





O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

<b>Toni Smart, CPA</b>	<b>Director, Internal Audit</b>
<b>Scott Suzuki, CPA, CIA, CISA</b>	<b>Assistant Director</b>
<b>Nancy Ishida, CPA, CIA, CISA</b>	<b>Senior Audit Manager III</b>
<b>Betty Stallworth, CISA, CRISC</b>	<b>Senior IT Audit Manager III</b>
<b>Carol Swe, CPA, CIA, CISA</b>	<b>Senior Audit Manager II</b>
<b>Michael Dean, CPA, CIA, CISA</b>	<b>Audit Manager II</b>

**12 Civic Center Plaza, Room 200**  
**Santa Ana, CA 92701**

Auditor-Controller Web Site  
[www.ac.ocgov.com](http://www.ac.ocgov.com)



**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**July 11, 2017**

TO: Honorable Members, Board of Supervisors  
Members, Audit Oversight Committee

SUBJECT: FY 2017-18 Audit Plan & Risk Assessment

As the elected Auditor-Controller for Orange County, it is my great privilege to present the Auditor-Controller Internal Audit Division's Audit Plan and Risk Assessment for fiscal year (FY) 2017-18. The Auditor-Controller's responsibility, as cited in California Government Code Section 26881, includes reviewing departmental and countywide internal controls over accounting for all County offices and departments.

**Auditor-Controller's Mission Statement**

*The Auditor-Controller Office's mission is to promote public oversight, provide accountability, and support financial decision-making for the County. As the Auditor-Controller's Office carries out its vision and mission, it will conduct business with the highest ethical and due diligence standards and demonstrate commitment to the public, other County departments and agencies, and its own employees.*

We have prepared the attached Audit Plan and Risk Assessment to assist us in achieving our mission by providing a systematic approach for evaluating and improving the effectiveness and efficiency of countywide operations including risk management, governance, and internal control processes.

The Audit Oversight Committee reviewed and approved the FY 2017-18 Audit Plan and Risk Assessment on June 1, 2017. On July 11, 2017, the FY 2017-18 Audit Plan and Risk Assessment will be presented to the Board of Supervisors.

We look forward to providing professional, ethical, and reliable audit and management advisory services to the various stakeholders and citizens of Orange County during this upcoming fiscal year.

Sincerely,

Eric Woolery, CPA  
Auditor-Controller

Honorable Members, Board of Supervisors  
Members, Audit Oversight Committee  
FY 2017-18 Audit Plan & Risk Assessment  
July 11, 2017

**Attachments**

cc: Audit Oversight Committee Members  
Dr. Dave Carlson, AOC Chairman, Private Sector Member  
Mark Wille, CPA, AOC Vice Chair, Private Sector Member  
Supervisor Michelle Steel, 2<sup>nd</sup> District, Board Chairwoman  
Supervisor Andrew Do, 1<sup>st</sup> District, Board Vice Chair  
Frank Kim, County Executive Officer  
Drew Atwater (1<sup>st</sup> District), Private Sector Member  
Robert Brown (5<sup>th</sup> District), Private Sector Member  
Peter Agarwal (4<sup>th</sup> District), Private Sector Member

Other Recipients of this Report

Lilly Simmering, Deputy Chief Operating Officer  
Department Heads  
Toni Smart, CPA, Director of Internal Audit, Auditor-Controller  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Macias Gini & O'Connell LLP, County External Auditor



# Table of Contents

---

***Audit Plan & Risk Assessment  
FY 2017-18  
Audit No. 1601***

Transmittal Letter	i
FY 2017-18 Audit Plan	1
Message from the Internal Audit Division Director	1
Overview of FY 2017-18 Audit Plan	2
Annual Risk Assessment for Development of the Audit Plan	2
Risk Assessment Analysis and Trends for FY 2017-18	3
Information Technology Risk Assessment	3
Audit Universe	4
Results of Risk Assessment	6
Dedication of Resources to Audit-Related Services	6
FY 2017-18 Audit Plan Highlights	8
Auditor-Controller Internal Audit Division FY 2017-18 Audit Plan	9
Audit Plan Footnotes	19
Appendix	20
Attachment A: Internal Audit Division Organization Chart	21
Attachment B: Risk Assessment Schedule for Fiscal Year 2017-18	22
Attachment C: Schedule of 10-Year Prior Audit Coverage	23

---



# FY 2017-18 Audit Plan

---

## Message from the Internal Audit Division Director

The role of information technology (IT) risks, controls, and audits have become a critical mechanism for ensuring the integrity of information systems and the reporting of County finances. IT auditing is a fundamental part of the Auditor-Controller Internal Audit Division (A-C/IAD) because it supports the quality of the information technology processed by computer systems. For FY 2017-18, the Audit Plan includes audit hours necessary for A-C/IAD to complete a comprehensive Countywide IT Risk Assessment to ensure our limited IT audit staff resources are covering the County's highest IT risks.

One critical audit this fiscal year is an audit of the Auditor-Controller IT Division's general controls over the IT environment and will include computer operations, access to programs and data, and program development and changes. These controls are the foundation of the IT control structure and help ensure the integrity of billions of dollars in financial data processed in the County's financial system. Further, our audit plan partners with County management by performing IT audits requested by various County departments and through participation in the Cyber Security Remediation Assessment Team, in an advisory capacity, as they complete the cyber security self-assessment.

In addition to IT, our audit focus this fiscal year is to assess internal controls over department billing practices. The Audit Plan has two audits that review billing practices for law enforcement and animal care services reimbursed by contract cities. Our audits will assess whether billings are accurate, reasonable, and properly allocated to city contracts. Two other audits will review internal billings to County departments for services provided.

Other significant audits this fiscal year include reviewing Mental Health Services Act (Proposition 63) disbursements, countywide accounts receivable controls, and capital asset accounting of computer related equipment to ensure accurate reporting in the County's Comprehensive Annual Financial Report (CAFR).

We continue to partner with OC Community Resources to perform lease audits and monitoring of third-party providers receiving federal grant funds. Our Audit Plan will include review of CEO Real Estate's lease management processes and systems, and ongoing oversight over the County's leases in coordination with County departments.

Lastly, our Audit Plan includes audits required by Government Codes. We will continue to support our external auditors by providing one dedicated staff to assist in auditing the County's CAFR.

If you have any questions, please contact Toni Smart, Director of A-C Internal Audit Division, at (714) 834-5442.



# FY 2017-18 Audit Plan

## Overview of FY 2017-18 Audit Plan

A-C Internal Audit Division (A-C/IAD) utilizes professional standards and guidelines for the development of the annual Audit Plan. These professional standards require that we establish a risk-based plan to prioritize audits, obtain senior management input during development of the plan, and coordinate audit efforts with external auditors.

We are dedicated to completing our Audit Plan which includes some flexibility to be responsive to directives for audit services from the Board of Supervisors (BOS) and Audit Oversight Committee (AOC).

Our audit services are focused on improving the County's financial and reporting condition covering standard business processes/cycles common to all departments with our primary emphasis on financial accounts and transactions.

The FY 2017-18 Audit Plan includes examination of internal control as established in the framework designed by the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework Principles. This framework covers organizational objectives of operations (effectiveness of internal controls, efficiency of business processes, safeguarding of assets), reporting (external and internal financial and non-financial), as well as compliance including adherence to laws, regulations, and policies and procedures. The framework consists of five components (control environment, risk assessment, control activities, information and communication, and monitoring) that are broken down into 17 principles and 77 points of focus.

Examples of these audits in our Audit Plan include: (1) Internal Control Audits, (2) Financial Audits and Mandates, (3) Information Technology Audits, and (4) Revenue Generating Lease Audits. Reports from these audits contain opinions regarding the status of internal controls or the County's compliance with grant or other governing provisions, and include recommendations to management regarding improvements to specific processes and internal controls. For each audit in the Audit Plan, we have listed the department, preliminary audit objectives, and estimated hours to complete the audit.

