INTERNAL AUDIT DEPARTMENT

**Annual Risk Assessment & Audit Plan
For Fiscal Year 2021-22**

**Audit No. 2001
Report Date: May 21, 2021**

OC Board of Supervisors

CHAIRMAN ANDREW DO	VICE CHAIRMAN DOUG CHAFFEE	SUPERVISOR KATRINA FOLEY	SUPERVISOR DONALD P. WAGNER	SUPERVISOR LISA A. BARTLETT
1st DISTRICT	4th DISTRICT	2nd DISTRICT	3rd DISTRICT	5th DISTRICT

INTERNAL AUDIT DEPARTMENT

Audit No. 2001

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
Members, Audit Oversight Committee

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

Subject: Annual Risk Assessment & Audit Plan for Fiscal Year 2021-22

Attached for your review and approval is our Fiscal Year 2021-22 Annual Risk Assessment and Audit Plan, which was approved by the Audit Oversight Committee on May 13, 2021. On an annual basis, we perform a Countywide Risk Assessment that we use to develop our Audit Plan. The Risk Assessment, coupled with the Audit Plan, delivers a systematic approach for evaluating the effectiveness of internal controls and the efficiency of County business operations. For Fiscal Year 2021-22, we identified a total of 24 high-risk or high-priority areas in 10 County departments as follows:

DEPARTMENT	NUMBER OF HIGH-RISK (HR)/ HIGH-PRIORITY (HP) AREAS	AUDIT AREA
1. **Auditor-Controller**	2	Revolving Funds (HR)
		Information Technology (HR)
2. **Clerk-Recorder**	1	Information Technology (HR) (time permitting)
3. **County Executive Office**	7	Cash Disbursements & Payables (HR)
		Fiduciary & Special Revenue Funds (HR)
		Payroll (HR)
		Remote Access Security (HR)
		HRS Data Portal (HP)
		California Data Privacy Act (HR) (time permitting)
		Third-Party IT Security (HR) (time permitting)

Internal Audit Department Mission
Our mission is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors and County management to assist them with their important business and financial decisions.

DEPARTMENT	NUMBER OF HIGH-RISK/ HIGH-PRIORITY AREAS	AUDIT AREA
4. **Health Care Agency/ Public Guardian**	2	Revolving Funds (HR)
		Information Technology (HR)
5. **John Wayne Airport**	4	Purchasing & Contracts (HR)
		Cash Receipts & Accounts Receivable (HR)
		Cash Disbursements & Payables (HP)
		Payroll (HP) (time permitting)
6. **OC Community Resources**	4	Fee-Generated Revenue (HR)
		Purchasing & Contracts (HR)
		Revolving Funds (HR) (time permitting)
		Contract Compliance (HP)
7. **OC Waste & Recycling**	1	Cash Receipts/Credit Card Processing (HP) (time permitting)
8. **Probation**	1	Information Technology (HR)
9. **Registrar of Voters**	1	Information Technology (HR)
10. **Treasurer-Tax Collector**	1	Revolving Funds (HR)
TOTAL HIGH-RISK/HIGH-PRIORITY AREAS	**24**	

Due to limited staffing resources, our Audit Plan only includes audits addressing 18 of the 24 high-risk or high-priority areas. If hours become available in Fiscal Year 2021-22, we will incorporate the remaining four high-risk areas and two other high priority/department-requested (time permitting) audits into the Audit Plan. The remaining high-risk and time permitting audits that have not been incorporated by the end of Fiscal Year 2021-22, will be included in our Fiscal Year 2022-23 Audit Plan.

We look forward to a successful year of providing professional, reliable, and objective audit and advisory services to the Board of Supervisors, County Executive Office, and County departments. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

