

Internal Audit Department

O R A N G E C O U N T Y

OC Internal Audit Department FY 2009-10 Audit Plan and Risk Assessment

Report No. 2801

Approved by AOC on May 27, 2009, Item 5

Dr. Peter Hughes, County Internal Auditor
Certified Public Accountant (CPA)
Certified Compliance & Ethics Professional (CCEP)
Certified Information Technology Professional (CITP)
Certified Internal Auditor (CIA)
Certified Fraud Examiner (CFE)

 ORANGE COUNTY BOARD OF SUPERVISORS'
Internal Audit Department

RISK BASED AUDITING

GAO & IIA Peer Review Compliant – 2001, 2004, 2007



2008 Association of Local Government Auditors' Bronze Website Award



2005 Institute of Internal Auditors' Award for Recognition of
Commitment to Professional Excellence, Quality, and Outreach



ORANGE COUNTY BOARD OF SUPERVISORS'
Internal Audit Department

RISK BASED AUDITING

GAO & IIA Peer Review Compliant – 2001, 2004, 2007

Providing Facts and Perspectives Countywide

Dr. Peter Hughes **MBA, CPA, CCEP, CITP, CIA, CFE**
County Internal Auditor Certified Public Accountant (CPA)
Certified Compliance & Ethics Professional (CCEP)
Certified Information Technology Professional (CITP)
Certified Internal Auditor (CIA)
Certified Fraud Examiner (CFE)

E-mail: peter.hughes@iad.ocgov.com

Eli Littner **CPA, CIA, CFE, CFS, CISA**
Deputy Director Certified Fraud Specialist (CFS)
Certified Information Systems Auditor (CISA)

Michael Goodwin **CPA, CIA**
Senior Audit Manager

Alan Marcum **MBA, CPA, CIA, CFE**
Senior Audit Manager

Autumn McKinney **CPA, CIA, CISA, CGFM**
Senior Audit Manager Certified Government Financial Manager (CGFM)

Hall of Finance & Records

12 Civic Center Plaza, Room 232
Santa Ana, CA 92701

Phone: (714) 834-5475

Fax: (714) 834-2880

To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: www.ocgov.com/audit



OC Fraud Hotline (714) 834-3608



Letter from Dr. Peter Hughes, CPA

TRANSMITTAL LETTER



Report No. 2801 May 27, 2009

TO: Honorable Members,
Board of Supervisors

FROM: Dr. Peter Hughes, CPA
County Internal Auditor

SUBJECT: Fiscal Year 2009-10 Audit Plan and
Risk Assessment

Per Resolution No. 95-271, the Board directed the Audit Oversight Committee (AOC) to act in an oversight capacity to the Internal Audit Department and to approve the Annual Audit Plan.

For the 10th consecutive year I am pleased to present the approved Annual Fiscal Year 2009-10 Audit Plan and Risk Assessment. This comprehensive report details our plan for audits and reviews in the upcoming fiscal year and incorporates the results of our extensive risk assessment.

In accordance with the Board's adopted Internal Audit Department's Charter, "*The Internal Audit Department reserves resources to accommodate Board of Supervisors requests. Individual Board members desiring specific audit projects shall place on the Board Agenda their proposal for review and approval by Board majority. The County Internal Auditor reserves the right to determine how to best fit the Board directed review into the audit plan.*" Any revisions or changes to the audit plan throughout the year are made in IAD's Quarterly Status Report and approved by the AOC.

The AOC reviewed and approved the FY 09-10 Audit Plan and Risk Assessment on May 27, 2009. Accordingly I am presenting it to the Board of Supervisors as part of my required monthly **Audit Status Report** to the BOS.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Risk Assessment process.

I look forward to another successful year of audit coverage and service to Orange County.

cc: Audit Oversight Committee Members
Chairman David Sundstrom
Vice-Chair Dr David Carlson
Supervisor Pat Bates
Supervisor Janet Nguyen
County Executive Officer Tom Mauk
Treasurer-Tax Collector Chriss Street



Table of Contents

FY 2009-10 Audit Plan and Risk Assessment

TABLE OF CONTENTS

	<u>PAGE</u>
TRANSMITTAL LETTER	i
EXECUTIVE SUMMARY	1
MISSION STATEMENT.....	1
ANNUAL AUDIT PLAN & KEY AUDIT CATEGORIES.....	2
DEDICATION OF RESOURCES TO AUDIT RELATED SERVICES.....	3
DETAILED OC INTERNAL AUDIT DEPARTMENT.....	5
FY 09-10 AUDIT PLAN	5
DEPARTMENT ORGANIZATION CHART	12
COUNTYWIDE RISK ASSESSMENT METHODOLOGY	13
A RISK BASED APPROACH TO DETERMINE AUDIT PRIORITIES	13
RISK ASSESSMENT METHODOLOGY.....	13
INFORMATION TECHNOLOGY INVENTORY AND ASSESSMENT	14
RISK ASSESSMENT ANALYSIS AND TRENDS	15
SEE ATTACHMENT - RISK ASSESSMENT SCHEDULES	A-1 thru A-5



FY 2009-10 Audit Plan

EXECUTIVE SUMMARY

MISSION STATEMENT

The mission of the County of Orange's Internal Audit Department is to provide reliable, independent, objective evaluations and business and financial advisory services to the Board of Supervisors and County executive management. Our role is to assist both parties with their important business and financial decisions; as well as, to contribute to protecting and safeguarding the County's resources and assets.

We support and assist the Board of Supervisors and County Executive Management in the accomplishment of their functional business goals and objectives. Our contribution to this effort is testing and reporting on their internal control systems and processes. County executive management is responsible for establishing and maintaining these control processes because they must rely on these systems and processes in managing their complex organizations. These systems and processes are used for safeguarding the County's assets and resources, and for reasonable, prudent, and effective financial stewardship and for accurate recording and reporting.

PUBLIC SECTOR GOVERNANCE AND THE ROLES OF INTERNAL AUDIT

Public sector governance encompasses the policies, procedures, processes and internal controls used to direct an organization's activities to provide *reasonable assurance* that objectives are met and that operations are carried out in an ethical and accountable manner. Governance relates to the means by which goals are established and accomplished; ensures government credibility; and assures appropriate behavior of government officials—reducing the risk of public corruption. Government auditing (both external and internal) is a cornerstone of good public sector governance by providing unbiased, objective assessments of whether public resources are responsibly and effectively managed to achieved intended results. Government auditing supports the governance roles of oversight, insight, and foresight.

- ▶ **Oversight.** Auditors assist County management in their decision-making by evaluating whether department/agencies are doing what they are supposed to do, spending funds for the intended purpose, and complying with laws and regulations. Oversight also describes the role to detect and deter public corruption, including fraud, inappropriate or abusive acts, and other misuses of power and resources.
- ▶ **Insight.** Auditors provide insight to assist County management by assessing which programs, policies and internal controls are working and which are not; sharing best practices and benchmarking information, and looking across department/agencies to find opportunities to borrow, adapt, or re-engineer management practices.
- ▶ **Foresight.** Auditors help County management look forward by identifying trends and bring attention to emerging challenges before they become crises. These issues often represent long-term risks that may far exceed the terms of office for most elected officials, and can sometimes receive low priority for attention where scarce resources drive more short-term focus on urgent concerns.



FY 2009-10 Audit Plan

IAD'S EXPERTISE IN FINANCIAL/BUSINESS PROCESSES AND CONTROLS

The Internal Audit Department (IAD) is recognized for our financial expertise and knowledge in business cycle internal controls and processes. We apply this expertise in assisting County Executive Management in enhancing their business processes and constantly improving and strengthening the internal control environment the public expects, relies upon, and demands of its government. We are committed to a process of continuous learning and improvements within our department. We keep ourselves updated on relevant issues in business and industry with regard to accounting trends and developing financial best practices. Such constant renewal keeps the IAD and its staff professionally current, refreshed, invigorated, and responsive to the County's needs for attestation, compliance assurance, accountability testing, and business improvement. We assist management in helping to implement best business practices with regard to internal controls, accounting systems, and business processes.

To meet our clients' expectations for integrity, objectivity, and independence and for us to function effectively with consistent reliability and credibility, the IAD applies professional auditing standards to all engagements. This allows us to ensure reviews and assessments of County operations are always informative, accurate, and objective. Where required, the IAD follows the ethical and professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and the Government Accountability Office (GAO). Moreover, the quality of IAD operations is regularly and independently assured by rigorous Peer Reviews conducted by outside CPA firms or by the California Counties Audit Chief's Association. We have passed four such quality reviews to date. The last Peer Review was in 2007.

As further validation of our department's commitment to quality, we received the IIA's award for "Recognition of Commitment to Professional Excellence, Quality and Outreach" in 2005 as well as the 2007 Association of Local Government Auditor's Bronze Website Award. A noteworthy report recently issued by the 07-08 Grand Jury found the OC Internal Audit Department to be completely independent and appropriately reporting to the Board of Supervisors and meeting all professional standards to perform any audit as directed.

ANNUAL AUDIT PLAN & KEY AUDIT CATEGORIES

Our Audit Plan is submitted, publicly discussed, reviewed and approved at the beginning of each fiscal year by the AOC. We are dedicated to completing our Audit Plan while continuing to be flexible and responsive to the Board of Supervisors' requests for audit services. We designed the Audit Plan to address what we considered to be the highest priority areas and audits requested by departments/agencies, while limiting the scope of work to what can realistically be accomplished with the staff resources available. The Audit Plan also includes some flexibility to be responsive to directives for audit services from the Board of Supervisors or AOC. Included with each audit is the proposed audit objective, dollar impact and estimated audit hours.