## Annual Risk Assessment for Development of the Audit Plan

Generally Accepted Government Auditing Standards (Yellow Book) and 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. A-C/IAD completed a Risk Assessment for FY 2016-17 (prior year) as a means to help identify, measure, and prioritize potential audits based on the level of risk to the County.

For this year's Risk Assessment, we rolled forward the FY 2016-17 Risk Assessment results; however, the results were updated based on individual meetings with members of the BOS, the County Executive Officer, and County external auditors to obtain input on audit areas and discuss County risks. We also considered new funds added to the County Chart of Accounts and reviewed these with the Auditor-Controller's Central Accounting Operations Division.





# FY 2017-18 Audit Plan

---

We design our “risk-based” Audit Plan to address what we consider to be the highest priority areas, while limiting the scope of work to what can realistically be accomplished with available staff resources. Our risk ratings are based on current information that fluctuates frequently given the nature, diversity, size, and impact of County operations on the public, as well as the “risk appetite” of the AOC. Our Audit Plan is submitted, publicly discussed, reviewed, and approved by the AOC prior to the beginning of each fiscal year.

## Risk Assessment Analysis and Trends for FY 2017-18

A department with a high risk score indicates the services or functions it is responsible for are, by nature, a high priority 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 controls are not adequate. Accordingly,

1. We are committed to prioritizing and auditing business activities or processes identified as “high risk” within the current fiscal year. Our approach is to provide coverage of the most critical or sensitive aspects of the activity identified. We do make exceptions to this in regards to any audits that are “carryovers” from the prior year, where there has been recent audit coverage, or if our professional judgment determines otherwise.
2. Any audit requests made by the BOS, AOC, or department head become a “high priority” area to audit.
3. Our commitment is to perform focused audits that address the most critical areas of operations and to provide a quick turnaround time to the client. We strive to minimize the disruption to client operations through this approach.
4. The passage of time is not a key factor in allocating audit resources. Our risk-based assessment is driven by numerous risk factors and is the reason we do not have a firm cycle of audits.

Our Risk Assessment for the previous fiscal year (FY 2016-17) found County departments were facing increasing compliance requirements which demanded resources and supervision to mitigate negative impacts that could result from non-compliance. Departments are likely to be continuing the adjustment to new department heads and other executive/senior management and keeping pace with technology and evolving cyber security threats.

Each of these factors can impact staff workload and morale, decrease the quality of supervision (as adjustments are made to new staffing models), lower the proficiency of new business processes as staff adapt to new applications, and/or decrease continuity of operations as requisite knowledge departs with senior staff separation.

## Information Technology Risk Assessment

A formal IT Risk Assessment is currently planned as a collaborative initiative with the County’s external auditors. The external auditor will assist A-C/IAD in identifying areas of IT risks within the Information Systems Audit and Control Association (ISACA) and IIA Guidelines. The risk assessment methodology entails a two phase approach.





# FY 2017-18 Audit Plan

Phase I will identify inherent IT risk indicators for all departments/agencies in the County and is based on threats of theft/damage/denial to IT or information resources and the inherent vulnerabilities of people, processes, and technology. We will conduct a survey of County departments/agencies and summarize the results. A risk ranking will be developed of each risk indicator. A-C/IAD will participate in the process, provide input, and approve Phase I results.

Phase II will risk rank departments/agencies based on information obtained from evaluating the IT control environment. In Phase II, we will meet with County department/agencies and obtain information pertaining to IT Governance, Risk, and Monitoring. The end result will be a prioritized risk-based diagram (heat map) of IT risks for development of future Audit Plans.

The IT Risk Assessment performed to create the FY 2016-17 Audit Plan will be leveraged for developing the Audit Plan until the comprehensive IT risk assessment is completed. The FY 2017-18 Audit Plan will be amended to incorporate high risk IT areas identified in the comprehensive IT Risk Assessment once Phase II is completed.

## Audit Universe

There are several approaches to defining an audit universe (all areas subject to risk assessment and audits). We defined the County audit universe as 20 departments, including the Board of Supervisors and excluding the Office of the Performance Auditor and Office of Independent Review.

Our audit universe is further defined by nine standard business processes/cycles (see Table 1 below) and information technology common to all departments (except one which applies only to departments with revenue generating lease agreements), with our primary emphasis on financial accounts and transactions. This results in an audit universe consisting of 163 auditable business processes (20 departments, eight business processes/cycles, plus three departments with revenue generating lease agreements).

**Table 1. County Audit Universe**

<b>1. Cash Receipts &amp; Receivables</b>	<b>\$13.9 Billion for FY 2015-16</b>
Includes the receipting, recording, transferring, depositing, safeguarding, and reconciling of monies received in departments. Cash receipts have a high inherent risk of misuse.	
<b>2. Cash Disbursements &amp; Payables</b>	<b>\$5.2 Billion for FY 2015-16</b>
Includes verifying receipt of goods/services, adequacy of supervisory reviews and approvals, timeliness of invoice processing, completeness and accuracy of payments, proper reconciliations, and safeguarding of assets.	
<b>3. Fee-Generated Revenue</b>	<b>\$776 Million for FY 2015-16</b>
Includes audits of 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 are submitted to the Board of Supervisors for approval.	
<b>4. Purchasing and Contracts</b>	<b>\$972 Million for FY 2015-16</b>
Includes use of County-issued purchasing cards, vendor payment review/approval process, ensuring terms of contracts were met prior to issuing payments, reviewing justification of sole source contracts, and monitoring CPO's oversight responsibilities.	

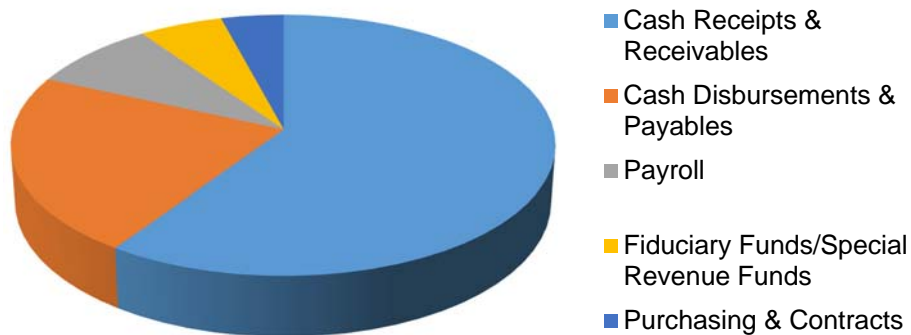


# FY 2017-18 Audit Plan

<b>5. Revolving Funds</b>	<b>\$6 Million for FY 2015-16</b>
Includes validating compliance with the County Accounting Manual, ensuring revolving cash fund disbursements are proper, approved, monitored, and safeguarded.	
<b>6. Payroll</b>	<b>\$2 Billion for FY 2015-16</b>
Includes timekeeping practices in departments that use the VTI time reporting system or in-house developed payroll system (e.g., Sheriff), premium and overtime pay practices, payroll unit supervision and payroll reports, Central Payroll's role in processing payroll, and monitoring for unauthorized payroll changes.	
<b>7. Fiduciary Funds/Special Revenue Funds</b>	<b>\$1.3 Billion for FY 2015-16</b>
Includes validating the purpose/objectives of fiduciary/special use funds, ensuring sources and uses of the funds are in accordance with stated use, and reconciliations are prepared timely/completely to safeguard funds.	
<b>8. Information Technology</b>	
Audit of IT controls including general controls, application controls, and system development. Includes use of Computer Assisted Audit Techniques (CAATs) that is cited as a best practice and provides audit coverage applied to large populations of data and the resulting output is further verified and validated.	
<b>9. Revenue Generating Leases</b>	<b>\$222 Million for FY 2015-16</b>
Audit of the records of businesses with revenue generating leases at OC Community Resources, John Wayne Airport, and OC Public Works to ensure the correct amount of rent is paid to the County based on a percentage of gross receipts, and that internal controls are adequate to ensure the integrity of records used to report gross receipts.	

