



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

PERFORMANCE MEASURE VALIDATION
OF
ORANGE COUNTY PUBLIC LIBRARY

AUDIT NUMBER: 2592

REPORT DATE: August 14, 2006

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
Audit Manager: Alan Marcum, MBA, CPA, CIA
Senior Auditor: Susan Nestor, CPA, CIA

**PERFORMANCE MEASURE VALIDATION
OF
ORANGE COUNTY PUBLIC LIBRARY**

TABLE OF CONTENTS

Transmittal Letter.....	i
INTERNAL AUDITOR’S REPORT.....	1
SUMMARY TABLE – VALIDATION RESULTS.....	3
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES	4
ATTACHMENT A: Orange County Public Library Responses	6



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT
Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

Office of the Director
DR. PETER HUGHES
Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880

EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

ELI LITTNER
CPA, CIA, CFE, CFS, CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

Transmittal Letter

Audit No. 2592

August 14, 2006

TO: John Adams, County Librarian
Orange County Public Library

FROM: *PH* Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: Performance Measure *Validation*

We have completed our Performance Measure Validation (PMV) of the Fiscal Year 2004-2005 Results included in the Fiscal Year 2006 Business Plan. The final report is attached along with your responses to our recommendations.

In developing our PMV audit process we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

Please note, beginning in January 2005, we implemented a more structured and rigorous Follow-Up Audit process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). As a matter of policy, our first Follow-Up Audit will now begin no later than six months upon the official release of the report. The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our second Follow-Up Audit will now begin at 12 months from the release of the original report, by which time all audit recommendations are expected to be addressed and implemented. However, we will not perform our follow-up until the next Business Plan cycle.

At the request of the AOC, we are to bring to their attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. The AOC requests that such open issues appear on the agenda at their next scheduled meeting for discussion.

We will provide a Follow-Up Audit Report Form to you; this template should be completed as our audit recommendations are implemented. When we perform our Follow-Up Audit by the next Business Plan cycle, we will need to obtain the completed document to facilitate our review.

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

As always, the Internal Audit Department is available to partner with the Orange County Public Library management and staff so they can successfully implement or mitigate difficult audit recommendations. The County Librarian is free to call me should he wish to discuss any aspect of our audit report or recommendations.

Additionally, we will be forwarding to the County Librarian a Customer Survey of Audit Services for completion. The County Librarian will receive the survey shortly after the distribution of this report. We appreciate the courtesy and cooperation of the County Librarian staff during our review.

Attachment

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
David L. Rudat, Interim Deputy CEO, Infrastructure and Environment
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT
Recipient of the Institute of Internal Auditors
Award for Excellence

Integrity ♦ Objectivity ♦ Independence

Office of the Director
DR. PETER HUGHES
Ph.D., MBA, CPA, CIA, CFE, CITP

MAILING ADDRESS:
400 CIVIC CENTER DRIVE WEST
BUILDING 12, ROOM 232
SANTA ANA, CALIFORNIA 92701

TELEPHONE: (714) 834-5475
FAX: (714) 834-2880

EMAIL: peter.hughes@ocgov.com
WEBSITE: www.ocgov.com/audit/

ELI LITTNER
CPA, CIA, CFE, CFS, CISA
DEPUTY DIRECTOR

MICHAEL J. GOODWIN
CPA, CIA
AUDIT MANAGER

ALAN MARCUM
MBA, CPA, CIA, CFE
AUDIT MANAGER

AUTUMN MCKINNEY
CPA, CIA, CGFM
AUDIT MANAGER

INTERNAL AUDITOR'S REPORT

Audit No. 2592

August 14, 2006

TO: John Adams, County Librarian
Orange County Public Library

SUBJECT: Performance Measure Validation

We have completed our Performance Measure Validation (PMV) of the Fiscal Year 2004-2005 Results included in the Fiscal Year 2006 Business Plan. Our audit included obtaining an understanding of the methodology in place for collecting and reporting Outcome Measure Results by interviewing key personnel, observations, and reviewing source documentation. Our audit scope did not include an assessment of the appropriateness of your Outcome Measures based on your mission, goals and objectives.

We have initiated our PMV audits at the request of the Audit Oversight Committee. Our approach is to review performance measure results, assign validation ratings, report conclusions, and make recommendations. Our validation program is designed to provide assurance to the Board of Supervisors, the County Executive Officer, and you and other stakeholders that reported Outcome Measure Results are reliable and can be utilized in decision making covering Government resources with confidence.

In developing our PMV audit process we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

We conducted our audit in accordance with the Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors and with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.