TABLE OF CONTENTS

**Annual Risk Assessment & Audit Plan
For Fiscal Year 2021-22
Audit No. 2001**

INTERNAL AUDIT DEPARTMENT
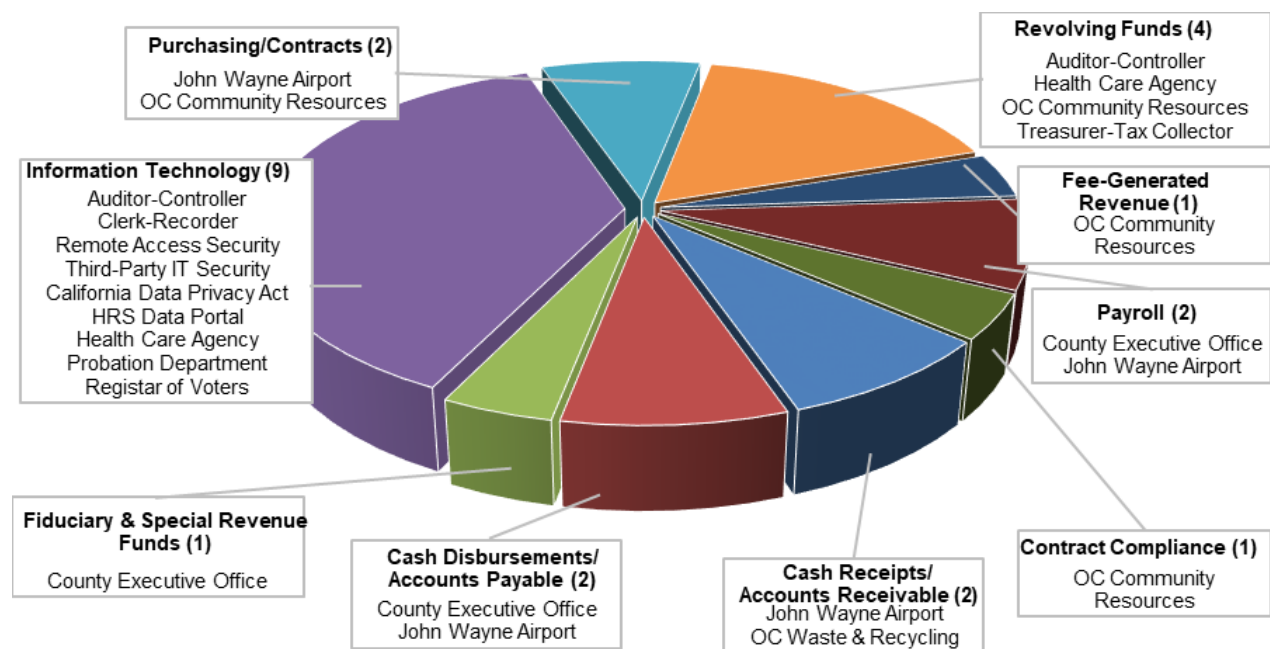
EXECUTIVE SUMMARY

INTRODUCTION

The mission of the Internal Audit Department is to provide highly reliable, independent, objective evaluations, and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions.

We support and assist the Board and County management in the realization of their business goals and objectives. Our contribution to this effort is testing and reporting on the effectiveness of their internal control systems and processes as these relate to safeguarding the County's assets and resources, reasonable and prudent financial stewardship, accurate recording and reporting, and achieving the County's goals and objectives.

The Internal Audit Department utilizes professional standards for the development of the Audit Plan. The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing require the chief audit executive to establish a risk-based approach to determine the priorities for internal audit activities. Our methodology is to perform focused audits that address the most critical areas of operations and to provide a quick turnaround time to the department. We strive to minimize the disruption to department operations through this approach.

We completed a risk assessment to identify and measure risk and prioritize potential audits for the Audit Plan. We are committed to auditing business activities/processes identified: (1) as high risk by our risk assessment process or (2) high priority by Board, CEO, or department head request. Our approach is to provide coverage of the most critical and sensitive aspects of the activity identified. We may make exceptions to this approach when there are carryover audits from the prior year, where there has been recent audit coverage, or if our professional judgment determines otherwise.

Our Fiscal Year 2021-22 Risk Assessment identified 24 high-risk or high-priority areas in 10 County departments as illustrated in the chart below.

Purchasing/Contracts (2)
John Wayne Airport
OC Community Resources

Revolving Funds (4)
Auditor-Controller
Health Care Agency
OC Community Resources
Treasurer-Tax Collector

Information Technology (9)
Auditor-Controller
Clerk-Recorder
Remote Access Security
Third-Party IT Security
California Data Privacy Act
HRS Data Portal
Health Care Agency
Probation Department
Registar of Voters

Fee-Generated Revenue (1)
OC Community Resources

Payroll (2)
County Executive Office
John Wayne Airport

Fiduciary & Special Revenue Funds (1)
County Executive Office

Cash Disbursements/ Accounts Payable (2)
County Executive Office
John Wayne Airport

Cash Receipts/ Accounts Receivable (2)
John Wayne Airport
OC Waste & Recycling

Contract Compliance (1)
OC Community Resources

INTERNAL AUDIT DEPARTMENT

RESULTS

Our Fiscal Year 2021-22 Audit Plan includes 18 scheduled audits, nine of which are new audits and nine (seven high risk + two high-priority department requests) are carried over from Fiscal Year 2020-21.

8 NEW HIGH-RISK AUDITS SCHEDULED	**+**	**7** CARRYOVER HIGH-RISK AUDITS SCHEDULED	**+**	**1** NEW HIGH-PRIORITY AUDITS SCHEDULED	**+**	**2** CARRYOVER HIGH-PRIORITY REQUEST SCHEDULED	**=**	**18** AUDITS SCHEDULED	

4 TIME PERMITTING HIGH-RISK AUDITS	**+**	**2** TIME PERMITTING DEPARTMENT REQUESTED	**=**	**6** TIME PERMITTING AUDITS

19 HIGH-RISK AUDITS	**+**	**5** HIGH-PRIORITY OR DEPARTMENT REQUESTED AUDITS	**=**	**24** TOTAL AUDITS IN PLAN

Due to limited staffing resources, our Audit Plan only includes audits addressing 18 of the 24 high-risk or high-priority areas. There are nine carryover audits, three were time permitting audits we did not get to, two were department requested delays due to COVID-19, two were due to reduced staffing resources available due to a leave-of-absence, one was due to a department request over timing issues, and one was due to our professional judgement. If hours become available in Fiscal Year 2021-22, we will incorporate the remaining four high-risk areas and the two time permitting department-requested audits into the Audit Plan. Any audits that have not been incorporated by the end of Fiscal Year 2021-22 will be included in our Fiscal Year 2022-23 Audit Plan.

