



COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT

DRAFT
2004 Audit Plan

DATE:

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EXECUTIVE SUMMARY

MISSION STATEMENT

The mission of the Internal Audit Department (IAD) is to provide highly reliable, independent, objective evaluations and business and financial advisory services to the Board of Supervisors and County management. We assist them with their important business and financial decisions and help to protect and safeguard the County's resources and assets.

We support and assist the Board of Supervisors and County management in the realization of their specific business goals and objectives. Our contribution to this effort is testing and reporting on the effectiveness of their internal control systems and processes. County management relies on these systems and processes for safeguarding the County's assets and resources, for reasonable and prudent financial stewardship, for accurate recording and reporting, and for achieving the County's goals and objectives.

We are recognized for our expertise in assisting the County improve its business processes while strengthening the protective internal control environment the public expects, relies upon, and demands. We are committed to a process of continuous learning and improvement within our department to keep updated on developing and innovative industry practices. Such constant renewal keeps the IAD and its staff professionally current, refreshed, invigorated, and responsive to the County's needs for attestation, compliance assurance, accountability testing, and business improvement by implementing industry best-practices with regard to internal control and accounting systems and processes.

Internal Audit provides a variety of audit services to its primary client, the Board of Supervisors. They have the elected responsibility and accountability for the financial stewardship of the County. Another recipient of our audit services is County management who have the responsibility for day-to-day operation of the County departments and agencies. In addition, our published reports are used by various Federal and State regulatory agencies, the Grand Jury, the media, the investment community, and the public at large.

To meet our clients' expectations and for us to function effectively with reliability and credibility, the Internal Audit Department must ensure our reviews and assessments of County operations are independent, accurate, and unbiased. Therefore Internal Audit follows, when appropriate and necessary and depending on the type of audit being conducted, the exacting ethical and professional standards promulgated by the American Institute of Certified Public Accountants (AICPA), by the Institute of Internal Auditors (IIA), by the Information Systems Audit and Control Association (ISACA), and by the Government Accounting Office (GAO).

GOALS

Internal Audit continues to implement for calendar year 2004 the two fundamental strategic goals of this audit organization begun in prior years and which incorporated the proactive visions in the formation of the department. These two goals remain at the heart of our operation. We reassess them annually and they continue to be relevant in guiding the professional direction of the department.

1. We assist the Board of Supervisors and County management in ensuring the County's assets and resources are well safeguarded, the County's accounting and financial reporting is timely and accurate, and the County's management has timely information and relevant analysis for its business and economic decisions.



2. We provide professional assurance, attestation, and confidence to our clientele on the County's internal controls, accounting records, and financial and business operations through our published audit reports and reviews.

We have incorporated these Business Plan goals into our annual Audit Plan. Our Audit Plan is submitted, discussed, and approved at the beginning of each calendar year by the Audit Oversight Committee. We are dedicated to completing our audit plan while continuing to be flexible and responsive to the Board's requests for audit services.

The audit plan has at its core the traditional audits of "hard-controls;" such as segregation of duties, limiting access to cash, and accurate originating accounting entries and transactions. Examples of these traditional audits in our audit plan include our core business functions identified as Attestation Services audits (AS), Departmental Control Reviews (DCR), and Information Technology Audits (IT). Our reports contain opinions regarding the status of internal controls or the County's compliance with grant or other governing provisions. Our reports also include recommendations to management regarding improvements to specific accounting processes and internal controls. Based on follow-up work performed on the status of our recommendations, we are proud to say (and also compliment our partnership with County management because they see value in our recommendations) that County management substantially implements our recommendations on a timely basis.

We combine these three core groups of "hard control" audits (AS, DCR, and IT) with facilitated Control Self-Assessment (CSA) workshops to achieve the balanced audit coverage of the County we desire. The CSA workshops address the "soft control" aspects of a business operation; such as, communications, ethics and morale, and planning and risk assessment. In these workshops, we facilitate and attempt to discover if the work environment allows surfacing of business problems. The participants of the workshop and their management self-identify problems, issues, or concerns and ways they themselves can improve upon their own work environment. This process is an innovative and enlightened management approach to workplace problem resolution, recognizing that staff closest to the problem area owns the problem and usually has the solution.

For the prior year 2003, we successfully met our two key outcome measures. Our audit efforts and the diligence of County management in managing its operations and addressing their control environments contributed to the achievement of these measures. Our two key outcome measures were successful last year because:

- The County had no defalcation or reported excessive cash losses.
- A high percentage of clients reported they received information and/or recommendations that were helpful to them in safeguarding the County's assets and making business decisions. With few exceptions, our control recommendations were addressed by management and implemented.



