

## Survey of 10 California Counties and Cities

### The County of Orange IAD is the leader in best practices among its California audit organization peers.

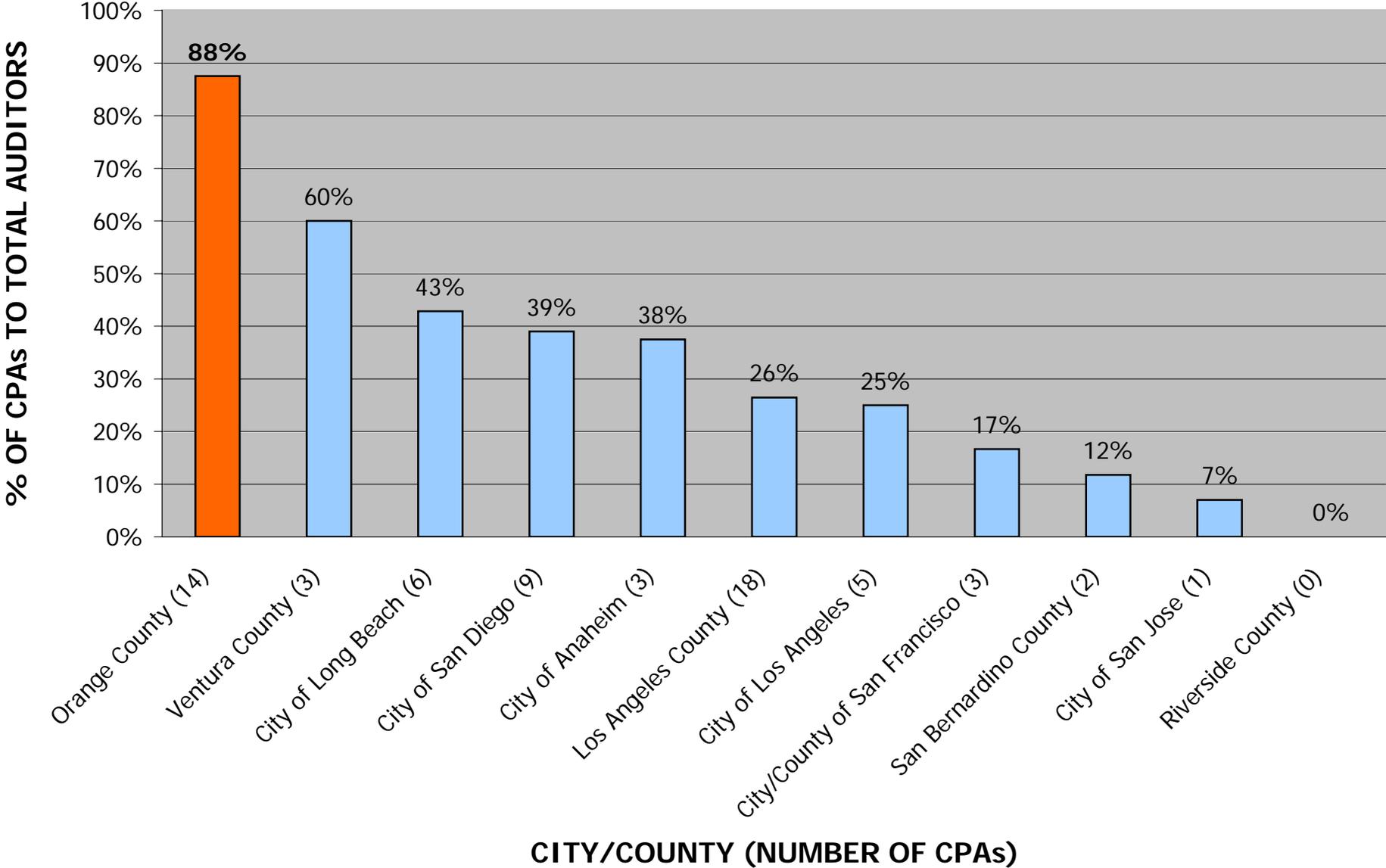
1. **Staff Competencies:** Our audit staff has the highest percentage of professional certifications. See graphs.
  - 88% are Certified Public Accountants (CPA)
  - 63% are Certified Internal Auditors (CIA)
  - 56% are both a CPA & CIA
  - 19% are Certified Information System Auditors (CISA) or Certified Information Technology Professionals (CITP)
  
2. **Innovative/Best Practice Audit Techniques:** We utilize more innovative/best practices than our peers.