RISK ASSESSMENT

GENERAL RISK ASSESSMENT

The Internal Audit Department performed a general risk assessment that included discussion with members of the Board, the County Executive Office, and department executive management regarding risks affecting them. We distributed risk assessment questionnaires for input on risks and areas of audit interest in department business operations. We ranked and tabulated the results to develop a risk-based Audit Plan. Because of limited staffing resources, we evaluated all audit requests based on our risk assessment criteria. Special request audits from the Board and department heads were considered for inclusion in the Audit Plan.

We designed our risk-based Audit Plan to address what we considered to be the highest priority areas, while limiting the scope of work to what could realistically be accomplished with available staff resources. Our risk ratings were based on current information that fluctuates frequently given the nature, diversity, size, and impact of County operations on the public.

INTERNAL AUDIT DEPARTMENT

A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors such as having a large amount of expenditures and/or 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 control is not adequate.

INFORMATION TECHNOLOGY RISK ASSESSMENT

Due to the complexities and widespread use of information technology throughout County operations, a separate IT risk assessment was performed to augment the general risk assessment. The IT risk assessment was conducted with a comprehensive IT survey. We distributed the survey for input on risks and areas of IT audit interest in departments' business operations and summarized the results. A risk-ranking value was assigned to each department to illustrate each risk indicator.

A department with a high-risk score indicates the services or functions it is responsible for are a high-risk activity because of factors such as departments maintaining and managing systems that process sensitive information, contract with third party vendors, on-site server rooms that host critical systems, large number of privileged user access, and/or remote access users as a result of COVID-19.

As with the general risk assessment, 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 an IT process is being managed ineffectively or that internal control is not adequate. The survey allowed an increased understanding of the department's IT environment. The result was a comprehensive and prioritized risk-based heat map of IT risks for development of the IT component of our Audit Plan.

FY 2021-22 AUDIT PLAN

Our Audit Plan is based on 12,460 productive hours to be provided by seven audit professionals and two supervising audit managers. Audit hours for the director of Internal Audit and assistant director are not included in the above total, and time for the audit managers is adjusted to allow for administrative duties. Some audits we identified as high risk are listed on the Audit Plan as "time permitting" audits. If hours become available, we will begin performing those audits. Otherwise, these audit areas will remain as high risk (unless on-going risk assessment dictates otherwise) and will be included in next year's Audit Plan.

Our Audit Plan is submitted, reviewed, and approved by the Audit Oversight Committee prior to the beginning of each fiscal year. Our audit services are focused on improving internal control in standard business processes/cycles common to all departments with our primary emphasis on financial accounts and transactions. Examples of audits in our Audit Plan include Internal Control Audits and Information Technology Audits. Please see the table below for a description of these primary service areas, related objectives, and hours allocated to the service area.

INTERNAL AUDIT DEPARTMENT

SERVICE	OBJECTIVE	HOURS	%
Internal Control Audits	Review effectiveness and efficiency of departmental operations including the safeguarding of assets, reporting (internal and external, financial and non-financial), and compliance with laws, regulations, and procedures as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework.	5,274	42%
Information Technology Audits	Review IT controls such as general controls over computer operations, access to programs and data, disaster recovery/business continuity, program development, program changes, and provide advisory services for system implementations.	3,340	27%
Business Process Improvement	Conduct facilitated workshops utilizing a balanced approach to discuss strengths, concerns and what the team can do to improve business processes. The process draws upon the expertise of employees and managers and encourages a team approach to identifying issues and problem solving.	200	2%
Contract Compliance Audits	Audit the records of businesses with leases at John Wayne Airport, OC Community Resources, and OC Public Works to ensure the correct amount of rent is paid to the County based on a percentage of gross revenue, and that internal controls are adequate to ensure the integrity of records used to report gross revenues.	280	2%
Board Requests & Contingency Reserve	Hours reserved for special request audits from the Board, position vacancies, and other unforeseen events.	1,826	15%
Other Activities & Administration	Investigate cash losses; provide advisory services and technical assistance to departments on business, accounting, internal control, compliance, and policy and procedural issues; perform the annual risk assessment; compile and present External Audit Activity Reports to the AOC; compile and present oversight reporting to the AOC and Board; complete special projects.	1,540	12%
	TOTALS	**12,460**	**100%**

For each engagement in the Audit Plan, we have listed the department, preliminary audit objectives, and estimated hours to complete the audit. Please refer to Appendix A for more details on the Audit Plan methodology.

The Audit Plan is subject to change for such events where the director of the Internal Audit Department, or Board majority assesses it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resources, and/or other risk considerations. Such modifications will be noted in the Quarterly Status Reports submitted to the AOC. The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.

INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
High-Risk Audits		
Internal Control Audits	**Supervising Audit Manager:** **Michael Dean, Senior Audit Manager**	
1. **CEO Cash Disbursements & Payables (2012)** Carryover from FY 2020-21	To assess internal control over cash disbursements and accounts payable to ensure payments are properly reviewed and authorized, valid, supported, timely; and are compliant with County policy.	220
2. **OCCR Fee-Generated Revenue**	To assess internal control over fee studies and fee development processes for establishing cost-recovery fees charged to the public.	480
3. **JWA Purchasing & Contracts**	To assess procurement processes (other than human services) to ensure compliance with the Contract Policy Manual.	480
4. **OCCR/OC Parks/OC Dana Point Harbor Purchasing & Contracts (2015)** Carryover from FY 2020-21	To assess contractor compliance with the Dana Point Master Lease (Public Private Partnership) and efficiency of the lease administration by OCCR.	480
5. **A-C Revolving Funds** 6. **HCA/PG Revolving Funds** 7. **T-TC Revolving Funds**	To assess internal control over revolving fund expenditures to ensure they are proper and in compliance with County and departmental policy.	1,080
8. **CEO Payroll**	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	360
9. **CEO Fiduciary Funds & Special Revenue Funds (2018)** Carryover from FY 2020-21	To assess internal control over fiduciary or special revenue funds to ensure sources and uses of funds are proper and in compliance with County and departmental policy, procedures, and laws.	480
10. **JWA Cash Receipts & Receivables**	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records	440

INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
High-Risk Audits (con't)		
Information Technology Audits	**Supervising Audit Manager:** **Jimmy Nguyen, IT Audit Manager II**	
11. **Health Care Agency Cybersecurity (1943)** 12. **ROV Cybersecurity (2042)** 13. **Probation Cybersecurity (2043)** 14. **Auditor-Controller CAPS+ Security (2046)** Carryovers from FY 2019-20	To assess controls over the IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	1,720
15. **Remote Access**	To assess IT controls over remote access.	360
The following high-risk engagements are time permitting audits and will be completed as audit resources become available:		
16. **OCCR Revolving Funds** Time Permitting Audit	To assess internal control over revolving fund expenditures to ensure they are proper and in compliance with County and departmental policy.	0
17. **C-R Cybersecurity** Time Permitting Audit	To assess controls over IT environment, e.g., computer operations, access to programs and data, program development, and program changes.	0
18. **Third-Party IT Security** Time Permitting Audit	To assess controls over IT environment for third-party vendors that directly assist with maintaining, managing, or supporting critical systems.	0
19. **California Data Privacy Act** Time Permitting Audit	To assess controls over countywide key business processes to ensure conformance to the California Data Privacy Act.	0
Total High-Risk Audits		**6,100**

INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
High-Priority Department Requested Audits		
20. **JWA Cash Disbursements & Payables (2013)** Carryover from FY 2019-20	To assess internal control over cash disbursements and accounts payable to ensure payments are properly reviewed and authorized, valid, supported, timely; and are compliant with County policy.	440
21. **HRS Data Portal Access (2045)** Carryover from FY 2019-20	To assess selected information technology general controls over security management.	360
22. **Ocean Institute Contract Compliance**	To assess whether lessee records adequately support gross receipts reported to the county and compliance with lease terms.	280
Total High-Priority Department Requested Audits		**1,080**

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Department Requested Audits		
23. **JWA Payroll** Time Permitting Audit	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	0
24. **OCWR Credit Card Processing** Time Permitting Audit	To assess internal control over credit card processing to ensure secure data processing, storage, and transmittal.	0
Total Department Requested Audits		**0**

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Follow-Up Audits		
Follow-Up Internal Control Audits	Follow-up on management's implementation of audit recommendations provided in prior audit reports.	813
Follow-Up Information Technology Audits		701
Total Follow-Up Audits		**1,514**

INTERNAL AUDIT DEPARTMENT

AUDIT	PRELIMINARY AUDIT OBJECTIVES	HOURS
Advisory Engagements		
Business Process Improvement Workshops	Conduct facilitated workshops utilizing a balanced approach to discuss strengths, concerns and what the team can do to improve business processes.	200
VTI System Replacement (2048) Carryover from FY 2020-21	To advise on System Development Life Cycle (SDLC) internal control including project management, system functionality/integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	40
T-TC Quantum Upgrade (1647) Department Request Carryover from FY 2020-21	To advise on SDLC internal control including project management, system functionality/ integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	40
Property Tax System Implementation (1754) Department Request Carryover from FY 2020-21	To advise on SDLC internal control including project management, system functionality/ integration testing, interfaces, data conversion, documentation & training, segregation of duties, and change management.	40
Countywide Cybersecurity	Participate in Countywide Cybersecurity meetings related to various workgroups and committees.	80
Total Advisory Engagements		**400**

Other Activities & Administration		
Special Projects		500
Annual Risk Assessment & Audit Plan for Fiscal Year 2022-23		360
Board of Supervisors & Audit Oversight Committee Support		160
External Audit Reporting		200
On-Demand Department Advisory Services		80
Cash Loss Investigations		80

INTERNAL AUDIT DEPARTMENT

Other Activities & Administration (con't)	
TeamMate+ Administration	80
Countywide Cost-Allocation Plan	80
Total Other Activities & Administration	**1,540**

Board-Requested Audits	580
Contingency Reserve	1,246

TOTAL HOURS	12,460

ACKNOWLEDGEMENT

We appreciate the courtesy extended to us by departments that completed our requested surveys and met with Internal Audit staff. The information provided by departments was instrumental in preparing our risk assessment.