Note: FY 2015-16 data was used as this was the most recent complete fiscal year data available.

**Figure 1. Distribution of Total Amounts to Business Processes/Cycles**



Note: Revolving Funds, Revenue Generating Lease Audits, and Fee Generated Revenue are of insignificant amounts to be depicted in this figure.



# FY 2017-18 Audit Plan

---

Our *Risk Assessment Schedule* at Attachment B shows the 163 auditable business processes and assigned risk ratings. We consider the following factors in assigning risk levels:

- **Financial Activity/Volume**: (50%) Assessed department financial information for each auditable business process.
- **Department Changes**: (20%) 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**: (20%) Assessed factors related to changes in the operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, pending litigation, and business continuity.
- **Last Audit Performed**: (10%) Identified all Internal Control Audits, Financial Audits & Mandates, and Performance Measure Validations conducted in the last 10 years. Areas with no recent or prior audits are assessed higher risk (see Attachment C).

## Results of Risk Assessment

Using the above criteria, an overall risk and audit priority level is assigned as High Priority, Moderate Priority, or Low Priority. The overall risk levels assigned determine the focus of our audit resources and audit priorities.

Priorities of the 163 auditable business processes we identify in our *Risk Assessment Schedule for Fiscal Year 2017-18* (Attachment B) are as follows:

- 23 (14%) are High Priority
- 89 (55%) are Moderate Priority
- 51 (31%) are Low Priority

## Dedication of Resources to Audit-Related Services

Our Audit Plan is based on **29,310 direct audit hours** to be provided by 15 audit professionals, three Senior Audit Managers, and the Assistant Director of A-C/IAD. Audit hours for the Director of A-C/IAD are not included.

Because of our budget and staffing constraints, we evaluate all audit requests based on our risk assessment criteria. Special request audits from the BOS, AOC, and/or department directors are weighted higher.

***Note: We judgmentally select the highest priority audits that we can realistically address with our existing audit staff resources. Audits that cannot be accommodated are recorded into our Risk Assessment for future consideration.***

Our FY 2017-18 Audit Plan is detailed beginning on page 9.



# FY 2017-18 Audit Plan

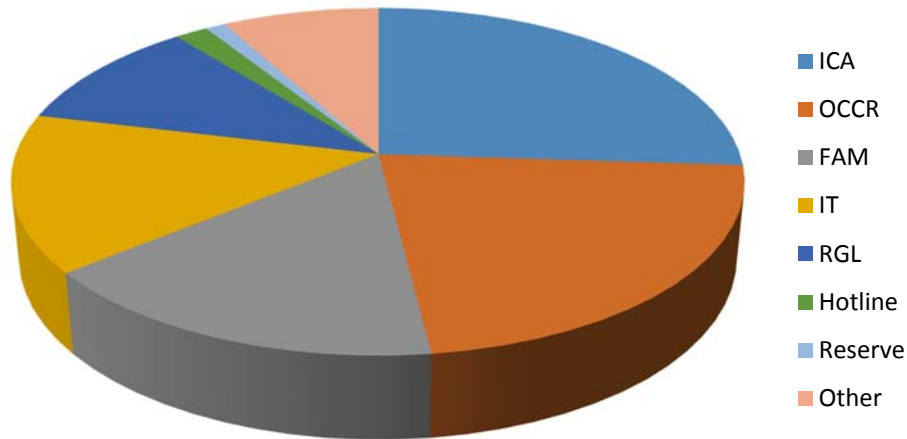
**Table 2. Audit Areas**

Audit Area	Objective	Hours	%
<b>Internal Control Audits (ICA)</b>	Review departmental operations (effectiveness, efficiency, safeguarding of assets), reporting (internal and external, financial and non-financial), and compliance (laws, regulations, procedures, etc.) objectives as related to the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls – Integrated Framework Principles. Evaluate departmental application of the framework’s five components of internal control (control environment, risk assessment, control activities, information & communication, and monitoring) inclusive of 17 control principles and 77 points of focus.	7,630	26%
<b>OCCR Fiscal Monitoring</b>	Federally mandated reviews of third-party Office on Aging and Community Investment Division grant subrecipients. OCCR Fiscal Monitoring also performs cash compliance audits of OCCR operations and monitoring of dispute resolution subrecipients. This function performs management advisory services and its report distribution is limited.	6,450	22%
<b>Financial Audits &amp; Mandates (FAM)</b>	Determine that financial statements are fairly stated in accordance with applicable professional standards, financial statements are supported by sound internal controls, and management complied with applicable laws, regulations and grant requirements. These audits are conducted in accordance with Generally Accepted Auditing Standards of the United States and/or Governmental Auditing Standards issued by the U.S. Comptroller General.	4,710	16%
<b>Information Technology Audits (IT)</b>	Audits of information technology controls (i.e., general controls, application controls) and system development.	4,300	15%
<b>Revenue Generating Lease Audits (RGL)</b>	Ensure lessees report and pay the correct amount of rent to the County based on a percentage of gross receipts and that internal controls are adequate to ensure the integrity of records used to report gross receipts. Our audits also identify ambiguities and omissions in the contracts that may disadvantage the County. These critical audits are performed at the request of OCCR.	3,060	10%
<b>Financial Fraud Hotline Referrals</b>	Ensure proper handling of reports of alleged financial waste, fraud, and abuse of County resources.	500	2%
<b>Reserve for BOS and AOC</b>	Hours reserved for special request audits from the Board of Supervisors and Audit Oversight Committee.	300	1%
<b>Other Audit Activities</b>	Tracking cash losses; providing technical assistance to departments on business, accounting, internal control, compliance, and policy and procedural issues; performing the annual risk assessment; obtaining Special Districts’ and Joint Power Authorities’ financial statements; compiling and presenting External Audit Activity Reports to the AOC; and, for FY 2017-18, updating A-C/IAD audit policy and procedures.	2,360	8%
<b>TOTALS</b>		<b>29,310</b>	<b>100%</b>



# FY 2017-18 Audit Plan

Figure 2. Distribution of Audit Hours to Audit Areas



**Interchangeability of Planned Audits/Time Permitting Audits.** The annual Audit Plan is subject to change for such events where the Auditor-Controller, Director of A-C Internal Audit Division, or AOC assesses it is warranted to substitute, postpone, or cancel a planned audit due to timing, priority, resource, and risk considerations. The submission of these scheduled audits, and approval by the AOC, enables the Director of A-C Internal Audit Division to substitute the scheduled audits with a “Time Permitting Audit.” Time Permitting Audits are noted in the Audit Plan and are not assigned budgets until they are initiated.

### FY 2017-18 Audit Plan Highlights

This year, while Internal Control Audits will utilize a large portion of staffing hours, more coverage of Information Technology Audits will occur with the re-staffing of our IT audit function (now three dedicated Full-Time Employees).

Some of the Internal Control Audits we will undertake involve departmental billing for County provided services (law enforcement for contract cities and the Harbor Patrol, Public Works, and Animal Care), Proposition 63 Mental Health Services Act, and countywide accounts receivable.

Our audit plan will cover areas of identified high risk and will partner again with the County’s external auditor in an effort to reduce the amount of work required to audit the County’s Comprehensive Annual Financial Report (CAFR). Financial Mandated Audits will continue with review of the Treasurer’s activities.

The Auditor-Controller will continue to provide audit services to OCCR of its revenue generating leases and third-party grant recipients.

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 release of the First Follow-Up Audit report. We bring to the AOC’s attention any audit recommendations we find still not addressed, resolved, or mitigated by the Second Follow-Up Audit.



