOC Chairman Mr. Atwater send letters to the Board of Supervisors' Chairman regarding the Private Sector Member vacancy, and absenteeism from voting and non-voting AOC members. Motion seconded by Mr. Brown.

All in favor, none opposed.

Approved as recommended.

3. Receive Report on County's Cybersecurity Program

Mr. Joel Golub stated the Board approved a centralized security operations center, which will be manned by Science Applications International Corporation (SAIC) and County staff year-round, and should be operational in March 2019. Mr. Golub stated SAIC already provides these services to federal three-letter agencies in Washington, and this security operations center will also be tied into the National Threat Detection Center.

4. Recommend Approval of Revised Audit Oversight Committee Bylaws

Mr. Magsaysay provided an overview of the changes to the AOC Bylaws, which reflected the Internal Audit Department moving out of the Auditor-Controller, the changes to Performance Audit, the nature of the auditing profession, and how the AOC conducts business.

Ms. Freidenrich provided suggestions for clarification pertaining to authorized designees, staff, and the Internal Audit Director.

Mr. Wille made a motion to approve the AOC Bylaws as amended and to request CEO submit the Bylaws to the Board for final approval. Seconded by Mr. Brown.

All in favor, none opposed.

Approved as amended.

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

5. **Recommend Approval of Internal Audit Department's Revised Charter**

Mr. Suzuki stated that the creation of the Internal Audit Department necessitated changing "Auditor-Controller Internal Audit Division" to "Internal Audit Department" within the charter.

Mr. Gaarder made a motion to approve the Internal Audit Revised Charter, seconded by Mr. Wille.

All in favor, none opposed.

Approved as recommended.

6. **Receive Report on Required Communication from External Auditors**

Mr. Roger Alfaro, Partner, Vavrinek, Trine, Day & Co. (VTD) stated a lot of fieldwork has been conducted and VTD is working with the Auditor-Controller's office to clarify issues and make changes to the draft report.

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

Ms. Lily Chin, Audit Manager II for the Auditor-Controller's Internal Audit Division, stated mandated audits, reviews of the Treasurer's Schedule of Assets, and compliance monitoring of the Treasurer's investment portfolio are ongoing.

Loss of quorum after Mr. Kim left. Obtained signed Proxy Form for Michelle Aguirre before resuming meeting.

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

Mr. Kim presented the FY 2018-19 Recommended Performance Audits to the AOC.

9. **Approve Internal Audit Department's FY 2018-19 1st Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2018**

Mr. Suzuki presented the Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2018.

Due to emergency situation, all attendees were required to evacuate the building. Resumed meeting with quorum.

Motion to approve the 1st Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended September 30, 2018 by Mr. Wille, seconded by Mr. Brown.

All in favor, none opposed.

Approved as recommended.

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

10. Approve Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2018

Mr. Michael Dean stated anticipated audits were updated at the beginning of the fiscal year, and there were no findings or material issues for the quarter ended September 30, 2018.

Motion to approve the Quarterly External Audit Activity Status Report for the Quarter Ended September 30, 2018 by Mr. Brown, seconded by Ms. Aguirre.

All in favor, none opposed.

Approved as recommended.

11. Election of AOC Officers

Mr. Wille nominated current AOC Chairman Mr. Atwater and AOC Vice Chair Mr. Brown for a second term, as allowed by the AOC Charter.

No other motions.

All in favor, none opposed.

Approved as recommended.

PUBLIC COMMENTS – None

AOC COMMENTS & ADJOURNMENT

AOC COMMENTS – Mr. Gaarder thanked the AOC on behalf of Supervisor Do, for all the work the committee has done in the past two years that First District has had a seat at the table.

Mr. Atwater stated that AOC meetings were moving to February, May, August, and November in order to have status reports presented to the AOC before being presented to the Board.

ADJOURNMENT: Motion to adjourn the meeting made by Mr. Wille, seconded by Mr. Brown. Meeting adjourned at 11:38 AM.

NEXT MEETING

Regular Meeting, February 14, 2019, 10:00 AM



Memorandum

February 14, 2019

AOC Agenda Item No. 3

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on the County's Cybersecurity Program

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



Memorandum

February 14, 2019

REVISED
AOC Agenda Item No. 4

TO: Audit Oversight Committee Members

Recommended Action:

Discuss Audit Oversight Committee Vacancy

Discuss Audit Oversight Committee public sector member vacancy for the 4th District.

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

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



Memorandum

February 14, 2019

AOC Agenda Item No. 5

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Internal Audit Director Recruitment

Receive report from the CEO on the status of the recruitment for the Internal Audit Director position.

Board Resolution 18-068 established the Internal Audit Department (IAD) reporting directly to the Board of Supervisors, effective July 1, 2018. Since the effective date, an Administrative Manager III has been fulfilling the role as acting director and this recruitment will permanently fill the position. Avery & Associates, an executive search consulting firm, was hired by the County to assist in filling the position.



Memorandum

February 14, 2019

AOC Agenda Item No. 6

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

February 14, 2019

AOC Agenda Item No. 7

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Mandated Audits

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



Memorandum

February 14, 2019

AOC Agenda Item No. 8

TO: Audit Oversight Committee Members

Recommended Action:

Receive Report on Status of Performance Audits

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



Memorandum

February 14, 2019

AOC Agenda Item No. 9

TO: Audit Oversight Committee Members

Recommended Action:

Approve Internal Audit Department's FY 2018-19 2nd Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended December 31, 2018

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

Executive Summary of Internal Audit Reports. This report provides a summary of audits and follow-up audits within the reporting period including a breakdown of report item classifications. Additionally, a summary of draft reports issued for the period is provided in Appendix A.