INFORMATION TECHNOLOGY (IT) ISSUES

The pace of technological advancement and the benefits to be realized by implementing these advances to improve County business operations is increasing at an accelerating speed. The Audit Oversight Committee recognized this issue at their December 5, 2001 meeting. Since then, we implemented an Information Technology (IT) focus to complement the audits we currently accomplish in the Attestation Services (AS) and Departmental Control Reviews (DCR).

We developed a long-term, two-tier IT plan to address the varied business needs of the County. The first tier addresses specific issues and areas in the County-wide Comprehensive Accounting and Personnel System (CAPS), the County's financial recording and reporting backbone. The second tier addresses the distributed computing taking place in County departments and agencies. The specifics of the two tiers are as follows:

1. A major replacement of CAPS is planned to begin in 2005. An RFP will be issued for the replacement system. Because of the importance and impact of CAPS, we coordinate audit coverage with the Auditor-Controller to determine the best approach. Until this replacement takes place, our audit focus will be to conduct narrowly scoped IT audits into areas of CAPS. We plan to contract certain technical aspects of this effort with consultants.
2. This year we developed and distributed an IT self-assessment questionnaire to the County departments during our risk assessment meetings with them. Our future vision is that we will promote self-assessment to the County's IT professionals and we will validate a sample of the departments' completed self-assessment questionnaires.

DEDICATION OF RESOURCES TO AUDIT RELATED SERVICES

Our Audit Plan is based on **21,000** direct audit hours to be provided by 14 audit professionals. The audit hours for the Director and Deputy Director are not included in the above total and the time for the three Audit Managers is adjusted downward to allow them time for administrative management.

These hours are allocated to the following:

Attestation Services and Mandates (AS):	5,060
Information Technology (IT) audits:	4,300
Departmental Control Reviews (DCR):	5,000
Facilitated Control Self-Assessment (CSA):	2,875
Compliance Audits and controls consulting:	2,345

The plan also allocates an additional **1,420** hours for audit activities such as staffing the fraud hotline, reviewing cash losses, administering data collection of external audits, conducting training classes in County departments on practical internal control concepts and application, and performing the annual risk assessment.

Within the **21,000** hours, we reserved **2,700** hours to respond to Board requests for audit services. In addition to our 21,000 direct hours, we contract out to industry experts certain audits such as information technology audits and limited lease revenue reviews. We estimate that these consultants will provide **1,000** hours of work effort. Our 2004 Audit Plan is detailed on the following page.



**County of Orange Internal Audit Department
2004 DETAILED AUDIT PLAN**

<i>Audit Name</i>	<i>Audit #</i>	<i>Budgeted Hours</i>
ATTESTATION SERVICES & MANDATES		
Treasury Funds Audit - 12/31/03 (carry over)		1,500
Treasury Funds Audit - 3/31/04		400
Treasury Funds Audit - 6/30/04		400
Treasury Funds Audit - 9/30/04		400
Treasury Funds Audit - 12/31/04		100
Annual Treasury Investment Compliance Audit (YE 12/31/03)		800
DA Spousal Abuser Prosecution Grant - 6/30/04		160
DA Workers Comp/Auto Insurance Fraud Grant - 6/30/04		250
Auditing & Accounting Standards Update		200
Quarterly Treasury Compliance Reviews (scope/budget tbd)		800
Work Paper Close-Out & Final Report Issuance (audits from 2003 plan)		50
	ASM Subtotal	5,060
INFORMATION TECHNOLOGY AUDITS		
CAATs - Monthly Routines (on-going)		600
CAATs - Monthly Routines (development of new routines)		1,000
CAATs - Monthly Routines (cross-training & documentation of routines)		300
Review of CEO/IT - IT Governance		400
IT Self-Assessment Validation (trial dept) - HCA		400
Follow-up & Update - CAPS/Readiness Assessment		300
Follow-up - CAPS/Payroll Audit		200
Assist on IT Component of DCR (tbd)		100
Assist on IT Component of DCR (tbd)		100
Assist on IT Component of TFA (12/31/04)		100
Assist on IT Component of Treasury Compliance Audit (12/31/03)		100
IT General/Research		200
TBD - Application Audit		0
TBD - System Implementation Reviews		0
Reserve for Additional Audit Requests		500
	IT Subtotal	4,300
DEPARTMENTAL CONTROL REVIEWS (DCR)		
Auditor/Controller - Collections Process		250
Auditor/Controller - Trust Funds		300
PFRD - Utility Billings		200
PFRD - Revolving Funds		250
PFRD - Trust Funds		350
Housing & Comm. Services/CEO - Redevelopment Agency		300
IWMD - Purchasing & Contract Administration		300
HCA - Cash Receipts & Accounts Receivable		300
HCA - Trust Funds		300
SSA - Revenues & Accounts Receivable		300
Budget Process Reviews		400