Audit Practice	Orange County IAD	Number of Audit Organizations Responding “Yes”
Perform facilitated Control Self Assessment (CSA)?	Yes	None
Perform computer assisted audit techniques (CAATs) to analyze patterns/exceptions in financial data?	Yes	None
Information Technology audits is a core audit function?	Yes	None <sup>1</sup>
Perform system implementation reviews?	Yes	None
Request customer surveys/feedback for each audit?	Yes	3 of 10
Have a budget for consultants to supplement in-house expertise?	Yes	2 of 10
Have a fraud hotline?	Yes	4 of 10

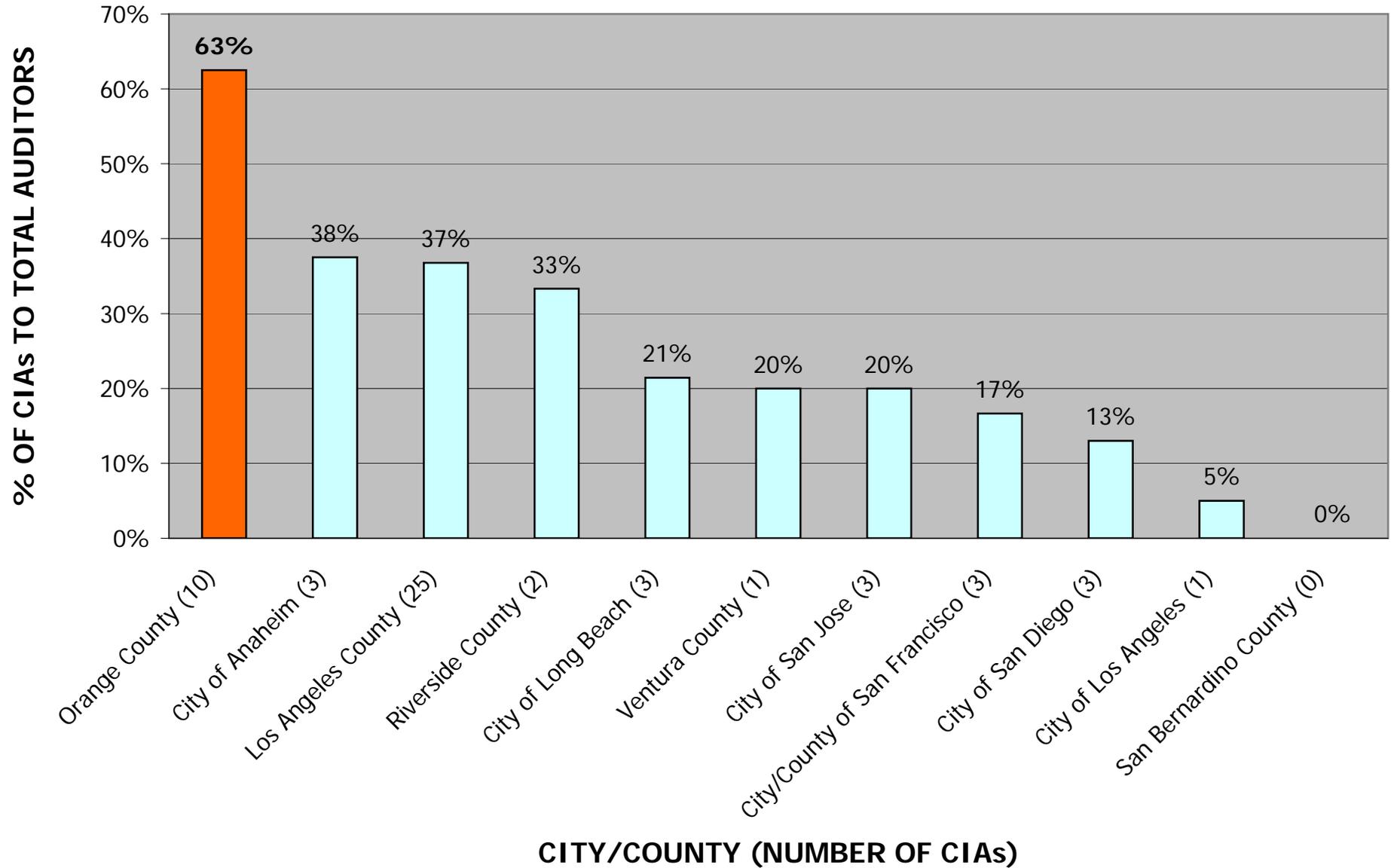
<sup>1</sup>Note: 4 of 10 audit organizations responded they get involved in a limited basis (1% to 5% of audit plan) with general IT issues.