FY 2009-10 Audit Plan

Our Audit Plan has as its foundation the traditional internal audits of “hard-control areas” such as segregation of duties, limiting access to cash, accurate originating accounting entries and transactions, and key reconciliations. Examples of such traditional audits in our Audit Plan include the **Financial Audits and Mandates (FAM)**, **Internal Control Audits (IC)**, **Information Technology Audits (IT)**, and **Revenue Generating Leases (RGL) Audits**. These audit reports contain opinions regarding the status of internal controls or the County’s compliance with grant or other governing provisions. Our audit reports also include recommendations to management regarding improvements to specific accounting processes and internal controls in order to enhance or strengthen them. As part of our internal improvement process, we distribute a customer survey with each of our audit reports to allow customer evaluation and feedback.

In our audits, we also look for opportunities to improve the “efficiency and effectiveness” of operations (a category of performance auditing). Additionally, our reports where applicable, contain performance recommendations related to efficiency and effectiveness enhancements.

Our **Follow-Up Audit** process is now a robust and mature process. Follow-Up Audits are necessary to ensure that our audit recommendations are implemented satisfactorily. Our first Follow-Up Audit begins about six months following the release of an audit report. If necessary, a second Follow-Up Audit will be conducted about 6 months following the release of the first Follow-Up Audit report. At the request of the AOC, we are to bring to their attention any audit recommendations we find still not addressed, resolved or mitigated after the second follow-up. Based on our Follow-Up Audits, we can state that County management substantially implements our report recommendations on a timely basis. We attribute this level of implementation to the reliability and usefulness of our audit findings and recommendations. We also compliment County management in partnering with us in this effort to be responsive.

DEDICATION OF RESOURCES TO AUDIT RELATED SERVICES

Our Audit Plan is based on **15,700 direct audit hours** to be provided by 10 audit professionals (77%) and 3 Senior Audit Managers (50%). We currently have 1 vacant audit position and 1 part-time audit position. The Audit Plan does not include hours for the vacant and part-time positions. Additionally, our primary administrative manager (includes budgeting, purchasing, and human resources) retired in March 2008. Because of budget constraints, we do not plan to fill the vacant auditor or administrative manager position in FY 09-10. As we are utilizing audit positions to perform some of the administrative duties, we have reduced the Audit Plan by 1,300 hours.

The audit hours for the Director and Deputy Director are not included in the above total while the time for the three Senior Audit Managers is adjusted to allow them time for administrative management.



FY 2009-10 Audit Plan

Audit Plan hours are allocated to the audit areas as follows:

Internal Control Audits (IC):	4,425
Financial Audits and Mandates (FAM):	2,800
Information Technology Audits (IT):	3,925
Revenue Generating Lease Audits (RGL):	2,250
Other Audit Activities*:	<u>2,300</u>
	15,700

*The plan allocates an additional **2,300** hours for audit activities such as staffing the fraud hotline, reviewing cash losses, administering data collection of external audits, performing a triennial peer review of a peer County, preparing for an IAD peer review due in 2010, conducting training classes in County departments on practical internal control concepts and application, performing the annual risk assessment, HIPAA Administration, and compiling and presenting activity reports to the Board of Supervisors and Audit Oversight Committee.

Included in the IC, FAM, IT, and RGL categories are a total of **1,150** reserved hours to respond to Board requests for audit services. Our FY 09-10 Audit Plan is detailed beginning on page 4.



FY 09-10 Audit Plan

DETAILED OC INTERNAL AUDIT DEPARTMENT FY 09-10 AUDIT PLAN

Audit Name	Budgeted Hours
INTERNAL CONTROL AUDITS (IC)	
Validate, substantiate, and confirm the integrity and adequacy of critical internal controls by analyzing and testing cash receipts and expenditures to ensure accurate, complete, proper and timely processing of County financial transactions, and to ensure County assets are adequately safeguarded from loss, waste, and abuse.	
1 Countywide Wire Transfers/EFTs (carry-over from prior year) - \$ 22 billion Identify extent of County wire transfers/EFTs; determine materiality and propriety of the transactions, and assess controls to ensure transaction are processed, reviewed/approved, recorded, and reconciled with management's authorization.	200
2 Sheriff Payroll (carry-over from prior year) - \$418 million Evaluate adequacy of internal controls over bi-weekly payroll processing to ensure payroll is accurate, compliant, timely, complete and properly authorized.	100
3 County Executive Office/Risk Management Cash Disbursements - \$25 million Evaluate internal controls to ensure cash disbursements for worker's compensation, temporary and permanent disability, and associated legal costs are valid, supported, allowable, and are processed completely, accurately, and timely.	450
4 Health Care Agency Medical Billing Process & IRIS/Cerner System - \$47 million Evaluate the adequacy of internal controls over the medical billing process and the IRIS/Cerner information system and analyze revenue trends for Medi-Cal and Medicare reimbursements.	500
5 County Fee Development Process - \$444 million in revenues Identify the population of County fees for licenses, permits and charges for services that are established for full cost recovery of services, and determine the adequacy of processes and methodologies used in the fee development process.	500
6 PA/PG - Case Management, Fiduciary Funds & E-pages - \$26 million disbursements Integrated audit of controls over case management process (approx. 2,200 cases), including the Epages system, and evaluation of fiduciary funds managed by PA/PG	450
7 CEO/HCA/Sheriff-Coroner -Tobacco Settlement Revenues - \$32 million annually Evaluate the process over receipting, recording, allocating, and monitoring Tobacco Settlement Revenues to ensure funds are safeguarded; properly disbursed; and are in compliance with County, State, and Federal policies, rules and regulations.	500
8 OC Public Works Payroll - \$117 million Evaluate adequacy of internal controls over bi-weekly payroll processing to ensure payroll is accurate, compliant, timely, complete and properly authorized.	150
9 SSA - Employee Layoff Impact Assessment Evaluate impact of employee layoffs on internal controls in the areas of accounting, budgeting, and compliance.	100



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

INTERNAL CONTROL AUDITS (IC) continued

Budgeted Hours

Audit Name

<u>Follow-Up Audits (First):</u>		800
9	CEO/Information Technology - Contract Administration & Related Payments	
10	Probation - Title IV-E Claims Process	
11	OC Public Works - Transportation Fleet Management Interdepartmental Billings	
12	Dana Point Harbor Department - Harbor Revitalization Contract Administration	
13	A-C/T-TC - Wire Transfers and EFTs	
14	Sheriff-Coroner - Payroll Process	
<u>Follow-Up Audits (Second):</u>		250
15	A-C Claims & Disbursing - Vendor Payments	
16	County Procurement Office - Policy on Sole Source Contracts	
17	CEO/Public Finance - Cash Receipts, Disbursements and Trust Funds	
18	Work Paper Close-Out & Final Report Issuance (audits from prior year plan)	75
	Reserve - for BOS and AOC directives and audit adjustments (2)	350
Subtotal		4,425

FINANCIAL AUDITS & MANDATES (FAM)

DA GRANTS - \$4.6 million: Audit the financial statements for 3 grants to the District Attorney (DA) Office totaling \$4.6 million. Our audits will determine that budgeted amounts, revenues and expenditures are recorded accurately, completely, and timely and review controls and test compliance with rules and regulations.

1	DA Grant: Workers Comp Fraud - 6/30/09	250
2	DA Grant: Health & Disability Insurance Fraud - 6/30/09	250
3	DA Grant: Auto Insurance Fraud - 6/30/09	250
4	Countywide Pension Practices - "Pension Spiking"	400
Based on a Grand Jury recommendation, review countywide promotional practices that result in significant pension increases (pension spiking).		
5	CEO/Public Finance - Debt Service Bond Reserves - \$425 million Audit of selected cash and investment funds classified as "restricted net assets" that have restrictions imposed on the County for use of the funds, including Redevelopment Agency Bonds, Pension Obligation Bonds, OC Special Financing Authority, OC Public Financing Authority, and Public Facilities Corporation Bonds.	500
6	Treasurer-Tax Collector - Audit of Administrative & Budget Practices	400
Audit of selected administrative and budgeting practices, including assessment of changes in management structure, hiring practices, fees rates and calculations and review of administrative overhead allocation and costs.		
7	Auditing & Accounting Standards Update	200
Review of New Statements on Auditing Standards regarding risk assessment and internal controls requirements.		



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

FINANCIAL AUDITS & MANDATES (FAM) continued

Budgeted Hours

<u>Audit Name</u>		
<u>Follow-Up Audits (First):</u>		200
8	CAFR – Financial Statement Footnote Disclosures	
9	Retiree Medical Annual Required Contribution (ARC) Payment	
10	Continuing Bond Disclosure Process	
11	Tax Redemption	
12	Work Paper Close-Out & Final Report Issuance (audits from prior year plan)	50
	Reserve – for BOS and AOC directives and audit adjustments (2)	300
	Subtotal	2,800

REVENUE GENERATING LEASE (RGL) AUDITS - \$101 million annually

Audit the supporting records of businesses with revenue generating leases to ensure the correct amount of rent is paid to the County based on a percentage of gross revenue and that internal controls over their business processes are adequate to ensure the integrity of the records used to report gross revenues. Our reviews also identify ambiguities and omissions in the contracts that may disadvantage the County. These critical audits are performed at the request of JWA, OC Public Works, OCCR/OC Parks, and OC Dana Point Harbor on a rotational basis.

The County receives about \$148 million annual rent from these revenue leases.

About \$101 million of the annual rent is based on a percentage of gross revenue.