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.

ATTACHMENT(S):

Attachment A – Executive Summary of Internal Audit Reports

Attachment B – Quarterly Status Report

INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY – REPORT ITEM CLASSIFICATIONS
FOR THE QUARTER ENDED DECEMBER 31, 2018

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2018-19
Critical Control Weaknesses These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.	0	2
Significant Control Weaknesses These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.	0	3
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.	2	6
TOTAL	2	11



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2018

HEALTH CARE AGENCY/PUBLIC GUARDIAN

1. Internal Control Audit: Health Care Agency/Public Guardian Procurement Process of Human Services Contracts

Audit No. 1631 dated December 6, 2018 for the year ended June 30, 2017.

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate effectiveness of internal controls over the procurement of human services contracts to ensure compliance with HCA policies and the County 2012 Contract Policy Manual (CPM).	We found that HCA's internal control over the procurement of human services contracts was generally effective to ensure compliance with HCA policies and the County's 2012 Contract Policy Manual (CPM).	None	2
2. Review human services contract procurement business processes for efficiency.	We found that business processes were generally efficient as related to procurement for human services contracts.		



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2018

COUNTY EXECUTIVE OFFICE**2. First Follow-Up Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy – County Executive Office**

Audit No. 1839-A (Reference 1626-A-F1) dated December 13, 2018 as of September 30, 2018; original audit dated February 7, 2018.

ORIGINAL AUDIT – 3 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	3	1	2	<p>Recommendation No. 1 (Control Finding). CEO held internal meetings to discuss the development of department-wide policies and procedures; however, written policies and procedures have not yet been developed. CEO intends to develop written policies and procedures within six months.</p> <p>Recommendation No. 3 (Control Finding). CEO held internal meetings to discuss changes to the Travel Policy; however, it has not yet been updated. CEO intends to update the Travel Policy within six months.</p>

OC PUBLIC WORKS**3. First & Final Close-Out Follow-Up Internal Control Audit: Countywide Audit of County Business Travel and Meeting Policy - OC Public Works**

Audit No. 1839-B (Reference 1626-B-F1) dated November 8, 2018 as of September 30, 2018; original audit dated February 7, 2018.

ORIGINAL AUDIT – 1 FINDING		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	1	1	0	NA



FOLLOW-UP AUDIT REPORTS (CON'T)
OC WASTE & RECYCLING
4. Second & Final Close-Out Follow-Up Internal Control Audit: OC Waste & Recycling – Cash Handling Activities

Audit No. 1839-K (Reference 1525-F2) dated December 13, 2018 as of October 30, 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	6	0	NA



EXECUTIVE SUMMARY
APPENDIX A: DRAFT REPORTS
FOR THE QUARTER ENDED DECEMBER 31, 2018

The following draft reports were issued during the reporting period:

1. **Internal Control Audit: CEO/Real Estate – Revenue Generating Lease Administration Process**, Audit No. 1730 (management response due January 28, 2019)
2. **First Follow-Up Audit of OCSD Special Revenue Funds**, Audit No. 1735-C
3. **Information Technology Audit: Clerk-Recorder County Agency Vital Records Index Access System**, Audit No. 1840 (management response due February 27, 2019)





Internal Audit Department
2nd Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 12/31/18
AOC Meeting Date: February 14, 2019

