



INTERNAL AUDIT DEPARTMENT



Executive Summary of Internal Audit Reports For the Quarter Ended June 30, 2025

Audit Number: 2597
Report Date: August 26, 2025

OC Board of Supervisors

CHAIR DOUG CHAFFEE
4th DISTRICT

VICE CHAIR KATRINA FOLEY
5th DISTRICT

SUPERVISOR JANET NGUYEN
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT



INTERNAL AUDIT DEPARTMENT

August 26, 2025

To: Chair Doug Chaffee, Supervisor, 4th District
 Vice Chair Katrina Foley, Supervisor, 5th District
 Supervisor Janet Nguyen, 1st District
 Supervisor Vicente Sarmiento, 2nd District
 Supervisor Donald P. Wagner, 3rd District

From: Aggie Alonso, CPA, CIA, CRMA
 Internal Audit Department Director

Subject: Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2025

Attached is our Executive Summary of Internal Audit Reports for the quarter ended June 30, 2025. Specifically, during this quarter, we issued seven audit reports, which includes one original audit and six follow-up audits. The following is a breakdown of the original audits, along with the number of critical, significant and control weaknesses identified, and the follow-up audits with the implementation status of our recommendations:

Original Audits

1. **County of Orange Procurement Governance Report** (five Control Findings)

Follow-Up Audits

2. **Second Follow-Up Internal Control Audit: John Wayne Airport Cash Disbursement & Payables** (one total recommendation: one in process)
3. **Second & Final Close-Out Follow-Up Information Technology Audit: Clerk-Recorder Selected Cybersecurity Controls** (six total recommendations: six implemented/closed)
4. **First & Final Close-Out Follow-Up Information Technology Audit: CAPS+ Application Security Controls** (four total recommendations: four in process)
5. **First Follow-Up Internal Control Audit: OC Waste & Recycling Selected Credit Card Controls** (three total recommendations: two implemented/closed and one in process)
6. **First & Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator Purchasing & Contracts** (six total recommendations: six implemented/closed)
7. **First & Final Close-Out Follow-Up Internal Control Audit: Child Support Services Receipts** (seven total recommendations: seven implemented/closed)

Board of Supervisors
August 26, 2025

For each report, our executive summary provides the objectives, results, and details for any critical control weaknesses or significant control weaknesses identified during our review. If you have any questions, please contact me at (714) 834-5442 or Deputy Director Jose Olivo at (714) 834-5509.

INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY - FINDING TYPE CLASSIFICATION
FOR THE QUARTER ENDED JUNE 30, 2025

CATEGORY	ISSUED THIS PERIOD	TOTAL ISSUED FY 2024-25
<p>Critical Control Weaknesses</p> <p>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.</p>	0	0
<p>Significant Control Weaknesses</p> <p>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.</p>	3	9
<p>Control Findings</p> <p>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.</p>	5	28
<p>Other Observations</p> <p>Board-Directed Review of All Orange County American Rescue Plan Act Funded Contracts and Expenditures</p>	0	5
TOTAL	8	42



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED JUNE 30, 2025

COUNTY EXECUTIVE OFFICE

1. Contracted Audit: County Executive Office Procurement Governance

Audit No. 2407 dated April 18, 2025

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
<p>Review the County's policies, procedures, and processes to ensure that: 1) operations are streamlined; 2) purchasing functions are efficient, transparent, and cost effective; and 3) its procurement governance adheres to applicable County, state, and local laws, regulations, and policies.</p>	<p>The County is undertaking transformational changes in several areas of procurement governance. Specifically, the County is actively addressing identified gaps in procurement practices and internal control environment and is in the process of improving its operations, culture, and internal controls. The County is undergoing significant changes, including technology updates and procurement centralization, which require careful planning and communication. It is critically important to invest more resources into developing and communicating a compelling case for change, managing resistance, and showing progress to ensure successful implementation. It is also important to listen to staff concerns, address them promptly, and provide clear direction and ownership of the process.</p>	<p>Three Significant Control Weaknesses</p> <ol style="list-style-type: none"> 1. Observation 4: The County needs to address challenges in recruiting and retaining procurement staff. Many departments stated they are understaffed due to prior staffing cuts, increased service delivery demands, and competition with other departments and external agencies, including opportunities offering higher compensation. The County Procurement Officer is also not conducting compliance audits of County purchasing due to vacancies in their compliance unit. 2. Observation 6: The County needs to strengthen internal controls related to contract monitoring. Project managers or designated staff are responsible for monitoring contractor performance, but there is a lack of clarity and consistency in how this is done. Additionally, despite having clear written policies and procedures in place, certain County staff were either unaware of these or did not adhere to them. 3. Observation 8: The County's governance structure and the role of the Board in procurement processes pose risks. There are concerns about Board members' influence over procurement decisions and their occasional lack of awareness of procurement policies. 	<p style="text-align: center;">5</p>



OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
		<p>Although recent reforms have been implemented, such as requiring Board members to acknowledge conflict of interest requirements and approving discretionary fund use, further measures are needed.</p>	



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED JUNE 30, 2025

JOHN WAYNE AIRPORT

2. Second Follow-Up Internal Control Audit: John Wayne Airport Cash Disbursements & Payables

Audit No. 2013-F2 dated May 28, 2025 as of March 31, 2025; original audit dated June 19, 2023

ORIGINAL AUDIT – 1 FINDING		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	1 In Process Finding No. 1 JWA did not always pay invoices timely or document delays.	0	1	Recommendation No. 1 JWA strengthened processes to help pay invoices timely and document delays, but staff were not always following them. JWA indicated that they will continue to strive towards paying invoices timely and will ensure that explanations are included in OC Expediter for delayed payments.

CLERK-RECORDER

3. Second & Final Close-Out Follow-Up Information Technology Audit: Clerk-Recorder Selected Cybersecurity Controls

Audit No. 2151-F2 dated June 4, 2025 as of May 31, 2025; original audit dated September 28, 2023

ORIGINAL AUDIT – 6 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
4	2	6	0	N/A
<p>Four Significant Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p>				



AUDITOR-CONTROLLER**4. First & Final Close-Out Follow-Up Information Technology Audit: CAPS+ Application Security Controls**

Audit No. 2311-F1 dated June 5, 2025 as of February 28, 2025; original audit dated June 28, 2024

ORIGINAL AUDIT – 4 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	4	4	0	N/A

OC WASTE & RECYCLING**5. First Follow-Up Internal Control Audit: OC Waste & Recycling Selected Credit Card Controls**

Audit No. 2321-F1 dated June 25, 2025 as of April 30, 2025; original audit dated September 4, 2024

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
2 Two Significant Control Weaknesses Finding No. 1 Point of Sale system issues created Credit Card Payment Variances. Finding No. 2 OCWR did not complete questionnaires/forms required by Payment Card Industry Data Security Standards.	1	2	1	Recommendation No. 1 OCWR worked with OCIT and the system vendor to update the system and strengthen credit card payment processes. OCWR will continue to collaborate with OCIT and system vendor to resolve issues with payment variances resulting from voided transactions and duplicate credit card payments.

DISTRICT ATTORNEY-PUBLIC ADMINISTRATOR**6. First & Final Close-Out Follow-Up Internal Control Audit: District Attorney-Public Administrator Purchasing & Contracts**

Audit No. 2213-F1 dated June 30, 2025 as of May 15, 2025; original audit dated March 29, 2024

ORIGINAL AUDIT – 6 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	6	6	0	N/A



CHILD SUPPORT SERVICES

7. First & Final Close-Out Follow-Up Internal Control Audit: Child Support Services Cash Receipts

Audit No. 2306-F1 dated June 30, 2025 as of April 11, 2025; original audit dated June 28, 2024

ORIGINAL AUDIT – 7 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESSES/ SIGNIFICANT CONTROL WEAKNESSES	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
3	4	7	0	N/A
<p>Three Significant Control Weaknesses</p> <p>Finding No. 1 Redacted due to the sensitive nature of the finding.</p> <p>Finding No. 2 CSS' Supervisor Cashier Manual contained Personally Identifiable Information that should have been restricted.</p> <p>Finding No. 3 CSS did not perform User Access Certification Reviews.</p>				

