INTERNAL AUDIT DEPARTMENT

ORANGE COUNTY

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PERFORMANCE MEASURES AUDIT

OF

COUNTY COUNSEL'S

2006-07 KEY OUTCOME INDICATOR RESULTS

AUDIT NUMBER: 2749 **REPORT DATE: OCTOBER 3, 2007**

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The Internal Audit Department is an independent audit function reporting directly to the Orange County Board of Supervisors.

PERFORMANCE MEASURES AUDIT
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2006-07 KEY OUTCOME INDICATOR RESULTS

TABLE OF CONTENTS

Transmittal Letter i

INTERNAL AUDITOR'S REPORT 1

SUMMARY TABLE – VALIDATION RESULTS 3

DETAILED OBSERVATIONS, RECOMMENDATIONS AND
MANAGEMENT RESPONSES 5

ATTACHMENT A: COUNTY COUNSEL RESPONSE 6

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ORANGE COUNTY
BOARD OF SUPERVISORS'

INTERNAL AUDIT DEPARTMENT

Transmittal Letter

Audit No. 2749

October 3, 2007

TO: Benjamin de Mayo, County Counsel

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

SUBJECT: Performance Measures Audit of County Counsel

We have completed our Audit of County Counsel's Key Outcome Indicator Results for 2006-07 included in the 2007-08 Business Plan. The final Internal Auditor's Report is attached along with your responses to our recommendations.

In developing our performance measures 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.

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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.

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

As always, the Internal Audit Department is available to partner with County Counsel management and staff so they can successfully implement or mitigate difficult audit recommendations. Please call me should you wish to discuss any aspect of our audit report or recommendations.

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

Attachment

Other recipients of this report:
Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors

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ORANGE COUNTY
BOARD OF SUPERVISORS'
INTERNAL AUDIT DEPARTMENT

INTERNAL AUDITOR'S REPORT

Audit No. 2749

October 3, 2007

TO: Benjamin de Mayo, County Counsel

SUBJECT: Performance Measures Audit of County Counsel

We have completed our Audit of County Counsel's Key Outcome Indicator Results for 2006-07 included in the 2007-08 Business Plan. Our audit included obtaining an understanding of the methodology in place for collecting and reporting Key Outcome Indicator Results by interviewing key personnel, observations, and reviewing source documentation. Our audit scope did not include an assessment of the appropriateness of your Key Outcome Indicators based on your mission, goals and objectives.

We have initiated our performance measure 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 Key Outcome Indicators are reliable and can be utilized in decision making covering Government resources with confidence.

In developing our performance measure 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.

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For each Key Outcome Indicator 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 2006-07 Results reported in your 2007-08 Business Plan, we rated 89 percent of your reported Key Outcome Indicator Results as 5 Star. We tested all nine (9) Key Outcome Indicator Results and rated eight (8) as 5 Star and one (1) as 4 Star. In our testing, we found that one Key Outcome Indicator Result reported did not speak specifically to the Key Outcome Indicator listed. On page 3 we have provided a table (Summary Table – Validation Results) that lists for each Key Outcome Indicator, the reported results, and our rating of the accuracy of County Counsel's results. For the Key Outcome Indicator Result rated a 4 Star, we have provided detail, 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 County Counsel. If we can be of further assistance, please contact me or Eli Littner, Deputy Director at (714) 834-5899 or Alan Marcum, Senior Audit Manager at (714) 834-4119.

Respectfully Submitted,

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

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:
Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors

SUMMARY TABLE – VALIDATION RESULTS

Internal Audit Department 2006-07 Results Stated		Internal Audit Validation		
Key Outcome Indicators	**Results**	(Highest Rating Possible) **5 Star** ★★★★★	**4 Star** ★★★★	**3 Star** ★★★
1. Percentage of written opinions challenged in court or administrative proceedings. *(CC 2006-07 Business Plan, p. 5 and 2007-08 Business Plan, p. 24)*	One written opinion was challenged. *(CC 2007-08 Business Plan, p.24)*	✓		
2. Percentage of challenged opinions that are upheld. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p.24)*	100%. *(CC 2007-08 Business Plan, p.24)*	✓		
3. Percentage of clients rating litigation support as satisfactory or better in terms of quality and responsiveness. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 30)*	94% based on 2006 client surveys received. *(CC 2007-08 Business Plan, p. 30)*	✓		
4. Percentage of dependency cases upheld on appeal. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 30)*	Over 90%. *(CC 2007-08 Business Plan, p. 30)*	✓		
5. Percentage of mental health cases won or resolved with approval of client. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 30)*	Over 90%. *(CC 2007-08 Business Plan, p. 30)*	✓		
6. Percentage of general litigation cases won or resolved with approval of client. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 30)*	Approximately 90-95%. *(CC 2007-08 Business Plan, p. 30)*	✓		

