

# Internal Audit Department

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

## OC Internal Audit Department FY 2008-09 Audit Plan and Risk Assessment

Approved by  
Audit Oversight Committee  
May 29, 2008, Item 4

Report No. 2701

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**Internal Audit Department**



2008 Association of Local Government Auditors' Bronze Website Award



2005 Institute of Internal Auditors' Award for Recognition of Commitment to Professional Excellence, Quality, and Outreach



**Internal Audit Department**

*Providing Facts and Perspectives Countywide*

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**OC Fraud Hotline (714) 834-3608**



# Letter from the Director

## TRANSMITTAL LETTER

**AUDIT NO. 2701 May 30, 2008**



**TO:** Honorable Board of Supervisors  
Chairman John Moorlach  
Vice-Chair Pat Bates  
Supervisor Bill Campbell  
Supervisor Janet Nguyen  
Supervisor Chris Norby

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

**SUBJECT:** Fiscal Year 2008-09 Audit Plan and  
Risk Assessment

Per Resolution No. 95-271, the Board directed the Audit Oversight Committee (AOC) to act in an oversight capacity to the Internal Audit Department and to approve the Annual Audit Plan.

With the support and approval of the AOC on May 29, 2008, for the 9<sup>th</sup> consecutive year I am pleased to present the Annual Fiscal Year 2008-09 Audit Plan and Risk Assessment.

This comprehensive report details our plan for audits and reviews in the upcoming fiscal year and incorporates the results of our extensive risk assessment.

In accordance with the Board's adopted Internal Audit Department's Charter, "*The Internal Audit Department reserves resources to accommodate Board of Supervisors requests. Individual Board members desiring specific audit projects shall place on the Board Agenda their proposal for review and approval by Board majority. The Internal Audit Director reserves the right to determine how to best fit the Board directed review into the audit plan.*" Any revisions or changes to the audit plan throughout the year are made in IAD's Quarterly Status Report and approved by the AOC.

I look forward to another successful year of audit coverage and service to the County of Orange.



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# FY 08-09 Audit Plan

## EXECUTIVE SUMMARY

### MISSION STATEMENT

The mission of the County of Orange's Internal Audit Department is to provide reliable, independent, objective evaluations and business and financial advisory services to the Board of Supervisors and County executive management. Our role is to assist both parties with their important business and financial decisions; as well as, to contribute to protecting and safeguarding the County's resources and assets.

We support and assist the Board of Supervisors and County Executive Management in the accomplishment of their functional business goals and objectives. Our contribution to this effort is testing and reporting on their internal control systems and processes. County executive management is responsible for establishing and maintaining these control processes because they must rely on these systems and processes in managing their complex organizations. These systems and processes are used for safeguarding the County's assets and resources, and for reasonable, prudent, and effective financial stewardship and for accurate recording and reporting.

The IAD is recognized for our internal controls expertise. We apply this expertise in assisting County Executive Management in enhancing their business processes and constantly improving and strengthening the internal control environment the public expects, relies upon, and demands of its government. We are committed to a process of continuous learning and improvements within our department. We keep ourselves updated on relevant issues in business and industry with regard to accounting trends and developing financial best practices. Such constant renewal keeps the IAD and its staff professionally current, refreshed, invigorated, and responsive to the County's needs for attestation, compliance assurance, accountability testing, and business improvement. We assist management in helping to implement best business practices with regard to internal controls, accounting systems, and business processes.

To meet our clients' expectations for integrity, objectivity, and independence and for us to function effectively with consistent reliability and credibility, the IAD applies professional auditing standards to all engagements. This allows us to ensure reviews and assessments of County operations are always informative, accurate, and objective. Where required, the IAD follows the ethical and professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and the Government Accountability Office (GAO). Moreover, the quality of IAD operations is regularly and independently assured by rigorous Peer Reviews conducted by outside CPA firms or by the California Counties Audit Chief's Association. We have passed four such quality reviews to date. The last Peer Review was in 2007 being conducted by the County of Riverside Internal Audit Division.

As further validation of our department's commitment to quality, we received the IIA's award for "Recognition of Commitment to Professional Excellence, Quality and Outreach" in 2005 as well as the 2007 Association of Local Government Auditor's Bronze Website Award. A noteworthy report recently issued by the 07-08 Grand Jury found the OC Internal Audit Department to be completely independent and appropriately reporting to the Board of Supervisors and meeting all professional standards to perform any audit as directed



# FY 08-09 Audit Plan

Our Business Plan goals are consistent with our annual Audit Plan because our role within Orange County is limited and well defined. Our annual Business Plan is reviewed by the CEO's Office and our Audit Plan is submitted, discussed, and approved each fiscal year by the Audit Oversight Committee (AOC). Our annual Audit Plan is challenging to complete, but it does include some flexibility to be responsive to requests for audit services from a Board of Supervisors or AOC directive.

## **ANNUAL AUDIT PLAN & KEY AUDIT CATEGORIES**

Our Audit Plan is submitted, publicly discussed, reviewed and approved at the beginning of each fiscal year by the AOC. We are dedicated to completing our Audit Plan while continuing to be flexible and responsive to the Board of Supervisors' requests for audit services.

Our Audit Plan has as its foundation the traditional internal audits of "hard-control areas" such as segregation of duties, limiting access to cash, accurate originating accounting entries and transactions and key reconciliations. Examples of such traditional audits in our Audit Plan include those audits included in the **Financial Audits and Mandates (FAM), Internal Control Reviews (ICR), Information Technology Audits (IT), and Revenue Generating Leases (RGL) Audits**. These audit reports contain opinions regarding the status of internal controls or the County's compliance with grant or other governing provisions. Our audit reports also include recommendations to management regarding improvements to specific accounting processes and internal controls in order to enhance or strengthen them. As part of our internal improvement process, we distribute a customer survey with each of our audit reports to allow customer evaluation and feedback.

In our audits we also look for opportunities to improve the "efficiency and effectiveness" of operations (a category of performance auditing), and our reports where applicable, contain performance recommendations related to efficiency and effectiveness enhancements.

Our **Follow-Up Audit** process is now a robust and mature process. Follow-Up Audits are necessary to ensure that our audit recommendations are implemented satisfactorily. Our first Follow-Up Audit begins about six months following the release of an audit report. If necessary, a second Follow-Up Audit will be conducted about 6 months following the release of the first Follow Up Audit report. At the request of the AOC, we are to bring to their attention any audit recommendations we find still not addressed, resolved or mitigated after the second follow-up. Based on our Follow-Up Audits, we can state that County management substantially implements our report recommendations on a timely basis. We attribute this level of implementation to the reliability and usefulness of our audit findings and recommendations. We also compliment County management with partnering with us with in this effort to be responsive.



# FY 08-09 Audit Plan

## DEDICATION OF RESOURCES TO AUDIT RELATED SERVICES

Our Audit Plan is based on **17,000 direct audit hours** to be provided by 9 audit professionals (77%) and 3 Senior Audit Managers (50%). We currently have 2 audit position vacancies, one of which is an IT auditor position. The Audit Plan does not include hours for these vacant positions. Because of new federal laws (Sarbanes-Oxley Act), auditors are in high demand and we have considerable challenges in recruiting certified and experienced auditors. We find filling these positions and in particular the IT audit position difficult at this time. We are working with Human Resources on creative recruiting efforts to counter the higher salaries offered by our private and governmental sector competition. The audit hours for the Director and Deputy Director are not included in the above total while the time for the three Senior Audit Managers is adjusted to allow them time for administrative management.

These hours are allocated to the audit areas as follows:

Internal Control Reviews (ICR):	<b>5,730</b>
Financial Audits and Mandates (FAM):	<b>4,400</b>
Information Technology (IT) Audits:	<b>2,500</b>
Revenue Generating Lease (RGL) Audits:	<b>2,350</b>

The plan also allocates an additional **2,020** hours for audit activities such as staffing the fraud hotline, reviewing cash losses, administering data collection of external audits, conducting training classes in County departments on practical internal control concepts and application, performing the annual risk assessment, HIPAA Administration, and compiling and presenting activity reports to the Board of Supervisors and Audit Oversight Committee.

Included in the **17,000** hours are **1,650** reserved hours to respond to Board requests for audit services. Our FY 08-09 Audit Plan is detailed beginning on page 4.





# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

**Budgeted  
Hours**

**Audit Name**

**INTERNAL CONTROL REVIEWS (ICR)**

Validate, substantiate, and confirm the integrity and adequacy of critical internal controls by analyzing and testing cash receipts and expenditures to ensure accurate, complete, proper and timely processing of County financial transactions, and to ensure County assets are adequately safeguarded from loss, waste, and abuse.

