



INTERNAL AUDIT DEPARTMENT



Executive Summary of Internal Audit Reports For the Quarter Ended March 31, 2021

Audit Number: 2007
Report Date: May 21, 2021

OC Board of Supervisors

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5th DISTRICT



INTERNAL AUDIT DEPARTMENT

May 21, 2021

To: Chairman Andrew Do, Supervisor, 1st District
 Vice Chairman Doug Chaffee, Supervisor, 4th District
 Supervisor Katrina Foley, 2nd District
 Supervisor Donald P. Wagner, 3rd District
 Supervisor Lisa A. Bartlett, 5th District

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

Subject: Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2021

Attached is our Executive Summary of Internal Audit Reports for the quarter ended March 31, 2021. Specifically, during this quarter, we issued nine audit reports, which includes three original audits and six follow-up audits. The following is a breakdown of the original audits, along with the number of control weaknesses identified, and the follow-up audits with the implementation status of our recommendations:

Original Audits

1. **Internal Control Audit: OC Information Technology Contract Administration over Science Applications International Corporation for Data Center Services** (no findings)
2. **Internal Control Audit: OC Public Works Toll Road & Transponder Usage for County Vehicles** (two significant control weaknesses, two control findings)
3. **Internal Control Audit: Sheriff-Coroner Purchasing & Contracts** (four control findings)

Follow-Up Audits

4. **Second Follow-Up Information Technology Audit: County Executive Office/OC Information Technology General Controls** (31 total recommendations: 28 implemented/closed, three in process). On May 13, 2021, the Audit Oversight Committee directed a third follow-up audit be performed on the three remaining recommendations in process.
5. **Second & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Payroll** (three total recommendations: all three implemented)
6. **First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Purchasing** (two total recommendations: both implemented)
7. **First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Fee-Generated Revenue** (two total recommendations: both implemented)
8. **Second & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Billing of Public Works Services to County Departments** (three total recommendations: all three implemented)

9. First Follow-Up Internal Control Audit: Probation Department Cal-Cards (three total recommendations: three in process)

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 Assistant Director Scott Suzuki at 714.834.5509.

INTERNAL AUDIT DEPARTMENT
EXECUTIVE SUMMARY – FINDING TYPE CLASSIFICATION
FOR THE QUARTER ENDED MARCH 31, 2021

CATEGORY	ISSUED THIS PERIOD	ISSUED FOR FY 2020-21
Critical Control Weaknesses These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.	0	3
Significant Control Weaknesses These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.	2	14
Control Findings These are audit findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.	6	40
TOTAL	8	57



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORTS
FOR THE QUARTER ENDED MARCH 31, 2021

COUNTY EXECUTIVE OFFICE/OC INFORMATION TECHNOLOGY

1. Internal Control Audit: OC Information Technology Contract Administration over Science Applications International Corporation for Data Center Services

Audit No. 1624 dated February 22, 2021 for the seven-months ended August 31, 2020

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Assess internal control over OCIT's contract administration of the County's Data Center contract with SAIC to ensure: a. Contract amendments were properly processed. b. County policies listed in the contract were properly reviewed and approved. c. Service Level Requirements (SLR) reviews were properly conducted and penalties properly assessed.	<ul style="list-style-type: none"> Contract amendments were properly processed. OCIT policies listed in the contract were properly reviewed and approved. Service Level Requirements (SLR) reviews were properly conducted and penalties properly assessed. 	None	0
2. Review the contract administration process for efficiency.	The contract administration process is generally efficient.		

OC PUBLIC WORKS

2. Internal Control Audit: OC Public Works Toll Road & Transponder Usage for County Vehicles

Audit No. 2022 dated March 31, 2021 for the year ended August 15, 2020

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal control over the toll road and transponder usage process for County vehicles to ensure compliance with County policy.	Internal control over the toll road and transponder usage for County vehicles program should be improved to ensure compliance with County policy.	Two (2) Significant Control Weaknesses 1. The process for reviewing toll road charge propriety does not ensure all toll road charges are reviewed and no reconciliation of transactional data to County vehicles is conducted. 2. License plates and transponders were not removed from toll road accounts in a timely manner when County vehicles were removed from service.	2
2. Review the toll road and transponder usage process for efficiency.	OCPW's toll road and transponder usage for County vehicles program could be more efficient.		