SUMMARY TABLE – VALIDATION RESULTS

Internal Audit Department 2006-07 Results Stated		Internal Audit Validation		
Key Outcome Indicators	**Results**	(Highest Rating Possible) **5 Star** ★★★★★	**4 Star** ★★★★	**3 Star** ★★★
7. Percentage of clients rating advisory support as satisfactory in terms of timeliness, quality, and responsiveness as good or better. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 31)*	92% based on 2006 survey results. *(CC 2007-08 Business Plan, p. 31)*	✓		
8. Percentage of clients rating advisory and litigation support as satisfactory in terms of timeliness, quality, and responsiveness as good or better. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 31)*	92% based on 2006 survey results. *(CC 2007-08 Business Plan, p. 31)*	✓		
9. Percentage of client requests for legal advice/service responded to within 30 days. *(CC 2006-07 Business Plan, p. 5 and CC 2007-08 Business Plan, p. 31)*	The number of opinion requests still outstanding after 30 days is approximately 15 requests, compared to a baseline of over 200 opinion requests still outstanding after 30 days in 1998. (This figure is 7.5% of the 1998 baseline, and represents a significant decrease in outstanding opinion requests.) *(CC 2007-08 Business Plan, p. 31)*		✓ **(Finding #1 on p. 5)**	

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Finding No. 1 (4 Star)

County Counsel Key Outcome Indicator No. 9: Percentage of client requests for legal advice/service responded to within 30 days.

County Counsel Stated Results: The number of opinion requests still outstanding after 30 days is approximately 15 requests, compared to a baseline of over 200 opinion requests still outstanding after 30 days in 1998. (This figure is 7.5% of the 1998 baseline, and represents a significant decrease in outstanding opinion requests.)

Internal Audit Department's Finding:
We found that the 2006-07 Result for Key Outcome Indicator 9 does not match the Key Outcome Indicator. The result does not give the percentage of client requests for legal advice/service responded to within 30 days.

Recommendation No. 1
We recommend County Counsel ensure all stated results in future business plans correlate with key outcome indicators.

County Counsel Response:
The Office of County Counsel concurs with your recommendation to improve documentation for this indicator.

The Indicator that is recommended for improvement addresses County Counsel's timeliness in rendering legal opinions. As we indicated during the field work portion of the audit, the business of providing legal advice has evolved over the past several years. In years past, a request for opinion would be formally submitted in written format and assigned to an attorney for a response. The written request was indexed and assigned a tracking number. The attorney's formal written opinion was sent back through the Senior Assistant County Counsel responsible for this assignment and thus the timeliness of the response was easy to track.

In our current fast-paced electronic environment, requests for advice are directed to the department's assigned attorney via electronic mail. These requests come in many different formats and are less likely to be received as a formal request for opinion document. This is a better business model and more responsive to the needs of our client departments. We are considering eliminating outcome indicator nine in the future since the timeliness of our advice is better measured by our annual customer Service Quality Survey. We will also explore the feasibility of utilizing our newly implemented case management system to track the timeliness of our responses to opinion requests.

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September 26, 2007

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Internal Audit Department
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Santa Ana, California 92701-4521

Re: Audit of Business Plan Key Outcome Indicators – Audit No. 2749

Dear Dr. Hughes:

The Office of County Counsel has reviewed the results of the audit of our Business Plan Key Outcome Indicators for 2006-2007. We appreciate the professionalism that your staff exhibited during the audit process. We are pleased that the Office of County Counsel was given a 5 Star rating for the first eight of the nine indicators tested. Indicator nine was given a 4 Star rating. The Office of County Counsel concurs with your recommendation to improve documentation for this indicator.

The Indicator that is recommended for improvement addresses County Counsel's timeliness in rendering legal opinions. As we indicated during the field work portion of the audit, the business of providing legal advice has evolved over the past several years. In years past, a request for opinion would be formally submitted in written format and assigned to an attorney for a response. The written request was indexed and assigned a tracking number. The attorney's formal written opinion was sent back through the Senior Assistant County Counsel responsible for this assignment and thus the timeliness of the response was easy to track.

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If you have any questions or need additional information, please contact me directly, or Nicholas Chrisos, Senior Assistant County Counsel, at 834-3307.

Very truly yours,

Benjamin P. de Mayo
County Counsel