Over the last 5 years, we have performed 38 audits covering 73% of the \$101 million annual rent. Over the last 10 years, we have audited 94% of the \$101 million annual rent. For the below 6 leases, annual rent paid is approximately \$3 million.

1	- JWA/Budget Car Rental	300
2	- JWA/Hudson (news)	250
3	- JWA/Hudson (specialty)	250
4	- OC Parks/Santiago Equestrian Center	250
5	- OC Parks/Irvine Park Railroad	250
6	- DPHD/Dolphin Safari	250
7	Follow-up Audits – Perform as needed on selected recommendations as deemed warranted.	350
8	Administration of Revenue Generating Lease Audits	50
9	Work Paper Close-Out & Final Report Issuance (audits from prior year plan)	50
	Reserve – for BOS and AOC directives and audit adjustments (2)	250
	Subtotal	2,250



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

Audit Name	Budgeted Hours
INFORMATION TECHNOLOGY AUDITS (IT)	
<p>1 CAATs – Monthly Analysis of Duplicate Vendor Payments & Other Routines - \$1.1 billion</p> <p><u>Computer Assisted Audit Techniques (CAATs)</u> is cited as a best practice by the IIA and provides critical continuous audit coverage for over \$1 billion vendor payments disbursed annually. CAATs are automated queries (logical searches for matching characteristics) applied to large amounts of electronic data and the resulting output (matches) are further reviewed and validated. For 2008, we reviewed 199,180 vendor disbursements amounting to \$1.1 billion. To date, we have identified \$812,044 duplicate vendor payments of which 94% has been recovered.</p>	600
<p>2 CAATs – Re-write Routines</p> <p>As the new CAPS+ system is being implemented 7/1/09, we will need to re-write three of our CAAT routines (duplicate vendor payment, deleted vendor, and annual risk assessment – 16 scripts total) for the new data sources. These CAATs could be delayed depending on the difficulty of the re-writes.</p>	150
<u>IT IMPLEMENTATION ASSISTANCE:</u>	
For significant mission critical systems, IAD will review the adequacy of internal controls in accordance with an MOU agreed to by management. The MOU specifies that management is responsible for designing adequate controls in the new system and for providing documentation (flowcharts, narratives, policies and procedures, etc.) that can be reviewed by Internal Audit. Our review will focus on the control areas of: 1) proper segregation of duties, 2) reviews and approvals, 3) audit trails, and 4) reconciliations to help management ensure the system addresses the key/fundamental controls.	
<p>3 CAPS+ Implementation – Review of Controls over Financial/Purchasing System - \$3 billion – Phase II (Year End Closing Process)</p> <p><u>COVERAGE</u> – Key controls over year-end closing processes. We may also review the written centralized procedures from Phase I if they become available during Phase II. CAPS is the Countywide core financial system that processes and records transactions amounting to over \$3 billion annually.</p>	350
<p>4 CAPS+ Implementation – Review of Controls over HR/Payroll System – Over \$1.8 billion</p> <p><u>COVERAGE</u> – Key controls over human resources, payroll, and payroll accounting management (includes labor distribution). CAPS+ is the Countywide core human resource and payroll system that processes and records payroll transactions amounting to over \$1.8 billion annually.</p>	400
<p>5 PTMS Implementation – Review of Controls over Property Tax System - \$3.8 billion</p> <p><u>COVERAGE</u> – Key controls over billing, collecting, and allocating property taxes. The Property Tax management System is used by the Auditor-Controller, Treasurer-Tax Collector, and Clerk of the Board for billing, collecting, allocating, and appealing property taxes. For the FY 07-08, over \$3.8 billion in tax revenues were collected and allocated.</p>	600



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

INFORMATION TECHNOLOGY AUDITS (IT) continued		Budgeted Hours
<i>Audit Name</i>		
6	Countywide - IT Assistance on ICR - Wire Transfers (carry-over from prior year) See ICR description on page 5.	100
7	Health Care Agency - IT Assistance on ICR - Medical Billing - IRIS/Cerner System See ICR description on page 5.	200
8	PAPG - IT Assistance on ICR - ePages See ICR description on page 5.	125
9	Treasurer- Tax Collector - Payment Card Industry (PCI) Compliance - \$106 million annually Evaluate the adequacy of selected controls over electronic credit card transactions to comply with Payment Card Industry (PCI) data security standards. T-TC is tasked with ensuring the County's compliance with PCI. The County accepts about \$106 million in electronic credit payments annually with total credit card transactions of about \$145 million. Non-compliance may result in fines and potentially the loss of accepting credit card payments.	400
10	Auditor-Controller - CAPS+ User Access Security Administration - Securing the Users Evaluate the adequacy of selected controls over the CAPS+ user security administration (user setup, password management, account management, security violation monitoring, etc.). CAPS+ is the County's official system of financial record and user capabilities within the application are controlled based on user ids. It is therefore imperative to adequately control access to these ids.	350
11	CEO/IT - Specific Area To Be Determined Specific area to be determined. Possibilities include either the CAPS+ database or OCid*: (1) <u>CAPS+ Database</u> : Evaluate the adequacy of selected control settings (may include user security administration, audit trails, and disaster recovery) for the CAPS+ database. Oracle is the database for the County's core financial system (CAPS+). (2) <u>OCid* (single sign-on)</u> : Evaluate the adequacy of selected controls (may include physical access, user security administration, change management, and disaster recovery) over the user authentication application. *CEO/IT is developing a single sign-on application known as OCid. OCid would allow a user to sign-on once to gain access to multiple Countywide applications such as CAPS+, PTMS, and VTI. As such, it is even more critical to adequately secure user access.	350
12	IT Research & Development Reserve	50
	Reserve - for BOS and AOC directives and audit adjustments (2)	250
	Subtotal	3,925



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

<i>Audit Name</i>	<i>Budgeted Hours</i>
OTHER AUDIT ACTIVITIES	
1 Annual Risk Assessment - Audit Plan We conduct a comprehensive and interactive Risk Assessment, which includes meeting with the Board of Supervisors and County Executive Office; sending Risk Assessment Questionnaires to 23 County departments/agencies; reviewing all department/agency Business Plans; compiling detailed financial information; compiling risk rating of the County's key information systems, and reviewing current/prior audit coverage by County internal and external auditors. This critical process determines the basis for allocating our audit resources for the year among hundreds of competing issues and risks.	650
2 Cash Losses We monitor all cash losses reported to the Auditor-Controller for consideration during our annual Risk Assessment and when conducting our Internal Control Reviews.	50
3 Fraud Hotline The OC Fraud Hotline is staffed by professionals 24 hours, 7 days a week to ensure proper handling of all reports of possible waste, fraud and abuse of County resources by either employees or vendors. The monitoring is provided by in-house staff during normal working hours and an outside vendor during after hours, weekends and holidays. In addition, we provide oversight and advisement for investigations and directly participate as warranted. We also prepare semi-annual Hotline status reports for the AOC and BOS.	300
4 External Audit Reporting In accordance with AOC Policy No. 2, Internal Audit compiles and reviews a quarterly status report of "third party" external audits conducted in County departments/agencies. The County typically undergoes 100+ external audits each year. We also monitor the status of material audit findings and question costs. We consider these audits when developing our annual audit plan and our scope of work for any related audits.	300
5 Technical Assistance to Other Dept/Agencies To advise on business, accounting, and compliance issues as directed or requested.	200
6 HIPAA Administration Internal Audit is designated as a covered component under HIPAA and must abide by HIPAA rules and regulations. These are hours set aside for the department's HIPAA Coordinator.	50
7 Reports for Board, AOC, EA Meetings We report quarterly to the Audit Oversight Committee (AOC). The AOC provides executive oversight and guidance to the Internal Audit Department. We compile and report our progress to the AOC quarterly regarding the Audit Plan and provide Executive Summaries on audit activity each quarter. We compile and present to the Board of Supervisors a monthly report of all of our audit reports issued each month. We also present the IA Business Plan, approved Audit Plan and Risk Assessment Report, and the Annual Internal Auditor's Report to the BOS each year.	300



FY 09-10 Audit Plan

Detailed FY 09-10 Audit Plan continued

OTHER AUDIT ACTIVITIES continued		Budgeted Hours
<i>Audit Name</i>		
8	Peer Review of San Bernardino County	350
9	Self-Assessment for Upcoming Peer Review - 3 YE 6/30/10	100
Subtotal		2,300
Grand Total (6)		15,700