DCR Administration	100
Follow-Ups and Post Follow-Ups	900
Work Paper Close-Out & Final Report Issuance (audits from 2003 plan)	50
Reserve for Additional Audit Requests	700
DCR Subtotal	5,000
CONTROL SELF-ASSESSMENT (CSA)	
CSA - District Attorney (2 workshops)	475
CSA - HCA/Contracts (1 or 2 workshops)	475
CSA - Office on Aging (1 or 2 workshops)	475
CSA - Clerk-Recorder (3 or 4 workshops)	700
CSA - tbd	0
CSA – Training and Administration	200
CSA Promotion & Orientation	200
Work Paper Close-Out & Final Report Issuance (audits from 2003 plan)	50
Reserve for Additional Audit Requests	300
CSA Subtotal	2,875
COMPLIANCE	
Administration of Limited Lease Revenue Reviews	100
PFRD/Canyon RV Park - Limited Lease Revenue Review	150
PFRD/City of Anaheim Parking - Limited Lease Revenue Review	200
PFRD/Bristol Instant Storage - Limited Lease Revenue Review	150
TBD - Limited Lease Revenue Review	150
TBD - Limited Lease Revenue Review	150
HIPAA Compliance Reviews	400
Reserve for Additional Audit Requests	1,000
Work Paper Close-Out & Final Report Issuance (audits from 2003 plan)	45
Compliance Subtotal	2,345
CONTROL RELATED & OTHER ASSIGNMENTS	
Annual Risk Assessment Audit Planning	500
Cash Losses	200
Fraud Hotline	120
External Audit Reporting	300
Technical Assistance to Other Dept/Agencies	300
Other Subtotal	1,420
Grand Total	21,000
ADDITIONAL COVERAGE PROVIDED BY CONSULTANTS	
IT Audits - to be determined	
Sheriff - Medical Benefits Review	
Total	0



PRIOR YEAR ACCOMPLISHMENTS

CORE AUDIT ACTIVITY ACCOMPLISHMENTS

Department Control Reviews (DCR)

We completed all DCRs scheduled and budgeted in our 2003 Audit Plan. The DCRs focused on internal control reviews of cash receipts and cash disbursements involving trust funds, revolving funds, and special use department/agency funds. Cash receipt and disbursement DCRs are considered a core audit areas due to the inherent risk that exists in cash handling, and are initiated in departments/agencies where a significant amount of monies are collected and processed. Our review of department/agency funds also helps to ensure monies are being used in accordance with their established purposes. These reviews are valuable because they help identify funds/accounts with little or no activity or which contain unidentified monies that require further investigation and resolution by the department/agency. Additionally, we performed a review of the County's purchasing cards where we evaluated the process and controls over the administration, use, and oversight of the purchasing card program. We also performed a limited review of internal controls over the Public Administrator/Public Guardian property vault.

Department Control Review Follow-Ups

The Follow-Up review process is necessary to ensure that the audit recommendations resulting from our DCRs are implemented satisfactorily. During 2003, Internal Audit continued its "post follow-up" review process where follow-up reviews are performed to ensure audit recommendations not implemented in the initial follow-up review have been fully implemented. Five initial Follow-Ups and five Post Follow-Ups were completed in 2003.

Attestation Services (AS)

We will complete by year-end all financial and mandated audits listed in the Audit Plan on schedule. We have completed the Treasury Funds Audits for quarters ending 12/31/02, 3/31/03, and 6/30/03; Quarterly Treasury Compliance Review for 3/31/03 and 6/30/03; the DA Auto Insurance Fraud Grant, and the DA Workers' Compensation Fraud Grant. We are in the process of completing the Treasury Funds Audit for quarter ending 9/30/03; the Probation Audit for two years ending 6/30/03. We will be starting the DA Spousal Abuser Prosecution Grant in November 2003 and will complete the audit by the end of December 2003; and the Quarterly Treasury Compliance Review for 9/30/03, which will be completed by year-end.

Information Technology (IT) Audits

We will complete by 12/31/03 all seven goals for the 2003 IT audit coverage:

- 1) Application Audit: We completed an audit of the Auditor-Controller's internal controls for the laser check printing process.
- 2) System Implementation Review: We will complete our review of IWMD's implementation of a new system for fee collections and accounts receivable (Weighstation/Compuweigh and Great Plains).
- 3) Assist on an IT Component of a Financial Audit or Department Control Review: We completed a general computer controls review at the Treasurer-Tax Collector as part of the 12/31/02 Treasury Funds Audit.