OC SHERIFF-CORONER**3. Internal Control Audit: Sheriff-Coroner Purchasing & Contracts**

Audit No. 1912 dated February 1, 2021 for the year ended September 30, 2019

OBJECTIVES	RESULTS	CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS
1. Evaluate the effectiveness of internal control over the purchasing and contracting process to ensure requisitions and purchase of goods are executed in accordance with management's directives; adequately supported and properly authorized; and properly recorded.	Internal control over the purchasing and contracts process was generally effective to ensure requisitions and purchase of goods and services are executed in accordance with management's directives; adequately supported; and properly authorized and recorded.	None	4
2. Review the purchasing process for efficiency.	The purchasing process is generally efficient.		



EXECUTIVE SUMMARY
INTERNAL AUDIT FOLLOW-UP REPORTS
FOR THE QUARTER ENDED MARCH 31, 2021

COUNTY EXECUTIVE OFFICE/OC INFORMATION TECHNOLOGY

4. Second Follow-Up Information Technology Audit: County Executive Office/OC Information

Technology General Controls

Audit No. 1949-F (Reference 1644-F2) dated March 11, 2021 as of February 29, 2020; original audit dated April 10, 2018

ORIGINAL AUDIT – 31 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
<p style="text-align: center;">14</p> <p>Six (6) Critical Control Weaknesses Due to the sensitive nature of the findings, details have been redacted from this report.</p> <p>Eight (8) Significant Control Weakness Due to the sensitive nature of the findings, details have been redacted from this report for two of the eight Significant Control Weaknesses. The remaining six are as follows:</p> <ol style="list-style-type: none"> 1. Change request risk assessment not consistently completed. 2. Shared Services change management tool lacked critical information. 3. Shared Services lacks service level agreements/requirements with client departments. 4. Cybersecurity Framework not fully implemented 5. Security risks from lack of Countywide IT security authority. 6. Lack of comprehensive IT risk management framework. 	17	28	3	<p>Recommendation No. 4 (Critical Control Weakness). Due to the sensitive nature of the finding, details have been redacted from this report.</p> <p>Recommendation No. 9 (Control Finding). OCIT has indicated they are in the process of deploying Microsoft Identity Management (MIM) software, which is designed to provide more effective end-to-end management of network user account lifecycles.</p> <p>Recommendation No. 11 (Control Finding). OCIT has indicated they are in the process of deploying Microsoft Identity Management (MIM) software, which is designed to provide more effective end-to-end management of network user account lifecycles.</p>



HEALTH CARE AGENCY/PUBLIC GUARDIAN**5. Second & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Payroll**

Audit No. 2039-N (Reference 1812-F2) dated January 14, 2021 as of December 10, 2020; original audit dated June 18, 2019

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
None	3	3	0	NA

6. First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Purchasing

Audit No. 1939-J (Reference 1819-F1) dated January 28, 2021 as of October 31, 2020; original audit dated March 23, 2020

ORIGINAL AUDIT – 2 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
None	2	2	0	NA

7. First & Final Close-Out Follow-Up Internal Control Audit: Health Care Agency Fee-Generated Revenue

Audit No. 2039-H (Reference 1915-F1) dated March 8, 2021 as of November 30, 2020; original audit dated March 23, 2020

ORIGINAL AUDIT – 2 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
None	2	2	0	NA

OC PUBLIC WORKS**8. Second & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Billing of Public Works Services to County Departments**

Audit No. 2039-M (Reference 1734-F2) dated March 3, 2021 as of January 31, 2021; original audit dated September 19, 2019

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
None	3	3	0	NA



PROBATION DEPARTMENT

9. First Follow-Up Internal Control Audit: Probation Department Cal-Cards

Audit No. 1939-M (Reference 1822-F1) dated January 20, 2021 as of October 31, 2020; original audit dated March 24, 2020

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	3	0	3	<p>Recommendation No. 1 (Control Finding). Probation has drafted written internal policy and procedures (P&Ps) that are being reviewed by various department members to ensure accuracy and completeness. The P&Ps are estimated for completion by the end of Fiscal Year 2020-21. Probation also plans to provide training for all Cal-Card users after the P&Ps are finalized.</p> <p>Recommendation No. 2 (Control Finding). Probation has drafted written internal policy and procedures (P&Ps) that are being reviewed by various department members to ensure accuracy and completeness. The policy makes clear the appropriate use for both Cal-Card types. The P&Ps are estimated for completion by the end of Fiscal Year 2020-21. Probation continues to provide staff with procurement training and updates. The department intends to host an updated training for all Cal-Card users after the P&Ps are finalized.</p> <p>Recommendation No. 3 (Control Finding). Probation is in the process of validating the workflow through the OC Expediter training environment and revising department policy and developing procedures for the implementation of electronic travel requisitions in OC Expediter. Once the policy and procedures are complete, Probation will add users to the workflow and provide necessary staff training. The anticipated completion is the end of Fiscal Year 2020-21.</p>