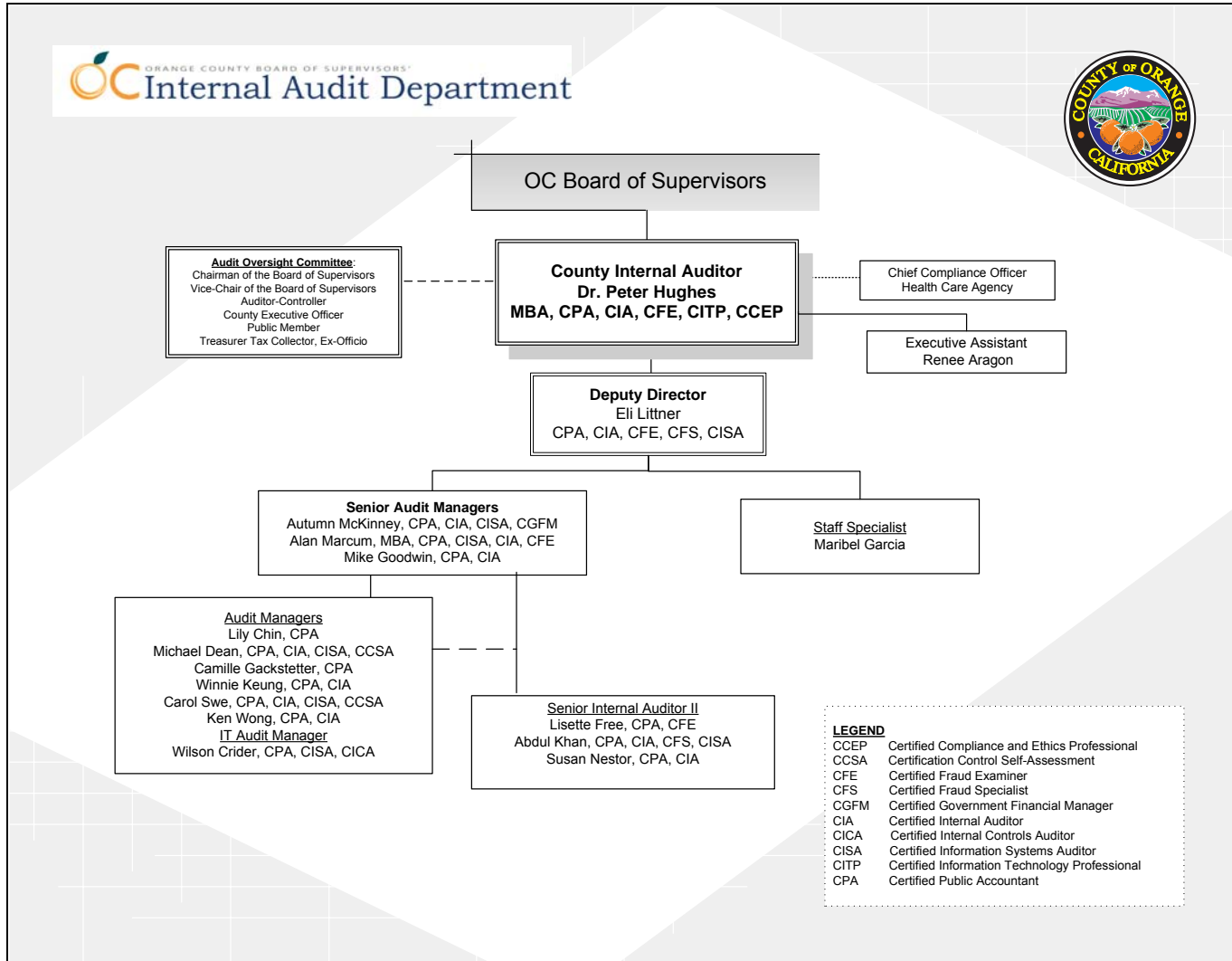
FOOTNOTES:

- (1) These dollar amounts represent the scale and magnitude of the activity audited in order to give the reader a sense of the financial impact and significance of the area or activity audited. In those audits where we test a sample of transactions and not the entire population, we clarify this point in the Scope section of our Audit Report.
- (2) We reserve time in our Audit Plan for Board of Supervisor and Audit Oversight Committee directives and audit adjustments. We also identify several other areas or activities for possible audit should we have available time or as substitutes.
- (3) The Orange County Internal Audit Department (OCIAD) generates several different types of reports including audit reports, summary reports and status reports. In addition, OCIAD undertakes several different projects including audits of financial statements, audits of internal controls, audits of transactions through the use of computer programs, audits of lessee compliance with County contracts, and audits of IT controls. OCIAD receives and oversees Hotline calls up through resolution via investigation by the respective departments and agencies. OCIAD also assists the CEO as authorized by the AOC by facilitating meetings, preparing summary reports and providing staff resources for technical assistance. A total project count therefore includes all assignments completed; not just released audit reports. Each year, OCIAD prepares an Annual Internal Audit Report in addition to its Quarterly Status Report. The Annual Internal Audit Report is for the general public in content and tone.
- (4) The annual Audit Plan is subject to change for such events where the County Internal Auditor, Audit Oversight Committee (AOC), or Board of Supervisors majority assesses if it is warranted to substitute, postpone or cancel a scheduled audit due to timing, priority, resource, risk considerations and our level of support to the CAPS+ and PTMS Implementations. Such modifications will be noted in the "Milestones & Comments" section of the Quarterly Status Reports submitted to the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.
- (5) For purposes regarding Fiscal Year-End reporting, we consider audits completed (**Done**) as of the official release of a completed draft audit report to the Department/Agency Director, and are shown as such in our Milestones & Comments column of the AOC Quarterly Status Report.
- (6) We use an industry best practice in estimating the available hours at 77% to conduct audits by deducting all paid personal leave training and administration so as to better estimate the direct hours available to conduct field work and write audit reports. We also deduct a vacancy factor based on historical trends and actual occurrences. We reflect any material changes in our estimates as warranted in our quarterly reports.



OC Internal Audit Organization Chart

DEPARTMENT ORGANIZATION CHART





Risk Assessment Methodology

COUNTYWIDE RISK ASSESSMENT METHODOLOGY

A Risk Based Approach to Determine Audit Priorities

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors' Standards require the chief audit executive to establish a **risk-based approach** to determine the priorities for internal audit activities. The Internal Audit Department has completed a Risk Assessment as a means to help identify, measure, and prioritize potential audits based on the level of risk to the County and for preparing the FY 2009-10 Audit Plan.

Risk Assessment Methodology

A comprehensive, interactive countywide Risk Assessment was conducted that included meetings with members of the **Board of Supervisors** and the **County Executive Office** to obtain their input on risks affecting their respective areas. For County departments/agencies, we sent out Risk Assessment Questionnaires for input on risks and areas of audits in their business operations. Internal Audit reviewed the completed questionnaires and incorporated them in determining a risk rating. We additionally **reviewed all department/agency Business Plans; compiled financial information** for business processes in each department/agency (e.g., cash receipts, disbursements, payroll, budget); and considered **prior audit coverage** by Internal Audit and County external auditors.

Audit Universe

There are several approaches on defining an audit universe (all areas subject to risk assessment and audits). We defined the County audit universe as **22 departments/agencies** (excluding Internal Audit and the Office of the Performance Auditor) and the following **eight business processes/cycles**:

Cash Receipting
Accounts Receivable/Collections
Budgeting
Payroll

Cash Disbursements & Payables
Fiduciary Funds/Special Use Funds
Procurements and Contract Administration
Revolving Funds

Our *Risk Assessment Schedule* shown on page A-1 of the attachment shows the **179 auditable business processes** we identified and assigned a risk rating. To determine the risk ratings for these processes, we compiled information obtained in our risk assessment and applied the following criteria and relative weight factors in our assessing levels of risk:

- **Department/Agency Changes (15%)**: Assessed factors such as management and/or organizational changes, significant increases/decreases in staffing and workloads, new/eliminated programs, and significant changes in laws/regulations.
- **Operating Environment (15%)**: Assessed factors related to the department's operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, pending litigation, and business continuity.
- **Last Audit Performed (20%)**: Identified all Internal Control Audits and Financial/Mandated Audits conducted in the last 10 years, and assessed risk higher in areas with old or no prior audits. This category also takes into consideration factors such as management receptivity to implementing recommendations and the materiality/significance of prior audit findings.
- **Financial Activity/Volume (50%)**: From CAPS, we compiled FY 07-08 financial information (dollar volume, number and nature of transactions) for each business process for all departments and agencies and we assessed the level of risk based on the dollar volume of transactions.



Risk Assessment Methodology

Compiling Results of Risk Assessment

Using the above criteria, each department/agency business process was rated on a scale of 1 to 10 (10 being highest risk and 1 lowest risk) for each of the above weight factors. An overall risk level was then assigned as either **High** (9 - 10), **Medium** (5 - 8), and **Low** (1 - 4) risk. The overall risk levels are shown on page A-1 of the attached *Risk Assessment Schedule*, and a *Schedule of Prior Audit Coverage* since 1999 is shown on page A-2 of the attachment.

Information Technology Inventory and Assessment

We prepared a key system inventory based on information we received from each department as part of our annual survey. The departments provide information only for those systems they identified as critical or key to carrying out the mission of their respective department. Examples of applications/systems not included in the inventory are: utilities (such as anti-virus, email, backup programs, and Microsoft operating system and office applications), terminal emulators (allows access to a mainframe computer via a personal computer), and systems of a limited/administrative nature (such as form generation, record retention, or telephone directories).

We rated each key system based upon the six relative weight factors below:

- **Importance & Impact (30%)**: The importance and impact of the system to the County and department's mission. Systems having a countywide impact were rated high in this category.
- **Complexity (20%)**: The complexity of the system taking into consideration the number of interfaces, the number of users and transactions, the nature of the database, and the nature of the calculations made by the system.
- **Nature of Information (15%)**: The nature of the information controlled by the system such as financial, operational, or support. Systems controlling financial assets or data were rated high in this category.
- **Sensitivity of Information (15%)**: The confidentiality of the information controlled by the system. Systems controlling HIPAA regulated information or personal information were rated high in this category.
- **Maturity (10%)**: The length of time since the system was implemented or since significant upgrades occurred.
- **Last Audit Performed (10%)**: The number of years since the last audit.

Each system was rated on a scale of 1 to 5 (5 being highest risk and 1 being lowest risk) for each of the weighted factors. Then, an overall score was calculated and the system was ranked as **High** (400 or above), **Moderate** (251 – 399), or **Low** (250 or below). The overall risk scores and ratings are shown on page A-3 thru A-5 of the attached risk assessment schedules.