- 4) IT Self-Assessment Questionnaire: We developed an information technology self-assessment questionnaire (based upon the CobIT model from the Information Systems Audit and Control Association) for County departments use. The comprehensive questionnaire provides a standard for departments to self-assess their varied I/T operations and identify areas for potential improvement. The questionnaire was discussed and distributed during the risk assessment meetings held with the departments in September, October, and November 2003.
- 5) Computer Assisted Audit Techniques (CAATs): We performed our first CAAT routine for duplicate payments in May 2002. Since then, we continued to run the duplicate payment routines monthly and to date have identified \$122,692 in duplicate payments now in varied stages of recovery. Additionally, CAATs for 2003 included these additional routines:
 - We developed and performed on-going routines for: employees/vendor matches, retirees working in excess of established thresholds, direct deposit paychecks made to the same bank account, and vendors deleted from Vendor Master Lists. As a result of these routines, we identified matches of employees working as vendors and retirees working in excess of established thresholds. Upon researching the underlying circumstances for the matches, the applicable County departments also identified and implemented process improvements to prevent reoccurrences of the identified issues.
 - We developed and implemented a CAAT routine to improve audit efficiency when performing the quarterly Treasury Compliance Reviews, beginning with the quarter ending 3/31/03. The CAAT is used to analyze the Treasurer's investment portfolio and determine diversification percentages to compare with government regulations.
 - We developed several CAAT routines to obtain financial information (amounts and transaction activity) to be utilized in the annual risk assessment. For example, we were able to compile cash receipt activity and transactions by the department that processed the cash receipt rather than by the department/fund where the money was deposited (some departments process monies for other departments).
- 6) Countywide IT Inventory: We compiled a listing of key systems being used in the County departments that we utilized as part of our I/T annual risk assessment. We also obtained relevant information, such as the platform, operating system, type of data, source/support for the system, and interfaces thereby increasing our understanding of the departments' I/T environment.
- 7) Update to CAP #34: By 12/31/03, we will submit an updated draft of County Accounting Procedure #34 (Development of Financial Computer Systems) to the Auditor-Controller's Department.

Control Self-Assessment (CSA)

We will complete all scheduled (seven) CSA workshops in our Audit Plan by December 31, 2002, three in Public Facilities and Resources Department (PFRD) and four in Planning and Development Services Department (PDSB). In PFRD workshops were conducted for Watershed & Coastal Resources, Information & Technology Services, and the Permit Process. In PDSB workshops were conducted for Management, Building Inspection, Building Plan Check, and Planning.



BOARD REQUESTED AUDITS OR SPECIAL REQUEST AUDITS

During 2003, Internal Audit performed the following eight special audits and/or reviews resulting from requests by the Board of Supervisors, the CEO or Departments:

1. PDSB Budgetary Controls: As a result of the deficit in the Building & Safety Fund 113, we performed a review of budgetary controls for the Planning & Development Services Department.
2. Countywide Budget Process: We also performed a limited review of the County budget process to help ensure employees involved in the budget process had accountability and clearly defined roles and responsibilities.
3. CEO/HR Management Reclassification Process: We performed, with the assistance of consultants, an audit of the reclassification process for management employees. Our audit included customer surveys completed by the County departments.
4. CEO/HR Contract Administration Issues: To assist the CEO in responding to a Grand Jury report, we reviewed the CEO/HR's management of a Deloitte & Touche, LLP contract issued for the Performance Incentive Program (PIP).
5. CEO/HR Use of Unemployment ISF (Fund 291): During our review of the above Deloitte & Touche contract, we identified instances of non-insurance charges and transfers made from Fund 291. We issued a separate report for this issue.
6. HCA Subcontractor Review: We completed a preliminary survey at three health care clinics to determine whether they were maintaining adequate financial records.
7. PA/PG – Statement of Assets Transferred: We reviewed the Statement of Assets Transferred forms resulting from changes in the PA and PG positions.
8. PFRD Prevailing Wage Review: We performed a review of two contractors to determine whether they were in compliance with prevailing wage requirements.

ADDITIONAL AUDIT ACTIVITY ACCOMPLISHMENTS

Limited Reviews of Lease Revenue

These reviews are requested by PFRD and JWA and are performed on a fiscal year basis. We completed four scheduled limited reviews of lease revenue listed in the Audit Plan. We also completed two additional reviews and are in process of starting a third review that was not originally scheduled. To help accomplish the reviews, we utilized audit staff from a local Certified Public Accounting (CPA) firm under an existing contract. We also utilized our own internal audit staff for the more complex reviews.