1	OC Dana Point Harbor - Contract Administration for Harbor Revitalization- \$120 million <sup>(1)</sup> Determine the adequacy of internal controls to ensure contracts (estimated at \$120 million) are properly monitored to prevent overruns; that contract expenditures are valid, supported, allowable, and are processed completely, accurately and timely.	500
2	County-wide Wire Transfer/Electronic Fund Transfer Processes - \$8 billion Identify extent of County wire transfers/EFTs; determine materiality and propriety of the transactions, and assess controls to ensure transaction are processed, reviewed/approved, recorded, and reconciled in accordance with management's authorization.	500
3	Probation - Title IV-E Program Fund Claims - \$7.5 million Determine the adequacy of internal controls to ensure Probation's compliance with claiming requirements for Title IV-E funds estimated at \$7.5M for FY 07-08.	500
4	OC Public Works - Interdepartmental Billings (Transportation) - \$20 million Review the new Flagship billing system process for inter-departmental billing of services provided by Transportation Fleet Management Division with an estimated \$20.5M in direct cost billings.	500
5	OC Planning - Automated Permitting and Planning System - \$20 million Evaluate adequacy of internal controls over \$20 million in deposits and \$1.8 million in refunds processed in APPS to ensure transactions are valid, accurate, compliant, timely, complete and properly authorized.	500
6	Sheriff-Coroner Payroll Review - \$418 million Evaluate adequacy of internal controls over bi-weekly payroll processing to ensure payroll is accurate, compliant, timely, complete and properly authorized.	500
7	Sheriff-Coroner Musick Facility Construction State Grant - \$100 million Determine the adequacy of internal controls to ensure compliance with grant requirements.	500
8	CEO/IT Contract Administration and Related Payments - \$100 million Determine the adequacy of internal controls to ensure contracts (approx. \$100M) are monitored to prevent overruns; contract expenditures (approx. \$48M) are valid, supported, allowable, and are processed completely, accurately and timely.	500
	Reserve - for BOS and AOC directives and audit adjustments <sup>(2)</sup>	500

See Footnotes and Audit Plan and Report Guidelines on Page 9.





# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

Budgeted  
Hours

Audit Name

**INTERNAL CONTROL REVIEWS (ICR) Continued**

Follow-Up Audits (First): 900

- 9 OC Community Services (HCSD) Housing Choice Voucher Payments
- 10 Probation Bi-Weekly Payroll
- 11 A-C Claims & Disbursing - Education/Professional Reimbursements
- 12 A-C Claims & Disbursing - Employee Social Security Numbers
- 13 Treasurer Interest Apportionment
- 14 Sheriff Administration - Revolving Funds/Travel Expenditures
- 15 A-C Claims & Disbursing - Vendor Payments
- 16 A-C Claims & Disbursing - Mileage & Other Expenses
- 17 CEO/Purchasing Audit Alert - Purchasing Cards
- 18 CEO/Public Finance - Cash Receipts and Disbursements
- 19 Clerk-Recorder - South County Cash Receipts

Follow-Up Audits (Second): 300

- 20 OC Public Works/OC Facilities - Contract Administration/Cash Disbursements
- 21 Work Paper Close-Out & Final Report Issuance (audits from prior year plan) 30

**Subtotal** 5,730

**FINANCIAL AUDITS & MANDATES (FAM)**

DA GRANTS - \$4.7 million: Audit the financial statements for 4 grants to the District Attorney (DA) Office totaling \$4.7 million. We will audit to determine that budgeted amounts, revenues and expenditures are recorded accurately, completely, and timely and review controls and test compliance with rules and regulations.

- 1 DA Grant: Spousal Abuser Prosecution - 6/30/08 150
- 2 DA Grant: Workers Comp Fraud - 6/30/08 250
- 3 DA Grant: Health & Disability Insurance Fraud - 6/30/08 250
- 4 DA Grant: Auto Insurance Fraud - 6/30/08 250
- 5 Tax Redemption Audit: mandated every 3 years 6/30/08 - \$150 million 900  
Audit the reliability and accuracy of the financial tax redemption records to determine if over \$47 million per year collected in delinquent taxes and penalties are valid and correct.
- 6 Retiree Medical Annual Required Contribution (ARC) Payment - \$88 million 500  
Determine if the County correctly applied the actuarial recommendation and properly funded the \$88 million (3 1/2% of Gross Payroll) due OCERS to pay for the annual retiree medical costs, properly screen for eligibility and calculated correctly the Retiree Grants.
- 7 Continuing Bond Disclosure Process - \$1.2 billion 400  
Determine whether County is complying with required on-going disclosures for outstanding County bonds exceeding \$1.2 billion, and the initial required disclosures for new bond issues.
- 8 CAFR Financial Statement Footnote Disclosures - \$8 billion (carry-over from FY 07-08) 400  
Determine if the processes and controls regarding the required disclosures for unfunded pension liabilities (~\$2 billion), medical retiree benefits (~\$500 million) and County treasury pool investments (~\$6 billion) are adequate.

See Footnotes and Audit Plan and Report Guidelines on Page 9.



# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

<u>Audit Name</u>	<u>Budgeted Hours</u>
<b>FINANCIAL AUDITS &amp; MANDATES (FAM) Continued</b>	
9 Sheriff Homeland Security Grants - \$8 million We will audit to determine that budgeted amounts, revenues and expenditures are recorded accurately, completely, and timely and review controls and test compliance with rules.	400
10 Auditing & Accounting Standards Update Review of New Statements on Auditing Standards regarding risk assessment and internal controls requirements.	200
11 Follow-Up Audits	200
Reserve - for BOS and AOC directives and audit adjustments <sup>(2)</sup>	500
<b>Subtotal</b>	<b>4,400</b>
<b>REVENUE GENERATING LEASE (RGL) AUDITS</b>	
Audit the supporting records of businesses with revenue generating leases to ensure the correct amount of rent is paid to the County based on a percentage of gross revenue and that internal controls over their business processes are adequate to ensure the integrity of the records used to report gross revenues. Our reviews also identify ambiguities and omissions in the contracts that may disadvantage the County. For the below 7 leases, annual gross receipts and rent paid is approximately \$22.5 million and \$4.5 million. These critical audits are performed at the request of JWA, OC Public Works, OC Parks, and OC Dana Point Harbor on a rotational basis.	
<u>Revenue Generating Lease Audits - \$4.5 million:</u>	
1 - JWA/Caterina's	250
2 - JWA/Host International	250
3 - JWA/JC DeCaux Advertising	250
4 - OC Parks/CA Junior Lifeguard Programs Inc. - Sunset Beach	150
5 - OC Parks/CA Junior Lifeguard Programs Inc. - Salt Creek Beach	150
6 - OC Parks/RM Fisheries (Laguna Niguel Fishing Concession)	250
7 - DPHD/Dana Point Yacht Club	300
8 Follow-up Audits - Perform as needed on selected recommendations as deemed warranted.	350
9 Administration of Revenue Generating Lease Audits	50
10 Work Paper Close-Out & Final Report Issuance (audits from prior year plan)	50
Reserve - for BOS and AOC directives and audit adjustments <sup>(2)</sup>	300
<b>Subtotal</b>	<b>2,350</b>

See Footnotes and Audit Plan and Report Guidelines on Page 9.



# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

<u>Audit Name</u>	<u>Budgeted Hours</u>
<b>INFORMATION TECHNOLOGY AUDITS (IT)</b>	
1 CAATs - Monthly Analysis of Duplicate Vendor Payments & Other Routines - \$2.3 billion <u>Computer Assisted Audit Techniques (CAATs)</u> is a best practice and provides critical audit coverage for \$2 billion in vendor payments. They are automated queries (logical searches for matching characteristics) applied to large amounts of electronic data and the resulting output (matches) are further reviewed and validated. For 2007, we reviewed 211,912 vendor disbursements amounting to \$2.3 billion. Similar coverage will be provided for 2008. To date, we have identified \$731,703 duplicate vendor payments of which 94% has been recovered by the County.	600
<u>IT Implementation Assistance:</u> For significant mission critical systems, IAD will review the adequacy of internal controls in accordance with an MOU agreed to by management. The MOU specifies that management is responsible for designing adequate controls in the new system and for providing documentation (flowcharts, narratives, policies and procedures, etc.) that can be reviewed by Internal Audit. Our review will focus on the control areas of: 1) proper segregation of duties, 2) reviews and approvals, 3) audit trails, and 4) reconciliations to help management ensure the system addresses the key/fundamental controls.	
2 CAPS+ Implementation - Review of Controls over Financial and Purchasing System - \$3 billion COVERAGE - Key controls over general ledger, procurement, disbursement, capital assets, and cost accounting. CAPS is the Countywide core financial system that processes and records transactions amounting to over \$3 billion annually.	700
3 PTMS Implementation - Review of Controls over Property Tax System - \$3.9 billion COVERAGE - Key controls over billing, collecting, and allocating property taxes. The Property Tax management System is used by the Auditor-Controller, Treasurer-Tax Collector, and Clerk of the Board for billing, collecting, allocating, and appealing property taxes. For the FY 05-06 tax year, approximately \$3.39 billion in tax revenues were collected and allocated.	400
4 OC Public Works - IT Component of ICR - Transportation/Flagship Billing System See ICR description #4 on page 1.	200
5 OC Planning - IT Component of ICR - APPS System/Receipts and Disbursements See ICR description #5 on Page 1.	200
6 IT Research & Development Reserve	50
Reserve - for BOS and AOC directives and audit adjustments <sup>(2)</sup>	350
<b>Subtotal</b>	<b>2,500</b>

See Footnotes and Audit Plan and Report Guidelines on Page 9.



# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

<i>Audit Name</i>	<i>Budgeted Hours</i>
<b>CONTROL RELATED &amp; OTHER ASSIGNMENTS</b>	
1 Annual Risk Assessment - Audit Plan We conduct a comprehensive and interactive Risk Assessment, which includes meeting with the Board of Supervisors and County Executive Office; sending Risk Assessment Questionnaires to 23 County departments/agencies; reviewing all department/agency Business Plans; compiling detailed financial information; compiling risk rating of the County's key information systems, and reviewing current/prior audit coverage by County internal and external auditors. This critical process determines the basis for allocating our audit resources for the year among hundreds of competing issues and risks.	600
2 Cash Losses We monitor all cash losses reported to the Auditor-Controller for consideration during our annual Risk Assessment and when conducting our Internal Control Reviews.	70
3 Fraud Hotline The OC Fraud Hotline is staffed by professionals 24 hours, 7 days a week to ensure proper handling of all reports of possible waste, fraud and abuse of County resources by either employees or vendors. The monitoring is provided by in-house staff during normal working hours and an outside vendor during after hours, weekends and holidays. In addition, we provide oversight and advisement for investigations and directly participate as warranted. We also prepare semi-annual Hotline status reports for the AOC and BOS.	400
4 External Audit Reporting In accordance with AOC Policy No. 2, Internal Audit compiles and reviews a quarterly status report of "third party" external audits conducted in County departments/agencies. The County typically undergoes 100+ external audits each year. We also monitor the status of material audit findings and question costs. We consider these audits when developing our annual audit plan and our scope of work for any related audits.	300
5 Technical Assistance to Other Dept/Agencies To advise on business, accounting, and compliance issues as directed or requested.	200
6 HIPAA Administration Internal Audit is designated as a covered component under HIPAA and must abide by HIPAA rules and regulations. These are hours set aside for the department's HIPAA Coordinator.	100
7 Reports for Board, AOC, EA Meetings We report quarterly to the Audit Oversight Committee (AOC). The AOC provides executive oversight and guidance to the Internal Audit Department. We compile and report our progress to the AOC quarterly regarding the Audit Plan and provide Executive Summaries on audit activity each quarter. We compile and present to the Board of Supervisors a monthly report all of our audit reports issued each month. We also present the IA Business Plan, approved Audit Plan and Risk Assessment Report, and the Annual Internal Auditor's Report to the BOS each year.	350
<b>Subtotal</b>	<b>2,020</b>
<b>Grand Total (6)</b>	<b>17,000</b>

See Footnotes and Audit Plan and Report Guidelines on Page 9.



# FY 08-09 Audit Plan

## DETAILED OC INTERNAL AUDIT FY 08-09 AUDIT PLAN

### AUDIT PLAN AND REPORT GUIDELINES

These Footnotes and Audit Plan and Report Guidelines are provided as supporting information to the detailed Audit Plan that begins on page 4 as well as on the Quarterly Status Reports as presented to the Audit Oversight Committee.

#### FOOTNOTES:

- (1) We reference dollar amounts for each proposed audit so as to represent the scale and magnitude of the activity audited in order to give the reader a sense of the financial impact and significance of the area or activity audited. In those audits where we test a sample of transactions and not the entire population, we clarify this point in the Scope section of our Audit Report.
- (2) We reserve time in our Audit Plan for Board of Supervisor and Audit Oversight Committee directives and audit adjustments. We also identify several other areas or activities for possible audit should we have available time or as substitutes.

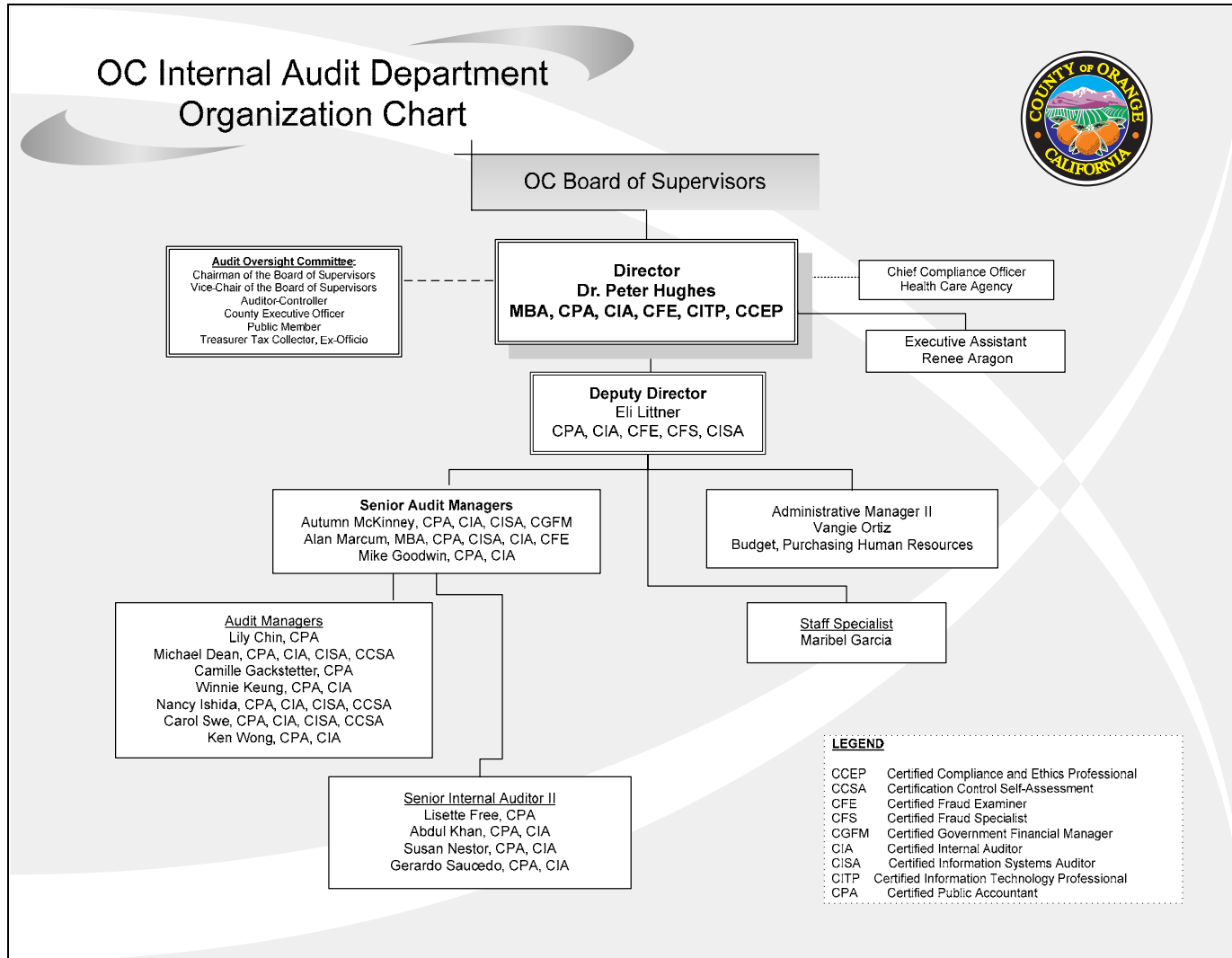
#### AUDIT PLAN AND REPORT GUIDELINES

- I. The Orange County Internal Audit Department (OCIAD) generates several different types of reports including audit reports, audit alerts, summary reports and status reports. In addition, OCIAD undertakes several different projects including audits of financial statements, audits of internal controls, audits of transactions through the use of computer programs, audits of lessee compliance with County contracts, and audits of IT controls. OCIAD receives and oversees Hotline calls up through resolution through investigation by the respective departments and agencies. OCIAD also assists the CEO as authorized by the AOC by facilitating meetings, preparing summary reports and providing staff resources for technical assistance. A total project count therefore includes all assignments completed; not just released audit reports. Each year, OCIAD prepares an *Annual Internal Audit Report* in addition to its Quarterly Status Report. The *Annual Internal Audit Report* is for the general public in content and tone.
- II. The annual Audit Plan is subject to change for such events where the IAD Director, Audit Oversight Committee (AOC), or Board majority assesses if it is warranted to substitute, postpone, or cancel a scheduled audit due to timing, priority, resource, risk considerations and our level of support to the CAPS+ and PTMS Implementations. Such modifications will be noted in the "Milestones & Comments" section of the Quarterly Status Reports submitted to the AOC. **The acceptance of the Quarterly Status Report by the AOC authorizes any changes noted.**
- III. For purposes regarding Fiscal Year-End reporting, we consider audits completed (Done) as of the official release of a completed draft audit report to the Department/Agency Director, and are shown as such in our Milestones & Comments column of the AOC Quarterly Status Report.
- IV. We use an industry best practice in estimating the available direct audit hours at 77% for audit professionals by deducting all paid personal leave, training, and administration so as to better estimate the direct audit hours available to conduct field work and write audit reports. We also deduct a vacancy factor based on historical trends and actual occurrences. We reflect any material changes in our estimates as warranted in our quarterly reports.