Attachment B

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Milestones & Comments ⁴
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	Actuals to Date Per Quarter					Total	Est Remain			
Internal Control Audits (ICA)																		
OCIT Contract Administration (FY 2017-18 carryover)	1624					400		400		1			1	399	0			Not started; planned start Q4
OCIT Internal Service Fund Billing Rates to County Departments (FY 2017-18 carryover)	1627	11/08/16	12/21/18			0		0					0	0	0			Withdrawn; follow-up on preliminary findings in 1624
OCCR/Dana Point Harbor Procurement (FY 2017-18 carryover)	1628	10/31/18	12/21/18			400	(366)	34		34			34	0	0			Withdrawn; scope no longer applicable due to P3
HCA/Public Guardian Procurement/Contract Administration (FY 2017-18 carryover)	1631	6/23/17	12/06/18	1,050	490	100	50	150	133	8			141	0	(9)	6/6/19	1839-O	Completed; final report issued 12/6/18
OCSD Billing of Law Enforcement Services to OC DPH & JWA (FY 2017-18 carryover)	1632	4/16/18		575	188	400		400	23	145			168	232	0			In progress; draft report expected Q3
Countywide Accounts Receivable Controls (FY 2017-18 carryover)	1729	5/23/18		500	201	400		400	54	81			135	265	0			In progress
CEO/Real Estate Procurement/Contract Administration (FY 2017-18 carryover)	1730	5/02/18		320	297	200		200	147	52			199	10	9			Draft report issued 11/28/18, management response due 1/28/19
OCIT Capital Assets (FY 2017-18 carryover)	1732	11/30/18				400		400		42			42	358	0			In progress
OCPW Billing of Public Works Services to County Departments (FY 2017-18 carryover)	1734	9/13/17		440	341	200		200	71	51			122	78	0			In progress; draft report expected Q3
A-C Disbursements	1811					400		400		20			20	380	0			Not started; planned start Q3
HCA Payroll	1812	9/20/18				400		400	6	313			319	81	0			In progress; draft report expected Q3
OCCR Payroll	1813	9/20/18				400		400	6	274			280	120	0			In progress; draft report expected Q3
SSA Payroll	1814	9/20/18				400		400	5	358			363	37	0			In progress; draft report expected Q3
OCCR Animal Care Cash Receipts	1815	11/14/18				400		400		90			90	310	0			In progress
Follow-Up Audits (FY 2017-18 carryover)	1735					220	130	350	194	108			302	45	(3)			
OC Dana Point Harbor Fund 108 (1423)	1735-B	6/27/18	7/30/18													1/31/19	1839-J	Completed; final report issued 7/30/18
Sheriff Special Revenue Funds (1520)	1735-C	10/09/18																Draft report issued 12/13/18; final report issued Q3
CEO Procurement/Contract Administration (1521)	1735-E	11/08/18																In progress
T-TC Electronic Funds Transfers Process (1583)	1735-H	4/16/18	8/30/18													2/28/19	1839-M	Completed; final report issued 8/30/18
OCIT ISF Billing Rates (1627)	1735-I																	Cancelled due to 1627 withdrawal
ROV Countywide Audit of New Travel & Meeting Policy Implementation (1626-F)	1735-J	7/18/18	9/27/18													NA	NA	Completed; final (close-out) report issued 9/26/18
SSA Revolving Cash Funds (1633)	1735-K	6/26/17	9/07/18													3/30/19	1839-N	Completed; final report issued 9/07/18
Countywide Fiduciary Funds - Clerk-Recorder (1519)	1735-N	5/21/18	7/30/18													NA	NA	Completed; final (close-out) report issued 7/30/18
Countywide Fiduciary Funds - Probation (1519)	1735-O	11/07/17	7/30/18													NA	NA	Completed; final (close-out) report issued 7/30/18
First Follow-Up Audits	1839					610		610	28	233			261	349	0			
CEO Countywide Audit of New Travel & Meeting Policy Implementation (1626-A)	1839-A	10/02/18	12/13/18													6/11/19	1839-P	Completed; final report issued 12/13/18
OCPW Countywide Audit of New Travel & Meeting Policy Implementation (1626-B)	1839-B	10/09/18	11/08/18													NA	NA	Completed; final (close-out) report issued 11/08/18
Assessor Countywide Audit of New Travel & Meeting Policy Implementation (1626-C)	1839-C																	Not started; follow-up form received
A-C Countywide Audit of New Travel & Meeting Policy Implementation (1626-D)	1839-D																	Not started; follow-up form received
COB Countywide Audit of New Travel & Meeting Policy Implementation (1626-E)	1839-E	10/15/18																In progress
OCSD Countywide Audit of New Travel & Meeting Policy Implementation (1626-H)	1839-F	12/06/18																In progress
SSA Countywide Audit of New Travel & Meeting Policy Implementation (1626-I)	1839-G																	Not started; follow-up form due 3/30/19
SSA ResCare (1625)	1839-H	7/18/18	9/26/18													NA	NA	Completed; final (close-out) report issued 9/26/18
Second Follow-Up Audits	1839																	
OCSD Fiduciary Funds (1519/1735-P)	1839-I	10/24/18																In progress
OCCR Fund 108 (1423/1735-B)	1839-J																	Not started; follow-up form due 1/31/19
OCWR Cash Handling (1525/1735-G)	1839-K	11/16/18	12/13/18													NA	NA	Completed; final (close-out) report issued 12/13/18
CEO Fiduciary Funds (1519/1735-Q)	1839-L																	Not started; follow-up form due 12/28/18
T-TC Electronic Funds Transfers Process (1583/1735-H)	1839-M																	Not started; follow-up form due 2/28/19
SSA Revolving Cash Funds (1633/1735-K)	1839-N																	Not started; follow-up form due 3/30/19
Summary Close-Out							21	21	21				21	0	0	3/30/19	1839-G	Completed. Final report issued: SSA Travel & Meeting (1626-I)
Total Internal Control Audits						5,330	(165)	5,165	688	1,810	0	0	2,498	2,664	(3)			
Information Technology Audits (IT)																		
HCA/Public Guardian E-Pages System Implementation (FY 2017-18 carryover)	1645	10/25/17				50		50	9	7			16	34	0			In progress; advisory engagement
TTC Sungard/Quantum upgrade (Department Request) (FY 2017-18 carryover)	1647	6/12/17				50		50	11	17			28	22	0			In progress; advisory engagement
A-C/IT General Controls (FY 2017-18 carryover)	1741	10/23/17				50	160	210	194	14			208	10	8			Draft report issued 9/26/18; response overdue 11/26/18
PTS System Implementation (FY 2017-18 carryover)	1754	7/01/18				100		100	18	6			24	76	0			In progress; advisory engagement
C-R Inter-County Access	1840	8/08/18				400	65	465	266	189			455	10	0			Draft report issued 12/27/18; response due 2/27/19
Probation Compliance	1841	11/30/18				400		400	5	96			101	299	0			In progress
Cybersecurity	1842	7/01/18				50		50	5	5			10	40	0			In progress
Continuous Auditing R&D	1843	7/01/18				100		100		1			1	99	0			In progress
Assessor IT General Controls	1844	8/01/18				400		400	84	16			100	300	0			Deferred; resume late Spring 2019
IT Assistance w/ICAs						140		140					0	140	0			In progress
Follow-Up Audits (FY 2017-18 carryover)	1748					320		320		248			248	72	0			
CEO/IT General Controls (1644)	1748-A	11/01/18																In progress
First Follow-Up Audits:	1859					100		100					0	100	0			
A-C IT General Controls (1741)	1859-A																	Not started
Summary Close-Out							3	3		3			3	0	0			
Total Information Technology Audits						2,160	228	2,388	592	602	0	0	1194	1,202	8			