Risk Assessment Methodology

Risk Assessment Analysis and Trends

Of the **179 auditable business processes** we identify in our general *Risk Assessment Schedule*, **77% are Medium Risk**, **18% are Low Risk** and **5% is High Risk**. More importantly, management has corrected or mitigated all areas identified in our reports.

The departments/agencies with a High risk score merely indicates that the services or functions they are responsible for are by nature a high risk activity because of such factors as having a large amount of expenditures and 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 controls are not adequate. As such:

1. We are committed to auditing all business activities or processes identified as "high risk" within the current year. Our approach is to provide it coverage of the most critical or sensitive aspect of the activity identified.
2. Resources permitting, we will also audit "medium risk" areas again focusing on the critical components of the activity.
3. Areas or activities identified as having "high impact" or "serious consequences" will be audited even if the likelihood of the event occurring is very low. This is in accordance with professional best practices.
4. Our commitment is to perform focused audits that address the most critical areas of operations to provide a quick turnaround time to the auditee. We are striving to minimize the disruption to auditee operations through this approach.
5. We do not audit areas unless the risk assessment identifies them as a priority. The passage of time is not a key factor in allocating audit resources. Our risk-based assessment is driven by numerous risk factors and is the reason we do not have a firm cycle of audits.

We have studied the history of eleven years of audit reports and audit findings. We have reviewed annual business plans and have concluded that the departments and agencies have dedicated and control conscious managers overseeing their main business processes. In the audit reports issued, we noted that less than 10% of the findings are "significant issues" and less than 1% of the findings are "material." The Internal Audit Department has a historical basis for assessing the competence of management and the rigor of their oversight of internal controls and expenditures. We have concluded that the control environment is positive and effective and helps offset the inherent internal control risks. The established control process offsets the inherent internal control risks associated with many of the County's business processes. In our opinion, we can assert that County Management has demonstrated an increasing awareness of internal controls and our audit results have verified this achievement.

SEE ATTACHMENT - RISK ASSESSMENT SCHEDULES A-1 THROUGH A-5

**OC Internal Audit Department
Risk Assessment FY 2009-10**

This Risk Assessment provides an overview of where Internal Audit has allocated its staffing resources primarily in the Internal Control, Information Technology and Financial/Mandated Audits, and shows Internal Audit's prior audit coverage for a 5 - 10 year period, audits in process, and planned audits for FY 2009-10. Because staffing resources are limited, we use this risk-based approach for purposes of audit planning and allocating staffing resources.

	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	9. Health Care Agency	10. Human Resources	11. John Wayne Airport	12. OC Community Resources	13. OC Dana Point Harbor	14. OC Public Works	15. OC Waste & Recycling	16. Probation	17. Public Administrator	18. Public Defender	19. Registrar of Voters	20. Sheriff-Coroner	21. Social Services Agency	22. Treasurer-Tax Collector
--	-------------	-----------------------	---------------------------	-----------------------	-------------------	-------------------	----------------------------	----------------------	-----------------------	---------------------	------------------------	----------------------------	--------------------------	---------------------	--------------------------	---------------	--------------------------	---------------------	-------------------------	---------------------	----------------------------	-----------------------------

BUSINESS PROCESSES:

CASH RECEIPTS	M	M	M	L	M	L	M	M	M	M	M	M	L	M	M	M	M	M	M	M	M	M
ACCOUNTS RECEIVABLE & COLLECTIONS	L	M	M	L	M	L	H	M	H	M	M	M	M	M	M	M	M	M	H	M	M	M
CASH DISBURSEMENTS & ACCOUNTS PAYABLE	L	M	M	L	M	M	M	L	M	M	M	L	M	M	M	L	M	M	M	M	M	M
REVOLVING FUNDS	M	L	M	M	M	M	M	M	M	L	M	M	L	M	M	M	L	M	L	M	M	M
PROCUREMENT & CONTRACT ADMINISTRATION (includes purchasing cards)	M	M	M	L	M	M	M	M	M	M	M	L	M	M	M	L	L	M	M	M	M	M
PAYROLL	M	M	M	L	M	M	M	M	M	M	M	L	H	M	M	M	M	M	M	M	H	M
FIDUCIARY FUNDS & OTHER SPECIAL DEPARTMENTAL FUNDS	L	M	M	L	M	L	M	M	M	L	L	M	L	M	L	M	M	L	M	M	H	M
BUDGETING (includes fee studies and fee calculations)	M	M	M	L	M	M	M	M	M	H	M	M	M	M	H	L	M	M	M	M	M	H
REVENUE GENERATING LEASE AUDITS (Remittance of revenues and contract compliance)	-	-	-	-	-	-	-	-	-	M	M	M	M	-	-	-	-	-	-	-	-	-
AUDITS ON FY 2009-10 PLAN	County Fee Setting Process	Wire Transfers/EFT (in process/carryover), County Fee Setting Process	Wire Transfers/EFTs (in process/carryover)		County Fee Setting Process		CEO /Risk Management Cash Disbursements, Tobacco Settlement Revenues, CEO/Public Finance Bond Reserves, County Fee Setting Process	DA Grants	HCA Medical Billing Process & Cerner IRIS System, Tobacco Settlement Revenues, County Fee Setting Process	Countywide Pension Practices	Lease Reviews, County Fee Setting Process	OC Parks - Lease Reviews, County Fee Setting Process	Lease Reviews	OC Planning - APPS (in process/carryover), County Fee Setting Process, Payroll Review	County Fee Setting Process	Title IV-E Claims (in process) County Fee Setting Process	Case Management, Fiduciary Funds & EPAGES		County Fee Setting Process	Payroll (in process), Tobacco Settlement Revenue, County Fee Setting Process	Wire Transfer/EFT (in process/carryover), Employee Layoff Impact Assessment	Wire Transfers/EFT (in process/carryover), County Fee Setting Process, SIV Sale & Proceeds; Audit of Administrative & Budget Practices

10-Year Prior Audit Coverage
(from 1999 through June 2009)

5-Year Prior Audit Coverage
(from 2004 through June 2009)

Audits currently in process or scheduled to begin prior to June 2009. (Wire Transfer and APPS Audits will carryover to FY 09-10.)

2009-10 Planned Audits

Note #1: Risk ratings were based on meetings with BOS, reviews of Business Plans and department/agency survey information using the following factors:

- Department/Agency Changes
- Operating Environments
- Prior Internal Audits
- Financial Volume and Activity
- Dept./Agency Audit Requests

LEGEND (see Note #1):
L=Low Risk: indicates a low audit risk and subject only to reviews as requested or deemed necessary.
M =Medium Risk: indicates a moderate audit risk and subject to audits as determined by our Risk Assessment and as resources are available.
H =High Risk: indicates a high audit risk and a high priority to audit.

Total Depts./Agencies (excl IAD, Perf. Audit)	22
Total Auditable Business Processes:	179
Low Risk Processes:	32 18%
Medium Risk Processes:	138 77%
High Risk Processes:	9 5%