# FY 2017-18 Audit Plan

## Auditor-Controller Internal Audit Division FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Internal Control Audits</b>			
<b>Mental Health Services Act (Proposition 63) Disbursements</b> <i>FY 2015-16 expenditures of \$116 million, fund balance of \$242 million.</i>	HCA/PG	<i>To assess internal controls over expenditures related to the Mental Health Services Act to ensure expenditures are in accordance with the local plan, are accurate, valid, properly approved, supported, recorded, and reconciled. Audit may include reimbursements to other County departments.</i>	500
<b>Countywide Accounts Receivable Controls</b> <i>Balance of receivables is approximately \$621 million at 6/30/2016.</i>	Countywide	<i>To assess countywide internal controls over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.</i>	700
<b>Procurement/Contract Administration</b> <i>FY 2015-16 lease revenue of approximately \$104 million.</i>	CEO/Real Estate	<i>To assess internal controls over CEO Real Estate's lease management processes and systems. Audit will include review of CEO Real Estate's ongoing oversight over the County's leases in coordination with County departments.</i>	400
<b>Billing of Law Enforcement Services to Contract Cities</b> <i>OCSD's billing to contracted cities was approximately \$114 million in FY 2015-16.</i>	OCSD	<i>To assess internal controls over OCSD's billing for law enforcement services to contract cities to ensure costs are accurate, reasonable, and properly allocated and billed to city contracts.</i>	600
<b>Capital Assets</b> <i>The initial total pricing for the Xerox five-year contract (ultimately assigned to Atos) is \$133.5 million.</i>	OCIT	<i>To assess internal controls over OCIT's oversight of Xerox/Atos' management of computer related assets to ensure assets are properly inventoried, valued, correctly depreciated, and properly recorded in the County's financial statements.</i>	400





# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Internal Control Audits (con't)</b>			
<p><b>Billing of Animal Care Services to Contract Cities</b></p> <p><i>OCCR Animal Care billing of services to cities of approximately \$10 million in FY 2015-16.</i></p>	<p>OCCR/ Animal Care</p>	<p><i>To assess internal controls over OCCR Animal Care's billing of animal care services to contract cities to ensure costs are accurate, reasonable, and properly allocated to contract cities. Audit will include Chameleon system application controls, recovery of prior year write-offs, and accumulating reserves to meet capital requirements for the future animal care location.</i></p>	<p>600</p>
<p><b>Billing of Public Works Services to County Departments</b></p> <p><i>OCPW billing of services to other County departments of approximately \$59 million in FY 2015-16.</i></p>	<p>OCPW</p>	<p><i>To assess internal controls over OC Public Works' billing of services to County departments to ensure costs are accurate, reasonable, and properly allocated.</i></p>	<p>600</p>
<p><b>ResCare Workforce Services Contract Oversight and CalWORKs Disbursements (1625)</b></p> <p><i>Carryover from FY 2016-17</i></p> <p><i>FY 2015-16 expenditures include \$265 million for Family Self-Sufficiency, \$261 million for CalWORKs administration and assistance, and \$929,000 for Refugee Services administration and assistance.</i></p> <p><i>FY 2015-16 ResCare contract of approximately \$11.8 million. Five-year funding award for the period July 1, 2016 through June 30, 2021 estimated at approximately \$55 million.</i></p>	<p>SSA</p>	<p><i>To assess SSA's oversight over the contract with ResCare Workforce Services for provision of job and employment services. Audit objective may include assessing the cost of program performance.</i></p> <p><i>Evaluate internal controls over Family Self-Sufficiency disbursements, which include CalWORKs and Refugee Services.</i></p>	<p>400</p>
<p><b>Countywide Audit of New Travel &amp; Meeting Policy Implementation (1626)</b></p> <p><i>Carryover from FY 2016-17</i></p>	<p>Countywide</p>	<p><i>To assess countywide implementation of the new travel and meeting policy and internal controls over disbursements.</i></p>	<p>300</p>





# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Internal Control Audits (con't)</b>			
<p><b>OCCR/Dana Point Harbor Procurement (1628)</b>  <i>Carryover from FY 2016-17  FY 2015-16 procurement approximately \$5.5 million.</i></p>	<p>OCCR/  Dana Point  Harbor</p>	<p><i>To assess OCCR/Dana Point Harbor's internal controls over procurement processes/systems for compliance with the Contract Policy Manual.</i></p>	<p>400</p>
<p><b>Procurement/Contract Administration (1631)</b>  <i>Carryover from FY 2016-17  FY 2015-16 procurement approximately \$179 million.</i></p>	<p>HCA/PG</p>	<p><i>To assess HCA/PG's procurement processes and systems for compliance with requirements in the Contract Policy Manual and for contract administration. Audit scope may include assessing HCA/PG's management of federally funded programs to ensure HCA/PG and vendors are in compliance with federal, state, and County regulations.</i></p>	<p>450</p>
<p><b>Procurement/Contract Administration (1521)</b>  <i>Carryover from FY 2016-17  FY 2015-16 procurement approximately \$286 million.</i></p>	<p>CEO</p>	<p><i>To assess the CPO's internal controls over procurement processes, systems, compliance, and oversight.</i></p>	<p>400</p>
<p><b>Billing of Law Enforcement Services for Harbor Patrol and Airport Police Services (1632)</b>  <i>Carryover from FY 2016-17  Harbor Patrol billing was approximately \$13.5 million in FY 2015-16 and Airport Police Services billing was approximately \$15.7 million, total of \$29.2 million.</i></p>	<p>OCSD</p>	<p><i>To assess the Sheriff Department's internal controls over billing for Harbor Patrol services and Airport Police Services.</i></p>	<p>450</p>
<p><b>OCIT Internal Service Fund (ISF) Billing Rates to County Departments (1627)</b>  <i>Carryover from FY 2016-17  FY 2015-16 operating revenue of \$69.3 million, increase in net position of \$6.6 million.</i></p>	<p>OCIT</p>	<p><i>To assess OCIT's internal controls for developing voice and data service rates for billing county departments/agencies on a cost reimbursement basis and recording to the Information Technology ISF.</i></p>	<p>200</p>



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Internal Control Audits (con't)</b>			
<p><b>First Follow-Up Audits</b></p> <p>OC Parks Fund 405 (1422)</p> <p>OC Dana Point Harbor Fund 108 (1423)</p> <p>Sheriff Special Revenue Funds (1520)</p> <p>Countywide Fiduciary Funds (1519)</p> <p>Procurement/Contract Administration – CPO and A-C (1521 and 1522)</p> <p>Cash Handling Activities – OCWR (1525)</p> <p>T-TC Electronic Funds Transfers Process (1583)</p> <p>OCIT ISF Billing Rates (1627)</p> <p>Countywide Audit of New Travel and Business Policy (1626)</p> <p>Revolving Cash Funds – SSA (1633)</p> <p>Payroll Controls – OCDA and Probation (1629 and 1630)</p>	Various	<p><i>Follow-up on management's implementation of audit recommendations provided in prior audit reports.</i></p>	930
<p><b>Second Follow-Up Audits</b></p> <p>Countywide Fiduciary Funds (1519)</p> <p>Selected Process and Controls – OCDA (1523)</p>	Various	<p><i>Follow-up on management's implementation of audit recommendations provided in prior audit reports.</i></p>	300
<p><b>Payroll Controls</b></p> <p><i>FY 2015-16 OCSD payroll is approximately \$582 million.</i></p> <p><i>Time Permitting Audit</i></p>	OCSD	<p><i>To assess internal controls over payroll processing at OCSD to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.</i></p>	0