Internal Audit Department
2nd Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 12/31/18
AOC Meeting Date: February 14, 2019

Attachment B

Audit Category and Name ^{1,2,3}	Audit Number	Start Date	End Date	Multi-Yr Projects		Current Audit Plan										FU Due	FU Number	Milestones & Comments ⁴
				Total Budget	Actuals To Date	Budget	Changes	Revised Budget	Actuals to Date Per Quarter				Total	Est Remain	Budget Variance			
									#1	#2	#3	#4	Total					
Other Activities & Administration																		
Annual Risk Assessment & Audit Plan	1801					400	0	400		1			1	399	0			In progress
Cash Losses	1802					100	0	100		0			0	100	0			No referrals received
Fraud Hotline	1803					400	0	400		0			0	400	0			No referrals received
External Audit Reporting	1804					300	0	300	93	84			177	123	0			In progress; Q1 and Q2 completed
On-Demand Department Advisory Services	1805					200	0	200	10	3			13	187	0			In progress
Special Projects	1806					1,000	0	1,000		97			97	903	0			In progress; annual CWCAP completed
Board & AOC Services	1807					200	0	200	8	3			11	189	0			In progress
Total Other Activities & Administration						2,600	0	2,600	111	188	0	0	299	2,301	0			
Reserve for Board Directives/Contingency	1808					1,123	(63)	1,060	21				21	1,039	0			Completed. Final reports issued: Sunset Aquatic Park (1738), Ocean Institute 1FU (1740-B), Mile Square Golf 1FU (1740-E)
Total Budget						11,213	0	11,213	1,412	2,600	0	0	4,012	7,206	5			
						Footnote 5		Footnote 6										

Footnotes

1. The mission of the Internal Audit Department (IA) is to provide highly reliable, independent, objective evaluations and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions. The director of Internal Audit shall report directly to the Board and be advised by the Audit Oversight Committee (AOC) designated by the Board. The director of Internal Audit and staff shall have complete and unrestricted access to all of the County's financial records, files, information systems, personnel, and properties, except where prohibited by law. The AOC is an advisory committee to the Board and provides oversight of IA and the external auditors. The scope of IA shall include reviews of the reliability and integrity of financial, compliance, property and business systems, and may include appraising the efficiency and effectiveness of operations and the achievement of business and program goals and objectives.

2. IA generates several different types of reports including audit reports, summary reports, and status reports. In addition, IA undertakes several different projects including audits of internal controls, audits of lessee compliance with County contracts, and audits of IT controls. IA also serves the AOC by providing clerk services (meeting agenda preparation, minutes, etc.) and by preparing summary reports.

3. The annual Audit Plan is subject to change for such events where the director of Internal Audit or Board majority assesses if it is warranted, to substitute, postpone, or cancel a scheduled audit due to timing, priority, resource, or risk considerations. Such modifications will be noted in the Milestones & Comments section of this Quarterly Status Report for review by the AOC. **The acceptance of the Quarterly Status Report by the AOC authorizes both the content herein and any changes noted.** During the course of the year, the director of Internal Audit has discretion to research issues of interest to members of the Board, AOC, or County management and provide them with Technical Assistance. When charged, these projects will be directed either to Technical Assistance or to a separate project. Assistance of this nature generally involves between 10 and 80 hours and results are generally communicated through discussions, memos, or a written report for public distribution.

4. For purposes regarding fiscal year-end reporting, we consider assignments completed (**Completed**) as of the official release of a completed pre-draft or draft audit report to the department head, and are shown as such in our Milestones & Comments column of this Quarterly Status Report.

5. The FY 2018-19 Annual Audit Plan of 11,213 hours is based on 7,490 direct hours to be provided by 7 senior auditors/audit manager I's, 2 audit manager II's, and 1 senior audit manager plus 2,600 hours for other activities and administration and 1,123 hours reserved for Board directives/contingency. The direct hours exclude time charges for vacation, sick leave, holidays, training, administrative time, and other time not directly charged to an audit.

6. The Audit Plan has not required any budget adjustment as of 12/31/18.



Memorandum

February 14, 2019

AOC Agenda Item No. 10

TO: Audit Oversight Committee Members

Recommended Action:

Approve Quarterly External Audit Activity Status Report for the Quarter Ended December 31, 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 December 31, 2018, no Material Issues were reported. Please see the Executive Summary for details.