Technical Assistance to Others

We continued to provide assistance to various departments as requested. In 2003, we assisted PFRD with certain financial issues and audit strategies for the three key operators in the Dana Point Harbor. We also assisted PFRD by reviewing a proposed lease amendment for the Sunset Marina lease and certain capital improvement issues for the Strawberry Farms Golf Course lease.



Cash Losses

The Auditor-Controller has been given authority to approve replenishment of cash losses up to \$300. For cash losses more than \$300, the Auditor-Controller requests the Internal Audit Department to review the circumstances surrounding the loss and to evaluate the adequacy of corrective actions taken to prevent future losses. We are pleased to report that during 2003, there were only nine cash losses reported, and only two needing an investigation by Internal Audit. Many of the smaller cash losses involved the receipt of counterfeit bills and some instances from employees not adhering to established procedures and internal controls. More attentiveness to procedures and controls resulting from both our DCRs and department/agency internal reviews have been contributing factors in the decrease of cash losses.

Fraud Hotline

We processed 36 Hotline incidents: 12 incidents were referred to County departments/agencies for investigation, 15 incidents were referred to the Welfare Fraud Hotline for investigations, 2 were referred to outside agencies, and 7 were information requests and "other." To date, 6 of the 12 incidents referred to County departments/agencies for investigation remain open.

Countywide Risk Assessment

The Internal Audit Department performed a risk assessment for purposes of preparing the 2004 Annual Audit Plan. In 2003, we significantly enhanced our annual risk assessment process by incorporating reviews of the department/agency Business Plans, compiling financial information/activity by business process (e.g. cash receipts, disbursements, revenues, expenditures) for each department, and by meeting with Executive Management in the departments. As a result, we hope to provide additional value to management in our audit planning process by addressing areas perceived jointly as having higher risks.

Additionally, we expanded the annual risk assessment to include an inventory and assessment of key information systems used by the departments.

Internal Controls Training Classes

The Director and staff of Internal Audit were asked by departments to conduct internal controls training for their managers. Two such training classes were provided to HCA and the Registrar in 2003, as well as a presentation at a Department Head Meeting. This training was well received and the attendees appreciated the practicality of the materials presented.

External Audit Activity

Each quarter, we compiled and presented a report of external audits in process throughout the County to the Audit Oversight Committee, highlighting material findings.

Peer Review

During 2001, we successfully passed a Peer Review based on IIA standards and required by the Comptroller General of the United States in their published Government Auditing Standards. The Peer Review made minor recommendations to improve our auditing and management processes. During 2003, we implemented the outstanding recommendation involving a revision to our Audit Department Charter.

CPA and Other Professional Certifications

During 2003, one auditor submitted their Form E (Experience) package to the State Board of Accounting to receive the Certified Public Accountant (CPA) credential. The experience package was accepted and the CPA license was granted. Two auditors received the Certified Information System Auditor (CISA) credential. One auditor received the CIA credential.