# OC Internal Audit Organization Chart

## DEPARTMENTAL ORGANIZATION CHART







# Risk Assessment Methodology

## COUNTYWIDE RISK ASSESSMENT METHODOLOGY

### Overview

The IAD performed a risk assessment for purposes of preparing the FY 08-09 Audit Plan. A comprehensive, interactive countywide risk assessment was conducted that included meetings with members of the Board of Supervisors and the County Executive Office to obtain their input on risks affecting their respective areas. For the departments/agencies, we sent out Risk Assessment Questionnaires for input on risks and areas of audits to assist management in their business operations. We additionally reviewed all department/agency Business Plans; compiled financial information for business processes in each department/agency (e.g., cash receipts, disbursements, payroll, budget); reviewed prior audit coverage by Internal Audit and audits performed by County external auditors. These risk assessment results were used in developing the annual Audit Plan for Internal Control Reviews, Information Technology audits, and Operational & Other Audits.

### Internal Control Reviews

Internal Control Reviews (ICRs) independently validate, substantiate, and confirm the integrity and adequacy of critical internal controls to ensure accurate, complete, and timely processing of County financial transactions, and to ensure County assets are safeguarded from loss, waste, and abuse. These are the core, traditional audits of “hard-controls” for processes involving cash receipts, accounts receivable, cash disbursements, revolving funds, purchasing/contract administration, trust/special department funds, payroll, and budgeting.

Our *Risk Assessment Schedule* shown on page A-1 of the attachment shows the **176 auditable business processes** we identified for County departments/agencies that we assign a risk rating. To determine risk ratings for these processes, we compiled information obtained in our risk assessment and applied the following criteria and relative weight factors in our assessing levels of risk:

- Department/Agency Changes (15%): Assessed factors such as management and/or organizational changes, significant increases/decreases in staffing and workloads, new/eliminated programs, and significant changes in laws/regulations.
- Operating Environment (15%): Assessed factors related to the department’s operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, pending litigation, and business continuity.
- Last Audit Performed (20%): Identified all prior ICRs and Financial/Mandated Audits conducted in the last 10 years, and assessed risk higher in areas with old or no prior audits. This category also takes into consideration factors such as management receptivity to implementing recommendations and the materiality/significance of prior audit findings.
- Financial Activity/Volume (50%): From CAPS, we compiled FY 06-07 financial information (dollar volume, number and nature of transactions) for each business process for all departments and agencies and we assess the level of risk based on the dollar volume of transactions, with the higher risk associated

Using the above criteria, each department/agency process was rated on a scale of 1 to 10 (10 being highest risk and 1 lowest risk) for each of the above weight factors. An overall risk level was then assigned as either High (9 - 10), Moderate (5 - 8), and Low (1 - 4) risk. The overall risk levels are shown on page A-1 of the attached Risk Assessment schedule, and a *Schedule of Prior Audit Coverage* since 1998 is shown on page A-2 of the attachment.





# Risk Assessment Methodology

## Information Technology Inventory and Assessment

We prepared a key system inventory based on information we received from each department as part of our annual survey. The departments provide information only for those systems they identified as critical or key to carrying out the mission of their respective department. Examples of applications/systems not included in the inventory are: utilities (such as anti-virus, email, backup programs, and Microsoft operating system and office applications), terminal emulators (allows access to a mainframe computer via a personal computer), and systems of a limited/administrative nature (such as form generation, record retention, or telephone directories).

We rated each key system based upon the six relative weight factors below:

- Importance & Impact (30%): The importance and impact of the system to the County and department's mission. Systems having a countywide impact were rated high in this category.
- Complexity (20%): The complexity of the system taking into consideration the number of interfaces, the number of users and transactions, the nature of the database, and the nature of the calculations made by the system.
- Nature of Information (15%): The nature of the information controlled by the system such as financial, operational, or support. Systems controlling financial assets or data were rated high in this category.
- Sensitivity of Information (15%): The confidentiality of the information controlled by the system. Systems controlling HIPAA regulated information or personal information were rated high in this category.
- Maturity (10%): The length of time since the system was implemented or since significant upgrades occurred.
- Last Audit Performed (10%): The number of years since the last audit.

Each system was rated on a scale of 1 to 5 (5 being highest risk and 1 being lowest risk) for each of the weighted factors. Then, an overall score was calculated and the system was ranked as high (400 or above), moderate (251 – 399), or low (below 250). The overall risk scores and ratings are shown on page A-3 thru A-7 of the attached risk assessment schedules.



# Risk Assessment Methodology

## Risk Assessment Evaluation Methodology

We have studied the history of ten years of audit reports and audit findings. We have reviewed the agencies' annual business plans and have concluded that the departments and agencies have dedicated and control conscious managers overseeing their main business processes. In the audit reports issued, we noted that less than 10% of the findings are "significant issues" and less than 1% of the findings are "material." Of the **176 auditable business processes** we identify in our general *Risk Assessment Schedule*, **77% are Medium Risk, 22% are Low Risk and 1% is High Risk.** More importantly, management has corrected or mitigated all areas identified in our reports.

The Internal Audit Department now has a historical basis for assessing the competence of management and the rigor of their oversight of internal controls and expenditures. We have concluded that the control environment is positive and effective and helps offset the inherent internal control risks. The established control process offsets the inherent internal control risks associated with many of the County's business processes.

One important contributing factor in the improvement of control awareness is a direct result of the Control Self Assessment workshops conducted in 19 of the 23 County departments and agencies over the past five years. Internal controls are discussed thoroughly in these workshops. In addition, we have also conducted several Internal Control Workshops attended by County employees. We also have Control Training Tools on our Web site and County employees can access this training at any time. In addition, the County established and maintains annual business and budget plans and strategic planning. Recently the County established annual performance goals and achievement measures. These enhancements also contribute to management's awareness and understanding of the importance of internal controls and their focus on sound business practices.

In our opinion, we can now assert that County Management has demonstrated an increasing awareness of internal controls and our audit results have verified this achievement. Moreover, we can also assert that the County no longer has many business processes that have High levels of control risk in our risk assessment.

**SEE ATTACHMENT - RISK ASSESSMENT SCHEDULES A-1 THROUGH A-6**

This Risk Assessment provides an overview of where Internal Audit has allocated its staffing resources primarily in the Department/Agency Internal Control Reviews. Because of audit coverage in other areas (e.g. Information Technology, CSA Workshops, and Mandated and Compliance audits), resources are limited. This is a risk-based approach used to allocate resources for purposes of audit planning and adding audit value.