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Internal Control Audits (con't)</b>			
<b>Procurement/Contract Administration</b> <i>FY 2015-16 procurement approximately \$27.9 million.</i> <i>Time Permitting Audit</i>	OCWR	<i>To assess internal controls over revenue sharing agreements/royalty contracts to ensure payments are received based on contract terms.</i>	0
<b>Insurance Liabilities</b> <i>FY 2015-16 liability of \$160 million.</i> <i>Time Permitting Audit</i>	CEO	<i>To assess internal controls over recording insurance claims payable in the Workers' Compensation ISF.</i>	0
<b>Total Internal Control Audits</b>			<b>7,630</b>
<b>OCCR Fiscal Monitoring</b>			
<b>Third Party Grant Subrecipient Fiscal Monitoring – OCCR Office on Aging &amp; Community Investment Divisions and Dispute Resolution</b> <i>FY 2016-17 subrecipient contracts are approximately \$20.6 million.</i>	OCCR	<i>To assess grant subrecipients' federal expenditures to ensure federal funds are used for authorized purposes in compliance with federal statutes, regulations, and County policy. Also, to monitor court-funded Dispute Resolution subrecipients.</i>	6,340
<b>First Follow-Up Audits</b> <b>OC Public Library Cash Compliance Audit</b> <i>FY 2015-16 cash receipts approximately \$800,000.</i>	OCCR	<i>Follow-up on management's implementation of audit recommendations provided in the prior audit report.</i>	110
<b>Total OCCR Fiscal Monitoring</b>			<b>6,450</b>



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Financial Audits &amp; Mandates</b>			
<p><b>Quarterly Review of the Schedule of Assets – as of 9/30/2017, 12/31/2017, and 3/31/2018</b></p> <p><b>Audit of the Schedule of Assets as of June 30, 2017</b></p> <p><i>Assets held in the County Treasury at 6/30/2016 approximately \$8.3 billion</i></p>	T-TC	<i>To review information presented on the Schedule of Assets held by the County Treasury pursuant to Government Code Section 26920.</i>	1,940
<p><b>Quarterly Investment Compliance Monitoring – Quarters Ended 6/30/2017, 9/30/2017, 12/31/2017, 3/31/2018, and 6/30/2018</b></p>	T-TC	<i>To assess whether funds managed by the Treasurer are in compliance with certain provisions of the Orange County Treasurer Investment Policy Statement.</i>	710
<p><b>Mandated Audit of Probation Juvenile Records and Accounts for the Two Years Ended 6/30/2017</b></p> <p><i>Probation account fund balance related to juvenile records at 6/30/2016 approximately \$2.6 million.</i></p>	Probation	<i>To audit the Probation Department records and accounts related to juvenile reimbursements, fines and restitutions, and other payments, as required by Chapter 2, Section 275(b) of the California Welfare and Institutions Code.</i>	700
<p><b>Mandated Audit of Tax Redemption Officer for the Three Years Ended 6/30/2017</b></p> <p><i>Delinquent property taxes, interest and penalties calculated and collected for the three years ended June 30, 2016 was approximately \$192 million.</i></p>	T-TC	<i>To audit the records and accounts of the Treasurer-Tax Collector related to the tax redemption process as required by Section 4108.5 of the California Revenue and Taxation Code.</i>	600
<p><b>Assistance to Macias, Gini, &amp; O’Connell CPAs</b></p>	Countywide	<i>Provide assistance to external auditor Macias, Gini, &amp; O’Connell CPAs with the FY 2016-17 Comprehensive Annual Financial Report (CAFR).</i>	600
<p><b>Follow-Up Audits</b></p> <p><b>Treasury Funds Review 9/30/2016, Treasury Funds Audit 6/30/2016, and Unearned Revenue</b></p>	T-TC OCCR	<i>Follow-up on management’s implementation of audit recommendations provided in the FY 2016-17 audit reports.</i>	160
<b>Total Financial Audits &amp; Mandates</b>			<b>4,710</b>



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Information Technology Audits</b>			
<b>IT General Controls</b> <i>A-C maintains the County's financial system that processes billions in financial transactions.</i>	A-C	<i>To assess controls over the IT environment, computer operations, access to programs and data, program development, and program changes.</i>	550
<b>IT General Controls</b> <b>(Department Request)</b>	Probation	<i>To assess controls over the IT environment, computer operations, access to programs and data, program development, and program changes.</i>	550
<b>IT General Controls / Voter Application Controls</b>	ROV	<i>To assess controls over the IT environment, computer operations, access to programs and data, program development, program changes, and internal controls over the application. Audit objective includes ensuring the system addresses key/fundamental controls.</i>	500
<b>Project Management Audit Governance/Risk Management</b>	OCIT	<i>To assess program goals, objectives, leadership and governance/organizational alignment, scope management, risk management, communication, integrated planning, performance, and financial and staff management.</i>	400
<b>Paradigm</b> <b>(Department Request)</b>	OCWR	<i>To assess internal controls over the application. Audit objective includes ensuring the system addresses key/fundamental controls including: 1) proper segregation of duties, 2) reviews and approvals, and 3) audit trails.</i>	400
<b>Information Technology Comprehensive Risk Assessment Phase II</b>	Multiple	<i>Develop new IT risk assessment process. Phase II of the risk assessment requires evaluating each department/agency's IT control environment by obtaining information on Governance, Risk, and Monitoring.</i>	700
<b>Cyber Security Remediation</b>	Multiple	<i>Participate on Cyber Security Remediation Assessment Team and advise on cyber security self-assessment.</i>	50



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Information Technology Audits (con't)</b>			
<b>E-Pages System Implementation</b> Carryover from FY 2016-17 For DA/PA, FY 2015-16 cash receipts approximately \$11.6 million, disbursements approximately \$8.2 million. For HCA/PG, FY 2015-16 cash receipts approximately \$13.2 million, disbursements approximately \$13.7 million	HCA/PG OCDA	To advise on internal controls for the application implementation. Audit objective includes reviewing flowcharts, narratives, reconciliations, and policies/procedures developed by management to ensure the system addresses key/fundamental controls including: 1) proper segregation of duties, 2) reviews and approvals, and 3) audit trails.	350
<b>Sungard/Quantum Upgrade (Department Request)</b> Carryover from FY 2016-17 Sungard/Quantum System maintains record of cash and investment accounts totaling approximately \$8.3 billion at 6/30/2016.	T-TC	To advise on System Development Life Cycle (SDLC) internal controls. Audit objectives include project management, system functionality/integration testing, interfaces, data conversion, documentation & training, go live, segregation of duties/security, and change management.	100
<b>First Follow-Up Audit CEO/IT General Controls (1644)</b>	CEO	Follow-up on management's implementation of audit recommendations provided in the FY 2016-17 audit report.	300
<b>Computer-Assisted Audit Techniques</b>	Multiple	Develop new audit routines utilizing audit software.	200
<b>IT Audit Assistance with ICAs</b>	NA	See ICA audit of OCIT Internal Service Fund (ISF) Billing Rates to County departments above.	200
<b>Inter-County Access (Department Request)</b> Time Permitting Audit	C-R	To ensure other County departments' access to Clerk-Recorder IT resources is as prescribed by the Clerk-Recorder.	0
<b>Total Information Technology Audits</b>			<b>4,300</b>



# FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Revenue Generating Lease Audits</b>			
<b>Revenue Generating Lease Audits</b> <i>Includes: Dana Point East Basin, Dana Point West Basin, Sunset Harbor, and Parking Concepts, Inc.</i> <i>FY 2015-16 lease revenue approximately \$20.5 million.</i>	OCCR	<i>To assess whether lessee records adequately support gross receipts reported to the County and compliance with specific lease terms.</i>	2,440
<b>First Follow-Up Audits Revenue Generating Leases</b> <i>Follow-up audits will be performed as recommended by OCCR.</i>	OCCR	<i>Follow-up on management's implementation of audit recommendations provided in FY 2016-17 and FY 2017-18 audit reports.</i>	620
<b>Total Revenue Generating Lease Audits</b>			<b>3,060</b>