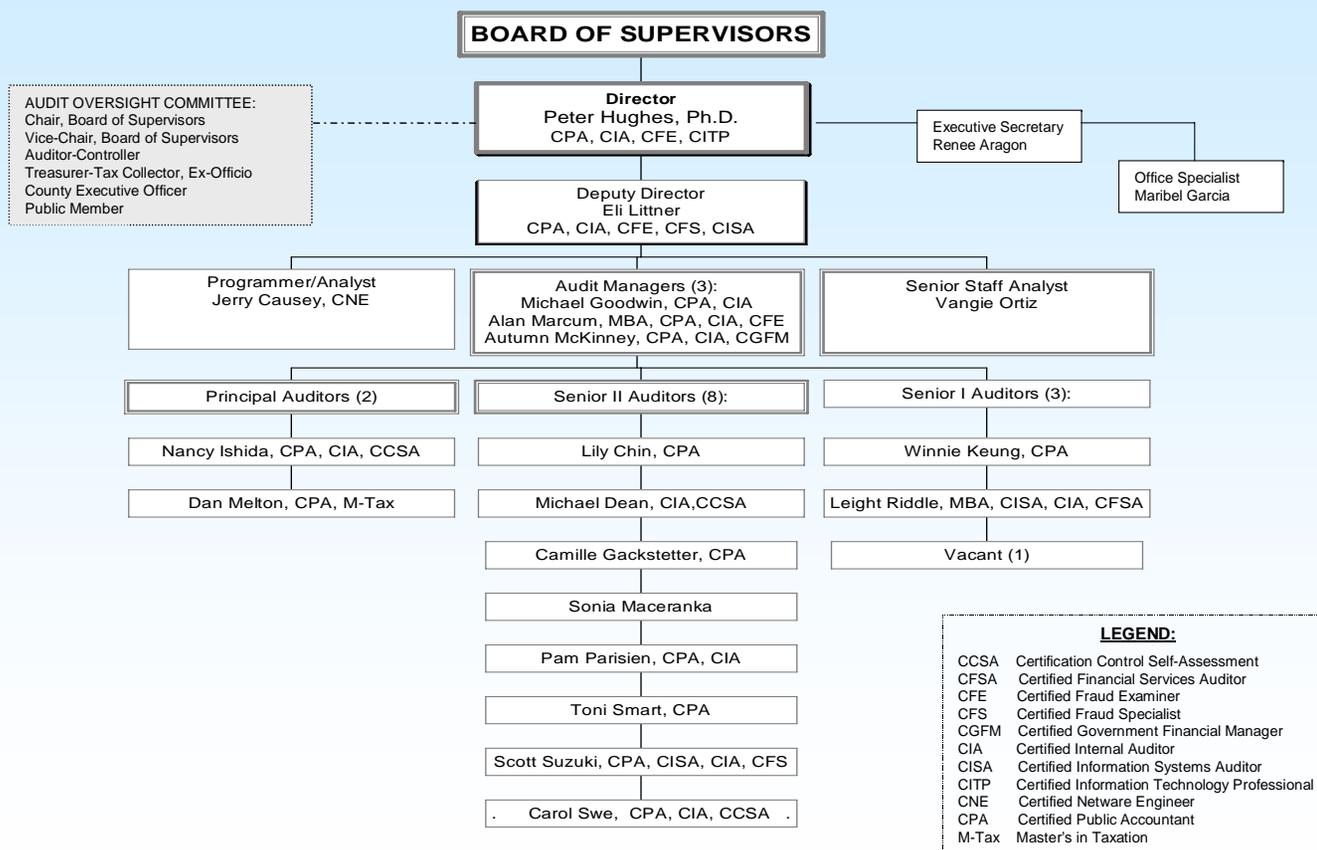


DEPARTMENTAL ORGANIZATION CHART

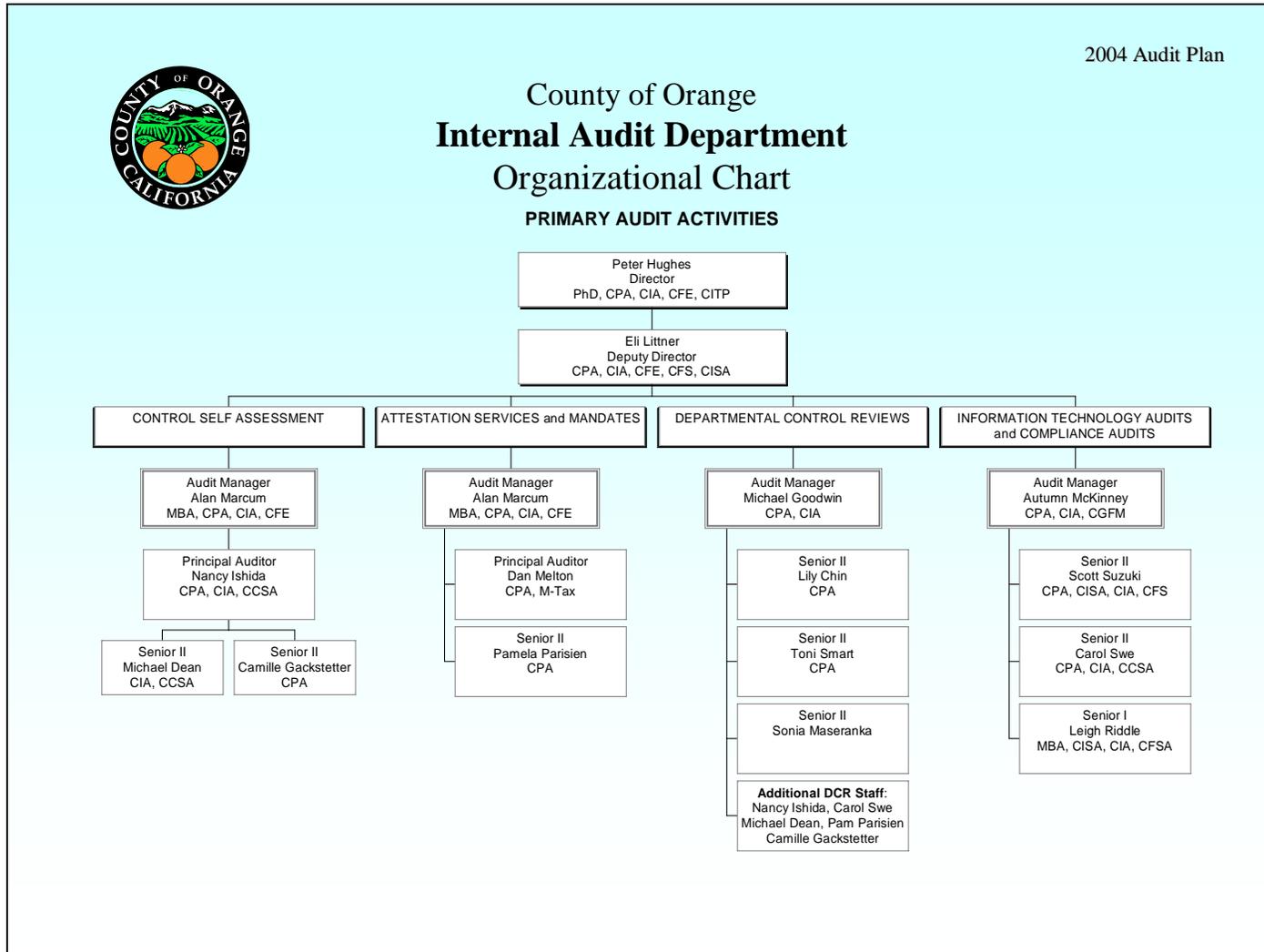


County of Orange Internal Audit Department Organizational Chart