Assessor	Auditor/Controller	Child Support Services	Clerk of the Board	Clerk-Recorder	County Counsel	County Executive Office	District Attorney	Health Care Agency	Human Resources	John Wayne Airport	OC Community Resources	OC Dana Point Harbor	OC Public Works	OC Waste & Recycling	Probation Department	Public Administrator/Public Guardian	Public Defender	Registrar of Voters	Sheriff-Coroner	Social Services Agency	Treasurer-Tax Collector
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**BUSINESS PROCESSES:**

CASH RECEIPTS	M	M*	M*	L	M	L	M	M*	M	M	M	M	L	M*	M	M*	M	M	M*	M*	M*
ACCOUNTS RECEIVABLE & COLLECTIONS	L	M	M	L	M	L	M	M*	M	M	M	M	M	M*	M	M	M	M	M	M	M*
CASH DISBURSEMENTS & ACCOUNTS PAYABLE	L	M*	M*	L	M	L	M*	L*	M	M	M	M	M	M*	M	M*	L	M	M	M*	M*
REVOLVING FUNDS	M	M*	M	L	M	M	M	M	M	M	M	M	L	M	M	M	L	M	L	M	M
PROCUREMENT & CONTRACT ADMINISTRATION	L	M	M	L	M	M	H*	M	M	M	M	M	M*	M	M	M	L	L	M	M	M
PAYROLL	M	L*	M	L	M	M	M	M	M	L	M	M	L	M	M	M	M	M	M	H*	M
TRUST FUNDS & SPECIAL DEPARTMENT FUNDS	L	M	M	L	M	L	M	L	M	L	L	L	L	M	L	M	M	L	L	M	M
BUDGETING	M	M	M	L	M	M	M	M	M	M	M	M	M	M	M	L	L	M	M	M	M
LEASE REVIEWS (Remittance of revenues and contract compliance)	-	-	-	-	-	-	-	-	-	M*	M*	M*	-	-	-	-	-	-	-	-	-
AUDITS ON 2008-09 PLAN		Wire Transfer/EFT Processes CAPS+, PTMS Implementation CAFR and Bond Disclosure New Audit & Risk Standards	Wire Transfer/EFT Process	PTMS Implementation			CEO/IT Contract Administration CAFR and Bond Disclosure Retiree Medical ARC Payment	DA Grants		Retiree Medical Annual Required Contribution (ARC)	Lease Reviews	OC Parks - Lease Reviews	Contract Administration - Harbor Revitalization; Lease Reviews	Interdepartmental Billings - Transportation	OC Planning - APPS	Title IV-E Program Claims			Homeland Security Grants Construction Grant Payroll Review	Wire Transfers/EFT Process	Wire Transfers/EFT Process Tax Redemption Audit PTMS Implementation

10-Year Prior Audit Coverage (from 1998 through June 2008)

5-Year Prior Audit Coverage (from 2003 through June 2008)

Audits currently in process or scheduled to begin prior to June 2008.

2008-09 Planned Audits

Core, Centralized Processes with Countywide Impact (A/C, CEO and Treasurer-Tax Collector)

**LEGEND (see Note #1):**  
**L=Low Risk:** indicates a low audit risk and subject only to reviews as requested or deemed necessary.  
**M =Medium Risk:** indicates a moderate audit risk and subject to audits as determined by our Risk Assessment .  
**H =High Risk:** indicates a high audit risk and a high priority to audit.

<b>Total Auditable Business Processes:</b>	<b>176</b>	<b>%</b>
<b>Low Risk Processes:</b>	<b>37</b>	<b>21%</b>
<b>Medium Risk Processes:</b>	<b>137</b>	<b>78%</b>
<b>High Risk Processes:</b>	<b>2</b>	<b>1%</b>

This Risk Assessment schedule shows risk ratings for the 176 Auditable Business Processes, where IAD has conducted Internal Control Reviews and Mandated audits since 1998, and planned audits for the upcoming Audit Plan. See accompanying *Schedule of 10 Year Prior Audit Coverage*.

**Note #1:** Risk ratings were based on meetings with BOS, CEO/CFO, reviews of Business Plans and department/agency survey information using the following factors:

- Department/Agency Changes
- Operating Environments
- Prior Internal Audits
- Financial Volume and Activity
- Dept./Agency Audit Requests

Schedule of 10 Year Audit Coverage  
July 1998 - June 2008

	Assessor	Auditor/Controller	Child Support Sys.	Clerk of the Board	Clerk-Recorder	County Counsel	CEO	Dana Point Harbor	District Attorney	Health Care Agency	Housing/Comm. Sys.	Human Resources	IWMD	John Wayne Airport	Probation	PMPG	Public Defender	Public Library	RDMD	Registrar of Voters	SSA	Sheriff/Coroner	TTC	
CASH RECEIPTS		2001 DCR; 2004 ICR AC Collections; 2006 NSF Checks ICR	2003 DCR		1999; 2003; 2006 NSF ICR; 2007-08 So Cty #2723 (in process)	2000	2001, 2002 Emp. Ben, 2007-08 Public Finance #2722 (in process)		1999, 2002 2003 DCR	2000 (Billings & Rec.), 2001 (EHth), 2001 (Animal Control); 2004 (Various Sites); 2006 NSF ICR	1998		2000 DCR; 2006 NSF Checks	2001 DCR	1999, 2001, 2003, 2005 Biennial Juv Trust Fund**	2006 ICR			1998 PFRD; 2001 PDS; 2006 RDMD OC ZOO	2000		2000 Court Ops; 2001, 2002 Financial Admin	2003 2006 Triennial Audit of TRO**; 2006 NSF ICR; 1998-March 2007 Qtrly (sched)** & 1998-2006 Annual TFA**, 2007-08 ICR Int. Apportionment	
ACCOUNTS RECEIVABLES, COLLECTIONS, REVENUE RECOVERY		2001 DCR A-C Collections, 2004		1999				1999, 1998- 2008 Annual Grants**	2000 Billings & Rec., 2001 (Env. Health) 2001 (Animal Control)				2001 DCR	1998 (Rev), 1999, 2001, 2003, 2005 Biennial Trust Fund** - 2006 RSAT Grant				1998 BCR; 2004 RDMD Utility Billings		2006 ICR		2003; 2006 Triennial Audit of TRO**		
CASH DISBURSEMENTS - ACCOUNTS PAYABLE		2004 Trust & Agency Disb., 2004 Tax Unit, 2007 Duplicate Payment; 2007-08 Claims/Disb #2720 (in process)		2003		2002 (Emp. Ben.); 07-08 Public Finance #2722 (in process); 07- 08 Pension Cost Alloc #2765		1999, 2003 DCR, 1998- 2008 Annual Grants**	2005 ICR; 2007 Duplicate Payment Review	2002, 2003 (OOA & SP); 2004 DCR OCDA; 2007-08 Housing Choice #2724			2007 ICR	1999, 2001, 2003, 2005 Biennial Trust Fund**; 2006 RSAT Grant	2006 ICR			1998 BCR; 2002 DCR; 2004 Utility Billings; 2006 OC ZOO; 2007 Fac. Ops. ICR		2005 ICR	2003 DCR; 2007 ICR Contract Admin; 2007-08 Sheriff Admin. #2766	1998-March 2007 Qtrly TFA**, 1998-2006 Annual TFA**, 2007-08 ICR Int. Apportionment		
REVOLVING FUNDS	2006 #2596	2007-2008 Various Depl./Agency Revolving Fund reviews include replenishments by A/C.	2003 DCR	2000		2001		2006 #2597	2002	1998, 2003 (OOA, Spec. Progs, VSO)			2001 DCR	1998 (BCR), 2006 #2598	2006 ICR	2006 ICR			1998 PFRD BCR; 2000 PDS DCR; 2004 RDMD DCR	2000	2000 BCR; 2007 ICR	2003 DCR; 2007- 08 Sheriff Admin #2766		
PROCUREMENT & CONTRACT ADMINISTRATION	2003 P- Cards			1999		2006 P-Cards		1999	2005 ICR Contract Admin.	2003 (OOA and SP Contract Admin.); 2003 P- Cards		2003 P- Cards, 2006 ICR Contract Admin.	2003 P- Cards; 2006 ICR Contract Admin.	1998 (BCR)	2006 ICR	2003 P- Cards	2003 P- Cards	1998 BCR; 2007 Fac. Ops. Contract Admin. ICR		2005 ICR Contract Admin.		2007 #2664, 2007- 08 Sheriff Admin. P-cards and Sole Source Contracts #2766 (in process); DMJM #2768 (in process)		
PAYROLL		2003 IT Review; 2007 AC Central Payroll; 2007-08 #2763 VTI and Emp.SS#s		1999				1999	2007 Payroll ICR					1998 (BCR), 2007-08 #2725					1998					
TRUST FUNDS & SPECIAL DEPARTMENT FUNDS		2004 Trust & Agency Disb.	2003 DCR	1999, 2003		2008 Public Finance #2722 (in process)		1999, 2003 DCR	2004 DCR				2001 DCR	1999, 2001, 2003, 2005 Biennial Trust Fund**	2006 ICR				1998 PFRD; 2001 PDS; 2004 RDMD Trust Funds	2000	2002	2001 Court Ops DCR; 2003 DCR	1997-2004 Annual Compl**, 2003-2004 Qtrly Compl**, 1998- March 2007 Qtrly TFA (sched) & 1998-2006 Annual TFA**	
BUDGETING		2003		1999		2003		1999	2004 DCR					1998	2006 ICR	2004 DCR			1998 PFRD BCR; 2003 PDS DCR; 2005 PDS Bldg. & Safety Fund		2004 DCR	2004 DCR		
PERFORMANCE MEASURE VALIDATIONS (PMV)		2006 #2554	2006 #2595	2007-08 #2747		2007-08 #2749	2007-08 #2750 (in process)		2006 #2658	2006 #2661	2007-08 #2753	2007-08 #2754	2006 #2555			2007-08 #2757	2006 #2592	2007 #25101	2006 #2593	2006 #25100			2007-08 #2759	

**Legend:**  
This schedule shows internal controls reviews and mandated audits performed since 1998.  
BCR = Biennial Control Review; DCR = Department Control Review; ICR = Internal Control Review.  
As of June 30, 2008, we have audited 90 of 176 (50%) of Auditable Business Processes assessed as high or medium risk.