## FY 2017-18 Audit Plan

Audit	Department	Preliminary Audit Objectives	Hours
<b>Other Audit Activities</b>			
Division Budget	NA	NA	150
Workpaper Closeout	NA	NA	130
Reserve for Board of Supervisors' and AOC Directives	NA	NA	300
Annual Risk Assessment & Audit Plan	NA	NA	400
Financial Fraud Hotline Referrals	NA	NA	500
External Audit Reporting	NA	NA	300
Technical Assistance to Other Departments	NA	NA	200
Reports for the Board of Supervisors and AOC	NA	NA	300
Cash Losses	NA	NA	100
Auditing Standards & Updates	NA	NA	80
Special Districts'/Joint Powers Authorities' Financial Statements Monitoring	NA	NA	100
TeamMate Administration	NA	NA	100
A-C Internal Audit Division Policy and Procedure Update	NA	NA	500
<b>Total Other</b>			<b>3,160</b>
<b>TOTAL HOURS</b>			<b>29,310</b>



# FY 2017-18 Audit Plan

## Audit Plan Footnotes

- (1) Dollar amounts shown in this Audit Plan 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 of our final audit report.
- (2) We reserve time in our Audit Plan for BOS and AOC directives and audit adjustments. We also identify other areas or activities for possible "time permitting audits" should we have available time or as substitutes.
- (3) A-C/IAD generates several different types of reports including audit reports and status reports. In addition, A-C/IAD 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. A total project count, therefore, includes all assignments completed, not just released audit reports.
- (4) The annual Audit Plan is subject to change for such events where the Auditor-Controller, Director of Internal Audit, AOC, or BOS 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 "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.
- (5) Because of our budget and staffing constraints, we evaluate all audit requests based on our risk assessment criteria. Special request audits from the BOS, AOC and/or department heads are weighted extra during our annual risk assessment and are considered for inclusion in the Audit Plan.
- (6) For fiscal year-end reporting purposes, we consider audits completed (**Done**) as of the official release of a completed final audit report to the department head and are shown as such in our Milestones & Comments column of the AOC Quarterly Status Report.
- (7) We use an industry accepted practice in estimating the available hours at 77% for audit staff to conduct audits by deducting all paid personal leave, training, and administration so as to better estimate the direct 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.
- (8) The annual Audit Plan is based on 29,310 direct audit hours to be provided by 15 audit professionals, three Senior Audit Managers, and the Assistant Director of Internal Audit. The direct hours exclude time charges for vacation, holidays, training, administrative time, and other time not directly charged to an audit. This approach and percentage are standard within the industry.
- (9) With the merger of the former Internal Audit Department with the A-C, the primary duty of receiving County Fraud Hotline calls was transferred to County Counsel. Any financial related fraud, waste, or abuse allegations are referred to A-C/IAD for investigation.



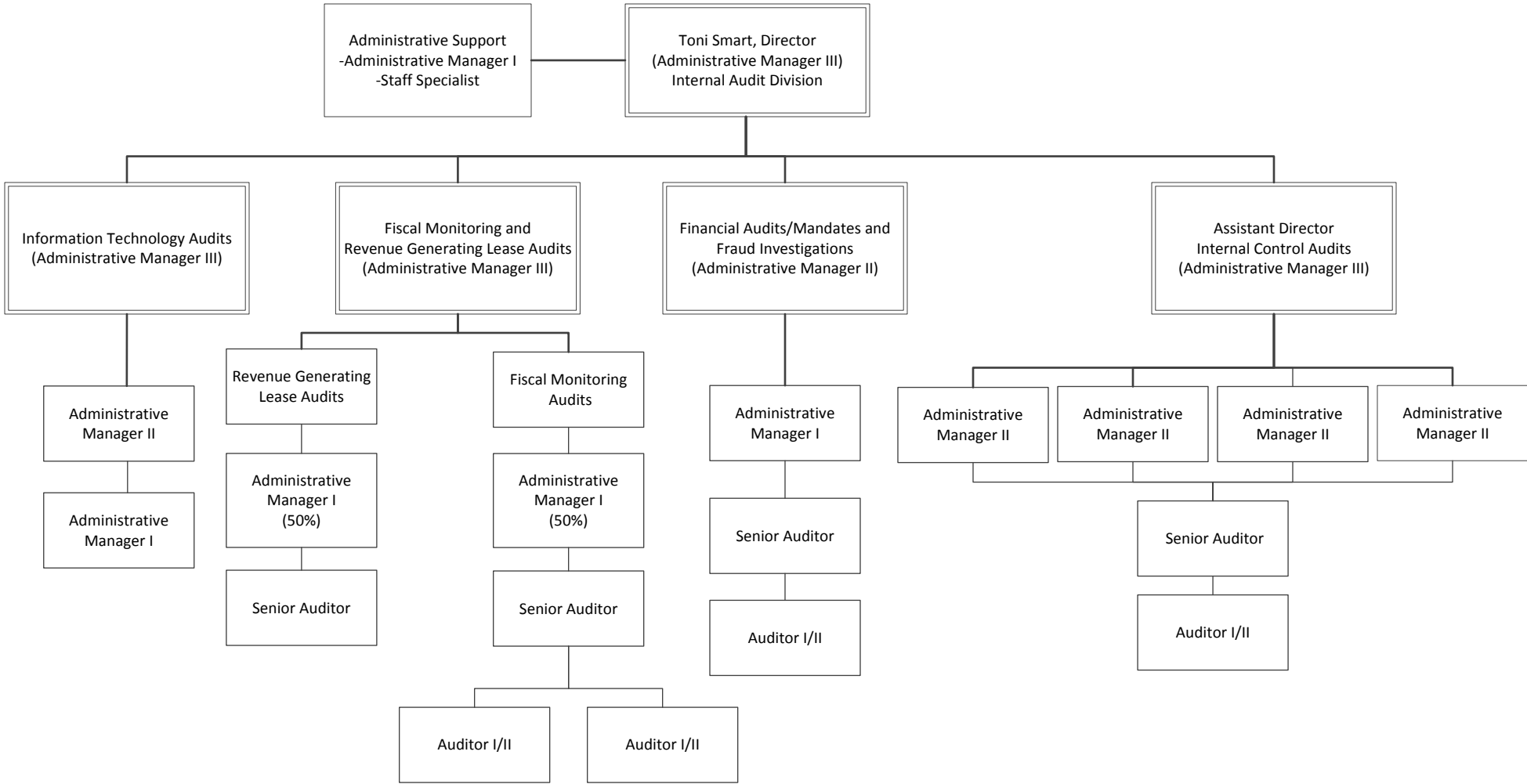
# FY 2017-18 Audit Plan

## Appendix

<b>Acronyms</b>	<b>Definition</b>
A-C	Auditor-Controller
C-R	Clerk-Recorder
CEO	County Executive Office
COB	Clerk of the Board
COCO	County Counsel
CPO	County Procurement Office
CSS	Child Support Services
HCA	Health Care Agency/Public Guardian
ISF	Internal Service Fund
JWA	John Wayne Airport
OCCR	OC Community Resources
OCDA	District Attorney-Public Administrator
OCIT	CEO/Information Technology
OCPW	OC Public Works
OCSD	Sheriff-Coroner (Orange County Sheriff's Department)
OCWR	OC Waste & Recycling
PD	Public Defender
ROV	Registrar of Voters
SSA	Social Services Agency
T-TC	Treasurer-Tax Collector



# ATTACHMENT A Internal Audit Division Organization Chart



## ATTACHMENT B: Risk Assessment Schedule for Fiscal Year 2017-18

This Risk Assessment schedule provides a summary of risk priority ratings (High, Moderate, Low) based on the results of our FY 2017-18 risk assessment, primarily for audits of Internal Controls, Information Technology and Financial Mandated Audits. The schedule also shows the planned audits for FY 2017-18. Because staffing resources are limited, we use this risk-based approach for purposes of audit planning and allocating staffing resources to areas of high priority. See Attachment C for Prior Audit Coverage.