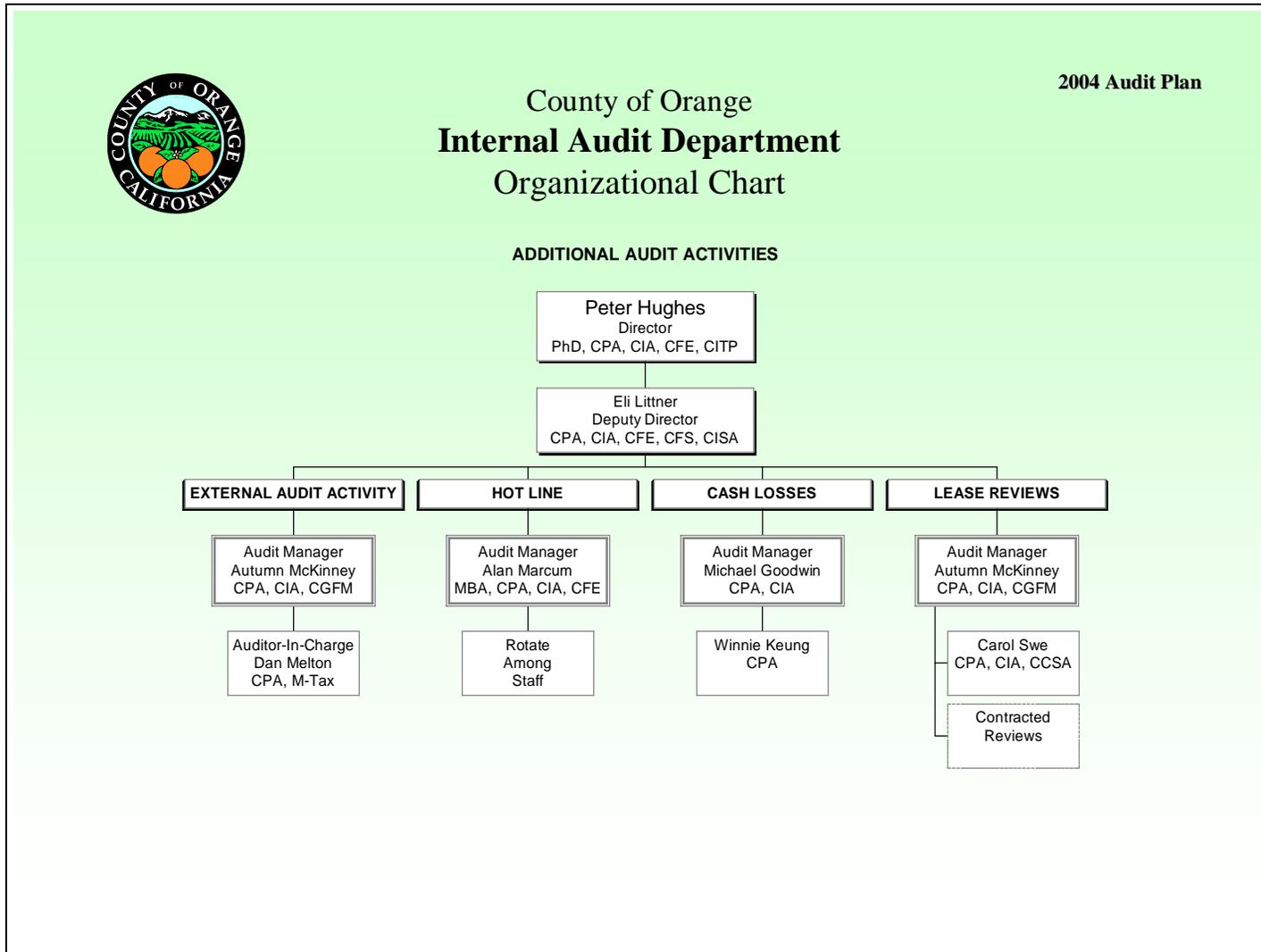
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PRIMARY AUDIT ACTIVITY ORGANIZATIONAL CHART