Survey Participants: Los Angeles County, San Francisco County/City, Riverside County, San Bernardino County, Ventura County, City of Los Angeles, City of San Diego, City of Long Beach, City of San Jose, and City of Anaheim. County of San Diego declined to participate.

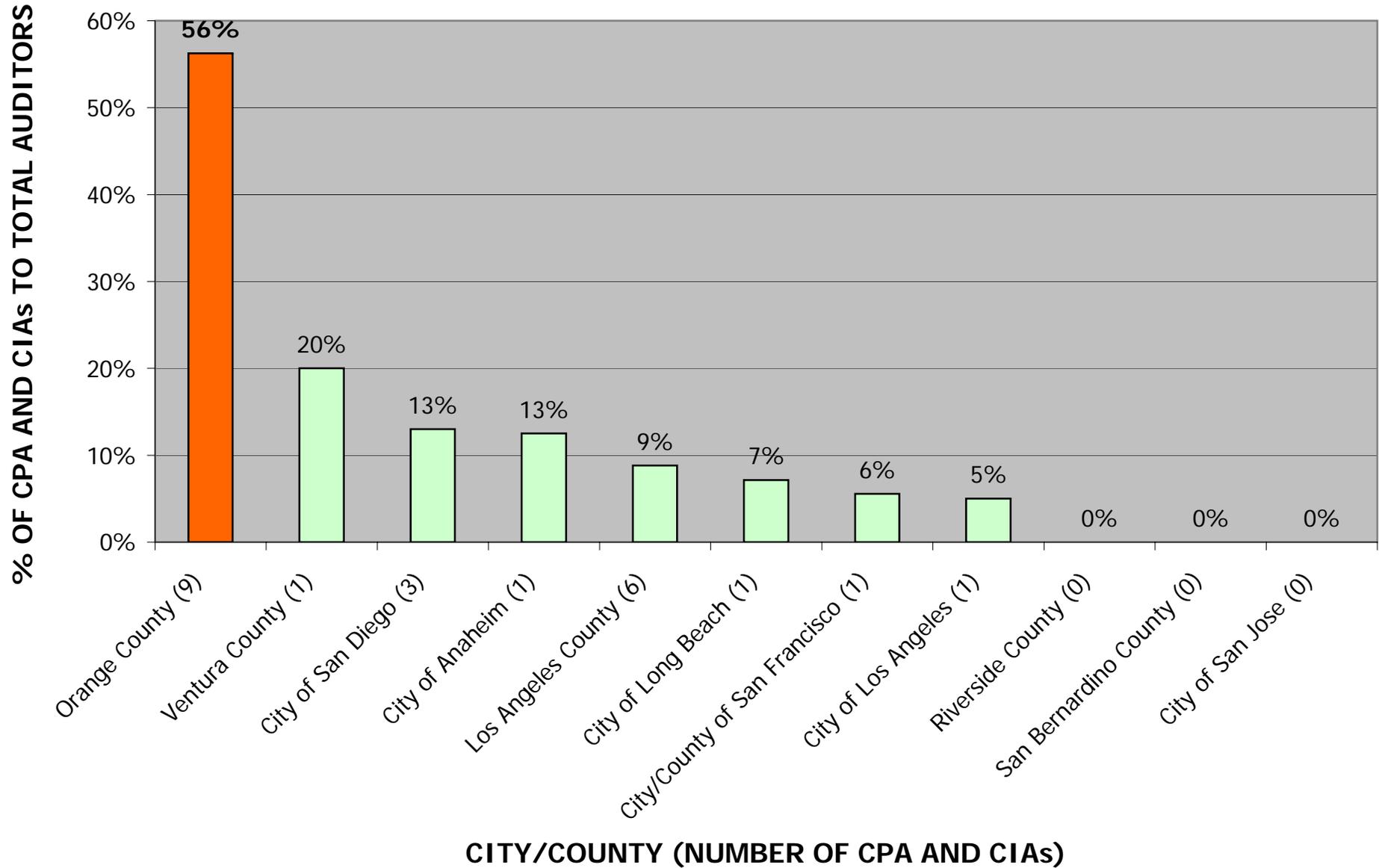
**AUDITOR CERTIFICATIONS - CPA  
AS OF MAY 2004**