ATTACHMENT(S):

Attachment A – Executive Summary of External Audit Activity

Attachment B – External Audit Activity Quarterly Status Report

EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY

For the Quarter Ended 12/31/18

<u>SUMMARY ACTIVITY</u>	
Total Audits Prior Quarter (09/30/18)	125
Additions: In Progress	7
Planned	2
Started and Completed	2
Deletions: Canceled	0
Completed	4
Removed	<u>6</u>
Total Audits Current Quarter (12/31/18)	<u>126</u>
(In Progress, Planned, and/or Completed this Quarter)	

Results for the Quarter:

Audits Completed, Canceled and to be Removed Next Quarter	37
New Findings/Issues Reported by the Departments (1 Finding from 1 Audit, see page 7)	1

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

EXTERNAL AUDIT ACTIVITY
Quarterly Status Report
2nd Quarter FY 18-19 (12/31/18)

Results:

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

The schedule below identifies the status of external audits as of 12/31/18, 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 December 31, 2018	Significant Findings
Assessor		No audits in progress.						
Auditor-Controller	Financial Reporting	Vavrinek, Trine, Day & Co.	Comprehensive Annual Financial Report (CAFR) 6/30/18	Annual	6/30/2017	Annual Financial GAAP Audit	Completed.	None.
		Vavrinek, Trine, Day & Co.	Appropriations Limit (GANN) County and Flood 6/30/18	Annual	6/30/2017	Agreed-Upon Procedures	Completed.	None.
		Vavrinek, Trine, Day & Co.	Single Audit	Annual	6/30/2017	Uniform Guidance Expenditures of Federal Assistance	In progress.	
Child Support Services		Office of Child Support Enforcement (OCSE)	2018 Federal Data Reliability Audit	Every 3 Years	10/16	Review of line items related to cases with support orders, paternity establishment and medical support for the Annual CS157 State Statistical report. Line items 1, 2, 2e, 5, 6, 16, 21, 21a, 24, 25, 28 and 29.	Planned.	
		Department of Child Support Services (DCSS), Program Monitoring and Compliance Unit (PMCU)	Policy & Process Management	10/01/2017 - 09/30/2018 Annual	10/18	Case Review	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 December 31, 2018	Significant Findings
Clerk of the Board of Supervisors		No audits in progress.						
County Clerk-Recorder	Information Systems	Lawrence R. Halme	SECURE: Modified System Audit	As Needed	03/18	Review substantive changes to the SECURE Multi-County ERDS system for compliance with the CA Attorney General ERDS certified system requirements.	Completed.	None.
		Lawrence R. Halme	SECURE: Biennial Audit	June 2016 to June 2018; Biennial	10/16	1) Assessing the safety of the system; 2) Verifying that the system is secure from vulnerabilities and unauthorized penetration; 3) Ensuring ERDS operating procedures are in place and are being followed; 4) validating that ERDS have no capability to modify, manipulate, insert, or delete information in the public record.	Planned.	
County Counsel		No audits in progress.						
County Executive Office	Public Finance	No audits in progress.						
	Budget	No audits in progress.						
	Information Technology	No audits in progress.						
	Corporate Real Estate	No audits in progress.						
	Human Resources	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 December 31, 2018	Significant Findings
District Attorney		CA Office of Emergency Services	Violence Against Women Vertical Prosecution Program	FY 15/16 Annually	5/15	Compliance Review	Completed.	None.
		Department of the Treasury	Treasury Equitable Sharing	FY 14-15 to FY 16-17	Unknown	Compliance Review	Completed.	None.
		Vavrinek, Trine, & Day, LLP	Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare & Supplemental	FY 17/18 Annual	FY 16-17	Program Audit	Completed.	None.
		CA Department of Insurance (CDI)	Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare & Supplemental, Life & Annuity Consumer Protection	FY 15/16 - FY 16/17 Bi-Annual	FY 16-17	Program Audit	In progress.	
		Office of Traffic Safety	Alcohol and Drug Impaired Driver Vertical Prosecution Program	FY 17/18 Annual	FY 16-17	Performance Review	Completed.	None.
		Office of Traffic Safety	Alcohol and Drug Impaired Driver Vertical Prosecution Program	FY 16/17	N/A	Compliance Review	In progress.	
Health Care Agency	Administration	Vavrinek, Trine, Day & Co.	Tobacco Settlement Revenue-Measure H	FY 17/18 Annual	FY 16/17	Ensure funding allocations are in compliance with Measure H	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	Completed.	None. This audit also reported under Sheriff-Coroner.
		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	Completed.	None. This audit also reported under Sheriff-Coroner.
		Environmental Health -- Title 15 Audit	Juvenile Hall and Camps	FY 17/18 Annual	FY 16/17	Healthcare program - ensure compliance with Title 15	Completed.	None.
		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.	To be removed next quarter. This audit will be reported under Sheriff-Coroner.
		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.	To be removed next quarter. This audit will be reported under Sheriff-Coroner.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	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	Completed.	None.
		Community Care Licensing	Orangewood Children and Family Center	TBD, Annually	03/18	State Licensing Compliance	Planned.	
		Disability Rights of California	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 TBD	N/A	Healthcare services for all adult facilities	In progress.	To be removed next quarter. This audit will be reported under Sheriff-Coroner.
		State of California/ Department of Justice/Office of the Attorney General	Theo Lacy, James Musick, and Central Jail Complex	FY 17/18 TBD	N/A	Healthcare services for all adult facilities	In progress.	To be removed next quarter. This audit will be reported under Sheriff-Coroner.
	Behavioral Health	DHCS Substance Use Disorder Compliance Unit	Alcohol and Drug Abuse Services' Substance Abuse Prevention and Treatment (SAPT) Block Grant and Drug Medi-Cal (DMC) Compliance Review	FY 18/19 Annual	FY 17/18	Review the cost funded by the SAPT Block Grant, QFFMR, and ADAS Cost Report; County/State Contract	Planned.	
		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	In progress.	
		State Department of Health Care Services contracted External Quality Review Organization (EQRO)	Mental Health Plan	FY 18/19 Annual	FY 16/17	Service quality and management	Planned.	
		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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Health Care Agency (continued)	Behavioral Health (continued)	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.	
		State Department of Health Care Services	Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report	FY 12/13 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.	
		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.	
		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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	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. Also, 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 FY 15-16.	Planned.	
		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.	
		State of California Department of Alcohol and Drug Programs	Alcohol and Drug Abuse Services' Substance Abuse Prevention and Treatment (SAPT) Block Grant	FY 11/12 Annual	FY 09/10	Review the cost funded by the SAPT Block Grant, QFFMR, and ADAS Cost Report	Planned.	
		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.	
		Board of State and Community Corrections	Prop 47 Grant	6/16/17-8/15/20, TBD	N/A	Ensure compliance with grant funding and was an opportunity to gain greater insight on the service delivery model, ask questions, and meet the many individuals involved with the implementation of the grant.	Completed.	None.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Health Care Agency (continued)	Regulatory / Medical Services	California Emergency Management Agency (Cal EMA)	Health Disaster Management - State Homeland Security Funds; HCA is subrecipient through OCSD	GY 2006; Varies	N/A	Compliance field review - Grant Year 2006, 2007 and 2008 Note: OCSD is the lead on this audit and is coordinating all findings and responses	Draft report issued 2/2/12.	Reported in Prior Quarters: Estimated findings total \$742,852 (\$183,101.51 leases and \$559,750.23 equipment), of which HCA requests clarification of approximately \$41,000 pertaining to subgrantee charged expenditures belonging to another grant year. HCA does not concur with the remaining estimated findings of \$701,852. Since the draft report is being discussed with the State and HCA disagrees, we will not yet consider this a finding (same status as several prior quarters).
		California 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.	Completed.	One (1) New Finding: Unallowable expenditures totaling \$9,800 out of \$3,781,000 claimed due to insufficient documentation, non-budgeted items, or missing inventory.
	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.	
		California Department of Health Care Services, Adult Investigations	Targeted Case Management, Program Financial Audit of the TCM Cost Report	FY 14/15 Annual	N/A	All aspects related to fiscal compliance for charges claimed on the cost report	In progress.	
		DHCS Audits & Investigations - Targeted Case Management	Public Health Nursing - TCM Program Financial Audit of the TCM Cost Report	FY 12/13, Annually	2018	Targeted Case Management claiming	In progress.	
		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.	
		HRSA	Ryan White Part C	FY16/17	FY12/13	Fiscal Audit, Administrative, Clinical	In progress.	