PROJECT TEAM		
	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director
	Michael Dean, CPA, CIA, CISA	Senior Audit Manager
	Jimmy Nguyen, CISA, CFE, CEH	IT Audit Manager II
	Scott Kim, CPA, CISA, CFE	IT Audit Manager I
	Gianne Morgan, CIA	Audit Manager
	Zan Zaman, CPA, CIA, CISA	Audit Manager
	Mari Elias, DPA	Administrative Services Manager

INTERNAL AUDIT DEPARTMENT

APPENDIX A: AUDIT PLAN METHODOLOGY

1. DEFINE AUDIT UNIVERSE

There are several approaches to defining all the potential areas subject to risk assessment and audits, or the "audit universe". We defined the County audit universe as 19 departments excluding Internal Audit, OC Ethics Commission, and Office of Independent Review.

We further defined our audit universe by eight standard business processes/cycles (see Table 1 below) including information technology common to all departments. This results in an audit universe consisting of 152 auditable business processes (19 departments, eight business processes/cycles).

Table 1. County Audit Universe

BUSINESS PROCESS/CYCLE (FINANCIAL ACTIVITY FOR FY 2019-20)	DESCRIPTION
1. **Cash Receipts & Accounts Receivable** $16.6 Billion	Review controls over receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments.
2. **Cash Disbursements & Payables** $6.1 Billion	Verifying receipt of goods and services, supervisory reviews and approvals adequacy, invoice processing timeliness, completeness and accuracy of payments, proper reconciliations, and safeguarding of assets.
3. **Fee-Generated Revenue** $900 Million	Review department fee studies and fee-development processes, methodologies, and assumptions used for establishing cost-recovery fees charged to the public for "Licenses, Permits and Franchises," and "Charges for Services," and ensure they are submitted to the Board for approval.
4. **Purchasing & Contracts** $1.6 Billion	County-issued purchasing cards, vendor payment review/approval processes, ensuring terms of contracts were met prior to issuing payments, reviewing justification of sole source contracts, and monitoring CPO's oversight responsibilities.
5. **Revolving Funds** $10.3 Million	Validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded.
6. **Payroll** $2.3 Billion	Review timekeeping practices, premium and overtime pay practices, payroll unit supervision and payroll reports, Central Payroll's role in processing payroll, and monitoring for unauthorized payroll changes.
7. **Fiduciary Funds & Special Revenue Funds** $1.8 Billion	Validating the purpose/objectives of fiduciary funds and special revenue funds, ensuring sources and uses of the funds are in accordance with County policy or laws and regulations, and reconciliations are prepared timely and completely to safeguard funds.
8. **Information Technology (IT)**	Review controls over IT and cybersecurity including general controls, application controls, system development, network security, and computer operations.

INTERNAL AUDIT DEPARTMENT

2. APPLY WEIGHTED RISK FACTORS

Our Risk Assessment Schedule for FY 2021-22 (see Attachment B) shows the 152 auditable business processes and assigned risk ratings. We consider the following factors in assigning risk levels:

- Financial Activity (40%). Assessed department financial information for each auditable business process.

- Department Changes (15%). Assessed factors such as management and/or organizational changes, significant increases or decreases in staffing and workloads, new or eliminated programs, and significant changes in laws and regulations or IT.

- Operating Environment (15%). Assessed factors related to changes in the operating environment such as public image, laws and regulations, safety and environmental issues, sensitivity to economic factors, major crises, pending litigation, and business continuity.

- Last Audit Performed (30%). Identified all Internal Control Audits, Financial Audits & Mandates, and Information Technology Audits conducted in the last 10 years. Areas with no recent or prior audits are assessed higher risk (see Attachment C).

3. CATEGORIZE RESULTS

Using the above criteria and professional judgment, an overall risk is assigned to each auditable business process as High Risk, Moderate Risk, or Low Risk. The overall risk levels assigned determine the focus of our audit resources and audit priorities.

Risk levels for the 152 auditable business processes we identify in our Risk Assessment Schedule for FY 2021-22 (see Attachment B) are as follows:

- 17 (11%) are High Risk
- 119 (78%) are Moderate Risk
- 16 (11%) are Low Risk

Note, there are 19 high-risk audits in the 17 high-risk processes as the single CEO IT high-risk box represents three separate audits.

4. IDENTIFY ENGAGEMENTS AND ALLOCATE AVAILABLE RESOURCES

Our Audit Plan is based on 8,614 available audit hours (12,460 productive hours less 200 hours for business process improvement, 280 hours for contract compliance audits, 1,040 hours for other activities and administration, 580 hours for Board requested audits, 500 hours for special projects, and 1,246 hours for contingency reserve) to be provided by seven audit professionals and two supervising audit managers. We ensure the ratio of gross hours to available audit hours aligns with industry norms. The contingency reserve is for position vacancies and other unforeseen events.

We judgmentally select the highest risk audits we can realistically address with existing resources. Because of budget and staffing constraints, we evaluate all audit requests based on our risk assessment criteria. Audits that cannot be accommodated are noted for future consideration.

INTERNAL AUDIT DEPARTMENT

Our follow-up audit process ensures that our audit recommendations are implemented satisfactorily. Our first follow-up audit generally begins about six months following the release of an audit report. If necessary, a second follow-up audit will generally be conducted about six months following the issuance of the first follow-up audit report.