= Indicates areas of audit coverage 1998 - June 2008 (10-year prior audit)  
 = Indicates areas of audit coverage 1998 - June 2008 (5-year prior audit coverage)  
 = Indicates areas of audit coverage for current and in process audits.  
 = Indicates areas of core, centralized processes with County impact.  
**\*\*** Indicates Mandated Audit

DETAIL RISK SCHEDULE  
SORTED BY RISK RATING  
KEY INFORMATION SYSTEM INVENTORY

DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	NEW OR ADDED	LAST AUDIT
<b>HIGHER RISK SYSTEMS - ALL</b>					
1 Assessor	Assessment Tax System (in process of being replaced with new ATS)	property assessment/annual roll	High		Audited every 5 years by the State (2006). Audit has ltd IT coverage
2 Auditor-Controller	CAPS Advantage 2.2 (upgrade to CAPS* 3.8 awaiting BOS approval)	payroll	High		#2247 Payroll Risk Assmnt (2002), #2422 1st F-Up (2004), #2525 2nd & Final F-Up (2006)
3 Auditor-Controller	Assessment Tax System (in process of being replaced with PTMS)	tax calculations & allocations	High		FY 08-09 Audit Plan includes controls assistance for implementation
4 Auditor-Controller	CAPS Advantage 2.2 (in process of being upgraded to CAPS* 3.7)	accounts payable, disbursements	High		FY 08-09 Audit Plan includes controls assistance for implementation
5 Auditor-Controller	CAPS Advantage 2.2 (in process of being upgraded to CAPS* 3.7)	job cost, cost allocation, labor distribution	High		FY 08-09 Audit Plan includes controls assistance for implementation
6 Auditor-Controller	CAPS Advantage 2.2 (in process of being upgraded to CAPS* 3.7)	general ledger, financial reporting	High		FY 08-09 Audit Plan includes controls assistance for implementation
7 Auditor-Controller & Other Depts	VTI (Intelltime Virtual Timecard)	time keeping for multiple departments	High		#2055 VTI System Review (2000), #2631 ICR - central payroll (SS# issue corrected)
8 CEO/Finance	CAPS Advantage 2.2 (will be replaced with CAPS* 3.7)	purchasing	High		FY 08-09 Audit Plan includes controls assistance for implementation
9 HCA/Behavioral Health	Cerner Millennium (IRIS) 2004.01	integrated e-medical record system	High		Internal security assesement by HCA (2005)
10 HCA/Medical Billing	Public Health Billing - Practice Expert Plus	patient data & billing of all claim types for clinics	High		Internal review of access management by HCA (2004)
11 Human Resources Department	CAPS Advantage 2.2 (upgrade to CAPS* 3.8 awaiting BOS approval)	personnel management	High		#2246 CAPS Upgrade Readiness (2002), #2522 1st & Final Follow-Up Audit (2005)
12 Human Resources Department	CAPS Advantage 2.2 (upgrade to CAPS* 3.8 awaiting BOS approval)	position control	High		#2246 CAPS Upgrade Readiness (2002), #2522 1st & Final Follow-Up Audit (2005)
13 OC Community Services/OC Housing	Housing Pro (HAPPY)	manage section 8 housing assistance	High		#2724 Audit of Housing Assistance Payments & ltd IT coverage (2008)
14 Sheriff-Coroner	Sheriff's Data System (SDS)	automated jail system, warrant services, arrest records	High	added	
15 TTC/Tax Collector	Assessment Tax System (in process of being replaced with PTMS)	tax bill generation and collection of taxes	High		FY 08-09 Audit Plan includes controls assistance for implementation
16 TTC/Treasurer	Quantum-ORISK	treasury management system	High		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
<b>MODERATE RISK SYSTEMS</b>					
<b>CASE MANAGEMENT SYSTEMS</b>					
1 County Counsel	Case Management System (Time Matters)	case & document management for attorneys	Moderate		
2 District Attorney	CMS (Case Management System)	tracks filing status of criminal cases	Moderate		Security assessment by Foundstone (2007)
3 District Attorney	Child Abduction	track abducted children, custody disputes	Moderate		
4 District Attorney	Consumer, Major Fraud, Environmental Violations	tracks cases under investigation prior to filing	Moderate		
5 District Attorney	Special Assignment Investigations	tracks special cases under investigation prior to filing	Moderate		
6 District Attorney	Felony Projects Case Tracking	tracks felony cases under investigation prior to filing	Moderate		
7 District Attorney	Welfare Fraud Case Tracking	tracks welfare cases under investigation prior to filing	Moderate		
8 District Attorney	IRIS (Incident Reporting Information System)	records complaints, tracks disposition	Moderate		
9 HCA/Correctional Medical Services	CHART (Correctional Health Assessment Records/Tracking)& CIPS	medical records mgmt & tracking/dispensing of meds	Moderate		Internal infrastructure review by HCA (2005)
10 HCA/Public Health	Specimen Tracking	specimen tracking system	Moderate		
11 HCA/Public Health	CaseWatch	management of AIDS cases and services	Moderate		
12 HCA/Public Health/Community Nursing	Bridges for Medically High Risk Newborns (MHRN- Bridges)	client and services tracking	Moderate		
13 HCA/Public Health/MCAH	MCAH Registration/Data Collection System	patient registration, data collection, and statistics	Moderate		
14 Probation	CMS (Case Management System)	probation case management for adults and juveniles	Moderate		
15 Public Defender	CMS (Case Management System) V2.0	manage & tracks PD cases	Moderate		
16 Sheriff-Coroner	Records Management System (RMS)	collects/tracks/stores crime reports, citations, etc.	Moderate	added	
17 SSA	Orangewood Children's Home Info. System (OCIS)	used to register and track children staying at site	Moderate	new	
<b>CONSORTIA OR STATE MANAGED SYSTEMS</b>					
1 Child Support Services	Child Support Enforcement (replaced CCSAS, ARS, CC Internet)	child support case management/database	Moderate	new	
2 HCA/Public Health/CCS	Children's Medical Services Network (CMSNet) System	full-scope case mgmt (hosted at State data center)	Moderate	new	
3 HCA/Public Health/Maternal Child Health	CATS (Common Application Transaction System)	client registration and eligibility system	Moderate		
4 HCA/Public Health/WIC	ISIS (Integrated State Information System)	WIC nutritional data system	Moderate		
5 OC Community Svcs/Special Programs	JTA (Job Training Automation System)	track/report clients receiving job training	Moderate		
6 Probation	CLETS SRF (Supervised Release File) Interface	interface to statewide sys/maintain probation records	Moderate		
7 SSA	CalWin (CalWorks Information Network)	benefit management & tracking	Moderate		Audited by MG&O - external auditor (2007)
8 SSA	Child Welfare Services/Case Management Sys. (CWS/CMS)	manage child abuse referrals/cases (hosted at State)	Moderate	new	
<b>FINANCIAL &amp; FINANCIAL RELATED SYSTEMS</b>					
1 Auditor-Controller	C3PO-County Check Creation & Printed Output (replaced RxLaser)	prints checks for accts. payable, trust, welfare, payroll	Moderate		
2 Auditor-Controller	CUBS Collection System	billing and collection for various departments	Moderate		#2428-B Integrated ICR/IT Audit (2005), #2624 1st Follow-Up audit in process
3 Child Support Services	Dissomaster	calculate child support payments due	Moderate		
4 Clerk-Recorder	Cashiering system	cash receipting application	Moderate		#2244 Cashiering Sys. Implimentation Review (2002), #2565 1st & Final F-Up Audit (2005)
5 HCA	Posting System (Financial Counselors)	accts for payments rec'd for services rendered	Moderate		
6 John Wayne Airport	McGann Parking Revenue Control System	track parking revenues & ticket counts	Moderate		#2732 Lease Audit of Parking (2008 in process) & Limited IT review by JWA/QA (2008)
7 OC Parks	Parks Reservations System	park reservations & point of sale cashiering	Moderate		
8 OC Public Works	Summary Billing	automate processing of utility invoices	Moderate		
9 OC Public Works/Construction	ProgPay (Progress Payment System)	construction bids and payment management system	Moderate		
10 OC Public Works/Geomatics & Land Info	E-Commerce System	sells downloads of maps and land information	Moderate		
11 OC Waste & Recycling	Accounts Receivable (Microsoft Great Plains vEnterprise)	accts. rcble., cust. account info., landfill trans. & billing	Moderate		#2327 IT Audit (2003) & #2524 1st Follow-Up (2006) & #2626 Final Follow-Up (2007)
12 OC Waste & Recycling	Landfill Fee Collection (Paradigm)	landfill cash receipting and records tonnage info.	Moderate		#2327 IT Audit (2003) & #2524 1st Follow-Up (2006) & #2626 Final Follow-Up (2007)
13 Probation	PFS (Probation Financial System)	manages financial obligations of probationers	Moderate		A-C's mandated audit included IT coverage (2008)
14 TTC/Tax Collector	Netvantage Cashiering System	cashiering support for counter pymts of prop. Taxes	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
15 TTC/Tax Collector	Public Defender System	record collection of public defender judgements	Moderate		
16 TTC/Tax Collector	Remittance Processing System	check scanning & payment posting	Moderate		
17 TTC/Tax Collector	Tax Apportionment System	apportion taxes	Moderate		