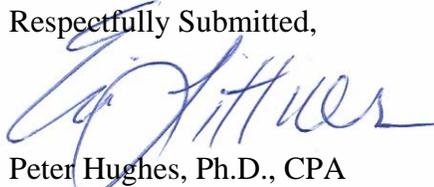
For each Outcome Measure tested, we reported the results using one of the three Rating Definitions shown below.

Rating Definitions		
5 Star	★★★★★	We found adequate supporting documentation.
4 Star	★★★★	We found adequate supporting documentation with some recommendations for improvement.
3 Star	★★★	We noted opportunities for improvement.

Based on our audit of the Fiscal Year 2004-2005 Results reported in your Fiscal Year 2006 Business Plan, we rated 50 percent of your reported Outcome Measure Results as 5 Star. We tested six (6) Outcome Measure Results and rated three (3) as 5 Star, two (2) as 4 Star, and one (1) as 3 Star. On page 3 we have provided a table (Summary Table – Validation Results) that lists for each Outcome Measure, the reported results, and our rating of the accuracy of the Orange County Public Library results. For the Outcome Measure Results that were rated a 4 Star and 3 Star, we have provided detail of these, along with recommendations for enhancements over the gathering and reporting of the Outcome Indicator Results in the Findings, Recommendations and Management Responses section of this report.

We appreciate the courtesy and cooperation extended to us during the audit by the personnel of the Orange County Public Library. If we can be of further assistance, please contact me or Eli Littner, Deputy Director at (714) 834-5899 or Alan Marcum, Audit Manager, at (714) 834-4119.

Respectfully Submitted,


FOR Peter Hughes, Ph.D., CPA
Director, Internal Audit

Attachment A – Orange County Public Library Responses

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- David L. Rudat, Interim Deputy CEO, Infrastructure and Environment
- Foreperson, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors

SUMMARY TABLE – VALIDATION RESULTS

Orange County Public Library Fiscal Year 2004-2005 Stated		Internal Audit Validation		
Outcome Measures	Results	(Highest Rating Possible) 5 Star	4 Star	3 Star
		★★★★★	★★★★	★★★
1. Add 80,000 volumes to the materials available for public use. (Key Outcome Measure #1 Strategy 1)	Added 72,237 items to the materials available for public use.	✓		
2. Add Arabic, Farsi and Russian language materials to the collection. (Key Outcome Measure #1 Strategy 2)	Added 200 items in each language.		✓ Finding #1 (See page 4)	
3. Maintain Wireless Access for Patron PCs, PDAs, etc., in Branches. (Key Outcome Measure #1 Strategy 3)	Installed “Wi-Fi” wireless access in all branches.	✓		
4. Migrate Staff and Patron Online Access to Windows XP Operating System. (Key Outcome Measure #1 Strategy 4)	Migrate to Windows XP	✓		
5. Expand Public Utilization of OCPL Website Remote Asses by the Public. (Key Outcome Measure #1 Strategy #5)	840,166 connections			✓ Finding #2 (See page 4)
6. Begin Construction of Wheeler Branch by April 1, 2006. (Key Outcome Measure #2)	Wheeler Branch designed		✓ Finding #3 (See page 5)	



DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Finding No. 1 (4 Star)

Orange County Public Library Outcome Measure: Add Arabic, Farsi and Russian language materials to the collection. (Key Outcome Measure #1 Strategy 2)

Orange County Public Library Stated Results: Added 200 items in each language.

The Board of Supervisors Internal Audit Department validation found that the stated results were not accurate. Based on our test work, 135 Arabic language materials were added to the collection, and 167 Russian language materials were added to the collection.

Recommendation No. 1

For future Business Plans establish controls to ensure that reported results are supported and properly stated.

Orange County Public Library Response:

Concur. OCPL staff will work with the vendor of our Integrated Library System to upgrade software and work processes to more accurately reflect additions to the collection of non-English language materials by June 30, 2007, although it should be noted that the discrepancy identified by the audit represents 0.41% of items added to the collection.

Finding No. 2 (3 Star)

Orange County Public Library Outcome Measure: Expand Public Utilization of OCPL Website Remote Access by the Public. (Key Outcome Measure #1 Strategy #5)

Orange County Public Library Stated Results: 840,166 connections

The Board of Supervisors Internal Audit Department validation found that Orange County Public Library did not maintain documentation to support that there were 840,166 connections.

Recommendation No. 2

For future Business Plans create written procedures for the retention of result data for all Outcome Measure Results.

