



# ADMINISTRATION COMMITTEE

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## Agenda Report

**File #:** 2026-4881

**Agenda Date:** 5/13/2026

**Agenda Item No:** 13.

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

**SUBJECT:**

### INTERNAL AUDIT UPDATE

### GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Succession Planning and Supply Chain and Vendor Management Audit Reports prepared by Macias, Gini & O'Connell LLP.

### BACKGROUND

Orange County Sanitation District (OC San) selected the audit firm of Macias, Gini & O'Connell LLP (MGO) 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 Succession Planning and Supply Chain and Vendor Management.

On May 13<sup>th</sup>, 2026, the auditors provided an update on those efforts to the Audit Ad Hoc Committee.

### 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

MGO performed an independent assessment of OC San's Succession Planning and Supply Chain and Vendor Management to ensure appropriate internal controls and processes. The audit work done in these areas is summarized below.

**1) Succession Planning**

- Assess succession planning policies, including identification of critical roles and gaps in skills
- Evaluate internal successors and planning/development programs
- Review documentation and knowledge transfer strategies for continuity
- Analyze gaps between readiness and future organizational needs

**2) Supply Chain and Vendor Management**

Review policies and procedures, assess plans and benchmarking, and evaluate compliance in the areas of:

- Supply chain resilience
- Supplier selection and diversification
- Vendor performance and monitoring

**ATTACHMENT**

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

- Succession Planning Audit Report
- Supply Chain and Vendor Management Audit Report
- Presentation