DETAIL RISK SCHEDULE  
SORTED BY RISK RATING  
KEY INFORMATION SYSTEM INVENTORY

	DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	NEW OR ADDED	LAST AUDIT
	<b>DOCUMENT IMAGING SYSTEMS</b>					
1	Auditor-Controller & HR & CEO/IT	ERMI (Electronic Report Management & Imaging) & OnBase	financial, payroll, & HR report archiving	Moderate		Security assessment by Foundstone (2007)
2	Child Support Services	COSTARS (Online Storage and Retrieval Solution)	store and view case management documentation	Moderate		
3	OC Public Works	EDMS (Electronic Document Management System) - OnBase	manage documents electronically	Moderate		
4	Probation	EDMS (Electronic Document Management System)	electronic forms and storage of case documents	Moderate		
	<b>LAW ENFORCEMENT SYSTEMS</b>					
1	Probation	JIAS (Juvenile Intake Assessment System)	juvenile intake assessment	Moderate		
2	Probation	Risks/Needs Assessment	assess probationer needs, risks, level of supervision	Moderate		
3	Probation	Penal Code 1210 Violations system	information sharing w/HCA & drug treatment providers	Moderate		
4	Probation	AIS (Adult Intake System)	automates the first stage of the adult intake process	Moderate		
5	Probation	Adult Probationer - Shared Terms & Conditions	shares info on adult probationers w/law enforcement	Moderate		
6	Probation	CABS (Computerized Arrest & Booking System)	store photos of all probationers	Moderate		
7	Probation/Institutional Services	IMS (Institution Management System)	juvenile in-custody mgmt - booking, assessing, tracking	Moderate		
8	Sheriff-Coroner	BMC Remedy AR Systems (14 applications)	property inventory, patrol in/out, evidence, jail supplies	Moderate	added	
9	Sheriff-Coroner	Computer-Aided Dispatch (CAD)	tracks calls for service and units responding to calls	Moderate	added	
10	Sheriff-Coroner	ELETE (Enhanced Law Enforcement Telecommunications Emulator)	allows S-C access to state/fed law enforcement data	Moderate	added	
11	Sheriff-Coroner	Mobile Version 3.5	track & update emergency & non-emerg. calls for svc.	Moderate	added	
	<b>MULTI-DEPARTMENT OR MULTI-FUNCTION/ENTERPRISE SYSTEMS</b>					
1	Auditor-Controller	CAPS/Fixed Asset System (AC42)	fixed asset accounting	Moderate		
2	Clerk of the Board	ATS (Assessment Tax System)	property tax assessment appeals tracking	Moderate		
3	CEO/Finance	Brass (CAPS)	budgeting	Moderate		
4	HCA/Behavioral Health	AMS (Addiction Management System)	patient tx plans, inventory cntrl, billing, reporting	Moderate		Internal infrastructure review by HCA (2005)
5	HCA/Environmental Health	Envision	tracks field inspections/violations & generates billings	Moderate		Internal application review by HCA (2007)
6	OC Community Resources/Animal Care	Chameleon	animal care operations (kennel, veterinary, licensing)	Moderate		Internal security assessment by HCA (2005)
7	OC Public Library	SIRSI Unicorn/iBistro	patron and material information system	Moderate		
8	OC Public Works	APPS (Automated Permitting and Planning System)	enterprise system for permit processing & accounting	Moderate		FY 08-09 Audit Plan - integrated ICR/IT audit
9	OC Public Works/Ag. Commissioner	Weights & Measures	allows field inspectors to track inspection data, billings	Moderate		
10	OC Public Works/Transportation	Fleet Focus (FleetAnywhere)/Flagship Billing	complete solution for transportation fleet mgmt & billing	Moderate		FY 08-09 Audit Plan - integrated ICR/IT audit
11	Public Administrator/Public Guardian	ePAGES (Enhanced Public Administrator Guardian Electronic Sys.)	case management and accounting system	Moderate		#2528 ICR - ltd coverage of ePAGES (2005). #2636-A F-Up of ICR (2006).
	<b>PERSONNEL &amp; BENEFITS SYSTEMS</b>					
1	Human Resources Department	1992 Defined Benefits	1992 DB plan enrollment and contributions tracking	Moderate		Information in the database is audited annually by Mercer.
2	Human Resources Department	Employee Benefits Data Warehouse	provides info. on employee benefit deductions	Moderate		
3	Human Resources Department	ORS (Online Recruitment System)	obtaining/accessing transfer applications	Moderate		
4	Human Resources Department	Online Recruitment System (application svc provider NeoGov)	on-line job application management	Moderate		
5	Human Resources Department	Personnel Data Warehouse	provides info. on HR transactions and summaries	Moderate	added	
	<b>TREASURY MANAGEMENT SYSTEMS</b>					
1	TTC/Treasurer	Bloomberg	on-line securities trading	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
2	TTC/Treasurer	Deposit Order Reconciliation	automate reconciliation of deposit orders	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
3	TTC/Treasurer	Fund Accounting	fund accounting reconciliation	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
4	TTC/Treasurer	Gateway	middleware between Quantum and Bloomberg	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
5	TTC/Treasurer	GO	reconciles Quantum to Bloomberg	Moderate		#2609 Mandated audit includes ltd review of IT controls (12/31/06)
	<b>VOTING &amp; RELATED SYSTEMS</b>					
1	Registrar of Voters	Pitney Bowes Inserter/Sorter	processes absentee ballots	Moderate		
2	Registrar of Voters	EIMS (Election Information Management System)	voter registration info, election data, precinct info	Moderate		
3	Registrar of Voters	Hart Personal Voting System	vote casting and tabulation	Moderate		Audited (top to bottom) & certified by the State (2007).
4	Registrar of Voters	Campaign File Disclosure System	track political campaign financial disclosures	Moderate		
5	Registrar of Voters	Mapitude	GIS for precinct and district boundaries	Moderate		
	<b>OTHER/OPERATIONAL SYSTEMS</b>					
1	Child Support Services	Internet On-Line Forms	allows clients to apply for child support services	Moderate		
2	Clerk-Recorder	ClerkDocs	process various registrations	Moderate		
3	Clerk-Recorder	VitalDocs	issue certificates (birth, death, marriage)	Moderate		
4	Clerk-Recorder	CATS 2000	issue marriage licenses	Moderate		
5	Clerk-Recorder	Electronic Recording	electronic recording of real property documents	Moderate		
6	Clerk-Recorder	Grantor/Grantee	maintain public records for real property	Moderate		
7	Clerk-Recorder	FBN (Fictitious Business Name)	business name database and public search	Moderate		
8	HCA	COR (Custodian of Records)	tracks requests for medical and mental health records	Moderate		
9	HCA	Purchasing (Legacy Tracking System)	track and report purchases, pymts, assets	Moderate		
10	HCA/Strategic Projects Administration	Contract Services - WestMed	monitor services provided by Western Medical	Moderate		
11	John Wayne Airport/Facilities & Maint.	Ccure (Softwarehouse)	monitor entrance/exits of all secured access areas	Moderate		
12	John Wayne Airport/Facilities & Maint.	Pelco 9760 (Closed Circuit TV System)	controls CCTV system & interfaces w/Ccure system	Moderate		
13	OC Community Svcs/Office on Aging	SAMS 2000 (Senior Access Management System)	records services provided & funds used by contractors	Moderate		
14	OC Community Svcs/Veterans Service	VetProWeb	track veteran claims & report to CA Veteran's Affairs	Moderate		
15	OC Public Works/Engineering	Subdivision Database System	allows staff to manage reports on parcel map records	Moderate	new	
16	OC Public Works/Facility Operations	FM1 (Facilities Management)	manage maintenance work orders & billing countywide	Moderate		