		HRSA	Ryan White Part A	TBD, Approx every 4 to 5 years	05/14	Programmatic Site visit to ensure compliance with Ryan White legislation.	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Health Care Agency (continued)	Public Health (continued)	State Office of AIDS	Ryan White Part B	FY 17/18, Annually	12/17	Programmatic Site visit to ensure compliance with Ryan White legislation.	Planned.	
		State WIC Controller's Office	Family Health HCA WIC Program Review	17/18 Every 2 Years	2016	All aspects related to fiscal compliance for charges claimed on the WIC invoice to the State	Completed.	None.
		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.	
		Laboratory Field Services/CMS - CLIA	Public Health Laboratory	17/18 Every 2 Years	2016	Compliance with the Clinical Laboratory Improvement Amendments of 1988 regulations and requirements. Reviews quality assurance practices, quality control results and procedures, personnel competency, etc.	Completed.	None.
		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.	Completed.	None.
		Vaccines for Children (VFC)	Family Health HCA Family Health Clinics Immunizations	FY17/18 Varies	07/16	Federal Vaccine for Children program compliance	Completed.	None.
		DHCS Audits & Investigations - Targeted Case Management	Public Health Nursing - TCM Desk Review	FY 16/17	N/A	Review time cards/time sheets, time surveys, and encounters during FY 2016-17 for TCM services to target population of "Children Under the Age of 21 and Negative Outcomes"	In progress.	
	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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
John Wayne Airport	Finance Administration	Vavrinek, Trine, Day & Company	Financial Statements	2018 Annual	2017	Annual Audit of Financial Statements	Completed.	None.
		Vavrinek, Trine, Day & Company	Passenger Facility Charge Revenue and Expenditures	2018 Annual	2017	Audit of Financial Statements	Completed.	None.
	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.	
		Federal Aviation Administration	Airport Certification Inspection	2019 Annual	01/18	Compliance with Title 14, Code of Federal Regulations, Part 139, Airport Certification	Planned.	
		Transportation Security Administration	Airport Security	2019 Annual	2018	Compliance with Title 49, Code of Federal Regulations, Part 1542, Airport Security	Planned.	
OC Community Resources	OC Homeless, Housing Community Development / OCDA Successor Agency	Vavrinek, Trine, Day & Company	Financial	Annual	12/17	Basic Financial Statements and Supplemental Information	Completed.	None.
	OC Homeless, Housing Community Development/ OCHCA	Vavrinek, Trine, Day & Company	Financial	Annual	03/18	Financial Data Schedules	Planned.	
	Community Investment Division	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIAO - Fiscal and Procurement	16/17 Annual	15/16	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA - Fiscal & Procurement	17/18 Annual	16/17	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, methods of procurement, property management, etc.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
OC Community Resources (continued)	Community Investment Division (continued)	Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area	WIOA (NEG Fire) - Fiscal and Procurement	17/18 One-Time	N/A	Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc.	In progress.	
		State WIOA	WIOA Formula	Program Year & Annual	17/18	WDB and Youth Council composition, local program monitoring, MIS/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and youth program operations.	Planned.	
		State WIOA EEO Office	WIOA Section 188 Nondiscrimination and Equal Opportunity Provisions	Program Year & Annual	17/18	Compliance with WIOA nondiscrimination and equal opportunity requirements per Section 188 of WIOA and 29 CFR Part 38.	Planned.	
		California Department of Aging Audit Department	SCSEP Monitoring	17/18 Annual	16/17	Program implementation and compliance	Planned.	
		California Department of Aging (CDA)	Data Validation	Annual	17/18	SCSEP Program participant eligibility, host agencies, community service assignments, etc.	Planned.	
	OC Parks	No audits in progress.						
	OC Libraries	No audits in progress.						
	OC Animal Care	Macias, Gini & O'Connell LLP	City billing	17/18	N/A	Contracted examination of calculation of cost recovery from contracted cities	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
OC Public Works	Accounting	California Department of Transportation	San Juan Creek Bike Trail, 17th Street at Esplanade, Antonio Parkway	12/31/13	N/A	Audit of incurred costs	In progress.	
	Accounting / 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.	Completed.	None.
	Administrative Services	Transportation Corridor Agency (TCA)	Road Fee Programs (TCA Fees specific)	2018 CY Annual	05/18	TCA Fee Program for CY 2018. Audit of major thoroughfare fees collected by the County of Orange.	Planned.	
	Construction	OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the Glassell Yard Campus Stormwater LID Project	Planned.	
		OCTA	Prop 84 Grant Funds	TBD	N/A	Review project files for the San Juan Creek Channel Phases 4, 5, and 6	Planned.	
		CTC and CalTrans	TCA	TBD	N/A	Review project files for the Oso Parkway Bridge - 241	Planned.	
		California Department of Transportation	Edinger Avenue Bridge Replacement #BRLS-5955 (078)	Random	N/A	Review project files for the Edinger Avenue Bridge Replacement	Planned.	
		CalTrans	Highway Safety Improvement Program	TBD	N/A	Review project files for the Live Oak Canyon and Trabuco Canyon	Planned.	
	Construction/ Infrastructure Programs	CalTrans	Federal Arterial Pavement Management (APM) Funding	TBD	N/A	Review project files for the Slurry Seal of Crown Valley and Oso Parkway Project	Planned.	
		CalTrans	Federal Arterial Pavement Management (APM) Funding	TBD	N/A	Review project files for the Foothill and Hewes Avenue Project	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
OC Public Works (continued)	Environmental Resources	California Department of Food & Agriculture (CDFA)	Pierce's Disease Control Program	TBD	8/16	To verify the accuracy and appropriateness of charges and expenditures.	Planned.	
		Department of Pesticide Regulation / Product Compliance Branch (DPR)	Pesticide Use Enforced Mill Assessment	TBD	N/A	The records shall clearly demonstrate proof of payment of all applicable assessments for each registered pesticide product.	Planned.	
		California Department of Food & Agriculture (CDFA)	Unrefunded Agriculture Gas Tax	TBD	N/A	To identify all federal revenues and the expenditure of the revenue.	Planned.	
		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.	None. Audit completed in prior quarter. To be removed next quarter.
	Fleet Services	IRS	Form 8849 claims for CNG and LNG	2017 CY	N/A	Review of Tax Returns	In progress.	
	Infrastructure Programs	OCTA	Active Transportation Program (ATP) and Transportation Control Measures (TCM) funding	TBD	N/A	Review project files for the Lambert Bikeway Project	Planned.	
		OCTA	Measure M2 Water Quality Grant and Prop 42	TBD	N/A	Financial and compliance audit of the completed Catch Basins Phases I through V	Planned.	
		OCTA	Measure M2 Comprehensive Transportation Funding Program (CTFP)	TBD	N/A	Financial and compliance audit of the completed Cow Camp Road Segment 1 Construction	Planned.	
		Caltrans (DOT)	Program Supplement No. N054 to Administering Agency-State Agreement for Federal-Aid Projects No 12-5955R	TBD	N/A	Financial and compliance audit of the completed Gilbert Street from Katella Avenue to Ball Road	Planned.	
		California Department of Finance	Prop 84 Round 1 Stormwater Flood Management Grant, Prop 1E	9/30/08-3/31/13; One-Time	2014	DOF is evaluating DWR's grant administration and management processes	Completed.	None. Audit completed in prior quarter. To be removed next quarter.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
OC Waste & Recycling	Accounting	Vavrinek, Trine, Day & Co, LLP	OCWR Accounting	FY 17/18 Annual	FY 16/17	Financial and Compliance Audit	Completed.	None.
Probation	Administrative and Fiscal	No audits in progress.						
Public Defender		No audits in progress.						
Registrar of Voters		No audits in progress.						
Sheriff-Coroner	Financial/ Administrative Services	Cal EMA / Grants Management Section	Homeland Security Grants	FY 06 through 08	FY 06/07	Financial / Compliance	In progress.	This audit is also reported under HCA / Regulatory/Medical Services.
		Matrix Consulting	Contract Partners Efficiency Study	FY13/14 thru FY17/18	N/A	Cost and Efficiency	In progress.	
		Office of the State Controller Division of Audits	SB 90 Audit (PC 530.5) - Identity Theft Reports	FY02/03 thru FY12/13	N/A	Claimed Costs	In progress.	
		California State Auditor	Contract with US Immigration and Customs Enforcement (ICE)	FY12/14 thru FY17/18	N/A	ICE Contract	In progress.	
		US Department of Treasury Executive Office for Asset Forfeiture (TEOAF)	RNSP and SNP Compliance	2015 - 2017	N/A	Compliance	In progress.	
		California Office of State Audits and Evaluations	Office of Traffic Safety (OTS) STEP Grant	10/1/2015 - 9/30/2016	N/A	Compliance	Completed.	None.
	Custody Operations	US Department of Justice	Classification Review - Theo Lacy, Intake Release Center	Varied	N/A	Site visit, Compliance	In progress.	This audit is also reported under HCA/Correctional Health.
		Board of State and Community Corrections (BSCC)	Theo Lacy, Central Men's Jail, Intake Release Center	Biennial	05/16	Site visit, Compliance	In progress.	This audit is also reported under HCA/Correctional Health.
		Disability Rights Commission (DRC)	Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility	Current	N/A	Disability Rights	In progress.	This audit is also reported under HCA/Correctional Health.

