

Internal Audit Department

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

FINAL CLOSE-OUT

FIRST FOLLOW-UP AUDIT:

INTERNAL CONTROL REVIEW OF OC COMMUNITY RESOURCES – HOUSING CHOICE VOUCHER PROGRAM PAYMENTS ORIGINAL AUDIT No. 2724

AS OF JULY 31, 2008

Follow-Up Audit of corrective actions taken by OC Community Resources, OC Community Resources Accounting and County Executive Office/Information Technology to address eight (8) recommendations and one (1) Audit Alert from our original audit of the former Housing & Community Services Department Housing Choice Voucher Program Payments, in which \$89 million in housing assistance payments were disbursed during the original audit.

AUDIT No: 2829-A**REPORT DATE: OCTOBER 21, 2008**Audit Director: [Peter Hughes, Ph.D., MBA, CPA](#)Deputy Director: [Eli Littner, CPA, CIA](#)Sr. Audit Manager: [Michael Goodwin, CPA, CIA](#)Audit Manager: [Michael Dean, CPA, CIA](#)**Internal Audit Department**

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Transmittal Letter



Audit No. 2829-A October 21, 2008

TO: Steve Franks, Director
OC Community Resources

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: **First and Final Close-Out** Follow-Up
Audit of OC Community Resources –
Housing Choice Voucher Program
Payments, Original Audit No. 2724,
Issued January 17, 2008

We have completed a First and Final Close-Out Follow-Up Audit of OC Community Resources – Housing Choice Voucher Program Payments (original audit conducted under the former Housing & Community Services Department). Our audit was limited to reviewing, as of July 31, 2008, actions taken to implement eight recommendations made in our original audit report in which **\$89 million** in Housing Choice Voucher Program payments were made during the audit period. We also reviewed actions taken to address our Audit Alert to the Deputy CEO/Chief Information Officer, which was included in the original report.

The results of our Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the audit recommendations, **this report represents the close-out of the original audit.**

Each month I submit an **Audit Status Report** to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Attachments

Other recipients of this report listed on the Internal Auditor's Report on page 1.

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OC Community Resources – Housing Choice
Voucher Program Payments (Original Audit No. 2724)
Audit No 2829-A*

As of July 31, 2008

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INTERNAL AUDITOR'S REPORT

Audit No. 2829-A

OCTOBER 21, 2008

TO: Steve Franks, Director
OC Community Resources

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

A handwritten signature in blue ink, reading "Peter Hughes", is placed next to the "FROM:" line.

SUBJECT: **First and Final Close-Out** Follow-Up Audit of
OC Community Resources – Housing Choice Voucher
Program Payments, Original Audit #2724,
Issued January 17, 2008

Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of OC Community Resources – Housing Choice Voucher Program Payments. Our audit was limited to reviewing actions taken as of July 31, 2008 to implement the eight recommendations made in our original audit report. We also reviewed actions taken to address our Audit Alert to the Deputy CEO/Chief Information Officer, which was included in the original report.

Background

Our original audit assessed the controls over the former Housing & Community Services Department's Housing Choice Voucher Program Payments. During the original audit, there were \$89 million in Housing Choice Voucher Program payments. The original audit report contained eight (8) recommendations and one Audit Alert to the Deputy CEO/Chief Information Officer. In March 2008, the Board of Supervisors approved a County reorganization. The Housing & Community Services Department (HCS) was renamed OC Community Services, and was combined with OC Parks, OC Animal Care, and OC Public Libraries to become OC Community Resources.

Results

This follow-up audit indicated that six (6) recommendations have been implemented and two (2) recommendations have been closed. In addition, actions were taken to address the Audit Alert to the Deputy CEO/Chief Information Officer. As such, this report represents the final close-out of the original audit. The two (2) closed recommendations are noted below with a comment on their current status.



1. Information Technology Security Plan & Management Structure (Recommendation No. 7)

Recommendation: We recommend HCS develop a formalized security plan that describes the department's security program concerning the Housing Pro System. In addition, HCS should create a security management structure to implement the security program.

Current Status: **In Process/Closed.** As indicated above, OC Community Resources (OCCR) developed a draft outline for its "Housing Pro Risk Assessment Strategy", which includes components for risk assessment framework, security plan, and security management structure. In addition, CEO/IT created a draft "Information Technology Security Policy," and they will be working with departments and agencies to develop departmental security plans. OCCR informed us that the Housing Pro System will be part of this process and will work with CEO/IT on a formalized security plan. Because OCCR made progress on establishing a security plan over the Housing Pro application, which will be included in CEO/IT's plan to develop departmental security plans, we consider this recommendation closed for purposes of follow-up.

2. Information Technology Business Continuity Planning (Recommendation No. 8)

Recommendation: We recommend HCS perform periodic tests of its information technology business continuity plan.

Current Status: **In Process/Closed.** We were informed that as part of the formation of OCCR, a new IT structure will be implemented. This new IT structure will address the issue of business continuity from an organizational standpoint. The Housing Pro application will be included within this framework. A Business Continuity Plan will be developed that addresses all applications and network resources within OCCR. As part of this Business Continuity Plan, testing of the Housing Pro backups will be performed on a regular basis. A schedule for periodic testing will be developed as part of the overall Business Continuity Plan.

CEO/IT has also created a "Business Continuity Program", which includes 21 participating departments and agencies (including OCCR) that are currently in process of completing written continuity plans for business processes and information technology systems/applications for recovery after a business disruption. CEO/IT anticipates implementation of this program by January 2009. Because OCCR is included in CEO/IT's Business Continuity Program and will incorporate testing at that time, we consider this recommendation closed for purposes of follow-up.



We appreciate the cooperation and assistance extended to us by the OC Community Resources and OC Community Resources Accounting during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at 834-5899, or Michael Goodwin, Senior Audit Manager at 834-6066.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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