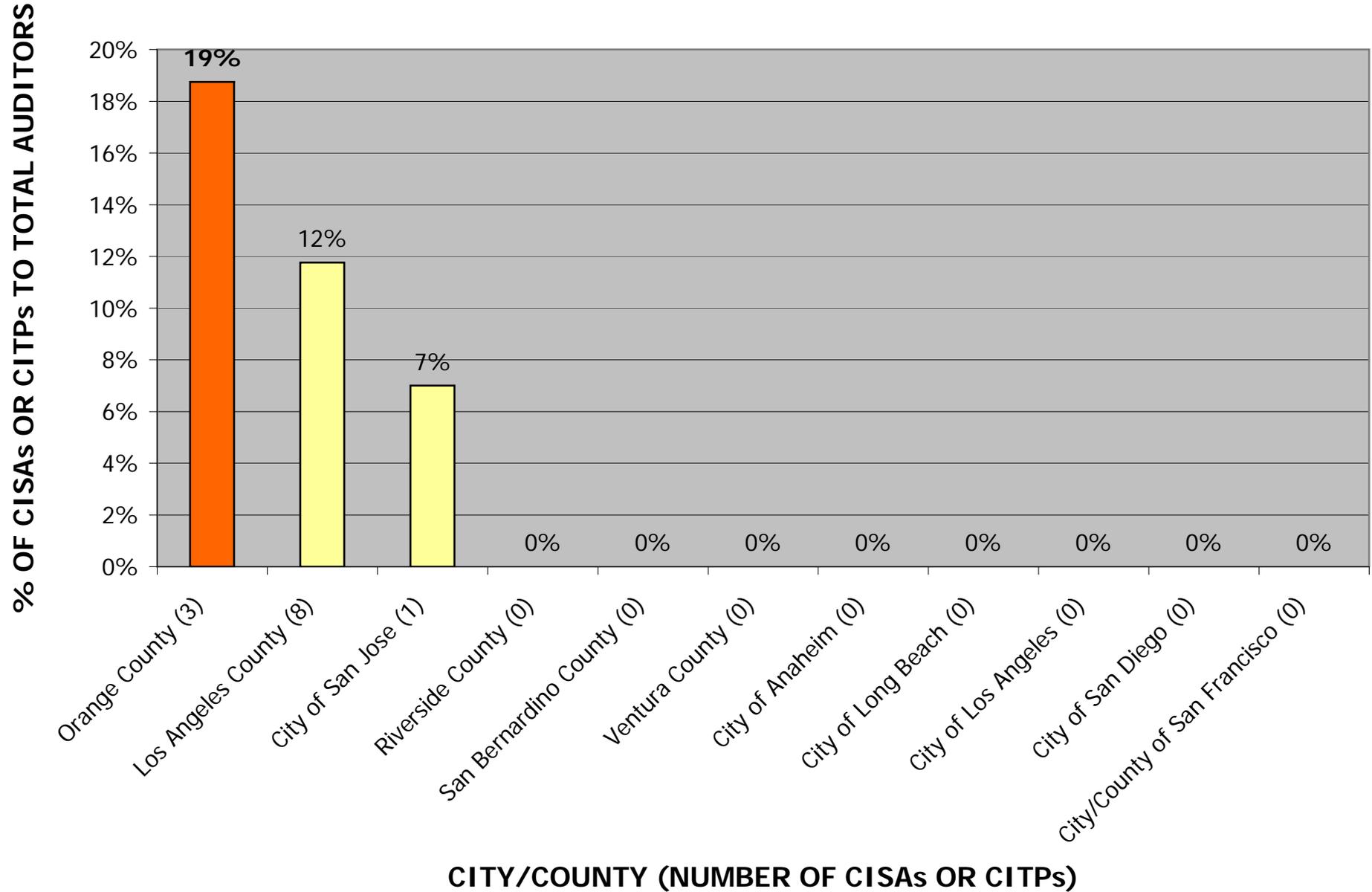
# AUDITOR CERTIFICATIONS - CIA AS OF MAY 2004