INTERNAL AUDIT DEPARTMENT

APPENDIX B: ACRONYMS

| Acronym	Definition
A-C	Auditor-Controller
AOC	Audit Oversight Committee
C-R	Clerk-Recorder
CEO	County Executive Office
CPO	County Procurement Office
HCA	Health Care Agency/Public Guardian
JWA	John Wayne Airport
OCCR	OC Community Resources
OCWR	OC Waste & Recycling
ROV	Registrar of Voters
T-TC	Treasurer-Tax Collector

INTERNAL AUDIT

As of 5/01/2021

ATTACHMENT A: ORGANIZATION CHART
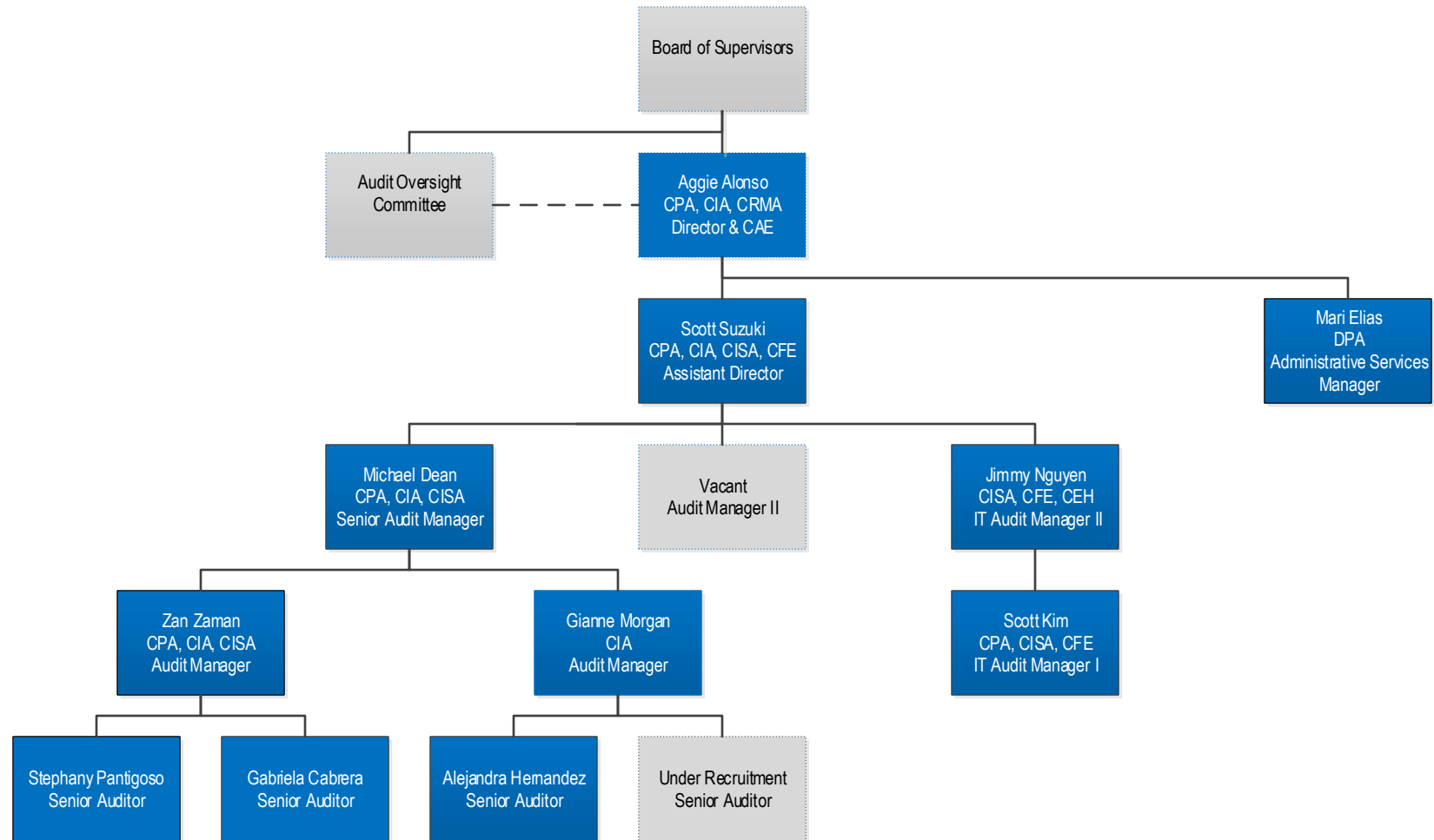
PROFESSIONAL CERTIFICATIONS/GRADUATE DEGREE
Certified Public Accountant (CPA)
Certified Internal Auditor (CIA)
Certified Information Systems Auditor (CISA)
Certified Fraud Examiner (CFE)
Certified Ethical Hacker (CEH)
Certification in Risk Management Assurance (CRMA)
Deputy Purchasing Agent (DPA)