ADDITIONAL AUDIT ACTIVITY ORGANIZATIONAL CHART



COUNTYWIDE RISK ASSESSMENT METHODOLOGY

Overview:

The Internal Audit Department performed a risk assessment for purposes of preparing the 2004 Annual Audit Plan. In 2003, we significantly enhanced our annual risk assessment process by meeting with Executive Management in the departments to discuss their operating environments and areas of importance and concern. By meeting with the departments, we hope to provide additional value to management in our audit planning process by addressing areas perceived jointly as having higher risks. Additionally, we expanded the risk assessment to include an inventory and assessment of key information systems used by the departments. Below is a discussion of our methodology for each area:

Departmental Control Reviews:

Departmental Control Reviews (DCRs) are performed for processes involving cash receipts, revenues, accounts receivable, cash disbursements, revolving funds, purchasing/contract administration, trust /special department funds, payroll, and budgeting.

To determine risk ratings for these processes, we developed risk assessment worksheets for all departments/agencies, considering information we obtained from reviewing departmental business plans, meeting with the Executive management teams of the departments, and identifying financial volume and activity. We used the following criteria and relative weight factors in our assessment:

- Department/Agency Changes (20%): Included 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%): Included factors related to the department's operating environment such as public image, laws/regulations, safety and environmental issues, sensitivity to economic factors, pending litigation, and business continuity.
- Last Audit Performed (10%): Identified all IAD internal control reviews performed on the above processes since 1996.
- Financial Activity/Volume (50%): Obtained a listing of all County funds and the controlling department/agency for each fund. From CAPS, we compiled FY 02-03 financial information (dollar volume, number and nature of transactions) for each process and for each controlling department.

Using the above criteria, each department/agency process was rated on a scale of 1 to 10 (10 being highest risk and 1 lowest risk) for each of the above weight factors. An overall risk score was then calculated showing areas of High (8 - 10), Moderate (4 - 7), and Low (1 -3) risk. The overall risk scores are shown on page 1 of the attached risk assessment schedules, and a schedule of our DCR audit coverage since 1996 is shown on page 2 of the attachment.

Control Self-Assessment Workshops:

The CSA workshops are conducted in County departments on a voluntary basis. We contact the various department heads and inquire if there are any functions within their departments that could benefit from CSA workshops. In addition, we also regularly receive requests from department heads to conduct CSA workshops. Page 3 of the attachment lists by department the number of CSA workshops completed since 1999, which is when IAD started conducting CSA workshops.



Information Technology Inventory and Assessment:

We provided the County's departments with an I/T questionnaire in order to facilitate our I/T risk assessment process. The questionnaire asked for the name of the system, purpose, platform, operating system, interfaces, nature of data collected, implementation date, source (such as off the shelf vs. in-house developed), and upgrades/changes.

The departments completed the questionnaire only for each system they identified as critical or key to carrying out the mission of their respective department. From the completed questionnaires, we compiled a key system inventory. Examples of applications/systems not included in the inventory are: utilities (such as anti-virus, email, backup, and Microsoft operating system and office applications), terminal emulators (allows access to a mainframe computer via a personal computer), and systems of a limited/administrative nature (such as form generation, record retention, or telephone directories). We rated each system based upon the six relative weight factors below:

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

Each system was rated on a scale of 1 to 5 (5 being highest risk and 1 being lowest risk) for each of the weighted factors. Then, an overall score was calculated and the system was ranked as high (400 or above), moderate (251 – 399), or low (below 250). Page 4-6 of the attachment is the inventory and ranking.

See ATTACHMENT - RISK ASSESSMENT SCHEDULES