	1. Assessor	2. Auditor-Controller	3. Board of Supervisors	4. Child Support Services	5. Clerk of the Board	6. Clerk-Recorder	7. County Counsel	8. County Executive Office	9. District Attorney-Public Administrator	10. Health Care Agency/Public Guardian	11. John Wayne Airport	12. OC Community Resources	13. OC Public Works	14. OC Waste & Recycling	15. Probation Department	16. Public Defender	17. Registrar of Voters	18. Sheriff-Coroner	19. Social Services Agency	20. Treasurer-Tax Collector	Comments	
1. CASH RECEIPTS & ACCOUNTS RECEIVABLE (\$13.9 Billion in FY 2015-16)	L	M	L	L	L	L	L	M	M	M	M	M	M	M	H	L	L	M	M	H	<b>H</b> High-priority audit areas (as determined by risk assessment and/or department request) Reflects all cash receipt transactions posted to "8010" (Cash Account) by the dept/agency that processed the transaction. Accts. Receivables reported as year-end balances.	
2. CASH DISBURSEMENTS & PAYABLES (\$5.2 Billion in FY 2015-16)	L	M	L	L	L	M	L	H	M	H	M	M	M	M	H	L	M	M	H	M	Reflects all cash disbursements including automatic (A/P) disbursements, manual disbursements, and EFT/Wire disbursements.	
3. FEE GENERATED REVENUE (\$776 Million in FY 2015-16)	L	M	L	L	L	M	M	H	M	M	M	H	H	M	M	L	M	H	M	M	<b>M</b> Moderate-priority audit areas (as determined by risk assessment) Reflects revenue from cost-recovery fees (Licenses, Permits, Franchises and Charges for Services) that are charged to the public and require BOS approval.	
4. PURCHASING & CONTRACTS (\$972 Million in FY 2015-16)	M	M	L	M	L	M	L	H	M	H	M	M	M	M	M	M	M	M	M	M	Reflects all purchases and contracts processed by depts/agencies including purchase orders, price agreements, and negotiated contracts.	
5. REVOLVING FUNDS (\$6 Million in FY 2015-16)	M	L	M	L	L	L	L	M	M	M	L	M	M	L	M	M	L	H	M	L	<b>L</b> Low-priority audit areas (as determined by risk assessment) Reflects the total revolving fund replenishments to all depts/agencies.	
6. PAYROLL (\$2 Billion in FY 2015-16)	M	M	L	M	L	L	L	M	M	M	M	M	M	M	M	L	M	M	M	L	Reflects total payroll for our audit population of the 20 depts/agencies.	
7. FIDUCIARY & SPECIAL REVENUE FUNDS (\$1.3 Billion in FY 2015-16)	L	M	L	L	L	L	L	M	M	H	L	M	M	L	L	L	L	M	M	L	Reflects year-end balances in department funds, private purpose trust funds designated for restricted purposes and use.	
8. INFORMATION TECHNOLOGY SYSTEMS & CONTROLS (131 key systems identified)	M	H	M	M	L	M	L	H	H	H	M	M	M	H	H	M	H	M	M	H	The County has 23 Higher Risk systems and 108 Moderate Risk systems.	
9. REVENUE GENERATING LEASE AUDITS (Approximately \$222 Million in annual rent)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	M	H	M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	OC Community Resources lease audits are performed under MOU; leases at JWA and OCPW are subject to audit.	
<b>AUDITS ON FY 2017-18 PLAN</b>	Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	IT General Controls; Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	Countywide Accounts Receivable	Countywide Accounts Receivable	Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	Inter-County Access; Countywide Accounts Receivable	Countywide Accounts Receivable	Real Estate Procurement/Contract Administration; CPO Procurement/Contract Administration; OCT Internal Service Fund (ISF) Billing Rates to County Departments; Capital Assets Accounting; Insurance Liabilities; IT Project Management Governance; Cyber Security Remediation; Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	E-Pages System Implementation; Countywide Accounts Receivable	E-Pages System Implementation; Procurement/Contract Administration; Mental Services Act (Proposition 63) Disbursements; Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	Countywide Accounts Receivable	Revenue Generating Lease Audits; Billing of Animal Care; OCDPH Procurement; Countywide Accounts Receivable	Billing of Public Works; Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	Procurement; Paradigm; Countywide Accounts Receivable	Mandated Audit of Juvenile Accounts and Records; IT General Controls; Countywide Accounts Receivable	Countywide Accounts Receivable	IT General Controls/Voter Application Controls; Countywide Audit of New Travel & Meeting Policy Implementation; Countywide Accounts Receivable	Countywide Audit of New Travel & Meeting Policy Implementation; Billing of Law Enforcement Services for Harbor Patrol and Airport Police Services; Billing of Law Enforcement Services for Contract Cities; Payroll; Countywide Accounts Receivable	ResCare Workforce Services Contract Oversight and CallWORKS Disbursements; Countywide Accounts Receivable	Mandated Audit of Tax Redemption; SunGard Quantum Upgrade; Quarterly Review of the Schedule of Assets; Annual Audit of the Schedule of Assets; Quarterly Investments Compliance Monitoring; Countywide Accounts Receivable		<b>Risk Assessment Approach:</b> Risk ratings were based on meetings with BOS and department/agency survey information using the following factors: - Department/Agency Changes - Operating Environment - Prior Internal & External Audits - Financial Volume and Activity - Department Audit Requests  All these factors form our basis for judging both the likelihood and impact of internal control weaknesses for each respective activity.  <b>Note: We judgmentally select the highest priority audits in the Audit Plan that we can realistically address with our existing audit staff resources. If completed, or time permitting, Internal Audit will refer to the next highest-priority areas to audit. Any high priority audits that cannot be accommodated are recorded into our risk assessment for future consideration.</b>

Total Depts./Agencies (excluding Performance Audit and Office of Independent Review)	20
Total Auditable Business Processes:	163
Low Priority Processes:	51 (31.3%)
Moderate Priority Processes:	85 (52.1%)
High Priority Processes:	23 (14.1%)