ATTACHMENT B: RISK ASSESSMENT SCHEDULE FOR FISCAL YEAR 2021-22

BUSINESS PROCESS/CYCLE Financial Activity for FY 2019-20	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-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector	COMMENTS
CASH RECEIPTS & ACCOUNTS RECEIVABLE $16.6 billion	M	M	M	M	M	M	M	M	M	H	M	M	M	M	M	M	M	M	M	Reflects all cash receipt transactions posted to 8010 Cash Account by the department that processed the transaction. A/R reported as year-end balances.
CASH DISBURSEMENTS & PAYABLES $6.1 billion	L	M	M	L	M	L	H	M	M	M	M	M	M	L	M	M	M	M	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.
FEE-GENERATED REVENUE $900 million	M	M	L	M	L	M	M	M	M	M	H	M	M	L	M	M	M	M	M	Reflects revenue from cost-recovery fees (licenses, permits, franchises and charges for services) that are charged to the public and require BOS approval.
PURCHASING & CONTRACTS $1.6 billion	M	M	M	M	M	M	M	M	M	H	H	M	M	M	M	M	M	M	M	Reflects all purchases and contracts processed by departments including purchase orders, price agreements, and negotiated contracts.
REVOLVING FUNDS $10.3 million	L	H	M	M	M	L	M	M	H	M	H	M	M	M	L	M	M	M	H	Reflects the total revolving fund replenishments to all departments.
PAYROLL $2.3 billion	M	M	M	M	M	M	H	M	M	M	M	M	M	M	M	M	M	M	M	Reflects total payroll for our audit population of all departments shown.
FIDUCIARY & SPECIAL REVENUE FUNDS $1.8 billion	M	M	M	M	M	L	H	M	M	M	M	M	M	M	M	M	M	M	M	Reflects year-end balances in Agency Funds and Private Purpose Trust Funds designated for restricted purposes and use.
INFORMATION TECHNOLOGY	L	H	M	M	H	L	H (1)	M	H	L	M	M	M	H	L	H	M	L	M	Includes IT controls and cybersecurity including general controls, application controls, system development, network security, and computer operations.

AUDITS ON FY 2021-22 PLAN
See Appendix A for Audit Plan Methodology
DR = Department requests
CO = Carryover audits
TP = Time-permitting audits

- **2. Auditor-Controller:** Revolving Funds; CAPS+ Application Security (CO)
- **5. Clerk-Recorder:** Cybersecurity (TP)
- **7. County Executive Office:** Cash Disbursements & Payables (CO); Payroll Fiduciary & Special Revenue (CO); Remote Access Security, 3rd Party IT Security (TP), CA Data Privacy Act (TP); HRS Data Portal (DR/CO)
- **9. Health Care Agency/Public Guardian:** Revolving Funds (CO); Cybersecurity (CO)
- **10. John Wayne Airport:** Cash Receipts & Accounts Receivable; Cash Disbursements & Payables (DR/CO); Payroll (DR/TP); Purchasing & Contracts
- **11. OC Community Resources:** Fee-Generated Revenue; Purchasing & Contracts (CO); Revolving Funds (TP); Contract Compliance (DR)
- **13. OC Waste & Recycling:** Credit Card Processing (DR/TP)
- **14. Probation Department:** Cybersecurity (CO)
- **16. Registrar of Voters:** Cybersecurity (CO)
- **19. Treasurer-Tax Collector:** Revolving Funds

High-Risk Processes:	17	11%	High-risk audit areas (as determined by risk assessment)
Moderate-Risk Processes:	119	78%	Moderate-risk audit areas (as determined by risk assessment)
Low-Risk Processes:	16	11%	Low-risk audit areas (as determined by risk assessment)
Total Auditable Business Processes/Cycles:	152		

(1) There are 19 high-risk audits in the 17 high-risk processes as the CEO high-risk box represents three high risk audits (Remote Access Security, California Data Privacy Act, and Third-Party IT Security).

ATTACHMENT C: SCHEDULE OF 10-YEAR PRIOR AUDIT COVERAGE
For The Period July 2011 through June 2021

