

ORANGE COUNTY BOARD OF SUPERVISORS
MINUTE ORDER

June 24, 2025

Submitting Agency/Department: Internal Audit

Receive and file Executive Summary of Internal Audit Reports for January - March 2025; approve Annual Risk Assessment & Audit Plan, FY 2025-26; and direct Department to contract with a reputable Certified Public Accounting firm to conduct independent risk assessment by October 31, 2025 for use in modifying FY 2025-26 Audit Plan to incorporate audits of high risk areas and develop FY 2026-27 Audit Plan - All Districts

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED OTHER

Unanimous (1) NGUYEN: Y (2) SARMIENTO: Y (3) WAGNER: Y (4) CHAFFEE: Y (5) FOLEY: Y

Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order

Documents accompanying this matter:

- Resolution(s)
- Ordinances(s)
- Contract(s)

Item No. 20

Special Notes:

Copies sent to:

*Internal Audit –
Aggie Alonso
Jose A. Olivo*

6/27/25



I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California.
Robin Stieler, Clerk of the Board

By: 
Deputy

Agenda Item

AGENDA STAFF REPORT



ASR Control 25-000454

MEETING DATE: 06/24/25

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): All Districts

SUBMITTING AGENCY/DEPARTMENT: Internal Audit (Approved)

DEPARTMENT CONTACT PERSON(S): Aggie Alonso (714) 834-5442
Jose A. Olivo (714) 834-5509

SUBJECT: Internal Audit Department Status Report and Annual Risk Assessment & Audit Plan

| | | |
|-----------------------------|--|---|
| CEO CONCUR Concur | COUNTY COUNSEL REVIEW No Legal Objection | CLERK OF THE BOARD Consent Calendar 3 Votes Board Majority |
|-----------------------------|--|---|

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A **County Audit in last 3 years:** No

Levine Act Review Completed: N/A

Prior Board Action: 03/25/2025 #7; 06/25/2024 #15

RECOMMENDED ACTION(S):

1. Receive and file Internal Audit Department's Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2025.
2. Approve Internal Audit Department's Fiscal Year 2025-26 Annual Risk Assessment & Audit Plan.
3. Direct Internal Audit Department to contract with a reputable Certified Public Accounting firm that is already approved by County procurement to conduct an independent risk assessment by October 31, 2025, for use in modifying the Fiscal Year 2025-26 Audit Plan to incorporate audits of high-risk areas identified in the independent risk assessment, and for use in developing the Fiscal Year 2026-27 Audit Plan, as recommended by the Audit Oversight Committee.

SUMMARY:

The Executive Summary of Internal Audit Reports is provided to inform the Board of Supervisors (Board) of the ongoing progress of internal audit coverage, approval of the Fiscal Year (FY) 2025-26 Annual Risk Assessment and Audit Plan authorizes the Internal Audit Department (IAD) to proceed with specified audits, and approval of the Audit Oversight Committee recommendation directs IAD to contract with a CPA firm, approved by County procurement, for an independent audit risk assessment to update the FY 2025-26 Audit and develop the FY 2026-27 Audit Plan.

BACKGROUND INFORMATION:

IAD issues written reports following the conclusion of each internal audit engagement and the results are summarized quarterly for the Board and are presented in the Executive Summary of Internal Audit Reports (Attachment A). The report for this quarter covers six audit reports issued from January 1, 2025 to March 31, 2025 (Attachments C through H). The prior Executive Summary for reports issued between October 1, 2024 to December 31, 2024 was approved by the Board on March 25, 2025.

The FY 2025-26 Annual Risk Assessment and Audit Plan (Audit Plan) for Board approval (Attachment B). IAD supports and assists the Board and County management in the realization of their business goals and objectives by testing and reporting on the effectiveness of County internal control systems and efficiency of business processes. IAD is also now responsible for the County's Performance Audit function which involves independent assessments that examine the efficiency and effectiveness of a County program, function or operation. IAD has prepared an Audit Plan that provides a systematic approach for evaluating the effectiveness of internal control and efficiency of key County business operations.

The Audit Plan is a comprehensive plan that details audits to be completed in the upcoming fiscal year. Over 63% of the FY 2025-26 Audit Plan consists of carryover audits from the previous year that IAD did not conduct as planned due to Board directives that far exceeded budgeted reserves for unplanned/special assignments, and unfilled vacancies. These carryover audits limited IAD's capacity to add new audits to the FY 2025-26 Audit Plan and as a result, IAD did not perform its standard Countywide risk assessment this year. However, the Audit Plan incorporates key risk assessment activities, such as soliciting input from key stakeholders. The prior FY 2024-25 Audit Plan was approved by the Board on June 25, 2024. The FY 2025-26 Audit Plan was approved by the Audit Oversight Committee (AOC) on May 15, 2025, with a recommendation from the AOC to direct the IAD to:

- Contract with a reputable CPA firm that is already approved by County procurement to conduct an independent risk assessment by October 31, 2025.
- Use the results of the Contractor's risk assessment to modify the FY 2025-26 Audit Plan to incorporate audits of high-risk areas, and develop the FY 2026-27 Audit Plan.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Executive Summary of Internal Audit Reports for Quarter Ended March 31, 2025

Attachment B - FY 2025-26 Annual Risk Assessment & Audit Plan

Attachment C - Risk Assessment and Review of All Orange County American Rescue Plan Act Funded Contracts and Expenditures; Audit No. 2425 dated February 5, 2025

Attachment D - Information Technology Audit: Health Care Agency Selected Cybersecurity Controls; Audit No. 2419, dated March 25, 2025

Attachment E - Internal Control Audit: District Attorney-Public Administrator Fiduciary Fund 164; Audit No. 2405, dated March 26, 2025

Attachment F - Internal Control Audit: OC Waste & Recycling Cash Disbursements & Payables; Audit No. 2406, dated March 27, 2025

Attachment G - Information Technology Audit: OC Public Works Selected Cybersecurity Controls; Audit No. 2414, dated March 31, 2025

Attachment H - First Follow-Up Information Technology Audit: OCIT Enterprise IT Governance; Audit No. 2315-F1, dated February 19, 2025