## ATTACHMENT C: SCHEDULE OF 10-YEAR PRIOR AUDIT COVERAGE

For The Period July 2007 through June 2017

	Assessor	Auditor-Controller	Child Support Services	Clerk of the Board	Clerk-Recorder	County Counsel	County Executive Office	District Attorney-Public Administrator	Health Care Agency/Public Guardian	John Wayne Airport	OC Community Resources	OC Public Works	OC Waste & Recycling	Probation Department	Public Administration/Public Guardian	Public Defender	Registrar of Voters	Sheriff-Coroner	Social Services Agency	Treasurer-Tax Collector
CASH RECEIPTS; ACCOUNTS RECEIVABLES & COLLECTIONS		09/10 Comm. Fac. District #2919; CAPS+ Fin. Impl. #2845, 2943, #1249, 1315 & 1415 Quarterly Reconciliation Compliance			2008 South Cty Branch #2723, #1159 Fund 12D		07/08 Public Finance #2722, 08/09 Bond Disclosure #2814, 09/10 Comm. Fac. District #2919, #1317 Community Facilities Districts	2006 ICR, 09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2006-2016 Annual Grants**	09/10 Case Mgmt #2923, #1325 Fiduciary Funds 10/11 Medical Billing #1018, #1420 Fund 13Y, #1619 Unearned Revenue		#1456 OC Parks Ticket Sales, 15/16 #1578 Animal Care, #1579 Library, #1655 OC Parks, #1619 Unearned Revenue	2006 RDMD OC Zoo; 08/09 Transportation Billings #2823, 09/10 Comm. Fac. District #2919, #1619 Unearned Revenue	16/17 #1525 Cash Receipts	2006 RSAT Grant; 08/09 Title IV-E Claims #2822; GPS Programs 2011, FY 15/16 #1567 Juvenile	2006 ICR, 09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2			Inmate Welfare Fund 2011	#1619 Unearned Revenue	2008, 2011, 2014 Audits of Tax Redemption Officer; 2006 NSF ICR; 1998-March 2007 Qrtly Audits & 2004-2017 Annual TFA, 2008 Interest Apportionment; 2010 Tax Collections; Admin. Budget Practices 2010, Annual Compliance 2010-2016
CASH DISBURSEMENTS & ACCOUNTS PAYABLE	16/17 #1626 Travel	07/08 Duplicate Payment; 07/08 Claims/Disb #2720; 08/09 EFT Audit #2821; 09/10 CFDs #2919; 10/11 HCA Cash Disb #1025; OCWR #1027; CAPS+ Fin. Impl. #2845, 2943; CAATS - Dup. Pymts. #1041; Ongoing CAATs 2011, #1259, 1315 & 1415 Quarterly Reconciliation Compliance		16/17 #1626 Travel	#1159 Fund 12D		07/08 Public Finance #2722; 07-08 Pension #2765; 08/09 Retiree Medical #2813; 09/10 Risk Mgmt #2921; 09/10 CFDs #2919; #1216 and 1318 OCEA Pension Enhancement, #1316 Retiree Medical, #1317 Community Facilities Districts, #1626 Travel	2006 ICR, 09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2005-2016 Annual Grants**	09/10 Case Mgmt #2923, 10/11 #1025, #1325 Fiduciary Funds #1420 Fund 13Y, #1626 Travel	07/08 ICR	07/08 Housing Choice #2724; #2820 Contracts, OCCR Disbursements 2012	07/08 Fac. Ops. ICR; 08/09 Transportation #2823; APPS #2824; 09/10 CFDs #2919; 10/11 Fleet Svcs #1028; Fuel Cards #1029, #1223 Disbursements, #1626 Travel	10/11 Cash Disb #1027	2006 RSAT Grant; 08/09 Title IV-E Claims #2822; GPS Programs 2011, #1323 AB109, 15/16 #1567 Juvenile	2006 ICR, 09/10 Case Mgmt #2923, #1325 Fiduciary Funds 2		#1626 Travel	07-08 ICR Contract Admin; 07/08 Sheriff Admin. #2766; Inmate Welfare Fund 2011; 16/17 #1626 Travel	#1625 ResCare	2007-2017 Qrtly TFA, 2007-2017 Annual TFA, 07/08 ICR Int. Apportionment; 08/09 Wire & EFT Transfers #2821; PTMS Impl. Tax Refunds; 2010 Tax Collections, #1583 Wire Transfers
FEE GENERATED REVENUE (BUDGET)		09/10 Fee Dev #2921		09/10 Fee Dev #2921	#1159 Fund 12D		09/10 Fee Dev #2921, 09/10 Pension Practices #2913, #1627 OC IT Billing		10/11 Fee Dev #1023, #1327 Env. Health Fees		#1222 Fee Dev	2011 Fee Generated revenues	10/11 Fee Dev #1023		2006 ICR 9					2010 Admin/Budget #2915
PURCHASING & CONTRACTS		16/17 #1522 Procurement					08/09 IT Contract Admin. #2827; CAPS+ Fin. Implementation #2845, 2943; CAATS - Emp-Vendor Match #1041; 2011, #1521 Procurement		10/11 Contract Admin #1030, #1631 Procurement	Tech Asst. on Improvement Plan #1008; Change Orders #1125	#2820 Contracts, 10/11 Boat Slips, #1455 Expediter, #1426 Human Services Contracts	07/08 Fac. Ops. Contract Admin. ICR; 10/11 Fleet Mgmt #1028; Fuel Card Admin. #1029, #1225 Contract Admin., #1455 Expediter	#1334 La Pata Contract, #1455 Expediter		2006 ICR 9			07/08 #2664; 07/08 P-cards and Sole Source #2766; 07/08 DMJM #2768; ICE Contract Admin 2011; City Contracts 2012	#1224 Contract Admin	
REVOLVING FUNDS	2006 #2596; Cash Advance Audit 2011, 16/17 #1626 Travel	07/08 Various Dept./Agency Revolving Fund reviews include replenishments by AC; 10/11 Rev. Fund audits - #1053 - Pub. Def, COCO.; Cash Advance Audit 2011; 16/17 #1626 Travel	Cash Advance Audit 2011	Cash Advance Audit 2011; 16/17 #1626 Travel	Cash Advance Audit 2011	FY10/11 #1055; Cash Advance Audit 2011	Cash Advance Audit 2011, 16/17 #1626 Travel	2006 #2597; 2006 ICR; Cash Advance Audit 2011	Cash Advance Audit 2011, #1626 Travel	Cash Advance Audit 2011	Cash Advance Audit 2011, #1578 Animal Care, #1579 Library	Cash Advance Audit 2011, #1626 Travel	Cash Advance Audit 2011	2006 #2598; Cash Advance Audit 2011, FY 15/16 #1567 Juvenile	2006 ICR; Cash Advance Audit 2011 4	FY 110/11 #1053; Cash Advance Audit 2011	Cash Advance Audit 2011, #1626 Travel	07/08 Sheriff Admin #2766 Cash Advance Audit 2011; 16/17 #1626 Travel	Cash Advance Audit 2011; Revolving Funds 2011, #1633 Revolving Funds	Cash Advance Audit 2011
PAYROLL		CAPS+ Payroll #2247, 07/08 VTI and Emp SS#s #2763; CAPS+ Impl. #2944; CAATS Pay. Direct Dep. #1041, #1350 Payroll						#1629 Payroll	07/08 Payroll ICR, #1350 Payroll CAATs			09/10 Payroll #2925		07/08, #1630 Payroll				08/09 Payroll #2825, #1350 Payroll CAATs	#1350 Payroll CAATs	
FIDUCIARY FUNDS (TRUST & SPECIAL DEPARTMENT FUNDS)		#1259, 1315 & 1415 Quarterly Reconciliation Compliance, #1337 Fiduciary Funds	15/16 #1519		#1159 Fund 12D, 15/16 #1519		07/08 Public Finance #2722, 09/10 Risk Management #2921; 09/10 Comm. Fac. District #2919, #1317 CFDs, #1519	09/10 Case Mgmt & Fid. Funds #2923, #1325 Fiduciary Funds, 15/16 #1519 & #1523 PA	09/10 Fid. Funds #2923, #1325 Fiduciary Funds #1420 Fund 13Y, 15/16 #1519, 1524 PG		15/16 #1423 DPH, #1519; #1422 Fund 405	15/16 #1421 Flood Fund, #1519		#1323 AB109, 15/16 #1519	2006 ICR, 09/10 Case Mgmt & Fid. Funds #2923, #1325 Fiduciary Funds 2		15/16 #1519	15/16 #1519 & #1520	#1336 Special Revenue Funds	2007-2017 Qrtly TFA & 2005-2017 Annual TFA, 2010-2016 Annual Compliance Audit, 15/16 #1519
PERFORMANCE MEASURE VALIDATIONS (PMV)				07/08 #2747		07/08 #2749	07/08 #2750, 07/08 #2753, PMV HRD 2011						07/08 #2754			07/08 #2757				07/08 #2759

This schedule shows where Internal Audit Division has performed audits of Internal Controls, Financial/Mandates, Compliance, Performance Measure Validation, Grants, and Special Request Audits since 2007.

Legend:  
 = Indicates areas of audit coverage 2007 - June 2017 (10-year prior audit coverage)  
 = Indicates areas of audit coverage 2012 - June 2017 (5-year prior audit coverage)  
 = Indicates areas of audit coverage for current FY and in process audits (FY 2016-17)