DETAIL RISK SCHEDULE  
SORTED BY RISK RATING  
KEY INFORMATION SYSTEM INVENTORY

	DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	NEW OR ADDED	LAST AUDIT
17	OC Public Works/Permits	Transportation Permit Systems	allows staff to manage transportation permits	Moderate	new	
18	OC Public Works/Public Works	MaintStar (operations & maintenance)	track work requests for streets, sidewalk, Flood Control	Moderate		
19	Probation	VisionCad (VisionAir Computer-Aided Dispatch)	tracks personnel in field for safety/accountability	Moderate		
20	Probation	Kiosk Reporting	low risk case probationer self-reporting	Moderate	new	
21	SSA	Assessment Intervention and Management System (AIM)	provides mgmt/printing of mandated Adult Abuse rpts.	Moderate	new	
<b>LOWER RISK SYSTEMS</b>						
1	Auditor-Controller	Employee Pay Stub Portal	allows employee viewing of biweekly payroll pay stubs	Low		
2	Auditor-Controller	Training Partner	on-line tracking of employee training classes	Low	added	
3	Child Support Services	Clerk-Recorder Abstract Imaging	send document imaging to Clerk-Recorder	Low		
4	Child Support Services	Electronic Filing of Liens	file liens electronically between CSS & Clerk-Recorder	Low		
5	Child Support Services	Help Desk Database	database to enter and track help desk tickets	Low		
6	Child Support Services	Internet Content Management	update content on CSS websites	Low		
7	Child Support Services	Public Service Center Automated Check-in System	check-in sys to monitor wait & interview times	Low		
8	Child Support Services	Security Master Database	database used to display user access levels	Low		
9	Child Support Services	Swiftview ActiveX Control	view printed ARS forms on-line	Low		
10	Child Support Services	Symposium Web Client	monitor call center & reporting statistical info	Low		
11	Clerk of the Board	CAMS (Comprehensive Agenda Mgmt Solution)	board agenda management	Low		
12	Clerk of the Board	Conflict of Interest or Disclosure Docs (COI)	COI forms are scanned & tracked; also public viewing	Low		
13	Clerk of the Board	SEI-eFile (COI - Statement of Economic Interest Form 700s)	allows filing COI online & paperless retention	Low	new	
14	Clerk of the Board	Web e-Agenda Search - Intranet	agenda items acted upon by BOS can be searched	Low		
15	CEO/Finance	CEO Budget Intranet	budget information pooling application	Low		
16	CEO/Finance	CEO Budget Strategic Financial Plan Intranet	budget information pooling application	Low		
17	CEO/IT	E-Government System (eGov)	provide citizens a common web presence/portal	Low	new	
18	CEO IT/Publishing Services	Publishing Services Automated Requisitions	on-line ordering for countywide printing requests	Low		
19	District Attorney	Branch Court Services	assist investigators assigned to branch courts	Low		
20	District Attorney	Personnel Threats	tracks threats made against personnel	Low		
21	District Attorney	Petty Cash Check Generation	petty cash check generation and reconciliation	Low		
22	District Attorney	Juvenile Truancy Tracking	tracks juvenile school absences & creates documents	Low		
23	District Attorney	MCLE (Mandatory Legal Education Credit tracking)	monitors mandatory legal education classes	Low		
24	HCA/Information Technology	TouchPaper	tracks & manages IT help desk tickets	Low		
25	Human Resources Department	Online Training Registration	training class enrollment management	Low		
26	Human Resources Department	Online Volunteer Interpreter List	database of county employee interpreters	Low		
27	Human Resources Department	Virtual Rideshare Survey	commuter survey information	Low		
28	John Wayne Airport/Facilities & Maint.	Apogee (Siemens)	maintain & monitor HVAC systems	Low		
29	John Wayne Airport/Operations	FIDS/BIDS (Flight & Baggage Information System)	arrival & departure information display for the public	Low		
30	John Wayne Airport/Operations	Gatekeeper	vehicle monitoring/tracking ground transportation	Low		
31	John Wayne Airport	Panelview (Jervis Webb)	monitors baggage system operations, reports problems	Low		
32	John Wayne Airport	PropWorks (replaced ABT)	monitor contracts, leases, FBOs, concessions	Low		
33	John Wayne Airport	TAMIS (Tracor Airport Management Info Systems)	monitor airport noise levels (PASSUR & ARIS)	Low		
34	John Wayne Airport	Vesta (emergency phone system)	manages JWA emergency phone system	Low		
35	OC Community Svcs/Office on Aging	Refer (Office on Aging Information & Referral)	provides and tracks resource information for seniors	Low		
36	OC Community Svcs/OC Housing	Funds Management System	project tracking - statistical data, transaction data	Low	new	
37	OC Parks	OSO (Overage/Shortage Online Reporting System)	overage/shortage tracking for park cashiers	Low		
38	OC Public Works	Expediter II	tracks requisition, service request, invoice transmittals	Low		
39	OC Public Works	Management Status Reports (MSR) - department wide	std reporting system for OC Public Works projects	Low		
40	OC Public Works/Administration	Budget Forms Automation	tracks proposed budgets, creates summary reports	Low		
41	OC Public Works/Administration	Training Partners	track and schedule training classes for staff	Low		
42	OC Public Works/Flood Control	Project Cost Tracking	track and control project costs	Low		
43	OC Public Works/Watershed	NPDES (National Pollution Discharge Elimination System)	state mandated reporting system	Low		
44	Probation	Juvenile Hall Staff Scheduling	staff scheduling system for institutions/camps	Low	new	
45	Probation	Minute Order Electronic Exchange System (Eminute)	allows real time viewing of superior court minute orders	Low	new	
46	Registrar of Voters	IVR (Interactive Voice Response System)	voting information for public inquiry	Low		
47	TTC/Treasurer	Automatic Call Distributor - Customer Interaction Center	manage calls to TTC collections	Low		
48	TTC/Tax Collector	Check21 Implementation	sends check images to Wells Fargo for payment process	Low	new	A-C's mandated audit included IT coverage (12/31/07)
49	TTC/Treasurer	WAM (Weighted Average Maturity)	estimates weighted average maturity	Low		
<b>DISCONTINUED SYSTEMS - ALL</b>						
1	Child Support Services	ARS (ACES Replacement System)	child support case management			
2	Child Support Services	CCSAS (CA Child Support Automated System)	facilitate data sharing with other Counties/State			
3	Child Support Services	Credit Card Internet Solution	accept on-line credit card payments for child support			
4	Child Support Services	Legal Forms	court order processing and filing system			
5	Child Support Services	Tracker	bar-coding sys. used to track child support case file loc.			
6	HCA/Public Health/MCAH	MCAH Registration/Data Collection System	patient registration/data collection (integrated into IRIS)			
7	HCA/Public Health/Specialized Nursing	Senior Health Outreach & Prevention Program (SHOPP)	client and services tracking (integrated into IRIS)			
8	OC Public Works	Code Enforcement Internet Module	code enforcement data via internet (now part of APPS)			



DEPARTMENT	APPLICATION/SYSTEM	DESCRIPTION	RISK RATING	NEW OR ADDED	LAST AUDIT
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NON-CRITICAL OR OTHER SYSTEMS REMOVED - ALL			
1	CEO/IT	ELVIS (Electronic Labor Verification Info System)	work request tracking system
2	CEO/IT	GUARD (Global User Access Request Database)	administers & tracks database access
3	CEO/IT	NSD Portal	project tracking and requests for Network Services
4	CEO/IT/Telephone Services	DMS (Directory Management Services)	automate annual County directory
5	CEO/IT/Telephone Services	eTSR (Telephone Service Request)	submission, approval, processing of TSRs
6	CEO/IT/Telephone Services	Telephone Directory	allows County users to look up phone nos. of employees
7	CEO/IT/Telephone Services	Telephone Management System (TMS)	OCTNET database including TSR tracking
8	Child Support Services	ARS Web Report Tool	run ARS statistical reports - data is now read only
9	Child Support Services	Data File Exchange - CalWin (CalWorks Information Network)	data file exchange between ARS & CalWin (ARS replaced)
10	Child Support Service	Open Scan Payment Processing	functionality has been reduced to read-only images
11	HCA/Public Health/CCS	ChildWatch	medical case mgmt & fincl assist - historical info only
12	OC Public Works	AFNS Module	transmits refund data (actually a module within APPS)
13	OC Public Works/Engineer& Permits	CPP/TUF (County Property Permits)	information on county permits - historical info only
14	OC Public Works/Transportation	Flagship Billing	motor pool billing solution (module is part of Fleet Focus)

SYSTEM COUNTS	
16	Higher Risk Systems
104	Moderate Risk Systems
49	Lower Risk Systems
169	Total Systems

169	Systems Last Year
(8)	Systems Discontinued
(14)	Systems Removed (non-critical)
22	New or Added Systems
169	Total Systems

IT Audit Coverage planned for FY 08-09