Orange County Public Library Response:

Do not concur for the identified example. The number of visitors to the OCPL website has been tracked since January of 2005 by the CEO/IT Dept. For fiscal year 2004 – 05 it was necessary to extrapolate from other sources the website hits for the first six months of the fiscal year, but all future data for this Measure will be drawn from the CEO/IT's "Webtrends" report which will be maintained by CEO/IT.



Finding Nos. 3A and 3B (4 Star)

Orange County Public Library Outcome Measure: Begin Construction of Wheeler Branch by April 1, 2006. (Key Outcome Measure #2)

Orange County Public Library Stated Results: Wheeler Branch designed

- 3A.** The Board of Supervisors Internal Audit Department validation found that the Results do not support the Outcome Measure. The Outcome Measure states construction of the Wheeler Branch will begin by April 1, 2006. However, the Results indicate that the Wheeler Branch was designed.
- 3B.** The Board of Supervisors Internal Audit Department validation found that the stated results were not accurate. The Wheeler Branch design was completed in January 2006, not in Fiscal Year 04-05.

Recommendation No. 3A

For future Business Plans revise the Strategy or the Results being reported to complement each other.

Orange County Public Library Response:

Concur. In future Business Plans, proof reading will be increased to ensure the Strategy and Results will complement each other.

Recommendation No. 3B

For future Business Plans establish controls to ensure that reported results are supported and properly stated.

Orange County Public Library Response:

Do not concur. The apparent discrepancy identified by the audit confuses the original design of the Wheeler Branch, which was completed in FY 2004 – 05 as stated, with the necessary re-design of the facility required by the high bids received. The re-design, identified by the audit, was completed in January, 2006.





Orange County Public Library

1501 E. ST. ANDREW PLACE, SANTA ANA, CA 92705 (714) 566-3000

JOHN M. ADAMS
COUNTY LIBRARIAN



August 9, 2006

TO: Peter Hughes, Director, Internal Audit

FROM: John Adams, County Librarian

SUBJECT: Reply to Draft Report on Performance Measure Validation, Audit # 2592

In reply to your draft report dated June 12, 2006, we submit the following responses to your recommendations.

Recommendation No.1: For future Business Plans establish controls to ensure that reported results are supported and properly stated.

OCPL Response: Concur. OCPL staff will work with the vendor of our Integrated Library System to upgrade software and work processes to more accurately reflect additions to the collection of non-English language materials by June 30, 2007, although it should be noted that the discrepancy identified by the audit represents 0.41% of items added to the collection.

Recommendation No. 2: For future Business Plans create written procedures for the retention of data for all Outcome Measure Results.

OCPL Response: Do not concur for the identified example. The number of visitors to the OCPL website has been tracked since January of 2005 by the CEO/IT Dept. For fiscal year 2004 – 05 it was necessary to extrapolate from other sources the website hits for the first six months of the fiscal year, but all future data for this Measure will be drawn from the CEO/IT's "Webtrends" report which will be maintained by CEO/IT.

Recommendation No.3A: For future Business Plans revise the Strategy or the Results being reported to complement each other.

OCPL Response: Concur. In future Business Plans, proof reading will be increased to ensure the Strategy and Results will complement each other.

Recommendation No. 3B: For future Business Plans establish controls to ensure that reported results are supported and properly stated.

OCPL Response: Do not concur. The apparent discrepancy identified by the audit confuses the original design of the Wheeler Branch, which was completed in FY 2004 – 05 as stated, with the necessary re-design of the facility required by the high bids received. The re-design, identified by the audit, was completed in January, 2006.

Cc. David L. Rudat, Interim Deputy CEO, Infrastructure and Environment

ALISO VIEJO • BREA • COSTA MESA • COSTA MESA/MESA VERDE • COSTA MESA TECHNOLOGY • CYPRESS • DANA POINT • EL TORO • FOOTHILL RANCH
FOUNTAIN VALLEY • GARDEN GROVE/CHAPMAN • GARDEN GROVE REGIONAL • WEST GARDEN GROVE • IRVINE/HERITAGE PARK REGIONAL • IRVINE/UNIVERSITY PARK
IRVINE/WHEELER RANCH • LA HABRA • LA PALMA • LADERA • LAGUNA BEACH • LAGUNA HILLS TECHNOLOGY • LAGUNA NIGUEL • LAGUNA WOODS • LOS ALAMITOS/ROSSMOOR
RANCHO SANTA MARGARITA • SAN CLEMENTE • SAN JUAN CAPISTRANO REGIONAL • SEAL BEACH/MARY WILSON • SILVERADO • STANTON • TUSTIN • VILLA PARK • WESTMINSTER