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Sheriff-Coroner (continued)	Custody Operations (continued)	ICE Annual Inspection	Intake Release Center	Annual	06/17	Site visit, Compliance	Completed.	None.
		ICE Annual Inspection	James A. Musick Facility ICE Detention	Annual	10/17	ICE Compliance	Completed.	None. This audit also reported under HCA/Correctional Health.
		ICE Annual Inspection	Theo Lacy Facility ICE Detention	Annual	10/17	ICE Compliance	Completed.	None. This audit also reported under HCA/Correctional Health.
		ICE Bi-Annual PREHA Inspection	James A. Musick Facility	Bi-Annual	N/A	Site visit, Compliance	In progress.	
		CA Department of Justice/ Attorney General	ICE Detention	12/2017-Present	N/A	ICE Compliance	In progress.	This audit is also reported under HCA/Correctional Health.
	Support Services	Dimension Data	Service continuity, disaster recovery	06/18 to 08/18	N/A	Review business critical applications, provide recommendations and documents for BC/DR.	In progress.	
		California Department of Justice	National Crime Information Center (NCIC)/Criminal Justice Information System (CJIS) Database Audit	Triennial	01/16	Compliance review	Completed.	None.
		California Department of Justice	Criminal Offender Record Information (CORI)	Triennial	04/16	Compliance Review	Planned.	
		California Department of Justice	California Law Enforcement Telecommunications System (CLETS) Audit	Triennial	FY 15/16	Compliance Review	Planned.	
		Tevora Business Solutions	IT	Annual	2018	Operational Review	Planned.	
		Tech Advisory Committee (TAC)	IT	Quarterly / Semi-Annual	08/17	Operational Review	Planned.	
		Navel Criminal Investigative Service (NCIS) - LInX	LInX Data-sharing application	Annual	2017	Compliance Review	Planned.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
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	Completed.	None.
		California Department of Social Services (CDSS)	Program Integrity	Every 3 Years	07/16	Review of county's processing of IEVS reports received.	Planned.	
	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.	
		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.	
		Federal Social Security Administration	Interim Assistance Reimbursement (IAR)	Every 3 Years	01/17	Compliance of IAR Program requirements.	Planned.	
		California Department of Social Services (CDSS) US Department of Agriculture (USDA) Food and Nutrition Services (FNS)	CalFresh	05/18 Annual	08/17	Management evaluation focusing on program access, payment accuracy, operational procedures, etc.	In progress.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Social Services Agency (continued)	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.	
		California Department of Social Services (CDSS)	Adoptions Assistance Program (AAP)	Annual	9/17	Ensure compliance with federal and state regulations; Review of AAP eligibility and AAP case files.	Planned.	
		California Department of Social Services (CDSS)	Review of federal Work Participation Rate (WPR) data and supporting documentation	10/16 to 9/17; Varies	10/18	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. 22 WINS cases sent for review.	Completed.	None.
		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.	

