



AUDIT AD HOC COMMITTEE

Agenda Report

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File #: 2024-3525

Agenda Date: 4/3/2024

Agenda Item No: 1.

FROM: Robert Thompson, General Manager
Originator: Wally Ritchie, Director of Finance

SUBJECT:

INTERNAL AUDIT UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

The Orange County Sanitation District (OC San) selected the audit firm of Eide Bailly LLP to provide audits of various OC San programs and processes as selected by the Audit Ad Hoc Committee. Most recently, the Audit Ad Hoc Committee selected the Capital Facilities Capacity Charges (CFCC) program for audit.

The auditors were directed to focus their efforts on ensuring controls are designed and operating over revenue, also accuracy and completeness of Annexation and CFCCs. Additionally, they were directed to assess processes and controls including identification of annexations and partnering city CFCC remittance. The auditors will provide an update of those efforts. Additionally, staff and the auditors will present potential topics for future audit selection.

RELEVANT STANDARDS

- Conduct audits to determine if OC San operations are being conducted in an economical and efficient manner
- Conduct audits to establish whether specific government programs are effective in meeting their stated goals and objectives
- Conduct audits to determine if OC San is following policies and procedures in conducting operations

ADDITIONAL INFORMATION

The audit report covers:

Eide Bailly LLP performed an independent assessment of OC San's CFCC program. The engagement focused on assessing controls to ensure completeness, accuracy, and timeliness of

CFCC revenue received by OC San for fiscal years 2019 through 2023. The 13 agencies selected were Anaheim, Brea, Buena Park, Fountain Valley, Fullerton, Huntington Beach, La Palma, Los Alamitos, Newport Beach, Santa Ana, Seal Beach, Stanton, and Villa Park.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Closeout Memo - CFCC Internal Audit