Schedule of 10 Year Audit Coverage
July 1999 - June 2009

	Assessor	Auditor/Controller	Child Support Services	Clerk of the Board	Clerk-Recorder	County Counsel	County Executive Office	District Attorney	Health Care Agency	Human Resources	John Wayne Airport	OC Community Resources	OC Dana Point Harbor	OC Public Works	OC Waste & Recycling	Probation Department	Public Administration/P-ubli c Guardian	Public Defender	Registrar of Voters	Sheriff-Coroner	Social Services Agency	TTC	
CASH RECEIPTS		2001 DCR; 2004 ICR AC Collections; 2006 NSF Checks ICR;	2003 DCR		1999; 2003; 2006 NSF ICR; 07-08 So Cty #2723	2000	2001; 07-08 Public Finance #2722	1999; 2002; 2003 DCR	2000 Billings & Rec.; 2001 Env Health; 2001 Animal Control; 2004 Various Sites; 2006 NSF ICR	2002 Emp. Ben.	2001 DCR			2001 PDS; 2006 RDMD OC Zoo; 08-09 Transportation Billings #2823; APPS #2824	2000 DCR; 2006 NSF Checks	1999; 2001; 2003; 2005 Biennial Juv Trust Fund**	2006 ICR	2000	2000 Court Ops; 2001; 2002 Financial Admin			2003 2006 08-09 Triennial Audit of TRO** #2812, 2006 NSF ICR; 1998-March 2007 Qrtly (sched)** & 1998-2006 Annual TFA**, 2007-08 ICR Int. Apportionment	
ACCOUNTS RECEIVABLES & COLLECTIONS		2001 DCR AC Collections; 2004;			1999			1999; 1999-2009 Annual Grants**	2000 Billings & Rec.; 2001 Env. Health; 2001 Animal Control		2001 DCR			2004 RDMD Utility Billings	2000 DCR	1999; 2001; 2003; 2005 Biennial Trust Fund**; 2006 RSAT Grant; 08-09 Title IV-E Claims #2822					2006 ICR	2003 2006 08-09 Triennial Audit of TRO** #2812	
CASH DISBURSEMENTS & ACCOUNTS PAYABLE		2004 Trust & Agency Disb.; 2004 Tax Unit; 07-08 Duplicate Payment; 07-08 Claims/Disb #2720; 08-09 Wire & EFT Transfers #2821			2003		07-08 Public Finance #2722; 07-08 Pension Cost Alloc #2765; 08-09 Retiree Medical Contributions #2813	1999; 2003 DCR; 1999-2009 Annual Grants**	2005 ICR; 07-08 Duplicate Payment Review	2002 Emp. Ben.	07-08 ICR			2002 DCR; 2004 Utility Billings; 2006 OC Zoo; 07-08 Fac. Ops. ICR; 08-09 Transportation Billings #2823; APPS #2824		1999; 2001; 2003; 2005 Biennial Trust Fund**; 2006 RSAT Grant; 08-09 Title IV-E Claims #2822	2006 ICR			2003 DCR; 07-08 ICR Contract Admin; 07-08 Sheriff Admin. #2766	2005 ICR	1999-March 2007 Qrtly TFA**, 1999-2006 Annual TFA**, 07-08 ICR Int. Apportionment; 08-09 Wire & EFT Transfers #2821	
REVOLVING FUNDS	2006 #2596	07-08 Various Dept./Agency Revolving Fund reviews include replenishments by AC	2003 DCR	2000		2000	2001	2006 #2597	2002		2001 DCR	2003 OoA, Spec. Progs, VSO		2000 PDS DCR; 2004 RDMD DCR		2006 #2598	2006 ICR	2006 ICR	2000	2003 DCR; 07-08 Sheriff Admin #2766	2000 BCR; 07-08 ICR		
PROCUREMENT & CONTRACT ADMINISTRATION	2003 P-Cards						2006 P-Cards; 08-09 IT Contract Admin. #2827	1999	2005 ICR Contract Admin.		2003 P-Cards; 2006 ICR Contract Admin.	2003 OoA and SP Contract Admin.; 2003 P-Cards		08-09 Contracts & Payments #2820	07-08 Fac. Ops. Contract Admin. ICR	2003 P-Cards; 2006 ICR Contract Admin.	2006 ICR		2003 P-Cards	07-08 #2664; 07-08 Sheriff Admin. P-cards and Sole Source Contracts #2766; 07-08 DMJM #2768	2005 ICR Contract Admin.		
PAYROLL		2003 IT Review; 2007 AC Central Payroll; 07-08 #2763 VTI and Emp SS#s			1999			1999	07-08 Payroll ICR												08-09 Payroll #2825		
TRUST FUNDS & SPECIAL DEPARTMENT FUNDS		2004 Trust & Agency Disb.	2003 DCR		1999, 2003		07-08 Public Finance #2722	1999; 2003 DCR	2004 DCR		2001 DCR			2001 PDS; 2004 RDMD Trust Funds		1999; 2001; 2003; 2005 Biennial Trust Fund**	2006 ICR	2000	2001 Court Ops DCR; 2003 DCR	2002		1999-2004 Annual Compl**, 2003-2004 Qtrly Compl**, 1999-March 2007 Qtrly TFA (sched) & 1999-2006 Annual TFA**	
BUDGETING		2003			1999		2003	1999	2004 DCR					2003 PDS DCR; 2005 PDS Bldg. & Safety Fund				2006 ICR	2004 DCR		2004 DCR	2004 DCR	
PERFORMANCE MEASURE VALIDATIONS (PMV)		2006 #2554	2006 #2595	07-08 #2747		07-08 #2749	07-08 #2750		2006 #2658	07-08 #2753	2006 #2555	2006 #2592 & #2661		2006 #25101	07-08 #2754				07-08 #2757	2006 #2593		2006 #25100	07-08 #2759

Legend:
This schedule shows internal controls reviews and mandated audits performed since 1999.
BCR = Biennial Control Review; DCR = Department Control Review; ICR = Internal Control Review.
As of June 30, 2009, we have audited 117 of 176 (66%) of Auditable Business Processes assessed as high or medium risk.

= Indicates areas of audit coverage 1999 - June 2009 (10-year prior audit)
 = Indicates areas of audit coverage 1999 - June 2009 (5-year prior audit coverage)
 = Indicates areas of audit coverage for current and in process audits. (08-09)

** Indicates Mandated Audit

	DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	OR ADDED	COMMENTS/LAST AUDIT
HIGHER RISK SYSTEMS - ALL						
1	Assessor	ATS (Assessment Tax System)	property assessment/annual roll	High		Audited every 5 years by the State (2006). Audit has ltd IT coverage.
2	Auditor-Controller	CAPS Advantage 2.2	payroll	High		FY 09-10 Audit Plan includes controls assistance for CAPS+ Implementation Project (v 3.8)
3	Auditor-Controller	ATS (will be replaced by PTMS)	tax calculations & allocations	High		FY 09-10 Audit Plan includes controls assistance for PTMS Implementation Project
4	Auditor-Controller	CAPS Advantage 2.2	accounts payable, disbursements	High		#2845 Review of control documentation for CAPS+ Implementation Project (v 3.7)
5	Auditor-Controller	CAPS Advantage 2.2	job cost, cost allocation, labor distribution	High		#2845 Review of control documentation for CAPS+ Implementation Project (v 3.7)
6	Auditor-Controller	CAPS Advantage 2.2	general ledger, financial reporting	High		FY 09-10 Audit Plan includes controls assistance for CAPS+ Project - Phase II - YE Close
7	Auditor-Controller & Other Depts	VTI (Intellitime Virtual Timecard)	time keeping for multiple departments	High		#2055 VTI System Review (2000), #2631 ICR- central payroll (SS# issue corrected).
8	CEO/Finance	CAPS Advantage 2.2	purchasing	High		#2845 Review of control documentation for CAPS+ Implementation Project (v 3.7)
9	HCA/Behavioral Health	Cerner Millennium (IRIS) 2004.01	integrated e-medical record system	High		FY 09-10 Audit Plan includes Internal Control Audit of medical billing with some IT coverage.
10	HCA/Medical Billing	Public Health Billing - Practice Expert Plus	patient data & billing of all claim types for clinics	High		
11	Human Resources Department	CAPS Advantage 2.2	personnel management	High		FY 09-10 Audit Plan includes controls assistance for CAPS+ Implementation Project (v 3.8)
12	Human Resources Department	CAPS Advantage 2.2	position control	High		FY 09-10 Audit Plan includes controls assistance for CAPS+ Implementation Project (v 3.8)
13	Sheriff-Coroner	Sheriff's Data System (SDS)	automated jail system, warrant services, arrest records	High		
14	TTC/Tax Collector	ATS (will be replaced by PTMS)	tax bill generation and collection of taxes	High		FY 09-10 Audit Plan includes controls assistance for PTMS Implementation Project
15	TTC/Treasurer	Quantum-ORISK	treasury management system	High		Limited review of IT controls in A-C's mandated audit for Qtr ending 12/31/08.
MODERATE RISK SYSTEMS						
CASE MANAGEMENT SYSTEMS						
1	County Counsel	Case Management System (Time Matters)	case & document management for attorneys	Moderate		
2	District Attorney	CMS (Case Management System)	tracks filing status of criminal cases	Moderate		DA obtained security assessment by Foundstone in 2007.
3	District Attorney	Child Abduction	track abducted children, custody disputes	Moderate		
4	District Attorney	Consumer, Major Fraud, Environmental Violations	tracks cases under investigation prior to filing	Moderate		
5	District Attorney	Special Assignment Investigations	tracks special cases under investigation prior to filing	Moderate		
6	District Attorney	Felony Projects Case Tracking	tracks felony cases under investigation prior to filing	Moderate		
7	District Attorney	Welfare Fraud Case Tracking	tracks welfare cases under investigation prior to filing	Moderate		
8	District Attorney	IRIS (Incident Reporting Information System)	records complaints, tracks disposition	Moderate		
9	HCA/Correctional Medical Services	CHART(Correctional Health Assess. Records/Tracking).CIPs & CMS	medical records mgmt & tracking/dispensing of meds	Moderate		HCA performed internal review in 2008.
10	HCA/Public Health	Specimen Tracking	specimen tracking system	Moderate		
11	HCA/Public Health	AIDS Regional Information & Evaluation System (ARIES)	management of AIDS cases and services	Moderate	added	
12	Probation	CMS (Case Management System)	probation case management for adults and juveniles	Moderate		
13	Public Defender	CMS (Case Management System) V2.0	manage & tracks PD cases	Moderate		
14	Sheriff-Coroner	Records Management System (RMS)	collects/tracks/stores crime reports, citations, etc.	Moderate		
15	SSA	Orangewood Children's Home Info. System (OCIS)	used to register and track children staying at site	Moderate		
CONSORTIA OR STATE MANAGED SYSTEMS						
1	Child Support Services	Child Support Enforcement (replaced CCSAS, ARS, CC Internet)	child support case mangement/database	Moderate		
2	Child Support Services	CalWin (CalWorks Information Network)	benefit management & tracking	Moderate	new	
3	Child Support Services/Financial	State Distribution Unit (SDU)	provide child support pymt collection & distribution data	Moderate	new	
4	HCA/Public Health/CCS	Children's Medical Services Network (CMSNet) System	full-scope case mgmt (hosted at State data center)	Moderate		
5	HCA/Public Health/WIC	ISIS (Integrated State Information System)	WIC nutritional data system	Moderate		
6	OCCR/Community Services	JTA (Job Training Automation System)	track/report clients receiving job training	Moderate		
7	Probation	CLETS SRF (Supervised Release File) Interface	interface to statewide sys/maintain probation records	Moderate		
8	SSA	CalWin (CalWorks Information Network)	benefit management & tracking	Moderate		External auditors (MG&O) audited in 2007.
9	SSA	Child Welfare Services/Case Management Sys. (CWS/CMS)	manage child abuse referrals/cases (hosted at State)	Moderate		
FINANCIAL & FINANCIAL RELATED SYSTEMS						
1	Auditor-Controller	C3PO-County Check Creation & Printed Output (replaced RxLaser)	prints checks for accts. payable, trust, welfare, payroll	Moderate		
2	Auditor-Controller	CUBS Collection System	billing and collection for various departments	Moderate		#2428-B Collection & A/R Audit (2005), #2849 2nd follow-up audit.
3	Child Support Services	Dissomaster	calculate child support payments due	Moderate		
4	Clerk-Recorder	Cashiering system	cash receipting application	Moderate		#2244 Cashiering Sys. Implmntn. Review (2002), #2565 1st & Final F-Up Audit (2005)
5	District Attorney	Petty Cash Check Generation	petty cash check generation and reconciliation	Moderate		
6	HCA/Medical Billing Unit	Posting System (Financial Counselors)	accts for payments rec'd for services rendered	Moderate		
7	John Wayne Airport/IT	McGann Parking Revenue Control System	track parking revenues & ticket counts	Moderate		#2732 - Audit of Parking Revenue.
8	OCCR/Parks	HBP Reservations System	park reservations & point of sale cashiering	Moderate		
9	OC Public Works	Summary Billing	automate processing of utility invoices	Moderate		
10	OC Public Works/Construction	ProgPay (Progress Payment System)	construction bids and payment management system	Moderate		
11	OC Public Works/Geomatics & Land	E-Commerce System	sells downloads of maps and land information	Moderate		
12	OC Public Works	Flagship Billing System	fleet billing (admin/pool/parts/svc) interface w/Fleet Focus	Moderate	added	
13	OC Public Works	Transportation Billing System	interdepartmental billing of fleet depreciation	Moderate	added	#2823 - Transportation Billing Audit with some ltd IT coverage.
14	OC Waste & Recycling	Accounts Receivable (Microsoft Great Plains eEnterprise)	accts. rcble., cust. account info., landfill trans. & billing	Moderate		#2327 IT Audit (2003) & #2524 1st Follow-Up (2006) & #2626 Final Follow-Up (2007).
15	OC Waste & Recycling	Landfill Fee Collection (Paradigm)	landfill cash receipting and records tonnage info.	Moderate		#2327 IT Audit (2003) & #2524 1st Follow-Up (2006) & #2626 Final Follow-Up (2007).
16	Probation	PFS (Probation Financial System)	manages financial obligations of probationers	Moderate		Mandated Audit - included IT coverage/performed by A-C (2008).
17	Registrar of Voters	Registrar of Voters Enterprise Resource (ROVER)	purchasing approval system	Moderate	added	
18	TTC/Tax Collector	Netvantage Cashiering System	cashiering support for counter pymts of prop. Taxes	Moderate		Limited review of IT controls in #2609 - 12/31/06 mandated audit.
19	TTC/Tax Collector	Public Defender System	record collection of public defender judgements	Moderate		
20	TTC/Tax Collector	Remittance Processing System	check scanning & payment posting	Moderate		
21	TTC/Tax Collector	Tax Apportionment System	apportion taxes	Moderate		
DOCUMENT IMAGING SYSTEMS						
1	Auditor-Controller & HR & CEO/IT	ERMI (Electronic Report Management & Imaging) & OnBase	financial, payroll, & HR report archiving	Moderate		Security assessment by Foundstone in 2007.
2	Child Support Services	COSTARS (Online Storage and Retrieval Solution)	store and view case management documentation	Moderate		
3	OC Public Works	EDMS (Electronic Document Management System) - OnBase	manage documents electronically	Moderate		
4	Probation	EDMS (Electronic Document Management System)	electronic forms and storage of case documents	Moderate		Upgrade to OnBase Version 6.4 and Microsoft Office 2003.
LAW ENFORCEMENT SYSTEMS						
1	District Attorney	BILL	Track metadata of volunteers supplying DNA sample	Moderate	new	
2	District Attorney	High Tech Crimes	Track metadata of electronic equipmt evaluated by unit	Moderate	new	

	DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	OR ADDED	COMMENTS/LAST AUDIT
3	Probation	JIAS (Juvenile Intake Assessment System)	juvenile intake assessment	Moderate		
4	Probation	Risks/Needs Assessment	assess probationer needs, risks, level of supervision	Moderate		
5	Probation	Penal Code 1210 Violations system	information sharing w/HCA & drug treatment providers	Moderate		
6	Probation	AIS (Adult Intake System)	automates the first stage of the adult intake process	Moderate		
7	Probation	Adult Probationer - Shared Terms & Conditions	shares info on adult probationers w/law enforcement	Moderate		
8	Probation	CABS (Computerized Arrest & Booking System)	store photos of all probationers	Moderate		
9	Probation/Institutional Services	IMS (Institution Management System)	juvenile in-custody mgmt - booking, assessing, tracking	Moderate		
10	Sheriff-Coroner	BMC Remedy AR Systems (14 applications)	property inventory, patrol in/out, evidence, jail supplies	Moderate		
11	Sheriff-Coroner	Computer-Aided Dispatch (CAD)	tracks calls for service and units responding to calls	Moderate		
12	Sheriff-Coroner	ELETE (Enhanced Law Enforcement Telecommunications Emulator)	allows S-C access to state/fed law enforcement data	Moderate		
13	Sheriff-Coroner	Mobile Version 3.5	track & update emergency & non-emerg. calls for svc.	Moderate		
MULTI-DEPARTMENT OR MULTI-FUNCTION/ENTERPRISE SYSTEMS						
1	Auditor-Controller	CAPS/Fixed Asset System (AC42)	fixed asset accounting	Moderate		
2	Auditor-Controller	E-Procurement (Office Depot - HCA)	online office supplies purchasing	Moderate	added	
3	Clerk of the Board	ATS (will be replaced by PTMS)	property tax assessment appeals tracking	Moderate		FY 09-10 Audit Plan includes controls assistance for PTMS Implementation Project
4	CEO/Finance	Brass (CAPS)	budgeting	Moderate		
5	HCA/Behaviorial Health	AMS (Addiction Management System)	patient tx plans, inventory cntrl, billing, reporting	Moderate		HCA performed internal review in 2008.
6	HCA/Environmental Health	Envision	tracks field inspections/violations & generates billings	Moderate		HCA performed internal application review in 2008.
7	OCCR/Animal Care	Chameleon	animal care operations (kennel, veterinary, licensing)	Moderate		HCA performed internal security review in 2005.
8	OCCR/Housing Authority	Housing Pro (HAPPY)	manage section 8 housing assistance	Moderate		#2724 Audit of Housing Assistance Payments & ltd IT coverage (2008)
9	OCCR/Public Library	SIRSI Unicorn/iBistro	patron and material information system	Moderate		Library performed internal review in 2007.
10	OC Public Works	APPS (Automated Permitting and Planning System)	enterprise system for permit processing & accounting	Moderate		
11	OC Public Works/Ag. Commiss.	Weights & Measures	allows field inspectors to track inspection data, billings	Moderate		
12	OC Public Works/Transportation	Fleet Focus (FleetAnywhere)	complete solution for transportation fleet mgmt	Moderate		
13	PA/PG	ePAGES (Enhanced Public Administrator Guardian Electronic Sys.)	case management and accounting system	Moderate		FY 09-10 Audit Plan - Internal Control Audit - case mgmt/fiduciary funds with some IT coverage.
PERSONNEL & BENEFITS SYSTEMS						
1	Human Resources Department	1992 Defined Benefits	1992 DB plan enrollment and contributions tracking	Moderate		Info in the database is audited annually by Mercer (external consultant).
2	Human Resources Department	Employee Benefits Data Warehouse	provides info. on employee benefit deductions	Moderate		
3	Human Resources Department	ORS (Online Recruitment System)	obtaining/accessing transfer applications	Moderate		
4	Human Resources Department	Online Recruitment System (application svc provider NeoGov)	on-line job application management	Moderate		
5	Human Resources Department	Personnel Data Warehouse	provides info. on HR transactions and summaries	Moderate		
TREASURY MANAGEMENT SYSTEMS						
1	TTC/Treasurer	Bloomberg	on-line securities trading	Moderate		Limited review of IT controls in A-C's 12/31/08 mandated audit.
2	TTC/Treasurer	Deposit Order Reconciliation	automate reconciliation of deposit orders	Moderate		Limited review of IT controls in A-C's 12/31/08 mandated audit.
3	TTC/Treasurer	Fund Accounting	fund accounting reconciliation	Moderate		Limited review of IT controls in A-C's 12/31/08 mandated audit.
4	TTC/Treasurer	Gateway	middleware between Quantum and Bloomberg	Moderate		Limited review of IT controls in A-C's 12/31/08 mandated audit.
5	TTC/Treasurer	GO	reconciles Quantum to Bloomberg	Moderate		Limited review of IT controls in A-C's 12/31/08 mandated audit.
VOTING & RELATED SYSTEMS						
1	Registrar of Voters	Pitney Bowes Inserter/Sorter	processes absentee ballots	Moderate		
2	Registrar of Voters	EIMS (Election Information Management System)	voter registration info, election data, precinct info	Moderate		
3	Registrar of Voters	Hart Personal Voting System	vote casting and tabulation	Moderate		Audited (top to bottom) & certified by the State in 2007.
4	Registrar of Voters	Campaign File Disclosure System	track political campaign financial disclosures	Moderate		
5	Registrar of Voters	Maptitude	GIS for precinct and district boundaries	Moderate		
OTHER/OPERATIONAL SYSTEMS						
1	Child Support Services	Internet On-Line Forms	allows clients to apply for child support services	Moderate		
2	Clerk-Recorder	ClerkDocs	process various registrations	Moderate		
3	Clerk-Recorder	VitalDocs	issue certificates (birth, death, marriage)	Moderate		
4	Clerk-Recorder	CATS 2000	issue marriage licenses	Moderate		
5	Clerk-Recorder	Electronic Recording	electronic recording of real property documents	Moderate		
6	Clerk-Recorder	Grantor/Grantee	maintain public records for real property	Moderate		
7	Clerk-Recorder	FBN (Fictitious Business Name)	business name database and public search	Moderate		
8	HCA	COR (Custodian of Records)	tracks requests for medical and mental health records	Moderate		
9	HCA	Purchasing (Legacy Tracking System)	track and report purchases, pymts, assets	Moderate		
10	HCA/Behavioral Health	Digital Radiology System	take and process x-rays	Moderate	new	
11	HCA/Public Health	Employee Health Data System (EHDS)	employee health and case management]	Moderate	new	
12	HCA/Behavioral Health	ACCTivate Inventory Management System	inventory disaster supplies and equipment	Moderate	new	
13	HCA/Behavioral Health	Caminar	monitor Full Service Provider (FSP) data	Moderate	new	
14	HCA/Behavioral Health	Birth & Death Registration System	records all births and deaths in county	Moderate	new	
15	HCA	Contract Services - WestMed	monitor services provided by Western Medical	Moderate		
16	John Wayne Airport/Facilit&Maint.	Ccure (Softwarehouse)	monitor entrance/exits of all secured access areas	Moderate		
17	John Wayne Airport/Facilit & Maint.	Pelco 9760 (Closed Circuit TV System)	controls CCTV system & interfaces w/Ccure system	Moderate		
18	OCCR/Community Services	SAMS 2000 (Senior Access Management System)	records services provided & funds used by contractors	Moderate		
19	OCCR/Community Services	VetProWeb	track veteran claims & report to CA Veteran's Affairs	Moderate		
20	OC Public Works/Engineering	Subdivision Database System	allows staff to manage reports on parcel map records	Moderate		
21	OC Public Works/Facility Ops	FM1 (Facilities Management)	manage maintenance work orders & billing countywide	Moderate		
22	OC Public Works/Permits	Transportation Permit Systems	allows staff to manage transportation permits	Moderate		
23	OC Public Works/Public Works	MaintStar (operations & maintenance)	track work requests for streets, sidewalk, Flood Control	Moderate		
24	Probation	VisionCad (VisionAir Computer-Aided Dispatch)	tracks personnel in field for safety/accountability	Moderate		
25	Probation	Kiosk Reporting	low risk case probationer self-reporting	Moderate		
26	Probation	Electronic Contact Reporting (ECR)	web based case supervision system	Moderate	new	
27	SSA	Assessment Intervention and Management System (AIM)	provides mgmt/printing of mandated Adult Abuse rpts.	Moderate		
LOWER RISK SYSTEMS						
1	Auditor-Controller	Employee Pay Stub Portal	allows employee viewing of biweekly payroll pay stubs	Low		

	DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	OR ADDED	COMMENTS/LAST AUDIT
2	Auditor-Controller	Training Partner	on-line tracking of employee training classes	Low		
3	Child Support Services/TACS	Call Log - Front Page	capture call information	Low	new	
4	Child Support Services	Timeline Tracking Tool	captures case date/time information	Low	new	
5	Child Support Services/IT	Help Desk Database	database to enter and track help desk tickets	Low		
6	Child Support Services	Internet Content Management	update content on CSS websites	Low		
7	Child Support Services	Public Service Center Automated Check-in System	check-in sys to monitor wait & interview times	Low		
8	Child Support Services	Security Master Database	database used to display user access levels	Low		
9	Child Support Services	Facilities Request Center	facility maintenance tracking	Low	new	
10	Child Support Services	Issue Tracking Tool	tracks reported issues	Low	new	
11	Child Support Services	Enterprise Customer Service Solution (ECSS)	manage call center operators	Low	new	
12	Clerk of the Board	CAMS (Comprehensive Agenda Mgmt Solution)	board agenda management	Low		Internal review performed in 2008.
13	Clerk of the Board	Conflict of Interest or Disclosure Docs (COI)	COI forms are scanned & tracked; also public viewing	Low		
14	Clerk of the Board	SEI-eFile (COI - Statement of Economic Interest Form 700s)	allows filing COI online & paperless retention	Low		
15	Clerk of the Board	Web e-Agenda Search - intranet	agenda items acted upon by BOS can be searched	Low		
16	CEO/Finance	CEO Budget Intranet	budget information pooling application	Low		
17	CEO/Finance	CEO Budget Strategic Financial Plan Intranet	budget information pooling application	Low		
18	CEO/IT	E-Government System (eGov)	provide citizens a common web presence/portal	Low		
19	District Attorney	Branch Court Services	assist investigators assigned to branch courts	Low		
20	District Attorney	Personnel Threats	tracks threats made against personnel	Low		
21	District Attorney	Juvenile Truancy Tracking	tracks juvenile school absences & creates documents	Low		
22	District Attorney	MCLE (Mandatory Legal Education Credit tracking)	monitors mandatory legal education classes	Low		
23	HCA/Information Technology	TouchPaper	tracks & manages IT help desk tickets	Low		
24	Human Resources Department	Online Training Registration	training class enrollment management	Low		
25	Human Resources Department	Online Volunteer Interpreter List	database of county employee interpreters	Low		
26	Human Resources Department	Virtual Rideshare Survey	commuter survey information	Low		
27	John Wayne Airport/Facilit & Maint.	Apogee (Siemens)	maintain & monitor HVAC systems	Low		
28	John Wayne Airport/IT	FIDS/BIDS (Flight & Baggage Information System)	arrival & departure information display for the public	Low		
29	John Wayne Airport/IT	Gatekeeper	vehicle monitoring/tracking ground transportation	Low		
30	John Wayne Airport/Facilit & Maint.	Panelview (Jervis Webb)	monitors baggage system operations, reports problems	Low		
31	John Wayne Airport/IT	PropWorks	monitor contracts, leases, FBOs, concessions	Low		
32	John Wayne Airport/IT	TAMIS (Tracor Airport Management Info Systems)	monitor airport noise levels (PASSUR & ARIS)	Low		
33	John Wayne Airport/Facilit & Maint.	Vesta (emergency phone system)	manages JWA emergency phone system	Low		
34	OCCR/Community Services	Refer (Office on Aging Information & Referral)	provides and tracks resource information for seniors	Low		
35	OCCR/Parks	OSO (Overage/Shortage Online Reporting System)	overage/shortage tracking for park cashiers	Low		
36	OC Public Works	Expediter II	tracks requisition, service request, invoice transmittals	Low		
37	OC Public Works	Management Status Reports (MSR) - department wide	std reporting system for OC Public Works projects	Low		
38	OC Public Works/Administration	Budget Forms Automation	tracks proposed budgets, creates summary reports	Low		
39	OC Public Works/Administration	Training Partners	track and schedule training classes for staff	Low		
40	OC Public Works	Customer Care Tracking System	track complaints/suggestions from constituents	Low	new	
41	OC Public Works	Road Assignment Tracking System	track Road Division projects/assignments	Low	new	
42	OC Public Works	Purchasing Contract Website	allow Buyers to post solicitation documents	Low	new	
43	OC Public Works	Footprints	end users create service requests	Low	new	
44	OC Public Works	PAC (Personnel Action Card) System	allow produce, route and approve PAC info	Low	new	
45	OC Public Works/Watershed	NPDES (National Pollution Discharge Elimination System)	state mandated reporting system	Low		
46	Probation	Juvenile Hall Staff Scheduling	staff scheduling system for institutions/camps	Low		
47	Probation	Minute Order Electronic Exchange System (Eminute)	allows real time viewing of superior court minute orders	Low		
48	Registrar of Voters	IVR (Interactive Voice Response System)	voting information for public inquiry	Low		
49	TTC/Treasurer	Automatic Call Distributor - Customer Interaction Center	manage calls to TTC collections	Low		
50	TTC/Tax Collector	Check21 Implementation	sends check images to Wells Fargo for payment process	Low		Limited IT coverage in A-C's 12/31/08 mandated audit.
51	TTC/Treasurer	WAM (Weighted Average Maturity)	estimates weighted average maturity	Low		
DISCONTINUED SYSTEMS - ALL						
1	Child Support Services	Clerk-Recorder Abstract Imaging	send document imaging to Clerk-Recorder			
2	Child Support Services	Electronic Filing of Liens	file liens electronically between CSS & Clerk-Recorder			
3	Child Support Services	Swiftview ActiveX Control	view printed ARS forms on-line			
4	Child Support Services	Symposium Web Client	monitor call center & reporting statistical info			
5	CEO IT/Publishing Services	Publishing Services Automated Requisitions	on-line ordering for countywide printing requests			
6	HCA/Public Health	CaseWatch	management of AIDS cases and services			
7	HCA/Public Health/Comm Nursing	Bridges for Medically High Risk Newborns (MHRN- Bridges)	client and services tracking			
8	HCA/Public Health/MCAH	MCAH Registration/Data Collection System	patient registration, data collection, and statistics			
9	HCA/Public Health/Mat Child Health	CATS (Common Application Transaction System)	client registration and eligibility system - now inquiry only			
10	OC Public Works/Flood Control	Project Cost Tracking - discontinued	track and control project costs			
11	OCCR/Community Services	Funds Management System	project tracking - statistical data, transaction data			

SYSTEM COUNTS	
15	Higher Risk Systems
117	Moderate Risk Systems
51	Lower Risk Systems
183	Total Systems

169	Systems Last Year
(11)	Systems Discontinued
0	Systems Removed
25	New or Added Systems
183	Total Systems