Department / Agency	Division	Name of Third Party Auditor	Program, Process, or Area	Audit Period & Frequency	Date Last Audited	Audit Scope	Status as of December 31, 2018	Significant Findings
Social Services Agency (continued)	Family Self-Sufficiency & Adult Services (continued)	California Department of Social Services (CDSS)	In-Home Supportive Services (IHSS)	Annual	04/18	Quality Assurance monitoring of Orange County's administration of IHSS program.	Planned.	
		Administration for Children, Youth and Families	Foster Care Program	Every 3 Years	07/15	Compliance review to ensure Foster Care program administration from eligibility determination to benefit issuance are consistent with federal regulations.	Planned.	
		Christy White Associates, Inc.	California State Preschool Program (CSPP) Grant	FY17/18 Annual	10/17	Financial statements for the CSPP grant. Evaluation of accounting policies and reasonableness of significant accounting estimates made by management. Evaluation of overall presentation of financial statements.	Completed.	None.
Treasurer-Tax Collector	Treasury and Investments	Macias Gini & O'Connell LLP	Annual IPS Compliance	18 months ended 6/30/2017 Annual	12/31/15	Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement	In progress.	
		Vavrinek, Trine, Day, & Co., LLP	Annual IPS Compliance	FY 17/18 Annual	12/31/15	Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement	In progress.	
		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)	Completed.	None.
		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)	In progress.	