**AUDITOR CERTIFICATIONS - CPA AND CIA  
AS OF MAY 2004**



**AUDITOR CERTIFICATIONS - CISA OR CITP  
AS OF MAY 2004**



**National Association of Local Government Auditors  
Performance Indicators and Measures**

**The Orange County IAD exceeds its nationwide audit organization peers in key performance measures.**

<b>#</b>	<b>Performance Indicator</b>	<b>NALGA Results FY 02</b>	<b>OC IAD Results 2003</b>
1	Percent of direct time to available time	74%	85%
2	Percent of direct time to total time	64%	71%
3	Percent of recommendations accepted by audit customers	95%	96% (2002 Audit Plan)
4	Percent of recommendations implemented by audit customers	66%	85% (2002 Audit Plan)
5	Customer Satisfaction Surveys (Scale of 1 to 5)	4.36	4.6
	CSA Ratings (Scale of 1 to 7)	N/A	6.3
6	Percent of audits completed within the planned time budget (+10%)	58%	76%

Source: The National Association of Local Government Auditors (NALGA) Benchmarking and Best Practices Survey for Fiscal Year 2002, dated October 2002. The data was provided by 27 to 62 audit shops depending upon the measure calculated.

**The Institute of Internal Auditors  
Top 10 Value Added Practices (in order)**

**The Orange County IAD utilizes best practices of the international internal audit profession.**

<b>Rated</b>	<b>Current Best Practices<sup>1</sup></b>	<b>Orange County IAD</b>
1	Risk assessment to development the annual audit plan.	Yes
2	Control Self Assessment (CSA)	Yes
3	Consulting	Yes
4	Risk-based audit projects	Yes
5	Partnering with line management	Yes
6	Participation on teams (e.g. process design/redesign)	Yes
7	Systems implementation reviews	Yes
8	Computer assisted audit techniques	Yes
9	Internal control training	Yes
10	Automated workpapers	Yes

<b>Rated</b>	<b>Best Practices Becoming More Important<sup>1</sup></b>	<b>Orange County IAD</b>
1	Control self-assessment (CSA)	Yes
2	Consulting	Yes
3	Risk management (i.e. participating in the organization's risk management process)	No <sup>2</sup> <small>(OC has no formal countywide ERM)</small>
4	Computer Assisted Audit Techniques (CAAT)	Yes
5	Risk assessment to develop the annual audit plan.	Yes
6	Participation on teams (e.g. process design/redesign)	Yes
7	Internal control training	Yes
8	Continuous monitoring	Yes
9	E-commerce/cyber-security	No
10	Systems implementation reviews	Yes

<sup>1</sup>Source: The Institute of Internal Auditors (IIA) Research Foundation study, February 2002, "Adding Value: Seven Roads to Success," by James Roth, Ph.D, CIA, CCSA.

<sup>2</sup>Note: The County of Orange does not have a formal countywide enterprise risk management (ERM) process; however, IAD conducts its own risk assessment when developing the annual audit plan. The Director of IAD suggests a high level committee (representing the CEO and County departments) be established to develop enterprise risk management and corporate governance.