	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-Public Administrator	9. Health Care Agency/Public Guardian	10. John Wayne Airport	11. OC Community Resources	12. OC Public Works	13. OC Waste & Recycling	14. Probation Department	15. Public Defender	16. Registrar of Voters	17. Sheriff-Coroner	18. Social Services Agency	19. Treasurer-Tax Collector
CASH RECEIPTS & ACCOUNTS RECEIVABLE		#1249, #1315 & #1415 Quarterly Reconciliation Compliance; #1818 Fiduciary Funds			#1159 Fund 12D		#1317 Community Facilities Districts	#1325 Fiduciary Funds; 2011-2016 Annual Grants	#1325 Fiduciary Funds; #1018 Medical Billing; #1420 Fund 13Y; #1619 Unearned Revenue		#1456 OC Parks Ticket Sales; #1578 Animal Care; #1579 Library; #1655 OC Parks; #1619 Unearned Revenue; #1815 AC Cash Receipts	#1619 Unearned Revenue; #1734 Billing	#1525 Cash Receipts	2011 GPS Programs; #1567 Juvenile; #1724 Mandate			#1123 Inmate Welfare Fund; #1918 Cash Receipts	#1619 Unearned Revenue	#2011, #2014, #2017, #2020 Audits of Tax Redemption Officer; 2011-2017 Annual TFA; 2011-2016 Annual Compliance; #2011 AR
CASH DISBURSEMENTS & PAYABLES	#1626 Travel	#1259, #1315 & #1415 Quarterly Reconciliation Compliance; #1626 Travel; #1811 Claims; #1818 Fiduciary Funds		#1626 Travel	#1159 Fund 12D		#1216 and #1318 OCEA Pension Enhancement; #1316 Retiree Medical; #1317 Community Facilities Districts; #1626 Travel; #2012 Cash Disbursements	#1325 Fiduciary Funds; 2011-2016 Annual Grants	#1325 Fiduciary Funds; #1420 Fund 13Y; #1728 Mental Health Services Disbursements		#1122 Disbursements; #2014 Cash Disbursements	#1223 Disbursements; #1626 Travel; #2022 Toll Usage		#1127 GPS Programs; #1323 AB109; #1567 Juvenile; #1724 Mandate; #1822 Cal Cards		#1626 Travel	#1123 Inmate Welfare Fund; #1626 Travel	#1626 Travel; #1625 CalWorks / Rescare Contract	2011-2017 Qrtly TFA; 2011-2017 Annual TFA; #1583 Wire Transfers
FEE-GENERATED REVENUE					#1159 Fund 12D; #1919 Senate Bill 2		#1627 OCIT Billing		#1024 Fee Dev; #1327 Env. Health Fees; #1915 FGR		#1222 Fee Dev	#1820 FGR	#1023 Fee Dev; #1821 OCWR FGR	#1841 Compliance SB-190				#1632 Billing of Law Enforcement Services for DPH & JWA	
PURCHASING & CONTRACTS		#1522 Procurement					#1521 Procurement; #1730 CEO/Real Estate Revenue Generating Lease Administration Process; #1732 OCIT Capital Assets; #1624 OCIT Contract Admin		#1631 Procurement; #1819 Contracts & Procurement	#1125 Change Orders	#1455 Expediter; #1426 Human Services Contracts	#1225 Contract Admin; #1455 Expediter; #1911 Purchasing & Contracts	#1334 La Pata Contract; #1455 Expediter				#1126 ICE Contract Admin.; #1158 City Contracts; #1912 Purchasing & Contracts	#1224 Contract Admin.; #1625 CalWorks / Rescare Contract; #2016 Purchasing & Contracts	
REVOLVING FUNDS	#1626 Travel	#1626 Travel					#1626 Travel	#1913 Revolving Fund			#1578 Animal Care; #1579 Library	#1626 Travel		#1567 Juvenile; #1822 Cal Cards	#2017 Revolving Funds	#1626 Travel	#1626 Travel; #1917 Revolving Fund	#1633 Revolving Funds; #1626 Travel	
PAYROLL		#1350-B Payroll						#1629 Payroll	#1350 Payroll CAATs; #1812 Payroll			#1813 Payroll	#1916 Payroll	#1630 Payroll			#1350 Payroll CAATs; #1632 Billing of Law Enforcement Services for DPH & JWA	#1350 Payroll CAATs; #1814 Payroll	
FIDUCIARY FUNDS & SPECIAL REVENUE FUNDS		#1259, #1315 & #1415 Quarterly Reconciliation Compliance; #1337 Fiduciary Funds; #1818 Fiduciary Funds	#1519 Fiduciary Funds		#1159 Fund 12D; #1519 Fiduciary Funds		#1317 CFDs; #1519 Fiduciary Funds	#1325 Fiduciary Funds; #1519 Fiduciary Funds; #1523 PA	#1325 Fiduciary Funds #1420 Fund 13Y; #1519 Fiduciary Funds; #1524 PG; #1914 PG Fund 165		#1423 DPH; #1519 Fiduciary Funds	#1421 Flood Fund; #1519 Fiduciary Funds; #2019 Special Revenue Funds		#1323 AB109; #1519 Fiduciary Funds		#1519 Fiduciary Funds	#1519 Fiduciary Funds; #1520 Special Revenue Funds	#1336 Special Revenue Funds; #1823 Fiduciary Funds	2011-2017 Qrtly TFA & 2011-2017 Annual TFA; 2011-2016 Annual Compliance Audit; #1519 Fiduciary Funds
INFORMATION TECHNOLOGY	#1844 Cybersecurity	#1357 ARA; #1741 ITGC	#1644 ITGC	#1644 ITGC	#1840 Vital Records Index Access System	#2044 Selected Cybersecurity	#1454 Off-Site Data Backup; #1455 Expediter; #1644 ITGC; #1945 OCIT Cybersecurity	#1143 ITGC; #2041 Selected Cybersecurity			#1444 ITGC; #1941 ITGC	#1644 ITGC	#1354 ITGC; #1644 ITGC	#1445 Paradigm; #1644 ITGC		#1942 ITGC	#1353 ITGC; #1845 ITGC	#1142 ITGC; #1644 ITGC; #1846 ITGC	#1583 Wire Transfers

Legend:

- 10-Year Prior Audit Coverage (2011 to June 2021)
- 5-Year Prior Audit Coverage (2016 to June 2021)
- Current/In-Progress Audits
- No Audit Coverage Within 10 Years